



Internet Retailing

Selling in the digital age

Internet Retailing

Selling in the digital age

expo 20-21 March 2013
NEC, Birmingham

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To register for FREE and for more information, go online to www.internetretailingexpo.com

SEE THE IRX PREVIEW ON PAGES 24-27

Welcome to Internet Retailing Expo

360 degrees, soup to nuts, omni, multi, full-service, on-demand - our industry is not shy of all-inclusive terms. Indeed, this is entirely appropriate for an industry that's moved from a technology and channel focus to one which embraces the customer at its centre, focused on sustained profitability.

At IRX we reflect this rounded view of commercial success in the digital age. IRX is unique in that we cover all channels (web, mobile, and the renaissance of the store as part of multichannel). In addition we address all professionals within our industry - from marketing and acquisition, to online merchandising and personalisation, to operations and logistics via payments, fraud prevention and user experience.

Taking a day out of the office needs to be rewarding and so we have arranged **150 exhibitors**, sharing their experiences, solutions and innovations; **6 conference streams** featuring over **60 commercial leaders** sharing their insights, **12 hands-on workshops** and the **Innovation Pavilion** together provide an intense, rewarding experience.

Peer networking is an important component in the experience and we have our **13 for 13 report launch (13 trends for 2013)** followed by a VIP reception, the bar and cafe areas and the Oracle Customer Experience lounge, all to ensure that you have time to meet, greet and learn from industry colleagues.

From **PayPal** to **Pizza Hut**, from **Agent Provocateur** to **Vodafone**, we have industry-leading speakers, who with **Amazon**, **Facebook**, **eBay**, **Clarks**, **Debenhams**, **Marks & Spencer**, **FitFlop** and more turn learning into an event, plus **Tony Sales** ("Britain's Greatest Fraudster") allows us to learn from his experiences to secure our businesses.

Thanks to our sponsors in particular for their contribution increasing the scale of the 2013 event, to create a date that earns a "must-attend" place in your diary!

On behalf of the whole team at InternetRetailing I look forward to welcoming you at the NEC for IRX 2013.

Best wishes

Ian Jindal

Editor in Chief and Co-Founder



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M.VIDEO:

Simplifying the omni-channel landscape

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Internet Retailing
 SJP Business Media Ltd,
 6 Laurence Pountney Hill, London EC4R 0BL
 Printed in Great Britain.
 ISSN 1759-0582



For circulation enquiries contact:
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Editor's comment



Retail technology, operations, and teams all working in harmony to make the sale and delight the retail customer enough that they'll return and make further purchases. Synchronising of forecasts, stock available where, when and how shoppers want it with the ability to order through their channel of choice or the one that's most convenient at the time that they decide to make a purchase. Everything working together like clockwork. For the customer, a seamless experience but for retailers it is a harmonious reality of poetry in motion, a utopia or a nod to Heath Robinson?

In this issue of Internet Retailing we focus on how retailers are maximising control over every part of the value chain in order to create an overwhelming experience that reaches the customer's heart and mind: the strategies, internal processes, operations, teams, technologies and innovations that are helping to shape the retail organisations of tomorrow.

Penelope Ody investigates how, with computing costs falling and number-crunching tools available to identify individual preference and make personalised offers in real time, perhaps retailers really will start delivering the sort of experience customers claim to crave. But do consumers want the experience personalised down to individual pricing? Helen Roberts of GfK examines consumers fears while research from Oracle questions whether consumers are crying out for a full personalised retail experience. For some customers, just being able to buy the product at a good price and have it delivered on time is enough. Ian Watson from Predictix examines ways to align demand forecast and supply chain systems for omni-channel retailing.

While the multitude of channels is




making the buying process more flexible for consumers it's also making it more complex for retailers to manage. It's also elongating the buying process as consumers spend more time browsing and researching before making the actual purchase. This is true in homewares at least, which is the focus of the latest study by Conlumino. Changing behaviour is affecting the high street but it is convenience that is winning regardless of whether that's online or in store - or in providing the seamless blend of experience across all channels.

It is this, and the question of whether mobile holds the key to saving the high street, that are discussed in the mobile section of this issue. Not only are retailers having to consider their own technology but also the new acronym in the retail landscape: BYOD. Bring Your Own Device, or as it used to be called - the mobile phone - has led not

only to the need for a mobile strategy and tablet strategy but now they need to be leveraged with a view to making it all work together, while also being complementary to one another and not just leaving retailers falling prey to showrooming.

Lots of issues, cogs, strategies and transformation. Maybe it's time for retailers to get as good at predicting the next technology trend as they are at predicting the next fashion trend?

In the meantime, join Internet Retailing at the NEC in Birmingham for Internet Retailing Expo on 20 and 21 March. With 6 conference tracks, 150+ exhibitors and 5,000 fellow retailers there are plenty of opportunities to meet, network, do business and move from "heard about" to "just did". 

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.

NEW YEAR'S FIRST FALLERS

The Jessops brand looks set to survive as an online-only retailer, following the acquisition of its brand and other assets by a group that includes Dragon's Den entrepreneur Peter Jones. The move seems to indicate that the company will now be moved online, following the closure of the company's 187 stores.

Jessops called in the administrators in January after failing to make headway against the twin pressures of the consumer move to rely on smartphones to take photographs, and of weak consumer confidence. CeWe Color is due to take over the Jessops Photo database.

Blockbuster and HMV were other retailers going into administration in the early new year. Administrators from Deloitte, appointed by the Blockbuster film and game rental and sales business, said the business had been squeezed as competition grew in the digital download market.

The news comes just a day after music and games retailer HMV went into administration. HMV has been in recent years criticised for being slow to adapt as music sales and later downloads moved online. Unlike HMV, Blockbuster was early to offering online rentals. Customers could rent DVDs online from blockbuster.co.uk as early as 2002, the same year as rival LOVEFILM launched, though under a different name. But while

LOVEFILM, now part of Amazon, and more recent arrival NetFlix, both offer immediate online viewing through a variety of internet-connected devices, Blockbuster's focus has been on renting and selling DVDs through stores and online, both of which necessitate a delay between decision and viewing.

VIDEO AND GAMES WEBSITES RANKED BY SHARE OF UK VISITS

| WEBSITE | DOMAIN | VISITS SHARE |
|-----------------------------|--|--------------|
| 1 LoveFilm.com | www.lovefilm.com | 22.87% |
| 2 Play.com | www.play.com | 20.84% |
| 3 Netflix.com | www.netflix.com | 19.01% |
| 4 TheHut.com | www.thehut.com | 7.44% |
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Source: Experian Hitwise

SUPERMARKET MOVES

Sir Stuart Rose has been named as the incoming chairman of Ocado. Sir Stuart, who spent seven years at M&S, will head the online grocer's board from 10 May, when its current chairman, Lord Michael Grade is to retire.

Sir Stuart says he sees a bright future for the company, which is to open its second customer fulfilment centre later this year. "I believe Ocado's model and the high standards of customer service it provides will see it emerge as a powerful online player. I am looking forward to being part of the team," he says.

The online grocer announced in its Christmas and fourth quarter trading statement that gross sales rose to £91.6m in the six weeks to 6 January, 14.2% up on the same time the previous year. Customer orders rose by 11.4% at the same time. In the seven days up to Christmas, gross sales were up by 17.1%.

Full-year figures also showed a 12.4% rise in sales in the fourth quarter, and 11.4% growth in the 52 weeks to 25 November, with sales of £716.2m, up from £642.8m last time.

The news comes as Tesco opens its fifth dotcom store, creating 700 jobs, at Crawley in West Sussex. Tesco says annual like-for-like sales growth of 15% is driving its dotcom store expansion. Products in the dotcom store are stacked according to their popularity with customers since this helps personal shoppers work more efficiently, filling trays that move to them on conveyor belts stretching almost two miles through the store with goods that are close at hand. Some 12,000 trays will be handled each day at the 24/7 dotcom store.

E-BOOKS BOOST AMAZON

Amazon has reported sales up by more than a quarter in 2012, after a year in which sales of digital e-books grew quickly. The company, releasing fourth quarter and full-year sales figures, said net sales were up by 27% to \$61.09bn (£38.6bn) in the year to the end of January, compared to \$48.08bn (£30.4bn) in 2011. Sales of e-books rose by 70% during the year while sales of physical books were up by just single digits.

"We're now seeing the transition we've been expecting," said Jeff Bezos, founder and chief executive of Amazon.com. "After five years, eBooks is a multi-billion dollar category for us and growing fast – up approximately 70% last year. In contrast, our physical book sales experienced the lowest December growth rate in our 17 years as a book seller, up just 5%."

But operating income was down by 22% to \$676m (£427.7m), from \$862m (£545.5m) in 2011, taking the company to a full-year loss of \$39m (£24.7m), from net income of \$631m (£399.3m) in 2011. In the fourth quarter of the year, to December 31, net sales rose by 22% to \$21.27bn (£13.4bn) from \$17.43bn (£11bn) in the fourth quarter of 2011. Operating income rose by 56%, compared to the previous year, to \$405m (£256.3m) in the quarter, while net income fell by 45% to \$97m (£61.4m). The company said that its Kindle Fire tablet was its bestselling product for the second year in a row across all its markets, including the UK. During the last quarter the company launched Kindle Stores in Brazil, Canada, China and Japan. Amazon predicted net sales up by between 14% and 26% in the first quarter of 2013.

E-CRIME 'MOST COSTLY UK RETAIL CRIME'

E-crime costs retailers more than any other retail crime, including shoplifting, according to a British Retail Consortium (BRC) study. But the majority of losses come not from the goods stolen or money defrauded, but from the legitimate transactions that are turned down as retailers look to avoid losing money, the study suggests. Lost revenue is estimated at £111.6m in 2011/12.

In its Retail Crime Survey 2012, the BRC found the overall cost of retail crime rose by 15.6% last year to £1.6bn. Of that total cost, which covers the value of goods stolen, damage incurred as well as crime prevention measures for the future, some 37% came from e-crime. That makes it, said the study, "a more costly retail crime than shoplifting".

Fraud accounted for 26% of the cost of retail crime, while customer theft accounted for 28%. Employee theft was behind 4% of the cost of retail crime, while burglaries accounted for 2.9%, criminal damage 1% and robberies for 0.7% of the cost.

The e-crime section of the report suggested that e-crime cost the retail sector £205.4m in 2011 to 2012, including £77.3m in losses including identification-related fraud such as account takeovers (£20m), card-related fraud (£15m) and refund frauds (£1.2m).

MORRISONS AND LAKELAND COLLABORATE

Morrisons and Lakeland are joining forces to launch a new website selling kitchen products in a move that is part of the supermarket's strategy to expand its non-food business online. The new site will launch in the spring and will be the supermarket's third online venture, following the launch of wine site MorrisonsCellar.com in November and the acquisition of nursery retailer Kiddicare.com in 2011.

Morrisons says it is moving online by launching categories that are close to food, while allowing its supermarkets to remain focused on fresh food. "We believe the future for retailing many non-food products is online rather than in supermarkets," said Dalton Phillips, Chief Executive of Morrisons.

"Morrisons customers are used to buying great fresh food and this venture will also ensure they can prepare it with great kitchenware from Morrisons.com. We decided to work with Lakeland because it has spent 50 years selling reliable kitchenware for cooks of all standards."

Lakeland's range of kitchenware will sit alongside Morrison's existing range of everyday essentials. Initially Lakeland will fulfil orders, but in time Morrisons will take over the role.

HOMEBASE GETS MULTICHANNEL MAKEOVER

Homebase has started a major redevelopment programme for its store estate and multichannel offering in a bid to offer a clearly differentiated customer experience. Speaking at a briefing at the company's newly transformed store in Ruislip, West London, Paul Loft, Managing Director of Homebase, said that around 100 of Homebase's 340 stores will have a full refit over the next seven year.

The Ruislip store, which recently underwent an £800,000 refit, is Wi-Fi enabled with store assistants equipped with tablets and headsets to help communication and customer service. Service is a key part of the format and investment in colleagues continues to be a major part of Homebase's development.

The store also has a new decorating centre with City & Guilds trained decorating consultants, with touchscreen technology to help customers transform the look of rooms in their homes at the touch of a button, while consultants can help them create moodboards using swatches of flooring, tiling, wallpaper and paint materials.

The first Habitat concession store has been opened in Ruislip and accompanies Laura Ashley which has had successful

concession stores for a number of years. In addition, there is also a new made-to-measure department for both carpets and curtains, a newly designed garden advice centre and a kitchens, bedrooms and bathroom showroom with popular brands such as Odina and Schreiber.

This investment comes on top of a refreshed website and mobile launch as multichannel becomes increasingly important to Homebase; "it has a million visitors to the brand going via the website each week. Online sales participation is growing by 25% year-on-year and is accounting for almost 5% of Homebase's sales. Within social media, the Facebook app for personalised mood boards and 'ask an expert' functionality continues to strengthen our position in home enhancement."

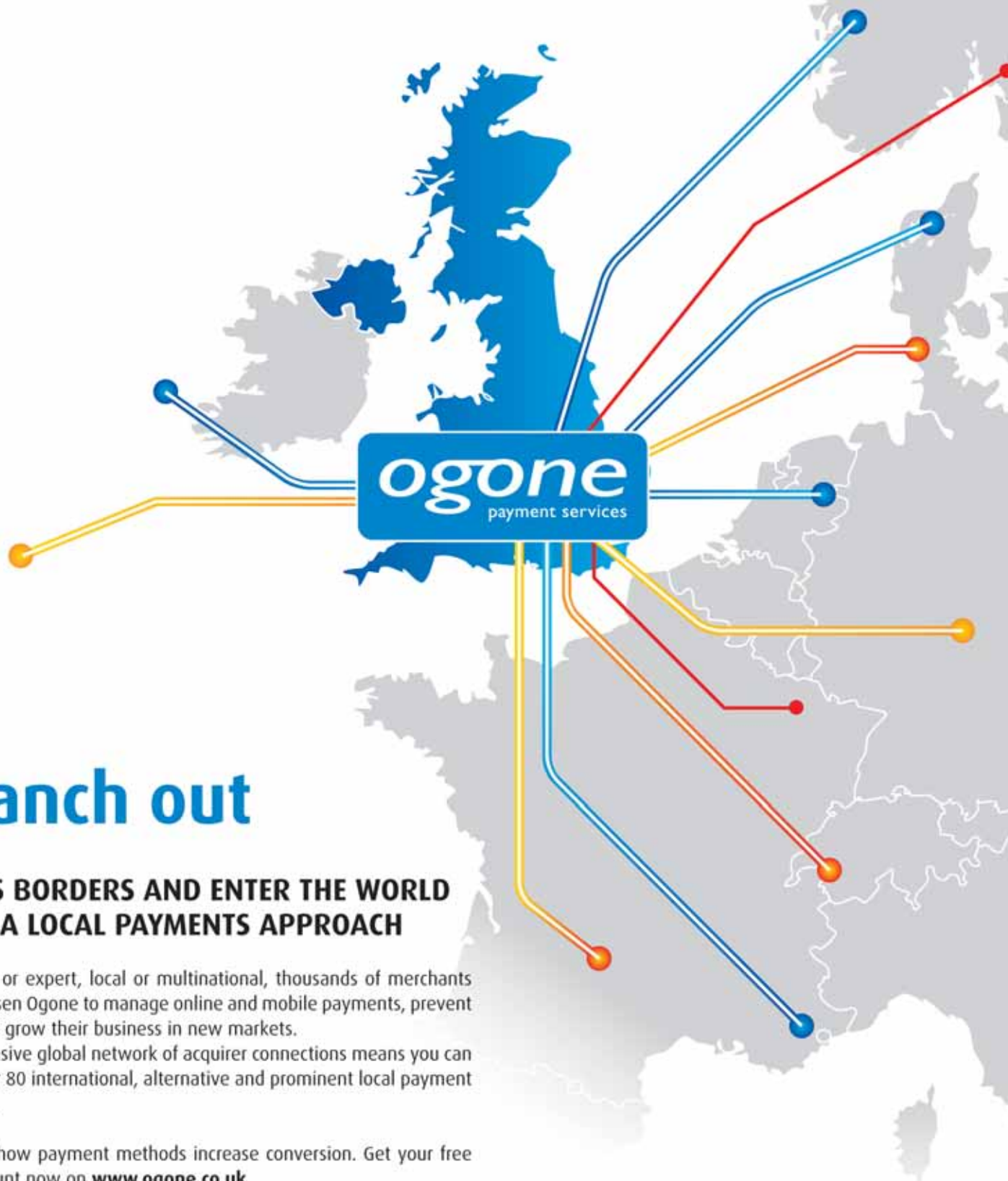
Loft comments: "Early feedback from customers is that they love the changes we have made, which offer them a dramatically different experience. At our prototype store in Aylesford, we saw a sales uplift of 20% on a two year basis and we have invested in smaller refits on mezzanine levels and garden centres in a number of stores, which are also doing well".



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

MOBILE CHRISTMAS

The number of people accessing the internet from their smartphone or tablet device on Christmas Day and Boxing Day reached an all-time high in 2012, according to the annual Online Christmas Activity survey from eDigitalResearch and IMRG. 89% of the 2,000 online consumers surveyed went online over the two days with around a third (30%) doing so via their smartphone and another 21% from their tablet device, an increase of 8% and 13% respectively year-on-year.

The results also found that a record number of consumers were logging on over both Christmas Day and Boxing Day. 65% of consumers said that they accessed the internet on both days, up from just under 59% last year, proving that the internet is truly becoming a key part of the festive season.

The results also found that just under half (42%) of consumers browsed whilst watching television on Christmas Day or Boxing Day, with a quarter (26%) accessing websites from their smartphone and another 19% via their tablet. Whilst the Christmas television schedule remains a key part of the festive season, retailers and brands need to be aware that consumer behaviour is changing.

Derek Eccleston, Head of Research at eDigitalResearch, says, "The traditional Christmas Day and Boxing Day routines are changing. More and more people this Christmas settled down to watch the television with their smartphone or tablet device to hand. Nowadays when someone sees a product being

advertised or something that catches their eye on TV, the first thing they are likely to do is to reach for their internet enabled device and search for it online. This provides brands and retailers the opportunity to reach people during one of the few traditionally non-shopping days a year and make a genuine and real impact on sales. It is therefore imperative that brands integrate all channels, including their marketing messages, to make sure that everything from their website and mobile app to their TV adverts, are aligned".

\$55BN BUDGET FOR MOBILE MARKETING

As retailers increasingly utilise mobile devices as a touchpoint on each stage of the retail lifecycle, a new report from Juniper Research has found that annual spend by retailers on mobile marketing will reach \$55bn, almost double the \$28bn level expected this year.

The report – Retail mCommerce: Mobile & Tablet Marketing, Advertising & Coupon Strategies 2013-2017 – found that the development of a mass tablet market had created new opportunities for brands seeking to enhance engagement with consumers. With ecommerce migrating to mobile and nomadic devices, adspend on both tablets and smartphones is continuing to grow strongly as retailers (notably in North America and Western Europe) migrate their own spend to digital in general, and mobile in particular.

Similarly, the report observed that mobiles were driving retail footfall through coupons, with couponing apps becoming an increasingly popular mechanism of distribution and coupon storage. Furthermore, it highlighted the increasing trend towards the development of additional distribution channels – such as augmented reality and NFC – as mobile becomes increasingly integrated into in-store retail strategies.

However, the report cautioned that while retailer engagement with mobile channels had increased dramatically, many had still not optimised their sites for mobile browsing, registration or payment. According to report author Dr Windsor Holden, "If retailers truly want to maximise the mobile monetisation opportunity, then optimisation is critical. If you are using mobile advertising for consumer acquisition, you need to push users to a site with which they can comfortably interact; retailers that fail to respond to consumer demand will fall behind."

The report also suggests that brands are increasingly seeking to integrate campaigns across mobile social networks such as Foursquare and Facebook. But they also need to ensure that mobile ads are frequency capped to prevent overexposure.

CHANNEL ISLANDS PILOT

Jersey tea and coffee merchants Cooper & Co have broken new ground in The Channel Islands by becoming the first local business to offer a method for paying at the till using a smartphone.

The service, which was launched in December, allows customers to pay for items at Cooper's newest coffee shop by simply showing a barcode on their smartphone screen. It uses Apple's Passbook mobile payments app, which is a feature of the most recent version of Apple's iOS mobile operating system.

The Cooper & Co till system has been upgraded to allow staff to scan customer phones to take payment, and the Cooper & Co ecommerce website (www.cooper.co.je) has been redesigned to allow customers to buy Passbook credit for use at Cooper's Castle Quay.

Customers can use either an Apple iPhone or iPod or an Android phone with the PassWallet app installed.

David Warr, owner of Cooper & Co, comments: "Smartphone usage in Jersey is very high, and mobile payments are a global trend. Small retailers have to do whatever it takes to remain appealing in the face of international competition and the early take-up of our Passbook offering has already proven that mobile payments are going to really take off in the UK."

M.Video: Simplifying the omni-channel landscape

M.Video.ru has big growth ambitions and a vision to stay ahead of expected cross-channel customer behaviour. *Emma Herrod* speaks to the IT Director, Christopher Mangham, about the challenges of this type of retailing in Russia and the infrastructure the firm is putting in place to support it.



AS SNOW ACROSS the UK causes schools to close and transport operators to move into reduced service mode, pause to think about your own operations, your supply chain and how you deliver product to customers. Now, map that onto a cross-channel business operating in a country that crosses nine time zones and where the furthest store from head office is more than 3,000 miles away and not always accessible by air, road or even ice truckers. Then, allow customers to cancel part of their order via any channel while it's in transit without having to have it delivered and go through a return and refund process. That's the exact service that customers of Russian consumer electronics retailer M.Video.ru can expect.

M.Video company president and CEO Alexander Tynkovan started the firm with a single store in 1993. He has seen how retailing has changed in the West and knows that it also has to change in his own country – and quickly. With an international management team, M.Video has not only grown into the number one consumer electronics group in Russia, but according to Deloitte it's also the 12th fastest growing global retailer.

It had a total turnover of \$5.2bn in its 2012 financial year, an increase of almost 20% during the year with online sales growing by 56%. On its best day in 2011 it turned over \$46m; in 2012 it topped \$65m. It started last year with a single website in Moscow but by the end its retail operations had extended to another 16 regional websites and 296 stores (including 42 new ones) in 127 cities, with 50 in Moscow, 15 in St Petersburg and one in Yakutsk in the far east of the country. Overland deliveries to Yakutsk can take up to 21 days to arrive from Moscow “and that's not in the winter when you struggle to get there,” says M.Video's IT Director, Christopher Mangham.

The internet, mobile and social platforms are

“If you don't do
omni-channel
you don't have
a business.
You're not
competitive”

all growing rapidly in Russia with 36% of 18 – 35 year olds using the internet. Following the pattern seen in other countries, online shoppers in Russia tend to earn more than other workers – in this case 30% more – and also spend more (65%). M.Video is anticipating that the retail market and ecommerce will also follow a similar route to maturity as seen in other countries.

The company knows that its sector is going to change, so it wants to be ahead of the curve. It also knows that it needs to become more service driven, so it must accept showrooming when it happens. “Omni-channel is not a unique selling point – it's hygiene,” says Mangham, “driving sales across all channels at the lowest operating cost.”

GROWTH & VISION

M.Video is the first publicly listed company of its type in Russia and growth is top of its agenda, both in terms of career opportunities for its employees and in increasing the value of the company. It is the country's largest electronics retailer with a reputation for high-quality products and services.

The firm's vision for omni-channel is one in which an order can be placed from anywhere, paid for anywhere and collected from or delivered to any location, but also about an equal price strategy for online and offline and unified online/offline service propositions, e.g. online credit.

It wants to offer a complete and connected experience across all channels with integrated selling, whether in store, via mobile, web, kiosk, catalogue or social media. It is enabling this through a single product system and a single customer database “supported by leading front-end systems that allow you to do it,” says Mangham.

He adds: “We have started on the journey to deliver this vision with the building blocks that we have in place. Our architecture is evolving ▶



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to accommodate our plans, and to deliver sales and not only financial benefits but also an improved connection with our customers. We are using our knowledge to personalise our offering and enable a unique customer experience.”

So, how does the company plan to achieve all this and how far has it already travelled on its journey from multi- to omni-channel?

Having identified 18 different routes to market, M.Video’s next step has been to integrate all of its technology into a simplified systems landscape. The company has been investing heavily in systems since 2009 to give it a single version of the truth regardless of how its customers are shopping and which device they are using. “It’s complex in terms of transitioning but we won’t be able to do true omni-channel [without it],” says Mangham. He explains that although M.Video has achieved a single view across the supply chain, this won’t be possible across the whole operation until the full omni-channel infrastructure is completed in 2015. By this time it will have invested around \$100m in IT alone.

“Omni-channel: there’s a similar word in Russia - умный pronounced ‘umni’ – it means clever”

SAP / ORACLE / NTS

At the heart of the operation is SAP, and it seems that if something is possible with SAP, M.Video will use it. Mangham says: “We are a large SAP shop and intend to be the first in Russia to implement it on Intel. The whole of the back end is SAP.” He adds that M.Video has world-class assortment and forecasting developed in conjunction with US company Predictix. “Stock needs to be where the customer wants it and when. In Russia, regionality and climate increase the complexity of the supply chain and the need for advanced analytics.”

Currently the company has achieved a single view of stock track and trace and will shortly have the built-in flexibility to enable customers to change part of an order at any time. “The unwanted part of the order is just delivered to the local store or back to the distribution centre,” says Mangham. At any one time \$1bn of stock can be in the supply chain. The company operates through 60 distribution centres as well as its stores, many with mini warehouse operations, which can fulfil customer orders for same-day collection or despatch.

At the front end is a legacy, self-developed store system. This front office/back office (FOBO) system handles product distribution management, including goods receipt and shipment, sales such as self-service, online reservations and receipts, administration, till controls and product returns via stores. This system is in the process of being completely re-engineered with a product from an Austrian company NTSwincash.

At the moment, because of the challenges with network issues in the country, the in-store FOBO systems operate on a standalone basis and link back to the SAP system. “It increases complexity and resilience,” says Mangham, explaining how the systems are evolving with built-in redundancy to protect the existing business and allow the company to cut future costs.

For the past 11 years it has used a functionally rich, self-developed website. But the implementation of Oracle Commerce solutions, including ATG Web Commerce, Web Commerce Service Centre and Oracle Endeca, has recently started to support the cross-channel experience the company is aiming for across all customer touchpoints. It will also enable more effective customer interaction and engagement through recommendations, promotions and search. M.Video says that one of the reasons why it chose Oracle is “the fact



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that it blends international in terms of capability, and local in terms of implementation and cost". Oracle Partners EPAM and Spindrift are providing business consultancy, integration and development expertise.

SAP, NTS and the Oracle Commerce platform will create a seamless experience for M.Video's customers while giving it flexibility in terms of resilience and future expansion into new territories. They will also deliver early benefits and transform the in-store customer experience. "The overriding priority is that we must produce integration [from a customer experience and systems point of view] even though technically they are two systems," says Mangham.

Architecture transitions are being made in four stages over the next three years:

- Single view of customer and campaign management;
- Web and order management;
- Loyalty and bonus scheme;
- Service and claims control.

M.Video has built up a strong customer base with a loyalty scheme that has more than seven million subscribers, half of whom have been active in the past six months.

OPERATING IN RUSSIA

While ecommerce currently accounts for 5% of M.Video's total business, it has reached 12% in Moscow and the figure for Russia's second city, St Petersburg, is also improving. Internet usage and ecommerce are increasing in the country with 36% of 18-35 year olds online. But the growth of ecommerce is being held back by bandwidth issues outside of metropolitan areas.

Russia operates a mainly cash economy in which about 12% of the population has a credit card, although 90% of activity is still cash-based, so payment on delivery is common and about 95% of utility bills are paid by cash via kiosks. It is also an economy in which trust has to be built, since customers often want to inspect products in detail and make sure they work before they buy or accept the order in store or at a delivery point. However, things are shifting and the ecommerce landscape is expected to see major change within the next five years.

Kiosks and QR-code walls are being fitted in choice stores so customers can purchase basic products. "All our stores are being fitted with Wi-Fi capabilities to support the new technologies (such as connectivity for smart TVs) as well as key brands such as Apple and Samsung, so our sales colleagues can demonstrate our new products," explains Mangham.

PEOPLE

Of course, cross-channel is not only about systems. As far as the teams are concerned, the company already operates cross-functionally



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with both the marketing and the sales departments responsible for bricks and clicks. A projects team is responsible for defining the customer experience.

To get the maximum benefits from the new technology, customers need to know how to use it. So staff are being trained to educate customers about getting the most out of the cross-channel experience. They are also being trained to understand that each customer is their client and their responsibility. "Instead of incentivising staff to close the sale, they are encouraged to tell customers that what they see in store is the same as online," explains Mangham.

Rather than losing a sale, store staff can advise a customer on a product, even place the order online in store if the customer so desires or encourage the customer to review the order online at home and complete their purchase.

The company recognised quickly that store


“Omni-channel is not a unique selling point – it’s hygiene”

staff don't want to promote the web. So sales are attributed by a system of geo-clustering, in which a group of stores within a geographic area or region are clustered with online. This has resulted in a 30%, above normal growth rate, increase in online sales since its introduction in Moscow in June 2012.

With its international team of ecommerce and cross-channel retail specialists, Mangham says M.Video can learn from best practice in other countries and the mistakes that have been made such as "not being fully integrated, showrooming, order management failings, speed of sites and analytics". This means it can introduce systems and processes to enable cross-channel retailing and stay ahead of customer expectations. In effect, implement in five years what it has taken UK retail 15 years to achieve through gradual adaptation and changing customer behaviour.

"Through personalisation, richer content and real-time analytics we are developing one single version of the truth in the back end," explains Mangham. "We see these [systems] as the fundamental building blocks for our success in cross-channel. We don't know when the switch from store to online will come, but it will." Consequently, M.Video is building to remain flexible. It plans a further 20 regional websites for 2013.

PayPal is arriving in Russia, as is eBay. Kiosk and eWallet payments are imminent and NFC will shortly be arriving. An M.Video marketplace to support extended product catalogues from vendors is also on the cards as part of the omni-channel vision enabling a wider range of assortment for customers.

Other retailers in Russia are coming to understand multi- and omni-channel retailing but "our competition will also be from foreign companies expanding into Russia," says Mangham so "we are developing to stay ahead." 



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Christmas on time or Christmas everywhere?

John Oswald, Business Design Lead at service design consultancy, Fjord, discusses the impact of the UK's Christmas sales figures and reflects on the lessons learnt and challenges ahead.

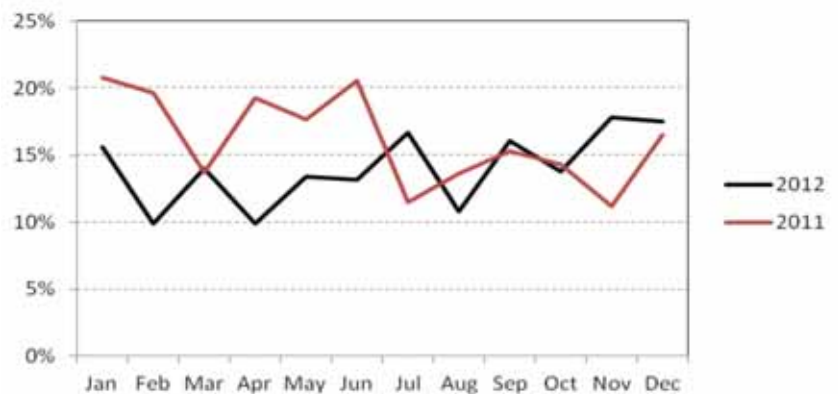
THE MUCH-ANTICIPATED figures on UK retail sales in the all-important month of December 2012 hit the headlines, with results coming in from Debenhams, John Lewis, Morrisons, Sainsbury's and Tesco. With the British Retail Consortium releasing its perspective on what the figures really mean from a business perspective, we can see a clear pattern emerging, at least for supermarkets and high street retailers. Retail is tough, growth is slow and margins are tight. Not much change there, then. However, the Christmas results provide a great snapshot into changing customer behaviour, as companies see more of their growth coming from online and mobile channels.

Debenhams posted an astonishing 39% growth from these channels in its December sales, and this positive outcome is a culmination of its greater multichannel focus over the past year which has seen online sales increase from £179.2m in 2011 to £250.6m in 2012. M&S last year also saw very strong growth, while Sainsbury's achieved 15% online growth in its third quarter of 2012.

John Lewis similarly reported a rise in its sales in the five weeks towards the end of December by 13% and, although stores performed well, it is clear that online was the driving force, with internet sales having risen 44% on last year. Echoing the company's increased focus on e-tail, with JohnLewis.com sales rising 26.3% in 2011 to

YEAR ON YEAR GROWTH IN IMRG CAPGEMINI E-RETAIL SALES INDEX

IMRG Capgemini e-Retail Sales Index



£680.8m in 2012, it is clear that online shopping was especially important to the Christmas customer.

Morrisons' results have shown that without an online capability, the future is looking challenging. Supermarkets that are online only are struggling to turn a profit, in spite of the sheer brilliance of their online experience, speaking particularly of Ocado. For obvious reasons, it's expensive to go to the customer, rather than expecting customers to come to you. So it's safe to conclude that it's not online that's making a real difference on its own, rather it's the overall online/offline blended experience that's fuelling the change. Companies need to think carefully about developing an overall service experience, no matter what the channel, that complements their brand promise and delivers real value to real people.

Let's take a closer look at Debenhams.

For some time now, Debenhams has developed a good, well-established mobile strategy, with 1.4m downloads across its different mobile platforms. Its strategy clearly recognises that offering people a way to browse and buy on the move is a complex game, with people having a quick glance as they go to work, maybe looking at the website during the day, then browsing and buying on tablets in the evening, with 10pm emerging as the new peak shopping time.

SECTOR SPLITS - DECEMBER 2012

| | % Change Nov 12–Dec 12 | % Change Dec 11–Dec 12 |
|----------------------------------|---------------------------|---------------------------|
| Beers, Wines and Spirits | 50% | 19% |
| Clothing, footwear & accessories | 9% | 18% |
| Accessories | 28% | 37% |
| Footwear | 11% | 9% |
| Lingerie | 31% | 39% |
| Electricals | 18% | 31% |
| Gifts | 38% | 40% |
| Health & beauty | 32% | 13% |
| Travel | -9% | 8% |

Source: IMRG Capgemini e-Retail Sales Index

With the Debenhams shopping experience available to consumers across a variety of online platforms, its online sales have gone up a fairly miraculous 39%, and we can certainly see the appeal of flexible and mobile commerce to the busy Christmas shopper. Additionally, like many other retailers, Debenhams has seen its online sales push up its overall like-for-like sales, in turn.

Similarly, John Lewis offers a fantastic example of a brand that deeply understands its customers' needs and has tailored a set of online and mobile services around them.

These retailers have a brilliant opportunity to accelerate even further as they integrate more and more consumer data to offer a great customer experience. At Fjord, we applaud their successes, and wish them well, but would point out some challenges. Data is brilliant, and with it comes much insight. There's a huge potential to build new, 'living services' that adapt and change, moulding to the needs of individuals. The risk, of course, is that this runs the risk of feeling creepy and can get in the way of people just wanting to browse and buy. Be smart, yes, but think carefully about being too smart. The trick, as ever, is to develop an online and offline service experience for customers that is on-brand, delivers value, and that people just love to use.

Let's now compare and contrast with Morrisons, the Bradford-based supermarket chain with historically strong local ties with the North of England.

Morrisons announced a like-for-like sales drop of 2.5% in December, which got a lot of people looking very closely at its lack of online presence, which it hasn't been able to call upon to close its profitability gap. However, Morrisons will be launching more online categories and is basing its multichannel offering on strong customer behavioural data and analytics, aiming to capture a share of the online grocery market that is predicted to reach £11.2bn by 2016.

Rather than shoot arrows, it's important to focus on the fact that Morrisons has a golden opportunity to consider a new approach to online retailing which learns from the successes and failures of its competitors this Christmas. Tesco has been first to market for so long, and has a massive and complex offering. Sainsbury's is similar, and both have an increasingly successful click and collect service, making the most of people's lifestyle which is increasingly a mix of physical and digital. Morrisons' initial foray into digital with a wine selector app has been greeted with some praise, but there's clearly a way to go. New digital and physical ways that play on the fact that real people want convenience, quality

THE IMRG CAPGEMINI FIGURES

Christmas 2012 saw 17.5% higher sales online than in 2011 with shoppers spending £9.4bn online in December, according to figures from the IMRG Capgemini e-Retail Sales Index. December saw a 12% increase over November's spending with m-retailing growing a staggering 207%. Conversion rates fell though by 0.3% to 4.6% as a result of increased browsing by shoppers.

Many sectors saw solid performance in December with clothing, footwear and accessories seeing 18% year-on-year growth. Electricals saw a resurgence with 31% growth (up 18% on November 2012) and lingerie and gifts rising 39% and 40% respectively over December 2011's figures.

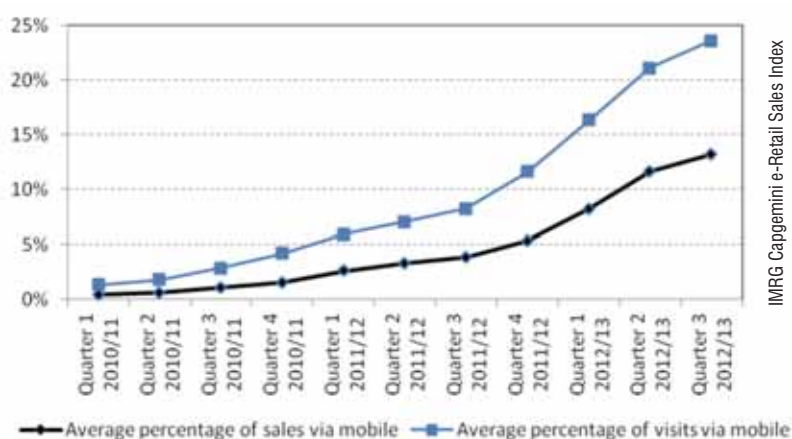
Overall, online sales in 2012 reached £78bn a rise of 14% with online now accounting for 15-20% of retail sales. Online accounts for a higher proportion of sales in some sectors with 70% of music (mainly CDs) sold online and 25% of electricals. Total sales through mobile devices, including tablets, were up 304% on 2011.

Capgemini and IMRG predict online growth to continue in 2013 with an anticipated £87bn to be spent online over the year resulting in market growth of 12%.

and value need to be articulated, with Morrisons particularly playing to the value angle. What about digital services that integrate people's lifestyles better, be it meal planning, ingredients finding, click and collect, finding the freshest produce, timing your shopping to make the most of when particular products are going to be available and when the best discounts are available?

Economics aside, it's now a given that online retail is growing very fast and commanding more

AVERAGE PERCENTAGE OF SALES AND VISITS BY MOBILE



of a slice of the UK retail pie. It's also a given that mobile devices are becoming ubiquitous, with sales starting to outpace the traditional PC market.

So, if online and mobile are becoming ubiquitous, retailers need to accelerate and optimise their forays into digital across all their touchpoints and have an extremely sharp, contextually-relevant online presence, but also a highly integrated online and offline approach that adds real value for real people.

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** 2012 MRC/Cybersource global fraud survey on total cost of fraud

Retail review

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

| RETAIL LEADERBOARD | |
|--------------------|--------|
| John Lewis | 83/100 |
| IKEA | 75/100 |
| | |
| | |
| | |

RETAIL STRATEGY 25/25

*Emma Robertson,
Managing Director, Transform*

It's hard to imagine a time when you couldn't find a 32,000 square metre Ikea store in trading parks across the UK and Europe. Ikea's now megalithic size - 287 stores in 26 countries with annual revenues of more than €25bn - belies the brand's humble origins.

The key to the company's successful international expansion is a replicable, profitable and in-demand model that has been the nirvana for expansive growth. However despite the existence of a website, home delivery, order in-store and mobile apps, Ikea still feels like a store-with-a-website retailer. With online sales increasing 25% year-on-year in 2012 and clearly established customer expectations in the UK, European and US markets, this will inevitably change over time.

The simple scoring from Transform is based on whether or not five services are offered by the retailer with a score of 0 for no and 5 for yes. The services are: collection in store; mobile app; mobile website; iPad app; in-store digital technology.

INTERNET RETAILING IN STORE 17/25

*Reeta Junankar,
Manager, Javelin Group*

Ikea's proposition is still very much multiple channels vs. omni-channel. Although pockets of good customer experience exist across web, store and mobile there is limited interaction and no communication of omni-channel



missions, particularly in store.

Prominent use of digital technology is seen throughout the store: terminals and large touchscreen TVs are present in almost every department to enhance the shopping experience e.g Kitchen, bathroom and wardrobe planning. Although these offer effective product selection support, more could be done to help customers navigate toward and ultimately purchase the desired products once they had been selected on screen. Use of digital appears to be primarily designed to enhance the immediate in-store purchase experience and not to offer the customer an additional route to purchasing a product in the most convenient way, while mobile seems to be missing from the in-store digital mix altogether.

Our multichannel proposition evaluation is based on our proprietary scorecard which assesses multichannel functionality and execution across 8 key customer centric areas. This review is based on Ikea's Wembley store.

MOBILE 14.5/25

*Adam Maxted,
Square Media Consultancy*

Both the catalogue app and mobile site delivered adequate mobile user


navigation to showcase items available in the catalogue and facilitated easy browsing by category or search for a specific item. The app experience was obviously richer and would encourage shoppers to dwell longer and browse more deeply, encouraging page turning through the catalogue layout.

Using two mobile devices - an iPhone 4 and an iPad 2 - I took a look at both the app and m-website of Ikea to assess their look and feel, layout, content, navigation, usability, payment processing and post sale service.

WEB EFFECTIVENESS 18.5/25

*Anna Basista, User Experience
Consultant, User Vision*

The Ikea online shopping experience is satisfying. Individual product pages provide buyers with accurate and nicely laid out content. Limited product page filtering and no control over the pagination make the process a little annoying but the predictive auto-complete search field is very helpful. The straightforward checkout won't 'wow' anyone but it does hold the buyer's trust and provides a feeling of control throughout. In the main, the transition from brochureware to purchase is smooth. As an online retailer this is the aim.

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

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Verbing the noun

The saying "every noun can be verbed" may annoy linguistic purists, but it's a function of our age and may be a peculiar indication of success. As we turn our businesses from 'things' into active 'services', Ian Jindal ponders whether this approach might be a commercially-interesting one for retailers.

We are coming to the end of the retail age of 'things'. Not that we'll no longer buy goods and products, but rather the 'lumpy' and noun-like nature of retail is changing. A destination store is the ultimate noun: big, immutable - just 'there' awaiting some fawning adjectives. However the store now 'wraps' around the customer - whether as a result of showrooming, digital displays or the customer's own hand-held processing power in their mobile. Click and Collect (two verbs just waiting to drop the conjunction and be free! "I've just Clickcollected my new laptop") also verbs the store but making it an active, responsive, tractable place.

Further developments in the context of the store see us move from 'local distribution centre' to 'experience': from noun to verb. Westfield's shopping town in West London evidences the benefit of a 'service wrapper' around a location experience. In a whole day's visit the experience is a rounded leisure activity - food, socialising, film, as well as shopping. The Concierge service, excellent parking and public transport remove much of the 'schlep' of shopping. Customers remember the active experience, not the edifice of the store (imposing and obvious though that may be).

Key to this move into a more (inter)active approach is a level of flexibility. We don't want a store to work solely on the level of spectacle

and visual merchandising - we want the store to work as an experience. The role of retail operations, staff training, circulation, balancing concierge care with self-service, are all vital to turning a store from a somewhat experience into a brand-enhancing, commercially-successful experience. The new-ish Burberry flagship in London is not only a visual treat on an imposing scale, but also an inclusive, immersive experience for the visitor, interacting with the clothes, the brand and the staff, blending store nouniness with digital verbiness.


Increasingly, effective commercial performance will require the creation of an overwhelming experience that touches the customer's heart and mind, and also is highly interactive, responsive and configurable - not only in the store, but before and after the store.

This requires a focus upon every part of the value chain to bring the elements together not just in a moment of time, a single place, but at every touchpoint and process. In this issue we're taking a look at the strategies, internal processes, operations and teams that combine to sustain the 'verby' retail organisations of tomorrow.

This week students on the MSc in Internet Retailing have been discussing skills and strategy, and in a presentation one of the retailers talked of the "365/360" trend. The 365 aspect is our old favourite the '7 x 24' always-on mentality, however

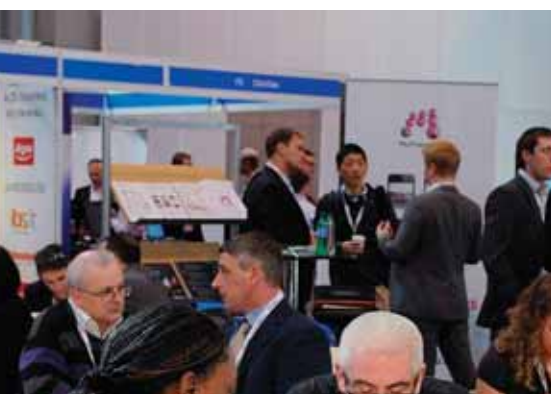
with a different spin. As the student gave his presentation on the strategic challenge to retailers he noted that not only do we now need a sustaining year-round vision ("365" more than "7x24"), but also a '360 degree' view of our business operations and the customer's interactions with us.

This 360, soup-to-nuts approach is the driver behind IRX, www.internetretailingexpo.com, covered in detail in this issue. Bringing together all parts and all professions within multichannel retail and ecommerce in order to give us every tool, every component necessary to success. The challenge then is to create a service layer and experience that transforms the many lumpy nouns into a glorious, memorable verb.

The MSc in Internet Retailing - the UK's only commercial qualification in ecommerce and multichannel retailing - has also added a new intake in May 2013. This is the fifth intake and the 'offset' start allows you to start other than at peak trading time. Applications close in April, so see <http://bit.ly/msc-ir> for information. Delegates and alumni from Amazon to Zulily, Debenhams to John Lewis, via Mr Porter, Lakeland and Boots consider how to wrangle the disparate complexities of multichannel people, processes and technology so that in future - in addition to googling, sellotaping and friending and iPhoning - customers will be verbing our nouns. 



Internet Retailing
 Selling in the digital age
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Internet Retailing Expo

Another year and what was best practice last year is old school in 2013. Trends articles and shopper behaviour aside, retail keeps moving on. Shoppers have less disposable income than in 2010 so every cost effective tip, tactic or technology that retailers can bring to their ecommerce or multichannel offering to delight shoppers into spending has to be worth investigating. With 6 conferences, numerous in depth workshops and a show floor of 150 industry suppliers, the Internet Retailing Expo promises to be full of latest thinking, best practice and a chance to compare technology offerings.

Mobile and social - two of the fastest growth areas for traffic to ecommerce sites and conversion levels - are given their own conference track with experts from PayPal, Pizza Hut, Clarks Shoes and SecretSales all sharing expertise with visitors.

Paul Skeldon, Editor of M-retailing.net comments: "Mobile retailing is no longer just about sticking your website up on mobile devices - even if you do go down the responsive web design or apps routes. In today's white hot retailing environment the key is to not only get the right experience in mobile, but tailoring that experience to where the consumer is, what they are looking for, what they like and what they have liked before".

And this is what the SoLoMo (Social Local Mobile) conference sessions at Internet Retailing Expo (IRX) are set up to bring delegates. Constructed to offer retailers the whole narrative arc of how to embrace mobile, social and location services into your business, the sessions kick off with an overview of what the consumer actually wants from mobile and social, delivered by Mike Davis, Sales Director UK & Ireland, PayPal, all based on the company's extensive consumer behaviour data. Having set the scene, the sessions dig down into how to deliver on these demands to not only improve consumer experience, but also to streamline your business.

Delegates will hear how Pizza Hut has embraced mobile to get a slice of the action in the highly competitive take away market, how mobile social is driving users to SecretSales sites and how Clarks Shoes has brought, social, local and mobile together to offer an incredible proposition to consumers who like desert boots and pasties!

International and cross-border trading remain a key focus with the fast growing emerging markets and more mature online countries of Europe and the USA offering new opportunities for e-retailers. The strength and capability of major retailers such as FitFlop and Aurora Fashions lends itself well to market growth internationally and cross-border and their experiences of 'striding into new markets' will be shared in a dedicated conference track on Day 2 of IRX (21 March).

The International and Cross-Border sessions:

- Examine the challenges to delivering profitably upon the demand for your products and services, while learning from the biggest and best as to their approaches;
- Celebrate the achievements of niche and pure-play retailers who - unencumbered by a store or operational legacy - have been able to capitalise upon demand outside of their domestic market.

From market development and insight, via the operational and in-country demands, touching on payment and reverse logistics and assessing cultural and brand challenges, the conference spends a day pushing the market boundaries for new opportunities. Is now the moment for UK retailers to go for it and try to sell into more international markets? Whatever the troubles in the European economy, there are other factors at work here - and chief among them is the strength and capability of many of our major retailers. As online-only and omnichannel retailing matures, many feel that there is a ►

“ PayPal, Pizza Hut, Clarks Shoes & SecretSales will share their expertise in the SoLoMo conference ”

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- **Soup to nuts.** While there are many specialised expos for individual professionals, IRX is the only place to cover the gamut of multichannel retail. From customer acquisition and marketing, to on-site selling and personalisation, via technology, logistics and operations, IRX is the time and place to cover the whole of multichannel.

Internet Retailing

Selling in the digital age

expo 20-21 March 2013
NEC, Birmingham

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Workshops

The IRX 2013 workshops are a complete programme of hands-on, practical, training focused sessions delivered by leading companies in the industry. These workshops will ensure attendees leave with tangible, demonstrable skills.

WEDNESDAY 20TH MARCH

MORNING SESSIONS

Moving delivery from cost to profit

20th March - 10.30

Room: Workshop 1 - next to Enterprise Theatre

SPEAKER: Tom Allason - Founder & CEO, Shutl



How to give the customers what they want and make money doing it

20th March - 10.30

Room: Workshop 2 - next to Customer Theatre

SPEAKER: Shmuli Goldberg - Senior Technology Evangelist, ClickTale



User Experience and the Responsive Web Design Conundrum

20th March - 10.30

Room: Workshop 3 - next to eSeller Theatre

SPEAKERS: Mo Syed - Head of User Experience, Amplience and James Brooke - CEO and co-founder, Amplience



AFTERNOON SESSIONS

Turn browsers into buyers: Importance of site search to an ecommerce site, Boden.co.uk

20th March - 13.30

Room: Workshop 1 - next to Enterprise Theatre

SPEAKERS: Paul Knutton, Ecommerce Manager, Boden and Chris Edge, Head of Customer Success UK, SLI Systems



Delivering customer convenience in an omnichannel world

20th March - 13.30

Room: Workshop 2 - next to Customer Theatre

SPEAKERS: Justin Moore - Sales & Marketing Director, CitySprint and Darren Taylor - SameDay Logistics Director, CitySprint



Email conversion optimisation - making sure your emails are working hard for you

20th March - 13.30

Room: Workshop 3 - next to eSeller Theatre

SPEAKER: Andrew Rooks - Head of Sales, Adestra



THURSDAY 21ST MARCH

MORNING SESSIONS

Rejuvenating Bricks by Leveraging Clicks

21st March - 10.30

Room: Workshop 1 - next to Enterprise Theatre

SPEAKER: Jamie Smith - Head of Commerce Practice Europe, Atech



Winning PPC tactics for ecommerce websites

21st March - 10.30

Room: Workshop 2 - next to Customer Theatre

SPEAKER: Ann Stanley - Managing Director, Anicca Digital



Global Expansion: How to Attract More International Customers Online

21st March - 10.30

Room: Workshop 3 - next to eSeller Theatre

SPEAKER: Ian Harris - CEO and Founder, Search Laboratory



AFTERNOON SESSIONS

Simplifying the Challenges of International ecommerce

21st March - 13.30

Room: Workshop 1 - next to Enterprise Theatre

SPEAKERS: Martin Tully - Chief Operating Officer, eShopWorld and Ralf Gladis - Cofounder & Managing Director, Computop



Delivering a tailored shopping experience to each individual visitor

21st March - 13.30

Room: Workshop 2 - next to Customer Theatre

SPEAKERS: Andrew Fowler - Country Manager, Apptus and Michael Ericsson - Business Manager, Apptus eSales, Apptus



Principles of Omni-channel Success

21st March - 13.30

Room: Workshop 3 - next to eSeller Theatre

SPEAKER: Carin Van Vuuren - Chief Marketing Officer, Usablenet



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www.internetretailingexpo.com



window of opportunity for UK retailers to bring all that they know to bear in new country markets, if they can only find the courage (and the finances) to pull it off. For those that want to try, the International and Cross Border conference sessions aim to provide some inspiring ideas plus lots of useful pointers.

INTERNET RETAILING IN STORE

Recent developments have brought physical stores front of mind and if other media and doomsayers are to be believed the end is nigh for the high street. However, the majority of retail sales are still conducted in physical stores and it's the high streets' time for a makeover - albeit a digital, omnichannel one. Some retailers, like Marks & Spencer, are already piloting all the latest technology and innovations in multichannel to create an enhanced, more convenient and inspirational customer shopping experience.

For others, implementing click and collect brings the store process and experience

“
Hear about
Agent
Provocateur's
move to a
customer-centred
approach”

central to ecommerce; digital signage and interaction makes the stores tractable to digital professionals in real time; tablets, kiosks and of course mobile 'merge' the store experience with the customer's own digital devices; point of sale, recommendation and CRM systems now work more closely, merging ecommerce with back-office infrastructure and data.

Anyone undertaking the journey from siloed digital and store channels through multichannel, to cross-channel or omnichannel retailing understands that the journey is easily said, but more challenging to deliver. For Agent Provocateur, service is at the heart of multichannel. Martin Bartle, Global Communications and eCommerce Director will be sharing how the company is moving its interaction with the customer from a channel-first approach to a customer-centred one in the Internet Retailing In Store (IRIS) Conference. Under the IRIS banner, IRX will be addressing the opportunities of the digital store renaissance: ►

IRIS – Internet Retailing In-Store

20th March - 10:30 - 12:30 and 13:00 - 15:30

Location: The Enterprise Theatre

OVERVIEW

Recent developments have brought the store front of mind: click and collect makes the store process and experience central to eCommerce; digital signage and interaction makes the stores tractable to digital professionals in real time; tablets, kiosks and of course mobile 'merge' the store experience with the customer's own digital devices; point of sale, recommendation and CRM systems now work more closely, merging eCommerce with back-office infrastructure and data. Under the IRIS banner we'll be addressing the opportunities of the digital store renaissance and the new approaches to selling in the digital age.



AGENDA

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|---|---|
| <p>10.30 Opening keynote: Service is at the heart of multichannel, moving our interaction with the customer from a channel-first approach to a customer-centred one. Easily said, but more challenging to deliver <i>Speaker: Martin Bartle, Global Communications and eCommerce Director, Agent Provocateur</i></p> <p>11.00 Elastic walls - enabling the customer to buy anywhere</p> <p>11.30 Delivering the digital store's renaissance <i>Speaker: Joanna Robb, Head of Multichannel Development and Proposition, B&Q</i></p> <p>12.00 Cross-channel questions for branded retailers <i>Speakers: Kieran Clinton-Tarestad, Head of eCommerce, Gant UK and David Williams, Head of Online, EMEA, Deckers Outdoor Corporation</i></p> <p>13.00 Afternoon keynote: The 'Dark Side' of Online Commerce - How to maximise your online store for your customers <i>Speaker: Darren Hitchcock, Vice President - UK/EU Region, RichRelevance</i></p> | <p>13.30 In-store insights: how retailers can understand customers better <i>Speaker: Guy Chiswick, Managing Director, Webloyalty UK</i></p> <p>14.00 Get more from the store: integrating the physical store in a multichannel world. <i>Speakers: Simon Harrow, Head of Digital Trading, Kiddicare and Nadine Sharara, Head of eCommerce, Thomas Pink</i></p> <p>14.30 7 ways retailers are transforming their core merchandising and inventory management practices for success in a multi-channel world <i>Speakers: Stephen Taylor and Laura Biggs, Management, Kurt Salmon</i></p> <p>15.00 Closing keynote: Delivering in Store - making the Mothercare multichannel experience work <i>Speaker: Walter Blackwood, Director of Group Logistics, Mothercare</i></p> |
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International and Cross-border

21st March - 10:30 - 12:30 and 13:00 - 15:00

Location: The Enterprise Theatre

OVERVIEW

The strength and capability of our major retailers lends itself well to market growth internationally and cross-border (within the EU). We examine the challenges to delivering profitably upon the demand for our products and services, while learning from the biggest and best as to their approaches. We also celebrate the achievements of niche and pure-play retailers who - unencumbered by a store or operational legacy - have been able to capitalise upon demand outside of the domestic market. From market development and insight, via the operational and in-country demands, touching on payment and reverse logistics and assessing cultural and brand challenges, we spend a day pushing the market boundaries for new opportunities.



AGENDA

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| <p>10.30 Opening keynote: International growth - Inbound and Outbound <i>Speaker: Dan Mahoney, Head of Operations, Zuilly.co.uk</i></p> <p>11.00 Giant steps: how to stride into new markets - the FitFlop way <i>Speaker: Jan Mehmet, Global eCommerce director, FitFlop</i></p> <p>11.30 Panel session: Europe or the world?</p> | <p>13.00 Afternoon keynote: The payments challenge <i>Speaker: Praful Morar, Vice President Retail Sector, WorldPay</i></p> <p>13.30 Customer Acquisition Strategies cross-border <i>Speaker: Jonathan Gorges, Head Online Marketing Acquisition, Priceminister.com</i></p> <p>14:00 The Power of Words - Selling across language and culture <i>Speaker: Alejandro Sáez, Head of eCommerce and Digital Marketing, txtr</i></p> |
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- How the digital store is changing and must continue to evolve to support a multichannel approach;
- How mobile is being used in-store;
- The key innovations and disruptive technologies that can transform the in-store experience;
- How the purchase pathway – browsing, research, purchasing, collection and returns – is changing.

Bringing it all together with the customer at the heart of the operation and the ability to consider the ecommerce and multichannel customer's experience from their perspective, across devices, touchpoints, locations and channels is the focus of the 'Customer Journey' conference. Delegates will hear from speakers from Dressipi, Debenhams, Marks & Spencer, B&Q and Vodafone who'll share how they connect and interpret insight from customers to increase profit and impact.

Whether looking at analytics and insight opportunities, experience design and interaction, testing and optimization approaches, data-driven approaches to gain a single view of the customer or managing customer contact centres, the Customer Journey sessions will examine opportunities to profit from putting the customer's journey at the heart of your planning in multichannel.

ESELLER THEATRE

Two conference tracks will also be held in the eSeller Theatre focussed for the smaller business looking to grow in the digital age either through launch of a new online business or for intrapreneurs and ecommerce entrepreneurs that have just started on an online retailing journey.

The two conferences in this theatre focus on Online Merchandising and Selling on Day 1 and Operations and Logistics on Day 2. While the focus is on smaller businesses, the learning opportunities are huge with speakers from

SEVEN HIGHLIGHTS


- 150+ exhibitors - what's now, what's new, what's next.
- 60+ retail and expert speakers over 6 Conference Streams. Covering the main opportunities and concerns in multichannel retail, these succinct 25 minute presentation slots, free to attend, give you an overview of best practice and plenty of food for thought and action.
- Workshop programme - thinking is nothing without doing! These hands-on sessions make the leap from "heard about" to "just did". Strictly limited places are free to attend - register without delay to secure your place.
- Meet one on one with Britain's greatest fraudster who defrauded retailers out of more than £30m. Learn from him how easy it is for fraudsters to steal from you!
- IRIS feature - Internet Retailing In Store. With digital driving a renaissance of the store, IRX has a conference stream dedicated to exploring the new opportunities where ecommerce, mobile and digital signage all meet in the 'bricks' channel. Learn what this means for your business, the opportunities and how to realise them rapidly.
- Magento Pavillion – IRX has a very strong showing from Magento experts within the Magento Pavillion where you can learn about Magento and meet leading consultancies and agencies.
- 5,000 fellow retailers will visit over the two days and there are many opportunities to meet, network and do business - from the bar to the VIP area, the coffee lounge to the many show floor activities.

Hear how Dressipi, Debenhams, M&S, B&Q & Vodafone turn insight into profit

Facebook, eBay, Amazon, Shop Direct, Alibaba, Asda and Lovehoney.

As well as the free-to-attend conferences, there are a number of in depth workshops covering topics from 'moving delivery from cost to profit' to 'simplifying the challenges of international ecommerce'. These hands-on sessions make the leap from "heard about" to "just did" but with places strictly limited you do need to get your name on the registration list pronto.

There are also best of breed suppliers in attendance at IRX, showcasing a full range of innovative products and solutions for online and multichannel retailing – including a number of new launches. Having 150+ exhibitors in one place at one time offers you the opportunity to see, look, hear and compare whilst receiving guidance from the technical experts who designed the solutions.

Attendance at IRX is free of charge to qualifying retailers, so consider bringing members of your team and together you can cover the wealth of insight and inspiration available on 20 and 21 March. Register now at www.internetretailingexpo.com. 

IRX 2013 is THE biggest UK event for multichannel and online retailers

SoLoMo - Social Local Mobile

20th March - 10:30 - 13:00 and 13:30 - 15:30

Location: The Customer Theatre

OVERVIEW

SoLoMo is a current acronym for 'Social Local Mobile', reflecting the maturity of mobile from a technology and device into a full part of the customer's expectation and experience. "Social" is important since not only do people speak to other people via their mobile phones, but the use of social media is far greater via mobile devices than via the desktop. "Local" reflects the 'grounding' of the mobile experience in current or chosen locale (via maps, GPS and directories) while "mobile" reflects the everywhere, anytime aspect of customer experience. From the underlying technology to customer engagement strategies, via vouchering and promotional technical to behavioural insights, this conference will bring SoLoMo to life - and show how we can rapidly adopt and exploit this trend. This Stream is programmed by M-Retailing.net, our title focusing upon the role of mobile channels and 'mobility' within multichannel retailing.

Maginus
EPISERVER

AGENDA

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| 10.30 | What do consumers actually want from mobile? <i>Speaker: Mike Davies, Sales Director, UK and Ireland, PayPal</i> | 12.30 | Dedicated mobile social followers of fashion <i>Speaker: Robert Moss, CMO, SecretSales</i> |
| 11.00 | Starting the mobile journey <i>Speaker: Martin Gill, Principal Analyst - eCommerce and Channel Strategy, Forrester Research</i> | 13.30 | Afternoon keynote - How to Win in a Mobile First World |
| 11:30 | Time to take tablets <i>Speaker: Mark Inskip, UK managing director, GroupFMG</i> | 14:00 | On the money <i>Speakers: David Warr, Owner & MD, Cooper & Co; Matthew Robins, MD, Webreality; Chris Newell, CEO, ImpulsePay; Mike Davies, Sales Director, UK and Ireland, PayPal</i> |
| 12:00 | Delivering mobile with all the toppings <i>Speakers: Steve Ash, IT director, Pizza Hut and Phillip Clement, Sales and marketing director, Bemoko</i> | 14.30 | Fighting show rooming with show rooming <i>Speaker: Glen Richardson, CEO, justbought.it</i> |
| | | 15.00 | Closing keynote: Tying it all together <i>Speakers: Nick Darby, Multichannel Retail Manager, C&J Clarks International and Neil Marshall, Group Sales Director, NearMe</i> |

The Customer Journey

21st March - 10:30 - 12:30 and 13:00 - 15:00

Location: The Customer Theatre

OVERVIEW

In this conference will we consider the ecommerce and multichannel customer's experience from their perspective, across devices, touchpoints, locations and channels. Importantly, we'll learn from leading experts how we can connect and interpret this insight so as to increase profit and impact. Whether looking at analytics and insight opportunities, experience design and interaction, testing and optimization approaches, data-driven approaches to gain a single view of the customer or managing customer contact centres, this stream will examine opportunities to profit from putting the customer's journey at the heart of your planning in multichannel.

Kount

AGENDA

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| 10.30 | Opening keynote: The Customer Journey <i>Speaker: Don Bush, VP Marketing, Kount</i> | 13.30 | Putting it all together - connecting with the customer across all touchpoints - Debenhams experience <i>Speaker: Sarah Baillie, Mobile Commerce Manager, Debenhams</i> |
| 11.00 | Putting the customer into the customer journey A panel session with Monitise | 14.00 | The Social Customer: Marks & Spencer as a social retailer <i>Speaker: Julia Monro, Social Media Manager, Marks & Spencer</i> |
| 12.00 | Style by numbers - the data behind connecting customers with their perfect outfits <i>Speaker: Sarah McVittie, CEO, Dressipi.com</i> | 14.30 | Closing keynote: What's next for the Customer Journey? <i>Speaker: Ali Holmes, Global eCommerce Manager, Vodafone</i> |
| 13.00 | Afternoon keynote: First know your customer | | |

6 Conferences

Over 60 speakers

“Mix and Match” your sessions

Online Merchandising and Selling

20th March - 10:30 - 12:30 and 13:00 - 15:00

Location: The eSeller Theatre

OVERVIEW

In this conference we'll consider getting online effectively (“Start”), getting your business noticed (“Promote”) and converting that interest into sales (“Sell”). This packed and practical day will package learnings from the leading ecommerce businesses to design, build and deploy your platform rapidly; performance marketing to acquire customers via search, affiliates and other high-ROI methods, and increase conversion to sales via on-site, search, merchandising, recommendation and personalized persuasion. This day's sessions will leave you with a ready, best-practice set of insights ready for rapid implementation.



AGENDA

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| <p>10.30 Opening Session with ChannelAdvisor</p> <p>11.00 Morning keynote: How to use Facebook to grow your retail business <i>Speaker: Felicity McCarthy, Head of SMB Marketing Communications in EMEA, Facebook</i></p> <p>11.30 Can you sell overseas? <i>Speaker: Chris Poad, Director of eSeller Services, Amazon UK</i></p> <p>12:00 Building trust <i>Speaker: Paul Hornby, Head of eCommerce, Shop Direct Group</i></p> | <p>13.00 New ways of selling with Flubit <i>Speaker: Bertie Stephens, Founder and CEO, Flubit</i></p> <p>13.30 Afternoon keynote <i>Speaker: Olivier Ropars, Director of Mobile Commerce Europe, eBay</i></p> <p>14.00 Panel session: Advanced selling techniques <i>Speakers: Costas Damianou, Founder, www.magictao.co.uk; Darren Cresswell, Co-founder, WAE+; James Hardy, Head of Europe, Alibaba.com; Andy Soloman, CEO, Yomdel</i></p> |
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Operations & Logistics

21st March - 10:30 - 12:30 and 13:00 - 15:00

Location: The eSeller Theatre

OVERVIEW

At a time when logistics is a key point of competition for retailers looking to win orders in an ever-more crowded market, this stream will look at the latest developments in the field. The final collection point is becoming ever more flexible as retailers enable shoppers to take possession of their parcels at points beyond their own homes, from the shop to locker banks, convenience stores and beyond. Meanwhile the operations that lead to that final point of delivery must be ever more finely honed. This conference stream reveals the exciting developments in operations and logistics in the retail sector.



AGENDA

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| <p>10.30 Morning keynote: How shoppers buy: the rise and rise of Click & Collect <i>Speaker: Saeed Anslow, Development Director (Home Shopping), ASDA Stores Limited</i></p> <p>11.00 All stocked up? The widest range of all <i>Speaker: Lindsey Hough, Senior multichannel analyst, customer and marketing insights, Boots</i></p> <p>11.30 Panel session: The future of logistics <i>Speakers: Tom Allason, Founder & CEO, Shutl; Stuart Miller, Co-Founder & CEO, ByBox and Roger Morris, Head of Core Network Parcels, Royal Mail</i></p> | <p>13.00 Afternoon keynote with UPS Access Point</p> <p>13.30 Email for enterprises <i>Speaker: Richard Samuels, Regional Sales Manager, Silverpop</i></p> <p>14.00 Adventures in logistics</p> <p>14.30 Profit from your returns <i>Speaker: Matthew Curry, Head of eCommerce, Lovehoney</i></p> |
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The Customer

– Internet Retailing’s second Research Report

Internet Retailing’s *Ian Jindal* outlines our second research and analysis programme to take a ‘joined up’ view of a topic; this time the challenge of ‘the customer’ – how might we genuinely place them at the heart of our multichannel business, and to what greater profit?

It’s axiomatic that retailers put customers at the heart of their business, but the threshold for customer centricity has risen in the multichannel age. Far from simply shaping the one-directional messaging to draw customers into our retail funnel, we inhabit a world where customers influence other customers, customers have greater autonomy, knowledge and choice, the retail chain is disrupted by new service models, direct brand selling and digital offerings and then in order to gain an advantage we are overwhelmed with data to drive personalisation, behavioural selling and insight.

Our challenge is to provide a compelling, relevant and coherent front to our customers, across all channels and touchpoints, while transitioning our business operating models from silo- and functionally-based approaches to one that supports this enhanced customer journey. Throughout all of this change we also need to hold true to our brand values and proposition and sustain a distinctive and profitable difference between ourselves and our competitors.

In this, our second Research Report, we are continuing the approach of combining direct retailer research, roundtables to flesh out issues, and expert input from our collaborating sponsors (who together cover the gamut of customer-centred trading).

Working with our sponsors – Apptus, Neoworks, Shutl and SDL – we are looking to connect the many touchpoints, technologies and processes that in concert can improve your business.

Apptus has already worked to integrate a number of previously-disparate functions into a combined behavioural relevance suite, Apptus eSales. Taking search, navigation, merchandising and recommendation, Apptus connects sellers and buyers taking behaviour and locale into account.

Commenting upon their involvement in the research, Apptus noted the importance of

context – understanding, responding and delivering in real-time at every customer touchpoint.

“The customer journey is important because the way we sell and buy things has changed across all sales channels. Selling online is becoming a bigger slice of the revenue pie and marketing and merchandising online is more complex, scientific and analytical than ever before. We need to keep up with the customer and to deliver an interaction that will make us stand out. Each visit to the website has to be a unique experience – addressing each customer as an individual and go beyond “superficial personalisation”.

Neoworks is experienced in creating the digital interfaces that customers use. Neoworks is an award winning ecommerce consultancy and software solutions provider that specialises in the architecture, implementation, integration and support of multichannel commerce solutions globally, focusing upon the retail and manufacturing industries (where clients include Asics, Ted Baker, Toys R’ Us, The Entertainer and Norgren).

Neil Atkinson, Director at Neoworks, notes four research areas of particular interest. Firstly, the expectation of customers that the whole experience, across all touchpoints, will “just work”. This comprises every component of the purchasing journey, from buying guides to landing pages, product availability to pricing information. Secondly, we need to be able to identify and respond to our customers whichever channel they choose. The third area is the topic of non-linear journeys, something we’ve often referred to at Internet Retailing as the death of the funnel. Neil notes that mobile customers – with their always-on connections, bringing digital into the store – touch the brand more often and in more places than simply completing an online purchase in a single session. Indeed, at Internet Retailing we’ve just launched IRIS – ‘Internet Retailing In Store’ – to map the digital renaissance of bricks

Dear Retailer,

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and mortar as part of multichannel. Finally, Neil points to the need to establish a high degree of flexibility within operations in order to continually and continuously adapt to the customer. Highly-optimised systems can often achieve their efficiency through the loss of flexibility and adaptability, so Neil's question is a pertinent one for retailers: we need to extract the very best margin from operations, yet we also need to be responsive to customers and innovative in order to attract revenues into our businesses. Neil is looking forward to the contribution of Internet Retailing's readers, stating:

"In this research we will consider further how retailers can provide customers with a seamless shopping experience. We are looking forward to contributing, learning and sharing the results of the research with all Internet Retailing readers."

SDL's Bob Bowden, Marketing Director - Campaign Management & Analytics, also points to flexibility and agility, allied to integration of services as being critical to success, helping the customer to achieve their aims.

SDL is a global business with 42 of the world's top 50 brands (according to Interbrand) using their services, which range from web content management, automated translation, real time targeting (Fredhopper is an SDL company), media and campaign management, email and analytics. As with Neoworks, SDL has already integrated a suite of products that span many professional areas within multichannel, but in our research it is the areas of listening, understanding and engaging with customers that most interest Bowden. "Consolidating and analyzing all of the information gathered from customer touchpoints is important in fully understanding customers and their interactions with a brand," he says. Further noting that understanding this consolidated data and increasing campaign relevance are vital to success, Bowden's view is that "The fundamental shifts in both customer behaviour and marketing strategy underscore what brands must accomplish to be successful - deliver a compelling customer experience".

From Apptus' interest in relevance and context, Neoworks' pan-touchpoint approach and SDL's customer experience integration, we can see common themes and areas of collaborative research. Our final partner takes that experience from the web, mobile and store and places commerce in the hands of the customer.


Shutl has featured regularly in the pages of



Internet Retailing and as well-received contributors to our Conference each October and IRX (www.internetretailingexpo.com, this year on 20/21 March at the NEC). Their branded web-service enables shoppers to get the products they want within minutes rather than days from purchase, or in 1-hour windows of choice.

Shutl confounds the notion of delivery as the 'last mile' and rather makes it part of the shopping experience. Tom Allason, Shutl's founding CEO, calls the service a "WMD - a weapon of multichannel delivery". Tom notes that in order to combat Amazon's twin strengths (range and price) retailers have been bringing customers to the store with click and collect, noting that convenience and experience overcome the reservations about deliveries (in Shutl's research up to 67% of online baskets are abandoned with 2/3rds of customers citing delivery as the reason - whether cost, immediacy or inconvenience).

Allason is keen to see delivery integrated evermore fully into the rounded customer experience, integrated with marketing, relevance and seamless integration. Allason welcomes the opportunity to work on this integrated, customer-focused research so that we can target "customer satisfaction ... removing many of the critical points of failure within existing online customer journeys".

Further information on the research approach and calls for contributions will be available via www.internetretailing.net, but if you would like to contribute to the research, have a view on the customer's experiences within multichannel retail or questions you'd like us to address, please let me know - ian@internetretailing.net. We're looking forward to the first research report, published in May 2013, and to mapping the changes annually thereafter. 

Managing the Journey for Empowered Consumers – the SDL Intelligent Marketing Suite

Digital has disrupted traditional marketing techniques, where once brands had control over almost all communications, now they have to learn to interact with individuals, to listen, understand and engage with them. The empowered consumer represents a fundamental shift in the expectations of people who desire that brands treat them as individuals while collaborating with them to offer relevant, engaging experiences that are mutually beneficial. The empowered consumer expects easy and consistent access to goods and services, based on personal preferences for both channels and purchase criteria.

Providing a positive and profitable customer journey for these consumers' demands that today's retailers leverage digital technologies to create meaningful relationships with individual customers. SDL enables brands to create a compelling customer experience through technology and at the same time, build a relationship with the customer that will result in repeat purchases, long-term loyalty and customer advocacy.

The SDL Intelligent Marketing Suite is comprised of three core, integrated products: SDL Customer Analytics, SDL Campaign Manager, and SDL Email Manager that gives retailers the ability to listen to the customer, understand that customer's expectations and engage with that customer. All, at the right time, with the right message, in the right tone of voice, across the right channel to the right device; ultimately to orchestrate consistent, successful customer engagements.

Listen.

Consolidating and analyzing all of the information gathered from customer touch points is important in fully understanding customers and their interactions with a brand. SDL's Customer Analytics helps retailers listen and analyze customer behavior. Implementing solid analytics into campaign strategies ensures a more positive experience for the customer and a more profitable one for the brand.

Understand.

Understanding expectations is critical to customer acquisition, retention and development but can't be done without insight-driven campaigns. SDL Campaign Manager enables direct marketers, marketing services providers and customer engagement agencies to leverage analytics and deploy insight-driven campaigns. It provides the overall orchestration necessary for retail marketers to map campaign strategies to individual customer journeys. From straightforward, automated campaigns to complex multi-step, multi-channel campaigns, which adapt to customer behavior, SDL Campaign Manager drives transactions, regardless of the channel preferences.

Engage.

Using advanced customer analytics, retailers can further ensure their communications are relevant, engaging and structured to create more profitable campaigns. With the increase of social, mobile and digital interactions, marketers can further optimize the relevance of messages and drive the creation of more targeted and engaging campaigns. SDL Email Manager is fully integrated with the analytics and campaign modules, to ensure seamless execution across the most leveraged digital marketing channel. SDL Email Manager provides integration points and optional components for executing campaigns via web, multi-media, mobile and social media channels.

The fundamental shifts in both customer behavior and marketing strategy underscore what brands must accomplish to be successful – deliver a compelling customer experience. SDL enables global businesses to enrich their customers' experience through the entire customer journey. SDL's technology and services help brands predict what their customers want and engage with them across multiple languages, cultures, channels and devices.



CEO Spotlight

Devendra Kumar, Managing Director of Product, Global Payment Acceptance, Barclaycard

What was it about Barclaycard that made you want to join?

Barclaycard is a natural innovator – even though it is a large organisation, it has the characteristics of a nimble one. It's not afraid to make bold bets, and to move quickly. There's a certain edge to the organisation that I love.

What problem does Barclaycard solve for ecommerce professionals? How do you know it's a real problem? Why is your solution fundamentally distinctive?

It's very apparent that the payments landscape has changed beyond recognition over the past 15 years. We're all aware of how the internet and mobile devices have transformed the way in which consumers research, buy and pay for products. These changes offer substantial opportunities for online retailers and should be seen as improving the way they can interact with customers on the move or in-store and enhancing their ability to sell to new customers globally.

Barclaycard is in the unique position of being both a card issuer and a payments acquirer which means we have a deep understanding across both consumers and merchants, making us best placed to guide retailers through the changing world of e-commerce. Over the next few years, mobile is likely to be increasingly used as the bridge between the online and physical worlds and this is where we are uniquely placed to help.

Specifically to international payments, we can help retailers manage the complexity of selling in more than one country – we enable them to offer key payment methods (not just Visa and MasterCard)

so that consumers can spend the way they are used to spending in their country. For example, French consumers prefer to spend using their Carte Bancaire card, and German consumers prefer ELV. Additionally, we can provide localised payment pages in different languages

What aspect of the company keeps you most motivated?

Barclaycard's mind-set is about redefining the payments industry. It is focused on fundamentally improving the way payments are transacted, and making it easier to make and take them. Given my background of over ten years in this industry, this is an area of huge interest to me, and one I find really energising.

What do your customers say they value most about you?

The single biggest thing they value about us is our reliability. Our technology platforms provide a service that's a bit like electricity – it's always on. Additionally, the quality of our customer service is industry-leading – our latest Customer Satisfaction Survey results reflect this.

And then there's the quality of our people, their expertise in payments and the deep knowledge they have about our customers' business. Our customers often turn to us to help them respond to the pace of change they're facing. For example, they often ask us to think through the impact of digital wallets and the implications of convergence (of virtual and physical channels) in the purchase process.

I mustn't forget our uniqueness in being part of a bank. Our customers

say this is important because they can have a much broader, multi-dimensional relationship with us.

What do you think the current big issues are for the sector? Why?

As discussed, I think changing consumer shopping behaviour and the convergence of physical and virtual channels is very topical at the moment. Retailers need to stay ahead of the game and ensure that they are optimising all the different customer touch points they control.

Increasingly sophisticated online fraud management is a big demand from retailers right now. Barclaycard have made significant investment in this area and we can offer our customers the secure infrastructure they require.

What are the coming challenges and opportunities you see?

We need to make sure we react to changing retailer requirements, whether that means offering a more integrated payment solution or being unique in the way we help retailers respond to changing consumer behaviour.

On the back of the greater uptake of mobile devices and technological advances such as the launch of m-wallets, 4G mobile networks and cloud-based services, we need to work with the providers of these services to ensure that reliable, flexible and secure payment processing options are available.

If you had to summarise your view/vision in a sentence, what would it be?

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| | 2010 | 2012 | +/- |
|-------------------------------------|------|------|-------|
| Total parcels delivered | 115m | 163m | +42 % |
| Number of active clients | 75 | 122 | +63 % |
| Biggest night of the year (parcels) | 489k | 928k | +90 % |

CO2 reduced: 6 % in the last 12 months and 18.4 % since 2008

Number of clients lost in 2012: 0

Services launched:

Next day, stated day, management information, proof of delivery services, cross border, SMS

Awards:

ECMOD Best Home Delivery Service 2011 and 2012

Motor Transport Team of the Year Award 2012

Motor Transport Customer Care Award 2012

Industry leading first time delivery hit rate: 95 % in 2011 and 2012 (94 % in 2010)



Time to get personal

With computing costs falling and number-crunching tools available to identify individual preferences and make personalised offers in real-time, perhaps retailers really will start delivering the sort of experience customers claim to crave. *Penelope Ody investigates.*

IMAGINE A UTOPIAN vision of blissful shopping: not only does the latest promotional e-mail actually feature something you currently want to buy, but when you go into a shop your smartphone flashes up a discount voucher for the very product you are looking for, while the sales assistant proffers the perfect item to complement something you bought last week....

We may not be quite there yet, but enhancing the customer experience by offering shoppers what they actually want, rather than whatever happens to be over-stocked this week, is fast becoming a retail priority. In a competitive world, with little sign of any significant upturn in consumer spending, targeting customers with the right offers at the right time is more important than ever. And that doesn't mean a broad-brush approach using customer segmentation with the same offer being sent to hundreds of thousands. It means a highly personalised individual offer based on previous buying history, current behaviour and known preferences that perfectly hits the spot and is different for every single shopper.

In the case of Best Buy that means 35 million different emails, each with a specially selected item in the "hero slot" chosen to be relevant for that particular customer and with half a dozen other featured items that reflect the individual's known preferences. "Everyone gets a unique email," says Martin Beasley, Principal Retail Consultant with Fico. "There is also an eighth product on the email which is generated by the business as 'offer of the week' but the take up for targeted items is very significantly greater than for the generic promotion."

Best Buy has been using Fico's predictive analytics since 2009. It is a technique which combines customer history, browsing behaviour, demographics, repeat purchasing, seasonal behaviour, time of purchase and social media - typically thousands of pieces of data for any one individual - to create a propensity model suggesting how likely that individual is to buy a particular type of product. This is "big data" on a massive scale and the number crunching needed has only really been possible in the past few years as computing costs have fallen to the commodity level.

"You need two years of data to give the seasonal trends," says Beasley, "and it is probably not worth keeping anything older than three years as people and retailing will have changed in that time."

“Everyone gets a unique email”

You also, obviously, need to have all the data about an individual customer in the same place. That "single view" of the consumer is still well beyond the capability of many multichannel retailers. "Bringing all the data together in one place is a challenge for many retailers," says Martin Smith, Head of Marketing at Neolane. "Data tends to be in separate silos but you need a 360 degree view over it all to achieve a single customer view. Then you need to be able to identify the customer in real time so that you can personalise the data to that individual - but many retailers are still struggling to identify their customers."

Jim Herbert, founding director at the LBi-owned ecommerce consultancy Sceneric takes a similar view: "Key to omnichannel working is the need for a single view of the customer, a joined up customer engagement strategy and flexible technology based on enterprise ecommerce systems," he says. "With these in place, it's possible to personalise and target users in-store based upon their online buying habits, or online based upon their in-store buying habits."

BREAKING DOWN SILOS

While achieving this Utopian vision is technically possible - with a little help from clever analytics, specialist software, geolocation tools and big data - it is not easy. "Breaking down data silos is potentially both expensive and time consuming," says Sarah Taylor, Senior Director, Retail at Oracle. "There can also be cultural issues within the organisation. Some retailers are already well on the road to creating these sorts of integrated databases - others haven't really started."

Once you have achieved that single view of the consumer, as well as the capability to identify your customers - online and in-store - in real time, and stitched in a myriad of demographics and social data to flesh out the bones of their transaction history, it's important to consider just how up close and personal your shoppers really want their retail interactions to be. Much obviously depends on a retailer's key target consumers, their preferred channels, devices and communication methods.

"You need to understand what your customer is doing on digital channels, which devices they are using, what they're looking at and so on," says Katharine Hulls, VP Marketing at Celebris Technologies, "and then you gather information from websites, social channels and mobile apps ►"

to be built up at an individual level.”

While for some, highly personalised offers based on an intimate knowledge of their likes and dislikes may suggest an invasion of privacy, for many others it is a key driver for customer loyalty. One Celebris customer generated a 28% uplift in incremental sales per email through personalising them, while another saw a 24% increase in website conversion rates through using real-time website personalisation.

According to Martin Beasley, Sam’s Club in the US increased its members – all paying \$100 a year – from 8 million to 12 million over an 18 month period after it introduced highly personalised and well targeted offers based on Fico’s analytics. “That growth was all by word of mouth,” he adds, “as customers found the offers and discounts highly relevant and told their friends.”

If up-close-and-personal is likely to be a key driver for increasing sales then there are plenty of tools available to match the medium and message to the market – once the basics are in place.

THE BASICS IN PLACE

“You have to have good master data management to start with,” says Cindy Etsell, Head of Retail at SAS UK and Ireland, “and someone within the organisation must have ownership of that. Then you need to understand what you are trying to find out and the questions you have to ask to identify patterns.”

Data sources obviously also have to be integrated so that customer activity can be tracked on the web, mobile, social or in-store. Tokenisation – a technique for replacing credit card numbers with a random code which also allows usage of the card to be tracked across channels – can help, as can encouraging shoppers to identify themselves with their email address on lock-down tablets in store as well as online via PCs at home. Monitoring both offers made and the shopper’s response to them is also important: systems which keep on promoting the same item in response to an initial trigger very quickly become an irritation.

“Cookies can help,” says Martin Smith at Neolane, “but you may need to incentivise customers to keep cookies switched on, or you could offer apps via Facebook as a reward for providing information which can then enable more relevant offers.”

Tanya Bowen, Director, CRM and loyalty at BT Expedite, also points to the use of

You have to
have good
master data
to start with

customer preference questionnaires. “When customers sign up at Thomas Pink, for example, they can tick the products that interest them,” she says, “such as colours, sizes, particular items, men’s wear, women’s wear and so on. Those preferences can then be combined with purchasing history and the single customer view and emails can invite customers to update their preferences whenever they want.”

Social media marketing platforms, such as EngageSciences, can also deliver unusual insights – helping to identify brand advocates, for example, and reward successful referrals with discount vouchers to encourage loyalty and increased spend. Real-time response is also important – especially with mobile where information about a consumer’s location, as well as current activity via social media (the combined “SoLoMo” strategy) can be used to deliver personal promotional messages to a smartphone as the shopper approaches a particular store, for example.

“Email is cheap to use so marketers have a tendency to blast the hell out of it which leads to marketing fatigue and people unsubscribe,” adds Martin Smith. “Send something less frequently and more personalised and it’s more likely to be looked at.”

Katharine Hulls agrees: “Our system can be set up so you only make a specific offer twice,” she says. “In the past data wasn’t available at an individual level so technology was focused on understanding the crowd or creating customer segments. Now you can target to the individual level and some organisations are starting to understand this and focus on one-to-one, but there is still a long way to go.”

“Some retailers are getting closer to real personalisation,” adds Cindy Etsell, “but they need to understand what the customer wants to buy and rethink who and what their market really is. The first one that does real personalisation will certainly benefit.”

Personalisation will also require a fundamental shift in culture and attitude. As Tanya Bowen puts it: “Most marketing directors want to manage the offer, while ecommerce directors are more open to self-service.”

So, instead of planning regular marketing campaigns and promotions for specific lines, the marketers will have to allow customers to take the lead with individual personal preferences guiding promotional activity, and not the corporate calendar dictating which products are offered and when. 🛒

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Technology and experience retailing

The global, social and digitally-enabled customer is in control but what are their views on the retail experience and how is technology holding the key to the evolving journey to experience retailing?

MULTICHANNEL, cross-channel, omni-channel, any-channel, ecommerce, f-, s- and m-commerce - what does it all mean to consumers? It seems that everyone is obsessed with defining a new vernacular and marketing label to characterize the disruptive transformation taking place in the retail industry as it moves towards commerce anywhere. No longer is there a new or normal. Driven by consumers, this is simply the evolution of experience retailing and the stakes have never been higher.

If retail is a race for the global consumer, then Amazon is winning believes Mike Webster, Senior Vice President and General Manager of Oracle Retail. "The average American Customer Satisfaction Index score for Amazon (87 points) is 11 points higher than physical discount or department stores. Little surprise as Amazon offers 78 times more assortment than a sample of 20 brick-and-mortar general merchandise stores and is estimated to control 7% of the global ecommerce market. If Amazon is not stealing your customers right now, chances are they soon will be," he says.

A study by Oracle into consumers' views on the new global marketplace and what creates a great retailing experience found that in every market surveyed in which Amazon has a presence - Germany, UK, USA, China and Japan - it is cited as being consumers' favourite or second favourite retailer (although in the UK John Lewis is very close behind). When asked to confirm why, the following words were repeated: good, products, prices, selection, assortment and service. Only time will tell whether Amazon's expansion into Brazil and Russia, where it does not yet have a presence, will have the same impact.

Webster was unsurprised to find that the survey group of consumers want what Amazon offers: to take advantage of the global marketplace, but to do so in a way that is defined and dictated by the consumer, and that is local

and meets their individual requirements and preferences. The perception of 'good for me' takes this concept further and can be defined as a co-created experience that meets expectations locally and culturally, and is appropriate to the individual in terms of the level, frequency and intimacy of the interaction between the consumer and the retailer.

Perceptions of experience differ in-store and online, highlighting that while there is no 'one size fits all' approach to complete commerce, retailers should focus on enabling commerce anytime, anywhere (56% of respondents) and the provision of easily navigable channels online (61%); while in store consumers want product showcases (62%) and a vibrant, engaging environment (56%).

The study demonstrates that consumers are demanding that this 'good for me' experience be delivered across multiple touch points, which offers considerable opportunities for retailers to differentiate from Amazon's online offering by developing strategies to better understand preferences, deliver more targeted personalization techniques and provide commerce anywhere.

One of the most counterintuitive results from the study is that in countries with the slowest growth rate of ecommerce, and thus a more mature market, consumers say that experience doesn't matter whereas those in the fast growing, emerging markets say that it does.

Personalisation is less highly valued in comparison to service and experience, meaning retailers are failing to understand how customers want to engage with them, but is defined in the context of targeted offers and information, based on their preferences, delivered to mobile devices (39%) and having access to a single shopping basket across channels (36%).

When asked 'are retailers getting personalisation right?' just 54% rate personalisation as important (94% in Brazil, 23% in Japan). Is this because consumers now

just expect the Amazon experience from retailers and it has become the norm? As far as personalisation online is concerned, Frank Lord, Area Vice President, EMEA and APAC, Oracle (formerly ATG), believes so. "If there's no sales assistant in a shop you'd soon notice," he says, "but online happens seamlessly so you don't notice it; it feels normal so if people say they are not bothered, they'll notice when it doesn't happen."

The results of Oracle's 'Evolution of Experience Retailing' study aimed to establish what matters most to consumers about their retail experiences, with a view to helping retailers define their strategies and key business priorities to meet consumer demand and compete more effectively in the evolving global marketplace. So, what strategies does Oracle suggest retailers need to have in place to meet evolving consumer demands and expectations?

Firstly, and reinforcing this concept of experience retailing, is the need for retailers to broaden their understanding of channels to the concept of complete commerce. Retailers must commit to placing the customer at the centre of their business and developing a single view of the customer at every interaction.

Secondly, consumers are demanding that retailers move from being transition-oriented and siloed in their thinking and approach, to being interaction-focused and committed to co-creating experiences that are good for each individual, based on that individual's preferences. Experience retailing is appropriate, personal, convenient and local.

These days, interactions with retailers may often be faceless, but consumers still want these communications to feel personal and connected. There is a considerable opportunity for retailers to differentiate here. This could be leveraging investment in technology for the store and supply chain infrastructure to differentiate from competitors, presenting compelling service offerings including click and collect, live chat and free returns. Alternatively, retailers can take advantage of technology to support growth through new business models and opportunities, such as international expansion, new formats and product. Ultimately, it is technology that is key to the evolving journey to experience retailing.

Thirdly, businesses need to harness the power of technology, both their own and that of the digitally enabled consumer. An astonishing 30% of retail CEOs surveyed by

Oracle gave their organizations a failing grade in the management of information assets. "Big data" is not new to retail, but the growth of structured and unstructured data is exploding. Retail knowledge workers are starved for insight that can be actioned efficiently.

"Retail will undergo greater change in the next ten years than it has in the last fifty," says Webster. Retailing is becoming a more capital intensive business than it used to be with fewer stores being opened and capital investment being transferred to technology to allow customers to shop anywhere.


As to the future, Webster sees "great advancements in store associates use of mobile" to access information and shift "insight" back into the hands of the store staff. "Staff plus insight equals customer experience," he says. He also believes that "point-of-sale hardware is heading the way of the payphone".

VIEW FROM IT

Ecommerce will be UK retailers' biggest IT investment priority over the next three years as they look to capitalise on the rapid growth in online commerce, according to new figures from Martec's JDA-sponsored 'IT in Retail 2013' report. Store systems were retailers' second biggest investment priority, yet the gap between these and ecommerce has widened significantly over the last year, as retailers have looked to further strengthen cross-channel capabilities. Joint third in terms of investment priority was supply chain and systems integration, which was then followed by CRM systems.

However, the report also revealed that overall IT spending across the retail sector had fallen from 2011's position of 1% of sales to 0.9% in 2012. Prior to 2011, IT spend had been on average 1.3 per cent of sales for a period of four years. This drop is bigger than it seems at first glance since retail sales have not kept pace with inflation. What is apparent is retailers are looking to invest in online, supply chain and customer systems as they seek the best returns on their investment.

"Traditionally, store systems have consumed the largest part of the IT budget, often as much as 80%, because of the multiplier effect of a large number of stores," says Brian Hume, Managing Director of Martec International. "However, with continuing reduced budgets and the rapid acceleration in online and mobile sales it is understandable that the focus has very much changed in recent years. Furthermore, we have seen a growth in CRM over the last 12 months as the rise in internet retailing has led to retailers needing to manage and make use of a lot of customer data."

Gone are the days of the one size fits all approach to retail where the retailers themselves held the power. Today, it is the consumer that is in control. The evolution of experience retailing is being driven by consumers and retailers have no choice but to acknowledge the erosion of the traditional experience in order to compete effectively, achieve profitable growth and transform the customer experience. 

DAI and Dansk Supermarked

By Marcus Austin

FOUR YEARS AGO UK software and solutions business DAI (www.dai.co.uk) helped Danish supermarket chain

Dansk Supermarked with a large Warehouse Management System (WMS) project for a new green-field automated warehouse in Aarhus, Denmark. That successful project has now resulted in DAI being asked to help Dansk Supermarked with a multi-channel project, to help solve two common problems for most multi-channel retailers. How to resolve distribution problems associated with multiple internal and external distribution centres including drop-ship vendors, while at the same time offering realistic, and achievable flexible options on delivery to the customer and how to manage the transition from a non-internet business with legacy ERP, distribution and inventory management systems to a bricks and clicks business?

Dansk Supermarked's non-food e-commerce website is growing quickly and while the new automated distribution warehouse can cope with the growing numbers of orders, unfortunately their legacy ERP, e-commerce platform and outsourced e-commerce distribution can't. Their current store replenishment systems can't deal with the e-commerce systems requirements, the external e-commerce distribution service only enables the business to offer delivery within two working days, and the inventory and distribution systems can't offer the efficiency on delivery that the business requires or the flexibility that the customers require.

Because of their successful working relationship with DAI on the distribution and WMS software Dansk Supermarked asked DAI to help produce a solution to their other problems. DAI's solution was to build a package that used five of its retail management solutions.

- Inventory Services
- Carrier Management System
- Replenishment Service
- Fulfilment Determination
- Specialist e-commerce WMS

DAISK SUPERMARKED **WWW.DSG.DK**

Dansk Supermarked is the largest retail group in Denmark and runs the Bilka and Føtex chains in Denmark and the Netto chain throughout Europe. Based in Aarhus, Denmark the business has 43,000 employees worldwide, with an annual turnover of £5.8 billion in 2011.

At the heart of the system is the DAI Inventory Services, Fulfilment Determination and Carrier Management solution. The three solutions added together allow Dansk Supermarked to do everything a normal Inventory service can do and much more. As well as allowing them to see the products on hand for sale, and items allocated to customers, it also allows Dansk Supermarked to be flexible and efficient in the way they deliver the goods to the customers. The rules-based systems will automatically work out - in real-time - a selection of delivery options for customers to choose from, and will then work out the most efficient and cost-effective delivery method once the customer makes an order.

For example if a customer orders

three products from Dansk Supermarked, where two of the products are held in separate internal warehouses and one is to be fulfilled by a drop-shipper, it will automatically work out which products can be delivered from where, and by when, but it also then calculates the best option to get the goods to the customer in the shortest-time and at the least-cost to the business.

Another key part of the DAI solution is the Replenishment Service. With the DAI service Dansk Supermarked has been able to integrate their e-commerce operations seamlessly into their current ERP and e-commerce solutions, by allowing the e-commerce solution to massively increase the frequency of ordering into the retail distribution centre in order to meet more onerous e-commerce delivery timescales.

Finally, one of the other benefits of the DAI solution is its flexibility in being able to cope with simultaneous integration to multiple systems, and this flexibility has allowed Dansk Supermarked to undertake the migration of their ERP and e-commerce platforms in parallel with their new DAI systems. The DAI Message Routing solution integrates with the ERP and e-commerce systems and allows stock levels to be replicated across all of the systems, so if one product is sold on the legacy e-commerce system the stock-level is automatically replicated in the ERP systems and in the new e-commerce system.

www.dai.co.uk

DAI (DIGITAL APPLICATIONS INTERNATIONAL) - WWW.DAI.CO.UK

DAI is an independent software and solutions company, headquartered in the UK, with offices in Manchester, Central London, Watford, Aberdeen and Basel.

DAI Supply Chain specialise in solutions delivered via DAI's Matflo suite of supply chain software components, including Warehouse Management Systems (WMS), Carrier Management Systems (CMS), Transport Management Systems (TMS), Yard Management Systems (YMS), and Supply Chain Systems and Services required to effectively manage today's complex multichannel retail landscape.

DAI Logistics Automation specialise in Warehouse Management (WMS) and Warehouse Control (WCS) systems in the automated logistics sector, delivered via the Matflo software suite.

Repercussions of the cookie monster

Helen Roberts, Retail Research Director at GfK, examines consumers' fears of cookies and asks how much do they know about them and what does it mean for the sector?

In December, the Office of Fair Trading (OFT) called for information to help it explore the extent to which businesses are monitoring online shopper behaviour. The area they are particularly keen to get a handle on is how often retailers use the data they collect to target consumers with personalised prices. It is particularly pertinent following allegations that online shoppers pay more if cookies indicate they are well-off.

In light of this, GfK conducted research about consumer attitudes in this area and what these opinions mean to retailers. The most concerning finding of our research for the retail sector is that most shoppers are anxious about having their online habits tracked for pricing reasons and many either want the practice outlawed or at least more heavily regulated than it is now.

Currently, consumer understanding of the topic is limited but they still have deep-rooted concerns over two distinct issues. The first is privacy and whether companies should be allowed to know what an individual is doing online - the potential to abuse this knowledge cannot be ignored. The second is that those who don't regularly browse online may well pay a higher price, even if they choose to purchase online.

Half the population currently browses for or purchases products online, with younger, more affluent people more likely to do so. Most people (94%) are aware of some of the ways that retailers target online marketing activity, but only around half of online shoppers are aware that retailers use cookies to target specific offers and prices to them.

Of those aware of cookies, 37% tend to accept cookies when websites ask, whilst 55% say 'no'. Not all sites actively ask for consent, relying instead on a low visibility implied consent option. Agreement tends to be higher among young people.


At the moment there are mixed views among shoppers about the acceptability of retailers tracking their behaviour. Just over half of online shoppers aware of cookie tracking, agree that retailers should be able to track their behaviour

for a variety of reasons. Whilst this is encouraging for retailers, the 25% plus who don't agree cannot be ignored. This must serve as a warning to retailers that tracking shoppers must be done with caution and with integrity. Those who do not like it have potential to vote with their wallet and shop elsewhere if they feel particular retailers are overstepping the mark. It should also be remembered that a third of online shoppers are not yet aware of cookie tracking and they may well have the same concerns at the same or higher levels.

Once prompted to the idea that retailers can potentially offer different prices to individual people based on how they shop, we see a very mixed response in terms of appeal:

One in five people actually believe individually targeted price reductions should be banned, and a further one in five believes it to be unfair. This clearly suggests risk to the reputation of retailers that adopt differential pricing in this way. For those who trade on price and convenience it may not be an issue, but brands that aim to offer great shopping experiences and build trusting relationships with their customers should surely tread carefully.

Perhaps the most interesting statistic in all this is that two-thirds of those who already know about cookie tracking believe it should be controlled to protect the consumer, and three quarters have security/privacy concerns around the activity.

This is surely a clear signal that some form of regulation is required, whether legislative or self-regulating to ensure the consumer is protected. Current data protection laws and recent EU legislation go some way to regulating the use of cookies, but retailers themselves will need to reassure their customers that they are acting in a way that is fair and safe for the shopper. Without such reassurance there is a risk that online shoppers will share less information with retailers by stopping cookies and other tracking devices, taking online marketing back to the untargeted email promotions and banner advertising of years gone by. 

“28% think targeted prices are a great way to encourage purchases”

Align channels & processes to meet consumer expectations

Iain Watson, EVP Product Management, Predictix, examines ways to align demand forecast and supply chain systems.

TO WIN THE HEARTS and minds of consumers, omni-channel retailers must deliver exceptional performance every day. Retailers must focus as never before on fulfilling customer orders at any time, through any channel, with complete alignment between their demand forecast and supply chain systems. However, it's a goal that eludes all too many retailers today, due in large part to the proliferation of highly complex promotions.

As analyst firm Retail Systems Research pointed out in its 2012 benchmark report on pricing and promotions, "Retailers are hooked on promotions and they don't understand the impact, good or bad, promotions have on their business." In today's highly promotional retail environment, the excess of promotions can wreak havoc on the entire retail organisation, particularly when promotional planning is not directly wrapped into the supply chain forecast; as a result, retailers don't truly understand the impact of promotions on their supply chain.

When many omni-channel retailers are executing hundreds or even thousands of promotions on a daily basis, targeted at different customer segments or individual customers, it can create a customer service nightmare marked by stockouts, lost sales and unhappy consumers on the one hand — or excess inventory, along with markdowns and lost profits, on the other.

FULFILLING DEMAND ACROSS CHANNELS: THREE MAJOR INHIBITORS

What are the barriers to aligning demand forecasting and supply chain forecasting in order to fulfil consumer demand? The first is technology; the demand forecasting technology that most retailers depend upon is rigid and unable to handle the massive amounts of data generated by omni-channel retailing. In fact, many top-tier retailers rely on forecasting and replenishment science that is several decades old; until recently, for example, a very successful Top 10 US retailer relied on 1970s-era forecasting technology for safety stock calculations!

The second inhibitor is channel proliferation. As retailers continually open new channels, the

customer journey can involve more than a dozen routes from viewing and selecting merchandise through fulfilment of the order. Each of those customer journeys opens up opportunities to analyse new data sources, such as web search data, clickstream data, social media referrals and recommendations, and more. The inability to analyse this data creates great uncertainty about demand signals.

The third barrier is a lack of alignment between demand planning and supply chain planning. Most retailers rely on at least two different forecasts, including a demand planning forecast (allowing them to calculate the uplift from price changes or promotions, for example)



that is completely separate from the forecast that is used for day-to-day fulfilment and long-term value chain planning.

As a result, a retailer's forecasts may be wildly out of synch. For example, imagine what happens when a merchandiser believes a promotion will produce a 50% lift, but the supply chain planner believes it will only be 20%, and loads that into the forecast. It's no wonder that promotions have such a dramatic impact on the bullwhip effect; retailers and their vendors either end up holding more inventory, which costs them money, or they run lean and this affects customer service.

SYNCHRONISING PROCESSES TO MEET CONSUMER EXPECTATIONS

Winning consumers' hearts and minds is about aligning processes through the retail organisation. Retailers can't afford to operate in an environment where the supply chain organisation doesn't talk to the demand side, where different channels don't talk to one another, or where changes in demand signals aren't received quickly enough. At the end of the day, the consumer is concerned about only one thing - buying the product where she wants, how she wants, and at the right price, while being assured of timely delivery. How a retailer's channels interact to fulfil consumer demand is up to the retailer.

So, how can retailers accomplish this? At Predictix, we believe that a single unified forecast is the key to synchronising processes and bringing together disparate parts of the organisation, in order to provide an accurate picture of demand and drive the right level of inventory across channels. Retailers need a common forecast and a new approach to technology in order to bring together promotional decisions, day-to-day planning and replenishment, and strategic decision-making.

A new generation of planning and forecasting solutions have emerged that overcome the limitations of older technology by leveraging the unlimited elasticity and computing power of the cloud. By relying on the cloud, these solutions can also deploy sophisticated predictive analytics and high-performance retail science, with the ability to call upon unlimited cloud-based computing power to solve complex problems. They also provide the flexibility to deliver a single unified forecast that can be used across the retail organisation, from planning and merchandising to the supply chain, ensuring that retailers have the right processes in place to win the hearts and minds of consumers.

“A single unified forecast is key to synchronising processes”


THREE STEPS TO GETTING STARTED

The good news, retailers don't have to "rip and replace" existing technology in order to synchronise processes. They can proceed incrementally, taking slightly larger steps each time to minimise the risk and realize maximum value along the way. Here are three steps to getting started.

1. Improve the demand forecast without replacing systems. The first thing retailers can do is improve the quality of the demand forecast that sits behind current systems. They can do this by simply improving the effects of promotions and price changes while leaving the baseline forecast alone. This single step will improve the quality of promotional uplifts, and help to smooth out any impact on the supply chain and minimise the bullwhip effect. Retailers can continue using their existing forecasting systems and interfaces, by simply layering a more accurate promotional forecast on top of them. A number of successful retailers have taken this exact same approach, for far more accurate demand forecasts.

2. Integrating forecasting and supply chain planning. To go a step further, retailers can extend the forecast into supply chain planning and retail S&OP, which extends the forecast out into weeks and months to allow for the long supply chain lead times. Then, every week retailers can incrementally revise and share this plan within the organisation and with vendors as well, bringing the demand planning and supply chain functions into alignment.

3. Optimise the network. Finally, retailers can completely discard the model of siloed channels, by viewing all channels, distribution centres and every element of the value chain as one holistic network. Today's most advanced planning and supply chain technology solutions can represent the entire value chain as a single network and calculate it every single day to determine the best stock position at each node across time. This is something that is completely new in terms of inventory management theory; previously it couldn't be done because of hardware constraints and older forecasting models. But improvements in data analysis and availability, combined with the power and flexibility of cloud-based systems, make it possible.

And the goal - ensuring that retailers align their channels and processes to fulfil consumer expectations profitably - make it a worthwhile pursuit indeed. 

Reaching the heart of the home market

As shoppers become more picky about what they buy the purchasing pathways become more complex. A study by Conlumino for Webloyalty examines the new look for the home market and its future.



MOST PEOPLE STILL consider their home their castle, a sanctuary in which they can relax and unwind and as such they are prepared to decorate it or spend money on products to make it more appealing. Another segment of shoppers is the investors, those that see the home as a place to do up, sell on or a way to climb the housing ladder. But, as the 'Home' study by retail research specialist Conlumino reports, while the importance of home is a good starting point for home retailers to encourage and stimulate home related spending the sector has not been immune to the recession. The value of the furniture sector alone declined by over a quarter between 2008 and 2011.

The decline in purchases due to the long term slump in the housing market and reduction in first time buyers will hopefully be offset, to a small amount, by the thousands of people who planned to move some time ago but have not yet been able to do so. "While these people initially put off buying things for their home or undertaking improvement work they are now starting to become more interested in making purchases or replacing product," says the report. "Although this will not make up for a weak housing market, it will help to lift demand over the next few years."

The replacement cycle and more frugal, cautious nature of shoppers means that items are being bought piecemeal to update a room

rather than as part of a complete room set from a single retailer. The implications for this post-recessionary habit are:

- **Browsing:** because purchasing is more piecemeal, consumers are browsing for home products more than they used to, this is helpful to non-specialists;
- **Impulse purchasing:** Impulse purchasing has also risen within some home categories such as ornaments, textiles and accessories; displays need to inspire and stimulate
- **Quality seeking:** As consumers are buying fewer items, there has been a tendency to trade up and invest in one or two pieces which means a flight to quality;
- **Statement pieces:** Consumers are now more interested in buying statement pieces which means innovation and uniqueness are important.

While consumers are buying less they are also taking longer to make those purchases for big ticket items – such as washing machines – spending more time browsing and researching what to buy and thus elongating the entire purchasing process from an average of five days a decade ago to just over ten days today.

MULTICHANNEL BEHAVIOUR

Five and a half of those days are devoted to just browsing and researching prior to making the purchase so, instead of making the process faster, the internet has actually slowed down the decision-making process with consumers having “more choice to sift through” in terms of retailers, brands and products. “This means there is a lot more thinking, assessing and comparing to be done by shoppers who, in this austere environment, are looking to secure the sharpest price, the right product or the best value for money.”

The research also shows that the multichannel era is firmly underway. Multichannel is making the buying process more flexible for consumers and more complex for retailers to manage, as shoppers are also leaving more time, sometimes days, between stages such as visiting a store for inspiration, researching products and prices online before purchasing in store. It’s not unusual for shoppers to use three or more channels when buying products. In fact, half of all consumers (49.5%) use three or more channels (for example: physical stores, catalogues, personal computers and mobile devices) in their purchasing. Ten years ago, this figure was lower than 15%. The changes in

shopper behaviour are not the death knell for the physical shops though since a massive 80% of all homeware purchases are still made in store.

Unsurprisingly, the most significant changes in shopper behaviour over the past ten years, apart from the increase in time to come to a purchasing decision, is in the increase of the use of online for browsing (up 31.9 percentage points) and researching products

THE FIVE STAGES OF SHOPPING

Percentage of home consumers using different channels

| | Browsing | Research | Purchasing | Collection | Returns |
|---------------------|----------|----------|------------|------------|---------|
| Physical Store | 68.4 | 34.7 | 79.8 | 62.7 | 59.6 |
| Catalogue | 21.3 | 10.1 | 6.5 | 10.1 | 0.3 |
| Online (desktop) | 59.8 | 77.6 | 38.2 | 59.7 | 58.9 |
| Online (smartphone) | 2.1 | 2.9 | 0.5 | 12.1 | 8.9 |
| Online (tablet) | 7.9 | 8.1 | 0.9 | 7.9 | 2.6 |
| Other | 9.6 | 5.5 | 0.8 | 0.3 | 1.2 |

(up 38.8 percentage points) and the decline in visits to physical stores for research purposes (down 20.4 percentage points).

Neil Saunders of Conlumino, who undertook the research, commented on the trend: “It is unsurprising that homeware, electrical and furniture purchases are considered carefully by consumers – and that it takes time for items to be delivered or collected. However, the length of time it takes customers to browse and research their choices – more than five days – may surprise many. Retailers need to plan carefully for how they provide greater consumer engagement throughout this process.”

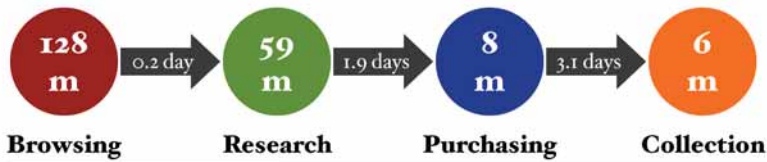
“80% of all homeware purchases are still made in store”

INSPIRATION FROM STORES

“Over the next few years,” says the report, “online will continue to see strong growth across all categories of home retail. Unfortunately, given the overall subdued conditions within the sector this growth will come at the expense of physical players which will push the growth available to physical players into strong negative territory.”

The category that will see the most impact from this shift is electricals which will grow 11.2% online over the 2011 – 2015 period but see physical shrink by nearly 20% over the same period. “The upshot of this dramatic change in fortunes means that all players need to actively review store portfolios and requirements, the bottom line being that less space and fewer stores will be needed in the future.”

2002 PURCHASING



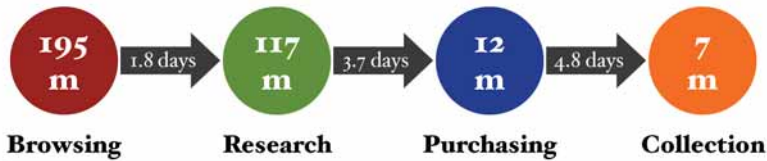
Duration of purchase process

5.2 days

Time spent on purchasing

201 minutes

2012 PURCHASING



Duration of purchase process

10.3 days

Time spent on purchasing

331 minutes

Conlumino predicts that by 2015 there will be 4,000 fewer stores in the home retail sector with 13.6m sq ft less selling space. The stores that do remain though will become more inspiring and engaging for shoppers, often acting as showcases through which shoppers can view and try products; this thinking is already taking hold with retailers such as Dixons refreshing and modernising stores to allow more interaction with technology and the room sets and displays conveying key trends at Marks & Spencer's Cheshire Oaks store. "Inspiration and demonstration are watchwords for stores," says Conlumino.

THE HOME MARKET (%)

| | DIY | Electricals | Furniture | Homewares |
|-----------------------------|------|-------------|-----------|-----------|
| Overall growth (2012-2015) | -0.4 | -2.8 | 0.3 | 3.3 |
| Online growth (2011-2015) | 14.1 | 11.2 | 45 | 40.9 |
| Physical growth (2011-2015) | -5.2 | -19.3 | -9.7 | -1.2 |

The nature of the sector is changing as well with shoppers switching from specialist home stores, such as the big box furniture chains, to more generalist players such as department stores, fashion chains and the supermarkets. "The expansion of John Lewis, the refreshing of home ranges at Debenhams and the growth of players like Zara and H&M in the home space have all helped to boost the share of generalists," says the report.

ADAPT & CHANGE

The use of multiple channels means that retailers need to adapt in order to provide their customers with a seamless shopping experience. For consumers to remain engaged throughout this now considerably longer process, consistency is a must across all

channels. Optimising channels can be a challenge, if only because any given channel might be used for more than one purpose. Browsing, researching and purchasing have different requirements meaning a channel must inspire, contain detailed product information and have a simple and smooth transactional process. In some ways these different requirements can seem contradictory so retailers need to devise clever layouts in order to provide an integrated user experience.

- Home stores are generally becoming less important for reaching consumers which means fewer are needed. However, they play a critical role in inspiring consumers and allowing them to view and try products;
- Online is becoming more important and influential, most significantly for researching products, prices and technical data but also for browsing especially as sites become more inspirational and design and lifestyle led;
- Mobile is becoming more important but remains embryonic being unsuited to browsing and displaying products. It does play a role though in allowing consumers to find information such as technical data in store through QR codes or other such devices;
- Social media is becoming more important on both the fashion-led and electricals sides of home retailing as an influencer in terms of trends, hot products and new technologies.

"Today home retailers have to deal with many more consumer touchpoints, which adds complexity and cost," comments Guy Chiswick, Managing Director of Webloyalty UK. He encourages retailers to pay attention to this change: "Whether in store, online or via mobile, retailers need to ensure consistency and relevance across all channels to achieve engagement throughout the shopping process." 🛒

Point of Sale is dead. Long live 'Proximity Commerce!'

By Mark Adams



POINT OF SALE is dead, long live Proximity Commerce! A thought provoking comment that will for sure be looked on with scorn from some elements of the Retail community; my prediction is that POS as we know it has no future and that within the next five years we will see Point of Sale systems and traditional in-store payment facilities be replaced with web based ordering and online, mobile payments. The Commerce platform will sit at the centre of this in-store retailing evolution largely because it is the most appropriate system interface to take orders, service customers, take payments and provide a seamless, super rich browsing and buying experience. At Reply we call this Proximity Commerce™

If any of you are in doubt of where we are heading just take a look at the Apple Store, they have pioneered this concept and despite large numbers of people contained in relatively small spaces the customer experience is as good as it can be on a Saturday afternoon when every man, woman and child on the planet crowds together to experience and

purchase the latest iGadget. There are two key driving forces behind this change, firstly the pervasiveness of the ecommerce platform, particularly leading platforms such as Hybris whose vision is for their interface to be used across every customer-facing channel, underpinned by a single view of product, stock and the customer. Due to the need for masses of complex integration, costly and inefficient store retail systems will become a feature of the past; they have no place in the Store of the Future. The second driving force is mobile payment, while still in its infancy here in the UK, abroad mobile payments are gaining ground and are a common feature of in-store retailing. We must understand that the nature of retailing is changing; that consumers demand more sophisticated services and demand them on their own terms, whenever and wherever they are.

The next key battle ground for Commerce platform vendors will be in-store retailing. Many already recognise this and are developing solutions that will enable their customers to replace traditional point of sale and legacy store systems. However Retailers decide to solve the in-store

internet retailing conundrum, whether through deeper integration of their existing store systems and digital channels or through the wider application of their digital and ecommerce trading platform in-store, one thing is for sure; a well defined business architecture that genuinely supports multi-channel retailing is required FIRST. All too often we see significant technology investments both in-store and on the digital side yet the business architecture has not been well thought through enough leaving customer, product and stock views widely dispersed between various systems. Our advice is to get the business architecture right then focus on integration and technology investment to support your required architecture. Clearly I'm stating the obvious but we are often surprised that the technology strategy and investment is made before the business architecture is defined and in my view this is a costly and painful mistake.

Mark Adams is Partner at Portaltech Reply, a world leader in eCommerce implementation and multi-channel integration.

With these clicks, I thee wed

Emma Herrod looks at the rebuilding of the high street and what the future may hold for bricks and mortar portfolios.

We're all told that the internet is having an effect on the high street, as are click and collect, smartphones and empowered consumers and their changing shopping behaviour. But what does it actually mean for bricks and mortar and how many stores can the high street support?

The current rate of shop closures suggests that the channel is overweight. But according to the Economist Intelligence Unit's Retail 2022 report, as larger supermarket retailers expand into convenience channels and specialist/pureplay retailers seek to gain shop-front visibility, a balance will be reached that will see bricks and mortar continuing to play a part for shoppers. As retail analyst Jon Copestake explains, the high street is becoming an avenue of opportunity for supermarkets to exploit evolving shopping habits. With more and more goods being purchased online, including a rising proportion of groceries, the big-box, out-of-town, one-stop-shop formats are being increasingly undermined. "They are not redundant but are lower down in the value chain, though larger retailers are committed to them," he says.

The CBRE believes that retailers will still need larger stores but they will be in strategically important locations to create the

“Convenience is winning whether that's online or in store”

best customer experience. It says that 60% of retailers expect to need more shop space in two years' time as a result of their multichannel strategy, with nearly half wanting greater flexibility in their leases commitments.

The British Retail Consortium (BRC) thinks retailers need to weigh up two options for their future high street store portfolios:

1. How best to reach the highest number of customers;
2. How to make sure they have the right density for click and collect.

"There could be some significant shifts," says the BRC's Director of Business and Regulation Tom Ironside, as retailers try different options - using the high street as a showroom or out-of-town stores as distribution centres.

"There are many restrictions on the high street including delivery to store and parking," says Keith Richardson, Lead Relationship Director at Lloyds Banking Group. He advocates groups such as local authorities, landlords and retailers working together to produce a clear strategy for what is needed for a local area - and engagement with the local community. "We've gone through clone town and it doesn't really work. You need some uniqueness," he says. He suggests coming



Source: CBRE

up with a blueprint of what will work locally, and collaborating to make barriers easier to scale, so you design a unique and valuable offering to bring in consumers.

“Convenience is winning, whether that’s online or in store,” Richardson says. As far as store portfolios are concerned, he believes that there will be fewer supermarkets opened over time since the big supermarkets already have their UK footprint. “Larger, out-of town stores will be used in a variety of ways including as distribution hubs.”

What of the Portas Review and its call for local authorities, landlords, retailers and the public to work together to animate the spaces they occupy and re-imagine them as destinations for retail, socialising, culture, health, wellbeing, creativity and learning? One year on, the review has succeeded in keeping the high street on the political agenda. The government has passed the initiative for change and growth to each location through the funding of a number of Portas Pilots and the formation of ‘Town Teams’ to focus on making high streets accessible, attractive and safe.

Ironside says the BRC is “supportive of the Portas recommendations”. He explains that the Town Teams are a more informal version of the Business Improvement Districts set up in 2005. These local partnerships, funded over five years by an increase in business rates, help make an area cleaner, greener and safer, and run events to bring people back to the high street. He believes that wherever town centres are able to show a persuasive offer in terms of retail, culture and heritage or leisure, it improves things for everyone.

Another outcome of the Portas Review and the government’s response to it is the Distressed Town Centre Taskforce, which was formed in July. This industry-led, cross-sector taskforce will undertake a review of UK towns and cities to identify the property-related barriers that prevent high streets from flourishing.

Its findings will be used to inform the retail industry and central and local government about property-related issues, giving them the hard facts to make decisions about the priorities for town centres, to meet both today’s challenges and tomorrow’s.

Mark Williams, Chairman, Distressed Town Centre Taskforce, and partner at asset manager Hark Group, comments: “The Taskforce recognises that our high streets are going through a structural recalibration, rather than an economic cycle from which we will emerge over time. The wider economic, consumer and retail markets have moved at a pace that our high

streets and property in general have not been fast enough to adapt to. The reasons for this need careful examination as a way of understanding what the current property-related barriers to rejuvenation are, and what the range of options or solutions could be.

“The solutions to re-establishing town centres as dominant locations for the communities they serve and the local economies which rely on their prosperity will vary and involve both public and private sector property. Critically, though, the Prime Minister has pushed the plight of the high street high up the political agenda. This research will provide hard evidence to allow tough choices over the priorities to be made. Mary Portas’ enthusiasm, profile and energy will ensure that the topic remains a high priority by the time we report.”


DISTRESSED TOWN CENTRE TASKFORCE

The taskforce brings together both public and private sectors, including professional bodies and trade associations, with senior representatives from banking, retail, local government and the property industry. Member organisations and businesses include the Association of Chief Estates Surveyors (ACES), the British Council of Shopping Centres (BCSC), the British Property Federation (BPF), the BRC, the Investment Property Forum (IPF), the Local Government Association (LGA), the Property Bankers Forum (PBF), the Royal Institution of Chartered Surveyors (RICS), and The Booksellers Association. There are also key representatives from GL Hearn, Gloucestershire LEP, Javelin Group, Legal and General Property, Lloyds Banking Group and Royal Bank of Scotland (RBS).

“No two towns will face the same challenges or require the same solutions,” says Mark Prisk MP, Minister for Town Centres, High Streets and Markets. “But this work, led by the British Council of Shopping Centres, will give them an insight into what makes a town centre tick, and entice communities to support it.”

“There’s not one thing that will fix the high street,” believes Richardson, “and it won’t be fixed overnight. It’ll take many years of continued testing and changing.”

And the same may be true for store portfolios with different formats offering varying levels of product and service to customers and enabling operations for retailers from mini distribution centre to local click and collect.

The future of the high street cannot be down to individual retailers and their multichannel strategies alone, but working together with each town and community - and each other - to understand not just the demographics of local shoppers but their lifestyles and creating a USP for the location to make each high street a destination. 

Internet Retailing *Awards* 26 JUNE 2013

The Internet Retailing Awards, established on the 18th Birthday of eCommerce in 2012, seek out and recognise achievement by today's leading, admired and emulated multichannel retailers.

Beyond the channel focus of eCommerce alone, beyond the shores of the UK, our Awards take into account the multichannel, multinational, multi-faceted achievements of retailers who are connecting most successfully with the digital customer.

Our Awards span the gamut of Internet Retailing activities, are judged by an international panel of highly-experienced commercial leaders, backed by independent research to aid decision-making, and are topped by the discretionary blue riband – the Judges' Award.

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Don't miss the best awards night of the year!



CEO Spotlight

Interview with Gerard Szatvanyi, President & CEO, OSF Global Services

What made you start the company?

Passion for technology. As far back as I can remember I have been intrigued by the ways in which companies use technology to improve their business performance; and how some companies always seem to be one step ahead in terms of leveraging technology to outperform their competition. That got me thinking about launching a company that could help start-ups and medium-sized businesses take advantage of those same technologies, both from a software perspective as well as the workflows and best practices that underpin a company's success. From there OSF Global Services quickly grew and we expanded our base; so today we are providing advice and technology expertise to large enterprises, such as L'Oreal, as well as smaller firms, such as Klares Licht.

What problem does OSF solve for ecommerce professionals?

Consumers demand a lot from online retailers, plus technologies change fast. So we often hear from companies who feel as though they're perpetually trying to keep up. The three areas they most often request are quick launches for an online store; solutions that can be reused across multiple brands; and solutions that will allow them to expand abroad.

To address quick launches, we developed a set of methodologies and services that enable us to launch an online store in just 3 months versus the 5 or 6 months that is typical of most service providers.

To address multi-brands and multi-borders, we customize and implement solutions that address two elements simultaneously: the front-end, which is what the consumer sees, and the back-end, which is the technology that powers what the consumer experiences. For

example we develop multiple sites quickly using a common architecture. Then we customize product catalogues for each local market, respecting the various cultures, languages, sizing charts, and so on; code software to accommodate jurisdiction-specific taxation requirements; and integrate Inventory, Ordering and Payment Systems so they can handle the logistical issues that arise across borders.

Combined this approach allows retailers to more quickly and effectively deliver a modernized online store across all brands and create personalized shopping experiences no matter where their customers live.

What do your customers say they value most about you?

From the company's start we have worked hard to establish long term relationships with every client. As we grew and expanded globally, long term relationships became our mantra. We take the time to really understand a client's business, their goals, their challenges, their "wish list".

With this view into their future, we develop customized solutions that will scale to meet their growth and can adapt to the ever changing technology landscape. For instance we know which 3rd party products to recommend and in which order the client's applications should be integrated. And we know how to improve their specific workflows and processes. This approach saves online retailers a great deal of time and significantly reduces their costs because they are not investing in short term fixes that are counter to their long term objectives.

What do you think the current big issues are for the sector? Why?

Every retailer tells me the same thing:

time to market. eCommerce is growing rapidly but not all companies are structured to take advantage of the opportunities. In this fast paced environment you need to be prepared to do two things.


One - make decisions quickly based on the best information you have at the time. Otherwise competitive advantage can be lost. And two - evolve continuously to keep up with consumers' demands and their multi-channel shopping behaviours.

What are the coming challenges and opportunities you see?

In terms of market opportunities, China is the world's largest ecommerce market, although it is not without its challenges, including infrastructure and logistics. We expect to have a presence there, working with local partners.

Of course the global economy continues to be a concern; however we are working with retailers who view it as an opportunity to begin cross-border expansion plans. Globalizing your brand is hedging against the economy ... your business is not stacked in one economic basket. So we are working with a number of retailers in Europe and North America who want to use globalization to access new customer bases and increase their total market penetration.

If you had to summarise your view/vision in a sentence, what would it be?

To help businesses that want to expand quickly into new markets by executing flawlessly on all levels - from applications to infrastructure, workflow and processes. 



BYOD: Bring Your Own Device

Paul Skeldon, Editor, M-Retailing, takes a look at the implications of shoppers using their own device in-store and the resulting in-store web experience.

THERE CAN BE no escaping how digital technology has impacted the high street. HMV cited in the press that smartphones were one of the reasons for its collapse. Similar thoughts must be in the minds of the heads of the now defunct Comet, Jessops and other lesser well known names.

But mobile isn't the reason these companies went under. Rather, it was these businesses lack of understanding of the impact of mobile on retail and an almost wilful refusal to keep up with consumer's changing shopping needs and habits that killed them.

In fact, mobile holds the key to saving the high street. As Mojiva's Amy Vale explains: "Mobile isn't the immediate death of the High Street. It's the key to keeping it alive. Shopping online is so easy to do, and far less of a hassle than going into a brick and mortar location. If you look at the ease

“Mobile holds the key to saving the high street”

and portability of mobile, it actually lends itself to the retail shopping experience. Retailers just need to be more savvy with how they leverage these devices to their advantage through robust mobile strategies.”

And part of this 'savvy' is in understanding consumer behaviour, which is changing rapidly. There's a new acronym in retail: BYOD. Bring Your Own Device is a concept familiar to IT managers in business, as an increasing number of employees bring their own smartphones and tablets to work and expect to be able to connect them to the corporate network and use them for work.

But this concept is starting to now filter down into the consumer market in retail, with more and more shoppers bringing their own devices – mostly smartphones, but some tablets and even 'phablets' – into shops, just because they now carry them around all the time.



While most retailers recoil in horror that this simply leads to 'showrooming' – finding your products cheaper online and buying them online – the truth is that BYOD offers an unparalleled opportunity for retailers to engage with consumers in store and to extend their physical offerings into the realms of online. The best of both worlds.

IN-STORE WEB EXPERIENCE

This is, of course, accepted wisdom these days. But actually making it happen in store is a massive challenge. Most retailers have an online strategy. They have a mobile strategy. They may even have a tablet strategy. But to leverage this BYOD phenomenon and not just fall prey to showrooming means rethinking all of this with a view to making it all work together, while also being complementary to one another.

And this is a huge undertaking, believes Carin Van Vuuren, CMO at Usablenet. "If you haven't approached this from an omni-channel perspective then you are going to have problems. Do you have webservers in place that allow you to let different interfaces communicate with each other? It is no good still thinking in silos. The web, mobile, CRM and POS all now have to interact and work together."

This, technology suppliers believe, is key to realising a full joined up experience across all channels, including this new quasi-channel, the in-store web experience through mobile and tablets. But it's a tough call.

"The mechanics of getting this working are tough," says Van Vuuren. "But you don't have to rip it all out and start again – it may be a case of adapting what you have."

James Lovell, lead solutions consultant for the European retail team at IBM, believes that the answer to what you need to do systemically lies in understanding your consumers. And that means how to handle data.

"Customers these days have a whole raft of data about what they like, what they do, their social posts and interactions and shopping habits," he says. "Retailers need to gather and use this information to design how each part of their omni-channel strategy needs to work – and this dictates the technologies you need to make it work."

Lovell's view is that ecommerce systems are no longer ecommerce systems, they are interaction platforms and they are driven and refined by data about what consumers do. But getting this data in store has always been challenging.

"Most retailers have the ability to capture digital data, but they struggle in capturing physical store data," he says.

KIOSKS AND CONCIERGES

While not all customers have a smartphone or tablet with them when they go shopping – or if they do, choose not to use them – all is not lost in gaining acceptance of in-store mobile and a way of gaining insight into who they are and what they are doing. And that is through kiosks, in-store tablets and shop assistants armed with digital devices.

Aero Postal in the US is pioneering iPad kiosks in its stores to engage younger customers with the view to getting them engaged and learning all about them – and then hopefully converting them into BYOD customers further down the line.

"The iPads are designed to let young customers build cool outfits, watch style videos for ideas, shop the look and – most importantly of all – email what they want to mom. They can also send it home and buy it online," says Carin Van Vuuren, CMO, Usablenet. "But the really interesting thing is that they allow the young shoppers to vote on songs they like and ask for them to be played, which means they hang about in the store waiting to hear them."

According to Van Vuuren, there is going to be a lot more of this sort of engagement and 'experience' entering mainstream retailers in the US and the UK. Kiosks no longer have to be huge bits of kit they can be simple iPads or similar located around the store.


One way this pad-centric shopping view is taking shape in many stores is in putting them into the hands of shop assistants, who can use them to help consumers find what they want and, if it's not in stock at that store, still complete the sale. Some even will take payments too – changing the whole dynamic of how shops work.

"The Apple Store is the gold standard," says James Lovell, lead solutions consultant for the European retail team at IBM. "But we are going to see the same idea of shop assistants armed with app-enabled tablets appear across many mainstream retailers this year: it's not the future it is the here and now."

The move will showcase how the online and offline worlds can come together and deliver a rich experience for consumers, which will encourage further in store use by consumers – and that means more data.

"Currently, these things are limited to shop assistants, but that is all going to change," says Dan Cohen from TradeDoublar. "It needs to reach the consumer and that will happen increasingly through smartphones."

This is where the investment in in-store mobile technology and tapping into BYOD starts to look more attractive. The increasing use of these devices in store means that retailers actually get a chance to see what consumers are doing in their stores.

"High street stores are here to stay," says Vale. "However, due to this massive shift in shopper behaviour, it's up to the retailers to see how they can improve the customer service experience, both in person and in a virtual environment. In fact, MeTail is doing some pretty cool things and has already partnered with Tesco and Warehouse. It uses 3D visualisation technology that lets shoppers upload a photo, dial in their size measurements to recreate their virtual "look" (a "MeModel") and essentially, try on clothes virtually. Now, that's innovation." 



Pushing an elephant up the stairs

The drive from consumers and competitive pressure is for retailers to embrace mobile technology – on and offline – but make no mistake it takes more than vision, warns *Phillip Clement, Sales and Marketing Director at bemoko.*

THE UK RETAIL SECTOR is under siege on all fronts: a global recession, increased energy bills, increasing process of commodities – cotton, wheat, milk, you name it – driven by climate change, not to mention pressures from online retailers whose overseas operations get an unfair tax advantage. Add all of this to the increased awareness of consumers who can check out competitive prices on their smartphones while standing in store and you have a recipe for very concerned looks on the faces of retail executive teams.

Faced with all this, it is surprising that retailers don't do more. I read somewhere that at the last HMV board meeting before the

company collapsed the senior team could not come up with a way to move their business forward. Why is it so complicated?

Retailers are very good at forecasting the future, the stock we see on our shelves today was predicted, sourced and procured at least a year ago, but it seems that they are not so good at responding quickly to external changes and impacts. For example, last summer, as you'd expect the shops were full of summer fashion. Sadly the sun didn't come out and naturally sales were poor. Because most retailers are so large and the supply chain so complex it was almost impossible to respond and change their lines, instead they battled on trying to pretend that nothing was wrong hoping that at some

point the weather would change.

This inability to respond to change created by business complexity is not just confined to merchandise. In most cases retailers' IT systems are completely outdated and not capable of keeping pace with the change in technology and certainly not equipped to cope with the rapid adoption of the new digitally aware consumer.

For example, one well known high street retailer I visited recently has employed a person on a full time basis to dial up more than a thousand telephone numbers of their stores to find out if the numbers are fax numbers, store numbers, or back-up numbers to their aging ISDN lines. Not only is this absurd, but the retailer has estimated that this project would take a year.

Retail leaders need to get their heads around "technology" pretty quickly and get as good at predicting the next technology trend as they are at predicting the next fashion trend. Then they need to invest in huge technology transformation programmes.

SPEED & AGILITY

One thing is for sure though; if they attempt to build on top of the foundations of the old and decrepit systems they currently have, they'll fail to meet the paradigm shift that's happening around them. New names in the retail industry that are unrestricted by legacy systems will outperform some of the high-street's oldest brands unless they are brave enough to completely revolutionise their businesses.

Retailers need to prepare themselves for a world of constant and rapid change. Smartphones have been a catalyst for change. Many retailers have tackled mobile web and apps and in many cases have done a pretty good job. The challenge now will be to keep pace with consumers' ability to switch channel in a heartbeat. If they thought that developing an app on two or three platforms was difficult and expensive then building technology and strategies around the looming devices of the 'always connected customer' will be terrifying.

Mobile is finding its way into everyday things such as shoes, cars, fridges, watches and even central heating systems. Retailers will not simply have to build a marketing strategy around the new and innovative ways that these interconnected products enable consumers to shop and interact with their brand, they'll also need to define how these new physical products will be sold through their channels - pretty soon all shops will be selling some kind


“Retailers need to predict the next technology trend”

of mobile technology, even shoe shops.

2013 needs to be the year to rebuild back-end architecture and systems in order to keep pace with technology adoption and to enable the delivery of the campaigns and digital updates that will be demanded by tech savvy and mostly fickle consumers. Technology vendors are beginning to change their systems in order to meet these future requirements. Until recently most software took a 'one stop shop' approach encompassing content management, ecommerce and delivery in one package.

Forrester are predicting the "decoupling" of ecommerce and content management systems from their rendering components so that they are able to work in synergy with advanced 'super rendering' platforms that detect devices, location and user habits, exchange information from CRM systems holding detailed analytics gathered from customer intelligence systems and then deliver timely and contextual content to customers. What's emerging are dedicated specialist software products that work in conjunction with each other. Retailers now have the opportunity to build solutions around their needs and also add and remove services as the need arises enabling them to react and respond to change.

Catching the consumer at the right moment with the right content and right offer will win through for retailers but this can only be delivered cost effectively with the right systems in place, which in most cases will mean a complete back to the drawing board approach. Retailers need to 'go shopping' for new products, but most importantly new vendors. There are countless agile specialists emerging who have specifically developed their products for today's market. These vendors are happy to work with other suppliers as part of a complete solution and understand how to work collaboratively. Many of the older players are simply bolting on to outdated software and trying to 'lock' their clients in for as long as they can. New vendors with new technology will deliver more flexibility, speed and agility but taking this route will require fresh thinking from internal IT teams and some courage to move from the 'old faithfuls'.

Retailers who refuse to rethink their systems and suppliers and continue to try and adapt using old technology, methodologies and techniques developed for the desktop era will fail to keep pace and perhaps will fail completely as a result. 

Insight around the world



ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

According to French association Fevad, online sales continued to grow in France in 2012 despite the economic downturn. They reached €45bn, up 19% year on year. Online purchases accounted for €13.1bn in the fourth quarter and Christmas sales (which represent 20% of the annual revenue) amounted to €9bn, 19% more than Christmas 2011.

The number of online payments, has meanwhile maintained a high growth rate in the fourth quarter (+25%) and the full year 2012 (28%) with the growth of revenue generated by those payments rising 24% in 2012. As for the average amount of a transaction, it continued to decline by 1% in the fourth quarter of 2012. It reached the lowest level ever recorded: €85. However, according to the study, this decrease is offset by the amount spent per buyer each quarter. In the fourth quarter, the average amount spent per consumer exceeded €500 for an average of six transactions. Over the whole year, shoppers spent around €1,400.

In France, the growth of ecommerce continues to benefit from a strong increase in demand driven by the arrival of numerous new online shoppers (+5% in the first 11 months) and the significant enlargement of the offer with the creation of new websites and ecommerce development of major retailers. Over the last 12 months, the number of sites reached 117,500 e-shops, an increase of 17% compared to last year. A new website is created every half hour. Therefore, from 2005 to 2012, the number of commercial sites has multiplied by 8.

Apparel / fashion sales continued to grow at a rate of 4% in the fourth quarter and in 2012, online sales increased 8% as the total fashion market declined 2.1%. High-tech and appliances continued to grow up to 7% in 2012, in a context of market decline of 2.8% in the first 11 months of the year. Tourism sites experienced slower growth (+7%) since the second quarter in a challenging environment for all tour operators.

Finally, France, along with many other European markets, experienced a large growth of mobile commerce. In total, sales on mobiles are estimated at about €1bn in 2012 (€400m in 2011) and represent 2% of total internet sales revenue.



EMMA HERROD, EDITOR, INTERNETRETAILING

How to sum up the recent NRF show in 300 words. The exhibition hall can be condensed to one word, albeit hyphenated, and that's omni-channel. It was everywhere on almost every exhibition stand and from talking to retailers at the show it is an area that US retailers are working on as hard as their counterparts in the UK. One global retailer, unable to find a seat in a full supplier workshop, commented that they were working on a roadmap for integration of systems for single view of customers but that they were "two years off full implementation".

The conference drew the serious sides of retailing with keynote presentations covering a call for government to reform the 35% corporate tax rate and open up the visa system for more skills to be recruited from outside of the US, opening markets abroad and global expansion, and Kofi Annan, former UN Secretary-General, speaking about the link between peace and prosperity in global markets. "There can be no long term development without stability and no stability without development but based on the rule of law and respect for human rights," he commented.

Retail has an important part to play not only in creating jobs but by bringing small suppliers and individuals into their supply chain. "Train them and help them meet standards," he said, expanding into how cocoa is produced by small-scale farmers without the logistics to supply direct to multinationals. Global players can also have an influence on policy but, "you don't need a law to pay a living wage or to provide clean drinking water," he said. In a message that echoes those on the global expansion path he commented: "Don't walk into a situation and believe you know better than the locals".

Receiving the NRF Gold Medal award Amazon CEO Jeff Bezos commented that "there are a bunch of people working their butts off for customers" and "it's great to get this award on behalf of these people [Amazon employees through the world]." When speaking about delivering the first Amazon order himself he said that "I did not expect to happen what has happened. We had exceptional planetary alignment." We, "like to invent, pioneer... go down dark alleys; some open into wide vistas, others are a dead end... we're still having fun."

**DR KF LAI, CEO, BUZZCITY**

It is clear that consumers are now far more receptive to mobile commerce than ever before; this comes as a result of continuous education by the mobile industry to overcome concerns such as trust and security, combined with falling data costs and increased capabilities of smartphones and tablets.

Our latest quarterly report on the current trends dominating the global mobile advertising industry reveals that search engines and social media are a major source of information for mobile shoppers, along with 14% using review and comparison sites, and 17% relying on friends' recommendations. However, mobile advertisements are still influencers to a purchase with 17% claiming to have been persuaded to buy via an ad.

In the fourth quarter of 2012, more than 59 billion ad banners were served across the entire network of more than 10,000 publisher sites, to reach more than 300 million unique users per month. By the end of the year, every other surfer on the network was surfing with a smartphone. This brought the annual total to 210.8 billion ads served: a year-on-year growth of 67% with the average Cost per Click across the entire network at USD 1.7 cent.

One of the top markets for mobile advertising was India which saw four quarters of double digit growth and closed off with a year-on-year growth of 46%. Indian audiences now deliver some 18.6 billion ads per quarter and more activity is expected as smartphone penetration increases. We expect the rapid growth to continue as yet more users come online and smartphones become more affordable in India. By Dec 2012, just fewer than 25% of Indian mobile users surfed with smartphones.

Across South Asia besides India and Bangladesh, Pakistan (4%), and Sri Lanka (49%) remain key targets for advertisers and continue to drive growth. By the end of 2012, nearly a third of Indonesian surfers used smartphones.

Across continental Africa growth hotspots keep emerging. Ghana (61%), Tanzania (81%) and Egypt (14%) are markets to watch. Egypt in particular has a relatively high (33%) smartphone penetration and nearly 70% of Egyptian surfers prefer to surf with their mobiles.

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

2012 witnessed booming growth in the Chinese online market with sales reaching RMB 1,304bn (\$209bn), a 66.2% increase compared to 2011's figures of RMB 786bn (\$126bn). Over the past five years, with the average growth of 78.6%, China's online market experienced a high speed expansion.

In 2012, the sectors making up the largest categories of online sales were apparel, 3C appliances and cosmetics. They comprised nearly half of the total sales, in which apparels, 3C appliances, and cosmetics accounted for 26.5%, 18.4%, and 5% respectively.

Regarding online market channels, the B2C market increased sharply in 2012. It accounts for about 30%. Many B2C websites received financial support from large companies. Alibaba, one of the biggest Chinese ecommerce companies and Tmall's parent company, invested lots of money in Tmall, one of the largest B2C platforms in China. Many other standalone B2C websites also received investment from companies around the world: 360buy.com, one of the biggest B2C websites in China, received \$400m investment from Ontario Teachers' Pension Plan and Tiger Fund.

At the same time, due to better logistics services and product quality, more customers, who used to shop on C2C websites, are preferring to purchase products on B2C websites now. In order to attract customers, B2C websites often provide discounts and offer promotions to their customers. Besides, B2C websites are also attracting new customers from offline stores.

The online shopper base is also growing. As per CNNIC, by the end of 2012, the number of online shoppers in China had reached 242 million. The online shopping penetration is 43%, from a total internet population of 564 million.

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.

TEXT & NOW & NOW

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.

On 6 February, Simon Harrow, Head of Digital Trading at Kiddicare and part on the Morrisons multichannel team, joined Nathan Richter, Strategic Services Director of Monetate, to discuss the latest trends in website personalisation. They explored the ways that successful brands are personalising their websites to impact important metrics including average order value and revenue per visit. The audience heard:

- How to impact key performance indicators and the overall brand experience by combining prior visitor behaviour with "in-the-moment" interests;
- How results of website tests that target visitors based on traffic source, device, geography, weather and more can lead to higher conversions and more returning visitors;
- How to address privacy concerns while making sure your messages aren't too creepy.

On 12 February, the webinar focus turned to fraud detection and prevention as Kount, a recent entrant to the European market, spoke about beating fraud and reducing charge backs.

"Everyone knows fraud hurts businesses, but stopping fraud can also hurt online businesses by turning away good sales with fraud tools that are too stringent and rules that reduce sales conversion," said Don Bush, VP, Marketing at Kount. 2012 saw a 16% increase in ecommerce across Europe, according to Visa, which will come hand-in-hand with an increased risk of cyber-crime and fraud. Retailers feel forced to impose hard-and-fast rules on which transactions to accept, and from where to accept them. This blanket approach stops many fraudulent transactions, but it also blocks many legitimate, honest consumers, hurting sales and damaging your brand. The webinar included a review of best practices for:

- Increasing sales through better fraud detection;
- Decreasing fraud losses while maximising sales;
- Reducing charge backs without reducing sales;
- Minimising the need for manual reviews;
- Why too many rules can be hurting sales.

"While online merchants must protect against fraud it is essential that security measures are not prohibitive to business and do not impact on the transaction experience of legitimate customers. The Aberdeen Group estimates that a one-second performance delay can reduce sale conversions by 7%, a figure that represents £2.55m a year for a £100,000 per day site," said Bush.

A case study showed how CDBaby implemented a complete fraud protection platform and saw sales increase by nearly 5% within 60 days, reduced charge backs and fraud losses by more than 90% and expanded to new markets, without increasing the risk of fraud.

On 20 February, SLI Systems presented on 'If they can't find it, they can't buy it - Importance of site search for online retailers'. This webinar established why site search is important to an ecommerce business highlighting areas proven to enhance the user experience and improve conversions.

Matthew Curry, Head of Ecommerce at Lovehoney, the largest online sex toy retailer in the UK, demonstrated how the successful implementation of SaaS based technology has allowed Lovehoney to optimise the site search user experience on their site and what the positive impacts have been for the business in terms of conversions, average order values and site usage.

Chris Edge, Head of Customer Success UK at SLI Systems then shared best practices for using site search analytics and multivariate testing techniques to improve the user experience and turn browsers into buyers.

The final webinar for the month covered 'Customer Experience: Making it personal' with Tim

Pickard, Chief Strategist at NewVoiceMedia. Perhaps the most elusive goal for mass market customer service operations has been the ability to deliver a unique experience for each customer interaction. Despite retailers holding incredible detail about their customers, the ability to use this insight, in real time, has been a vital missing link.

On 28 February, Tim Pickard was joined by Martin Hill-Wilson, a long-standing member of the UK customer service community for a discussion on how retailers can connect their CRM data with telephony to recognize and respond to individual customer situations and so offer a truly personalised customer experience. The webinar then explored, through a series of customer scenarios, the following :

- Why personalisation matters;
- How to anticipate situations that matter to customers;
- The role of CRM and telephony in delivering a personal experience;
- Personalised customer experience in action.

IR JUMPSTARTS

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

INTERNET RETAILING EXPO

The big event happening between now and the next issue is the Internet Retailing Expo at Birmingham's NEC on 20 and 21 March. There are twelve in depth workshops, 150 exhibitors and six different conference tracks - covering everything from mobile to merchandising and in store to logistics and international. A full preview is elsewhere in the magazine. For further details – and to register – visit www.internetretailingexpo.com.

Key dates for 2013 learning opportunities



RESEARCH PROGRAMME

28 February - Returns Seminar Briefing,
9am-11am, Glaziers Hall, London

JUMPSTART

8 May – E-Commerce Platforms

29 May – International & Cross Border

5 June – Cross Channel

19 June – Customer Experience

INTERNET RETAILING EXPO 2013

20 - 21 March, NEC, Birmingham

INTERNET RETAILING AWARDS 2013

26 June, SushiSamba, Heron Tower, London

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Wednesday 20 March



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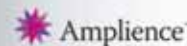
Turn browsers into buyers: Importance of site search to an eCommerce site, Boden.co.uk



How to give the customers what they want and make money doing it



Delivering customer convenience in an omnichannel world



User experience and the responsive web design conundrum



Email conversion optimisation - making sure your emails are working hard for you

Hear from over 60



mothercare



amazon services Europe

facebook

PayPal™

dressipi

Alibaba.com



richrelevance

2ergo



Kurt Salmon

Silverpop

SECRETSALES



**FREE TO ATTEND
REGISTER NOW**

WORKSHOPS...

Thursday 21 March

- 

Rejuvenating bricks by leveraging clicks
www.atech.com
- 

Winning PPC tactics for eCommerce websites
- 

Delivering a tailored shopping experience to each individual visitor
www.apptus.com
- 

Global Expansion: How to attract more international customers online
- 

Principles of omni-channel success
- 

Simplifying the challenges of international eCommerce

Innovation TV Studio

See important suppliers quizzed by journalists and the studio audience on their innovative approaches to drive your multichannel business and reveal ideas to keep you at the forefront of industry developments. Press and studio Question Time!



13 Key Trends Revealed!

This 'Panel Session', chaired by Internet Retailing Editor-in-Chief, Ian Jindal, will bring together **leaders and practitioners** to debate how to incorporate **13 predictions** into your current strategy and where last year's predictions succeeded or failed.

The Enterprise Theatre - 16.00 to 16.45 on March 20



Meet "Britain's Greatest Fraudster"

Using his unique talents, over a six year period, Tony Sales defrauded retailers out of more than £30million. The Sun branded him "Britain's Greatest Fraudster" and now he's planning to do it all again - but for the good guys - retailers themselves!

Meet Tony at IRX. Places are limited so book early!



Register for your free visitor badge at www.internetretailingexpo.com

speakers including:



Barclaycard SmartPay

The global online payment solution
for local shopping habits

It's reassuring to know that there is now a powerful way to take online payments across Europe with one simple solution. It's called 'SmartPay' from Barclaycard.

For more information visit: Barclaycard.co.uk/Business/SmartPay



Offline Bank Transfer



Request a callback