

# Internet Retailing

Selling in the digital age



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## NEW LOOK:

Existing for the customer

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# 2013 Internet Retailing

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

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The 2013 Internet Retailing conference takes its theme as The New Basics; what's expected to be able to compete in today's always-on retail environment.



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# Editor's comment



New Look has put the customer at the heart of everything it does and is in the process of sharing the fact with customers in the form of a rebrand, new logo and store interiors. A new tagline – New Look and Me – acknowledges that millions of its customers regard the company as more than a place to shop. A brand with which customers can have a special relationship, like a reliable style-savvy friend, someone whom they like and trust, someone with whom they're completely comfortable.

Putting the customer at the heart of the business is nothing new, indeed you could change the New Look name in the above paragraph for any number of retailers from fashion to homewares to coffee. What differentiates New Look's execution of customer-focused retailing and store design is that it is engaging with its own unique customers and their behaviour, which is different to customers of a high end fashion chain or designer homewares store. So, while the internet started out with look-a-like stores, shops in the cross-channel world are developing with unique services and styles.

New Look doesn't see itself as having channels or even being a multi-channel retailer since it is all seen as the customer experience according to Shivani Tejuja, the company's Multi-channel Director, who is the subject of this issue's main interview and featured on the front cover. "The reason we exist is for the customer," she comments.

Understanding the customer is one part of the equation of today's retailing, designing the user experience, personalising all touchpoints and engaging for a



continuing two-way relationship all have to be factored into the journey from brand agnostic to brand advocate. In this issue of Internet Retailing, we look at personalisation, social commerce and techniques for engaging and increasing customers' lifetime value at various touchpoints along the customer journey and throughout the retail organisation.

With a comment that "one little step at a time can lead to significant change," Felix Velarde, Managing Director of Underwired, examines the growing trend of 'Total Customer Engagement' and how this is affecting the future of marketing.

I look at the online fashion sector and how it is embracing personalisation to reduce returns, increase conversion and customer satisfaction, while Evan Puzey, CMO at Kewill, takes a view on why the carrier market should adapt as the online channel picks up pace to not only capitalise on it but ensure they can continue to deliver on customer service.

From an in-store perspective, Tony Heyworth, International Marketing Director at LivePerson, asks whether

the role of the store sales person is essential in a digital world and Penelope Ody investigates whether high-tech solutions are enough for tomorrow's multichannel stores and whether retailers need to re-think the purpose of their high street presence.

Within the mobile section, Eric Feinberg, Senior Director, Mobile, Media, and Entertainment at ForeSee examines where leading retailers are gaining from a mobile customer experience aligned to all touchpoints, and how customer experience analytics can point to and focus resources, to increase loyalty. Paul Skeldon, meanwhile, investigates how mobile is keeping customers coming back repeatedly.

While on the subject of customer engagement, it was great to see so many contributors to Internet Retailing and readers amongst the crowd at the Internet Retailing Awards in June. Congratulations indeed to all of the winners.

Emma Herrod  
Editor

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Chloe Rigby highlights recent industry changes but to keep up to date with the news and her insight between issues visit [www.internetretailing.net](http://www.internetretailing.net).

## DIXONS BOOSTS MULTICHANNEL

Dixons Retail has said that a clear customer-focused strategy, combined with the demise of competitors including Comet, had helped it boost UK multichannel sales by a quarter to take more than a fifth of the UK electricals market during the past year.

The owner of brands including PC World and Currys said it had grown UK sales by 7% to £4bn in the year to April 30, taking an estimated 21% of the electricals market. It put its success down to a customer-focused approach that includes multichannel services such as, most recently, pay&collect, designed to give customers access to the full range of products from their local store. The retailer also moved to reward stores for online transactions made locally.

Looking forward, Dixons said it would move its last order time for next-day delivery to 10pm, a move that it said would "provide customers with greater choices as well as increasing our delivery densities."

It will also move forward with a store transformation programme that has so far seen 323 stores improved and new megastore and superstore formats evolve. In the long term, it said, it planned to have an estate of 380 to 400 stores in the UK. "Customer shopping patterns continue to evolve and we will ensure that we actively manage our store portfolio so that we provide customers with the right store formats in the right locations," it said.

The update came as Dixons reported a boost to group sales, including that 7% boost to UK trading. Weak trading in southern Europe held back total sales to a 4% rise, to £8.2bn, while like-for-like sales also grew by 4%. Pre-tax profits rose to £94.5m, up from £82.1m in the previous year.

The company said it continued to reorganise PIXmania, with 19 stores closed during the year, and headcount reduced from 1,400 to 649 in France.

Sebastian James, Group Chief Executive, said: "It has been a good year for Dixons Retail with underlying profits up by 15%, and a great year in the UK and Ireland with profits up by 39%. We have returned to growth for the group as a whole, and also to a net cash

position, marking an important milestone in our transition from survivor to winner."

He said the success had been the result of a "fundamental shift" to the company's philosophical approach, rather than short-term changes. And he added: "The economic backdrop remains tough; we will have to strive hard to keep up our momentum and will flourish only if we continue to offer ever higher levels of service, and the sharpest possible prices, no matter which channel our customers choose."

"The year ahead offers many fantastic opportunities for us and we have plans which touch every part of our business to make things better, easier and faster. I believe that many of our stores are now among the very best in the world, but I recognise that we need to make sure that the experience in our stores is completely consistent – from Truro to Tromsø; every day we must find new ways to surprise, delight and improve the lives of our customers."

### APPLIANCES AND ELECTRONICS SITES RANKED BY SHARE OF UK VISITS

WEBSITE	DOMAIN	VISITS SHARE
1 Curry	<a href="http://www.currys.co.uk">www.currys.co.uk</a>	10.74%
2 The Carphone Warehouse	<a href="http://www.carephonewarehouse.com">www.carephonewarehouse.com</a>	6.00%
3 Orange Shop	<a href="http://shop.orange.co.uk">shop.orange.co.uk</a>	4.49%
4 O2 Shop	<a href="http://www.o2.co.uk/shop">www.o2.co.uk/shop</a>	3.46%
5 3 Store	<a href="http://threestore.three.co.uk">threestore.three.co.uk</a>	3.18%
6 T-Mobile UK Mobile Phone Shop	<a href="http://www.t-mobile.co.uk/shop">www.t-mobile.co.uk/shop</a>	2.79%
7 Tesco mobile	<a href="http://phone-shop.tesco.com/tesco-mobile">phone-shop.tesco.com/tesco-mobile</a>	2.57%
8 Maplin Electronics	<a href="http://www.maplin.co.uk">www.maplin.co.uk</a>	2.42%
9 ebuyer.com	<a href="http://www.ebuyer.com">www.ebuyer.com</a>	2.37%
10 Phones4u	<a href="http://www.phones4u.co.uk">www.phones4u.co.uk</a>	2.24%
11 appliances online	<a href="http://www.appliancesonline.co.uk">www.appliancesonline.co.uk</a>	1.96%
12 EE Shop	<a href="http://shop.ee.co.uk">shop.ee.co.uk</a>	1.94%
13 Tesco Shop	<a href="http://phone-shop.tesco.com">phone-shop.tesco.com</a>	1.49%
14 TomTom	<a href="http://www.tomtom.com">www.tomtom.com</a>	1.28%
15 espares	<a href="http://www.espares.co.uk">www.espares.co.uk</a>	1.19%

Source: Experian Hitwise

## POST OFFICE DELIVERS

Royal Mail and the Post Office are to launch the UK's largest 'click and collect' network to support online shopping growth by providing greater choice of convenience parcel delivery options for online retailers and their customers later this year.

Around 10,500 Post Offices will be taking part in the initiative which will enable online retailers to offer shoppers the opportunity to order items for collection at their local branch. More than 4,000 will offer access to items ordered through click and collect outside the usual Post Office opening hours.

Royal Mail is currently talking to a number of large online retailers about integrating their service into their websites later this year and the company plans to extend the service to smaller retailers in 2014.

## PRIMARK SELLS ONLINE

Primark clothes have gone on sale online for what is believed to be the first time, thanks to a tie up with fashion pureplay Asos.

Asos is now listing a limited range of clothes from Primark, known for its fast fashion at low prices, on its website, including a skater dress and a parka.

Primark told news agency Reuters that it was running a "very limited trial" of selling online through Asos that it said would give it "some insight" into eetailing.

Primark, part of Associated British Foods and founded as Penneys in Ireland in 1969, currently has 257 stores including 161 in the UK and the rest in seven European countries. Until today it stood out as a retailer that had yet to trial ecommerce.

## IMPROVEMENTS TO MOTHERCARE

Mothercare executives have said the multichannel nursery retailer is “moving in the right direction” after a year in which sales decline has slowed, losses have narrowed and online sales have seen a significant improvement.

A year into its transformation programme, the retailer said, in its full year results that its Direct in Home online sales grew by 18.2% in the final quarter of its financial year, taking total sales growth in the channel to 4%, following the move to a new online platform and the introduction of improved delivery options to store and to home. These included the introduction of click and collect in May, which already accounts for about 20% of online sales.

“We are becoming more competitive online and offering the services that many other businesses have been doing for some time,” said Chief Executive Simon Calver in his review of the business. He added: “Whilst our Direct in Home sales have responded well to the improvements we have made during the last year, Direct in Store sales have been disappointing and at £33.9m were down 11.5%.”

## TESCO ENTERTAINS EXPANSION

Tesco has appointed a new head of digital content as the supermarket group pushes forward in its mission to develop a customer-centred approach to its online entertainment services.

Michael Comish, founder of the Blinkbox online streaming service which Tesco bought in 2011, has been promoted to Tesco Group Digital Officer. He will lead a team of 300 people working across Tesco’s digital entertainment and will also work with Tesco to shape its multichannel strategy. He will be responsible in particular for digital entertainment services that include Tesco’s Clubcard TV, ebooks business Mobcast, and digital music services We7.

Cornish told The Telegraph: “We’re going really fast on this,” with three products launching in 2013 and its new development centre at Blinkbox’ 30,000 sq ft digital campus in Clerkenwell, London, opening in the Autumn.

A Blinkbox spokesman said that of the three new product launches this year, Clubcard TV was already launched, Blinkboxmusic was now in beta, and Blinkboxbooks would launch later this year.

## AMAZON TOPS WORLD’S MOST VALUABLE RETAIL BRANDS, WITH TESCO IN FIFTH PLACE

Pureplay giant Amazon is the world’s most valuable retail brand, according to a study by Millward Brown Optimor. Its BrandZ Top 100 Most Valuable Brands study, reports the retailer to be worth \$47.5bn, 34% more than at the same time last year. It is placed 14th overall amongst all global brands with Apple, worth \$185bn, in first place, followed by Google (\$114bn) and IBM (\$112bn).

While Amazon has overtaken fellow US retailer Walmart (\$36.2bn, +5%) to head the list of brands that are primarily retail-focused, UK multichannel retailer Tesco comes in fifth place, despite losing 9% of its value over the last year to be worth \$16.3bn, according to the study.

Other European brands in the top 10 retailers included Ikea and Aldi.

Robin Headlee, Vice President of Millward Brown Optimor, said: “Amazon has retaken the top spot by putting the

customer first. This year’s ranking shows that consumers are recognising the efficiency and good value they get from large retailers but our analysis reveals that brands’ desire, trust and user recommendation ratings have declined slightly in the retail category.

“To get to and stay at the top, a retailer also needs a strong, consistently executed promise and they must be innovative and responsive in creating ‘meaningful difference’ that makes them personally relevant to consumers.”

The BrandZ Top 5 most valuable retail brands of 2013 are:

1. Amazon \$45.7bn
2. Walmart \$36.2bn
3. The Home Depot \$18.5bn
4. Ebay \$17.7bn
5. Tesco \$16.3bn



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# MOBILE'S MOST VISITED

The IMRG-Experian Hitwise Mobile Hot Shops List has revealed the UK's top 10 mobile retailers by site traffic for the first time, with Amazon UK being as dominant in the mobile traffic space as they are over desktop visits. Between them, the Amazon UK (1st) and Amazon.com (3rd) sites accounted for over 10% of mobile visits to retail sites in April 2013, with Argos (2nd) receiving 2.3% of visits.

Overall, there are very few differences between those retailers appearing in the mobile and desktop site visits lists. The notable exception is the absence of Apple (2nd in the desktop rankings) from the mobile list, which suggests that users have a stronger tendency to browse and download music into iTunes on their

PC before transferring onto a mobile device.

The report finds that Orange, (+45 places), Carphone Warehouse, (+25) and Netflix, (+22) are the fastest growers in the past year, while the collapse of Blockbuster appears to have had an effect – LoveFilm, Cineworld Cinemas and Netflix all rose in the rankings compared with May last year. A number of fashion retailers rose in the rankings: Zara (+13 places) Boohoo and Boden (+11), ASOS and Very (+3) and Next (+1).

Top 10 UK Mobile Sites: 1 Amazon UK, 2 Argos, 3 Amazon.com, 4 Next, 5 Tesco, 6 Debenhams, 7 Marks & Spencer, 8 ASOS, 9 John Lewis, 10 New Look

## HOF PRIORITISES RESPONSIVE DESIGN

More than half of the online traffic to House of Fraser now comes from touchscreen devices with the department store announcing that it would prioritise the building of its responsive website for mobile and touch devices ahead of work to its desktop version. A new site is due to be launched later this year.

"With more than 50% of our online traffic coming from mobile devices, it is a clear indication of how rapidly consumer shopping habits are evolving," said Andy Harding, Executive Director for Multichannel at House of Fraser. "We're increasingly becoming a nation of 'on the go shoppers' and as one of the largest online retail destinations, we need to ensure we're providing our customers with innovative solutions to suit their busy lifestyles."

House of Fraser is also transferring mobile successes to its desktop site. The stock locator has proved popular on its iPhone app, as customers use it to check whether a product is in stock in their local store. That will now be replicated on its main website.

"Designing for mobile and tablet devices before desktop versions will soon become the norm and is a change we've already implemented," said Harding. "Having initially launched the 'stock locator' on the app it was a natural progression to offer this popular feature on the main website."

## PAY BY MOBILE PREDICTIONS

According to a wide-ranging research report from Berg Insight, in-store mobile wallet payments in EU 27+2 is forecasted to grow from less than €0.1bn in 2012 at a compound annual growth rate of 275% to reach €45bn in 2017. This will correspond to 1.6% of the credit card and debit card payments at the end of the forecast period.

Many new projects are now being initiated and by the end of 2013 there will be mobile wallet services commercially live in nearly half of the EU27+2 countries. The companies behind these wallet services include many of Europe's largest mobile operators, banks and retailers such as T-Mobile, Orange, Telefónica, BNP Paribas, Barclays and Auchan.

In North America, mobile wallet users completed in-store payments for a total of US\$ 0.5bn (€0.4bn) during 2012. However, the vast majority of these payments were made using Starbucks' phenomenally successful smartphone app, whereas mobile wallets that can be used at multiple merchants have yet to gain traction. In the longer term, universal mobile wallets such as those provided by Isis, Google and MCX will drive the majority of the mobile in-store purchase volume, which is expected to reach US\$44bn (€33bn) by 2017.



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# New Look: Existing for the customer

New Look has recently announced a management restructure, online growth of over 50% and is part way through a three-point turnaround strategy. *Emma Herrod* spoke to Shivani Tejuja, the company's Multi-channel Director, about balancing daily trading with change and innovation.



**L**AST MONTH, New Look announced a 2.5% increase in sales across the group in its full-year results to 30 March 2013 with like-for-likes during the second half of the year returning to positive figures. Group adjusted EBITDA was up 29% to £189.2m, an encouraging sign for Chairman Alistair McGeorge that his three-point turnaround plan of cost savings, profit margin improvement and revenue growth is delivering real results.

Those cost savings are being invested back into the business; improvements to the online channel resulted in a 50.1% increase in online sales during the year with online sales amounting to £94.1m and the new Concept store format, designed to complement cross-channel services such as Click & Collect and Order-In-Store. In some of the stores, New Look also features QR codes and in-store tablets that extend the range. In general, the concept store format has been extended to 145 stores with ambitions to have all stores refurbished over the next three years. The company currently has 586 stores in the UK, down by 11 on the previous year following moves to optimise the store estate.

New Look is also looking at potentially investing in apps for mobiles and tablets with social media being one of the focuses. By the end of the financial year the retailer had over two million Facebook 'likes' and more than 93,000 Twitter followers. Its blog, NL Daily, saw 4.9m visits over the course of the full year.

The increase in online sales has been brought on "by continual improvements to the website and operations," says Shivani Tejuja, Multi-channel Director, New Look, who comments: "we are continually testing and learning."

### CROSS-CHANNEL

The company is expecting to see the same growth trajectory for online sales in the next financial year – online sales accounted for 8.5% of sales at the end of the financial year.

"All of us [from the board down] are aligned on the journey and cross-channel is one of the key components," says Tejuja. "It's critical we get it right," she says outlining how her role is to help champion and deliver customer experience across all the mediums she has "to play with" including investing in talent as well as the website, customer experience, listening to customers, mobile web and apps.

But, while the business is investing in cross-channel it doesn't see the customer in that way since customers are interacting with the



business in all areas. Looking at percentage of sales by channel or cross-channel is purely a question of "attribution model," she says. That's not to say that New Look doesn't have the data on how and where its customers interact with the brand on their journey but that "we fundamentally believe in cross-channel because it's successful," says Tejuja, although at New Look cross-channel is referred to as "customer experience," a term meaning channel agnostic.

"Cross-channel starts with a mindset and everyone has bought into the idea," she says. Some products are online exclusives with online feeding back to Buying and Merchandising ensuring that product is available to customers when and where they want it and everyone ►



## PARTNERING FOR SUCCESS

New Look opened its first shop in Taunton, Somerset, in 1969. Its reach now extends to 586 shops in the UK, 56 international stores and a further 126 franchised stores employing nearly 18,000 people in the UK and abroad.

Its head office is located in Weymouth, Dorset, but in 2009 various departments were moved to London including ecommerce, marketing, buying and merchandising. There are 450 staff in the London office and that number is increasing. On the day we met, Tejuja was interviewing for 13 new posts. "I have a fantastic team and we're building on that," she says but good people with the right skill set are hard to find and retailers need to retain them once recruited.

New Look's ecommerce site runs on an ATG platform with English language sites for the UK and the EU and delivery to 120 countries. It also sells online via Asos and is setting up its own chain of stores in China and has plans to expand in Russia.

When it comes to ecommerce and technology, Tejuja comments that they are "trying to make sure key functions sit in the business with the right partner on hand to provide flexibility and enable them to scale in areas such as IT and customer service. For example, customer service is outsourced to Sitel and they are available to pick up at busy times such as during a sale and help with social as well. "It's about having open dialogue with third parties and building in flexibility," says Tejuja. She's keen to point out the effectiveness of her in house social team which interacts with New Look's 2.1 million followers. "Social is in house she says but Sitel could investigate the customer's query such as 'where's my order'," says Tejuja. "We have to do what's right for the customer."

aligned with the customer. "The reason we exist is for the customer," she comments.

## CUSTOMERS

And what's right for New Look's customers is "to help them look good, feel great and have fun. It's

about having social, mobile and in store technology" and is exemplified by running events across channels such as pop band Little Mix singing in their Westfield store to launch their own nail collection. The 'meet and greet' opportunity was run across Twitter and Instagram "because our customers are multichannel," explains Tejuja. "It's a two-way street."

She emphasises how the business is listening to customers as well as engaging with them and interacting, showcasing product online for preview before it's released and getting early customer reactions and feeding that back to the buyers to support order levels.

As other retailers are finding so too is New Look realising that its customers' behaviour is changing. Yes, there are things that they expect in terms of great product, a certain price point, free delivery, a simple returns procedure but "customers may not know what they want yet with regards to technology in store," says Tejuja - but what is apparent is that they are "becoming more hungry for new".

But what works for one retailer's customers may not be suitable for New Look's customers - such as costly one hour delivery on a small basket value - but "you have to test and learn and see what resonates with your customers."

## SINGLE VIEW

The business doesn't have single view of its customers yet nor of stock. On the operational side, fulfilment for online orders was brought in house during this past financial year with the company's Lymedale distribution centre fulfilling online and Click & Collect orders and store replenishment. The stock is still held in separate pools but it is within the plan to combine them.

On the customer side, "we're on a journey to achieve single view," says Tejuja, explaining how they are trialling enhancing the customer experience in store with upselling when a customer picks up a Click & Collect order in store. Rather than just handing the shopper their package, store staff will undo the package and use it as an opportunity to personalise the experience, for example to suggest an accessory and put the item in a New Look bag. Going so far as to look up the customer's past purchasing behaviour may be right for some customers but may be a step too far for others, she believes, "Our goal is how to enable our stores to meet different customers' needs," she says.

Tejuja, while keen on testing and learning to see what resonates with customer appreciates that it's easy to run A/B testing online but it's



harder to test things in the physical world. She's happy with building things in the "simplest, scrappiest way possible" in order to be agile and if it works it can be rolled out to the full store estate and if it doesn't work "I can pull it," she says. The customer may not know what they want yet in terms of in store technology she explains so the business has to find out what resonates with them. She believes that it's better to get something in front of the customer and find out if works for them or not than to spend time and effort on testing behind closed doors. QR coding in New Look's flagship Marble Arch store is one example of something that hasn't been picked up as strongly by customers.

### IN STORE TECHNOLOGY

The Marble Arch store has tablets attached to the walls for customers and staff to use as well as large screens displaying product, 'padequins' - mannequins with iPad heads showing different faces to grab shoppers' attention - and tablet-wielding staff. However, customers "come into a store to be social and shop, not look at a tablet on a wall," believes Tejuja.

The tablets for staff to use when interacting with customers is one concept that will continue for now with Windows 8 tablets being rolled out to a further 23 stores to test. Through these, staff will eventually have access to the employee network, as well as being able to help customers and communicate with support staff. "The aim is to make it part of the staff's daily life."

Staff in the stores will be supported by Tejuja's multichannel team so that expertise can be shared, where appropriate. For example, some stores operate their own Facebook page and they will be given additional support by the social experts in the multichannel team who can use the main New Look Facebook page and geotargeting to test and support the individual stores. The extended trial will also discover how staff want to interact with customers socially - one possibility is that staff can use the tablets' camera to post pictures of themselves wearing New Look clothes. "It's learning," says Tejuja but that works both ways since "store staff are the people talking to customers day in day out."

### FUTURE PLANS

Tejuja has a three-year plan for innovation including A/B testing as much as possible on the newlook.com site, which receives some 2.5 million visits per week. Currently she's testing content with product displayed on mannequins versus models versus 'unrecognisable' models. New Look is also looking at its mobile offering



“Store staff are the people talking to customers day in day out”

and multiscreening and whether responsive design is enough to cover all screens and then asking how apps fit into that.

Tejuja comments: "Mobile is really important and mobile in cross-channel even more so since there is so much bleed. The question is whether you need to deliver the technology or enable what the customer brings to the store".

So how do you balance all this innovation with daily trading at the fast pace required by faster fashion?

"My head of ops and planning is like a COO running daily trading," says Tejuja, who is swift to mention that that doesn't mean she's not involved. "Everyone is impacted by daily trading," she says, with some roles spending more time on testing, learning and the future with others organised and focused more on daily trading. "You have to give as much time as the daily trading needs since that's what the customer requires," she says.

And what of the future for New Look?

Chairman Alistair McGeorge, recently commented that the company's long-term goal ►





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remains the same: to cut debt through profit growth and strong cash flow. "The strength of our financial turnaround has also enabled us to address our capital structure, with the successful refinancing of our debt, extending maturities to 2018. This gives the business a five year runway for Anders [CEO Anders Kristiansen who joined the business earlier this year] and his team to continue to improve performance, drive forward our international expansion and develop further our online and store development," he comments.

Kristiansen believes that "New Look is now well positioned to explore exciting development opportunities of new markets in

“It is early days for New Look’s expansion into China”

Eastern Europe and south-east Asia - specifically Russia and China. As our future expansion strategy is for depth rather than breadth, we aim to concentrate on markets where we can develop a significant presence”.

It is early days for New Look’s expansion into China. A management team has been appointed and plans are being developed for the company’s first Chinese store to open in March 2014.

As far as international multichannel is concerned "It is early days yet," says Tejuja. The company will have a multichannel offering in China, "albeit phased" and she also hinted that there is potential for further country-specific sites. 

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# Social Gathering

An average of ten per cent of marketing budgets is assigned to social media initiatives, according to Social Brands 100. *Emma Herrod* takes a quick snap shot of the social news.

**V**ideo game Battlefield has taken the number one spot in Social Brands 100 – the annual report of brands leading the way in social. The ranking is dominated by retail this year with the industry making up 25% of the list overall. The travel sector is also making its mark with four brands featuring in the top ten.

The research has found that brands are starting to make the most of social for their customer care with scores averaging lower for engagement metrics, suggesting more could be done to better connect with people and create long-term loyalty.

Steve Sponder, Headstream Managing Director says, “With Social Brands 100 research showing an average of 10% of marketing budgets assigned to social media activity, it’s firmly part of the mix now. It also feels like more brands are getting to grips with engagement in social spaces than a year ago. The challenge is not only getting customer service right in social spaces, but creating content which creates a loyal community of advocates in the long term.”

Social media analytics provider Socialbakers, which partnered with Headstream for the research, measured brand engagement on Facebook, Twitter and YouTube over a six-week period using a set of key performance indicators to create a Data Score. Argos and Tesco topped the listing for retailers, coming in number 7 and 9 in the overall listing. Thomson Holidays and Thomas Cook achieved fourth and fifth overall.

## PLATFORMS

When you look at brand performance by platform, all of the Social Brands 100 for 2013 are active on Facebook, 99% on Twitter and 94% on YouTube. If a brand is not present on all three platforms it should understand why it isn’t.

In 2012, 49% of the Social Brands 100 were active on Google+ and Pinterest. Results from this year’s survey indicate that those figures have risen to 69% on Google+ and 66% on Pinterest, with approximately 70% planning to increase activity on these platforms in 2013.

Almost 70% of the surveyed brands also plan to increase activity on Instagram. These figures beg the question whether the top three platforms will have turned into a top six by next year?

Meanwhile, social analytics company Addshoppers has recently put a value on social media for ecommerce stores in the USA.

- The average tweet is worth \$1.62 to online retailers;
- Every pin drives an average of \$1.25 in revenue to an online retailer;
- The majority of products shared on Twitter are electronics;
- The average online order influenced by a tweet is \$181.37;
- Product shares via email have the highest likelihood of turning into a purchase;
- More people share apparel products than any other product category;
- The average online order influenced by Tumblr is \$200.33, the highest of any social networking site.

## FACEBOOK

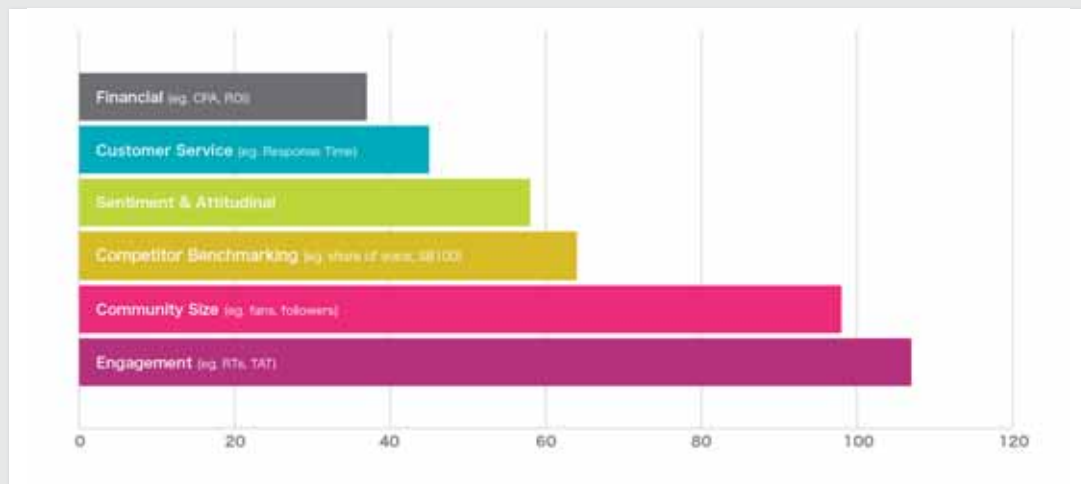
The latest news from Facebook is that it has introduced clickable hashtags; similar to other services like Instagram, Twitter, Tumblr or Pinterest, hashtags on Facebook allow people to add context to a post or indicate that it is part of a larger discussion. When clicking on a hashtag in Facebook, users will see a feed of what other people and pages are saying about that event or topic and be able to join in the public conversation.

It also means that people will be able to search for a specific hashtag from their search bar, click on hashtags that originate on other services, such as Instagram and compose posts

## SOCIAL BRANDS 100 TOP TEN

Ranking	Brand	Industry
1	Battlefield	Entertainment
2	American Airlines	Travel
3	Lufthansa	Travel
4	Thomson Holidays	Travel
5	Thomas Cook UK	Travel
6	Innocent	FMCG
7	Argos	Retail
8	SEAT Mexico	Automotive
9	Tesco	Retail
10	Dr. Martens	Retail

## HOW DO YOU MEASURE SOCIAL MEDIA PERFORMANCE



Source: Social Brands 100

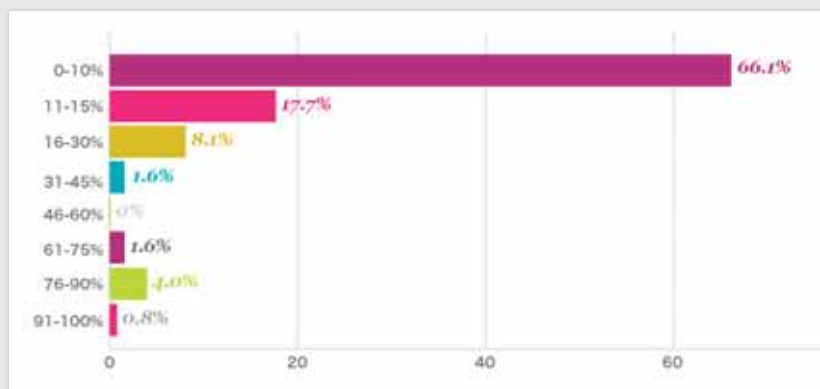
directly from the hashtag feed and search results.

Facebook says that hashtags are just the first step to help people more easily discover what others are saying about a specific topic and participate in public conversations. "We'll continue to roll out more features in the coming weeks and months, including trending hashtags and deeper insights, that help people discover more of the world's conversations."

There's still a lot of innovation going on from within Facebook and companies are leveraging the platform in new ways every day, explains Nicolas Franchet, Facebook's Head of Customer Marketing for E-commerce. Engagement and relevancy are key and Facebook is a great segmentation tool. Facebook Exchange enables shoppers to be retargeted on Facebook while Custom Audience, another tool launched in past year gives retailers the ability to upload information about their customers – such as members of a loyalty scheme – and to create a proprietary cluster with whom they can interact separately, or just new customers or lapsed customers for example. With lookalike targeting retailers can find people who look like their customers. "We make micro-segmentation possible," says Franchet.


This is highlighted by Fab.com which narrowly targets everything on its site to the right Facebook customer making them 10x more likely to buy. Built from the ground up to be social, Fab receives 30% of its traffic from

## % OF MARKET BUDGET COMMITTED TO SOCIAL



Source: Social Brands 100

Facebook with 50% of daily logins coming from Facebook Connect.

"Social is a good way of getting new people onto our database," comments Guillaume Brocart, Digital Marketing Manager, T.M. Lewin and it has also proved a revenue generator for the business. The company used the social buzz of Facebook with an email teaser campaign and leaflets in store to increase its social media presence by running a competition in which entrants had to research and answer 5 questions about the company and its shirts. T.M. Lewin knew that competition entrants were already engaged with the brand to a certain extent and "10% of the entrants converted online," says Brocart. Store revenue also increased by 15% above normal sales with new customers becoming more loyal "and converting sooner" than those acquired through other channels such as paid search. 





# Business Solution

**B**ODEN, the UK-based international clothing retailer known for its bold patterns and bright colours, carries a wide array of clothing options for men, women and children, in many sizes, styles, colours, and price ranges.

The company wanted to ensure that its online shopping experience was fun, fast, and visually appealing. It wanted to mirror the experience of browsing its mail-order catalogue, ensuring that its search process minimised confusion, offered ideas for mixing and matching different pieces, and made it simple to provide people with exactly what they're looking for.

Paul Knutton, eCommerce Manager Boden said, "We knew that effective and easy-to-use site search has a direct impact on revenue. When site search works well, people who use it buy more, they stay on our sites longer, and they convert at a higher rate. Site search is as important to us as layout and design and shopping carts when it comes to crafting the online experience."

## BUSINESS SOLUTION

The Boden team chose Learning Search from SLI Systems (with full service and expert advice) during a re-launch in 2006, originally as a stopgap until they could engineer their own solution.

The team soon realised however that the power of Learning Search to deliver more accurate and relevant results for customers by "learning" from past site search activity and tracking visitors' search queries and click-throughs, meant an improvement in the overall customer experience and, therefore, an improvement in overall ROI:

- Site search users convert 1.77 times

more often than the site average, and spend 21% more

- Visitors who use the search box are worth more than 215% more per-visit than the site average
- Product page views increase by 31% for site search users
- SEO landing page merchandising banners deliver 10% sales lift



Knutton recognised that the SLI solution was a better option than trying to design the search on their own, which would have been a complex and time-intensive task. "This wasn't just a decision about technology, although Learning Search certainly had all of the essentials we needed, such as merchandising and customisability, and fast and easy implementation," Knutton says. "We realised right away that the experts at SLI could respond to any request we had during implementation and beyond – and this has never changed in our seven years of working together."

SLI's full-service expert approach led Boden to deploy additional SLI site search products and features. Boden now uses Rich Auto Complete, which automatically shows suggested search terms and related product images as soon as a visitor types the first few letters into the search box. "The product images give our customers an instant visual cue, guiding them to the best item for their search", Knutton explained. This feature has resulted in

a 31.25% increase in product page views, a 1.8% increase in Average Order Value, and 2.25% more order confirmation page views.

Boden also leveraged the power of Learning Search to deliver a wide array of search refinements to help people find exactly what they seek. Visitors can click a number of boxes next to standard categories like age range, body shape, gender, style, size, colour, and type of clothing (e.g. knitwear, tops & t-shirts, accessories), and see only results that are a perfect match for all their selections. The retailer even offers refinement options that integrate user ratings and reviews, such as top rated by age, height, shape and size.

Another innovative SLI feature Boden take advantage of are organic search merchandising banners, which populate SEO product landing pages with site search-driven banners showcasing suggested popular items that match the search term. These banners significantly increase the value from organic search traffic to product pages, resulting in a nearly 11% increase in orders and an almost 10% increase in conversions.

## BODEN AND SLI TODAY

Boden has seen its site search become an ever-increasing component of its online business. "By gaining insights about how our customers search for and talk about our products, we can constantly improve the online shopping experience and better merchandise our collections," says Knutton. "SLI Systems' technology and knowledge of best practices have helped us develop eCommerce and mobile commerce sites that respond to customer needs in an ideal way – and our improved conversion rates and page views are proof of this." 🛒



# Anti-data and the toilet rim

Big Data and now Dark Data are all the rage, but Ian Jindal - himself a rabid advocate of data acquisition, quality and usage - pauses to ask whether we are creating a well-stocked store cupboard of ingredients without the recipe for a tasty dinner. Where is the 'Big Insight' to match Big Data?

One of the hottest topics in the executive inbox at the moment is Big Data. After the Big Dig, Big Lunch, Big Society and maybe, as a segue, Big Brother, the term Big Data fits into that amorphous family of Big Stuff. Yes, 90% of the world's data may have been created in the last 10 minutes, and yes we'll need a good few zettabytes just to store our own iPhone videos, and yes we'll link every system known to retail into a humungous bucket of stuff... leaving us with the question of "so what?".

Don't mistake this challenge for a luddite, data-unfriendly position. Data has become evermore fundamental to retail due to three factors: being able to capture more data points than before; being able to share, aggregate and correlate these data points; and being able to analyse, synthesise and report upon the data.

Data points can reveal further insight when processed, mined and correlated, but we need to have care about our collection model. An insurance company assessing a haulage company's risk may benefit from knowing the driver histories, their medical background and perhaps their ability to deal with stress and key events imminent in their lives. This previously-unavailable "Dark Data" is - like the analogous 'Dark Matter' in cosmology - by far the larger part of data, but hidden away out of our grasp. The hunt to

identify, acquire and use Dark Data is therefore 'on'.

However, we also need to consider carefully the mental models we create about data sources and their relevance - these will affect the data we seek to collect. Consider your average bacteria living happily in the toilet bowl of life. Based upon observed phenomena in their short lifetime, their folk knowledge to link a blinding light to a catastrophic flood at least once per generation (light on, then flush). According to myth, some of the deluvian episodes are preceded by a terrible, burning plague that destroys the majority of the population (a Domestos moment). This information will pass into bacterial mythology, but there's no point asking them about who composed the music playing on the radio in another room, or the artist's cumulative sales in Japan that year. It's not only beyond their comprehension, it's of value neither to the bacteria, nor the radio station nor the Japanese music fan.


One could see data acquired at such a stretch as being "Anti-data", where the cost of collection and management exceeds the discovery value.

Anti-data can also be formed as a result of incorrect assumptions. Are large numbers of clicks/visits a result of great engagement or a customer who's lost? Is a long dwell time a compliment to our riveting content or a sign that the site is impenetrable and the customer confused? Either

are possible, but require additional data before we can know. One approach is to collect all data possible, another is to gain qualitative insights into the customer's behaviour and then selectively seek correlating data points.

Savvy retailers - never known to waste a penny - will balance the cost of 'everything' with the cost of knowing nothing and look to find a profitable medium. Much as a small amount of anti-matter exists in our material world we can welcome some anti-data as a source of illogical leaps and flashes. We can also tolerate some anti-data in the mix without spoiling the directionally-correct value of indications.

As we look outside of our business' owned data points and seek to appropriate, acquire and use other sources we need to develop insight approaches that are exploratory, revelatory, behavioural and personal. Walking in our customers' shoes, understanding their motivations, qualitatively exploring their perceptions of our brand and proposition - these 'softer' approaches will give us a human contact with customers and allow us to direct our journey through the world of Dark Data to the areas of most benefit and relevance, avoiding catastrophic brushes with Anti-data along the way.

Meanwhile, there will be someone measuring whether the antibacterial efficacy of a detergent is linked to Beethoven violin sonatas on Radio 3. 



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# Retail review

As customers and retailers look across all touchpoints rather than siloed channels, so IR retailer reviews look at the entire retailer's eco-system of website, mobile, the use of digital in store and their overall strategy. Longer in-depth analysis of the four areas can be viewed online at [www.internetretailing.net](http://www.internetretailing.net). This issue our reviewers examine Argos.

## RETAIL STRATEGY 25/25

**Emma Robertson,**  
*Managing Director, Transform*

For a retailer whose 'check and reserve' model pre-empted the stock availability and immediacy benefits of click and collect (albeit through a less digitised approach) it's no surprise that Argos has long been perceived as a leader within multichannel retail. This is supported by the fact that multichannel now accounts for 51%, and mobile around 10%, of total company sales.

It's worth admitting a bias upfront. Argos is a longstanding client of Transform's, from the development of its first transactional website to the implementation of an ambitious multichannel strategy which now allows customers to choose from 14 order and fulfilment combinations.

Core to the Argos proposition is a shopping experience that is more local and accessible than that of its competitors, and even the likes of Amazon and John Lewis, who compete fiercely with Argos on range and service, would struggle to replicate its high street heritage. It is perhaps in the past year that Argos has made the greatest strides with a focus on three key areas: online customer experience, mobile and delivery proposition.

## WEB EFFECTIVENESS 18/25

**Jamie Sands,**  
*User Experience Consultant, User Vision*

Argos offers the user a reasonably good online shopping experience with clear navigation and product

refinement. However the user experience is not as strong when viewing products. The site's product pages focus too strongly on alternative, upselling or purchase options. As a result, these pages reduce the perceived importance of the customer experience on these pages.

## MOBILE 17/25

**Chris Brassington, CEO,**  
*Starfish 360*

On first impressions, it's easy to see why Argos accounts for the second largest share of mobile site visits in the UK. However, delve a little deeper and you begin to ask, how much could that share be if they improved their engagement strategy for mobile shoppers? The mobile site and apps do what they are designed for but there is a real need for more attention to detail in the overall mobile proposition.

There are some minor design issues with the user experience and the user journeys are not very engaging, but more importantly the current mobile offering has not been developed as part of an integrated customer engagement strategy. For example, existing online accounts are not accessible on mobile thus preventing the customer journey continuing across multiple touchpoints.


Overall the Argos mobile site and apps are generally fit for purpose and easy to use, but they are standalone experiences for the customer rather

than an extension of their relationship with Argos.

## INTERNET RETAILING IN STORE 15/25

**Reeta Junankar,**  
*Consulting Manager, Javelin*

Argos is the one of the UK's leading multichannel retailers with an offering spanning web, mobile, tablet and stores; yet digital technology in store is somewhat limited. New digital catalogues sit alongside the paper version in store and enable customers to browse and check store stock on a screen but the customer is still forced to manually note down the catalogue number and take it to either a second 'Quick Pay' terminal or till to pay.

Check & Reserve accounts for a large percentage of total sales and the use of the Quick Pay terminals in store is designed to expedite this journey. User experience on both digital aids is functional but is not particularly inspiring or customer-friendly. 

RETAIL LEADERBOARD	
John Lewis	83/100
Argos	75/100
IKEA	75/100
Oasis	66/100



# INTERNET RETAILING AWARDS



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## The dizzying heights of ecommerce achievement

High above the lights of London, 400 top retailers reveled in the second Internet Retailing Awards at SushiSamba, Heron Tower on June 26th.

THE COMPETITION FOR EXCELLENCE in online retail was palpable on the night as the industry gathered to celebrate the success of the forward thinking and innovative brands that are shaping the ecommerce landscape.

The evening was alive with celebration, fabulous fusion food, far too much alcohol and the hottest dance moves from the retail world. Thank you to everyone who made it on the night and in particular to the big winners of our awards.

## The Winners



**Burberry winner of the Innovation Award**  
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Commended Winners: Made.com, M&S and Top Shop



**Oasis and Warehouse winner of the Omni Award**  
sponsored by Portaltech Reply

Commended Winners: Debenhams, John Lewis and Tesco



**eBay winner of M-Retailing Award**  
sponsored by NN4M

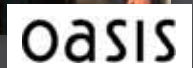
Commended Winners: Amazon, Debenhams, Domino's Pizza and Net a Porter Group

**Burberry winner of the IRIS Award**  
sponsored by Red Ant

Commended Winners: Apple, Dixons and M&S



**mattcurry:** On the @lovehoney fun bus to Bath, after a fantastic night at the @etail awards, best awards do I've been to by far





### Lakeland winner of the Customer Award

sponsored by SDL Fredhopper

Commended Winners: House of Fraser, John Lewis and Lovehoney



### Amazon winner of the Capability Award

sponsored by Magento

Commended Winners: ASOS, B&Q/Screwfix/TradePoint



### ASOS winner of the International Award

sponsored by MetaPack

Commended Winners: Net a Porter Group, Wiggle, Zalando



### Tesco winner of the Global Award

sponsored by Tryzens

Commended Winners: ASOS, H&M and the Net a Porter Group



### Lovehoney winner of the Internet Retailing Award 2013

sponsored by Venda and voted by our readers



### ASOS winner of the Judges' Award

as decided by our international panel of highly-experienced commercial leaders



**Hof\_Andy:** Great night at the @etail awards. Amazing food, fun crowd & sore heads all round this morning. @ianjindal knows how to throw a party!

## CONGRATULATIONS TO

**The Best Dressed Winners – Jenny Homer, Magento and Duncan Copeland, MySalonLooks**  
judged by Dressipi and prizes sponsored by FreshUp from WorkDigital.

SLI Systems London Landmarks quiz had six winners who won vouchers for London's top retailers;  
**Poppy Dinsey, Mike Warwick, Vladimir Dolgoplov, Katie Taylor, Christian Raben and Erika Ungar.**

And Venda's Photo Competition 'framed' a perfect evening, check out the winners and some great photos on Twitter with #VendaChallenge.

**CHECK OUT THE PHOTOS OF THE NIGHT HERE AND FEEL FREE TO ADD YOUR OWN TO THE MIX:**



**RELIVE THE NIGHT WITH VIDEOS HERE:**



The next party being planned is already bigger and brighter so visit [www.internetretailingawards.net](http://www.internetretailingawards.net) and follow @etail so you can be first on our guest list... you don't want to miss out on the most exciting ecommerce event of the year.



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# Internet Retailing Research Programme: International

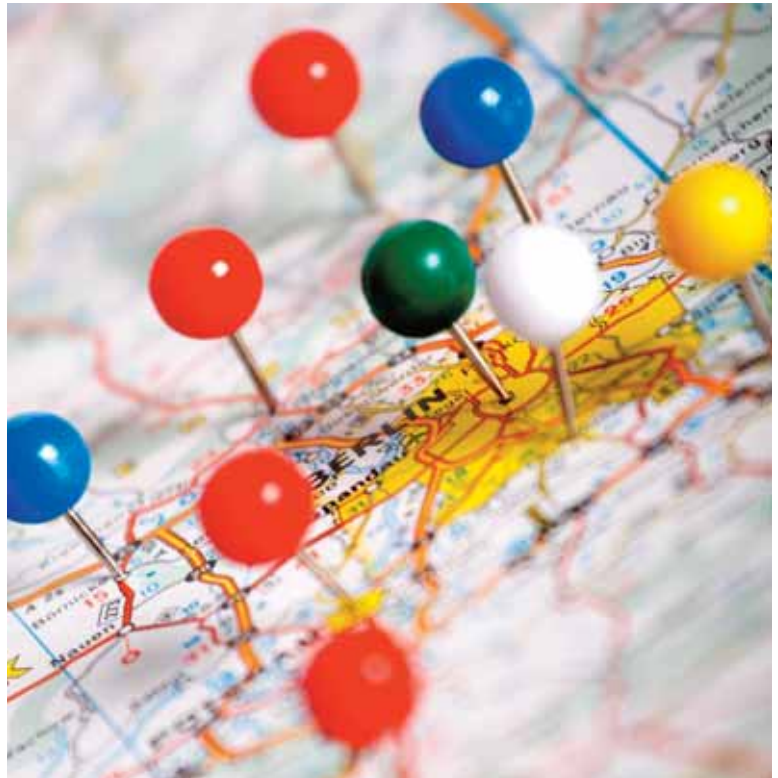
By Liz Morrell, Research Editor, Internet Retailing

**I**N RECENT YEARS retailers' focus has been largely concentrated on business at home – especially since the recession – ensuring their businesses are in the best shape to survive the economic downturn. But increasingly the growth opportunities offered by international expansion and the success that many of their peers have had either by simply selling overseas or expanding physically too means more and more retailers are looking beyond the boundaries of the UK for their future growth.

Expansion abroad offers huge opportunities for retailers whatever their size or scale. For retailers with store as well as internet businesses it offers particular opportunities for growth given that at home many are consolidating store networks. For smaller retailers it offers the same opportunities as their bigger rivals for opening themselves up to a broader customer base. It's no surprise that we all want to hear more about how retailers are planning to increase their level of trade overseas and how to do it.

"The evolution of ecommerce in recent years and the changing behaviours of today's online shopper have been a driving force behind the growth of international expansion," says Julia Priddle, Head of Account Management, EMEA at Channel Advisor – a leading provider of cloud-based ecommerce solutions that enable retailers and manufacturers to integrate, manage and optimise their merchandise sales across hundreds of online channels including Amazon, Google, eBay, Facebook and more. Their solution allows customers to leverage a single inventory feed to more efficiently list and advertise products online, and connect with shoppers to increase sales – vital when expanding into new markets. "Cross-border trade is no longer just reserved for larger companies with international hubs, warehousing abroad and thousands of staff; today retailers of all sizes are embarking on expansion and setting their sights on new regions," says Priddle.

Digital River's own multichannel commerce solution is designed to help companies of all



“Today retailers of all sizes are embarking on expansion and setting their sights on new regions”

sizes maximize online revenues as well as reduce the costs and risks of running a global commerce operation. The company currently manages 40,000 stores across gaming, software and physical goods, both B2C and B2B, in practically every country in the world, transacting over \$22bn in online sales. Its Chief Marketing Officer Scott Heimes says international is a trend everyone needs to be considering. "Almost every company doing business anywhere in the world hears the siren's song to "go global" through an ecommerce initiative; approaches range from "do nothing" to "do a little" to "do everything," says Heimes.

Certainly the opportunity is there with cross-border sales in Europe alone set to reach €36bn in 2013 to account for 10.6% of total online sales in the region, according to IMRG. "This rapid adoption of expansion can be attributed to many different factors; marketplaces such as Amazon are enabling retailers to seamlessly offer their products to new countries, online shoppers are looking further afield for the most





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competitive appealing products and global infrastructures are facilitating the efficient delivery of products,” says Priddle.

But the desire to trade abroad is the easy part. The reality of doing it is the tougher challenge. The first step is choosing the right market and then considering how you manage that local market. “We’re looking forward to gaining insight into the most desirable countries for retailers who are expanding, what operational challenges they are overcoming and the strategies and future plans of retailers operating internationally,” says Priddle.

Even international selling giant Amazon is aware it can always learn more from its customers. “Amazon chose to get involved in the International Research project in order to receive valuable feedback from sellers concerning their plans and requirements to expand internationally,” says Chris Poad, Director of Merchant Services for Amazon UK. “The input will help Amazon continue to improve the tools and services it offers to sellers to successfully grow their online business at home and globally,” he says.

Indeed operating internationally is about much more than simply opening up your domestic website to foreign credit cards and delivery addresses. Instead it requires dedication and focus to ensure it is done correctly and the right logistical, technical and local expertise to ensure your business will work in a different market.

Would be international retailers are faced with a number of challenges to overcome – ranging from the issues of language, currency, product licencing and availability, storage and distribution to the overall service level for a market that, unlike the UK, they are unable to control or manage as closely.

That can make the prospect of international expansion a daunting one but Poad points out Amazon, which has online marketplaces around the world from the US to Europe, China, Japan and India, can help retailers overcome that. “Amazon provides the tools and support to help businesses of all sizes expand globally, taking much of the complexity, cost and effort out of selling internationally,” says Poad.

As if establishing a local trading base isn’t tough enough there are other challenges too.

Derek O’Brien, Group Marketing Manager, Meridian Global Services which has been helping companies manage their cross border VAT obligations for more than 23 years, says there are a number of issues to plan for when managing cross border online selling with VAT


“Almost every company doing business anywhere in the world hears the siren’s song to “go global”

and Sales Tax obligations just two of the subjects retailers need to address. “To what extent are retailers aware of the fact that they may need to collect VAT or Sales Tax on sales to consumers based overseas?” asks O’Brien.

And international expansion also requires sensible thinking about retailers’ supply and fulfillment operations too. Do retailers plan to move or import increasing volumes of stock to new locations in order to be closer to the end consumer or are they planning to fulfil from the UK instead?

At Amazon, its FBA Export solution allows smaller sellers to opt into the programme and Amazon automatically enables eligible products for export. “When international customers place orders, Amazon picks, packs, and ships the product from the seller’s local inventory pool. FBA Export eliminates many of the traditional barriers to shipping products internationally and is a great way to get started with global selling because Amazon fulfils orders and manages the export process,” explains Poad. The solution also helps bigger retailers to sell abroad too.

Deciding to trade overseas is in essence an obvious move to make. The market opportunity after all is vast. But retailers do need to ensure their businesses are capable of expansion into a new, often unknown market. To make a success of international expansion they have to put international at the heart of their business and need to ensure they are set up to trade internationally rather than to simply view it as an add on business. It needs a re-shaping and re-integration of retailers business in the same way that the divide between store and web has had to be rethought.

“Every retailer has to adapt and evolve their business in order to attract and connect with customers. We hope the findings will help every retailer sharpen their international focus and enable them to become more strategic and successful in their overseas operations” says Priddle. We here at Internet Retailing hope that too and that this report, which follows the publication of our research report into the Customer Journey in May, will look at the opportunities, issues and challenges around international trade in detail and that it will deliver the answers that you, our readers, are looking for. Keep an eye out for the retailer survey which will hit your inboxes in the next few days and if you have any suggestions for comment, angles or would like to take part in the research for the report please email our research editor on [liz@internetretailing.net](mailto:liz@internetretailing.net). 



# Total Customer Engagement

*Felix Velarde, Managing Director of Underwired* examines the growing trend of 'Total Customer Engagement' and how this is affecting the future of marketing.

**W**HEN I WAS A KID, we used to shop in the same places all the time. We'd walk down the street and say hi to the butcher walking in the other direction. He'd always have a smile, and maybe make a cheeky comment about us kids. When we went into his shop he'd comment on what veg would go with the meat my mum had chosen, and tell her to say hi to Jeoff when we went into the greengrocer's next door. There was always a kind word. For decades my family shopped in the same shops. There wasn't anything called customer engagement. But that's what it was.

Nineteen years ago the web turned up, messed up customer experience by turning it on its head, reducing the shopper interaction to seven clicks, shopping carts, price comparison and basket abandonment. Almost twenty years on, we've learned a huge amount about technology, about acquisition, about usability, great design, optimisation and the always-on mentality. Having now come out the end of ecommerce's terrible teens, here are the things we now know:

- Retention only comes after acquisition;
- Loyalty only comes after service;
- Advocacy only comes after loyalty;
- Win-back only comes after failure;
- Three clicks is best, though if you have a process that takes more than ten by the time you've got the customer to seven she's unlikely to turn back and go to your competitor;
- Responsive design means you can make the experience similar across PC, tablet and mobile...
- ...and so on.

What we've also started to understand is that the customer is on a journey. Over a decade, we have perfected the art of defining that journey by understanding that there is a natural sequence that doesn't feel forced if you ask the customer to take the journey with you. This in turn, is based on the idea of the nudge - that one little step at a time can lead to significant change. When we look at where a customer is, what they like, where they go and where we want them to go, we can then readily develop a map of the

customer's journey from first point of contact to lifetime loyalty, in little incremental steps.

The art of customer journey planning, which came out of the in-store retail experience and the desire to drive customers past high margin discretionary items on the way to their target staples, has been translated to the online world and perfected over ten years by the specialist eCRM agencies like Underwired and others. And this customer journey, delivered using the cheapest digital channels, has been developed to allow brands to examine each little, incremental step on its own and optimise its performance. By extension, when lots of little increases in performance are added together, huge changes in revenue can be achieved. To illustrate this, by increasing revenue by 3% for a single step, when applied over 24 steps will double your revenue. We do this all the time.

By adding a dimension of customer focus to this rather technical, commercial focus, segmentation has been taken from its shopping experience roots (for instance, when our butcher would know that because ours was a three kid family, we'd be more likely to buy mince than a steak), via direct marketing thinking, properly defined in the early seventies, to the digital age. This digital age has allowed marketers to think in big numbers, to define shopping habits not through inference, but through observing behaviours from Google search to repeat purchase in an ecommerce system. Behaviour, enhanced by adding demographic data, married to motivation (back again to inference) gives us 3D segmentation. And 3D segmentation gives us the tools to develop different customer journeys for different types of customer.

All of this you're familiar with, I suspect. Marketing is now largely scientific. We can develop customer journeys for different customer types and take them from one step to another leading to maximal (or at least optimal) lifetime value.

It's been a revolution. And the kids have grown up. Almost twenty years on since the first days of the web and the painful birth of a new way of retailing, this discipline of how to engage with customers is finally about to emerge from its teens.

### SO WHERE DOES IT GO FROM HERE?

The next generation of retailing takes what has gone on up until now and builds on it. In actual fact the Next Big Thing is really simply an extension to everything you have just read: if you

look at how segmented customer journey planning has been expressed in practice, the next step in its evolution is quite clear. Thus far, we have made use of digital channels to do all of this. The web to capture attention, to engage people with the brand on the website (or landing pages), to engage and retain them using email, to convert them to customers using ecommerce.


And thus far, we've been viewing the customer journey as something we as master marketers define for our customers.

In fact, customers are on their own journey. They have lives, which are multi-threaded, which involve the web, and mobile, and walking down the street with their kids. They live lives ruled by their motivations, the people they listen to, their immediate needs, and their whims. And, critically, they are influenced by all sorts of things that aren't just digital.

The customer journey plan does work. It does have a crucial role to play - as marketers we must have a framework for holding the hand of the customer while we take them one step further: without it we don't know how to brief it to agencies, we don't know how to measure success and we don't know how to optimise it. But it ignores the fact that customers (actual real people!) have their own sequence, and they are unlikely to share it with us, even if they know it themselves.

One of the facets of this which informs what will happen next is that in real life, customers aren't just on email. They don't just use digital. Sometimes the critical nudge that will take the customer from point 16 to point 17 isn't online. We may have to reach them offline.

The customer journey requires us to think in a channel-agnostic, or multichannel, way. The future of this marketing discipline requires us to map the customer journey without assuming it will be served at every step by an online touch-point. If we do this, the customer journey plan we describe can more closely reflect the customer's own journey and the way she actually lives her life. By defining customer engagement on the basis of what nudges and steps are required first, and then adding in channel selections based on the customer's own journey, second, we can create single-minded, focused, multichannel strategies and campaigns.

This is the next generation of marketing. It's called Total Customer Engagement. It gives us the tools to leverage 3D segmentation and digital insight to deliver the kind of supreme engagement previously only delivered by the local family shop keeper. 

“One little step at a time can lead to significant change”



# SUITS YOU, MADAM

With the online fashion sector recording the highest returns rates in the industry, can personalisation lead to a reduction while also increasing conversions? *Emma Herrod investigates.*



**T**he excitement of receiving a parcel in the post after an online shopping expedition is the same in our house whether it's new school shorts or a dress for a special occasion. However, the excitement can easily turn to disappointment if the item doesn't match what was seen on the website, its quality or design doesn't meet brand expectations, or it simply doesn't fit.

Retail psychology expert Phillip Adcock, MD at Shopper Behaviour Xplained, explains that people tend to buy something because they love it or think it suits them. So when it arrives and doesn't fit they go through a cycle of emotions akin to grief, from denial – during which stage they try the item on several times – through to anger directed either at the retailer or themselves for being the 'wrong' shape, to acceptance when they take action and return the item or put it in their wardrobe for a time when it will fit.

Remote returns cost the fashion industry an estimated £90.76m in 2011, according to Conlumino, and also require extra journeys for couriers; Fits.me estimated that it takes 132 journeys to successfully sell 82 garments – or 1.61 journeys per sale.

So, how are retailers matching products to individual customers, personalising size, fit and style, to 1) reduce returns 2) increase conversions and 3) drive customer engagement?

Beauty brand L'Oreal uses a series of questions about hair colour and skin tone to personalise its US site to recommend beauty products for individual customers. However, when it comes to clothing, more than just a few questions are required.

People come in different sizes and shapes and have their own style, so trying to match a garment size to an individual customer is not as simple as the current sizing system in the UK, which varies by retailer, brand and collection.

Retailer Jeanography tries to get around this issue by asking shoppers to answer a few short profile questions and to select their 'preferred choice'. Its system, combined with its in-house expert stylist, then selects a size and a style/brand variation and the shopper is sent three pairs of jeans to try on at home, for free. Customers are charged for what they keep and use the free returns service for anything they want to send back.

Taking the concept further, Fits.me's new Fit Advisor uses a shopper's measurements to generate and display graphical indicators showing how an item will fit. Unlike the Virtual Fitting Room it does not display a photo of the item to show how it will fit. The firm claims that

it has cut the number of returns for reasons of fit by up to 77%.

ASOS has recently introduced ASOS Fit, a 2D solution which shows a silhouette of the garment that the shopper is looking at on their screen overlaid by an item they already own – and which fits. It then recommends which size to buy for the best fit. With this system, the shopper has to measure an existing garment and upload the details.

ASOS trialled the solution – from Swedish company Virtusize – for six months before going live with it across a limited range of its own-brand garments in April. Hayley Martin, ASOS Product Manager, says: “We spent a lot of time over the past 12 months finding out what our customers really wanted out of a size and fit solution.”

Customer response to the solution has been overwhelmingly positive and ASOS now plans to roll it out across its product range.

Reassuring customers that they are buying the best size for them not only reduces returns but has a big effect on conversions. ASOS Fit is just one of the tools that the retailer has launched recently to improve conversions on its site and reduce returns. These must be working since it recently reported a 34% increase in sales for the first six months of its financial year. According to CEO Nick Robertson, this was all down to its own efforts. He says: “UK sales are holding up because of things we did.” They also reduced prices across all women’s wear by 9% to boost sales. “It’s the most important thing we’ve done,” says Robertson, explaining how there was then no need to cut prices further “to keep the customers rolling in”.

### MOST ENGAGING EXPERIENCE

When you understand that a 100bps conversion increase in sales is worth around £44m to ASOS while a 1% reduction in returns adds up to around £10m, it’s easy to see the effect of recent changes to the site and service, and why highly efficient retailing is one of the three key strategies for the company. Conversion percentage based on total unique visits peaked at more than 9% in December with returns hitting close to 38% in January. (The industry runs at an average of 25% over the year and most of these returns are because items were the wrong size.)

As with all online sectors, simple improvements to the site can result in more visitors converting; for example, by changing the position of the ‘buy the look’ button,



conversions on the page increased by 20%. The ability to browse ‘recently viewed’ items also has an effect, says Robertson.

While a higher level of returns generally follows a higher sales period, returns are not necessarily a bad thing in the fashion sector, especially if it’s a new customer returning a large number of items from their first order. They can become a retailer’s best customer, since it shows that they are happy with shopping online, explains Geoff van Sonsbeeck, co-founder of Baukjen and Isabella Oliver. He says he would prefer a customer to order a garment in two colours or sizes and then return the unwanted items, since a return costs the business less than sending a replacement. What he doesn’t want is returns for reasons such as quality, because it means that an item isn’t presented correctly on the site.

Fashion is all about confidence. It’s the single most important thing in converting a customer, believes Sarah McVittie, founder of Dressipi. That confidence is what Dressipi aims to give customers with its system that matches garments with shopper’s individual size, shape and style.

“We take an anonymous shopper and turn them into their idea of stylish,” says McVittie explaining how it’s all down to data – 288 different body shapes to be precise – and the expertise of its stylists. Around 60 metadata tags such as colour, texture, sleeve length and neck type are assigned to each garment and this is combined with a customer’s individual body shape and style, called a Fashion Fingerprint, to provide recommendations. Marks & Spencer has recently introduced Dressipi on its site.

Shoppers using Dressipi across the different retailers to date have had an average basket value across all brands of £109 and an average return

“Asos spent a lot of time over the past 12 months finding out what our customers really wanted out of a size and fit solution”

## CURATING THE EXPERIENCE

Fit is not the same for all sectors but all must match customer with product to make a sale whether it's through the exact product they are looking at, an inspired purchase or a curated experience left to the expertise of other people. Philip Rooke, CEO of Spreadshirt explains further.

With all the benefits of online shopping such as wide selection, availability and low prices some shortcomings still remain: one can never be sure that the item bought will meet expectations, the shopping experience is still lacking despite "digital showrooms" and while there is maximum simplicity a bit more screen work is often needed. For example, a search for the right digital camera, with the query "digital camera buying advice" on Google returns more than 800,000 results!

Another significant shortcoming for online retailers is that if a customer is unhappy with their choice, they rarely come back. For many years, large marketplaces such as Amazon and iTunes have addressed this issue with their use of customer reviews. However, there is now a growing trend that addresses some of the above and is a bit more convenient for shoppers: "curated shopping" lets retailers avoid some of the pitfalls, while improving the online shopping experience for their customers.

Here's a brief overview:

- **Smart (and social) filters:** Hard factors such as colour, brand or size have long been standard choices. New and often more critical queries are based on an algorithm of a user's preferences. Pioneers of this kind of service are hunch.com the platform, which was acquired by Ebay. Other retailers, such as Etsy now also feed their 'gift consultant' with data from social networks allowing buyers to seek out suitable gifts for friends.
- **Personal shoppers with a difference:** Chick Chick Club, Modomoto or Hipstery remove the customer from the purchasing decision completely. Here, there is a short style check survey to complete (in the case of The Hipstery not to be taken too seriously!) enabling their purchasing consultants to use the customer's preferences to choose items. What you've bought, you find out only when you open the package. Often this form of curated shopping is paired with a monthly subscription model and rids the customer completely of the agony of choice overload.
- **The community advises:** Providers such as Modcloth, Threadless or la Fraise decide what is to be included in their collections only after a vote by the community. This minimises the risk that a t-shirt (la Fraise, Threadless) or a fashion line (Modcloth) will not be liked or bought. At the same time the selection process adds an emotional connection with shoppers when the decision is announced.
- **Personalised shopping magazines:** Pose, Svppl, or The Fancy combine the "collective" detection of interesting products and services through the community with added personal recommendations. This creates a personal shopping magazine.

So can the crowd or an algorithm replace decision-making?

Different curated shopping models take advantage of the principle observed in large marketplaces where "smart filters" are set to narrow product diversity and create ease of choice. Providers distinguish themselves as experts in their niche. Some offer favourite products from people like you and me while others are curated by known bloggers, designers, DJs and musicians. The process is enabling these retailers to engage with their customers and offer a more personalised product or service improving the customer experience which is a move in the right direction. However, there is only one thing neither an algorithm nor a style expert can take over - the payment!

rate of 10%. Outfit Builder recommendation purchases run at 50%. Dressipi is working on a mobile app that will remember items already bought when a shopper scans a barcode in store, and indicate whether it is part of their style and their Fashion Fingerprint.

## PERSONAL SERVICE

Moving on from the mathematical approach is the online equivalent of a personal stylist, and technology connecting a real stylist with the customer and their wardrobe. ASOS is running a Personal Stylist trial and Baukjen went live with its version - eStylist - in February following a soft launch in December 2012.

Shoppers can book an appointment with one of Baukjen's stylists who will help them to update their wardrobe or advise them on how to restyle items in the current collection. Its eStylist service also offers advice via email. According to van Sonsbeeck, the hardest part has been recruiting the right people. He also says that customers have had to be educated about the service since "it's so new that people don't realise there's a need".

Rachel, one of the team of four stylists explains that once a shopper has made an appointment they are asked via email for information about the type of outfit they want, the occasion, their measurements and their body shape. From this, she can suggest various suitable garments and a number of ways of styling each one during the appointment, which happens via live video chat using Vee24.

Because the chat session is live she can answer questions, show detailing on garments or put on the items to show how they look, as well as taking over the customer's browser to show relevant product pages or put through an order. The service is more about engagement and building a rapport with the customer than selling, explains Rachel. She follows up all appointments with an email outlining the products that were discussed. "Most orders are placed within 24 hours," she says.

The service is proving successful with average order values up by 24% and returns down by 17%. (Baukjen runs at an average 29% returns rate.)

"eStylist is a way of ensuring we don't disappoint customers," explains van Sonsbeeck. "It's definitely the future and complementary to the other things we do. It's part of the mix."

ASOS's Robertson certainly believes that live style advice is the future for ecommerce - and where ASOS goes, others are sure to follow. 🛒





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# Online Retailing: Benefit or Bane for Parcel Shippers?

*Evan Puzey, CMO at Kewill Ltd, takes a view on why the carrier market should adapt as the online channel picks up pace to not only capitalise on it but ensure they can continue to deliver on customer service.*

**T**he growth of online retail is a welcome boost to the retail industry, but is it possible for the carrier market to keep pace with the increase in parcels to ship, teamed with a growing number of delivery options? It wouldn't seem so, with industry executives estimating in December that over 200,000 packages failed to arrive on a daily basis!

According to IMRG, an online UK retail trade organisation, global business-to-consumer ecommerce sales will pass the €1 trillion mark in 2013, and the total number of internet users will increase to approximately 3.5 billion from around 2.2 billion – that's greater than 20% growth. Regionally, Europe is currently the largest ecommerce market in the world, according to the European Multi-channel and Online Trade Association (EMOTA), which said European online business-to-consumer sales posted 19% growth in 2011 to reach an estimated \$307bn, surpassing North America at \$297bn.

I doubt that anyone reading those numbers will be the slightest bit surprised (and if you've read the original reports): online shopping has become not only ubiquitous for consumers, but a critical growth strategy for retailers of every stripe. Although, along with this strategy come challenges, some of which are not obvious.

## CUSTOMER EXPERIENCE

Much has been written about the "customer experience" during online shopping. Which is no different than the importance of that same experience in store, at say an M&S, Harrods' or Selfridges. How the customer is treated online is critical to the success of a sale. Unlike a store visit, the retailer only has one chance to convert that shopper to a customer. No shiny objects to divert attention, no seven year old to demand a sweet – just the shopper, a keyboard, a display and a website.

According to industry data, the average online shopping cart abandonment rate is in the 70% range. Of that, 44% or so is directly related to the

cost of shipping. Think about your own experiences: how often have you been ready to buy a £25 item, and then been presented with a £5 to £10 shipping cost? How often have you gone ahead with that purchase? Apparently, 44% of people fail to do so. Hence, missing the point that shipping costs are as much a part of the customer experience as the website or the range presented on that site, is a clear problem for the retailer. The clever retailer should seek to take advantage of a more sophisticated approach to calculating and offering up shipping options – including free shipping – to encourage the sale. The systems to support that model are easily identified, incorporated, and deliver a quick return on investment.

But what about the parcel shipper? On the one hand, his services are needed more than ever. As transactions move from customer purchase-and-carry to order-and-ship, volumes of deliveries will continue to grow. That sounds like good news, but greater demand puts pressure on the carriers to provide competitive pricing, and more importantly, unique service levels that differentiate them – and by extension, their retail customer. In markets like the US where so much volume flows through the giant FedEx and UPS machinery, that's hard enough to achieve, and the big guys tend to be less flexible or creative. While there are a number of regional carriers in the US who are working to challenge that status quo, there's still a lot of work to be done.

In the UK and on the Continent, the challenge is even greater since there is a myriad of regional and local carriers providing a great deal of the shipping capacity. Hand-in-hand with complexity comes confusion, but out of confusion can come great opportunity.

## OPPORTUNITY

That opportunity comes from the more enterprising local/regional carriers creating specialised services – sometimes bespoke, sometimes generally available – that offer unique features: cost, of course; unique customer service options such as photographic proof of delivery or scheduled delivery times; delivery to a specified delivery point, rapid turnaround from order to delivery; and delivery same day or sooner. All in all, any competitive edge that a carrier can offer is

Greater demand puts pressure on the carriers to provide competitive pricing, and more importantly, unique service levels that differentiate them





often a very valued capability indeed.

There's a catch though. To take advantage of these special services the retailer has to find a way to incorporate them into their supply chain. What would work just fine for a local high street shop with a limited clientele and manual processes doesn't scale to a retail chain or e-retailer which ships thousands of packages a season. For that to work, the supply chain execution (SCE) software that they are doubtless using needs to be made compatible with those special services, or more likely, the carrier service needs to be made compatible with, and 'connectable' to the retailer's shipping system. That can be, and usually is, a custom integration on the part of the retailer or, if lucky, the supplier of the shipper software.

Recently, at least one vendor has announced a tool to enable this process to be done more quickly, easily and with much less cost, but the general rule still applies. With the rewards that derive from using shipping methods as a competitive advantage, there is risk that lies in making the connection between your automated systems and the carrier.

So, where does all this leave matters? For the retailer, it is incumbent upon him to make sure that delivery options are considered a strategic part of the overall customer experience and ensure those options are seamlessly made available to the consumer. This requires creative thinking on two levels: first, to consider how shipping options contribute to business growth and customer satisfaction, and second, to be open to shipping options that are not driven by the mainstream carriers (unless there is a real competitive advantage to doing so).

For the parcel carrier, creative products, cost advantages and specialised services must be complemented by supportive relationships with shipping software vendors. More important, they must be proactive about creating compliance that can be automated and integrated into that software, and by extension, to the retailer's systems.

By bringing these pieces of the puzzle together it's a win:win situation for the carrier, retailer and consumer - which doesn't happen very often. 🧺



# Do Shoppers Want Face Time?

*Tony Heyworth, International Marketing Director, LivePerson, explores how the merging of the physical and virtual worlds is changing commerce and customer service as we know it – for the better.*

**J**OHN WALDEN, Managing Director of Argos, questioned recently whether there was a need for store staff in an increasingly digital world. To some extent, he has a point – as more and more information about product and services becomes available online, it's clear that consumers have many resources at their fingertips in order to answer any questions they might have. Why would they need to speak to an assistant? However, this does not necessarily mean that the role of the store salesperson is redundant.

I'm sure store staff would argue there's more to their role than just providing information, and the question of whether they are 'relevant or redundant' comes down to whether the additional value they add is cost effective and

“Masters' iPhone app offers in store customers instant price comparisons and 'chat now' functionality”

enhances sales, and if the customer experience surpasses that of the self-service DIY process of going online to find information oneself.

Walden's statement is likely to be linked to a need for better cost efficiency as well as the desire to make Argos stores more digitally enabled. Digitally enabling stores shouldn't necessarily mean eliminating the sales person, rather it can make sales assistants much more cost effective to deploy. Specialised product and service experts no longer have to be physically located in each and every store. The digital world has made it easier to deploy experts, and their expertise, to both physical offline stores and online webstores. How? By using a service such as Live Chat you can still assist customers when they can't find answers to their questions not



only when at home, or on the move, but when in-store using kiosks, or via a customer service assistant in store who can source answers from the pool of centralised experts, using a Live Chat app. These specialist salespeople will still be employed, but to even greater effect and efficiency across both the physical and virtual worlds – their knowledge will be deployed when and where it's required.

### UTILISING MOBILE

Walden went on to explain that as click and collect, tablet and mobile increase in popularity and they become the primary purchasing and services channels, the store would inhabit a secondary, supporting role. It's clear that it will become much more important to maintain human and thus more meaningful connections in an increasingly digital world. A study by LivePerson found that this shift to digital continues to accelerate. Some 78% of shoppers research online before even stepping foot in a shop to buy, and 39% of shoppers globally now spend the same amount or more online as they do in store during a typical month. The research highlighted that 25% use their mobile in store regularly and research by Ipsos MediaCT and the Interactive Advertising Bureau (IAB) has shown that 65% of the consumers who use their mobile device in-store stated that the use of the device made them more likely to purchase the product.

The growth of the mobile channel is guaranteed: by 2017 revenue from mobile will account for €19bn. Retailers need to use this channel in tandem with the physical store; but don't leave the channel to be completely self-service, make customer service staff available to customers who have questions and need help, otherwise they will abandon and go elsewhere.

As a great example, Australian home improvement chain, Masters, offer customers an iPhone app designed to not only offer practical support for customers whilst they are in-store, but also to provide additional insights while there. Instead of having consumers compare prices on their mobile browsers, Masters have incorporated instant price comparisons as part of the app functionality which facilitates product purchase via a code scanning function. They have also implemented an additional 'chat now' function, so a customer only has to key in a question to be put in touch with an agent in real-time. This means the customer can have access to both a staff member within the store and on their phone to answer their questions, whether to find out if an item is in stock or investigate delivery options.

## OUTSOURCING WORKS

John Lewis is regularly voted the UK's favourite retailer and in April 2012 it was also voted "Britain's Favourite Electricals retailer". No-one was more pleased than Sitel, an expert in outsourced customer contact solutions, who for the past 3 years has been providing technical support and aftercare for all John Lewis Electrical Home Technology customers across the UK. The relationship climaxed with a recent prestigious European award win; "Outsourcing Works" – Award for Delivering Business Value in Outsourcing.

How does a retailer well known for delivering excellent customer experience across all channels maintain an outsourced customer service especially with service becoming the key differentiator for shoppers in an increasingly competitive marketplace?

"The key is to ensure the brand values are continually reflected in the outsourcing environment," says Joe Doyle, Marketing Director at John Lewis's outsourced partner Sitel UK. Like many of today's retailers, John Lewis's overall objective is to provide its electrical customers with exceptional customer service and achieve their desire "to have their customers for life".


One of the benefits to John Lewis is that outsourcers are able to provide 24/7 customer service and have a number of other clients to be able to invest in with the very latest technology. For example, John Lewis customers with any technical enquiry can contact the John Lewis technical support centre by phone, email and white mail 8am to 9pm Monday to Friday, 8am to 8pm on Saturdays, and 10am to 6pm on Sundays. The team has been set up and empowered to resolve most after sales enquiries in the first call and deliver exceptional customer service in line with John Lewis's mantra "whatever is required to put it right".

Outsourcing also provides cost efficiencies and leading edge customer insight and analysis. For John Lewis this allows any issues with products, manufacturers, service and repairs to be recognised and has helped to reduce the number of contacts and improve the overall customer experience.

Another benefit of outsourcing is the retailer can adopt the outsourcers' best practices within their own business model. John Lewis has implemented this process throughout their branches and within their internal contact centres.

Joe Doyle adds: "Our long-standing outsourcing partnership with John Lewis proves that outsourcing works and can deliver exceptional customer service. We are so proud that this partnership has been recognised as a European example of how outsourcing can deliver real value."

John Lewis agrees and as Barry Matheson, Director of Retail Services at John Lewis comments, "We are delighted to have our customer service contact centre recognised for its excellence in supporting our customers Electrical Home Technology after sales enquiries. This clearly demonstrates the strength of our outsourcing partnership with Sitel, and that it works incredibly well."

So, rather than considering the physical store merely as support for the online channel, the store needs to evolve to be an important part of an integrated online and offline customer experience. The question is not whether there is a need for store staff in the digital world, but how retailers can maintain the human touch and harness the growth of the digital world (in partnership with the physical store) to improve the customer experience and at the same time cut costs. Some are already benefiting from first mover advantage. 

# Moving from store to showroom

Tomorrow's multichannel stores are opting for high-tech solutions – but is that enough and do retailers really need to re-think the purpose of their high street presence? *Penelope Ody* investigates.



INTERACTIVE KIOSKS, 46-inch screens, tablet computers, QR codes, contactless payments, whispering windows, mobile apps.... today's stores are embracing digital technology with enthusiasm. In part, because perceived wisdom suggests a "consistent multichannel experience" is called for, with shoppers expecting to see the same merchandise, displays, promotions and brand messages on website and in-store – no matter how large or small those outlets happen to be.

But, is that really what tomorrow's customers will want or expect? Aaron Shields, Strategic Planning Director at Fitch thinks not: "Consistency," he says, "is an old mantra. What retailers need to do is think about an orchestrated experience where the channels work in harmony to match the mindset of consumers, allowing them to shop on their terms. Ecommerce is a well-established channel but digital retailing is in its infancy."

Instead of simply replicating the online experience with in-store videos or kiosks in smaller outlets showing the "long-tail of the product catalogue, plugged in where there happens to be a socket," Shields argues that retailers need to respond to changing shopping habits that are increasingly influenced by the attitudes of Generation Z – today's young people born from the late 1990s onwards. Rather than go into shops to buy, this group goes there to browse: to look for styles to enhance their image to post on the likes of Pinterest or Facebook, to take photos to send to friends, or to gather feedback on possible purchases. "They are not in buying mode," says Shields, "they're exploring choices."

## SHOWROOMING

Sales staff approaching such shoppers and attempting to hurry along the sale, or – even



worse – trying to stop them snapping pictures of the merchandise on their mobiles, are likely to be rewarded with some negative tweets and a permanently lost customer. Instead it should all be about enhancing the image-making experience, providing information, adding theatre, style and pizzazz.

Yet most retailers currently take a negative view of such “showrooming” activities concerned that shoppers are simply using the store to “touch and feel” prospective purchases and then head home to Amazon to buy. However, Aaron Shields maintains that by creating the right customer experience for the brand, building trust, responding to both the whole customer journey across the channels and the changing mindset of the consumer, it is possible to capture many of those “showroom” sales.

Rather more pragmatically, Jas Virdee, Partner at Kurt Salmon who heads the consultancy’s UK multichannel practice, recounts one trial with a retail client where a store was fitted out as a showroom and skilled staff, equipped with tablet computers, engaged with customers. Tablets were used to view competing options and staff enabled to price match with the promise of next day delivery. “It worked,” he says, “people bought – but it was an expensive option and staff had to be motivated differently, with individual sales targets and bonuses.”

“Expense” is of course the crux of the matter: home delivery is not cheap and price matching erodes margins still further – hence the emphasis on “click and collect” or “drive-through”. “Staff” too, are another problem. Not every shop assistant is tech-savvy, not all have the selling skills to “engage” effectively, and spending time with customers brokering the sale can require a higher headcount. Apple in Regent Street employs more than 200 staff – presumably working in shifts but still a large number for a midsize specialty outlet.

The showroom option has, however, been adopted by Marks & Spencer for its first “e-boutique” which opened in Amsterdam’s Kalverstraat in April. Essentially a 500sqm food store, customers can also “shop to order” from a “virtual rail” made from screens showing styles above a sample rail of garments. There are order points, staff equipped with iPads and free wi-fi for shoppers ordering via mobiles. “The e-boutique is innovative, aspirational and allows us to offer our latest fashion collections from a much smaller footprint,” says Laura

“It makes sense to have different information available at different times to match the different shopping segments that visit the store during the day”

Wade-Gery, Executive Director E-commerce Multi-channel at Marks & Spencer.

While various aspects of the e-boutique may be replicated elsewhere by M&S the Kalverstraat store can be seen more as a complement for its new Dutch website giving a quickly established – and low entry cost – physical presence.

### DIGITAL TECHNOLOGY

Scott Dacko, Associate Professor of Marketing and Strategic Management at Warwick Business School believes that digital technology – as with the Kalverstraat displays, John Lewis’s “whispering windows” or the “digital mannequins” used at Macy’s in New York – also allows retailers to adopt “time of day” marketing. “It makes sense to have different information available at different times to match the different shopping segments that visit the store during the day,” says Professor Dacko. “That could include digital displays and staff profile – younger staff available when younger customers are likely to shop, for example. Retailers have a lot of data available about sales by time of day. Some are embracing the data and using it, but many are not. Given that purchases are known to the second there really hasn’t been sufficient attention given to matching the offer with the customer profile and buying behaviour.”

Macy’s used its digital mannequins in window displays, as has Adidas at its NEO store in Nuremberg where TBWA’s interactive shopping system has been trialled. This uses a web interface allowing shoppers to interact with the display or “drag” garment details to a mobile phone, via a QR code or URL link, to buy.

Such systems effectively enable shopping from the store at any time – a trend which Katie Baron, Senior Editor, Retail, at innovations agency Stylus also believes will become more significant in future. “It’s about digitising the store, digitising the wish list or using an app to ‘speak’ to the store whenever the customer wants. The store also delivers the human side of the customer experience.”

### PERSONAL SERVICE

Baron cites the NM Service app trialled by Nieman Marcus in the US which allows shoppers to see which sales associates are in store, send messages to them and make appointments, or flag favourite products for a wish list. “Shoppers can contact staff when they want,” says Baron, “or invite other people ▶

# RETAIL KNOWLEDGE - CONNECTING VENDORS AND RETAILERS IN THE LP SPACE

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to come and view their wish list. It's obviously potentially expensive and labour intensive for staff who have to respond, but for certain customer segments could be profitable."

Human contact and highly personalised service levels, suggests Baron, are important roles for tomorrow's stores. "The store is also about entertainment and expertise," she says, "it can act as the brand hub delivering learning or enriching experiences to the customers." Typical examples would be Nike's Chicago store where one floor is devoted to selling and a second to an exercise studio for customers, or Runners Need where staff are all enthusiastic runners themselves and provide shoppers with expert advice born from their own experience.

Joshua Bamfield, Director of the Centre for Retail Research and author of 'Retail Futures

2018' also believes that stores will need to focus more on personalisation in future. "People these days know that retailers have information about their shopping preferences and purchases," he says, "and that information needs to be used. Instead of leaving shoppers to browse they need to have relevant items or sizes pushed at them. The retailer needs to be seen as the trusted custodian of that personal knowledge."

Identifying customers in store has always been problematic for retailers, but NFC, mobile apps and facial recognition from CCTV can be used to identify customers as they enter a store enabling sales staff to access transaction records and other data. "People obviously need to be invited to be recognised," adds Professor Bamfield, "but if the personalised service they receive as a result is seen as worth having, they will want to join the club. Ideas about privacy are very different now from five or 10 years ago and if shops are going to compete with the likes of Amazon – which has all that personalised information – then they need to persuade customers to identify themselves enabling the similar use of personal data."

The technology exists to allow tomorrow's stores to be entertaining, instructive and service focused. It can also be used to drive sales and – with a little help from real-time stock information and order fulfilment tools – provide a low cost alternative to home delivery. But, tomorrow's stores will also become brand hubs: showrooms delivering an enriched customer experience designed to drive brand loyalty across all channels. As such, their success can no longer be measured by the takings at the till and for most retailers that will mean a very major change in how they view store operations. 



# A Measure of Success

*Eric Feinberg, Senior Director, Mobile, Media, and Entertainment, ForeSee* examines where leading retailers are gaining from a mobile customer experience aligned to all touchpoints, and how customer experience analytics can point to and focus resources, to increase loyalty.

**T**HERE'S NO QUESTION about it - we now live in an era ruled by the customer. It's an age that is multichannel, multi-device and requires a multitude of measures in order to get a better understanding of the customer experience. From the CMO's perspective especially, understanding the strategic power of data is now critical since it can help to demonstrate expertise, exceed expectations, challenge the internal status quo, magnify the voice of the customer, add value and proactively plan improvements.

Without a doubt, the impact of mobile on the retail industry is tremendous. Whether a customer is using their smartphone at the airport or sitting in their living room browsing on a tablet, customers are able to connect with brands anywhere and at any time. Mobile serves in two essential roles within an organisation. First, as a conversion channel by gaining new customers and converting them to other channels. The second is to serve as a companion channel that supports the other channels and ties them together. It's essential for organisations to

recognise that customers will move fluidly between channels, so content needs to "remember" them, whether they are on the web, their smartphone or tablet.

Two huge players in the industry that have grasped this notion of remembering the customer are Amazon and Netflix. When a customer is shopping on the web and adding items to the shopping cart or wish list, those same items will be found when they log on their phone. Other items will be recommended based on products that were viewed on different devices or channels.

Organisations that apply customer experience analytics and act on the findings can work to define the lines that connect the multiple customer touch points, which in turn, help them to drive strategy and create a complete picture of the customer. In short, it's a no brainer to measure, but why then do many companies not carry this out in depth - or rely on a simple Net Promoter Score (NPS) to track customer loyalty? In my experience it's because they aren't sure how to tackle the issue across multi-platforms and devices - where to start even, or what exactly they should measure.

It's also important to remember that the NPS was developed more than a decade ago now and as a metric it's a reasonable indicator of loyalty, however it falls short of today's sophisticated -



and very mobile - customers. By only measuring “likelihood to recommend” it inaccurately assumes that if someone is not recommending, they are detracting - it also doesn’t accurately represent negative word-of-mouth, and it’s not an actionable metric or a predictor of growth. Times have indeed changed and whilst still important, organisations can no longer solely rely on NPS which simply hasn’t kept pace with today’s complex ecosystems. Other metrics worth considering and adding to your armoury include rigorous customer experience measurement.

#### FROM HOW AND WHAT, TO WHERE?

Armed with the metrics and analytics tools of your choice, retailers and brands need to ensure that every channel or touchpoint open to its customers are included within the measurement and data capture scope. Of particular importance more recently is the mobile arm of any business. With usage evolving at such a fierce pace, organisation’s now have really no choice at all but to try and appeal to smartphone and tablet users by offering dedicated mobile sites and apps – and measuring satisfaction across these is no longer an add-on for companies to consider. Phones and tablets are an integral nexus of online traffic and serve as companion channels to virtually every other customer touchpoint. Recent industry stats indicate that mobile now accounts for between ten and fifty per cent of digital traffic to most brands, and this is expected to continue to grow.

It is widely known that sales completion rates are lower on mobile, but what the industry has yet to fully grasp is that users are then going to other channels to complete the purchase. Through customer experience analytics, retailers are able to get more insight into the customers’ mindset. To give you an example, one of our retail clients had been disappointed by low sales conversion rates within their mobile channel so they used analytics to find out what was going on.

They started sending text message surveys to customers 90 minutes after they closed the mobile session to determine what their next action was and they discovered that a large portion of customers would research on mobile and then complete the sale through the contact centre (the mobile channel was actually driving sales through the contact centre).

Now traditionally, retailers don’t want sales to convert through more expensive channels (contact centre is more costly than mobile), but because of some unique characteristics of their customer-base, they were able to streamline the contact centre to reduce costs and speed up the sales process).

### HOUSE OF FRASER

Satisfaction analytics are the cornerstone of improving customer experience at House of Fraser. The retailer is committed to providing its customers with unparalleled service and quality – as such the call centre management team uses a variety of metrics to manage, motivate and train contact centre agents. To strengthen the metrics even further, the team looked to ForeSee to provide satisfaction data and actionable insights to identify root causes of service issues and improve contact centre operations. Particularly helpful was the ability to compare the contact centre’s score to the scores from the website and store locations, which provided managers with a greater context and better understanding of the contact centre’s role within the organisation.

By providing a complete view of the customer experience, ForeSee Analytics also allowed House of Fraser to better understand customer issues related to the company’s business overall. The feedback provided credible and detailed information regarding the challenges faced by customers.


House of Fraser always encourages its staff to “Be You at Your Best” every day, and by utilising a consistent, reliable metric to measure customer satisfaction, contact centre managers are able to motivate their team, including the top performers, to continue to make improvements that will increase overall customer satisfaction.

House of Fraser always encourages its staff to “Be You at Your Best” every day

Simply having a mobile presence isn’t going to be enough to attract and keep customers moving forwards – company leaders now have a responsibility to ensure that customer experiences (across all channels) with the company are good and consistently so. This is why measuring customer satisfaction scores across all channels is essential - because satisfaction is the best indicator of future success. When done correctly, extensive research shows that a good customer experience is predictive of loyalty, recommendations, sales, and brand preference. A strong measurement can pinpoint areas of improvement to help company leaders to make the best strategic, tactical, and operational business decisions. This is especially true in mobile where expectations are going to be high from the start thanks to mobile leaders such as Amazon and Apple who have set the bar high.

#### MAKING MOBILE YOUR BEST FRIEND

In my opinion, mobile is the ultimate companion channel as it can be used in-store, to look up something seen whilst at home watching TV from the couch (or the tablet or laptop) - plus it’s the channel that can be most easily used as a companion to virtually every other channel customers are using to interact with retailers. This is why it’s so important to capture customer data from this touchpoint.

By understanding how mobile shoppers are using their phones and tablets, retailers can make key decisions, led by their data, across the business and prioritise accordingly. 

# Loyalty by design

As in any recession, competition amongst retailers and brands has hotted up.

*Paul Skeldon* investigates how mobile is keeping customers coming back repeatedly.

**L**OYALTY HAS ALWAYS been an issue that retailers and brands have wrestled with, but in a growing digital and omni-channel world, it is taking on new importance.

And the ante has been upped, as consumers themselves are becoming increasingly less loyal. According to a study out in June by eDigitalResearch, there are currently low levels of customer loyalty across all major consumer-facing UK industries, despite a number of loyalty schemes that currently exist on the British high street.

The research suggests that supermarkets currently have some of the highest levels of customer loyalty, with just over half (55%) of respondents saying that they feel loyal towards a brand in a grocery sector. Clothing comes in second at 43%, but banking, gadgets, holidays, white goods, media and utilities all come in at or under 25% loyalty. Petrol suppliers hit just 10% loyalty.

Derek Eccleston, Commercial Director at eDigitalResearch, explains: "Loyalty schemes have been a big success for retailers, restaurants and other consumer facing industries in the past several years. They give customers the best deal

by encouraging them to visit a brand over and over again and were quickly adopted by consumers as they shopped around for the best deal. However, price isn't always the key differentiator between brands these days. With profit margins being continually squeezed and retailers promising to price match, the overall customer experience has become even more important. With levels of loyalty across UK industries so low, building a good relationship with your entire customer base is essential and providing a consistent customer experience is key to that".

## ACCESSIBLE & CONSISTENT

And this is where mobile technology comes in, believes Adam Levene, Chief Strategy Officer at mobile technology company Grapple. "User experience is key," he says. "If you can create a seamless, smooth, slick and sexy experience on your mobile app, then customers are going to keep coming back to use it."

Grapple has worked with hotel chain Premier Inn to revamp its app and has made it a slick, quick and good-looking service that is already driving up usage.

"I can't give you numbers, but it has worked very well for the company," says Levene. "It makes booking a hotel room on the fly so easy that Premier Inn is seeing a huge amount of repeat business through the app. Good design keeps people coming back as they want ease of use."

Sandrine Desbarbieux, Director of Digital Sales and Marketing, Avis Europe agrees: "When you think about digital you have to step into the shoes of a customer to answer their needs in key areas, then you have to make that journey to booking as simple and easy as possible. The experience is technical, but you have to make it simple and clear. Accessible and consistent experience with good navigation, transparency and choice are key to getting customers to come back. If you have a terrible site and presence then people will use it once then never come back. Customers now expect good digital presence - if they don't get it from you on the first use you will never see them again."

But the role of apps in loyalty isn't simply one of good design. The whole ethos around apps and





what can be done around apps is inherently good for brand loyalty, believes Levene.

"Apps, due to the fact that people have to go find them and download them, mean that there is already inherent loyalty there already," he says. But given that 75% of apps are downloaded, used once then forgotten, surely means that this is false hope for many retailers?

"Push messaging from apps is the key," Levene says. "Push notifications can be very good at pulling people back to apps. However, you have to make sure the drive to use the app again adds value to the consumer and is not just marketing material."

The prime example is Notonthehighstreet, which currently lets users, when they first download the app, sign up through Facebook, so that the app can log friends' birthdays in its Useful Gift Finder. It then sends out push notifications as those birthdays approach so that you can buy them nice presents.

All this offers a new role for retailers to also look at how they use mobile and apps to extend their existing loyalty schemes – and to some extent coupons and offers as well – to make them more convenient to the consumer. Making the loyalty part of any purchase in store or online through mobile can in itself make consumers more loyal.

### IN STORE

B&Q offers self-service checkout customers the chance to scan what they want to buy, then scan the barcode on any offers they have on their phone and see the price drop. Likewise, Tesco Clubcard is starting to offer the same with its loyalty card on mobile so that it starts to become convenient to use mobile in-store.

Rob Graham, Head of Clubcard Rewards at Tesco explains: "Clubcard Rewards are already a really popular way for our members to spend their Clubcard tokens and the introduction of a digital option gives our members more choice and flexibility to use their Clubcard Rewards whenever they want."

The nascent world of mobile payments also offers some degree of loyalty, since combining it with a loyalty card and vouchers all in one place offers something extremely convenient for consumers.

"Mobile payments will never replace the convenience of cash or cards, but combining payment, coupons and a loyalty card into one simple offering that works seamlessly at the checkout is a very strong proposition," says Levene.

"But you have to be clever to get people back to your app," he warns. "And increasingly, retailers




“Accessible and consistent experience with good navigation, transparency and choice are key to getting customers to come back”

are asking for Passbook integration on iOS as a means of helping the consumer keep all their loyalty services in one place. This sort of thing will be key once it starts combining with payments and coupons."

But don't be fooled into thinking that loyalty can be any more easily won through mobile than any other channel – it is still a very hard trick to pull off that requires more about using multiple channels to understand and react to customers than simply giving them money off.

"Retention is very important as it costs less than acquiring new customers. But understanding who your value customers are is more critical," says Avis's Desbarbieux. "It is more about the value of each customer and then thinking of what is the trigger for loyalty and retention to that kind of customer. Points and discounts aren't always the best way, but maybe things about appreciation and service are where loyalty can be fostered.

"This isn't just a digital thing," she says. "It's about doing right by the customer. Some segments will be all about price and value. Some will be about service. We all have different needs and we need to understand that and group them." 

# Insight around the world



**VIVIEN DENG, CLIENT SERVICES DIRECTOR,  
CHINA, EPSILON**

The consumer population in China is ever more complex in terms of sophistication, expectations of experience, attitudes, behaviours, spending power and priorities. The rapidly changing economy created by fierce competition and the macroeconomic environment, both domestic and external, make marketing constants very fragile today. It is critical for retailers to keep their fingers on the pulse to stay competitive and to last in this fast-changing marketplace.

The widely reported economic slowdown has not dented Chinese consumers' confidence in the future nor their enthusiasm for domestic and overseas brands.

A more assertive China on the world stage has led to a mood of national confidence and self-awareness that is reflected in the attitudes of the consumers surveyed in our study 'Rise of stylish Chinese consumers: Trust is the key to build loyalty'.

Last year, we reported a shift in economic policy toward growing domestic consumption. This has continued at a steady pace and is reflected in a maturing of consumers' habits and expectations. While outside China everyone talks about the slowdown of growth, the mood is different domestically.

People in China see greater choice, but they also have more exacting demands around quality and reliability. Occasional treats that had novelty value just a few years ago are becoming regular staples in the supermarket basket.

Consumers are shifting from mere earned status through the superficial value of luxury brands increasingly to the gratifying self-confidence endowed by the intrinsic value of products and the consumer experience. It is especially common among the rising population of the young middle class as a popular way to differentiating their lifestyle sophistication.

In the meantime, domestic brands are moving up the value chain and gaining global status. Overseas brands can no longer expect to be received with gratitude: they need to win the approval and respect of Chinese consumers.

Our study also found that there is no single universal definition of loyalty for consumers in China. Companies need to decide what loyalty means to them and the key value attributes for their target customers in China. They should analyse the loyalty they have already acquired and enhance it. Brands have to articulate the value-add within their offering. A purely demographic analysis of their customer base is no longer enough.



**MARCEL KOKKEEL, CEO, CITYCON**

The Nordic region is the European retail property market's best-kept secret.

International retailers have traditionally overlooked the region, judging each national market as too small and disparate. The advent of multichannel retailing though means retailers can dispense with a country-by-country approach. Drawn by the region's compelling growth story, retailers are now discovering the appeal of this market of 25 million inhabitants.

Nordic countries – Denmark, Sweden, Norway and Finland – are among Europe's leading economies, consistently near the top of the rankings for per capita GDP (€34,400 in 2011), annual GDP growth (2.7% in 2012) and other measures of economic health.

All Nordic countries show the highest score in Europe's happiness index, measuring well being and perceptions of work, social and personal life.

Yet when it comes to international retail brand penetration, Nordic countries lag behind the rest of Europe. The average number of retail brands available in the Nordic countries is 45% lower than in the rest of Europe.

This anomaly might lie in demographics. Urbanization came relatively late to the Nordic countries, as the rise of the service economy and the decline of industry helped power the migration to the cities well into the 1970s.

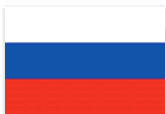
Immigration and the appeal of the urban lifestyle, with its easy access to job opportunities, education, healthcare, culture, entertainment and shopping, is rapidly drawing ever-growing numbers of people to metropolitan areas. Today, Helsinki and Stockholm are two of the fastest-growing cities in Europe. Indeed, Denmark, Finland and Sweden all have highly urbanized populations, of 85%, 85% and 87% respectively.

While international brands have been slow to fill that gap, Nordic consumers are increasingly fashion-hungry. In Finland, spending on clothing rose 75% to €4bn from 2000 to 2010. Finns are no longer content to wear what local players offer and want more individuality or international fashions. In Sweden, the booming economy and style-conscious population are enticing international brands to open in prime locations in Stockholm.

Nordic citizens are tech-savvy and front-runners in adopting new digital and mobile technologies: in 2011, the average internet penetration in Nordic nations reached 91.9%, while Britain scored 84.2% and the European average was only 73.1%. Smartphone penetration is also very high.

For all their advances in the digital sphere, surprisingly Nordic people lag behind in online shopping. Average online purchases made up only 8.5% of total Nordic retail sales in 2011, while the European average was 8.8% and Britain was way ahead with 13.2%. This trend will surely change rapidly in the future.

The Nordic online retail paradox highlights, therefore, the window of opportunity for international retailers wishing to enter the region and capture the growth on offer.



**JOHN READMAN, COMMERCIAL DIRECTOR,  
SEARCH LABORATORY**

The Russian ecommerce market received another shot in the arm in June as online fashion retailer Lamoda announced that it had raised \$130m of investment.

The oligarch-led deal, which is the largest ever by a Russian ecommerce site surpassing Ozon's \$100m capital investment in 2011, is yet more evidence that the nation is on the cusp of an online boom.

Despite boasting nearly 60m internet users Russia still lags behind when it comes to ecommerce. A lack of trust in online payment systems has meant the market has stagnated while fellow European counterparts have blossomed.

But retailers and consumers alike are beginning to shake free of this constraint. Cash on delivery remains the preferred method of payment in Russia, but debit and credit cards are becoming increasingly prevalent, with MasterCard estimating that 70% of Russians now own a bank card.

UK retailers can take advantage of this, and their first port of call when expanding their ecommerce operation to Russia should be the search engine Yandex. Yandex is Russia's Google and 87% of online sales in the country start on its pages. By optimising for Yandex you make your website visible to the Russian online consumer.

The UK domestic ecommerce market is the global leader – however our retailers' expertise does not translate smoothly to the Russian market. Cultural and language barriers are more poignant in Russia than in other European markets and these need to be carefully navigated.

A handful of UK retailers have taken on these challenges and shown signs of waking up to the fact Russia is an internet giant no longer a slumber – Asos now has a Russian site, for example – but many remain ignorant of the potential profits to be made in the country.



**ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR**

Do you know Lucie from SFR? Two years ago, she was elected "Miss Client 2011". But Lucie is special: she is not human. She is an "Intelligent Virtual Agent" (known as "AVI" in French). The intelligent virtual agents appeared in customer service a few years ago and they are being used increasingly by French retailers. From a dozen in 2009, there are now around 25 on the French web. The conversational agent, an interactive media contact available 24/7, is consistent with the expectations of users who want personalised quality answers at all times. Supported on an automatic, natural language processing, engine coupled with artificial intelligence, the virtual agent does not merely respond to the most common questions from users in a defined dialog but adapts and modifies answers automatically.

According to a recent study, French users are accustomed to interacting with a virtual agent: 76% have used one and amongst those people who have had 'a conversation' with an AVI, 76% considered that the answers were relevant and useful. Customers are also very aware that they are not human but an automatic online support available 24/7 to help them.

Today, customers are gaining autonomy in their use of the internet to solve problems and make their purchases, but it seems that many support tools (Q&A, keyword search, forum etc) are not yet mature or fully effective. The virtual agent, which is sometimes combined with a solution enabling chat with a real person when the user needs help, is an additional device that has some advantages: enhanced site usability, improving the experience, availability 24/7. For retailers, AVIs can handle the simplest questions and reduce up to 30% of their incoming client requests. The virtual agent can guide the more specific questions to people in the contact centre. Freed from many common applications, the contact centre agents can then focus on personalising the relationship.

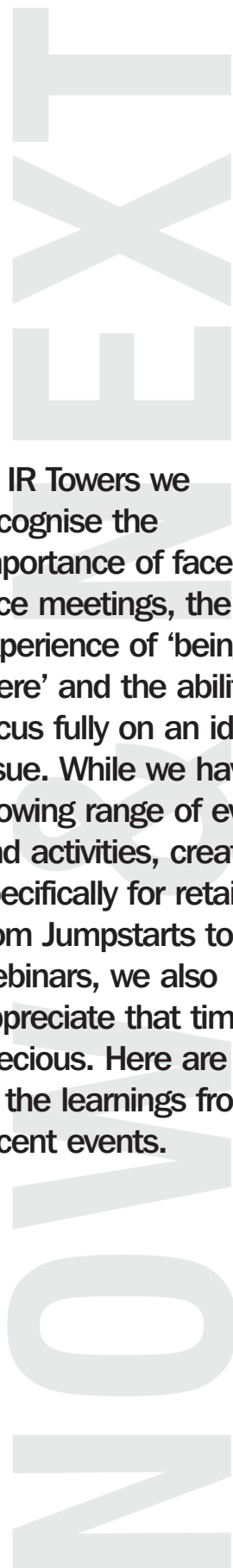


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At IR Towers we recognise the importance of face-to-face meetings, the experience of 'being there' and the ability to focus fully on an idea or issue. While we have a growing range of events and activities, created specifically for retailers from Jumpstarts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

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

Using web optimisation to deliver a significant boost to the bottom line was the subject of a recent webinar, in association with ClickTale. Over the course of the hour-long event, Jonny Steel, Director of Business Development at ClickTale and Carola York and Vassilis Toutouropoulos of Jellyfish Publishing shared their experiences of how they used and learned from in-page analytics to drive both conversions and revenues.

Steel started by explaining the difference between web analytics and ClickTale's in-page analytics. While web analytics, he said, measure the moves from one page to another, in-page analytics measure every keystroke, mouse move and scroll within the page itself. That information can be used to see what visitors are doing on the website, with sessions recorded for replaying afterwards to give insights into how people used the website in order to understand factors that may, for example, have caused them to leave the site. The results are shown through heatmaps that reflect mouse movements, clicks, and attention, while also analysing movement around links.

Vassilis Toutouropoulos then explained how the optimisation team used ClickTale to monitor user behaviour and designed four new variations of the magazine.co.uk home page to test, all optimized for better navigation. The results predicted a 28% increase in the number of subscriptions that could be achieved directly from landings on the homepage. The winning variation became the default home page and still is.

#### **PERSONALISATION**

Personalisation has fast become a hot ecommerce topic for 2013 so in a separate webinar, Graham Cooke and Ian McCaig of Qubit looked at what

exactly is personalisation, how does it work and what is the best way to put it to work on your eetail site.

"One of the main reasons why conversion rates haven't improved over the last 10 years is because websites as they currently stand don't serve unique users," said Ian McCaig, CMO, Qubit. "Effectively what's happening is every user is presented with the same web experience. We believe a big leap forward in improving conversion rates is personalisation."

He said that most sites are already using personalisation, to some extent, as they introduce A/B testing or related methods to optimise their site for all users. Some are already introducing rules-based segmentation, but the next step will be to introduce individual personalisation that remembers each visitor's preferences and integrates them with third party data. Ultimately, real time personalisation will be based on algorithmic predictive models that predict content around behaviour.

#### **RICH EXPERIENCES**

Meanwhile, Bazaarvoice and Stibo Systems joined forces to talk about ways of creating rich shopping experiences using product information and social feedback. The speakers in the half-hour event were Aurelien Dubot, Product Marketing Manager, EMEA at Bazaarvoice, and Simon Walker, Director, Ecommerce Innovation at Stibo Systems.

Research shows that a quarter of shoppers have researched a product over their mobile phone while standing in a shop, with more than half going on to buy from a competitor. When having a store is expensive, what's the best approach to showrooming - aside from charging people to enter the shop, as one Australian retailer did? That was the subject tackled by Aurelien Dubot. He explained how disconnected shopping experiences can see shoppers move elsewhere to buy.

Simon Walker continued the webinar with a look at how retailers can use Big Data to improve the

## Key dates for 2013 learning opportunities



### INTERNET RETAILING CONFERENCE

16 October, Novotel, Hammersmith

Keynote presentations from Sir Stuart Rose and Laura Wade-Gery, 3 conference streams, 8 free workshops and 45 displays. Speakers include New Look, Rakuten, Dixons Retail, Wayfair, FitFlop, ICS, Hotel Chocolat, Boots, Mamas & Papas, Shop Direct Group, Harry & David, M.Video.ru and Argos.

### RESEARCH BRIEFING

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customer experience. PIM systems can be used to connect data from suppliers and partners for use by consumers across sales channels, allowing retailers to manage that data more effectively, he explained. PIM systems can also provide a home for data that comes from ratings, reviews and other areas. Two UK high street retailers are integrating Bazaarvoice with the Stibo Systems STEP PIM system in order to show social feedback alongside product information.

### MARKETING OPTIMISATION

In a separate webinar, Will Cook, VP of Multichannel at technology provider HP Autonomy considered how retailers can go about using marketing optimisation to deliver a personalised customer experience that both attracts and converts new customers, while at the same time retaining the loyalty of existing shoppers. Also speaking in the hour-long event, Marketing Optimisation for Online Retailers, was Andrew Mackie, Ecommerce Manager at BGL Group.

"I think we'd all agree that if we knew our customers better we

could market to them more effectively," said Will Cook, but the challenge for retailers is how to get the data they need in order to gain that understanding.

Today's consumers work across a range of devices and online resources, in both their personal and business lives. For a retailer, said Mackie, it's not easy to piece together all the data they have collected on each individual. Taking a typical consumer, Rachel Sterling, as an example, he said: "The trick is figuring out exactly what Rachel needs, making sure she finds your site and then you serve her up a customer experience that's meaningful, targeted, and based on everything you know about Rachel that will drive her to buy from you."

However, most businesses have customer data, from CRM to social media and beyond, in different silos, stretched across the company. Asked in a poll how siloed their data was, 28% of the participants in the webinar said their data was siloed, 60% said they could link together some data repositories but not others and 12% said different data repositories were communicating well.

Until recently businesses aspired to a 360 degree view of the customer. Cook argues, however, that they now need to look for a multidimensional view in order to gain a competitive advantage. A reputation for great customer service, he said, attracts new customers. By delivering multidimensional experiences, businesses can also learn from the behaviour of their visitors.

Mackie commented: "We've learned a lot in three years," as an HP Autonomy customer. "One of the big things was I would have integrated the Autonomy account managers closer into my ecommerce team sooner."

What is the most important thing to do when it comes to website optimisation? Keep tests well-thought out and relevant in order to gain the most benefit," said Mackie, adding: "Be prepared that some tests won't work – and manage that expectation with stakeholders up front." He added: "Our tests are aligned closely with our KPI reporting, and that's worked really well."

To hear any of the webinars for yourself visit the Webinar page on [internetretailing.net](http://internetretailing.net)



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