InternetRetailing January 2018
Issue 68

Internet Retailing

ISSUE 68 | JANUARY 2018

DEBENHAMS: DIFFERENTIATING THROUGH SOCIAL SHOPPING

Ross Clemmow, Managing Director – Retail, Digital, Food & Events, Debenhams on plans for "digital, different and destination"

INSIDE OUR 'NEW HORIZONS' EDITION:

- BLOCKCHAIN: DECENTRALISING TRUST P42
- THE STORE OF THE FUTURE P45
- MOBILE PREDICTIONS 2018 P50
- THE EDELIVERY PAGES P56

Contents

ISSUE 68 | JANUARY 2018

Editor: Emma Herrod Tel: 07801 282729
E-mail: press@internetretailing.net
Editor, InternetRetailing.net: Chloe Rigby
Editor-in-chief: Ian Jindal
Design: Marzena Zychowicz
Publishing Director: Chris Cooke
Commercial Director: Andy James
Group Account Director: Marvin Roberts
Tel: 020 7933 8999 | Fax: 020 7933 8998
E-mail: andy.james@internetretailing.net
Cover photography: Spencer Cartwright
020 8244 0627 www.spencercartwright.co.uk

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

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For subscription enquiries contact:
Internet Retailing Media Services Ltd
Unit K, Venture House, Bone Lane, Newbury, RG14 55H
Tel: 01635 879361
Email: internetretailing@circdata.com

@etail

6. FRONT MATTER
The shorts that get you noticed. Analysis of the key announcements affecting internet retailing, in store and mobile.

11. DEBENHAMS
Ross Clemmow, Managing Director – Retail, Digital, Food & Events at Debenhams, spoke to Emma Herrod about plans for "digital, different and destination".

16. DASHBOARD
IMRG reports on the online Christmas figures and the association's prediction of 9% for online growth in 2018.

19. COMMENT
Ian Jindal, IR's Editor-in-Chief, considers the latest musings in the retail sector.

35. INTERNET RETAILING
InternetRetailing looks back over 2017, the innovations and emerging themes and looks ahead to the new horizons on the rolling roadmap of retailing and the board discussions in 2018.

45. IN STORE
Pete Brown, Consultant, Elixirr, shares his views on what could be on the cards for the in-store experience in 2018 and André Brown, Group CEO of Attraqt, discusses the rise of AI and automation.

50. MOBILE
Paul Skeldon, Mobile Editor, InternetRetailing, shares his thoughts on what's ahead for mobile in 2018 and Scott Clarke, Chief Digital Officer at Cognizant, examines the rise of voice commerce.

56. THE EDELIVERY PAGES
Working with sister publication eDelivery.net, InternetRetailing looks at how ecommerce and omnichannel retailing are altering the supply chain, operations, logistics and delivery landscapes. This issue, Editor Liz Morrell looks ahead to how 2018 will shape up for the final mile.

60. INSIGHT FROM AROUND THE WORLD
Insight into retail around the world including a look at China, Europe and Ireland.

63. NOW & NEXT
A look ahead to the topics and speakers at this year's InternetRetailing Expo.

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REVOLUTIONISING THE MARKETER'S ROLE

AI Marketing

Editor's comment

Christmas 2017 is over, the returns are back and it's time to tot up the numbers. How did you do? For some it was another mobile Christmas. The Yoox Net-A-Porter Group, for example, reported "outstanding results" as 96% of its sales on Cyber Monday took place on mobile. In fact, more than half of the luxury fashion group's sales in 2017 were made on mobile devices, thanks in part to the Net-A-Porter app featuring high levels of engagement with customers.

While for others, the trading quarter was more challenging. Marks & Spencer reported an overall fall in sales. The retailer saw revenue growth from both in-store and online during the weeks leading up to Christmas but an "unseasonal" October meant revenues were down and there was more stock in the December sale. At House of Fraser, sales fell both on and offline over the six weeks to December 23, while Mothercare reported falling online and store sales over the Christmas period in what it said was a reflection of ongoing changes in consumer behaviour.

Chloe Rigby and Paul Skeldon, the Editors of InternetRetailing's online publications, have been reporting on individual retailer's Christmas trading figures as they come in. You can see the full details on www.internetretailing.net.

Whichever way you look at the Christmas figures, online continues to be of growing importance over the Christmas period. The British Retail Consortium (BRC) reports that almost a quarter (24.1%) of non-food shopping took place online in the run up to the festive season. That's up from 23% a year earlier. The figures suggest a continuing gradual shift online and bear out reports ahead of Christmas of lower footfall affecting the high street.

Industry association IMRG concurs. Its analysis of the industry figures post-Christmas say that online continues to grow. Looking ahead to 2018, IMRG predicts online growth for the retail industry of 9%.

InternetRetailing too looks ahead to the trends for the year. In this issue, we include thoughts from industry heavyweights Lord Stuart Rose, Sir Terry Leahy and Tim Mason on the changeover of retailing from 2017 to 2018. Lord Rose has predicted seismic changes to the retail landscape as the pace of change on Britain's High Streets reaches fever pitch. The Ocado Chairman and ex-head of Marks & Spencer said the industry, at the end of 2017, is on the cusp of a revolution driven by technology, changing shopping habits and Brexit.

Amongst those changes are the increasing use of mobile. Paul Skeldon investigates trends for the year in his feature in this issue of InternetRetailing. Although he does point out that "Rather than retail becoming mobile, shoppers are becoming channel agnostic: grabbing whatever shopping platform there is to hand to buy things".

Voice is fast becoming the new interface with Alexa, Siri and Google all translating shoppers' spoken words into online orders. Scott Clarke, Chief Digital Officer at Cognizant, shares his thoughts on how conversational artificial intelligence will play out in 2018 and beyond. It's a technology to take note of since it's predicted that by the end of 2021, more than 1.6 billion people will use voice assistants on a regular basis, and it is certain they will want to do more than ask about the weather or hear their favourite song.

Blockchain and its importance as the next stage for the internet since it enables peer-to-peer trust is covered too, as are the latest trends in digital in store. Pete Brown, Consultant, Elixirr, believes that 2018 will be a year of significant change in retail. "We will see the continued merging of the online with the physical and no doubt the demise of some retailers who cannot keep up with the pace of revolution on the high street," he says.

Also in this issue, is a guest feature from André Brown, Group CEO of Attraqt, who discusses the rise of AI and automation and a feature from Deloitte's Laurence Collins on the future of the retail workforce. He asks, "as retailers continue to adapt to changes in consumer behaviour and digital disruption, what can the workforce expect?"

Continuing, he says, "The next three years will be a defining period for UK retail and will determine who will be the winners and losers in the longer term."

One thing's for sure in retailing and that is that it's never boring. 2018 looks like it's going to be another year of combining daily trading with innovation and forward motion.

Emma Herrod
Editor

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

MULTICHANNEL FOCUS FOR HAMMERSON & INTU MERGER

HAMMERSON IS TO BUY INTU in a £3.4bn deal which looks set to boost the retail property operator's multichannel capabilities.

Currently Hammerson, which develops and operates office and retail properties, has focused its retail strategy on premium shopping centres and retail parks in its UK operations. Earlier this year it described the role that such centres play in the UK retail industry, at a time when shopper visitor numbers are falling, and online sales are taking a bigger slice of business. It said that prime centres give retailers the customer presence they demand, in the form of footfall, sales and dwell time. Meanwhile, it said, out-of-town retail parks fill a gap between large shopping centres and town centres, supporting click and collect sales, while offering a new look and more space than high street stores. Hammerson's portfolio includes 23 shopping centres, including Bristol's Cabot Circus, 17 retail parks and investments in 20 premium outlet villages and 18 retail parks.

The deal with Intu, owner of shopping centres including Intu Trafford Centre and Lakeside, expands the portfolio but also brings with it multichannel advantages. Intu, for example, stands out in its use of digital for its affiliate website, which Hammerson describes as typifying its "innovative approach to connecting retailer requirements with customer demands". Hammerson, which has its own shopping centre apps, says that the enlarged group will "drawn on its complementary digital strategies… to deliver highly productive space that enables retailers to succeed in its centres in a multichannel landscape."

The deal comes recommended by the directors, but is still subject to shareholder approval.

RETAIL ROUNDUP

SPORTS DIRECT SAID its focus on the high street had paid off with a "spectacular trading performance" in the first half of its financial year. The multichannel retailer, a Top50 trader in IRUK Top500 research, reported group revenue of £1.7bn in the six months to October 29, up by 4.7% on the same time the previous year. Within that, UK sports retail sales of £1.14bn were 1% down on last time. Sports Direct said this reflected a strategy of reducing online discounting and of closing stores as part of its focus on flagship high street stores. Up to 20 new flagship stores are set to open in 2018.

Joules said sales growth both online and offline helped to lift retail sales in the first half of its financial year. In a pre-close trading update, the British lifestyle brand, a Top150 retailer in IRUK Top500 research, reported group revenue of £96.2m in the six months to November 26, 18.2% up on the same time last year. Retail revenue of £65.9m was up by 16.2% on last time. This was driven, said the company, by "good growth across stores and ecommerce".

Pets at Home reported income from omnichannel was up by 81% to £24m during its latest half-year, thanks to order in-store and subscription services, while Majestic Wine reported growing sales and profits despite a challenging environment. The retailers suggested future investment might be focused online and in the US as it looks to grow customer numbers.

17% GROWTH FOR FORTNUM & MASON

FORTNUM & MASON REPORTED a 17% boost to online sales in its latest financial year, with deliveries sent to more than 120 countries. The online growth came as sales reached a record £113m in the year to July 2017, 14% up on the same time the previous year. That represents the fifth year in a row of double digit sales rises at the luxury food and drink retailer, a Top350 retailer in IRUK Top500 research. Profits of £7.6m were 23% up on last time. Sales rose both at home and abroad, online and in its London stores. A new store opened in South Korea, where it plans to open three more in the coming year.

"I am particularly thrilled by the rise in domestic consumers over the past year," said Ewan Venters, Chief Executive of Fortnum's. "Customers who care about the taste, quality and sustainability of their food are coming to Fortnum's in increasing numbers, be it in our stores or online."

Sales of Fortnum's hampers were up by 15% on the previous year, while its tea sales rose by 18%, and fragrance and beauty products by 21%. Some 82% of turnover came from products made in the UK. Fortnum's Chairman Kate Hobhouse said: "We are particularly proud of our British heritage and I am delighted we are helping many artisanal businesses in all corners of the nation."

DIGITAL BECOMES CARPETRIGHT'S LARGEST STORE

CARPETRIGHT HAS ANNOUNCED that sales from digital have outperformed any single store in its estate for the first time. The flooring-to-beds retailer, a Top250 trader in IRUK Top500 research, said sales from digital channels had recently become its "largest single trading store" after year-on-year growth of 49%.

The update came as Carpetright reported growing sales in the half-year to October 28. Revenue of £228.1m was 2.6% ahead of the £222.3m reported a year earlier, but pre-tax profits of £0.3m were behind the £4.1m reported last time. That, said Carpetright, reflected continued investment in its store refurbishment programme as well as discounting.

In recent years Carpetright has been working to rightsize and refurbish its store estate in the light of online retailing. Today it said its new brand identity was now trading in more than half (52%) of the UK store estate, which stands at 418 stores following ten closures. The company said: "While we have made substantial progress reducing the size and improving the quality of our store estate we are also future-proofing our business by investing in the online experience."

It said that a focus on improving customer service had paid off, with its Trustpilot score rising to 8.9. In addition, it said, 52 stores had now traded against a new direct local competitor for more than 12 months, a period in which they delivered like-for-like growth of an average 5%.

NEW CUSTOMER FOR OCADO

OCADO ANNOUNCED Groupe Casino in France as a customer for its ecommerce platform at the end of November and at the same time unveiled new robotic technology for pick and packing.

The online grocer and technology company says Monoprix.fr will be the first of the Groupe Casino businesses to use the Ocado Smart Platform, supported by a customer fulfilment centre to serve the Greater Paris area, as well as the Normandy and Hauts de France regions. The centre is expected to take two years to build and fit out with Ocado's own technology.

The announcement came as Ocado Technology revealed its latest pick and pack robots of a type that could be installed in the automated Groupe Casino warehouse.

Jean-Charles Naouri, Chief Executive of Groupe Casino, said: "Groupe Casino is pleased to announce the agreement with Ocado Group which will allow it to develop an integrated customer and logistics platform, considered the best in the market.

"This agreement is a major leap in terms of quality: 50,000 food items will be offered in the first stage to customers in the Greater Paris area with precise and speedy delivery at home and through a platform which makes it achievable to do this profitably."

Meanwhile, Ocado's revenue from retail sales reached £373.8m in the 14 weeks to December 3, up by 11.6%. Average order sizes remained stable at £106.11, 0.3% up from £105.83 last time, as inflation rose. Orders were placed more frequently by a growing number of Ocado Smart Pass – charging a flat monthly fee for deliveries – holders, with average weekly orders rising 11.1% to 280,000.

MOTHERCARE LOOKS TO DIGITAL

MOTHERCARE REPORTED FALLING online and store sales over the Christmas period in what it said was a reflection of ongoing changes in consumer behaviour. It warned that full-year profits would be down.

The nursery and baby equipment retailer reported online sales down by 6.9% in the 12 weeks to December 30, while like-for-like sales were down by 7.2%. Some 42% of sales took place online during the period. The figures continue trends seen in first-half results at the retailer, a Leading trader in IRUK Top500 research and, Mothercare said, reflects continuing consumer trends that it flagged up in half-year results. At the time it said lower footfall and spending were hitting its core UK market. International trade fell by 6.8% but, said Mothercare, showed signs of improvement at the end of the period, with online sales growing by 8.5% in constant currency and 7.4% in actual currency.

Chief Executive Mark Newton-Jones said: "In our UK business, we took a conscious decision to remain at full price to protect our brand positioning prior to Christmas but to then discount more heavily in the end-of-season sale. We have subsequently seen good progress with strong sell-through rates on Autumn/Winter clearance lines albeit these carry lower margins and will lead to a further reduction in full year margin as a result."

He said the focus would be on controlling both stock and capital expenditure.

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

M&S MOVES TECHNOLOGY

AS PART OF ITS FIVE-YEAR transformation plan, Marks & Spencer has announced a new Technology Transformation Programme that will enable it to become a digital-first business and deliver an improvement in customer experience. It is designed to create a more agile, faster and commercial technology function that will work with the business to deliver growth.

The move comes after the retailer set out its transformation programme in November 2017 which sees it concentrating on Restoring the Basics, Shaping the Future and Making M&S Special.

Following an extensive review of M&S's technology capabilities, the company says that changes are being made to deliver technology that brings real value, at pace, to its business and customers. These changes include: The creation of a new Technology Operating Model, which will drive significant efficiencies in how M&S exploits new technology, including the adoption of industry agile methods, effective from 1 March 2018; The appointment of Tata Consultancy Services (TCS) – one of the world's leading technology companies – as M&S's principal technology partner; A simplification and consolidation of M&S's technology supplier base. Core supplier services will transfer directly to TCS and the day-to-day relationship and project management of specialist suppliers will move under the control of TCS.

The Technology Transformation Programme will deliver annual efficiencies of c.£30m by 2021/22 and drive clearer accountabilities and a more customer centric approach to technology services. There is a one-off cost to implement of c. £25 million.

Steve Rowe, M&S CEO said: "We are committed to transforming M&S for our colleagues, customers and shareholders by delivering digital-first retailing across our stores and offices. Technology plays a huge role in this transformation – and having the right partners and model will enable us to be more agile, flexible and responsive."

HAILING THE MALE SHOPPER

MEN LIKE SHOPPING. That is now an actual thing. Thanks to the web and, in particular the smartphone, retailers have seen men spend more on clothes, shoes and grooming than women each month.

According to research by Barclaycard, smartphones and m-retailing are the key, with 69% of retailers agreeing that men prefer shopping on their smartphones, compared to women.

Debunking the myth that women are the biggest spenders, retailers say they have seen an increase in male shoppers both in-store (59%) and online (69%) in the past five years, and have expanded their male product offering as a result. While the majority (57%) of retailers sell their products to both men and women, over a quarter (26%) now cater to a largely or entirely male market, compared to just 17% that target a largely or entirely female market.

With nearly half of British men (48%) saying they prefer to shop online to snap up the latest trends, it's no surprise that the most commonly deployed tactic from retailers is online and social media advertising (37%).

George Allardice, Head of Strategy at Barclaycard Payment Solutions explains: "It's clear from our research that while men do want to shop they are put off by the overall experience – which could be causing retailers to miss out on vital sales." He says that long queues to pay put men off shopping.

VODAFONE & IOT

VODAFONE HAS OPENED UP its Internet of Things network to consumers, in a move that will allow them to connect items from their cars to their briefcases and their pets to the internet.

The mobile operator says its V by Vodafone network is the largest of its kind in the world and provides a way for consumers to manage both Internet of Things-capable devices and to connect non-Internet of Things devices through Vodafone products including a connected car dongle, a 4G security camera, a pet location and activity tracker and a bag location tracker.

IoT devices can be connected to the network by a V-Sim device that it ships as standard with its own IoT enabled electronics products, and which will be available by third-party retailers in 2018. Customers can also monitor their IoT enabled products via a V by Vodafone smartphone app, scanning a QR code on their product packaging to register them and adding the monthly fee to their existing Vodafone mobile account.

Vodafone Group Chief Executive Vittorio Colao said: "The Internet of Things is already beginning to transform how businesses operate. Over the next decade, the expansion of IoT into consumer markets will bring about an equally dramatic shift in how people manage their daily lives, at home and in their leisure time. V by Vodafone makes it simple to connect a wide range of IoT-enabled devices, helping customers keep everyone and everything that matters to them safe and secure. We look forward to applying our world-leading expertise in IoT to help consumers make the most of the next phase of the global digital revolution."


Hi!

Debenhams: Differentiating through social shopping

Debenhams' launch of its mobile site is the first outward sign of its transformation strategy. Emma Herrod spoke to *Ross Clemmow*, the retailer's Managing Director – Retail, Digital, Food & Events, to discover more about its plans for "digital, different and destination".

In 2016, department store Debenhams merged board responsibilities for online and store retailing to align its group leadership with its omnichannel strategy. Sergio Bucher (ex-Vice President, Amazon Fashion Europe) joined as Chief Executive Officer and swiftly instigated a full analysis of the entire business, its customers, its operations and the profitability of the different brands it sells. This research has given the business a better understanding of how shoppers view the Debenhams brand itself, its proposition and its stores, as well as what they think of every individual brand the group sells. It has also revealed the profitability of each of these brands and the various promotions. In all, 16,000 people – customers and non-customers – were interviewed.

Off the back of this research, Debenhams conceived its 'Debenhams Redesigned' strategy, which it announced in April 2017. According to the retailer, this aims to make shopping "confidence-boosting, sociable and fun" and "to create the easiest way to help our customers look good, feel great and celebrate their love of shopping".

The first customer-facing sign of Debenhams' transformation plan is its launch of a mobile site. This is a major element in its strategy, since mobile is being used as the glue to hold together other areas of the transformation, enabling services and engagement.

ENGAGING WITH MOBILE

The mobile site provides customers with a faster and more app-like experience. Its Progressive Web App (PWA) was developed by SapientRazorfish and Mobify and uses Google-backed technology to create a smooth and streamlined experience for customers without the need for them to download an app. As Ross Clemmow, Debenhams' Managing Director – Retail, Digital, Food & Events, explains, PWA provides a new front end to its existing IBM WebSphere digital platform, offering a new way of delivering headless commerce with a presentation layer separated from the underlying web commerce platform.

Mobify runs the front end in the cloud with APIs connecting with IBM WebSphere.

Being able to deliver a fast mobile site was a major factor in Debenhams' decision to use PWA. Chief among the problems that needed to be solved was the intermittent connection speeds you get with mobile web. "The [Debenhams site] code set uses the power of the device to hold more logic locally, even though it's on the browser, so if you get disconnected on the train you can still do things rather than it just hanging like most mobile websites do," Clemmow explains. This makes the Debenhams mobile site faster. It's also been speeded up by first loading elements of the pages with things that are important to the customer – such as product images, price and delivery method – rather than the load being sequential. In addition, to achieve a faster, slicker experience, the most-visited pages can be stored locally using Accelerated Mobile Pages (AMP).

As Clemmow points out, retail, digital traffic though apps is a very small percentage of overall mobile traffic. PWA provides the advantage of app-like speed and experience on the web without the customer having to download an app to their handset.

PWA also enables personalised push notifications to be sent out to customers, and the retailer is investigating how this can be used to connect shoppers to stores. One possibility is to use this to engage with members of its Beauty Card loyalty scheme. "It is a very invasive medium," cautions Clemmow, so Debenhams is treading carefully.

Like other retailers, Debenhams' strategy highlights the importance of mobile as a dominant channel. Even before it launched the mobile PWA, more than half of its digital traffic was from mobile devices and accounted for over a third of its online revenue. This is growing at around 20% a year.

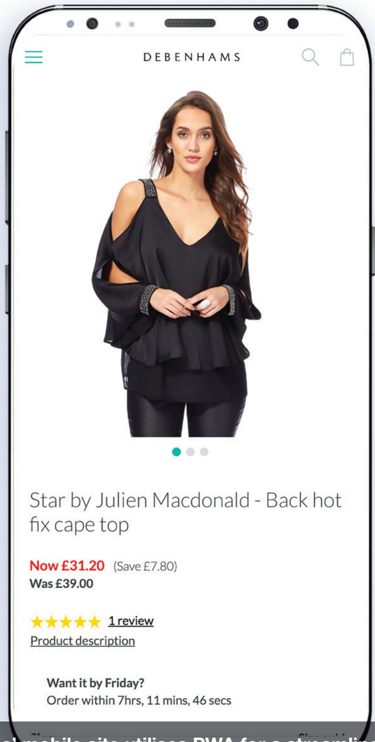
Since launching the PWA site – which is twice as fast as the old one – the firm has seen double-digit growth in mobile conversion rates, proof that speed was a major factor in customers abandoning their previous shopping journeys on mobile. Clemmow reiterates that the biggest pain point on the previous site when viewed via a mobile device was speed. "If it's a slow experience on mobile, customers give up very quickly," he says.

He explains that when developing for mobile commerce, retailers have to focus on the basics of retailing and make the site easy for customers to navigate, provide a good environment where they want to spend time and offer the products they want to buy. Consequently, Debenhams has organised its digital experience team around the fundamentals of what customers and the business rate as important:

- Speed: Is it fast?
- Search: Can I find what I'm looking for?
- Content: Is there enough content to help engage me and make my decision?
- Checkout: Can I pay easily?
- Delivery: Does delivery work?

Internal product owners are responsible for each of the five stages of the customer journey. They work with in-house teams supplemented by external partners offering specialised experience when needed. There's a 150-strong in-house ecommerce team with an additional 50 staff who manage UX, UI and development.

Each team works to eliminate pain points in the customer journey as well as working on the aspects that differentiate



Debenhams' mobile site utilises PWA for a streamlined customer experience without the need to download an app

Debenhams. The to-do list for each team is made up of information from customer analytics and feedback as well as areas that advance the business strategy. A process of prioritisation keeps the lists manageable.

> "Debenhams aims to create the easiest way to help its customers look good, feel great and celebrate their love of shopping"

PWA also means that enhancements can be quickly dropped in to the mobile site every two weeks. One such enhancement is the company's Beauty Card loyalty scheme, which is being project managed by the Beauty team and built by the digital development team. The different areas will work in a matrix across the business as the project evolves.

"There isn't a roadmap in the traditional sense, of 'this project will get delivered in 18 months time and will cost x," says Clemmow. "You have output from the teams every two weeks and you schedule in the requirements and work out when is best to fit that in. You don't start the year with a view of what's going to happen by the end, but you have a clear vision of what the work rate of those teams should be and what their overall KPIs are and what KPIs they are trying to influence." The KPI for the checkout team, for example, is checkout abandonment.

Debenhams will be working on decoupling the front end of the tablet and desktop sites from the ecommerce platform with PWA so they deliver a fast experience for customers as well as providing a tablet-optimised experience for colleague and shopper interaction in store. The in-store tablets will enable staff to easily handle common queries, such as the location of an item. They will also evolve the omnichannel experience and enable customers to contact the same colleagues they spoke to in store to follow up on an enquiry or get more information. "The PWA will be built by the end of Q1/early Q2 and then it will be deployed onto tablet," says Clemmow. The firm plans to roll out the use of tablets in the autumn, allowing it to retire its in-store kiosks.

Debenhams is breaking new ground with PWA as no-one has yet applied it to the desktop experience, something that could prove a challenge.

"Digital is seen as the glue that binds the rest of the strategy together," Clemmow says. Debenhams is therefore looking at how it can continue to grow its online business as well as using digital to connect customers with what's happening in their local stores. He explains that customers are using Google maps and local search to work out how to make the best use of their time, so Debenhams' Mobile@everywhere strategy extends this to behaviour by using mobile to introduce customers to what's happening in stores in a relevant way.

THREE DS OF TRANSFORMATION

Digital is just one pillar of Debenhams' transformation plan. Its customers told it that shopping is not only about the pleasure of buying a great product that makes them look and feel good but also about enjoying the whole process, whether that's through it being easy and convenient or by spending time out with friends and family.

Around 40% of Debenhams' customers go shopping with family or friends, and when they shop in social groups they spend a lot more money. According to Clemmow, they spend up to 80% more and they want different things: "They are not just on a convenience-led mission." He explains that these customers are looking for the right of balance of a number of elements, so the Debenhams Redesigned strategy is re-engineering the business to cater for this group. "The differentiator is about creating retail environments with the right mix of product, experience and food and drink," says Clemmow. Food and drink make up 7-8% of its revenue currently but the retailer plans to grow it to 15%-plus.

This is all part of its plan to move the economics of stores away from just being about product margins to how each aspect contributes to the overall picture. Food, as Clemmow explains, is not as high a margin as selling product at full price; its value is in driving greater frequency. Beauty services and brands have similar margins but it's the former that delivers greater frequency. With Debenhams starting to think about the economics of its stores in a different way, it is also discovering that the resulting profit is better if it gets the combination right and is not so reliant on just selling product. "It's down to execution and how quickly we can deliver the proposition," says Clemmow.

Destination and Different make up the other two pillars of the Debenhams' Redesigned plan.

To meet the aims of these, the retailer wants to enhance its position as a destination for premium beauty products and services. Beauty products are one of the main regular repeat items bought online from Debenhams and delivered via click and collect, so it is adding a bookable personal service for customers who go into a store to collect their order. More than 30% of online transactions are picked up in store, with 20% of those using click and collect making a further purchase when they collect their parcel. Debenhams, therefore, will be trialling a number of new ideas for maximising these visits and further connecting online and offline.

> "PWA provides the advantage of app-like speed and experience on the web without needing an app to be downloaded to the customer's phone"

The first of these to be tested is Click, Try & Buy, which is being piloted at its Stevenage store in early 2018, following research and concept testing. This enables a customer to book a changing room to try on their online purchase or an appointment with a personal shopper to coincide with when they are collecting their order. The personal shopper can have accessories ready for the shopper to view when they try on their online purchases and will be able to instantly issue refunds for any return items. The benefits for the customer are a good changing room environment, a personalised fitting service and an instant refund on the items they don't want. It's win: win both for the customer and Debenhams, which gets products back on sale quickly.

Clemmow also points out that when click and collect was first introduced, retailers thought that its key selling point was that it was providing a convenient service for shoppers. However, he says: "When you talk with customers. it's about control. That is, 'I can go in when I want to get that parcel because I know with surety that it's there."

Shoppers may have only 10 or 15 minutes to spend in the store or they may have longer, but for Debenhams, it's a question of how it maximises the time it has with each of them and how it puts together the right experience to fit each customer's mission. The Click, Try & Buy example is a way to help the shopper walk away with the items they actually want – and have a good shopping experience at the same time.

"It's all about best use of time," says Clemmow, and getting the right combination of product, service and experience. When this mix is right, customers visit more often and, says Clemmow: "We do well and the customer is happy, too."

In beauty, it's about the customer buying the item they want as well as being helped by someone who's impartial, so they can understand and discover what else might be of

Value-added services such as Blow hair and beaty salons are being offered to bring customers into store

interest to them from the large and complicated range of products on offer.

A DIFFERENT DESTINATION

Value-added services are one way to bring customers into store. According to Debenhams' core shopper segment of 45-year-old women, service is having someone who is going to help them have the confidence to make the right decision, while being engaging and fun – and believable.

One of its services is based around beauty, a market worth about £4bn a year in the UK. Debenhams has stepped up its presence in the market by investing in mobile on-demand beauty pioneer Blow. This beauty services disruptor uses a highly responsive two-way app to connect customers to expertly trained beauty professionals who will visit clients in their home, office or hotel. Customers can order beauty and wellbeing services – blow dry, makeup, nails, massage, waxing, yoga and pilates – from 7am until late, seven days a week.

Debenhams' stake in Blow creates a new distribution channel for the department store, whereby beauty services and treatments can be booked to take place at dedicated beauty bars in its stores as well as other out of store locations. The partnership will also enable beauty brands to forge a closer relationship with customers via Debenhams' in-home services and sampling. The first three Blow beauty bars, offering blow dry, makeup and nail services, has already launched in Debenhams' Oxford Street, Birmingham Bull Ring and Manchester stores with up to 50 sites planned in total. "6 to 8 will open in 2018," says Clemmow.

He explains that although beauty services is a fragmented market, it's one which offers "an opportunity for us not just to grow our own business but also to introduce a trusted national brand for beauty services to customers. We could have built that ourselves but we came across Blow, which is a very successful, digitally-enabled start-up in that area and we partnered with them."

> "The challenge with PWA is that Debenhams is having to break new ground as no-one has used it yet for a desktop experience"

He says its partnership with Blow is almost a hub and spoke service with the operation setting up in Debenhams stores and a mobile service operating throughout the catchment area from these.

This is just one example of mobile being used to connect customers with Debenhams stores. As part of its strategy to make its stores a destination for social shopping, the retailer will be trialling in-store fitness centres this year. Its partnership with gym specialist Sweat! will see fitness centres open up in three of its stores. Debenhams says this will give shoppers more reasons to visit its stores more often as well as attracting younger, female customers.

The increase in services means 2,000 staff are being moved from back-end processes in store to customer-facing roles. The firm is also enhancing its store environments

Debenhams' new store in Stevenage is being used as a testing ground for many new ideas

and improving product presentation and customer assistance. It will continue to examine its use of space and how it optimises store performance. Operations, including store replenishment, are being streamlined, with store replenishment shifting from an eight-day to a two-day cycle.

Its new store in Stevenage, which opened in August 2017, is being used as a testing ground for many of its new ideas, including layout and merchandising. Its product range is based on the brand profile defined by online demand in its catchment area, and it has a cheaper and more flexible operating model than that used by other stores in the group. The store has already produced good results, consistently ranking in the top 20 for sales, with Womenswear and Home particularly strong. The performance of the Stevenage store's Home offer matches Debenhams' top outlets, even though it accounts for half of the typical space with 35% fewer SKUs. The store is also delivering positive customer metrics. "It was expected to rank 75th amongst Debenhams' 175 stores," says Clemmow.

Interestingly, more than 60% of the store team were recruited from the hospitality industry rather than retail.

Debenhams' recently opened Wolverhampton store is also being used for testing, while its store in Uxbridge will be the first existing outlet to be refitted and re-ranged for its catchment area, building on the ideas piloted at the new stores.

Clemmow explains that scaling the new model to existing large stores is not something that Debenhams is built to do but it is something that it is having to learn quickly.

New KPIs and analytics are also being introduced so the measurement of online and store retailing performance is more aligned. Simplified KPIs for store managers, for example, will give them a view of footfall and store conversion by the different areas of the store, so they can start thinking more like a digital merchandiser and understanding the levers that can be pulled around merchandising and levels of store staff. The online teams will also be thinking about offline and be made aware of how local mobile search is driving footfall to individual stores.

> "It's all about best use of time. Get the right combination of product, service and experience and customers visit more often and we do well and the customer is happy too"

Having the right environment, the right product presented in the right way with the right service feels like a different business, but scaling it quickly will be the challenge for Debenhams. What will differentiate it is how it achieves consistency of execution, because for all the transformation plans from different retailers, this is one that is really embracing the next steps of mobile-enabled commerce. Executing its plan of giving customers a consistent experience across its entire store estate will define whether it wins from repeat, frequent shopper visits and purchases. With all of the major UK department stores changing their businesses around omnichannel shoppers, consistency of execution is what will determine the winners.

Christmas 2017: the figures

Online retailing is showing signs of becoming a maturing market with predictions for a tough 2018 ahead. IMRG reports on the figures.

UK online retail sales were up 12.1% on average year-on-year (YoY) in 2017, according to the latest figures from the IMRG Capgemini e-Retail Sales Index. Compared to 2016's YoY average of 15.9%, and roughly 2% lower than the Index's 2017 forecast of 14%, the fall in annual growth is one of multiple indicators of a maturing market. Indeed, across the twelve months of 2017 only March and April showed notably stronger YoY growth than the previous year (fig.1).

The Index performance in 2016 was largely driven by strong sales growth through smartphones, but this slowed in 2017. In the second half of 2015, sales growth through smartphones averaged 102% each month. In the same period in 2017 it halved to 50%. Growth through tablets has also stalled (up 0.7% in 2017), and 2018's growth is expected to slow down further for all devices.

This is actually consistent with a 3-year-bounce pattern of growth identified in the Index, with peaks starting in 2010 and repeating in 2013 and 2016 (fig. 2). 2010's high growth rate can be attributed to a host of factors (including improved website load speeds, user experiences, and connectivity), 2013 was when tablets started to account for a significant share of online retail, and 2016 was driven by the proliferation of shopping via smartphones. Should 2018 follow this

FIGURE 1 - YEAR-ON-YEAR GROWTH 2016 & 2017

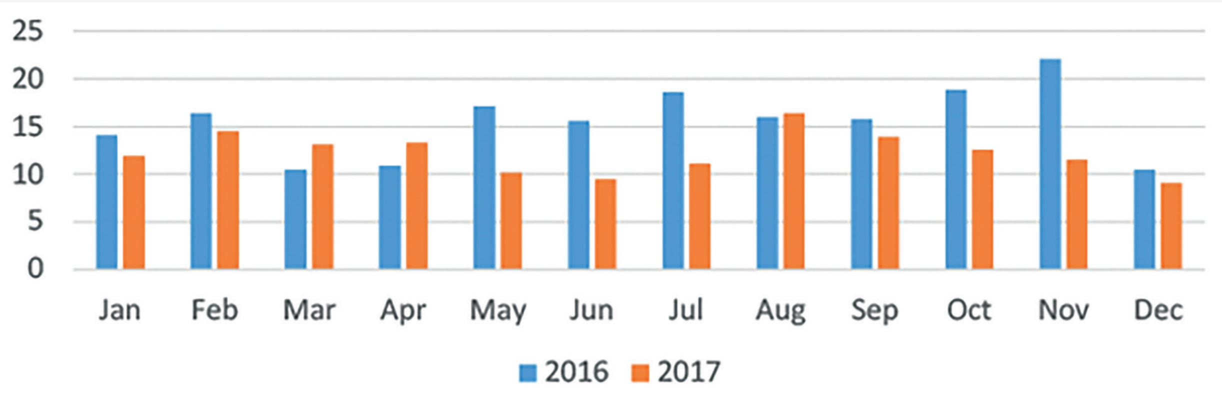


FIGURE 2 – 3 YEAR BOUNCE PATTERN

FIGURE 3 – DECEMBER MONTH-ON-MONTH GROWTH 2012 – 2017

pattern we can anticipate a new stimulus to be entering or proliferating the market during 2019.

Justin Opie, Managing Director, IMRG comments: "A decline in the rate of online sales growth in 2017 was forecast, though it turned out to be sharper than expected. The macro economic factors – rising inflation, low wage growth, rise in the interest rate etc – are likely to have been influential and the first half of 2018 may be challenging too; discounting in the lead-up to Black Friday started deep into October in 2017 and have been widely available ever since. It may be that retailers will now find themselves caught in a cycle of discounting, which also happened in 2011 and 2015 and will probably extend long after the January sales, as the trading climate is tough at the moment. That said, 2018 does look set to be a transformational year for retail – with an increasing use of AI services anticipated plus the rise of 'browserless commerce' (through devices such as voice assistants). It may be that we see shopper behaviour shift significantly over the coming period."

Turning to the monthly view, December's YoY growth was 9.1% – representing the year's lowest YoY growth and reflecting the changing shape of Christmas shopping as sales are pulled forward into October and November by Black Friday. Further analysis shows that this trend has been ongoing since 2014 (fig.3) – coinciding with when Black Friday was adopted widely by UK retailers and consumers.

RETAIL REPORTS

Christmas 2017 is over, the returns are back and it's time to tot up the numbers. How did you do? For some it was another mobile Christmas. The Yoox Net-A-Porter Group, for example, reported "outstanding results" as 96% of its sales on Cyber Monday took place on mobile. In fact, more than half of the luxury fashion group's sales in 2017 were made on mobile devices, thanks in part to the Net-A-Porter app featuring high levels of engagement with customers.

While for others, the trading quarter was more challenging. Marks & Spencer reported an overall fall in sales. The retailer saw revenue growth from both in-store and online during the weeks leading up to Christmas but an "unseasonal" October meant revenues were down and there was more stock in the December sale. At House of Fraser, sales fell both on and offline over the six weeks to December 23, while Mothercare reported falling online and store sales over the Christmas period in what it said was a reflection of ongoing changes in consumer behaviour.

Chloe Rigby and Paul Skeldon, the Editors of InternetRetailing's online publications, have been reporting on individual retailer's Christmas trading figures as they come in. You can see the full details on www.internetretailing.net.

PREDICTIVE MODELLER

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* no crystal ball gazing going on here - just solid case studies

ATB – 'After the Buy'

Retailers are obsessed with performance, and the main focus of our efforts has been on 'conversion' of consumers to purchasers. The key metric of ATB – Add to Basket – risks being too transaction-focused rather than value-focused, so *Ian Jindal* wonders whether it's time to think about 'After the Buy'.

Fresh back from another visit to the National Retail Federation's "Big Show" in New York, I duked it out with 36,000 visitors to see the industry's showcase capabilities and vendors arrayed in the expo halls. It's interesting to see how retail as an industry is changing the value chain. Back in the last decade we had ecommerce as a 'bolt-on' or side project and the casual visitor would see the store as preeminent, with some digital bolt-ons. Track forward to 2018 and, in addition to multichannel and digital enablement of stores being the new orthodoxy, we also see a trend of getting closer to the customer.

We've moved from marketing 'at' people and then optimising 'conversion' to a straight-faced discussion about the customer's experience. Last year this experience was still focused on the attract/engage/convert/retain cycle, whereas this year we see a focus on data collection (in-store and online) and using this to drive differential service and experience in-store and via digital interfaces. Mobile, web tracking, ERP, Big Data, Clouds and AI are all bending towards a new co-operation that underpins the modern retailing experience.

With so many consumers now fully accustomed to multichannel and digital experiences we need to move beyond a simple convert-and-remarket approach. We need the experience post-purchase to be in line with the promises made up to the point of sale. I suspect that this post-sale 'living with the customer' will be the focus for retailers in the coming years.

This ongoing connection will be powered by a combination of data and analysis – following the 'character test', namely do we behave differently to customers following the insight?

The ongoing data relationship was evident when I had a hands-on demonstration of Google's collaboration with Levi's, creating a denim jacket for cycling that has sport-specific adaptations as well as conductive threads woven into the fabric. These threads connect with and control the 'Jacquard' platform (see more at https://atap.google.com/jacquard/), which connects your phone controls with touch input on the jacket. Initially I was very sceptical about this – the core functionality is little more than can be achieved with a remote headset – however the 'system' (if that's what we must call our clothing now) is polished.

Of greatest interest, however, was the data visualisation platform. Subject to the necessary user permissions, Levi's can now have a relationship with you based on how and where you use the jacket. The company will have access to your commute, the music you listen to, your frequently used commands and apps. This offers Levi's a much more relevant conversation opportunity than the usual "you bought this a year ago so please buy it again". It's conceivable too that the jacket's data could link with Google Home data, your search history, your washing machine, your electricity tariff, and even know when you put on weight. Retailers need to be planning for these rich, connected data streams and build into product development, service and experience planning.

With this rich data we'll need more responses to the customer than simply 'more email' or 'targeted offers'. Brands such as Rapha connect with their customers' cycling passion through the Rapha Club (where customers can connect and ride with the Rapha team, staff and friends across the globe) or by offering to replace any clothing items damaged in a racing fall! We still of course get emails about new products and seasonal sales, but these are in the context of a 7-day-a-week cycling passion – something that they share with customers.

White goods manufacturers can engage in saving energy and water, reducing detergent use, and supporting domestic activity. They will have a valid position based on their global data view and expertise. This is a step ahead of 'loyalty' or activation programs that trade an extended warranty for permission to spam the customer, and opens new avenues for 'commercial conversation' based on relevance and real value.

The approaches for this next phase of retail will build on the good marketing and product principles already embraced by our best retailers and brands. We will see new collaborations, innovative lines of business and sustained service offerings that give us a place in our customers' lives – not just a moment with their wallets.

Crafting post-purchase experiences that increase revenue and customer engagement

Saima Alibhai, managing principal consultant, EMEA at Oracle + Bronto, on the importance post-purchase messages

Many retailers don't realise that the post-purchase period is a time when consumers are most receptive to your messages. And many still don't realise the importance of creating personalised messages for recent buyers.

These messages shouldn't be limited to the traditional order and shipping confirmations or a plea for a product review, but should instead take customer engagement to the next level – by offering value, support, additional resources, or by simply continuing the conversation.

GIVE THANKS

Customers love feeling appreciated, we all do. When it comes to effective post-purchase marketing, a simple "thank you" goes a long way. In fact, these are some of the best performing messages from a revenue standpoint. Remember: It's not just the polite thing to do, it also incentivises them to make another purchase, or provides a customer service oriented call to action, such as linking to your customer service portal or a resource centre.

If consumers happen to take advantage of the incentive, you can then create a second, non-incentivised version that sends if the contact makes another purchase over a set number of days. This way, the customer will not expect an incentive every single time.

GET SOCIAL

We're now firmly living in the age of social media. While it can be difficult to quantify ROI, there's no denying its ability to help humanise the brand and create a dialogue with customers. Consider implementing social themes into your post-purchase messaging that call on your customer to share their experience. This includes introducing them to your social media sites, asking them to leave a review on Facebook, or even to share a photo of their purchase on social media for a chance to win a prize.

IT'S ALL ABOUT BALANCE

When constructing your post-purchase messaging, be sure to balance promotional content that encourages another purchase with other useful content that offers value to the customer.

For example, product care tips and additional resources benefit the customer, whereas cross-sell and reorder reminder messages benefit you. If all your messages ask customers to purchase from you, you're not providing value to the subscriber. However, if every message only benefits the consumer, you're likely leaving money on the table.

MAKE IT PERSONAL

Consumers today expect more from their shopping experience, and that expectation will only continue to grow with the integration of new technology. By understanding the importance of targeted post-purchase messaging and meeting the demand for greater personalisation, you'll not only drive revenue but build customer loyalty.

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Book Wrap Mailers

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IRUK Top500 2018 revealed

Each year, InternetRetailing examines, investigates and analyses the performance of retailers in the UK to discover which are the Elite, Leading and Top500. *Emma Herrod* **reports on the findings of the Oracle + Bronto-sponsored 2018 InternetRetailing UK Top500.**

For the fourth year, InternetRetailing's team of researchers has assessed leading UK ecommerce and multichannel retailers from a unique performance-based perspective, comparing and contrasting the capabilities of these top-flight traders to see where and how the best retailers excel.

The resulting InternetRetailing UK Top500 report goes beyond a ranking based simply on retailers' revenues, store networks or web traffic to focus instead on their work across six Performance Dimensions which combine into what InternetRetailing calls 'RetailCraft'. Together they constitute a striving for excellence, at scale, that's responsive to the customer. The six Performance Dimensions are:

1. Strategy and Innovation: the extent to which the retailer is adapting for growth, international commerce and customer responsiveness;
2. The Customer: measuring experience and service from the customer's point of view;
3. Operations and Logistics: delivery, returns and collections;
4. Merchandising: selling online in appealing ways and supporting browsers with navigational and search tools to find products with a minimum of time and effort;
5. Brand Engagement: making their brands familiar to the customer, and connecting;
6. Mobile and Cross-channel: beyond single ecommerce or store channels.

Each year, the researchers aim to analyse not only which retailers are excelling in the highly competitive retail environment but how they are doing so, asking what are the approaches that work.

The team looks also at emerging technologies, watching to see where and how they are adopted, and at those approaches that retailers are now starting to leave behind them as their businesses mature and change. The ambition is to understand what leading retailers do that works for their businesses, and how others can in turn learn from them in order to boost their own businesses for the future.

WHO ARE THE ELITE IN 2018?

At the top of the industry are the 'Elite' retailers, those which have performed at an exceptional level across all dimensions, statistically separate from the subsequent clusters. In 2017, this grouping was made up of Amazon, Asda, Boots, John Lewis, Marks & Spencer and Tesco.

Then come the retailers classified as 'Leading', those companies which by most measures are out in front, and combine both size and capability. 'Top50' retailers bring the ranking to the 50 retailer point and represent the current state of RetailCraft in the UK. Taken as a group the strength and capability of the UK industry can be seen in this cohort.

But how did these retailers perform in the 2018 ranking? Are the 'Elite' retailers still heading up the ranking and how did 2017's unpredictable trading year impact on their performance across the six dimensions?

ACROSS THE DIMENSIONS

Retailers stand out in the Strategy & Innovation Dimension when they offer customers a convenient, reliable and innovative service, with flexible delivery options, fast-loading websites and mobile apps that improve the customer experience.

More than 40 different metrics are used to assess retailers in this Dimension and with all metrics in retailing these keep evolving as the retail industry itself changes. Where once offering click and collect services were seen as a significant innovation, now researchers measure how quickly shoppers can pick up their online order from the store. For the first time they assessed whether retailers include augmented reality, live chat or visual search in their mobile apps, as well as features from predictive search (56% did so) to a 'hamburger button' enabling easier navigation (94%).

It was by giving the customer the best online experience that retailers stood out for their performance in The Customer

Performance Dimension. Researchers measured how well both customer service and desktop and mobile websites and apps lived up to customer expectations. Top500 retailers enabled shoppers to communicate with them via a median of eight channels – the majority offering Facebook, Twitter, a contacts page on their website, being contactable by telephone or email. Least widely used of the 13 channels assessed are a community forum (6%), Snapchat (16%) and live chat (26%). Retailers responded to an email enquiry in a median 16h 13mins and to a Facebook query in a median 34m.

Researchers found that a desktop home page of a median 2.6MB (up from 2.3MB in 2017) started to render in a median of 1.9s, and was visually complete in 8.2s. That's up from 7.4s in 2017. Mobile home pages started to render in 2s and were visually complete in 7.2s, after a page of a median 2.1MB was downloaded.

When it comes to The Operations & Logistics Performance Dimension, retailers that offer fast and flexible delivery, collection and returns come in ahead of the competition. Tesco, for example, stands out for the speed of its collection and the flexibility of its delivery service while fellow supermarket Sainsbury's also stood out in this dimension, for a flexible delivery offer that included same day, nominated time and Sunday options. It was one of the 23% that had extra stock checking features on its mobile app. Marks & Spencer earned its place for a generous returns policy that includes drop off at a third party location, and a promise to refund the cost of the return.

Retailers that enable shoppers both to browse products for inspiration and to find specific items quickly stand out in the 2018 IRUK Top500 Merchandising Performance Dimension. The assessment focuses on how easily customers can navigate both desktop and mobile websites as they look for products, for inspiration, and for what other customers thought, whether through reviews or social media sharing.

There's evidence that in 2018 UK retailers are simplifying website navigation. Researchers found that 75% of Top500 retailers offered drop-down search suggestions, up from 63% a year earlier, while more retailers enabled filtering products by price, by brand and by product type. General merchandiser Argos stood out for a sophisticated approach to merchandising in its mobile app, which offers product reviews and ratings alongside social media likes and scores highly for its use of personalisation.

It's when retailers work to build an audience that they lead in the IRUK Top500 Brand Engagement Performance Dimension. When they enable two-way conversations by offering different ways to get in touch, engaging – in a personalised manner – via those channels, and encouraging shoppers to have their say by rating, reviewing and sharing products they are at the forefront of the best practice that is celebrated here.

Standing out in this Performance Dimension are Clarks, Argos, Homebase, Wickes and Superdrug. The latter enabled social validation and sharing while scoring highly for the level of personalisation on its website and offering daily deals.

The final Performance Dimension is Mobile & Cross-channel. In 2018, this dimension maps increasingly sophisticated services that bridge ever more efficiently the gap between the store and online. While, for example, click-and-collect used to be the exception rather than the rule, now most IRUK Top500 retailers offer the service, and many are improving on their offer.

Argos and Screwfix both stood out for a mobile and cross-channel performance that includes offering reserve and collect alongside same day collection. Their mobile apps were among the 23% of iOS apps that offered additional stock checking features. Apple, Dunelm, Sainsbury's and Wickes stood out as well.

So, those are some of the movers, shakers and surprises across the individual dimensions but being ahead of the industry in one area does not turn a retailer into an Elite one. Outstanding performance consistently across every Performance Dimension is needed for that honour.

Which retailers then combine a large footprint in the UK and heft of ecommerce sales with a second-to-none customer experience across all channels in which they operate, have seamless and fluid operations and logistics, jaw-dropping merchandising skills, connect with customers across the full marketing metrics, are master of mobile and still able to be flexible and adapt for growth? Who are this year's Elite and Leading retailers and where does your company sit in the rankings?

Not wanting to steal anyone's thunder I'll leave the final reveal to InternetRetailing's research team and the 2018 InternetRetailing UK Top500 Report. If you haven't received a copy in the post, a digital version can be downloaded from www.internetretailing.net.

IREU Top500: Mobile & Cross-channel

InternetRetailing's latest Europe Top500 Performance Dimension Report focuses on mobile and cross-channel. ***Emma Herrod*** **reports on the findings.**

European shoppers are steadily adopting the smartphone, albeit at a slower rate than elsewhere in the world, and using it to shop online. Leading retailers in the InternetRetailing Europe Top500 Mobile & Cross-channel Performance Dimension, as sponsored by POQ, are responding by making it easier for consumers to buy using their phones. Mobile is not only a research and buying channel in its own right, but also plays a key role in connecting online and the store. However, the average retailer still lags behind the best, suggesting there are opportunities for those that act strategically to work with shoppers' emerging behaviour patterns.

This is especially poignant when you consider that 34% of the Europe Top500 don't have a mobile app. Internet Retailing's researchers go even further saying that "even the retailers performing most strongly need to make incremental improvements as a way to prepare for an Internet of Things-enabled world."

Thus are some of the findings of the Europe Top500 Mobile & Cross-channel Performance Dimension Report, which is distributed with this issue of InternetRetailing magazine.

As with each of the IREU Top500 reports, InternetRetailing's research team analyse how successful multinational retailers go about competing with local indigenous traders through the use of country-specific strategies, taking into account language, culture and legalities of retailer's sites in each market. In all, retailers in 31 countries across the European Economic Area, plus Switzerland, are assessed.

This InternetRetailing Europe Report highlights examples of innovative practice being demonstrated by retailers throughout Europe as they respond to the challenges by offering sophisticated apps and tying channels together through collection and return-to-store services.

Coop Denmark, for example, took an innovative approach to understanding its customers before launching its mobile loyalty app across the entire chain of 1,200 stores. Denmark's largest retailer of consumer goods sent an anthropologist along with its Chief Technology Officer, Kraen Østergård Nielsen, to live, shop and cook with a family of Coop customers. During that time, they used the experience to talk about the daily problems and challenges the family faced as consumers when trying to use all the technology available to them in online and mobile retailing.

Nielsen was just one Coop Denmark staffer to go native. In order to better understand its customers, many staff spent time living with 28 different families. "It's been claimed by others that this type of research was quite revolutionary, but to us it was common sense," says Nielsen. "To understand our customers, we have to talk to them and see what their lives are like."

The resulting mobile loyalty app from Coop Denmark has enabled the retailer to provide fulfilment, convenience and personalisation at every touchpoint along with inspirational recipes and cookery videos.

This is just one innovative approach to mobile and cross-channel retailing highlighted in the report. The researchers also highlight 12 ways in which retailers should be preparing today for a mobile-first world. These include:

- Build a mobile-optimised website.
- A mobile-optimised website, while essential, is just an 'on-ramp' for your company's mobile retail environment – retailers need this on-ramp to lead customers to their apps.
- An alternative to having both a mobile-optimised website and an app is to try Progressive Web Apps (PWA).
- Whether using an app, m-web or PWA, retailers need to pay close attention to images.
- Millennials and Gen-Y shoppers – who are increasingly becoming the bulk of spenders – have different shopping habits.
- Mobiles are mobile – so let them interact with the different environments that they find themselves in.
- Building on this location idea, retailers need to look at how to use shopper location to understand consumers' proximity to things that retailers can target them with.
- Building on this connection between mobile and in-store, retailers need to think about all the other ways they can leverage mobile devices in and around physical stores.
- Mobile in the store is not just for the customers: mobilise staff.
- In-store and at large, augmented reality (AR) and virtual reality (VR) are going to have a big role to play in mobile retail.
- Where VR and AR are cutting-edge technologies that garner extensive column inches, the real big thing that all retailers need to be working on is voice enablement.
- And real live humans are also going to be augmented with artificial intelligence.

In the coming years, InternetRetailing will continue to assess the way that retailers trade in what's likely to be a highly volatile retail environment by putting the hard data of InternetRetailing research into a wider, and practical, context. As always, the research team is interested to hear from readers about how they think they should judge and understand retail strategies – do share your thoughts.

IRBX Europe 2018

InternetRetailing's latest Performance Dimension Report looks at brands and how they are performing across Europe. *Emma Herrod* **reports on the findings.**

The 2018 InternetRetailing Brand Index (Europe), sponsored by Rakuten Marketing, catalogues the leading direct-selling brands in Europe. As with other InternetRetailing reports, the Brand Index measures, analyses and assesses each company's retail performance across six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel.

Amongst the brands assessed, Adidas, Apple, Clarks, Missguided, New Look and Nike were statistically ahead of all others. As 'Elite' retailers, they represent the pinnacle of retail practice by brands in Europe. In all, the report ranks the 250 leading brands.

Some of the large direct-selling brands that make up the Top 250 incorporated in the Report might operate in only one territory, while another might operate across many countries. More than 160 of the Largest 250 have significant retail operations in the UK, France and Germany. Spain, Italy, the Netherlands and Belgium are the next most important markets for these brands. This analysis reflects both how conducive a market is to the retail activities of Europe's largest direct-selling brands and also how familiar a consumer in a given country is likely to be with our list of brands.

It's interesting to note that when compiling the InternetRetailing Europe Top500 Retail Performance Index, which was published in July 2017, the research team discovered that direct-selling brands are among the most widespread and successful retailers in the single market. So what do these Elite and Leading brands do that makes them stand out?

STRATEGY & INNOVATION: When it comes to innovation top brands are differentiating their offer with enhanced services and novel functionality.

THE CUSTOMER: Brands up their game to meet changing consumer expectations improving speed and stickiness.

OPERATIONS & LOGISTICS: As online sales grow, brands differentiate with innovative offers while aiming to keep overheads to the minimum, thus many are encouraging collection.

MERCHANDISING: Improving search functions and adapting to changing consumer behaviour are among merchandising priorities for top brands.

BRAND ENGAGEMENT: Incorporating feedback, monitoring and responding to what people are saying about them and widely placing brand information and content on the channels where potential consumers already reside.

MOBILE AND CROSS-CHANNEL: Daily deals, bar code scanning, predictive search and store stock checks are among the functions that many with an iOS app are now offering.

The 2018 InternetRetailing Brand Index (Europe) report is sent out with this issue of InternetRetailing magazine. It can also be downloaded from www.internetretailing.net.

THE BIGGEST BRANDS IN EUROPE

Our Elite brands are statistically ahead of all others and represent the pinnacle of retail practice by brands in Europe. Congratulations to Adidas, Apple, Clarks, Missguided, New Look and Nike

ELITE

Adidas	Elite
Apple	Elite
Clarks	Elite
Missguided	Elite
New Look	Elite
Nike	Elite

LEADING

Burton Menswear	Leading	Orvis	Leading
Coast	Leading	Pull & Bear	Leading
Dorothy Perkins	Leading	Radley	Leading
Dune London	Leading	Samsung	Leading
Hotel Chocolat	Leading	Superdry	Leading
Jack Wills	Leading	Swarovski	Leading
L'Occitane	Leading	Thomas Sabo	Leading
MAC Cosmetics	Leading	Tommy Hilfiger	Leading
Mango	Leading	Ugg	Leading
Nespresso	Leading		

RetailX ranks Australian ecommerce and multichannel retailers

Martin Shaw, Head of Research at RetailX, shares insight into the initial findings of the inaugural Australia 250 research report.

RetailX – part of InternetRetailing – has launched the first ever performance-based, objective and comprehensive ranking of the highly competitive Australian retail market. Following a similar research methodology to the established IRUK Dimension Reports, the RetailX Australia (AU250) report, produced in partnership with Oracle + Bronto, measures retailers from the consumer's perspective using hundreds of different metrics rather than providing a focus on traditional metrics such as revenue.

Specifically, the report takes into consideration the significance of each company with regards to web traffic (the share of activity online), company revenues (both online and through bricks and mortar stores), and the store estate (combining close-to-customer service capabilities and local brand fascia).

Millions of Australian consumers buy from thousands of companies that range from niche and locality retailers to giants of global ecommerce. Despite the lack of tariffs and legal barriers to trade, companies operating in this market face the challenge of distance and fulfilment with low population density.

With Amazon launching an Australian site in December 2017, RetailX can reveal some of the key findings from the research:

- A disproportionate share of web traffic (35%) goes to the fewer than 20 marketplaces within the Top250;
- There is, however, growing room compared to other markets with 50% of web traffic share in the UK and in the European Single Market as a whole, and greater than 50% in ASEAN, going to marketplaces compared to the other Top500 retailers in those regions
- At the same time, Amazon is already one of the top five ecommerce retailers in Australia, as measured by web traffic share. However, over 75% of Australian web traffic to Amazon went to amazon.com (pre-launch of general merchandise sales on amazon.com.au in December 2017.) This suggests that Australian consumers in general may be receptive to the Amazon model

Whether the Australian market is set to be dominated by marketplace websites in much the same way as markets in Europe and South East Asia have seen, or whether Amazon's late arrival has given the local industry enough time to develop its own convenient, cheap and reliable alternatives remains to be seen.

Amazon's pre-launch consumer web traffic

In compiling the RetailX Australia (AU250) report, the retail team has taken an algorithmic approach to blending and ranking the four components of a retailer's Footprint: its amount of web traffic, retail revenue, ecommerce revenue, and the company's total number of physical locations.

Abdul Jaafar, General Manager – Supply Chain at Fantastic Furniture said: "It's a clear, transparent and unbiased insight into the wonderful world of retail and what we can learn from either innovation of what others are doing around Australia." He explained that a retailer can learn from "comparing their own business to others, looking at sophisticated tools that are readily available to improve their respective businesses and also opens up good conversation about next steps."

Dean Salakas, Chief Party Dude at The Party People, said: "The Top 250 report gives great insight into the retailers with the biggest retail presence in Australia. All retailers can learn from each other and this report allows us to understand the common characteristics of major retailers in Australia."

RetailX will be tracking developments in the coming months and analysing web traffic to see whether, and by how much, these metrics change. The research team is always interested in feedback and comments in developing the reports further. To share feedback or for further information on the AU250, please get in touch with the research team at research@retailx.net or register at http://etail.li/RXupdates.

The first AU250 Footprint Report is available for download from http://etail.li/AU250.

Nick Fletcher

VP, Client Success, Rakuten Marketing

Rakuten Marketing

RAKUTEN MARKETING IN BRIEF

Global reach: Rakuten Marketing employs over 200 staff in London, Brighton and Paris alone. Rakuten Marketing is a division of Rakuten Inc. (4755: TOKYO), one of the world's leading internet service companies. With UK offices in London and Brighton, the company is headquartered in San Mateo, California, with additional offices in France, Australia, Brazil, Japan, and throughout the United States.

Customers: Rakuten Marketing works with lifestyle brands including Harrods, Net-a-Porter, Matches Fashion, Mr & Mrs Smith, Estée Lauder, Farfetch and Cult Beauty.

For more information about Rakuten Marketing, please visit www.rakutenmarketing.com, telephone 0207 427 8120, email rm-ukmarketing@mail.rakuten.com, tweet @RakutenMKTG_UK or find us on Facebook www.facebook.com/RakutenMarketingUK

WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

Rakuten Marketing is the global leader in integrated marketing solutions, specialising in affiliate marketing, programmatic display advertising and paid search. The company's mission is to empower marketers to achieve the full potential of digital marketing through delivery of data-driven, personalised ad experiences that engage customers across multiple devices, screens, platforms, inventory sources and publishers, ultimately influencing those customers to purchase.

Rakuten Marketing is committed to transparency, using attributed measurement to understand how campaigns are performing, providing consumer journey insights to continually optimise campaigns and ensuring that client brands are appearing in locations where they want to be seen. This transparency forms a key ethos underpinning Rakuten Marketing's work.

> "AI is at the forefront of marketing technology and will be required increasingly by the marketing industry"

WHAT CHALLENGES ARE YOU ADDRESSING FOR RETAIL MARKETERS?

In early 2017, P&G Chief Brand Officer, Marc Pritchard, called on the industry to "clean up the media supply chain". He believes that greater transparency is needed in display advertising, describing the media supply chain as "murky at best and fraudulent at worst". He cited a four-part solution which constitutes adopting one viewability standard, implementing accredited third-party measurement verification, getting transparent agency contracts, and preventing ad fraud.

Through real, robust measurement and transparency for advertisers, Rakuten Marketing is already addressing these issues of fraud and brand safety. The company is immersed in digital marketing so keeps abreast of developments, understands trends and how they can be harnessed – bringing its specialist knowledge and expertise to bear on behalf of clients.

As part of Rakuten Inc., one of the world's leading internet service companies, Rakuten Marketing can help retailers to reach outside of their existing customer base to new consumers who are the right fit for the brand. By looking at existing customer behaviour, campaigns can target consumers who are likely to be interested in a brand's products, raise brand awareness and help retailers to engage with new audiences.

HOW ARE YOU USING TECHNOLOGY TO SUPPORT RETAIL GROWTH?

Digital advertising is underpinned by consumer data but this in itself doesn't have value unless marketers are able to leverage that data. Rakuten Marketing is using machine learning and artificial intelligence to optimise campaigns based on data from the Rakuten ecosystem.

A computer can be on 24/7, optimising to minute detail very quickly, so tasks that need deep data analysis, minor tweaks and a lot of repetition can be handled perfectly by AI. There are tasks though that need human expertise and Rakuten Marketing combines the best of both, with AI and machine learning supporting human expertise in terms of marketing channels, local knowledge across the globe and an understanding of how consumers behave in different markets.

AI will become increasingly important in the industry, making automation scalable. Its prevalence within the digital marketing industry will increase but only where it is beneficial to the different marketing channels. Rakuten Marketing continues to invest heavily in this area in terms of people, acquisitions and technology to keep it at the forefront of artificial intelligence. In fact, it was named by Forbes as one of the top companies globally that is hiring AI talent.

WHY IS CONSUMER JOURNEY INSIGHT VITAL FOR RETAILERS?

Using data to understand the consumer journey is essential. A last-click wins method to measuring advertising online gives 100% of the credit to the final touchpoint at the end of the purchase funnel. It doesn't give a true picture of ROI. Many advertisers are moving away from last-click wins and looking at attribution and how the entire marketing mix and multi-touch journey has led to a purchase.

While the actual purchase remains important, marketers also need to look at how customers behave post-purchase. All customers aren't equal. Whereas with one customer the purchase may be a solitary, low-cost connection with the brand, others may go on to be a lifelong customer or brand advocate. The lifetime value, therefore, is important. Understanding the consumer in greater detail such as their likes, needs and wants also helps to position the brand and products to ultimately encourage more sales from the type of people the brand wants to reach and engage.

WHO ARE YOUR CUSTOMERS?

Rakuten Marketing works with a wide range of advertisers, particularly with lifestyle brands such as those in the luxury fashion, beauty, cosmetics, homewares and high-end travel industries. The company recently branched out into sports marketing through its partnerships with FC Barcelona and NBA basketball team Golden State Warriors.

Rakuten Marketing helps to position a brand, creating a message and story around a brand rather than only taking a factual product or discounting approach to connect with consumers.

The company has helped some of its luxury retail clients to build their businesses globally and it continues to work with them across multiple markets.

WHAT PLANS DO YOU HAVE FOR THE FUTURE?

Rakuten Marketing is extremely agile, striving to remain ahead of the curve by being proactive as trends are spotted. For example, the acquisition of attribution company DC Storm in 2014 allowed Rakuten Marketing to move away from the last-click wins model. Rakuten Marketing will continue to operate with a mix of acquisitions and development of its core products and features with internal teams taking advantage of technology such as AI and machine learning to remain at the forefront of advertising technology and the fast-changing industry.

CUSTOMER CASE STUDY

Boxfresh is a British fashion label that creates urban streetwear for modern men. The brand was looking to increase brand awareness, drive repeat business and foster loyalty/brand advocacy in its main markets of Germany and the UK. While the brand featured in brick-and-mortar stores, Boxfresh were struggling with brand awareness as it failed to connect with customers in personal ways.

Boxfresh partnered with Rakuten Marketing to reach the above objectives. They sought to use the display channel to attract new customers by communicating Boxfresh's brand identity boldly and effectively – to align the target consumers' values and styles and the brand's ethos. Therefore, the marketing mix served aimed to (re)introduce Boxfresh to the target consumer with the following goals in mind:

- **Put Boxfresh's products front of mind (brand awareness);**
- **Establish and nurture brand preference (repeat business);**
- **Create emotional connections between consumers and the brand (loyalty and advocacy).**

A considered and robust media strategy was essential to reach the brand's target consumer at all relevant touchpoints. Through programmatic advertising, Rakuten Marketing deployed a suite of effective cross-channel, dual-country campaigns which targeted the full purchasing funnel.

In order to communicate the brand's story and mission, creatives adopted the storytelling technique and featured video assets. The campaigns served presented an engaging, consistent and unified brand experience for the consumer. To reach prospective customers tactics included premium placements, audience-based segmentation, contextual segmentation, lookalike modelling, keyword search and social inventory. Homepage, category and product visitors were retargeted to make them reengage with the brand they considered but abandoned before making a purchase. Then, as the retargeting pool grew, purchasers and cart abandoners were retargeted, ensuring consumers stayed engaged and as a result, increasing brand loyalty.

The partnership between Rakuten Marketing and Boxfresh has yielded great results, outperforming benchmarks (e.g. CTR in Germany was 800% higher than Google's benchmarks) and delivering healthy ROAS (e.g. £8.31 for retargeting in the UK). Additionally, the programmatic strategy helped shorten the length of converting journeys and had a positive effect on other marketing channels, which converted at a higher rate when run alongside display campaigns (e.g. conversion rates for PPC in the UK grew by 50%).

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

Robin Carlsson

Country Manager, Vaimo UK

WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

Vaimo is a global ecommerce agency, supporting our B2B and B2C clients in exceeding their commerce goals on Magento. As the world's leading Magento Global Elite Partner, we've delivered tailored ecommerce solutions to more than 400 brands over the past 9 years.

Vaimo has delivered more Magento 2 Enterprise solutions (including some of the very largest and most complex) than any other partner globally. We're a team of over 350 people, in highly specialised departments: Commerce Strategy, Project Management, Development, Design, UX, Quality Assurance and Client Support, all 100% focussed on Magento. This expertise, combined with our commitment to Magento innovation through our ongoing projects, and dedicated R&D team, allows us to reduce time to market and total cost of ownership, whilst offering features not available outside Vaimo. With 9 years' contribution to the Magento core code our role is intertwined with innovation, allowing us to drastically increase our clients' online security, stability and growth potential.

> "Vaimo's approach and capabilities coupled with their Magento experience made them an easy choice for Jack Daniel's UK and they have been a key factor in helping us successfully bringing the website to market"

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

We see our fastest growing customers focusing vigilantly on social channels and personalisation. While none of these are really new for 2018, we believe the retailers that will stand out amongst the large marketplaces are the ones that offer a personalised customer journey that starts through a social channel that has become second nature for the consumer.

WHAT IMPACT IS THIS HAVING ON IT SYSTEMS?

Innovation is king. The market is dominated by huge marketplaces growing by up to 40% year-on-year. This growth is driven by huge investments in innovation, which in turn, is drastically increasing consumer expectations. As an online retailer, it's difficult to maintain market share without a long-term strategic partner who works with you to understand, optimise and seamlessly link each channel of your business, creating a true omnichannel customer experience, well after "go-live". Many of our 400+ clients have partnered with us from the early Magento 1 days, and have benefitted from an ecosystem of innovation second to none in the Magento space.

HOW IS TECHNOLOGY HELPING RETAILERS TO MEET THOSE CHALLENGES?

An ecommerce platform for today's retailers needs to be customisable, secure, scalable and reliable. A retailer's online shop window needs to enhance their brand, and the platform must allow them to roll out continuous improvement whilst minimising time to market. As an open-source platform, Magento 2 has an advantage in that there's a huge community driving innovation alongside what's being done by Magento internally; it's critical that the chosen partner has the capacity and know-how to capitalise on this wealth of opportunity.

VAIMO IN BRIEF

Date launched: 2008
Global reach: 15 offices in 12 markets
Date launched in the UK: 2013
Turnover: Globally around £20m
Customers: Dyson, Jack Daniel's, Absolut, Helly Hansen, Royal Academy of Arts and many more.
Number of employees: 350
Number of partners: 15
For more information about Vaimo UK, please visit www.vaimo.co.uk or reach us by Twitter: @VaimoUK or telephone: +44 845 5280 640.

HOW DO YOU SEE TECHNOLOGY DEVELOPING?

For technology to continue to keep one step ahead of the retail industry it must be combined with commerce best practice and detailed end customer understanding. As one of the largest contributors to the Magento core code, we see our role as one of the principal drivers of innovation on Magento; the key is that this is based on extensive, highly specialised experience and genuine customer need. Within Vaimo, we've built specialised departments whose role is to marry their field of expertise (ranging from Strategy to Development) to client need. The technology created by our R&D department allows us to create solutions simply not possible outside Vaimo. Our focus on pushing the boundaries of Commerce technology, driven by our experience of data-driven Commerce best practice and detailed consumer understanding gained from embedding our teams in over 400 clients is what sets Vaimo apart.

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

CUSTOMER CASE STUDY

Brown-Forman is one of the largest American-owned spirits companies in the world, selling its products in over 160 countries. Jack Daniel's Old No. 7 Tennessee Whiskey is the company's flagship brand and is the best-selling American whiskey in the world. The world-renowned whiskey is distilled, matured and bottled in Lynchburg, TN.

As digital became an increasingly important channel for Brown-Forman, the group wanted to create a new online and mobile channel and become the world's leading platform for consumers seeking a premium "spirit" experience. The company decided to begin its digital journey by creating a new site for the Jack Daniel's UK market, showcasing the premium product family by communicating brand stories while ensuring the visitor experience leads to conversions.

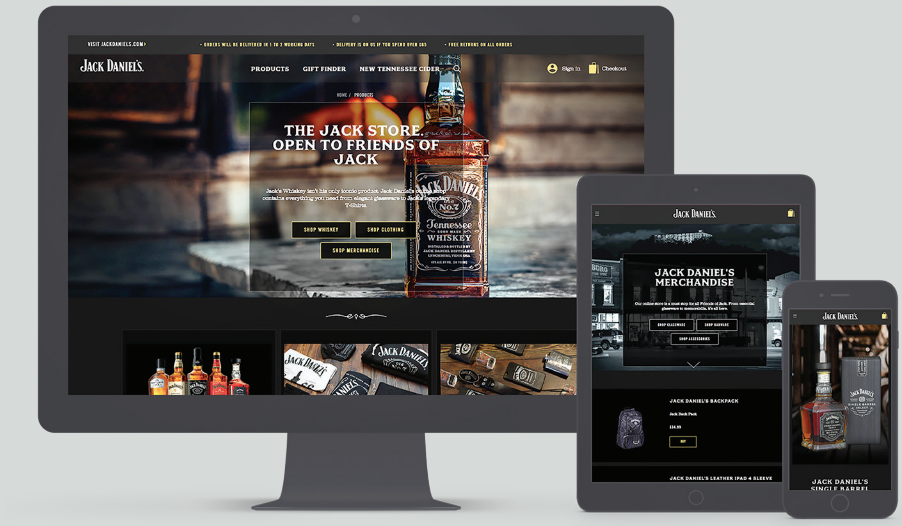
Vaimo created a content-rich, responsive site for Jack Daniel's that not only promotes the brand, but also celebrates the authenticity of Jack Daniel's through story-telling. The solution is fully integrated with Magento Commerce Order Management suite, including OMS (Order Management System), payment solutions and boasts features like the possibility to inscribe a personalised engraving on the bottles. The Vaimo Content Management System allows the Jack Daniel's in-house team and various agencies to easily support, control and maintain campaigns.

Between August 2016 and August 2017, the site saw an increase in users of 113% with sessions increasing by 112%. Ultimately, this has resulted in a 55% increase in online turnover.

"The launch of the Jack Daniel's store gives us a new route to the consumer and a new platform to tell our authentic brand stories on. This is a great opportunity for us to make our products more accessible to our consumers, and a new and a unique way for our consumers to engage more deeply with the Jack Daniel's brand," says Ffion Jones, Senior Brand Manager at Jack Daniel's UK.

The solution provided by Vaimo is a stepping stone in Brown-Forman's expansion into ecommerce, and the framework and platform will be used to expand into other countries. Work is already on the way to launch B2C and B2B sites on the platform in two other countries.

"The launch of the Jack Store in the UK is a stepping stone for us and we are looking to expand our ecommerce capabilities into other markets and brands. Vaimo's approach and capabilities coupled with their Magento experience made them an easy choice for us, and they have been a key factor in helping us successfully bringing the website to market," says Karen Taylor, Ecommerce Manager, Jack Daniel's UK.



She continues: "The maturity and capabilities of the Magento platform gives us the foundation to scale in a cost efficient way, and the ability to add features and functionality as we get better at ecommerce".

You can't turn back the clock

What does 2018 have in store for retailers? *Emma Herrod* draws together insight from leading figures in the industry.

Lord Rose has predicted seismic changes to the retail landscape as the pace of change on Britain's High Streets reaches fever pitch. The Ocado Chairman and ex-head of Marks & Spencer said the industry, at the end of 2017, is on the cusp of a revolution driven by technology, changing shopping habits and Brexit.

Speaking at the London launch of the 2018 World Retail Congress, he said businesses must adapt or die in a world where the customer is king and there is too much store space. "I think you are going to see a wave of consolidation and an upsurge in investment in digital," he predicted.

"What you are going to see in the next five years is nothing like what we've seen over the last five years. The rate and pace of change has been accelerating over time and it is reaching fever pitch now."

He continued: "In the old days, we bought stuff, we stuck it on the counter and basically told customers 'that is the price: take it or leave it'. It doesn't work like that anymore. Today, customers want what they want, when they want and it's not what we want to charge, it's the price they are prepared to pay.

"The world has turned on its head. What we're looking at now is revolution not evolution."

Lord Rose added that the pace of change would accelerate as companies came to terms with the fact that there is too much retail space in Europe and the UK. For decades, retailers had boosted their performance by opening more stores and becoming increasingly efficient. As a result, the price of electronics, food and clothing had all dropped in real terms for consumers. But Rose said this model is no longer fit for purpose, so retailers will need to find radical solutions.

"If you have got too much capacity and your costs are going up and your margins are going down, what do you do? There's no price elasticity. If you are Tesco or Sainsbury's and you reduce the price of cocoa by 10%, you're not going to sell 10% more, or if you do, you will be nicking it from somebody else, so there's absolutely nowhere for the industry to go," he said.

Speaking at a separate event on digital and personalisation, Sir Terry Leahy, former Tesco CEO, commented that retailers shouldn't be distracted by the accelerating rate of change. Instead, they need to "harness new technologies to better engage with customers". Responding to a question on the state of the retail industry as it enters 2018, he said retailers should "be sure to focus on your customer. In the UK, the consumer will still be spending. In Europe, they will be spending more, so focus on them. Go and find them if you can outside of the UK."

He warned, though, that retailers have to "make sure you improve your own business. All of that engagement will be wasted unless the experience that the customer receives

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is better than the one they knew about in the past. I think that's always been there for business to do but it's more important than ever before."

Sir Terry was talking at a recent event organised by EagleEye, of which he is a non-executive director. He was joined on stage by Eagle Eye CEO Tim Mason (also formerly of Tesco), who told the audience that if he was running a customer-facing business with bricks and mortar stores he would be working on "customer focus, customer data, digital awareness and creative that's appropriate to the digital delivery, and a connection that means that you can understand what people are doing physically as well as how they are behaving digitally".

The opportunity now is for traditional retailers to harness digital to improve their business. Digital technology, for example, has made personalisation cost effective and Sir Terry believed that's a tremendous opportunity for retailers.

"An unpersonalised, unthinking, anonymised approach will become increasingly alien to people," added Mason. As he pointed out, more things will appear to be reflecting shoppers' needs, their family, their birthday and so on, and if a retailer isn't communicating with customers in the same way they'll be seen as uncaring or as not understanding their consumers.

Talking about the Tesco Clubcard, Sir Terry explained that if you learn about individual people and what matters to them, you have something to say when you engage with them and they then listen to you. If you go on to offer them something different about your business or an experience that suits them better, you have the beginning of a loyal relationship. "Loyalty is incredibly valuable, incredibly profitable, by orders of magnitude," he said, adding: "It is more relevant today than ever before."

Sir Terry and Mason said they believed we'll see a turning point in 2018, where the most enterprising traditional firms begin to view digital disruption as less of a threat and more of a boon to their business. Retail has for too long been wasting large marketing budgets on chasing the promiscuous new customer, "not knowing who they are, not knowing what they want, just wanting to drag them over the line to make this month's numbers". They thought that this has been very debilitating for traditional brands but harnessing new technology will be good for the industry.

As to whether more businesses will disappear from the retail industry in 2018, Mason was less optimist than Sir Terry. Mason predicted that more people will go bust this year, while Sir Terry commented: "There have always been winners and losers; we just win bigger and lose bigger now."

And what of Amazon in 2018? Sir Terry and Mason thought that even though it will get a lot bigger, maybe as an enabler of online consumption: "There is plenty of room for other businesses to grow and do amazingly well even in an environment where Alibaba, Tencent or Amazon are currently being successful." There's past evidence of this, witness Walmart's growth 10 years ago, which still left space for other retailers to expand.

TRENDS FOR 2018

There's still growth in online: Online won its highest share yet of retail sales in the Black Friday month of November 2017, driving growth for the period, while store sales fell sharply, according to the British Retail Consortium (BRC). Some 27.3% of non-food sales took place online in November, the highest proportion yet recorded by the BRC. Store sales of non-food items were down by 3% in total, and 3.7% LFL. The long-term trend is a drop in in-store sales. BRC figures show that over the past 12 months they have declined by 2.2%, the steepest fall in the five years covered by its records, which began in January 2012.

Mobile: For many retailers more than half of their online traffic comes from mobile devices. While conversion rates are lower than from desktop, the importance of mobile as a channel in its own right as well as an enabler for other channels cannot be denied. Not giving shoppers the best experience possible on mobile in today's retailing environment is the same as keeping shop doors closed in the run up to Christmas. Paul Skeldon, InternetRetailing's Mobile Editor, shares his thoughts on what's ahead for mobile in 2018 in a feature in this issue.

Do it for me: Renting, subscriptions, services and auto-replenishment of regular purchases are all on the increase as consumers try to make the best use of their time. All of these areas are open for disruption by digital startups and existing retailers and service providers. A study by Accenture Strategy in June 2017 found that more than half of UK consumers would consider auto-replenishment for household goods such as detergent and nearly a third would be happy for a retailer to use their personal data to curate a regular fashion delivery. Rental over purchase for a special occasion is on the rise and using an app to book a 'do it for me' service such as laundry is gaining in acceptance.

Data automation will be key: Information about and from customers is key to understanding individual customers, their purchasing behaviour and how best to engage with them. Consumers want retailers to understand them and make their purchasing journey as hassle free as possible. This could be through AI-enabled marketing and merchandising, an end-to-end view of stock enabling product to be placed in the most convenient location at the right time, or a store associate able to check their iPad to see what item was in the business's TV advert the previous evening. Without data, retailers are not able to anticipate, understand and react fully to customers' needs.

Revolve around the customer: The customer needs to be at the heart of the retail business as the pace of change continues. Consumers also expect that heart to be on show, with engaging, trustworthy and transparent communications. Shoppers who have only known a multichannel retail industry have high expectations of joined-up retail. As pull models take over from push, retailers have to join up internal data systems and their own organisation structure not only to reflect the changing needs of customers but also to enhance the retail experience, maximise every aspect of the business and be ready for the customer's next move.

Reimagining the workforce

As retailers continue to adapt to changes in consumer behaviour and digital disruption, what can the workforce expect? The next three years will be a defining period for UK retail and will determine who will be the winners and losers in the longer term. *Laurence Collins*, HR, Digital Workforce and People Analytics Partner at Deloitte, looks at how retailers need to rethink both their organisation and their workforce to survive in a new world where the rules of work have changed.

The following guest article has been written for InternetRetailing by Laurence Collins, HR, Digital Workforce and People Analytics Partner at Deloitte. The article draws on the company's report 'Retail Productivity: Shop for tomorrow's workforce' which explores three key areas for reimaging the retail workforce: work and the workforce; performance and productivity; organisation and business model.

http://etail.li/9a160l
www.linkedin.com/in/laurence-collins-8103b02/
@1HRCollins

We have all experienced the productivity gains that come from using digital technology. Email made the sharing of documents and files much faster and easier compared to fax or traditional mail. The smartphone, now ten years old, has redesigned the way we go about our daily lives – it is the equivalent of a digital Swiss Army knife and the perfect productivity tool at our fingertips (theoretically at least, if you ignore the games). Yet, despite the prevalence of technology in our lives, the UK economy has failed to see a significant boost in productivity in recent years.

Unless we redesign work, in order to compliment the potential of new technology and the open talent economy, we risk not fully reaping the benefit of the investment in technological advancement.

The solution is to redesign work, the workforce and workplaces in such a way that puts technology at the forefront. Naturally, this is easier said than done, but it is a shift that will have to happen at some stage anyway, so why wait? The question is, what is driving this change, and what are some of the retail workforce changes that we can expect to see in the not too distant future?

By the end of the decade millennials will make up more than half of all workers. Two-thirds of the workforces will be millennials by 2025. As the composition of the workforce changes, so too do the requirements of employees. Millennials have very different expectations from work and their careers compared to previous generations, and employers will have to accommodate these needs in order to attract and retain the best talent.

The changing nature of work requires retailers to consider what their future workforce will look like and anticipate the challenges that will be presented. At the same time, retailers should also consider how they can use technology to capitalise on the opportunities this change will bring.

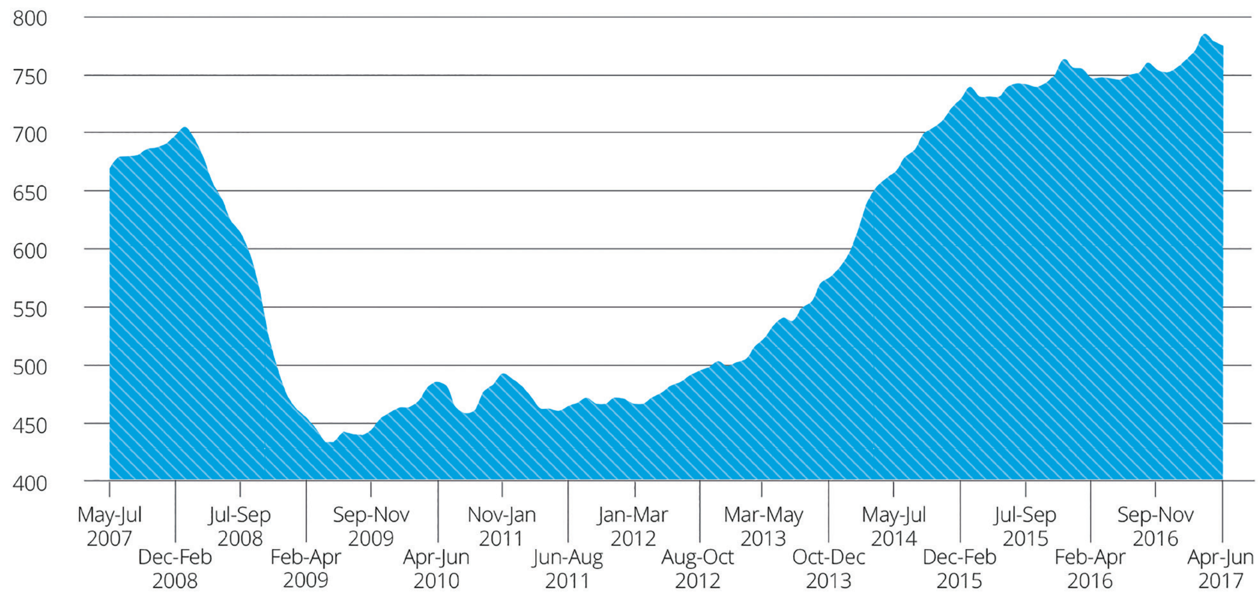
The fact that retailers' profits are under pressure has been well documented – not only do they need to invest in new and different sales channels in order to match customer expectations, but this capital investment is needed against a backdrop of rising inflation, a weakened pound and squeezed household disposable income. However, these pressures are encouraging retailers to place a greater focus on productivity and efficiency in order to maximise margins, minimise costs and, as a result, maintain profitability. There is now a greater emphasis on the workforce and the future role that technology could play in either replacing or augmenting human labour.

DRIVING RETAIL EFFICIENCY

Certain roles in the retail sector have a significant chance of becoming automated within the next ten years. Take customer service, for example. Store staff will increasingly need digital skills so that they are comfortable using tablets, smartphones, payment apps and social media to service customers. At the same time, sales assistants will be required to offer personalised discounts and price matching, driven by online price transparency – service that helps enrich the customer experience and builds brand loyalty, rather than simply processing payments. With more orders and payments being made online, and as automated checkouts are increasingly adopted, retail sales assistants' roles have a 93% chance of automation, according to Deloitte research. Similarly, retail cashiers and checkout operators have a 97% chance of automation. It is, however, important to recognise that while these roles may be automated, the employees in those roles will move on to newly-created roles, which will likely be less repetitive and more creative and skilled in nature.

Roles in merchandising have a 51% chance of being automated, as artificial intelligence (AI) will play an increasingly important part in some of the role's tasks – including managing stock allocations, tracking price changes and even advising on in-store design. AI-assisted

The Battle for Talent: Number of vacancies in the UK



Source: Deloitte/ONS]

design will also be used to make accurate predictions about future trends and demand, and stock will be allocated automatically based on these predictive algorithms in a truly connected way.

The retail workforce of the future will also have implications for the logistics sector. Changing consumer behaviour means that employees will spend less time restocking shelves in store; there will be less demand for in-store inventory, and there will in fact be an increased number of warehouse employees to manage the greater volume of online orders. Technology such as AI will be able to analyse the data on stock flows, inventory and external factors such as the weather and traffic in order to more accurately predict demand and make supply chains more efficient.

ROLES OF THE FUTURE

As has already been explored, many roles will change in the future retail workforce. Some will disappear, following in the footsteps of the candlestick maker, while others will be created.

Retailers will increasingly use robotic process automation (RPA) in their operations to cut costs and increase efficiency. As such, there will be a growing need for retailers to recruit software and hardware engineers. By 2019, around a third of the world's leading companies will employ a Chief Robotics Officer, but many jobs in robotics will remain vacant due to capability shortages and the need for available talent to catch up with technology.

Data analytics is already playing an important role in retail, and will continue to do so as retailers seek to enhance the consumer experience and service. Understanding 'big data' use of analytics allows retailers to interpret vast amounts of data, prove better targeting of customers and increase sales and productivity. In the not too distant future, analytics and data specialists will be highly-sought after components of the retail workforce. In addition, retailers should recognise that there is still much to be gained by increasing the productivity of the current workforce, and should consider adopting analytics technology as part of the future-proofing exercise. Retailers need to be able to use the data they have in order to predict outcomes and prescribe action, rather than reporting history.

Social media experts and influencers will also be key in order for brands to bridge the gap with consumers. Retailers need to focus more of their marketing and communications resources on the relevant social media platforms in order to remain competitive and build brand loyalty. Social media skills, along with digital expertise, will be key for retailers as they seek to increase engagement. Expect to see job adverts for 'Chief Influencer' in the near future.

Defining how much work and who – or what – will deliver this is going to be critical to enable retailers to change and evolve their workforce in the right way. With the make-up of the retail workforce changing, retailers need to rethink the workforce experience at a holistic level by changing the nature of how talent is sourced, deployed and supported. Creating and maintaining a positive employer brand and workforce experience will be essential in order to attract and retain the best in talent.

The world of work is evolving and new technologies will increasingly automate many tasks in such a way that will transform retail over the next decade. Retailers are already responding to these labour challenges, but the question is, are they moving fast enough? The next three years will be a defining period for UK retail and will very much determine who will be the winners and losers in the longer term.

A group of the world's leading retailers and food companies are working with IBM to explore how blockchain technology can be used to make the food supply chain safer

Blockchain: decentralising trust and transparency

Bitcoin is not the only blockchain that will have an impact on retailers in 2018. *Emma Herrod* looks at where blockchain is being put to use in the retail industry.

Bitcoin, the cryptocurrency that hit the headlines as its value soared throughout 2017, has brought blockchain, its underlying network technology, into the public's view. Blockchain however is more than a currency and its value to retailers is greater than Bitcoin, Ripple or Litecoin. In the same way that social media enables a group of friends to view, share and comment on photographs in a bi-directional manner, blockchain enables retailers and their trading partners to share data online on a secured network in real time in a trusted manner to solve a variety of different business issues.

"Blockchain technology is a really important next stage for the internet," says Jessi Baker, CEO, Provenance. She explains that although the internet is fantastic as a communications tool enabling everyone to share data across the world it falls down when that data has to be trusted. "Third parties help to broker information but while it's good at peer-to-peer communications it's not very good at peer-to-peer trust," she adds.

Blockchains are the solution to this trust problem and enable a trust network that sits with the internet as a way to send data in a way that can be trusted, be that

information about a product's manufacture, movement through the supply chain, loyalty points collected by a consumer or a brand's promotional price changes on a decentralised marketplace.

The data held in a blockchain cannot be tampered with or altered so is secure and can be trusted by anyone with visibility of the data. It's also visible in real time to anyone authorised to see it, so in the case of a supply chain network, once a food producer, for example, has added a packet of data to say that tomatoes are being picked, the logistics carrier knows with surety to arrange collection and the end retailer will know that they are on their way. By fully tracking the tomatoes all the way from producer to supermarket, the retailer can be assured that the tomatoes have been kept at the correct temperature – so knows the remaining shelf life – and the end consumer can see the provenance of the goods they are buying and be confident that the food is safe to eat.

Smart contracts can also be included in the blockchain with elements automated so that if something changes within pre-agreed parameters a particular action can be carried out automatically. For example, if the tomatoes only have 2 days of shelf life left when they arrive at the supermarket, the price paid to the supplier drops accordingly.

"This type of network with smart contracts that are governing the different processes ensure there is a fair exchange of goods for value. It keeps everyone accountable to each other, which is the whole concept of blockchain, and the data that is in the network is secure," says Paul Chang, Global Blockchain Industry Lead, Distribution & Industrial Markets, IBM.

Blockchain can prove that something has been grown to organic regulations, has been traded fairly or isn't a fake. Consumers can trust the product and the claims that the producer is making while retailers can de-risk themselves by knowing that those claims are true. "Blockchain is going to substantiate the key preferences of the consumer's choice whether that's related to quality, safety or provenance," says Baker.

Blockchain networks can be decentralised into global systems with APIs feeding copies of the secure, trusted packets of data relating to the origin and state of food to and from the back-end systems of everyone in the specific supply chain be they the supplier, grower, processor, distributor or retailer. This can enable food providers and other members of the ecosystem to use a blockchain network to trace contaminated product to its source in a short amount of time to ensure safe removal from shop shelves and stem the spread of illnesses – remember the horse meat scandal, anyone?

It is this transparency and surety in the supply chain and the way that it can strengthen consumer confidence in the global food system that has brought together IBM with a number of leading food brands and supermarkets. Dole, Driscoll's, Golden State Foods, Kroger, McCormick and Company, McLane Company, Nestlé, Tyson Foods, Unilever, Walmart and others are working with IBM and its blockchain platform to champion the technology as an enabler for the food sector. Together they aim to identify areas where blockchain can positively impact global food traceability. "Multiple retailers and multiple suppliers could participate in the same network but their data is secure to their own supply chain," says Chang.

In China, Walmart, JD.com, IBM and Tsinghua University National Engineering Laboratory for E-Commerce Technologies are working together in a Blockchain Food Safety Alliance that will see it create a standards-based method of collecting data about the origin, safety and authenticity of food, using blockchain technology to provide real-time traceability from farm to the consumer.

Blockchain technology can go even further than simply putting data in the hands of consumers. US outdoor retailer LL Bean is exploring how information on performance and use over time can be collected from clothing once it has been sold. The retailer is utilising technology from Loomia which collects data from the clothing and with the person's permission shares it back securely with the brand. It is hoped that the solution will provide valuable insight on the use rate of products returned under LL Bean's 100% satisfaction guarantee.

The supply chain is just one area in which blockchain can be used. As Chang comments: "The most interesting opportunity [for retailers] is the ability to automate certain business processes with their trading partners which are quite manual today. There are significant amounts of inefficiencies that exist between parties. The big back-end systems and ERP systems have done a great job of automating business processes between functions within an enterprise but the question is are there better ways to automate business processes across enterprises where 7 different parties are involved? Instead of everyone passing pieces of paper or electronic files back and forth between each other is there something they can do in a more streamlined way in a centralised network?"

> "Blockchain technology is a really important next stage for the internet since it enables peer-to-peer trust"

REDUCING THE LIABILITY

One such way is loyalty schemes since blockchain can be associated with tokens or coins which, cryptocurrencies aside, can be issued or redeemed when an action has been carried out by someone in the chain. Loyalty points, for example, can become tokens, which carry a certain acquisition and redemption value and these can be exchanged across multiple retailers or brands.

This reduces the issue of liability which companies carry on their balance sheet once loyalty points have been issued and not redeemed, explains Gabriele Giancola, CEO and Co-Founder of loyalty network qiibee.

The underlying blockchain provides the surety of the points-to-redemption journey as well as security of any shared CRM data so that multiple brands and retailers can join one scheme so that loyalty earned with one brand can be redeemed with any of the other participants. Giancola explains that retailers can decide on their own level of loyalty reward; £1 spent with retailer A could be worth 1 token – or qiibeeCoin as the loyalty tokens are called– while £1 spent with retailer B could be worth two qiibeeCoins. Loyalty rewards can also be earned by consumers sharing data, user-generated content or engaging in other ways with a brand. Each brand then decides on what a qiibeeCoin is worth when it's redeemed at their establishment.

"Unredeemed loyalty points are counted as liability on a retailer's balance sheet," says Giancola, explaining how the whole loyalty market is fragmented. "With blockchain and token technology we are trying to connect the whole market, give brands and retailers one foundation where they can easily tokenise their loyalty programme and give consumers the ability to earn loyalty tokens and exchange them across the market."

A blockchain loyalty scheme therefore means that hotel points can be redeemed in a coffee shop or airline miles become discounted petrol for a holiday hire car, for example.

Qiibee is already running a loyalty scheme in Switzerland with over 100,000 members and 900 brands. It will be moving to a blockchain model during Q2 2018 before rolling out further later on this year.

The decentralisation of a system made possible by blockchain also means that middlemen can be cut out of an ecosystem. INS, for example, plans to launch a platform later this year enabling grocery brands and food suppliers to sell direct to consumers. Smart contracts will automate promotions triggered by the brands so that they can engage directly with shoppers. INS has developed the network and tools which allow brands to communicate directly with shoppers and also facilitates warehousing and final mile delivery of shoppers' baskets. It isn't acting as a retailer in the traditional sense.

"INS is playing a limited role in the system. We are building a decentralised retailer with manufacturers on one side giving them the power to price their products and run the promotional campaigns in the way that they want," says Peter Fedchenkov, CEO and Co-Founder INS.

"We do not want to be an intermediary in between," he says.

Fedchenkov adds: "We are utilising all the exciting new technologies: blockchain for fulfilment and major grocery supply chain processing, smart contracts for marketing and our own cryptocurrency INS as a means of reward for consumers."

Blockchain provides security and authenticity for everyone across the network, companies and consumers alike. Consumers want to trust the organisations that they deal with, they want their voice to be heard and to be connected with businesses. Blockchain enables trust to be built through the surety that data is held securely and the transparency of the underlying blockchain network. Everything remains authentic and up-to-date. Business processes can be run with greater efficiency, leading to increased visibility, higher security, lower levels of fraud and ultimately lower costs.

Bitcoin may be the at the top of the market – or crashed depending on when you are reading this – but blockchain looks set to be the real disrupter taking information transparency to a different level in years to come.

The store of the future: what to expect in 2018

Pete Brown, **Consultant, Elixirr shares his views on the future of retail in 2018 and what could be on the cards for the in-store experience.**

The following guest article has been written for InternetRetailing by Pete Brown, Consultant at Elixirr. Elixirr has just been named one of the fastest-growing firms in the US by Consulting magazine. It has also been listed as the fastest-growing management consultancy in the UK, and the third fastest-growing in Europe by the FT1000. Now 8 years old, Elixirr works with incumbent organisations and start-ups across retail, financial services and telecommunications, which want support to keep up with and respond to today's pace of technological change. Elixirr works across the world and has bases in Europe, Africa and the US.

www.linkedin.com/in/pete-brown-42621048/
www.elixirr.com
@PeteBrownSC

For decades, the store remained mostly unchanged and it was the ever-improving range of products that kept bringing customers to the door. Not anymore. A rise in consumer expectations across all industries, coupled with the rapid growth of enabling technologies has meant that leading retailers, such as Apple, view the Store of the Future as being a "community space" rather than a traditional brick-and-mortar experience. One of the most exciting examples of this in 2017 was the move by several pureplay retailers to launch physical showrooms for their products. Amazon is the best case for this; as well as the marketing around AmazonGo and the mobile-enabled shopping experience, Amazon has been using an outlet in Soho, London, this Winter to demonstrate to customers just how great Amazon products would look in their homes. This is cemented evidence that physical is here to stay.

This trend is not constrained to multi-billion-dollar companies. Everlane, a six-year-old sustainable apparel start-up founded in San Francisco announced it would be opening its first 3,000sq ft store on Prince Street, New York. Michael Preysman, Everlane's Founder and CEO said in a statement: "after six years, we're excited to announce our first location – a store where people can come not just to shop, but to learn, share, and make new friends."

The key difference that this change within the in-store environment has brought about is that it has forced retailers to focus efforts on customer experience rather than traditional back-office or operational improvements. Traditionally retailers have been much more comfortable assigning resource to solve operational or transformational change (think Lean Six Sigma) than diagnosing the true reasons customers are leaving their stores empty handed. When retailers try to address these gaps, they are often distracted by the nice-to-have or future technologies such as Augmented Reality and view these as peripheral or stand alone to their core technology offering. This is not surprising as this world of start-ups and complicated algorithmic software is often miles apart from where they currently stand. More often than not, smaller technology companies such as those working in near-field communication, NFC in short, or last mile delivery are focused on creating a big picture view for investors rather than bringing future retail clients on their journey with them. Some retailers have tried to overcome this is by producing a corporate lab or innovation centre but these are often destined to fail due to a lack of internal experience or outside-in influence.

There are two key ways retailers can tackle this problem. The first is to diagnose what your true in-store customer pain points are and review how new technologies can help to alleviate this pressure. The second is to continue to build your existing online technologies in a way that allows customers to take control of their in-store experience through recognition and data. This means looking at how to build in-store loyalty from customers who have already downloaded your app or have an account with you.

DIAGNOSING PAIN POINTS

An important pain point for any physical retailer is that of payment and exit. It is still the number one driver for basket abandonment and the area that has the best business case for in-store technology based improvements. With 59% of British consumers now using contactless cards to pay and an estimated £1bn worth of time saved value per annum until 2021, this is an area retailers cannot afford to miss out on. The British market is maturing faster than global counterparts in this area however 2018 will see this becoming a priority for everyone.

Customers are also becoming more mobile reliant and we will continue to see a growth in Apple Pay, where we have already seen a push to store customer credit card details in the Apple Wallet, rather than carrying a purse. Companies like Qminder are also looking at how to improve this experience with a queue management system that uses personalisation to assist in reducing wait times. For any retailer, enabling these payment and exit technologies should be the priority before looking at any of the fancier experiential tech that is out there. These are also easier to make a traditional business case for and retailers should focus on rolling out these solutions estate wide as soon as possible.

RETAILAINMENT & PERSONALISATION

Apart from pain points, one of the buzzwords thrown around again last year was retailainment, from George Ritzers book 'Enchanting a Disenchanted World: Revolutionizing the Means of Consumption'. This term means the "use of ambience, emotion, sound and activity to get customers interested in the merchandise and in a mood to buy." There is certainly some truth in this but what does it really look like in practice and how should retailers address it?

A key trend for 2018 is that retailers will engage with third parties to provide a pull factor to their stores. In London, Browns East the new experimental store based in Shoreditch and owned by Farfetch has engaged with everyone from digital artists to Virtual Reality companies, with the aim of creating an environment that is engaging and personalised for customers. The retailer understands the value that outside-in thinking brings to a company and the constraint brought about by trying to build everything in-house. Traditional retailers should seek support to navigate this world of complex start-ups, either through hiring an entrepreneur-in-residence or engaging with specialists to provide external guidance.

Another trend will be retailers using existing customer information to build personalised experiences. The store experience of the future will be customer device driven with in-store hardware only used to provision something that customers cannot do at home. Unsurprisingly, retailers are seeing a downward correlation in the level of engagement with old-style store technologies such as iPads, against the number of people who now own these devices at home. Instead, there will be a shift to customers using their personal devices to be recognised and acknowledged by the store, enabled by NFC technologies such as QR scanning. We are already seeing companies such as the LVMH brand, Sephora, take advantage of AR for facial recognition to successfully transform the business case for recognition technologies. For every major new technology release retailers should be assessing how it fits against this strategy and how to avoid making customers download multiple applications for use.

2018 will be a year of significant change in retail. We will see the continued merging of the online with the physical and no doubt the demise of some retailers who cannot keep up with the pace of revolution on the high street. This is the time for companies to establish a strong digitally-enabled, physical presence and not be distracted by the plethora of information that is pressured on them through internal or external sources.

AI: human-guided automation is here

André Brown, **Group CEO of Attraqt discusses the rise of AI and automation and what's ahead for retailing.**

The following guest article has been written for InternetRetailing by André Brown, Group CEO of Attraqt. He has over 25 years' experience in developing innovative technologies. Attraqt provides onsite search, online merchandising and ecommerce personalisation services to over 230 of the top online retailers through a cloud based and server-to-server SaaS solution. The company has offices in London, Chicago, Amsterdam, Sofia and Sydney.

www.linkedin.com/in/andre-brown-359291/
www.attraqt.com
@ATTRAQT

NASA's mission to Mars relies on complex, advanced technologies created by some of the finest human minds. But according to former chief scientist Dr Ellen Stofan, whatever is waiting to be discovered will be beamed back to Earth by human beings rather than robots.

Stofan argues: "It's much quicker to send people to Mars to do the research required. Humans are creative, flexible and mobile – we can cover a lot of ground in a short amount of time and we just don't have the robotic ability to replace a human. To get the work that we need done, we don't have the artificial intelligence. Maybe many years from now we will, but we're going to get the information a lot sooner by sending a person."

And so, it appears that expected signs of life – fossil microbes or extant life under the surface of the planet, rather than little green men – will be revealed by human hands, assisted by machines.

Interplanetary space travel and online retail may be miles apart, but the relationship between man and machine is proving to be just as experimental – and controversial – here on earth.

Research carried out in March last year by PwC predicts that robots and AI will likely take over almost a third of all UK jobs by the early 2030s – with the retail industry one of the high-risk sectors, alongside wholesale, manufacturing and others. According to the findings, there are 2.25 million jobs under threat of automation in retail and wholesale alone.

Robots stealing jobs is an oft-quoted line. It's true that AI can offer the retail industry a fresh take on productivity and efficiency, but this means eliminating monotony. Some jobs will go, while others, such as those with a creative focus will be born.

Peel away the alarmist headlines about internet retailing roles being defined as man or machine and ask the question: "does it have to be one or the other?" and this offers a refreshing perspective.

Self-learning automation and human guidance working in tandem is a steady trend that will continue to permeate ecommerce in 2018 – accelerating efficiency and giving retail teams nimble and immediate operational and creative control of a brand's website at any given moment.

WHY SHOULD RETAILERS CARE?

Let a machine do everything and it will become a self-fulfilling prophecy. You'd likely end up selling the same products over and over again, while optimisation of operations towards one goal might mean other goals will be neglected, despite the ability to set sophisticated technology to multi-task. On the other hand, it would obviously be impossible to run an ecommerce business without technology, as there are too many variables – huge product volumes, millions of different customers and so much data.

Styles, products and seasons are ever changing, so a combination of automation and manual becomes critical. Rules will do the heavy lifting within technology solutions and retailers will apply strategies, with presentation finessed according to conditions at any time. It's a controlled experience, with the needs of the brand at its core, hence the term human guided automation.

Luxury retailers will often showcase aspirational, expensive products in line with brand and customer expectations, even though their bestsellers might be wallets and socks. A machine would push the latter, but the human element, the brand's strategy, would layer on top of that. People are behind the strategy and look, with machines populating websites following those guidelines.

If you look at Harvey Nichols' website and go to the 'New In' section, the retailer is using row-based merchandising to curate these pages on a granular level to make sure they are pushing appropriate products.

On each row, you'll see four items from a particular brand or from the same category – evening dresses, say, or handbags, which complement each other visually and stylistically. These aspirational products and hottest design trends are carefully selected both to embody Harvey Nichols' brand image while reflecting its business requirements, such as stock levels and current campaigns. This is an example of human-assisted merchandising according to trends.

The same situation arises with onsite search. Technology will guarantee results, but it will take human interaction manipulating automated search rules to ensure all relevant product matches are found. An example is a search for the term 'rucksack' on Amazon. Search algorithms wouldn't automatically relate 'rucksack' to 'backpack' as the terms are too different, but a person knows they are the same thing and can ensure results are returned for products called by either name, no matter which term the shopper enters.

Machines are pretty smart, but they still can't take over some parts of your intellectual property – that is, what you know about your own business.

We have different, complementary talents. Machines excel in identifying patterns in enormous amounts of data and drawing conclusions. Humans are good at understanding strategy, brand image and aesthetics under fast-changing circumstances. Used together, both skillsets can set trends and inspire shoppers.

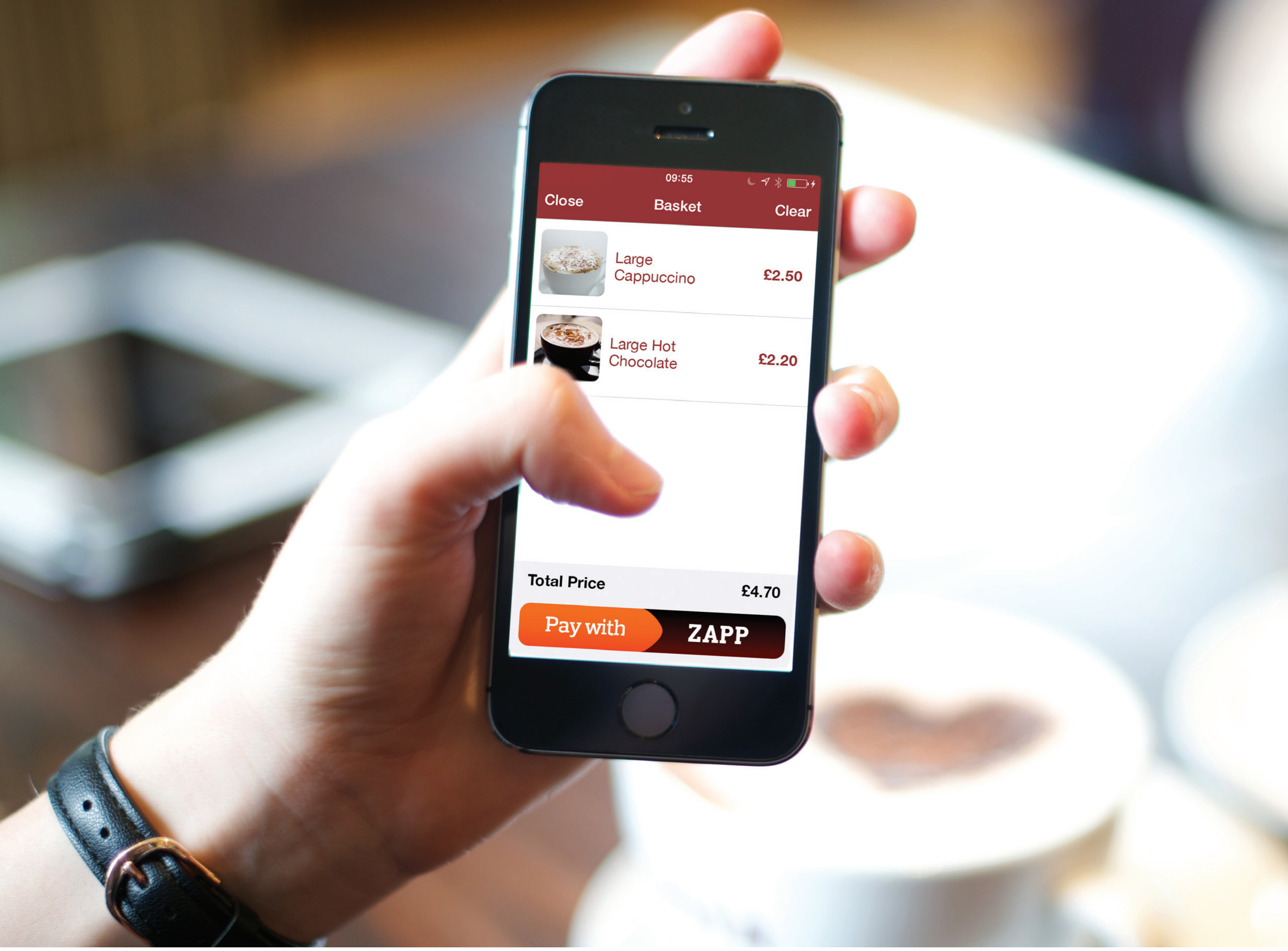
Consumers are also able to help retailers refine communication, specifically when they are presented with content. Facebook's 'see fewer posts like this' function allows people to control the results they wish to see in their timeline, or more precisely, things they don't want to see. In Facebook adverts, this function can be used to make sure retailers are showing the right products to shoppers according to their preferences. They can select multiple options to explain why they don't want to see certain products, or the complete advert, allowing Facebook to learn. This guidance then controls all future recommendations and posts that automatically appear in their timelines.

What we are seeing is the relationship between humans and technology becoming more powerful across the ecommerce journey – from merchandising, personalisation and digital marketing to virtual assistants, warehousing and logistics.

A magical device capable of reducing operational efforts and human intervention to a bare minimum first resonated with the market a couple of years ago, but the expected new era of ecommerce, at least for now, hasn't dawned.

A harmonious combination of human and machine is the way ahead for the retail sector.

Space exploration might not be such a distant connection after all. Although it's worth remembering – it took three days from earth for mankind to make one giant leap on the moon, but we're looking at seven to eight months before stepping foot on Mars.



Mobile predictions for 2018

InternetRetailing's Mobile Editor *Paul Skeldon* shares his thoughts on what's ahead for mobile in 2018.

Taking a look at what lies ahead in mobile retailing is always a tricky business. I make no bones that most years I get it right, but always miss something that comes out of left field that none of us saw coming. At least I never predicted great things for the Apple Watch.

But that was 2017: what does 2018 have in store? What is interesting is that looking at 2018 shows developments being more around themes than actual technologies. Black Friday and the cyber shopping frenzy has shown us unequivocally that mobile is becoming the dominant channel in retailing, playing a role in the whole purchase journey (even in store) and becoming the place where most sales now take place. Yes, many people still convert online and in store, but mobile is starting to get the edge.

What all this has shown us is that, rather than retail becoming mobile, shoppers are becoming channel agnostic: grabbing whatever shopping platform there is to hand to buy things, which brings is to our first key trend…

OMNICHANNEL SHOPPERS

This is probably the biggest trend in retail for 2018: shoppers are finally truly omnichannel, being agnostic to where they are and what they are doing and just buying on the platform that suits them at that time.

This is good news for high street retailers as they still want to go into shops. According to new research from Vista Retail Support, 81% of UK consumers see the physical store as vital to the shopping experience and 70% say they enjoy the full experience of going into stores to browse, see what's new and buy what they like. But 30% are "showroomers" using retail stores to try goods out before they buy online.

What shoppers like is the mix of the human touch and technology, it would appear, which is what makes them uber-omnichannel shoppers. According to research in the 'In Full Flight Embrace The Pace: Are You Running With Customers Or Letting Them Race Away From You' Report, which polled 2,000 UK consumers, customer service and human interaction prove key motivations

2018 will see further developments in mobile payments and these will impact shopping online and in store

for consumers choosing to shop in-store – but mobile technology is needed to support it.

The study by PCMS, a global provider of unified commerce solutions, revealed that talking to a real person and touching the goods were main drivers for going into stores. However, 51% agreed that having staff armed with tablets in the store would improve the customer experience – whether it's to look up products, demonstrate the item or make recommendations based on previous purchases. Furthermore, many shoppers are happy to look at goods in stores then buy them on mobile if they aren't in stock.

There must be something in it – even pureplay online retailers are starting to look at the benefits of adding the 'lost platform' of the store to their cannon. New research from Colliers International shows that by 2021, the rate of growth in ecommerce sales is expected to decline from the current level of around 11% to 7%. In anticipation of this, online retailers are increasingly using physical stores to bolster their sales and their brands. The new trend is being labelled 'showrooming' as the primary intention of these stores is not necessarily to generate sales through the tills but to reinforce customer loyalty – and spending – online.

CUSTOMER SERVICE

Closely allied to this move that combines all platforms in how they shop, consumers are starting to choose retailers based not on price so much anymore, but on service. This is one of the reasons why people still go in to stores: they see them as the place to go to get the human touch and good service.

According to the PCMS research, 84% of shoppers agreed that quick and helpful customer service was the most likely factor in making them shop with a retailer again, followed by quick check out and payment options (44%). A further 44% would be more likely to choose a retailer that offers a quick and convenient customer service over retailers they had been loyal to in the past, but couldn't offer the same levels of service.

And it seems, increasingly, shoppers want retailers to use mobile technology to empower store associates, with 51% agreeing that having staff armed with tablets in the store would improve the customer experience – whether it's to look up products, demonstrate the item or make recommendations based on previous purchases.

> Rather than retail becoming mobile, shoppers are becoming channel agnostic: grabbing whatever shopping platform there is to hand to buy things

Online, customer service is also becoming a vital differentiator. Being mobile centric, offering alternative payment options such as the ability to pay later and enabling one-click repeat purchase are all key to winning over online Christmas shoppers.

New research by payments provider Klarna, suggests that allowing customers to 'try before they pay' could assuage fears around unwanted gifts. This could help tempt people into taking a gamble on a gift as it removes the worry consumers may have about needing to return multiple items, as shoppers only pay once they're happy with their purchase. This is but one of a range of payments trends we are likely to see in 2018.

PAYMENTS

Whole deferred payment is a contentious issue – and one that may become necessary as retailers spend 2018 trying new ways to entice shoppers to buy – there are other moves afoot in payments that are also going to impact shopping.

We have touched on one-click repeat purchasing, which will start to become more common, but we are also going to see the rise in mobile payments online and in-store. Biometrics such as fingerprint recognition and Apple's face recognition are starting to make mobile feel a whole lot more of a protected and personalised way to pay than perhaps even cards and cash.

That is certainly the 'vibe' from the kids – a survey by MoneySuperMarket reveals that a quarter (23%)

of Generation Z predicts physical cards will soon be obsolete as mobile payments reign supreme. Nearly a quarter (23%) of these whippersnappers also predict that we will eventually pay for everything with our phones, rendering physical cards obsolete, as opposed to just 6% of the over 55s.

It may not be too farfetched. In China, almost everyone pays for everything using their phone, to such as extent that payments processor Adyen has added Chinese mobile payment app WeChatPay functionality to its PoS systems worldwide – so that 400 million middle class Chinese tourists can buy your goods in a way that suits them. Whatever you may think, mobile payments is coming.

Another twist to the payments idea is that the Payment Services Directive 2 (PSD2) – a piece of European legislation about electronic payments – comes into force across Europe in January 2018. One of the things this allows is for the payment for quasi-real goods to be paid for by adding the charge to the customer's phone bill.

While this won't have a direct impact on many retailers right away, it does change how people do things: and that is always important to watch when looking at trends and predictions.

What PSD2 will usher in is the ability to easily and with two clicks pay for carparking, or to buy tickets using the phone and have those tickets delivered to the phone. Linked to things like carparking or road tolls, it makes the process of location, payment and ticketing a seamless mobile process. And it achieves that great 'Uberisation' moment of making the payment part of the process sort of invisible.

This is important, not for 2018, but for 2020 and beyond, when shoppers are so used to the ultra-convenience of this method of payment that they will be looking for retailers to come up with ways of redesigning the whole online, mobile and in-store shopping experience to ape the easy way they pay for parking. Nothing to fret about in 2018, but one to watch the birth of this year.

AR, VR AND MR

Of course, there are also going to be technology-based trends working into how all of the things we have talked about above come to fruition. And chief among these is augmented, virtual and mixed reality tools.

In essence, these are ways of using mobile platforms to either overlay content on the real world, create a digital version of the real world that you and your customers can manipulate, or a mixture of both and the real world, to create better ways to interact with goods and services, to try before you buy and get a sense of how things are without having to see them.

Obviously, these can be a boon to online-only retailers as it lets users remotely try before they buy, but as AR and VR become more prevalent, the technology is also starting to become expected in all kinds of retail environments.

It makes good business sense. Businesses and brands that make the best use of new technology are more likely to build a loyal customer base, according to new research.

Augmented reality (AR) leads the way as the technology people most want to engage with, as 50% of UK consumers say they would be more likely to be loyal to a brand that offered them access to this type of visualisation experience either in store or online.

AR, which continues to grow in popularity following the release of the iPhone 8 and iPhone X, is proving particularly popular among younger people with 69% of 18-24 year olds saying they would be more loyal to a business offering this technology.

This age group would also be more likely to shop with a brand that offered artificial intelligence like chatbots, according to a retail report by Manchester mixed reality business DigitalBridge. However, with 59% of 25-34 year olds, 48% of 35-44 year olds and 46% of 45-54 year olds saying new technology plays a key role in converting them into loyal customers, this potential is not limited to particular age brackets.

> "It won't just be technology and clever marketing that drives change. The customers themselves are driving change: either through changing economic or political circumstances, or simply by finding ways to use tech that retailers aren't on to yet"

Being able to preview products in the real world to see what they'd look like and being able to 'try on' multiple options before spending money are the main reasons consumers see the future of retail in augmented reality, although virtual reality and artificial intelligence tools like chat bots continue to feed the imagination.

These are just some of the trends we shall see in mobile and retail in 2018, there are of course many others. The need for evermore personal personalisation, better user experience and better engagement will all be key – but I think the things we have looked at are all the likely immediate upshots of those.

On the technology front, things like artificial intelligence (AI) will drive how this all works together, creating the kind of personalisation at scale that users now demand. But it won't just be technology and clever marketing that drives change. The customers themselves are driving change: either through changing economic or political circumstances, or simply by finding ways to use tech that retailers aren't on to yet. Either way, it is all about service, across all channels, and letting shoppers decide which channels and what sort of experience they want to have.

The rise of voice commerce

Scott Clarke, **Chief Digital Officer and Global Consulting Leader, Retail, Consumer Goods, Travel and Hospitality, Cognizant, examines the rise of voice commerce.**

The following guest article has been written for InternetRetailing by Scott Clarke, Chief Digital Officer and Global Consulting Leader for Retail, Consumer Goods, Travel and Hospitality at Cognizant. He has over 20 years' international, cross-industry experience leading organisations in growth and innovation, with a particular emphasis on how digital technologies impact businesses and their customers. Cognizant is a world-leading professional services company, transforming business, operating and IT models for the digital era.

www.linkedin.com/in/scott-clarke-0165842
www.cognizant.com
@Cognizant

By the end of 2021, more than 1.6 billion people will use voice assistants on a regular basis, and it is certain they will want to do more than ask about the weather or hear their favourite song. Such assistants will provide retailers with an unprecedented opportunity as consumers use them to find, research and buy products. For this reason, exploring how voice assistants can improve the customer experience is a core focus for many retailers right now.

Conversational artificial intelligence (AI) is powering voice technology systems and be it Alexa, Siri or Google Home, these platforms are enabling customers to interact with brands in ways that are not only convenient but also highly personalised and contextualised. In a conversational AI world, virtual assistants will search, open, fetch, command and engage the dozen or more websites, portals, apps and systems we all interact with daily. "My virtual agent does that" will become the new "there is an app for that". While some retailers have already made headway, others still need to update their strategies to make sure they are prepared for this voice-enabled reality.

MOVING BEYOND CUSTOMER SERVICE

Currently, customer service is the most practical use case for most voice-bots and virtual assistants. When it comes to buying, the services are best suited to products that do not require deep research, or for reordering something a customer has bought previously. However, the progress being made in voice technology, machine learning and natural language recognition in AI is empowering a new shift towards voice-assisted ecommerce.

According to SAP, 20% of UK consumers planned to purchase their gifts using AI-enabled home assistants last Christmas, with a further 11% using them to research bargains. As the accuracy of voice search or voice recognition becomes more precise and customers begin to experience the immense convenience, speed and ease of voice-assisted commerce, wide spread adoption amongst consumers will become a reality. From a retailer's perspective, the inherent cost savings due to labour and time savings in managing the customer purchase process, will also drive investment in the technology.

Amazon jumped out as an early leader in this category with the ability to order items using Echo directly from Amazon using voice-only commands, as well as access voice-exclusive deals and simple reordering by drawing on the customer's existing order history. Amazon 'Prime Now' and Alexa Voice Shopping also offer consumers further flexibility, choice and ease when it comes to purchasing or re-ordering items.

In 2017, Google also made an aggressive push into voice-assisted commerce by adding shopping capabilities to its Google Home devices, allowing customers to order and pay for goods via voice command with Google Express. Perhaps the biggest development for Google last year in the UK though was the announcement that it had entered into a partnership to make hundreds of thousands of Tesco products available to purchase through the Google Home voice-controlled feature and receive personalised recommendations based on previous purchases, which could see it gain higher market share due to the ability to tap into Tesco's large customer base

MATURING OF VOICE-ASSISTED COMMERCE

While big players are making large investments in voice technology, it is still very much in its infancy and there are many existing customer experience challenges that will need to be overcome before it becomes truly mainstream. For example, the accuracy of voice recognition needs to improve and at present, the user can only order one item at a time or a multiple number of the same item.

However, both Amazon and Google, the clear leaders in this space from a device perspective, are continuing to explore ways to build on the initial success of voice-assisted commerce and in a few years, it will likely be possible to shop with most major retailers using voice. Moreover, the context of voice shopping is set to become more varied and sophisticated. For example, LG has exhibited a smart refrigerator using Alexa that allows direct ordering of food items, and Ford and Volkswagen have announced their integration of Alexa into their cars to enable voice shopping while driving.

These features matter, as ecommerce is set to become increasingly experience focused – rather than focusing on mass consumption, it will be personalised to an individual. This means that experiences will drive commerce rather than

LG's InstaView ThinQ intelligent refrigerator incorporates Alexa voice assistance to recommend recipes for dinner

traditional trade. In this new world, the brand promise is prevalent through engaging content (including augmented and virtual reality (AR/VR) enablement), personalisation, AI-driven recommendations and on-demand customer service. As retailers continue to explore opportunities for using voice commerce, it will be critical that the unique capabilities of voice are integrated into a more comprehensive set of customer experiences.

Voice-assisted commerce already has the unique advantage of making the product search process a dialogue instead of being one-sided, wherein the user searches for the desired product using the search box on a website. Thus, voice commerce makes the shopping experience more engaging at the same time as providing the retailer with the ability to make more intelligent, real-time recommendations based on what the AI-fuelled digital assistants learn from their interactions with the user. Eventually, voice controlled digital assistants will be able to enable and support a much more complete and seamless end-to-end shopping journey, providing personalised recommendations and guidance throughout the process of researching, selecting, purchasing and even assembling and using the products themselves.

Retailers that will benefit the most from voice-controlled digital assistants will be those capitalising on existing capabilities and helping develop new ones providing the customer with unique and engaging experiences that not only simplify the transaction process, but also help customers make smarter decisions over their product and service options. For instance, Amazon has added a camera to Amazon Echo that can help users take selfies and then talk to someone to gain a second opinion. With retailers such as Victoria's Secret, Sephora and Burberry continuing to explore opportunities for incorporating selfies and Instagram into the customer experience, there is a strong likelihood that voice and visual will combine and integrate in a plethora of new ways.

Voice-enabled shopping is gaining momentum. Soon, consumers will expect to utilise voice, as well as additional conversational channels such as Facebook Messenger, as preferred channels of communication during their shopping journey. Recent predictions show voice searches will account for 50% of all search in just two years, and it will continue to grow from there.

As retailers begin to roll-out voice technology and conversational AI, it is imperative that the technology be integrated with the existing physical and digital channels creating a seamless, end-to-end customer experience. Customers expect to move freely from channel to channel without disruption or loss of information.

Conversational AI – or virtual agents – are no exception to this rule. Those retailers that market their brand as enabling a seamless experience across all channels will be the ones to win market share. The investment in voice technology must begin with a deep understanding of customer needs and expectations and how voice commerce can augment or amplify existing omnichannel capabilities to provide differentiated value. From an AI and data analytics perspective, voice-enabled shopping must then ensure that customer experiences are truly dynamic and continue to leverage the learning from previous interactions, within and across channels. Underpinning all of this will be a technology platform that is able to understand consumers' commands, make sense of them, and generate tailored insights for retailers.

Why fast and furious is likely to be the delivery theme of 2018


Liz Morrell, Editor, eDelivery

Liz Morrell, Editor, eDelivery looks ahead to how 2018 will shape up for the final mile.

As 2017 becomes a fading memory attention has already turned to the delivery trends that the new year will bring and how the expectations of customers and the ability of delivery partners – both old and new – will continue to rapidly evolve.

What this will bring in terms of change is hard to predict but certainly speed is proving more important than ever as retailers fight to emulate the convenience and speed offered by giants such as Amazon.

Delivery will continue to define the customer experience online with MetaPack's 2017 State of Ecommerce Delivery Consumer Research report suggesting that for more than half (54%) of shoppers delivery defines exactly who they choose to shop with.

The study also showed that the majority of shoppers (52%) wanted fast delivery as a top or second important priority whilst demand for same-day services is also rising.

Just before Christmas, electricals retailer Currys PC World was the latest company to announce the launch of a same-day delivery service across the UK. The electricals giant has partnered with On the dot to allow customers a choice of two-hour delivery timeslots. Although the service is at a £9.95 premium the convenience it offers means that it's likely that customers will take it up.

A same day expectation is likely to be an increasing pressure for retailers to offer this year thanks to ever more demanding customers. In December, Sorted revealed the results of a survey of 2,000 UK shoppers which showed that more than half (59%) wanted faster fulfilment.

Towards the end of last year, Asos extended its newly introduced same day delivery service – also in partnership with On the dot – to Leeds and Manchester following its introduction in London earlier in the year. Matt Rogers, Asos' Delivery Solutions and Returns Director said it was the latest innovation by the company – which claims to have introduced 200 related delivery improvements around the world in the last year alone. "It is illustrative of our commitment to exploring delivery options that provide convenience and choice for Asos customers," he said.

Whilst same day is an expectation, it's next-day delivery that's becoming the norm – already a standard option for some. For many, the expectations is also that this next day offer will be free although this means it's an increasingly expensive option for retailers to offer that may not add as much value to the experience as it once did.

COST & CONVENIENCE

Order windows are also narrowing thanks to the customers' increasing urgency for goods with cut offs of midnight for retailers such as Next with delivery to either local store or home promised for the next day.

In November, Planet Organic revealed that it too was offering on-demand same-day delivery – with one-hour time slots. Its cut-off order windows are very tight with a 6.30pm cut off for delivery by 10pm on weekdays and 4.30pm for 8pm deliveries at the weekends through a partnership with courier Street Stream.

Additional retailers are also likely to follow the subscription delivery model in 2018 – tying their customers in and trying to boost conversion through a fixed price model that allows customers unlimited delivery and increases loyalty and spend as a by-product. At Next, the service costs £20 a year for unlimited, standard next-day home delivery. The MetaPack research report

> Retailers are likely to be under increasing pressure from demanding customers to offer a same-day delivery service

suggested that nearly a third (31%) of shoppers would pay a monthly fee to get unlimited next-day deliveries and more than half would prioritise one retailer over another if they offered some sort of delivery loyalty programme.

The cost of delivery is another key factor for 2018 as both retailers and their customers realise the challenge of providing the sorts of services customers are after at prices that are sustainable for their businesses. For many, the subsidising of delivery costs will diminish – likely covered by a wider range of premium services for customers willing to pay for additional speed and convenience.

EVEN FASTER?

Offering a suite of delivery options is one of the best ways to meet all of a customers' needs as well as covering as many bases as a retailer can from a delivery expectation point of view. Whilst market leaders offer a range of options it's something that many other retailers fail to do. Technology is allowing for more precise delivery options – from half day windows to one-hour windows, such as those offered by Asos, that allow for better certainty around delivery. This is something that customers are increasingly willing to pay a premium for rather than the all-day window often offered with the free delivery option.

The Sorted survey suggested that nearly a third (32%) of UK shoppers wanted ultra express delivery services of two hours or under. A number of retailers are already starting to charge for such services and customers are accepting that they need to pay for them if they want them. In the Sorted survey, more than half (57%) of customers said they were prepared to pay for delivery if they needed an item quickly and this is trend also set to boom in 2018.

However, in a survey of 240 of the UK's top ecommerce sites by ecommerce and digital agency Visualsoft in December, 17% of retailers weren't offering a premium delivery option.

Delivery expectations will continue to change in 2018 too. The advent of tracking information has revolutionised the delivery experience and cut the number of failed deliveries, but retailers still face a tough challenge in the amount of information they give to customers. Expectations mean that customers want more precise detail than ever. A simple – your order will arrive today – is no longer good enough.

New or previously niche services are also likely to gain in popularity in 2018. The MetaPack survey revealed that the try-before-you-buy concept is growing in appeal amongst shoppers with more than half (57%) of those surveyed saying that they would use such a service. Asos launched such an offer in November, partnering with Klarna and its Pay Later service which allows its customers to pay only for the things they keep and returning those that they don't.

Whilst technology is improving the delivery experience it's also introducing the potential for new delivery options. We have seen trials of delivery to car boot and even delivery to home when shoppers are out in the past year – the most recent example being the launch of Amazon Key – an in-home delivery service launched in the US in November. It's exciting to speculate as to what 2018 may bring in this space too.

New methods of delivery are emerging with trials of autonomous delivery vehicles and early pilots of drones continuing in 2017 and likely to gain further traction in 2018. Amazon even revealed the option for an airborne fulfilment centre last year with the unearthing of a patent for an airship option that would allow drones to fulfil from it.

The Amazon example sounds far-fetched perhaps, but the truth is that things are changing fast. New models and new methods of delivery are emerging all the time coupled with an increasing use of more standard delivery options – such as click and collect – that means failed deliveries are likely to continue to fall in 2018 and the customer experience improve. It really is set to be an exciting year for delivery.

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

DELIVERING CHRISTMAS

FIGURES FROM THE LATEST Christmas Shipping study from Kurt Salmon, part of Accenture Strategy, suggest that UK etailers under-promised and over-delivered this Christmas.

The study measured the ability of 50 UK apparel, luxury, beauty and consumer goods retailers across a broad range of categories, including bricks-and-mortar, ecommerce and department stores, on how quickly and accurately they were able to fulfil customer orders over the peak period.

The results showed that 86% of retailers offered a free delivery option over the busy Christmas period, but half offered it on the condition shoppers picked up goods in-store through click and collect, as opposed to getting goods delivered to their door.

It also showed that 66% offered a free standard delivery option to homes, but the majority (73%) of these retailers only did so if customers met a minimum spend threshold.

Siobhán Géhin, Managing Director at Kurt Salmon said that on the whole the results were impressive. "Many UK etailers outperformed their bricks-and-mortar counterparts this Christmas when it came to speedy shipping, with deliveries taking on average 2.6 days compared to 3.4 days respectively. They gave themselves added flexibility during the busy period with shipping date ranges, but the majority delivered for customers much earlier than promised," she said.

The following retailers came out on top for delivering a seamless customer experience and exceeding shipping promises over Christmas: Amazon; Argos; Beauty Bay; Boohoo; Escentual; Lookfantastic; Missguided; New Look; Whistles; White Stuff.

Yodel, meanwhile, saw customer satisfaction rise over the Christmas period despite a marked increase in volume during Cyber Week, as well as a 28% increase in parcels in the week before Christmas. In the four weeks to Christmas Eve Yodel delivered 11% more parcels compared to the same period last year.

TESLA TRUCKS FOR DHL SUPPLY CHAIN

DHL SUPPLY CHAIN, part of Deutsche Post DHL Group, is to test the Tesla Electric Class 8 Semi Trucks after placing an order for ten. It is one of the first third-party logistics companies to order the trucks.

Available in 2019, the trucks will be tested at its customer operations in major US metro cities and be used for shuttle deliveries and same-day customer deliveries. They will also be tested for mileage efficiency on longer runs from major markets to other DHL operations across the country.

"At DHL Supply Chain, we're always thinking beyond today's shipment – whether that be thinking about tomorrow, next month or two years from now when these trucks become available," said Jim Monkmeyer, President of Transportation at DHL Supply Chain North America. "This is a revolutionary approach to trucking, and we want to be a part of it for our customers, for our employees and for our industry."

As well as testing the trucks themselves DHL Supply Chain also plans to evaluate the trucks' impact on drivers' quality of life and job satisfaction.

ASOS EXPANDS SAME DAY BEYOND LONDON

FASHION GROUP ASOS has expanded its Asos Instant service to Leeds and Manchester. It follows the initial launch of the service in London in October 2017. The same-day delivery option is now available to customers with deliveries to selected Leeds, London and Manchester postcodes on orders placed before 10am, Monday – Friday.

The service costs £9.95 and as with the London offering parcels will be delivered by CitySprint's On the dot service between 6 – 10pm on the same day. Further availability in other UK cities will follow in 2018.

"We're excited to be extending the reach of Asos Instant to Leeds and Manchester following its successful launch in London," said Matt Rogers, Delivery Solutions and Returns Director, Asos. "It is illustrative of our commitment to exploring delivery options that provide convenience and choice for Asos customers," he said.

In the last year alone Asos claims to have introduced 200 related delivery improvements around the world. Current UK delivery options include next-day delivery, click and collect, one-hour delivery times and free returns as standard on all Asos orders.

eDelivery
Fulfilling the multichannel promise

SHOPPERS WANT FASTER FULFILMENT

MORE THAN HALF OF SHOPPERS (59%) want faster fulfilment and nearly a third (32%) also want ultra express delivery services that take less than two hours, according to a new report. Nearly half (47%) of shoppers also said that they shouldn't have to pay if a delivery took more than a day to arrive.

The conclusions come from a survey of 2,000 UK shoppers by Sorted. It found that two fifths (39%) thought they shouldn't have to wait more than 24 hours for a delivery, suggesting 'next day' delivery no longer adds value to online shoppers.

More than half (55%) said that speed of delivery was the most important factor when shopping online. If they need an item earlier just over half (57%) said that they were prepared to pay for delivery so that they could receive the item quickly.

David Grimes, CEO, Sorted, said retailers need to ensure they offer a range of delivery options to their customers. "By letting a customer choose from a wider range of the best available delivery options, at different pricing bandings, the consumer becomes in control of crafting and defining what perfect delivery looks like to them on that buying occasion," he said.

However, he also said he had to ensure retailers could meet their delivery promises too. "Practically, retailers should consider opting for delivery partners who are experts at delivering to certain postcode areas and for different types of products," he said.

URBAN HUB FOR JOHN LEWIS

DEPARTMENT STORE GROUP John Lewis has become the first company to sign for a unit at a new urban logistics development called South Central in Nursling, Southampton.

The retailer has signed a pre-let for a 46,000sq ft .com customer delivery hub. The new build-to-suit facility will provide John Lewis with additional capacity to service the City of Southampton and wider south coast region.

The South Central development comprises three facilities totalling 202,000sq ft. John Lewis' facility will be completed by September 2018. Construction of the two other facilities (117,000sq ft and 39,000sq ft) is underway on a speculative basis and they are expected to be completed by May 2018.

Meanwhile, Waitrose launched self-service check-in for John Lewis click and collect orders in 140 stores in time for Black Friday. Customers are sent a barcode as part of the notification confirming that their order is ready for collection and this can be scanned by iPads at the welcome desk when they arrive in store so that their parcel is ready for them to pick up more quickly.

Glenn Cox, Service Experience Development Manager at Waitrose, said the new service will help improve the customer experience. "70% of John Lewis click and collect orders are now being picked up in Waitrose branches so it's hugely popular with our customers.

"Checking in to collect an order is the first thing many shoppers do when they visit our stores and can set the tone for the rest of their experience with us, so introducing the option of a self check-in system will ensure they enjoy the best possible start to their shop," said Cox.

SAME DAY FROM CURRYS PC WORLD

CURRYS PC WORLD is to launch a same-day delivery service across the UK. The company has partnered with On the dot to allow customers to select a two-hour delivery timeslot of their choice that day between 12 and 10pm.

The service will initially be limited to customers purchasing small items – classified as everything apart from major kitchen and laundry appliances and TVs over 40 inches in size. Orders must be placed before 4pm and will cost £9.95 for delivery for shoppers within a 10-mile radius of one of 242 Currys PC World stores across the UK.

Stuart Ramage, eCommerce Director at Currys PC World, said: "At Currys PC World, we pride ourselves on helping our customers get it right when it comes to purchasing electrical items and home appliances. From small screen televisions to microwave ovens, it's important we get their purchase to them wherever they want it, when they want it. We're excited to be partnering with On the dot to introduce same-day delivery, meaning our customers now have a suite of delivery options available to them, both online and in-store."

"We know that consumers today expect to shop on their terms and it is retailers like Currys PC World who have put convenient delivery at the top of their agenda, that will succeed in retaining and attracting new customers," said Patrick Gallagher, CEO of On the dot – part of the CitySprint Group.

Insight around the world

NICK TUBB, GENERAL MANAGER EPAYMENTS APAC, INGENICO GROUP

What was once a Chinese sales bonanza is now a global phenomenon, after 2017's Singles' Day attracted more international consumers than ever before. The event has become the world's biggest shopping day, driven by Chinese domestic demand and spending surges around the world, according to analysis of our global payment data.

Ingenico ePayments processed more than three times as many online transactions on Singles' Day as we do on an average day, with sales surging particularly in the Americas, Russia, and across key markets in Europe.

Russian consumers made 10 times more transactions on Singles' Day than on a typical shopping day, and spent more too, with a 35% increase in Average Transaction Value.

In Latin America, Chile saw pronounced growth – we processed almost nine times more transactions than normal. There was also modest growth in the region's bigger ecommerce markets, with Mexican consumers completing 91% more transactions and Brazilians 30%.

In North America, US consumers who may have been saving for a Thanksgiving splurge processed 22% more transactions than the daily average, while Canadians completed 61% more.

Looking to Europe, transactions in Spain were five times higher than normal, while in France and Germany, they were up by 54% and 15% respectively. In the UK, transactions with Chinese merchants, who are the key drivers behind the success of Singles' Day, were up 10-fold on the day.

This growth shows that consumers worldwide are enthusiastically making Singles' Day their own. This, of course, presents opportunities for both Chinese merchants and global retailers.

However, while Chinese retailers are increasingly selling to global audiences on Singles' Day, the reverse is not the case. Sales in China by international retailers peaked on Black Friday – some two weeks later. Evidently, despite consumers in China and elsewhere becoming more global in their shopping behaviour, retailers are lagging behind, sticking with the promotions they know, rather than taking advantage of emerging sales events.

Clearly, it's time for merchants to meet the needs of their customers both in their home country and their overseas markets, by making Singles' Day a fixture in their future sales plans.

These statistics are based on Ingenico online retail data from August 1 to November 12, 2017. They do not capture total country spending but are extrapolated from payments processed by Ingenico ePayments in the aforementioned geographies.

And what of Single's Day within China?

EMMA HERROD, EDITOR, INTERNET RETAILING

More than £18bn ($25.3bn) was processed by Alibaba's Alipay on November 11 as consumers rushed online on Singles' Day. Mobile accounted for 90% of this gross merchandise volume (GMV) as Alibaba measures it with total GMV coming in at 39% higher than 2016's level.

More than 140,000 brands and retailers participated in Singles' Day in 2017 with 167 each generating more than £11m ($15.1m) in sales on the day. International retailers did well out of Singles' Day too as Chinese consumers turned to the 60,000 international brands and merchants. Japan, the US, Australia, Germany and South Korea came out as the countries selling the most to Chinese consumers.

At its peak, Alibaba Cloud was processing 325,000 orders per second.

"More than US$25bn of GMV in one day is not just a sales figure," said Daniel Zhang, Chief Executive Officer of Alibaba Group. "It represents the aspiration for quality consumption of the Chinese consumer, and it reflects how merchants and consumers alike have now fully embraced the integration of online and offline retail."

The growth in the Chinese online market is not looking to slow down either. China is expected to see a higher annual growth rate in ecommerce than the US, Germany, Japan and the UK in the five years to 2021. Ystats predicts that both China and the US will maintain "double-digit rates of compound annual growth" through to 2021 with ecommerce in China accounting for more than 20% of total retail sales.

China's millennials and Generation Z continue to hold a good proportion of discretionary disposable income, accounting for over a third of disposable income in 2015. This is expected to rise to half by 2025. They are also the group most likely to shop online and are set to become the dominant driver of luxury consumption over the next decade. The average age of the online shopper of luxury products in China is now 25, according to the '2017 China Luxury E-Commerce Whitebook' developed by premium ecommerce platform Secoo and Tencent.

Eric Chan, CEO of Secoo, said: "Millennials and the younger Generation Z look set to change the balance of power in Chinese luxury consumption over the coming years and how brands respond to them will be important to their future success. While it is critical to engage digitally and through omnichannel services, these younger customers also want experiences that excite and speak to them as individuals, their social values and growing appetite for exclusive experiences.

"Secoo is already tapping into this growing demand for diverse offerings in an increasingly digital environment with its integrated online and offline strategy including our physical offline 'experience centres', where customers can indulge in services including yoga, photography studio and tea drinking, as well as personalised shopping at our boutique hotel partners."

Online luxury sales in China increased by 12% in 2016, compared with a growth rate of just 2% for offline. While online accounted for 8% of total luxury sales in 2017, it will account for 9% in 2018 and is expected to keep growing each year to reach 13% by the end of 2021, the report found.

Turning back to Europe...

DAN COOPER, CEO, ALLIES COMPUTING

When breaking into a new overseas market, identifying logistical challenges in getting your products to your customers should be near the top of your to-do list. This is an important item to check off in the Republic of Ireland, where 27% of residences share their address with another building – often frustrating consumers who are expecting a speedy and accurate delivery.

Eircode has been sweeping this problem off the table, providing a unique identifier for each property in Ireland.

Unlike the UK postcode or the US ZIP code, Eircode goes the extra mile by being unique to each address in the country - all 2.2 million of them.

Now, a few years on since its release in 2015, Eircode appears well received by consumers. Our recent survey of online shoppers in Ireland found that 7 out of 10 of them know their Eircode, and 4 out of 10 of them use it regularly. This number will be on the rise as more retailers and ecommerce platforms adopt Eircode, recognising it as the powerful tool it is to reduce mistakes in deliveries.

Our research also uncovered some other unexpected points regarding Irish habits while shopping online. We found that 83% of Irish consumers are shopping with UK businesses – great news for British retailers looking across the Irish Sea for a new market to break into. That said, care should still be taken when taking those steps. 22% of Irish consumers have been forced to use 'virtual addresses' in the UK to send goods on to their home in Ireland, usually because a retailer doesn't offer delivery to their country.

The advice is clear – when you look to expand your e-retailing offerings into Ireland, take Eircode with you when you leap.

BRUCE FAIR, CHIEF REVENUE OFFICER, METAPACK

In 2018, we will continue to see the emergence of ever-more confident cross-border online shoppers. We recently carried out research amongst over 3,500 consumers in the UK, US and Europe, who clearly don't hesitate to look beyond their domestic markets in a bid to hunt down bargains or procure items not available in their home territories. In fact, 21% of respondents had made at least one overseas purchase in the last year, a third had purchased goods between two and five times, and a determined 16% had made up to 10 cross-border purchases or more.

Obviously, Brexit is looming over UK retailers and brands, but the survey provides reassurance from US and European consumers. They indicated that it would be 'shopping as usual' from the UK once it exits the EU with 58% of the total saying it would make no difference to their shopping behaviours. Amongst Europeans, French (67%), Dutch (65%) and Italian (62%) shoppers were most likely to keep buying goods – but even 54% of German and 48% of Spanish shoppers said they'd keep buying British. For US shoppers, just over a quarter (27%) said that post-Brexit, they'll be buying even more goods from the UK.

This does, however, come with provisos. When asked what might deter them from shopping from the UK after Brexit, 77% said if goods became more expensive than those they could purchase locally, 70% said if additional taxes were applied and 63% said if delivery costs increase.

This is important for retailers and brands to understand and plan for, however, it is not a huge surprise. These worldly-wise global shoppers already weigh up the costs of buying outside their domestic markets. In fact, 77% of international millennial shoppers check to see what extra taxes will be applied to their purchases in addition to the shipping price.

One final point, UK retailers eyeing the US market need to accommodate the very particular delivery expectations of US customers because 75% prioritise purchasing from retailers offering a delivery loyalty programme – compared to just 44% in the UK. Food for thought.

Internet Retailing Expo

Emma Herrod shares details of two days of insight from retail speakers ahead of the Internet Retailing Expo.

More than 80 retail speakers, 90 exhibitors and 5,000 digital professionals will converge on Birmingham's NEC on 21 and 22 March for the InternetRetailing Expo (IRX).

The event includes 8 separate, free-to-attend conference tracks with speakers including Stephen Langford, Ecommerce Director, George at Asda, Richard Locke, Head of Merchandising Operations & Analytics, General Merchandise, Ocado and Alex Murray, Director E-Commerce, Lidl UK.

The conference opens on 21 March with a look at the state of ecommerce. The keynote address will highlight what the ecommerce landscape looks like in 2018, how it will develop and what key opportunities are emerging. Key challenges being faced by the industry as customer expectations rise and competition remains fierce will also be discussed, as will the tough questions that retailers need to be asking themselves to secure their future in an uncertain economy. It will close with an overview of the key leadership skills that ecommerce executives need to focus on in order to drive success going forward.

Four conference tracks on each day then look in depth at the key issues facing the retail industry. Marketing & Customer Obsession, International Growth, Mobile First, Final Mile are the key headline conference themes for day one on 21 March, while Beyond Channels, Innovation & The Future, Marketplaces & B2B and Operational Excellence will be covered on 22 March.

> I love IRX it has that great mix of interesting sessions and speakers, as well as a good exhibition filled with new suppliers and new technologies – it's a great time out of the office!
>
> **Sarah Stagg**, Digital Director, The Rug Company

Ken Daly, CEO, JML will open the Marketing and Customer Obsession Conference track. The Marketing & Customer Obsession track will help delegates to understand customer-centricity and its role in ecommerce as well as the steps that can be taken to ensure SEO remains effective in 2018. This conference track will also focus on how sales and customer engagement can be increased through personalisation, how to drive profitability from social media and how to achieve real insight and ROI from customer data.

With the uncertainty created for ecommerce by Brexit, many retailers are increasingly looking to international markets for growth opportunities. Although the opportunity is huge, trading internationally is a complex process. The International Growth track will help delegates improve their international efforts through effective localisation and enable them to drive customer convenience through efficient international logistics and delivery. This conference track will also look at the key international ecommerce challenges and how they can be overcome as well as highlighting which countries offer the best growth opportunities.

The explosive growth of m-commerce has meant retailers have had to accept that their customers are now mobile-first. How though can retailers ensure their business moves to a mobile-first

Internet Retailing EXPO

Sponsored by shopware

21 - 22 March 2018, NEC, Birmingham

THE ESSENTIAL TOPICS FOR THE DIGITAL RETAIL LANDSCAPE

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Discover how to support your customers, cross-channel, with consistent, seamless and engaging experiences

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- Creating a culture that inspires your staff to **think beyond channels**
- How can you ensure one channel is not damaging to another? **AND MORE...**

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Remove the pain point from payments and explore the opportunities to grow your business' scale and profitability.

TOPICS INCLUDE
- Smoothing the **checkout process**
- **Conversion rate optimisation**
- **Fraud control AND MORE...**

B2B

What can B2B learn from B2C, and how does this translate into a successful digital strategy?

TOPICS INCLUDE
- **How B2B can think digitally** without harming the existing business
- **The key pitfalls B2B companies make** with digital transformation
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Understand the importance of customer-centricity and the strategies that will deliver real insight and ROI

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Learn from the UK's top retail experts and receive **hands-on tutorials** on the newest omnichannel tech

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The leading range of **cutting-edge technology** and **innovative services** to **create seamless customer experiences, increase sales** and deliver efficiencies across your online and in-store operations

OFFICIAL AFTER-PARTY

Don your dancing shoes and **let your hair down** with the retail nation!

AND SO MUCH MORE...

Register for free now at **www.internetretailingexpo.com** strategy and fully engages the mobile shopper? The Mobile-First track will address this challenge and show how to boost sales through moving from a mobile-friendly focus to a truly mobile-first strategy. Speakers will also look at the role of social media through mobile devices and how it has become transactional, improving loyalty through apps and how retailers can deliver a great mobile shopping experience that keeps customers spending.

The Final Mile conference track will look at same-day delivery and how retailers can ensure it enhances customer experience, use tracking effectively to differentiate their offer and what an effective final mile strategy should look like to ensure Black Friday success. With the options for customer delivery rapidly growing, and with some retailers even providing an hourly delivery option, the final mile is fast becoming a key way for retailers to differentiate themselves from competitors. Presentations will also discuss the plethora of new delivery options, how customer convenience in delivery will change by 2020 and assess how drones and robots will be used to offer a world-class delivery experience.

TWO DAYS OF INSIGHT

The four conference tracks on day 2 continue the insightful presentations from speakers from leading retailers including Tesco, Made, SecretSales and Waitrose.

The Beyond Channels track sees speakers from The Rug Company, Google, JML, George at Asda and Blackcircles.com discussing how customer expectations across retail are rising at a quicker rate than ever before. Customers want to shop whenever, wherever and however they desire and now expect an increasingly seamless experience across channels.

Presentations will help delegates face this challenge and drive customer engagement through a united and friction-free shopping experience. The conference track will bring in ideas on how to re-think stores to engage the seamless shopper, drive ROI from click & collect, capitalise on the single customer-view and create the right

internal culture for staff to achieve a seamless customer mind-set.

Many retailers are embracing new innovations as a way to maximise engagement and drive market share. Others are partnering with start-ups or even starting their own innovation labs to ensure they stay ahead of the game. This Future & Innovation track will look at four of the

> “IRX is a must attend event, I’m here every year. It’s a great venue… really convenient venue and a lot of great exhibitors.”
>
> **Stuart McMillan**, Deputy Head of E-Commerce, Schuh

key innovations that are having the most impact on retail: artificial intelligence; augmented/virtual reality; IoT and voice-activation. Delegates will learn what these innovations really mean for retail and how they can be best used to engage customers and increase sales. A panel of expert retailers will discuss what retail will look like in 2020 to help the audience form forward-thinking strategies to take back to the office.

Two growth areas for ecommerce are marketplaces and B2B. The marketplaces conference session in the morning of 22 March focuses on helping visitors to IRX understand how to drive and sustain real international growth through a successful marketplace strategy and how to expand through creating their own marketplace.

The afternoon sessions focus on the growing importance of B2B ecommerce. The Marketplace & B2B conference track will look at how a B2B company can successfully transform itself into a digital business, what B2B can learn from B2C ecommerce and how B2B organisations can drive sales through an effective customer-centricity strategy.

The eighth conference track is Operational Excellence. This track focuses on the supply chain, operations and logistics element of internet retailing and how retailers can use innovation in the warehouse to improve their operational efficiency and how to best manage 3PL relationships during peak trading to improve customer experiences. The track also looks at how retailers can work together operationally to drive sales, ensuring the returns policy avoids business disruption and what operational excellence will look like in 2020 and how to best prepare. Speakers from Asda, Waitrose, Lovehoney, Ocado, Sainsbury’s and Enclothed all share their experiences and expertise in the road to operational excellence.

For further details of the conference tracks, speakers, exhibitors, clinics, workshops, innovation hub, Top500 lounge or to register for your free pass for the Internet Retailing Expo 2018, visit www.internetretailingexpo.com.

CUSTOMER EXPERIENCE

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FULFILLMENT

MARKETING

MOBILE

OPERATIONS, LOGISTICS & ORDER MANAGEMENT

RECRUITMENT

AQUISITION MARKETING

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