InternetRetailing
Selling in the digital age

VOLUME 6 | ISSUE 6 | SEPTEMBER 2012

MORRISONS & KIDDICARE

Integrating the best of clicks and bricks for cross-channel expansion

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2012 Internet Retailing

9th October 2012, Novotel, Hammersmith, London

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Marketing Director O
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Andrew Harrison, C
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Internet Retailing 2012 - The Mantle of Leadership

Novotel, Hammersmith, London - 9th October 2012

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PROGRAMME

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STREAM 1: Customer

Aligning the business and user experience with the customer

11.20 Chairman's introduction
Mike Baxter, Saleslogiq

11.20 The Four Pillars of Agile Commerce: Transforming your business to serve the digital consumer
Martin Gill, Principal Analyst, eBusiness & Channel Strategy, Forrester Research

11.50 Designing satisfaction from brand value
Simon Smith, Head of Multi Channel Experience, O2 UK

12.20 The evolution of a cross-touchpoint customer experience
Simon Joseph, Associate Director – eCommerce, Jessops

12.50 **Questions from the audience**
1.00 **Lunch**

2.00 Why a good interface can mean more than brand loyalty
Priya Prakash, Head of Mobile Phone User Experience, Nokia

2.30 The customer is always relevant. Opportunities for eCRM in internet retail
Sean Duffy, Principal Email Marketing Consultant, Emailcenter UK

3.00 **Questions from the audience**
3.10 **Break**

3.45 Data-driven customer experience optimisation
Will Cook, VP, Multichannel Marketing (EMEA), Autonomy

4.15 Leading towards an cross-channel future
Andy Harding, Director of E-Commerce, House of Fraser

4.45 **Questions from the audience**

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STREAM 2: Connection

Mastering connection routes across touchpoints and borders

11.20 Chairman's introduction
Ray Fowler, Mvideo.ru

11.20 Leveraging mobile in today's always on shopping environment
Mark Cody, Senior Marketing Manager – Mobile, Tesco.com

11.50 Beyond the opt-in: Email list growth in a mobile, social and local world
Andrew Korczynski, RSM, Silverpop

12.20 Getting personal to reduce cart abandonment and enhance the customer experience
IBM Smarter Commerce

12.50 **Questions from the audience**
1.00 **Lunch**

2.00 Panel discussion: Balancing local engagement with a global experience across borders
Panellists include:
Kamlesh Raichura, Global Head of Ecommerce, Premier Farnell, Richard Longhurst, Founder, Lovehoney, Andrew McClelland, Chief Operations & Policy Officer, IMRG

3.00 **Questions from the audience**
3.10 **Break**

3.45 2012: A milestone in mobile?
Praful Morar, Vice President Retail Sector, WorldPay

4.15 Leading the connections in a mobile retail world
Paul Francis, Head of Commercial Systems, Domino's Pizza

4.45 **Questions from the audience**

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STREAM 3: Commercial

Driving growth with operations, technology and innovation.

11.20 Chairman's introduction
Emma Robertson, Transform

11.20 Moving from the virtual world into a physical delivery
Walter Blackwood, Director of Group Logistics, Mothercare

11.50 Putting the rocket into multichannel retail
Ross Clemmow, Director of eCommerce & Multi-Channel Strategy, Argos

12.20 International success – increase your global reach through the online channel
Andrew Gilboy, Vice-President EMEA, Demandware

12.50 **Questions from the audience**
1.00 **Lunch**

2.00 Panel discussion: Towards the cross-channel store environment
Panellists include:
Sean McKee, Head of Ecommerce and Customer Services, Schuh, Nikos Karaoulanis, User Experience Design Lead, Marks and Spencer, Mark Cody, Senior Marketing Manager – Mobile, Tesco.com, Aurelie Ladeuix, Innovation Director, Casino Group

3.00 **Questions from the audience**
3.10 **Break**

3.45 Beyond monetisation lies a new advertising
Jody Goodall, Head of Solutions Architecture, Kiddicare & Morrisons.com and Jonathan Opdyke, Chief Executive Officer, HookLogic

4.15 Panel discussion: Speeding up operations in challenging markets
Jarno Vanhatapio, Founder, Nelly.com, Amanda Metcalfe, Director of Fashion Inventory & Assortment, eBay, Gracia Amico, Head of Ecommerce, Topman Geoff van Sonsbeeck, Founder and CEO, Isabella Oliver

4.45 **Questions from the audience**

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8 FREE to attend workshops

Workshop 1 11.20 AM	APPTUS / nelly.com	From nought to £70m in 4 years – what does it take? Learn the 'how to' from Nelly.com
Workshop 2 11.20 AM	peerius	Personalised Merchandising
Workshop 3 11.20 AM	compario	The 7 habits of highly successful E-Commerce sites
Workshop 4 11.20 AM	richrelevance	Borrowing brilliance: Pages from Amazon's playbook
Workshop 5 2.00 PM	anicca	What's new in Google Search and how to maximise traffic and sales to your ecommerce website
Workshop 6 2.00 PM	sagepay	An alternative view of mobile payments
Workshop 7 2.00 PM	Amplience	'Let me entertain you' - Smart ways for Retailers and Brands to drive AOV and ROI across multiple channels
Workshop 8 2.00 PM	KANTAR MEDIA compete	How to create new opportunities from the digital path to purchase

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The Mantle of Leadership

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EDITOR'S COMMENT

Where is the retail high street on the journey to cross-channel connectivity? That is the question posed to contributors in this issue of Internet Retailing. Like cross-channel itself which has evolved from multiple channels to multichannel and now as some would say omni-channel (or total retail or retail anytime, anywhere, any how), retail organisations have had to become more joined up. Senior job roles have evolved into jack of all trades and manager of all that customers and employees purvey – including new channels as they emerge such as Smart TV.

Early ecommerce was driven by retail marketing departments rather than IT. As we move into a cross-channel world will they continue to dominate strategy or will the CIOs take a greater leadership role?

Ian Jindal, IR's Editor-in-Chief, continues the theme of leadership in cross-channel retail in his comment piece on page 6. He examines the new demands being placed upon ecommerce professionals as multichannel moves beyond click and collect into an era that heralds the renaissance of the store.

This theme will be examined further at the Internet Retailing conference taking place in London on 9 October. In the keynote presentations, Andrew Harrison, Alison Lancaster and Jonathan Wall, will explore the new responsibilities of leadership: the changes taking place, celebrating successes and considering new challenges.

I look forward to seeing you there.

Emma Herrod
Editor

FEATURES

REGULARS

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CONTRASTING FORTUNES FOR ONLINE GAMBLING

Gambling has grown hugely as an online activity in recent years, but the fortunes of two of the main players in the online market look very different right now.

Ladbrokes has confirmed the departure of its head of product, Richard Ames, who was overseeing its trading and IT offer. The move is in part a response to the bookmaker suffering problems with its online trading platform which saw a drop in operating profits of 50% from £29.7m to £15m in the first six months of its financial year. (£50m had been invested in its digital strategy).

In late June, the company was forced to issue a profit warning on its digital division after failing to launch its revamped website in time for the Euro 2012 football championships.

Ladbrokes had been hoping to transfer all customers over to the new website in time for the football tournament but was forced to postpone after unsatisfactory feedback about some functions.

The online market for gambling is growing hugely and William Hill must be adding to Ladbroke's pressure with a reported 23% jump in online operating profits to £68.9m in its first half results.

William Hill Online, its joint venture with Playtech, increased revenues 30% to £198.4m despite concerns that predictable results from Euro 2012 would take a bite out of the bookie's profits during the period. Mobile accounted for 22% of all online sports bets taken during the period. Some £55.5m was spent on marketing to drive more customers to mobile betting in particular.

GAMBLING WEBSITES RANKED BY SHARE OF UK VISITS

Website	Domain	Visits share
1 The National Lottery	www.national-lottery.co.uk	25.72%
2 bet365	www.bet365.com	10.88%
3 Betfair	www.betfair.com	4.89%
4 Sky Bet	www.skybet.com	4.28%
5 William Hill Sports Betting	sports.williamhill.com	2.89%
6 Paddy Power	www.paddypower.com	2.83%
7 Racingpost.com	www.racingpost.com	2.64%
8 Ladbrokes Sportsbook	sports.ladbrokes.com	2.34%
9 Euro-Millions.com	www.euro-millions.com	2.19%
10 888.com	www.888.com	2.14%
11 Jackpotjoy	www.jackpotjoy.com	1.99%
12 At The Races	www.attheraces.com	1.77%
13 tombola	www.tombola.co.uk	1.71%
14 Coral	www.coral.co.uk	1.69%
15 BetFred	www.betfred.com	1.67%

Source: Experian Hitwise

ONLINE GROWTH AT DOMINO'S

Online sales are continuing to surge ahead at Domino's Pizza, with the company taking more than £1.5m of online orders in a single day for the first time during the first half of the year.

The interim statement issued by Domino's, covering the six months to 24 June, shows that ecommerce orders accounted for 52.4% of delivered orders in the UK in the period – up on a first-quarter figure issued back in late March of 50.6%. Total online sales at Domino's in the period were £121.2m, up 43.4% on the same period in 2011.

Lance Batchelor, Chief Executive of Domino's, said: "Ecommerce continues to be the star of the show and we flexed our technological muscle during the period with the launch of Domigoals, an app that keeps football fans up to date with the latest results and offers the chance to win pizzas or receive voucher codes."

The app had over 54,000 downloads and an engagement rate of 88% in just over three weeks, said Batchelor, adding: "We will continue to own this marketing space and during the period we have also improved our one-to-one marketing communications."

Company-wide, Domino's said pre-tax profit rose to £21.5m in the six months to June 24, up from £19m the year before. The company opened 23 new shops and closed one during the period giving it a total of 748.

Like-for-like sales in the UK – those at stores open for a year or more – rose 5.7%, up from 3.4% in the year before, while like for like sales in the Republic of Ireland were up by 2.9%.

"Trading since the half year end has continued in line with our expectations. While the consumer backdrop remains tough we are confident about the future and our expectations for the year as a whole remain unchanged," said Batchelor.

POP-UP JOHN LEWIS

John Lewis is to open its first pop-up shop, as part of an omnichannel strategy that links its digital sales channel with its bricks and mortar stores.

The department store group has announced that a 1,200 sq ft shop in Exeter High Street will open on 3 September for about six weeks.

The outlet will give local shoppers a preview of the products that will be available when the city's first flexible format department store opens on 12 October. Those will include fashion – including the Somerset collection from designer Alice Temperley, beauty, consumer electronics and home products.

As part of John Lewis' omnichannel strategy, the shop will also act as a Click and Collect hub where shoppers can choose, order and collect more than 200,000 products from johnlewis.com. Orders placed before 7pm will be available for collection from the John Lewis pop-up shop after 2pm the following day.

Peter Ruis, Brand and Buying Director at John Lewis, said: "This way of launching a new shop really engages with the local community, whilst at the same time goes back to the basics of retailing – finding a site, choosing an edited assortment and presenting it to customers in a creative and unique way."

The John Lewis Exeter shop is the retailer's first flexible format department store. It will feature fashion, beauty, consumer electronics, home and nursery in over 65,000sq ft of selling space spread on five floors. It will be the biggest John Lewis shop to open this year and the first to open in Devon and Cornwall.

AMAZON COMES TO CORNER STORES

Shoppers will soon be able to collect their parcels from Amazon from corner shops around the UK. This follows a trial in recent months by the online shopping giant of the CollectPlus service, which allows its customers to opt to pick up their purchases at a range of local outlets, from petrol station to corner shops

The new delivery service adds to a growing range of options offered by Amazon that also include dedicated locker banks.

CollectPlus, which currently has a network of around 4,900 stores, also serves online retailers including Asos and Very.co.uk.

Mark Lewis, Chief Executive of CollectPlus, told InternetRetailing.net: "We are delighted that Amazon.co.uk customers can now choose to have purchases delivered to a CollectPlus store local to them. By opting for a CollectPlus 'pick up location' at checkout, Amazon.co.uk customers can choose to collect their items from one of our thousands of shops nationwide, at a time that suits them best.

"CollectPlus is already integrated into Amazon.co.uk Marketplace, so sellers can choose us as their delivery service. The extension of our service means that more people will be able to use CollectPlus, providing further choice and convenience for their deliveries."

ASDA POSTS ONLINE RISE

Asda's online sales rose by more than a fifth in the second quarter of the year, figures from parent company Walmart show.

Sales at the supermarket's internet business were up by 22.1% in the three months to 30 June, at a time when its like-for-like sales, excluding fuel, were up by just 0.7% and net sales rose by 3.2%.

Doug McMillon, Walmart International President and Chief Executive, said Asda had gained market share in the second quarter, according to Kantar Worldwide Panel figures.

"The strongest performances were in grocery, apparel and electronics," he said. "In addition, our online business in the UK improved its already strong performance, with sales growth of 22.1% in the quarter."

Andy Clarke, Chief Executive and President of Asda, said: "I'm really proud of our performance again this quarter. We have continued to increase our sales and grow ahead of the market through a combination of lowering more prices and driving even harder on product quality. Our 'real value' strategy is paying dividends, and enabling us to grow the business in a sustainable way."

VIRTUAL TESCO AT GATWICK

Tesco kicked off the holiday season with a two week trial at Gatwick Airport of virtual grocery shops. The ten, vending machine-sized screens dotted around the North terminal operated from 6 to 19 August with the aim of getting consumers to shop via mobile before they jetted off on holiday so that they "don't come home to an empty fridge".

Using giant touchscreen technology, they featured 80 of the most popular items found in the grocery section of tesco.com. The 80 items were grouped into four screens of refrigerated items and four of store cupboard items. Each item had a bar code and shoppers simply fired up the Tesco grocery app on their smartphone and scan to create a shopping list that they could then arrange to be delivered when they returned home. They could also get access to the other 19,920 grocery items on tesco.com through the phone app if they couldn't find what they wanted on the virtual shop.

Staff were on hand to explain how it worked, to talk shoppers through how to download the app and sign up to Tesco.com – if they aren't already using it – and even a couple of iPads to let customers sign up there and then.

The plan, says Tesco, is to give consumers yet another easy way to access the retailer's goods and to get more people to download the app, use it and see how great online grocery shopping can be. The retailer also admits that it's something of an experiment, believing that sometimes the only way to see if these things work is to try them.

The retailer also sees it as a way of linking the real world of shopping with mobile commerce, to encourage more people to use m-retail. It also taps into the massive growth the company is seeing in m-retail. Currently, 16% of all online shopping at Tesco involves a smartphone at some stage, with half of these being shopping sprees that take place entirely on the phone. And this is growing in line with smartphone penetration growth, which currently, in the UK, stands at 50%.

Tesco's Internet Retailing Director, Ken Towle, said at the launch in the North terminal: "Our business in Korea is teaching us a lot about how customers and technology are transforming shopping. It gives us a unique window into the future and the chance to try out exciting new concepts. The virtual store blends clicks and bricks, bringing together our love of browsing with the convenience of online. It's a chance to showcase what we can do to the 30,000 people a day who will depart from Gatwick's North Terminal, many of whom will have a genuine need to fill their fridges when they get home, and we're looking forward to hearing what they think."

WHAT'S IN-STORE IN THE NEXT PHASE OF ECOMMERCE?

Moving beyond its role as display or click and collect service, Ian Jindal heralds the renaissance of the store within multichannel and considers the new demands placed upon ecommerce professionals.

THE RAPID growth of ecommerce has seen a development from geeky, experimental sideline, via engine of growth, to accepted part of of the channel mix. Independently the online channel delivers some third or more of sales, but with the impact of click and collect (driving digital purchasers in-store to collect) and "ROPO" (research online, purchase offline) ecommerce can be said to effect up to 80% of purchases, depending upon sector and the survey in question.

The stores have been to a degree the 'poor cousin', with slowing growth, painfully-evident fixed costs and all of the operational challenges of complex, real-world organisms. "Agility" and "test and optimise" are less easy modes of operation across hundreds of stores, physical fittings, thousands of store colleagues and the demands of stock movements and display.

The store, however, is currently making much of the running in terms of innovation and customer impact, and this is for a number of reasons.

The first, of course, is that customers like shops and the shopping experience. The store is ideal to stimulate new ideas and desires, to understand products and in some circumstances more convenient. To date it's been difficult to asses the 'seen in store, bought on web' level. However there is early evidence of customers looking at products in a store and then buying via their mobiles for home delivery, rather than carrying the product home. This insight is made possible by the increase of in-store WiFi, as well as by asking better questions of our analytics systems, and providing 'links' to digital within the store.

As the investment and renewal cycle for stores comes round we're seeing that there's a more fundamental re-working of the store than just barcodes and a few Wi-Fi points. M&S' recent Cheshire Oaks store points both to the retailer's cross-channel ambitions and to the state of the art in online/offline digital integration. Digital signage, customer order and information points (once known as 'kiosks'), outfit builders, guided selling, order management and point of sale systems all work together. House of Fraser's digital-only store in Aberdeen points the way to the new generation of click-and-collect meets order point - an updated Argos model for the digital age.

These moves are to be applauded and will soon educate all of our customers to expect true cross-channel integration in all stores. However, they create some new challenges for ecommerce leaders.

Where now is the 'heart' of ecommerce? As we move from a channel-focused world to a customer-centric one, there's a need for increased collaboration, planning and responsibility across all touchpoints - whether stimulating a sale, fulfilling it, or developing long-lasting profitable relationships. We also need to consider our store colleagues even more than before. While we may be able to update the website by dint of behind-the-scenes work, some testing and keeping 30 people in the ecommerce team abreast of changes, we now have to brief, consult, train and support scores of store colleagues on their iPads, kiosks, recommendation engines, new processes and questions.

We also have some more fundamental challenges around systems and ecosystems. While the ecommerce platform has lived quite happily within the ecommerce domain for years, calmly accepting feeds and sending orders to other business systems, in the new world we need to find a balance between all-channel order management and orchestration, 360-degree real-time views of inventory (whether in-store, at a supplier or on a van), and move from a static view of CRM as a big database to run loyalty cards to full integration with email, contact centres, clientelling, geo-demographic planning and product recommendation - online, on the phone and at point of sale. Who owns the architecture for this ecosystem - technical, operational and people-based? Finally we have the opportunities of digital signage, to integrate store circulation with individual marketing and TV-style programming...

The divide between physical and digital was always a false one - the question was rather one of consistency under our brand promise. Digital technology and renewal cycles in-store now open up opportunities for enhanced consistency and service - opportunities for ambitious digital leaders to play an enhanced role delivering customer value.

Both at IRC2012 (where we examine 'The Mantle of Leadership') and at IRX2013 next March (where we introduce our new thread of IRIS - Internet Retailing In Store), we will be mapping the challenges and opportunities to ecommerce professionals of the welcome renaissance of the store. ■

Changing the fabric of the business

For 128 years, M&S has been innovating their way to the top; with fashion that looks fresher, food that tastes better, furniture that lasts longer and service that feels warmer. With all this experience under their belt, they're now gearing up for a giant leap forward: transforming their business with cutting-edge technology that will bring the M&S experience to more customers, in more places, in more ways than ever before.

From the M&S website to savvy in-store touch-screen technology, everything is designed with the customer in mind. Whether they pop into a local store to buy a suit or use the M&S app on their smartphone to buy a sofa, the Multichannel team's job is to make sure each and every customer gets the most out of the experience.

"It's about testing the complexities of an idea and seeing it become real. Family and friends will tell you if it's any good." MARK

And with increasing emphasis being put on the digital economy, the team are developing a new digital selling platform based on IBM's WebSphere Commerce, due to launch in 2014.

Clare is currently working on the Multichannel Foundation Programme, one of the largest programmes of its type globally. It will replace M&S's current Amazon platform that runs all of the digital channels, such as web and mobile, with a new platform and an updated customer experience. This involves the development of an array of new systems, providing customers with a consistent, seamless multichannel experience wherever they shop with M&S. "Every day is different," she says.

"We have a group of skilled people working tirelessly behind the scenes to ensure our customers get the best out of M&S. With the focus on e-commerce, we need to increase the size of our team."

And with a substantial commitment dedicated to experimenting with new concepts throughout the UK and international stores, she says the possibilities are endless.

The changes to come will mean exciting times for the business. "It's about making sure we get the best from our technologies and systems," says Business Analyst, Mark. "For example, we use Endeca software for our search engine to ensure our customer finds what they're looking for easily. Technologies like these are at the heart of our future business plans."

"The variety is endless. We're always growing and trying new things, which is a rarity in most other e-comm roles." ELIZABETH

A huge venture like this shows that innovation is at the forefront of the company. M&S want to be leaders in the field, so they've been working non-stop to deliver a platform to rival what's out there. They're bringing this new digital focus to the entire company, from supply to buying, making e-commerce a fundamental part of M&S.

If you want to be part of the exciting changes within IT multichannel at M&S, email your CV to our recruitment partners ReThink Recruitment at **ITmultichannel@rethink-recruitment.com**

So what's the best way to go about being part of the vision at M&S? They want people with drive and passion for what they do, whether they're a software engineer or a project manager. This is the place where, if you have the talent, passion and know-how, M&S make the job everything you want it to be.

"There's been a lot of investment within e-commerce, so we have the chance to be retail trendsetters. And this isn't a one-off; e-commerce will grow into a huge part of the M&S brand over the next few years." CLARE

INNOVATION IN ACTION

Not only was M&S the first high street retailer to offer a fully mobile-optimised site, they've also won awards for it too, like Most Effective Mobile Site and Most Effective Mobile/CRM Enterprise.

Throughout 2011/12, the M&S website received an average 175,000 orders per week.

MORRISONS:
GROWING UP WITH SECOND MOVER ADVANTAGE

Morrisons, which bought Kiddicare.com in early 2011, has been hiring in talent from across the retail industry to expand the baby products retailer into a multichannel, international business while preparing for its own dotcom launch. Emma Herrod spoke to the senior team leading Kiddicare and Morrisons.com about integration, expansion and what happens when digital meets a corporate brick wall.

MUCH IS SPOKEN of the speed of ecommerce, and the mix of innovation and entrepreneurial spirit required from serious practitioners, along with solid retail know-how, a sprinkling of retail theatre and handfuls of customer insight. With a roll call of digital, multichannel and traditional retail talent, the team behind Morrisons.com heralds leading edge retail and customer service for not one but three brands under the Wm Morrison Group umbrella: Morrisons (supermarkets and physical presence); Morrisons.com in its yet-to-be-launched food and general merchandise online guise and Kiddicare.com, the online and single store/warehouse business acquired by Morrisons in early 2011.

Whilst many details around the launch of Morrisons.com are being kept under wraps (see Morrisons.com boxout), the team is now happy to talk about the integration of Kiddicare and Morrisons, what it means for the two businesses and the integrated Morrisons.com team, and the speed with which Kiddicare is changing.

Morrisons looked at the acquisition of Kiddicare as a way to incubate and grow a successful business as well as the obvious launch pad it gives Morrisons into the digital arena, says Richard Pennycook, Morrisons' Finance Director.

"We had ambitions to grow the Kiddicare business as well as it being a great technology platform to leverage into other categories," he explains. "That ambition hasn't changed, but increased."

In fact, Morrisons had pretty much decided to go down the route of in-house development for its dotcom business when it started talks with Kiddicare, having been put off acquisition by some of the other businesses it had investigated. "You look under the bonnet of many dotcoms and it's not great," says Pennycook; "platforms and operating models were poor."

In terms of Kiddicare.com, "there's no duct tape holding it together," claims Scott Weavers Wright, CEO of Kiddicare (and Managing Director, non-food online at Wm. Morrison Supermarkets). The customer is at the heart of the Kiddicare business and "we've developed systems not to get it wrong", he adds - which is probably why he received 17 bids for the company before accepting the Morrisons offer.

Morrisons makes no secret of the fact that technology and the platform upon which Kiddicare.com is based, as well as the knowledgeable online team and leadership, was the main factor in the acquisition. It will be what underpins Morrisons.com. The initial announcement said it purchased "Kiddicare, together with the rights to its highly regarded technology platform, for a total consideration of £70m. The acquisition is the first step in developing Morrisons' online business."

MORRISONS.COM LAUNCH

MORRISONS

Morrisons' first dotcom site "is very much on course for launch in Q4," according to Richard Pennycook, who spoke to IR before the company's trading statement in early September which cites an H2 launch. Morrisons Cellar will specialise in "an outstanding range of wines at great prices, with fulfilment from our distribution centre in Peterborough," says the statement.

It continued: "We have now completed our review of Fresh Direct's online food operation in the USA and the Morrisons team that had been working in New York has now returned to the UK. We have learnt a lot from our relationship with Fresh Direct and are continuing to evaluate opportunities to develop a unique and profitable online food model in the UK."

According to Alison Lancaster, "other categories are in planning for next year."

General merchandise in stores only accounts for 6% of Morrisons' sales but the company understands that the highest growth rates for these categories will be online. Growth into further categories "could be organic, through partnerships or by acquisition," says Pennycook - in essence, whatever offers the best proposition for each category.

As with Kiddicare, Morrisons values customer service so "every category we take we want to be a specialist in, be authoritative," says Weavers Wright. "As we acquire or grow new categories we need to show expertise." It is in this way that Morrisons.com aims to differentiate itself "rather than being a 'me three' of the other grocers. We want to wow with world-class service."

In the way that you will find an expert butcher behind the meat counter in Morrisons supermarkets - "we have 25,000 staff who make fresh food every day," says Pennycook - the ethos for expansion is that "if we're going to do something we'll do it well in a way that serves the customer and makes each category a great destination."

Morrisons is late to the digital arena but isn't worried by the fact that the three leading UK supermarkets operate online already. "When it comes to online shareholder value creation I don't see any of my competitors making money out of food," says Pennycook.

Kiddicare has continued to trade separately as Kiddicare.com, led by Scott and Elaine Weavers Wright, via its state of the art freehold distribution facility and Europe's largest nursery equipment retail store in Peterborough.

What has been surprising since the acquisition is the speed at which the Kiddicare business is

expanding, especially if you consider issues around integration of the Morrisons and Safeway businesses and the potential for a clash between the fast moving, innovative dotcom that is Kiddicare and the larger, corporate Morrisons business.

Many people at Kiddicare have dual roles, working on Kiddicare and its expansion as well as roles within the development of Morrisons.com. Extra talent from Mothercare, BP, ASOS, Boots and M&S has been recruited into the Morrisons.com team from across the retail, digital and multichannel arenas, while others have moved across from Morrisons to Kiddicare. Recruits include Alison Lancaster (online and multichannel pioneer at John Lewis, Debenhams, and more recently White Stuff), David Tarbuck (formerly of Argos) and Jody Goodall (from Autotrader). Four directors have moved from Morrisons to the Kiddicare business to bolster HR, stores and operations capabilities.

A Morrisons.com site for general merchandise is now set to launch in the late autumn, with a grocery site launching in the following financial year - "but only if we can do so profitably and in a way that will be good for customers."

As far as the provision of groceries online is concerned, Morrisons signed a deal with US food retailer Fresh Direct in order to send a team into its business to find out how it operates and bring the learnings back to the UK. Whether the Morrisons grocery site launches as part of the general merchandise site or as a separate site using the same technology is not being disclosed.

KIDDICARE EXPANSION

Part of Morrisons' original plan for Kiddicare was for it to become a wider reaching multichannel business, and this expansion has happened at a much faster rate than anyone envisaged at the time of the £70m deal.

Morrisons is enabling Kiddicare to expand to a further ten stores – superstores, in reality, since the sites were previously Best Buy stores totalling 500,000 square feet of retail space. The first of the cross-channel stores will open in Nottingham on 26 September and coincide with a rebrand of the business from Kiddicare.com to Kiddicare, reinforcing the multichannel nature of the business.

"The Best Buy stores opportunity landed in our laps," says Pennycook. But, as Weavers Wright explains, part of the decision was the generous car parking space at each of the stores, something that has become an issue at the Peterborough site since "cars queue" to get into the 250-space car park.

Weavers Wright has a strong belief in the use of technology to serve the customer so these new stores promise to showcase the best of Kiddicare and Morrisons' ecommerce know-how, technology and traditional retail expertise.

"The new stores will be regional destination centres fusing the best of big retailing and the best of the web and technology," says Alison Lancaster, CMO of Kiddicare and Marketing Director of Morrisons non food .com business. "It's all powered by passion," since everything that Kiddicare does is to help the customer she explains. ▶

HISTORY OF MORRISONS

Morrisons is the UK's fourth largest food retailer by sales, with an annual turnover in excess of £17bn. It has grown from a single market stall in Bradford in 1899 to 476 stores, ranging in size from 3,000 to over 40,000 square feet. More than 11 million customers visit the stores each week and are served by over 131,000 employees.

Morrisons completed the takeover of rival supermarket Safeway in 2004 and finished converting the Safeway stores to the Morrisons format the following year.

In 2010 the company outlined its vision to make Morrisons 'different and better than ever'. Different in that it has a distinctive offer to customers centred around fresh food, craft skills and vertical integration through its manufacturing business.

Better "is about improving the way we do business – doing more of the things that matter for our customers – making great food, offering outstanding service and being more efficient so we can pass on the best savings possible. It also means seizing opportunities to grow the business profitably through new formats, channels and categories, to meet more of our existing customers' needs and to reach new customers."

In March 2012 Morrisons announced a 7% year-on-year rise in turnover to £17.7bn in the year to 29 January, and an 8% rise in pre-tax profits to £947m. However, its September H1 announcement reported like-for-like sales fell by 0.9% with turnover up 2.3% to £8.9bn.

The new store concept, created by retail design company 20:20 with Kiddicare's Brand Director Elaine Weavers Wright, is designed to "put the fun back into parenting by making it quick, easy and convenient" for parents to get whatever they and baby need. The 33,000 square foot superstore in Nottingham holds more than 3,000 products and plenty of digital innovations to make the shopping experience easier – along with a Very Important Baby shopping service, a café with a play area, a "try before you buy" buggy track, free car seat fitting and a brand new Baby Gift List and Registry.

"We aim to give a world class service and help people have a great baby experience," says Weavers Wright, adding that the new stores and managers will be rated on service rather than by sales.

In due course, customers will be asked for their email address when they make a purchase in store and then sent an email a couple of days later asking them to rate the store experience and the person who served them. These scores will be updated in real-time and displayed online for everyone – customers and staff to see; this is the benchmark for the new stores' success, not traditional retail KPIs.

"We are a very transparent business," says Weavers Wright. He explains that online Kiddicare has around 40,000 service reviews and over 200,000 product reviews from customers and was the first company to include unmoderated, 1 star product ratings on its site.

SalesForce and Radian6, implemented for £5m, are used across the Morrisons business to monitor customer reactions with 60 people at Kiddicare alone empowered to address any social feedback and put right any problems. "If you are transparent it keeps standards high by creating real accountability," says Weavers Wright.

SOCIAL EXPERIENCE

Kiddicare has been working on ways in which it can bring the spirit of social into stores and it hopes to achieve this with, amongst other things, community spaces for mum and baby groups, a play area in the café, baby showers and Baby Gift List and Registry which can be compiled in store and online.

These will help make the stores "a great place to be, increase footfall and loyalty". On top of this is Weavers Wright's passion for technology as an enabler of customer service. Self-service kiosks will be installed in all stores with 30 or more in the largest stores, along with free WiFi and mobile queuing systems which send a text message notification to a customer when an expert staff assistant becomes available to help them with a car seat purchase.

Digital signage will be centrally controlled from Peterborough and managed with electronic shelf edge labels displaying live pricing and stock figures, giving Kiddicare the flexibility to change prices across the store portfolio and online instantly to promote time sensitive offers.

And, of course, click and collect will operate in addition to the timed next working day delivery service already offered by the business.

The technology is not only an enabler for Kiddicare but also a showcase for Morrisons to demonstrate what the underlying platform is capable of.

Two further stores will open in Birmingham and Thurrock before Christmas; no opening dates are yet being given for the remaining stores in Aintree, Rotherham, Bristol, Enfield, Hayes, Croydon and Southampton.

This store expansion plan comes on top of Kiddicare's first foray into international markets with a launch of a bespoke Irish website. When visitors from Ireland visit the UK site, it resolves their IP address and displays Euro pricing. The infrastructure also gives Kiddicare full control over which products are presented to international customers. The company also currently ships to Sweden, Denmark and Finland.

BRINGING THE TWO BUSINESSES TOGETHER

The Kiddicare and Morrisons businesses are being woven together skilfully in a way that will really bring second mover advantage to the cross-channel businesses. CRM is the bedrock of the whole strategy, offering a single view of the customer across the group.

Weavers Wright explains that in simple terms it's a single database and it's "up to the thinkers in the business to decide what we do with the data. Technology is just an enabler". According to Lancaster, "it's a marketers dream".

Pennycook believes that people will look back at this era of retailers gaining a single view of their customers as a major evolutionary step in retail in the same way that the advent of EPoS or online are viewed now. Second mover advantage is that "we have the luxury of not having legacy systems," he says.

The group is gathering data on Morrisons' customers who also shop at Kiddicare through the introduction of self-service transactional kiosks in the baby aisle of a number of Morrisons' stores. Customers can access most of the products stocked on Kididcare.com via the kiosks, along with full product descriptions, imagery and videos as well as other parents' reviews of the items.

In terms of bringing together the multi award winning, young, fast moving and innovative £50m dotcom Kiddicare business with the century old, £18bn turnover traditional Morrisons, which has in the past been seen as anti-digital, may seem like a recipe for disaster. But rather than squashing the innovative, fluid can-do ethos of Kiddicare, Morrisons has embraced it with its own "can do and how do we do it differently" belief, says Lancaster. "Our philosophy is that if we want to do something we just get on and do it."

It is this "fleet of foot," entrepreneurial spirit that Morrisons wanted to retain rather than "crunching" the two businesses together, explains Pennycook.

HISTORY OF KIDDICARE

Multiple award-winning, baby specialist Kiddicare was established in 1974 and became part of the Morrisons family in February 2011. Turnover in the last financial year was £37.5m and has grown by 75% in the past three years through the use of leading web technology, picking software and innovations such as one hour delivery time slots which were introduced with a 98.75% success rate. Over 85% of sales are through the online channel, which has over 1m customer visits each month.

Some 67% of sales at the Peterborough store, which is the largest baby category store in Europe with 5-6,000 skus in stock, are self served. Peterborough is about to be trumped in size by the new Kiddicare store in Thurrock. By the end of 2013 over 1,000 staff will be employed by Kiddicare.

More a morphing together of energy and ambition.

According to Weavers Wright, "there are fantastic synergies between the two businesses" and there is "lots of joining up" across the Morrisons and Kiddicare businesses. From a Kiddicare point of view, the move into ten more stores would not have been so swift without Morrisons, not only from a financial standpoint but also on the supply chain and operational side.

In a move reminiscent of John Lewis' acquisition of Buy.com and the integration of dotcom and development of multichannel, the decision was made to base the Morrisons.com team at Kiddicare in Peterborough. "Rather than making it a small part of Morrisons' HQ in Bradford" it has become a part of the Kiddicare operation, says Pennycook. In fact, pretty much everyone in Kiddicare has a dual Kiddicare and Morrisons.com role.

And for the 11 million people who shop in Morrisons on a weekly basis, they too will be looked at with a dual Morrisons/Kiddicare gaze. The cross-pollination of customer data across the businesses, from Morrisons' foodie followers who appreciate quality and provenance and its "field to fork" philosophy to Kiddicare's young families, could be more game changing than its customers' appreciation of good service. If Pennycook's feeling that single view is as significant a development as online or the advent of EPoS is proved correct, then Morrisons' delayed arrival onto the digital scene will prove to be more check mate than second mover advantage. ■

Alison Lancaster will be keynoting the Internet Retailing conference on 9 October so will be able give an update to delegates on the day.

DEBENHAMS REVIEW

Internet Retailing asked 4 retail experts to take a look at Debenhams and give readers insight into the retail strategy, site performance, usability and customer experience.

RETAIL STRATEGY

Emma Robertson, Director, Transform

It has been an award winning year for Debenhams, receiving both industry and commercial recognition of their multichannel strategy. As of June, Debenhams reported ecommerce sales were up 40% year to date, and they have grown to become the 11th largest online retailer in the UK.

The extension of the proposition over the last 18 months has been industry leading in many respects, including the launch of Debenhams TV, roll out of in-store kiosks and development of enhanced mobile capability – all supported by an extended logistics operation and the "endless aisle" initiative.

The customer experience elements of the proposition have transitioned from being a set of disparate technological developments into a more integrated cross-channel experience. The recent launch of WiFi in-store has provided a critical link between channels, enabling customers to access the full online range and check for stock through the Debenhams app whilst in-store, replicating the information and capability available on the in-store kiosks and online.

The logistics and stock management operation to support the proposition is key to its current success whilst providing a platform for ongoing growth. In 2011 Debenhams extended their existing partnership with DHL, who already provided warehousing and distribution services across the UK, to include a scalable pick, pack & despatch operation capable of scaling to 4m parcels a year by 2014.

The endless aisle initiative has been a key innovation in supporting the ecommerce ambition, both from a customer experience point of view, and commercially to protect against lost sales. The initiative combines both store and warehouse stock holdings, treating the larger stores as secondary warehouses for online customers – enabling Debenhams online to show more stock as available and despatch from store if the product is out of stock in the warehouse.

Through innovations such as the endless aisle and the in-store WiFi /mobile capability, Debenhams are creating the environment to support a truly channel agnostic experience, where the business mobilises around the customers' channel of choice, rather than fighting for their custom. Possibly the holy grail of multichannel retailing!

USABILITY

Shane Walsh, User Experience Consultant, User Vision

Similar to many in this sector, the use of mega drop down menus on the Debenhams site allows easy access to all categories from any page. This drop-down is clearly laid out with items listed vertically under headings, allowing visitors to quickly scan the content and find the link relevant to them.

Another positive navigation feature of the Debenhams' site is the predictive search function. This search function is forgiving, meaning that it assists users in finding content that's contained on the site even if they misspell their query.

On the product information page, users must ensure to select the size of their product before proceeding, failure to do so will present users with an error message at the top of the page. A visual barrier between the error source and the error message may cause it to be missed. This error message could be presented in red, next to the source of the error making it easier for the user to identify and rectify the problem.

Selecting international delivery, users are presented with a link to "view details" of international delivery. It is assumed that this link would contain information about the cost of delivery to various countries, however it opens as a popup that contains a URL address that will provide them with this information. Presenting users with an external URL in order to get information introduces the risk of users leaving the transaction process and not returning. The popup should contain all information about international delivery and costs, preventing users from leaving the transaction process in order to find out more.

Debenhams have made the checkout process as painless as possible allowing visitors to enter their billing information before proceeding to registration, this gets buy in from users in the transaction process.

The site supports the user well in finding and purchasing their items.

Eye tracking gaze plot for Debenhams Source: SimpleUsability

EYE TRACKING ANALYSIS

Guy Redwood, Managing Director, SimpleUsability

Users were asked to shop for an outfit for a wedding they would be attending soon.

From the homepage, users started through the 'Women', 'Men' or 'Weddings' tabs within the main navigation, using the mega-drop down to specify the category they wished to view. Some users struggled to locate categories from the mega-drop down, commenting that there was too much small text, making the content difficult to scan. Users were drawn to the under-navigation bars that displayed details of delivery options and promotions, but few users clicked through to content from these. In general, all users were able to easily navigate, browse and add items to their bags.

Users' gaze was drawn to the range of product images on the product pages; users were keen to view a zoomed in version but struggled with the existing controls, often clicking a number of times before being able to view the product in the desired detail. Some users missed the size selection drop down, clicking 'Add to bag' multiple times before noticing the error message. A number of users did not feel it was clear that the product page they were on was just for a suit jacket rather than the whole suit causing them to miss the trousers and waistcoat available to add further down the page.

When adding items, users were surprised that they were taken straight through to the bag, instead expecting a pop-up confirmation that the item was added. We observed users looking around the basket in order to return to the product listings; users retrospectively commented that they expected a 'Continue shopping' button and were unsure where the 'Back' button would take them.

Overall, users could complete the task without difficulty, commenting that they would happily use the site again.

SITE PERFORMANCE

David Flower, VP EMEA, Compuware APM

Compuware Gomez analysed Debenhams.com web performance between 13 July and 14 August for Internet Retailing. Unfortunately, while Debenhams works hard at rolling out its multichannel strategy, and despite launching its German website during July, its UK web performance has been poor recently. Standard tests we conducted evaluated Debenhams' availability on the last mile, response time on the last mile, consistency, competitiveness and browser support.

From the internet backbone – browser agents that sit at nodes on BT, Global Crossing, Cable & Wireless, Telstra and Verizon's networks – Debenhams' landing page took 1.9 seconds to load, placing its speed 24th in Gomez's UK Retail Benchmark. The fastest was Tesco (0.74 seconds). Asda and New Look were slow performers, with each respectively taking 4 seconds and 3.35 seconds to load. Interestingly Debenhams' site experienced noticeably slow performance from 23 – 25 July.

On the last mile – end users' devices – Debenhams sat 14th in the Gomez benchmark, taking a slower 5.89 seconds to load. The fastest two sites were Tesco (1.59 seconds) and Shopzilla (2 seconds). What is interesting is that Debenhams' performance was unpredictable: for example, on 'low broadband' connections the speed varied from 4 – 14 seconds. These factors would have most likely contributed towards end users experiencing frustration with the site.

Debenhams performed well across all major web browsers including IE, Firefox Safari, Chrome and those found as standard on BlackBerry and iPhones. The only problem with the site was that it had issues rendering headlines in Firefox and Safari browsers. ■

COMPUWARE GOMEZ SCORED DEBENHAMS 2.8 STARS OUT OF 5:

Availability from Last Mile peers: 10 out of 25
Response time from Last Mile peers: 9 out of 25
Consistency: 11 out of 15
Competitiveness: 8 out of 15
Browser Support: 16 out of 20
Total 54 out of 100

INTERNET RETAILING'S ECOMMERCE BIRTHDAY PARTY AND AWARDS

2012 was the 18th 'birthday' of eCommerce and at IR Towers we decided that we'd celebrate this milestone with a party - something to celebrate the dynamic, open and friendly industry in which we're privileged to work. Ian Jindal reflects on the evening - which saw clouds turn to evening sunshine on the impressive roof of Cannon Bridge Gardens - and celebrates the winners of the inaugural Internet Retailing Awards.

The Cannon Bridge Roof Gardens provided a spectacular and distinctive venue as 270 guests enjoyed the hospitality, conversation, Circus School, giant touchscreens and the highly-competitive eCommerce Croquet Challenge Cup.

Our Sponsoring Partners - FashShot, Packshot and Demandware - made the evening possible, and really entered into the spirit of the event as first and foremost a celebration. Andrew Gilboy, VP EMEA at Demandware said "Demandware was delighted to sponsor the inaugural Internet Retailing eCommerce Birthday Party and Awards. As well as joining many Demandware customers at the event, it was also a great opportunity to celebrate with the whole eCommerce industry its rapid growth to being of the most important strategic initiatives for all Brands and Retailers." Lee Friend, founder and Director at FashShot and Packshot, welcomed the approach, saying that FashShot was "pleased to help celebrate the growth of the industry and recognise the stand-out companies in our sector."

The Awards comprised five categories - Customer, Capability, Sustained Performance, Innovation and Omni plus a discretionary Judges' Award. Kurt Salmon contributed research insight to support the judges' decision-making. Siobhán Géhin, Associate Partner at Kurt Salmon noted that "Kurt Salmon was absolutely delighted to sponsor the 2012 Internet Retailing awards. This is a fantastic way to showcase some of the incredible innovation which has taken place in omnichannel retailing over the past year".

On the evening a series of prizes added to the fun - whether party dresses from Dressipi, or Stella McCartney/Adidas gear from Demandware - while the Internet Retailing Croquet Challenge Cup (IRCCC) pitted eight teams against each other leaving Team Charapak as Champions.

In all it was a memorable evening made possible by the Sponsors, the generosity of the Judges and the hundreds of industry leaders who risked the 'summer weather' to party on the roof. We're making both the Birthday Party and the Awards annual events, and look forward to celebrating progress and success again in 2013.

CHLOE RIGBY REPORTS ON THE AWARD WINNERS:

Net a Porter and Mr Porter won the Customer prize, recognising their wow factor. The judges said: "Net a Porter was considered by all to have broken new ground in product offering, presentation and service. Even though the products have a high average value, the impact of the innovations was felt by retailers at every price-point. The combination of content plus commerce was felt to be the best commercial example known to the judges."

Claudia Plant, editor-in-chief at Net a Porter, said: "We're delighted to be presented with this award which acknowledges the vision we had since day one to create the destination for fashion, content and

Our eminent judging panel provided insight, debate and knowledge - as well as a few surprises! We are grateful to them for giving their time and expertise. Our panel comprised:

Robin Terrell (House of Fraser), Guy Hipwell, David Walmsley (Marks & Spencer), Jonathan Wall (Shop Direct), Simon Forster (Debenhams), Peter Fitzgerald (Google UK), Gavin Sathianatan (Facebook), Vicki Cantrell (Shop.org/NRF), Ashley Friedlin (Econsultancy), Michael Ross (eCommera), Tony Preedy (Lakeland), Alison Lancaster (Kiddicare/Morrisons), Lee Friend (Packshot), Andrew Gilboy (Demandware), Siobhán Géhin (Kurt Salmon).

commerce. Over the past 12 years we've strived to exceed expectations again and again and have continued to provide our customers with the most seamless, immersive and innovative customer service."

Ian Tansley, managing director of Mr Porter said: "We are delighted to win the customer award, especially since we only launched 18 months ago. Like Net a Porter, Mr Porter strives to give customers an amazing mix of content, commerce and perfect customer service."

Amazon won both the capability and the sustained performance awards. The Judges said Amazon's performance over a number of years had created "ecommerce as we know it." In the capability category Amazon's robust and proven-scalable operations persuaded the Judges to give Amazon a second award: "Other businesses may have aspects of the Amazon promise, but no others deliver at scale, using their own resources to such effect."

Chris Poad, director, enterprise and merchant services at Amazon.com, thanked the judges; "The (capability) award talks about the logistics, IT and operations, and all of these are really part of the DNA of Amazon," he said. "On behalf of my thousands of colleagues across the world, I thank you very much for these two awards."

There were two winners of the Innovation Award: House of Fraser and Aurora Fashions both achieved the "inventive and inspiring solutions", demanded by the judges.

House of Fraser was commended for the continued release of innovations, with multichannel being front of mind. The Aberdeen e-store format was particularly of interest with the judges attaching regard to the commercial success and further roll-out planned for the format.

Andy Harding, ecommerce director at House of Fraser said: "I know the team will be absolutely delighted that all their hard work has paid off and been recognised by such an esteemed panel of judges. Innovation is really important to us and to be recognised for such an award is fantastic."

Aurora Fashions was cited for developments in its cross-channel and store experience. Critically, Judges felt that "Aurora was more than the technology in the way they implemented the initiatives."

Mike Shearwood, chief executive of Aurora Fashions, said the award was well-deserved by retail teams whose mantra was "customer first," and who had made bold decisions in implementing a "constant stream of innovations over the last two years." He said: "I'd like to thank the judges for recognising all of their hard work in delivering the solutions which have enhanced the customer experience and customer choice."

The Omni Award, which recognises a retailer who is most effectively keeping pace with the sheer complexity of ecommerce, went to Apple. This was an award not for the technology that it sells, but for the way it sells it. The judges cited "the store experience, the order/configure online, the collect in store, the genius-bar and bookings, the education programmes and the cross-channel integration in terms of electronic receipting and clientelling."

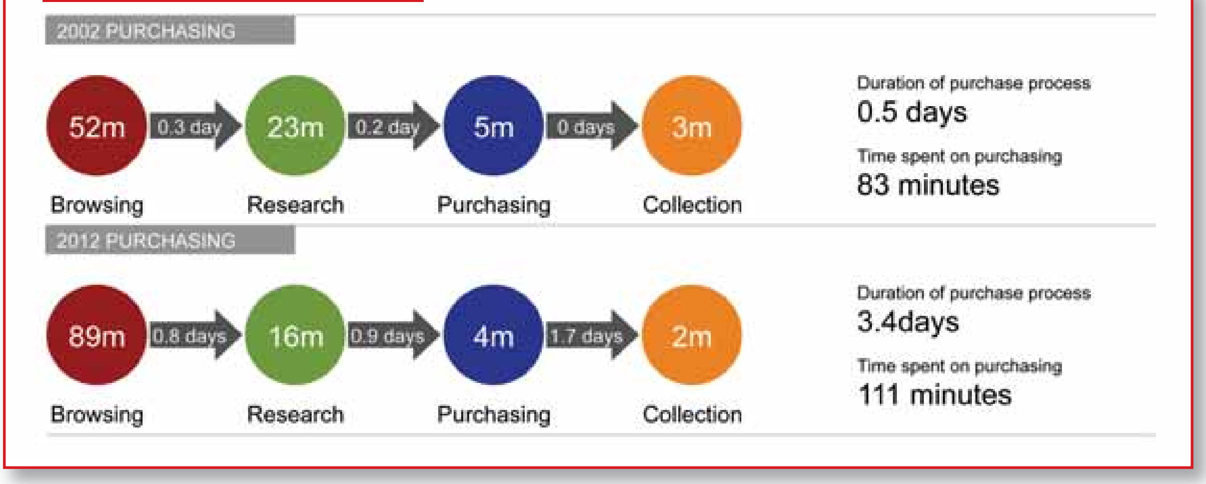
The final award of the night, the Judges' Award, went to Burberry, a winner who has "managed to assemble all of the parts in a unique and compelling way." The judges commented upon the digital innovations "in-store display, digital signage, digital catwalk, iPad use while recognising, that this was at heart commercial, selling and customer-focused activity, not just digital marketing." They added: "Burberry's pioneering use of social within its market sector was considered and the judges noted the inspiring impact of Burberry on all retailers, luxury or not, as they seek to improve the customer experience."

Siobhán Géhin of Kurt Salmon noted that only "two of the award winners were pureplay internet retailers, leading to a very diverse mix of pureplay, traditional retailers who have embraced omnichannel and brand that's gone from being a "beginner" in retail to creating one of the most envied retail models in existence". The award-winners truly reflect the range and achievements within our sector and our congratulations once more to them all.

CHANNEL CHOICE SLOWS DOWN FASHION

The rapid growth of digital retail channels is slowing down the shopping process in the fashion retail sector, according to research by retail analysts Conlumino for Webloyalty.

Buying: Length of process

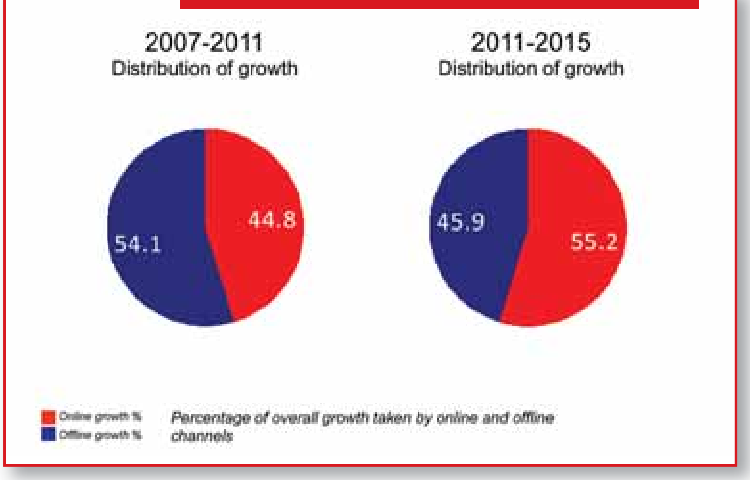


THE TOTAL LENGTH of time taken from browsing to collection of a fashion item has increased from 0.5 days in 2002 to 3.4 days in 2012, reflecting the huge choice of shopping destinations now available to fashion shoppers. But with this increase in duration comes an increasing cost to retailers of maintaining customer engagement throughout the four phases of the purchase process: browsing, researching, purchasing and collection.

The research shows that in 2002 the average shopper would complete the whole process in half a day, in a single shopping trip to the high street. In the past ten years, the rapid adoption of smartphones and tablets, combined with extensive broadband penetration, has driven retailers to develop innovative multichannel shopping experiences. Consumers can now access fashion retailers online through their desktop computer, tablet or mobile, as well as in store and through catalogues. 90.7% of shoppers now use two or more channels when making a fashion purchase. The result of this proliferation in choice is an increase to the time spent on making a purchase.

Shoppers now spend over half an hour longer browsing for fashion than they did ten years ago. The time spent on the research, purchasing and collection phases has actually decreased, as a larger proportion of this activity now happens on online channels which are fast and convenient. What is notable, however, is that the length of time between each phase has increased enormously.

Growth rates: How growth is distributed

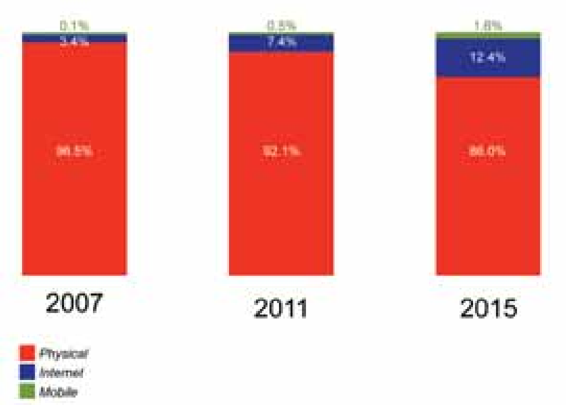


The first reason for this is that time lapses as consumers move between channels. They may spot an item they like in store but wait a day or two before buying online. The increase in purchasing from remote channels has also hugely increased as shoppers wait for their home deliveries to arrive.

Neil Saunders of Conlumino says: “The birth of several new channels being used by shoppers to make fashion purchases has added both to the cost and complexity of managing the path to purchase for retailers. Since consumers also now spend more time between browsing, researching and purchasing, retailers face the new challenge of maintaining customer engagement with the brand over a longer period of time.”

While posing new challenges, these changes in shopping behaviour also offer new opportunities for customer engagement. Guy Chiswick, Managing Director of Webloyalty UK, says: “Consumers now spend 34% more time on shopping for fashion than they did ten years ago. Taken alongside the increasing use of online channels by consumers as part of this process, this offers the opportunity for brands to ‘personalise’ the purchase experience. Engaging with shoppers throughout the whole purchase process is vital. This includes connecting with the consumer in the time between each phase of the purchase process. Email updates, information on the next season’s trends or targeted offers to customers between ‘click’ and ‘collect’ will all make a difference.”

Distribution of total expenditure for fashion



An increase in the number of fashion orders placed remotely has led to a corresponding increase in the number of returns. The cost of returning unwanted clothing to UK fashion retailers reached £90.76m last year according to the research. The majority of this cost - £61.52m is being borne by retailers. This represents some 47.4 million purchases returned over the past year. The cost of a further 13.6 million returns, some £29.24m – was taken on by British consumers.

Returns are a particular problem in fashion where consumers are now used to ordering multiple items in a range of sizes, colours or cuts in the knowledge that they can easily send back items that they don’t want. In many ways, the home rather than the store has become the fitting room, often at the retailer’s expense.

While many retailers do build in some cost of returns, there is the danger that as remote channels continue to grow, the cost of servicing the consumer also grows. This situation would inevitably erode profitability. The ideal situation for retailers is to minimise the volumes of returns while growing sales. To do this, they may need to revisit how the returns process fits into their multichannel strategy.

Disruption: The impact on stores and space

	Store numbers	Store space (sq ft)
2011	53,875	111,654k
2015	49,971	105,009k
CHANGE	-3,904	-6,645k

This will become increasingly important as online sales in the fashion sector overtakes growth in physical stores over the coming years. Over the next five years, Conlumino predicts that the fashion market will grow by £7.9bn with physical stores accounting for 45.9% of that growth. This switch in the channel driving the lion’s share of growth in the sector represents a “coming of age” for online fashion; a milestone achieved by the electricals sector around four years ago.

Online penetration in terms of spending on fashion has been relatively low with less than 8% going through the online channel last year – in contrast to just under 12% for all retail spending. Online fashion spending is now seeing rapid growth and Conlumino forecasts that online will account for 12.4% of the sector’s sales by 2015. Mobile, while still embryonic, will have a share of 1.6% but growing rapidly.

The full research can be downloaded from www.webloyalty.co.uk/research. ■

TIME FOR IT TO TAKE A LEAD

Early ecommerce was driven by retail marketing departments rather than IT. As we move into a cross-channel world will they continue to dominate strategy or will the CIOs take a greater leadership role? Penelope Ody investigates.

TIME WAS WHEN information technology was regarded by certain retail Boards as ranking somewhere below store design and possibly slightly ahead of facilities management: it was there to keep the lights on – to make sure the tills worked and the management reports were produced promptly. The reams of analytical data produced by EPoS systems – usually printed on green and white striped continuous paper – were considered quite useful to prop doors open.

Today we live in a digital age and retail technology is no longer the preserve of IT. Retail staff, like all consumers, use the internet, smartphones, tablet computers, social media and so on; they expect such tools to be available in the workplace and if the app they need is not, well it can easily be downloaded or bought using Software as a Service with no need for any recourse to the IT department. Small wonder that Gartner suggests that 25% of the IT budget will sit with the marketing department by 2014, while an IBM survey suggests that the CMO's IT spend will outstrip the CIO's soon after that.

So in a cross-channel world where does that leave IT? Largely outsourced? Simply there to manage the infrastructure? Or as a major strategic player capable of understanding the potential of all digital activities?

"We're starting to see retailers appoint 'digital strategy officers' who have greater Board accountability and – as the name suggests – are responsible for guiding future omnichannel strategy," says Richard Eynon, Senior Manager with Kurt Salmon. "A lot of these people are coming from marketing departments and not many from IT. The IT department is seen by many retailers as there to keep things running. In the past IT has been all about back office and driving efficiency. Now it should be about driving innovation and demonstrating that it is keeping up with strategic trends. If it does not do that, then it may end up being regarded simply as a commodity."

Simon Evetts, Partner, IBM Global Business Services and Smarter Commerce leader for UK and Ireland, has also noted the shortage of IT executives moving to the 'digital strategy' role: "Some retailers are creating ecommerce innovation departments to trial new concepts and test new things," he says. "This needs knowledge of digital functionality and IT skills so it is a cross-departmental role – digital agency plus retail IT. IT also doesn't seem to be picking up on the importance of customer experience. They work with the business to make use of tools but they also need to understand the business and understand the constraints that those tools involve."

IT departments – with their CIOs or CTOs – are obviously as variable as retail businesses themselves.

A tier one CIO may have 300-400 staff in their department while at the opposite end of the scale numbers may be in single figures. "It depends on the type of business, the individual and the respect they can gain at Board level," says Martin Schofield, Operations Director at Itim, but for many years Retail Operations Director at Harvey Nichols. "Some CIOs have been closely involved in guiding strategic direction, others more focused on technology. IT has always had two distinct functions – business continuity, which ensures that 'the lights are kept on' and the core systems reliable, and business improvement, which is about conceiving and delivering the future vision."

Some IT directors may be more visionary than others, but as Schofield adds, today IT also has to be more customer-facing so can no longer be confined to the back office. IT directors need to be involved in the business and be more 'omnichannel retailer' than 'IT specialist'.

While retailers may be more customer-facing, cross-channel activity is also being driven by changing consumer behaviour and that too is impacting the role of IT. "Retail should always be focused on 'delivering what the customer wants'." says John Bovill, Commercial Director for fashion retailer Jacques Vert. "But within the retail landscape, the customer is increasingly shaping purchasing behaviour through technology. The role of IT as a 'back office' function is therefore no longer relevant within a more transparent, collaborative and connected user and customer community. IT has to be a business partner, innovator and catalyst to thought leadership across the organisation, to ensure this change is seen as an opportunity rather than a threat."

While IT directors like Bovill – formerly Group IT Director at Aurora Fashions – are, as his new role suggests, fully aware of the need to be focused on business and strategy, many retail businesses still regard the IT department as back room boys concerned only with keeping those "lights on". "IT directors are not always on the Board and so do not always have visibility of the entire business," says Tony Bryant, Head of Business Development at K3. "We have had totally unrealistic 'requests for information' or 'invitations to tender' from business folk and on occasion, although the CIO has said the project is too complex and impossible to implement, he hasn't had enough clout to intervene. We've pulled out of short lists before now because the proposal can never work and is so clearly a doomed project from day one."

More optimistically, Bryant also finds that sales presentations to the majority of retailers are now made to combined business and IT teams rather than simply talking to one or the other. "Achieving cross-channel customer insights will be a major preoccupation for many retailers over the next couple of years," he adds, "and the CIO is the only one who can understand the integration issues to guide the business."

Frank Lord, VP Oracle Commerce, also finds that in the past three or four years IT executives have become much more business aware. "IT is becoming more business and cross-channel oriented," he says. "Retailers are having to include more and more IT attributes and we're seeing more CEOs coming from the ecommerce side of the business. In the past much of the business wasn't interested in IT but online is often the only growth area and everyone is now focusing on customer experience and that transcends departmental issues."

In many retail businesses ecommerce remains firmly associated with marketing and has often been a fringe activity for the IT department, but as Lord points out, customers are using technology in different channels so the experience has to be consistent and IT needs to be involved. Chris Collins, Managing Director of i-Realise, believes that the increase in mobile channels will also help push IT back into pole position. "Mobile is definitely IT," he says. "It is a technology-led event. Marketing may want to interact with the customer but IT has to provide the delivery mechanism."

Simon Evetts, too, sees the use of consumer smart phones in-store as heralding a raft of newer technologies that IT will need to explain. "The role of the store is changing significantly with multichannel now inside the store as shoppers use their smart phones to check prices – but that is just the start they will want to check stock, place orders or use augmented reality to find out more about a product."

Integrating the mobile channel with existing ecommerce and core systems – let alone augmented reality – might just prove a little too challenging for the marketeers. As Martin Schofield says: "Like any business function, IT needs to demonstrate value but IT deals with complex systems and processes which can be both a blessing and a curse. A blessing because things often need to be taken on trust and once this trust is established the competent IT director can be left to their own devices. A curse because of the need to explain the complex to people that just want things to work like their phone."

Or as John Bovill puts it: "The cross-channel retail journey and outcome is yet to be defined and this creates incredible opportunities. We are very lucky to be participating in this shift in behaviour."

For CIOs willing to take the lead, "living in interesting times" might just prove to be rather exciting and enjoyable. ■

LEADING WITH ONE VOICE

Hugh Boyle, Global Head of Digital at OgilvyAction gets to the heart of brand engagement, digital and total retail.

THROUGHOUT my adult life, the one thing that has always caused me shopping problems is that I wear size 9 shoes.

You see, size 9 is the UK's most common men's shoe size and I would estimate that on approximately 6 out of every 10 occasions, when asking the question 'do you have these in a 9?' in any given shoe shop, the answer would be 'no'.

Affronted and having almost certainly eschewed any suggestions from the shop assistant that I might look for an alternative, I would leave immediately - no shoes for me, no sale for the store.

That was until last week when something staggering happened to me in a central London branch of the shoe retailer 'Aldo' - a retail brand with whom I had previously no relationship nor particular perception either way.

Upon predictably being disappointed again 'size 9-wise', I was offered an unprecedented opportunity by the sales assistant, to join her at the till and use her terminal to go online and order the exact shoes I had selected – in a size 9 – such that they could be delivered to my home the following day. At last!

Now, I'm not attempting to say this ad-hoc and relatively straightforward multichannel retail moment was in any way noteworthy for the readership of Internet Retailing. But from a pure brand marketing perspective it demonstrated to me on a personal level that smart, multichannel retailer 'behaviour' of this sort can have an immediate and very positive impact on overall brand perception that retailers must recognize and amplify.

THE VALUE OF TECHNOLOGY

By successfully assimilating technological 'utility' into this previously frustrating physical retail moment, I felt valued and understood as a shopper and that 'Aldo' was a retail brand I would like to have a relationship with - and most importantly tell others about.

Brands have jostled for position for decades, constantly seeking new services and offerings to steal a march on their competitors. They've also tweaked and adjusted their identities and personas for the same reason. Perhaps then, using this new multichannel opportunity to demonstrate an intimate understanding of their shoppers needs through the provision of excellent digital tools and touch-points, might give them another facet to build brand equity around?

Conversely, you can see good evidence of how established retailers with significant brand equity are already working hard to ensure that what their brand represents – in terms of personality, values and provenance – is felt clearly in all of their shopper facing channels.

Take Tesco for example:

I remember seeing the TV commercial for their shopper app for the first time - you know the one that ends '…from your scan, to our van, Tesco - every little helps', and thinking how consistently this app sat within Tesco's bigger brand promise.

In the ad we see Mum realizing she needs more shower gel whilst in the shower, so she reaches out, grabs her phone and 'beep', it's on her shopping list. Then, we see Dad scoffing the last packet of crisps in the pantry, so he grabs Mum's phone and 'beep' they're on the way… and so on…

From a brand perspective, what Tesco did here is rather than define the app by its technological form or innovation, they defined it simply and more relevantly by its utility and 'usefulness' to this very normal family. We see how much easier the app makes life by assimilating and integrating purchase moments into those times when you need them. 'Every little helps'.

This is borne out further when you consider subsequent Tesco innovations that include the multiple award winning virtual subway store in South Korea and now the trial of a similar idea at Gatwick Airport allowing shoppers to order groceries for delivery on their return from holiday. Again, meeting the Tesco brand pledge head on with multichannel utility delivery.

I think then, that there's a big lesson for retail brands to learn here as they explore the challenges of multichannel retail marketing. That lesson is to start with what you have, what you've worked hard to build and grow possibly over many years and many generations of shopper – your brand. Ensure that your brand personality, what it stands for and how it connects with people is the most pervasive and consistent component of every retail channel you occupy.

Two fantastic examples of newer brands getting this multichannel consistency in brand voice absolutely right are Jack Wills and Timberland.

Jack Wills has not only the essence of their highly visual and influential brand at the heart of their multichannel activity, but the aspirational values implicit in wearing their clothes.

As part of their online strategy each year Jack Wills recruit a number of university students to form the 'Jack Wills Seasonaires'. These fashionable and fortunate young people are employed to promote the brand at a number of cool and trendy resorts both in the UK and North America, hosting parties for young, rich and style conscious boys and girls whether that be in the Swiss Alps or in the Hamptons in the U.S, creating digital content all the way that we get to watch on the Jack Wills site and follow on Twitter and Facebook.

This convergence of channels, content, lifestyle, live events and, of course, commerce results in Jack Wills presenting as a brand that's relevant, contemporary and has a real 'swagger' physically and digitally. Oh, and my teenage kids can't resist it.

Timberland feels like Timberland wherever you encounter them. It takes a robust brand architecture to ensure the same 'feel' whether in a physical store, on a website or whilst interacting with a smartphone app, but Timberland do this exceptionally well. Their stores feature interactive surface tables and screens to browse products, their website places their products in the places you'd expect to find them - from field trips to festivals, whilst their app allows you to quantify and visualise your outdoor activities whilst wearing your Timberland gear. The channels are blurred, integrated and complementary, yet the all-important opportunity to 'buy' is as prevalent throughout as is the equity of the brand.

Finally and most fascinating of all, the multichannel world is one where digital has become ubiquitous, where we hardly even notice it, so integrated and assimilated into our lives as shoppers has it become. We just reach out and it's there, and ultimately what we're engaging with and buying is the brand, not the channel in which we encounter it.

Shopper behaviour is determined by the fact that life is simply a sequence of chronological moments that have different needs, attributes and requirements – sometimes a visit to the store, sometimes an online grocery order as long as your arm, sometimes a one-click app purchase for a last minute birthday present. But most often determined by need state and convenience, rather than channel or technology preference. Brands that make themselves ubiquitously available in this respect will remain firmly in the hearts of their consumers and shoppers.

And as for the 'people still like to actually go shopping' argument... of course they do, it's just that good brands know that digital makes the experience much, much better… Just go and buy your size 9s in 'Aldo' and you'll see. ■

ENGAGING YOUR AUDIENCE WITH SMART TV

With the growing importance of Smart TV as a channel for retailers, Internet Retailing asked Michael Lantz, CEO of Accedo, to outline the opportunities.

MEDIA CONSUMPTION habits are evolving at an astounding rate, and marketers have a number of different ways to reach and engage with consumers. An exciting area at the moment for retailers is the rise of internet-enabled Smart TVs, which provide the opportunity to engage viewers and consumers via TV apps. The TV is an ideal platform for video-centric apps, enabling consumers to interact with brands, retailers, broadcasters, and content providers in a living room context.

WHAT IS SMART TV?

Smart TV, or Connected TV, is growing at an astounding rate, with the usage set to increase further over the next few years. Accedo forecasts a total market of around 500 million Smart TV-enabled devices by 2015. A multitude of devices ranging from TVs, blu-ray players, TV boxes and media devices, and games consoles are emerging as app platforms in the living room providing the foundation for continued revolution of the TV experience.

This internet connectivity opens up a wealth of opportunity for advanced user experiences allowing consumers to engage via TV apps to a number of providers of such apps. Market research in the UK show that 55% of Smart TV owners use TV apps always or frequently, with the ratio expected to grow further over the coming years. It is still predominantly early adopters, who have bought and installed Smart TVs, but we expect this to grow into new consumer categories in the next few years, as Smart TVs become more prevalent and the applications more attractive.

WHAT IT MEANS FOR RETAILERS

Over the last decade we have seen the out-of-home market extend into digital and all retailers have embraced online channels as extremely important to their future growth and profitability. Logically, most retailers have now followed their PC services with mobile applications to be able to serve the consumer when and where they want to be served. It is of course logical that a new attractive mass-market channel like the TV will be a new attractive channel to consumers. However, there are some important learning points before you start to move your online retail experience to the TV.

Firstly, TV is a lean backward experience. Consumers tend to like a more passive experience in front of the TV than in mobile or PC. A key aspect for retail applications is that focus should be on creating awareness and promoting fewer products than on a more interactive platform. Secondly, TV is a video-centric experience. Texts and long descriptions, tables and similar should be avoided, and videos should be used extensively. The TV provides the best screen in the home and is excellent in providing an attractive video experience. Use this to provide additional information, recommendations, and create awareness for products suitable to specific consumers. Thirdly, TV is the world's most powerful awareness marketing medium. Clever marketing departments can use the combination of classic TV advertising with interactive apps to provide a direct link to consumers via the TVs.

WHAT MAKES A GREAT TV APP

So where do I start in creating a truly compelling TV experience? Here are the four most important guidelines. If you remember these when designing your TV app, you should have a good start.

CONVENIENCE AND SIMPLICITY

When engaging with a TV app, consumers will, by the very nature of a TV environment, be sitting back on the sofa, quite often relaxing after a long day at work. If the app is not convenient, simple, and easy-to-use, consumers will lose patience and go back to watching TV or using another app.

CONTEXT

If you can provide context, e.g. to a TV show being viewed, the app will be seen as a good value add by consumers, making them more likely to engage. This is something often tapped into by broadcasters who can offer programme extension services, such as a community or background information. For retailers, linking to high profile broadcasts, such as sports or live game shows or reality shows can provide additional ways to create brand recognition and interaction directly on TV.

CONSUMPTION

The TV environment is about content consumption, not production. Users generally don't want to input complicated data using a remote control and virtual keyboards. Input should be focused on selection in clear and beautifully designed user interfaces. Avoid all advanced interactions as long as possible, and if you want consumers to complete a purchase on the TV using credit cards for example, wait as long as possible before asking for any advanced interaction. Accedo normally recommends to instead complete the purchase on a secondary screen or have a consumer account which allows for one click purchase directly on the TV screen.

SOCIAL

TV is a social environment, with often more than one person in the living room and a joint experience. This is an important factor of the TV, which needs to be considered when creating a retail-centric TV app. For families, it's likely better to focus on family style retail experiences, like cars, travel or real estate rather than more personal purchases like books or sports goods. However, if you manage to leverage the unique consumer mindset in the living room, you have the opportunity to create a connection with the consumers, which can be monetised in a number of ways.

TV APPS FOR MARKETING PURPOSES

In addition to a retail experience on the TV, it is also possible to just focus on the marketing experience. We believe that this can be an attractive way to complement a TV advertising campaign or an online marketing campaign. Accedo sees four main types of marketing apps for TV.

1. Mini apps - What we call "mini apps" are really extensions to the TV advert. With Smart TV consumers have the opportunity to engage directly after seeing a TV advert. This can be as simple as just directing the consumers to the app for more information at the end of the ad, to actually provide a direct link from the advert to the app. This normally requires more technical integration and will likely only be profitable for larger campaigns, but provides a very neat way to drive engagement.

2. Launch apps - Many consumer products are very suitable for launch marketing. This can for example be new cars, consumer electronics, music or movies.

3. Sponsor apps - This category is applications, which only fulfil awareness purposes and don't really provide a call to action. Typical examples include branded games and sports sponsorships with interviews with stars. For example, you can easily imagine a major sports celebrity providing their best training tips in an application, which clearly features large sports clothes brands.

4. Content partnerships - This category is interesting and clearly on the rise. Some major brands decide to license content, which attracts the same consumers as their brand, and use the power of content service on TV to get full exposure to the right consumers with the right mindset. Examples can include an outdoors equipment company creating a mountaineering and off-piste skiing service or a kitchen appliance manufacturer creating a recipe app with food videos.

FUTURE TRENDS FOR TV APPS

There is no doubt that Smart TV offers retailers and brands a new and compelling way to engage consumers. I believe that the next few years will be particularly exciting for retailers tapping into this new technology. The penetration levels will grow to become truly mass market with consumers gradually expecting a fully interactive environment via multiple screens in the home. ■

CEO of YUDU **Richard Stephenson** explains Catalogue App success

What makes YUDU distinctive?
YUDU is unusual in many ways. Firstly it is a privately backed company and this gives it a distinctly different flavour and set of values.

Secondly, we believe in delivering excellence that springs from the closeness to our clients and our capacity to listen and feed our world-class development team. We serve retailers such as Screwfix and Shop Direct and today YUDU-powered catalogues occupy 4 of the top 6 slots on the Apple App store. But we also deliver our solutions across the world including to US retailers such as Lands' End and L.L. Bean.

Why did you found the company?
YUDU really was born from a belief that a cloud-based infrastructure would be the most efficient way to scale the business. In 2005 we used software we did not own and we could not influence its development, so the path to growth was limited. In May 2007, YUDU was born and today we publish up to 1,200 publications each day.

What problems do you solve for the e-commerce sector?
Retailers need to be present in all channels and in the best form for each channel, and web-based browsing is not always the best experience. Although some are more important than others, being present on iPads, desk and laptops, Android and Windows tablets and smart phones is essential. It is this universal presence that we deliver.

What is your experience of how consumers engage with Apps?
This easy page-by-page catalogue browsing behaviour fosters discovery and impulse purchases that are distinctly different from the search and buy behaviour consumers do on websites.

We have done thousands of browser-based catalogues but the iPad has turbocharged the e-catalogue.

Tablets are mobile devices with screens that allow consumers to review products and buy with confidence. Our stats show that purchases are being made when travelling to work, and in evenings and on weekends.

Should retailers have Apps or just mobile enabled websites?
The correct answer is both as consumers are not a homogenized group.

Apps are your valuable pieces of branded real estate that sit on the online stores. Consumers can download these Apps onto their devices and read the catalogues offline or online. Just like with the paper catalogue, they can browse without the need to go online. But now they can bookmark, add to wish lists, share on Facebook, Twitter or by email and buy when they are online. And for those retailers that want to take the consumer experience further, with YUDU they can enable embedded slideshows, video clips, 3D rotatable images or lightboxes that pop up with more information.

What do Apps deliver for retailers?
By downloading a retailer's App, the consumer is effectively joining your club. Push notifications are great marketing tools for alerting the consumer to new catalogues or new offers. This only works if you have an App that integrates natively with iOS. The App is a fully brandable reader framework that receives catalogues and gives the user the best browsing experience. Any number of catalogues can be published into the App and that requires a fast and effective production process to deliver new catalogues. This is YUDU Premier Platform.

What data can be gathered from Apps?
The power of data is well understood and Apps produce very powerful information. For example, our Apps allow publishers to ask their customers specific questions for feedback and to enter their details or other information using custom form fields. Between 35% and 65% do this without incentives. Email databases are built very quickly and our comprehensive stats monitor in-catalogue behaviour and locations.

What are the challenges?
Non-standardisation: Google, Apple and Microsoft have separate stores and operating systems. To solve this we create cross-platform Apps built using Adobe AIR. The Apps behave like native Apps and can be deployed on all platforms.

Linking product codes and images: We solve this with our SmartCat technology. This scans the catalogue for product codes and links the individual code to a database that can be uploaded to the catalogue via a spreadsheet. Images on pages can be rapidly linked to the codes.

Large catalogues: Downloading quickly is not just a function of the catalogue size. Compression techniques and smart management on the device can deliver more than 10 times the speed. YUDU has invested heavily in these techniques. The iPhone 3GS and the iPad 1 have limited processing power, but we can successfully deliver 1,000-page catalogues with more than 50,000 linked SKUs.

Have your clients seen good returns?
Yes. The only statistic that really matters is whether our Apps deliver results. One retailer has booked more than £5 million of sales through 2 YUDU-powered Apps in less than a year. We typically see an ROI on our Apps in less than 6 months.

For further information on YUDU's catalogue solution please visit www.yudu.com/catalogues or email sales@yudu.com.
You can also watch a full video of our latest app features here - http://www.yudu.com/videos.php.

MEYAR SHEIK, CEO, CERTONA

Certona is a world leader in personalisation and revenue optimisation for online and multichannel retailers.

Our vision is to intelligently and automatically personalise every individual visitor experience across all channels and touch points including website, email, mobile, in-store, call centre and social networks.

Our Resonance® SaaS platform is trusted by over 400 top ecommerce sites, generating over £15bn of online sales in 2011.

Resonance provides personalised customer experiences to millions of shoppers worldwide every day. For web sites, email campaigns and remarketing, mobile devices and contact centres, Resonance improves conversions, increases sales, automates merchandising and enhances the customer experience.

What were you doing before Certona – and when did it launch?
For more than a decade I've been working in web analytics, personalisation and real-time content optimisation.

Prior to co-founding Certona, I was the CMO and COO of the web analytics business WebSideStory, which is now part of Omniture/Adobe.

Certona was established in 2004. Since then the team has been focused on applying Certona's innovative, real-time behavioural targeting, optimisation and adaptive personalisation technologies to generate more revenue and higher conversion rates for online retailers and other multichannel businesses.

What is real-time personalisation exactly?
Real-time personalisation collects and uses behavioural data to help online shoppers find what they are looking for faster and more enjoyably. Our Resonance platform is able to understand visitors as fast as they are interacting on a site and can model and tailor the experience to each individual consumer.

What's the difference between web analytics and predictive analytics?
Web analytics is widely used and looks at what has happened in interactions online, in aggregate, in order to make incremental improvements and create better targeted marketing. Predictive analytics does something similar but in real-time it predicts what will happen and be effective for a particular visitor – and serves it up.

Don't lots of vendors offer real-time personalisation?
Well, many vendors are offering limited point solutions to certain problems, but what Certona does is very complex and powerful. Our platform can profile a first-time visitor, learn from what that visitor does, and instantly start delivering a personalised omnichannel experience. When visitors return, that learning continues – behaviourally, transactionally and through any other information consumers opt to provide.

Where is personalisation heading?
It is getting more subtle and sophisticated all the time. For some consumers, this will mean being told via a tablet or smartphone about special offers at a valued nearby store in real time. Or it could mean being served up one kind of experience via a tablet because you are at the beach in hot weather – and another when you are back in the city on a rainy workday.

What do customers value most about Certona?
For one thing,the efficacy of our platform and how quantifiable it is in terms of measurable results. Secondly, many value Certona's long-term approach to any partnership – because we really do want to be partners.

And who are those customers?
We are fortunate to power personalisation for some of the biggest names globally, including household UK names like Staples, Home Depot, Petco, PUMA, New Balance, eBags. Many of the biggest challenges our clients face are challenges we can address for them by driving product development in the right direction.

Is Certona's platform, Resonance, easy to use?
It is delivered through a software-as-a-service platform, which helps to keep any complexities for users to a minimum but power users can also have plenty of control to achieve their business goals – and it's a scalable and quantifiable. Our strapline is: personalise anytime anywhere. That's just how we see the world.

HOW CAN I PROTECT MYSELF AGAINST FRAUDSTERS?

Payment service provider Ogone announces a new fraud detection module

Interview with Julian Wallis, Country Manager, Ogone Payment Services

Is fraud prevention still an important issue for online businesses? Can you tell us more about the current trends?
Fraud is one of the main concerns for our 35,000 customers globally. As more and more people shop online, the opportunities for criminals increase. Fraudulent transactions can cause enormous problems for merchants. Only sophisticated security measures and standards can protect against this. We work constantly to develop such solutions.

What are the costs of fraud?
Fraud can impact merchants in many ways, not just in terms of the direct costs where goods are sent but no money is received. Typically there are also costs associated with the in-house management of fraud and dealing with cases as they arise. Another cost, quite often overlooked, relates to the valid orders or bookings that were turned down because some risk rules were set wrongly. Furthermore, the suggestion that a merchant's security arrangements are weak can cause reputational damage across its entire customer base and affect future sales revenues. Fortunately, Ogone's cost-effective approach helps to minimise these significantly.

What does Ogone do to help online merchants?
Ogone is well placed when it comes to fraud prevention. Our advanced fraud detection module (FDMA) tool conducts risk analysis for each paid transaction, in real time, for more than 65 criteria that are controlled and defined by the merchant. These include, for example, geolocation, velocity check (frequency verification), blacklists and white lists, maximum amounts, etc. In addition, we offer specific parameters for individual industries, such as the travel industry. By investing in research and development, we aim to be innovative and offer merchants the best fraud detection tools. Consequently we are bringing a new solution to the market in July to help combat the increasingly sophisticated methods deployed by fraudsters. This will include further checks, such as device fingerprinting and outsourced manual review options and will be available not only to existing Ogone users, but also to users of other payment gateways.

What prompted you to offer a new solution?
Online fraudsters are organised and constantly evolving. Fraud detection tools must be up-to-date in order to detect new fraud patterns. Our customers want to minimise the cost of fraud without investing a lot of money to develop their own tools. This is an opportunity for Ogone. We can offer the best, most cost-effective protection and now, we are extending our existing platform with a complementary solution. Whilst our current tools offer comprehensive protection, configuration is carried out by the merchant. This means that the merchant has full control - with all the advantages and disadvantages that brings. The new solution provides merchants with additional expert advice, enabling them to block only the genuine fraudsters and maximise their online revenues.

What will the new expert module offer?
Our advanced fraud detection modules screen transactions in real time, instantaneously providing second opinions. Transactions are then categorised as low-risk, high-risk, or flagged for review. This additional expertise uses predefined templates of rules, combining around 1,000 criteria which are all industry-specific. Device fingerprinting is a significant new parameter that has to be considered by everyone affected by fraud. As fraudsters typically attack more than one website, the Expert module is able to identify the relation between various attacks and to detect global fraudulent patterns as they occur. Finally, using the feedback provided by the Expert module and a manual review by a fraud expert (optional), the merchant can accept, review or block transactions at the touch of a button as needed.

For more information, call 0203 147 4966 or mail us at sales@ogone.com

ENTERPRISE IRELAND
where innovation means business

INNOVATION IRELAND

Ireland has emerged from a period of change as a beacon of innovation and entrepreneurship. Technology is at the forefront of this revival, with companies such as Google, Dell and most recently Twitter choosing the country as their European base.

Actively encouraged by government agencies such as Enterprise Ireland, Ireland has a powerful base of world-class exporting companies that are focused on developing cutting-edge solutions. Renowned as a hotbed of entrepreneurship, Irish companies compete and win business all over the world across multiple sectors because they offer an excellent source of world-class products and services, created by innovative and talented people.

ACTUS MOBILE SOLUTIONS FOR RETAIL

One example of innovation from Ireland is Actus Mobile Solutions, who have developed the world's first multiple-factor, user-friendly mobile security technology platform m:Cypher™. The platform is powering the next generation of easy-to-use, 100% secure mobile applications.

Tony Burke, CTO of Actus Mobile, understands the importance of keeping the customer at the forefront of new technology. "m:Cypher™ enables retailers to develop new revenue streams by engaging with their customers allowing secure mobile shopping with one-button express checkout. The need to exit from the app to the retailer's website to buy products is eliminated, saving the customer time and delivering convenience. Both retailer and customer are secure in the knowledge that m:Cypher™ protects all forms of financial and personal data stored and transmitted to and from any mobile/wireless device."

Actus Mobile is also the exclusive European partner for Point Inside's Indoor Smart Maps and Location-Based Advertising technologies and integrates these and other best-in-class mobile technologies with the m:Cypher™ platform to develop mobile solutions. The company was launched in 2010, and is gaining much traction in the European market; "We have recently launched applications for blue-chip clients including Liverpool John Lennon Airport and Multi Mall Management's 13 shopping centres in Portugal. There has been a high level of interest from UK retailers and we are focused on delivering an excellent proposition both to them, and to their final customer."

PROFITERO - PRICING INTELLIGENCE FOR RETAILERS

The importance of keeping increasingly price-sensitive customers happy has been recognised by Vol Pigrukh, chief executive and co-founder of Profitero. Profitero provides UK retailers and manufacturers with up-to-date competitive price intelligence data on an exceptional scale. "Retailers and manufacturers find Profitero data essential for Competitive Price Audit, Competitive Price Match, Ongoing Price Management, Promotions Planning and Monitoring, Assortment Planning and Market/Brand Positioning."

Offering an online competitor price monitoring service to online and offline retailers and manufacturers, Profitero helps clients to increase sales and maximise profits by leveraging high-quality competitive pricing data. "Profitero clients include major UK and international retailers such as Tesco, Ocado and Sonae Group, says Pigrukh. "We can monitor the online prices of both branded and own-label products for clients."

Thomas Thomaidis, Head of Grocery Merchandising and Insight at Ocado, acknowledges the importance of such competitor pricing data. "Accurate pricing information is vital for Ocado to find opportunities to improve our value and range offer to our customers. Profitero have understood our mission to be different and have met all of our challenges in every step of the journey to achieve this."

Backed by Enterprise Ireland, Profitero has grown very fast internationally; its headquarters are in Dublin, Ireland. "It's an ideal environment to set up a business, thanks to the excellent support offered by Enterprise Ireland."

ABOUT ENTERPRISE IRELAND

Retailer Solutions is an initiative driven by the UK office of Enterprise Ireland, the Irish state organisation responsible for the development and growth of Irish enterprises across the world. It works with UK retailers to understand their strategic and operational needs in order to introduce them to value-adding, multichannel suppliers, such as Actus Mobile Solutions and Profitero that are capable of increasing efficiency enhancing customer experiences, and raising the level of innovation within retailing.

Enterprise Ireland is a champion of innovation, and can provide retailers with access to emerging technologies from Irish companies with world-class solutions for retail.

For more information, see www.retailer-solutions.com, www.actusmobile.com and www.profitero.com.

GAINING STRATEGIC ADVANTAGE
THROUGH YOUR IT INFRASTRUCTURE

Simon Walker, Director, eCommerce Innovation at Stibo Systems, explains why the seamless customer experience offered by Product Information Management should be considered a pillar of multichannel retailing at scale.

RETAILERS currently face immense challenges in the marketplace. The poor state of the global economy, coupled with ever increasing competition, has forced those retailers with an online presence to re-consider every aspect of their operations. From marketing to merchandising, areas have been squeezed for greater efficiencies. At the same time, with trends towards mobile commerce, social or 'f-commerce', and the prospect of connected TVs only set to grow, these retailers have to ensure that their IT infrastructure is capable of adapting to the growing number of touchpoints and channels customers use.

Despite being at the heart of any modern business, IT infrastructure is too often viewed as a series of disparate elements rather than as the sum of its parts. Traditional components, including CRM, ERP, order management and merchandising have become standard within many retailers; however businesses need to look a little further if they are going to continue to meet the demands of the evolving modern retail environment. IT infrastructure can and should be seen as one of the driving forces behind growth, but only if it includes all the right elements, and only if they are working successfully together.

As such, Product Information Management (PIM) is perhaps one of the best kept secrets within the industry – but one that should not be overlooked. PIM is about having one single bank of data about all products – attributes, descriptions, images and video content – that underpins all other pillars of the infrastructure. It integrates with CRM, ERP and so on to ensure that whether ecommerce is just one strand of your business, or whether it is your business, the multichannel experience is

streamlined and efficient for everyone involved. Without this crucial component, and a comprehensive strategic view of the overall IT infrastructure, data can easily end up siloed, leading to inefficiencies when tackling new challenges such as those thrown up by the growing number of product attributes.

However, whilst integrating these resources has a positive effect on a business, it is often difficult for organisations to commit to what can often form a considerable part of an IT department's expenditure. What is required is for an IT director to understand the benefits that this approach can bring a business, not only in the immediate future, but in the longer term. Investing in a comprehensive approach to IT infrastructure will serve to future-proof the company, ensuring that it is equipped to handle the next trend in retail, better able to focus on the core areas of their business and truly adapt to 'the era of agile commerce'. This will result in an ROI far greater than any short term measure or thinking that limits IT infrastructure to the bare essentials. This long term view sees IT infrastructure as an enabler for online retailers, a resource that will not only allow for growth but actually help drive it.

THE ARGUMENT FOR AN INTEGRATED IT INFRASTRUCTURE

The challenge for an IT director within an ecommerce organization then is in persuading senior executives of the business benefits of this comprehensive approach to IT infrastructure. This may be a difficult conversation to have but these elements have too many potential benefits to be overlooked if the IT infrastructure is to be seen as acting as an enabler.

Information has always been valued by business, and is set to play a prominent role in strategic decision making over the coming years. Seamlessly consolidating and mastering a retailer's data will be vital to business agility and success in today's data-driven world and in meeting the trends of tomorrow. To take as an example again, without PIM in place, a retailer can often be restricted in the initiatives that it can undertake. For example, setting up a tablet app will be a far more difficult process if the required product information is not consolidated and consistent. However, rather than having a set of data for various different touchpoints, as has traditionally been the case, by employing PIM, retailers only have to master the data just once, effectively allowing them to "manage once and use many".

Beyond the operational efficiencies that a solution like PIM can bring to a business, the clearest benefit is that it provides for a better customer experience. Whilst customers are increasingly shopping through their tablets, mobiles and PCs, they continue to demand the same sort of service they would expect of a bricks and mortar retailer. As such they require the information held on each product to be thorough and detailed.

In a survey we carried out in April 2012, 67% of consumers stated that detailed product information was very important when purchasing high value goods. A customer will clearly be put off making a purchase if they cannot access all the information they require on details such as sizing.

In addition, by integrating PIM within its broader IT infrastructure, an online retailer is able to quicken the time it takes to bring new products to market to meet customer demand. As PIM consolidates and standardises information that a business receives from suppliers, the time taken integrating a new product within the business can be dramatically reduced. Suddenly, with the main beneficiary of IT infrastructure being the customer, the argument behind a comprehensive approach to IT is often better received.

TAKING THE LONGER VIEW

So, while PIM is just one of the elements that a comprehensive approach to infrastructure requires, it demonstrates the wider ability of IT infrastructure to help future-proof a business. When you consider the emergence of the 'competitive information strategy war' that Gartner highlighted in its 'Strategic Information Management for Competitive Advantage 'whitepaper, PIM plays a vital role in ensuring consistent long term growth.

To enable this long term growth, and to gain a real competitive advantage from the information a business holds, a consistent and centralised approach to data management is required. Those retailers that have already implemented a PIM system into their IT infrastructure will find that they are better equipped to take a strategic view of all of the information it holds.

However, in order to move to this more strategic way of managing information, it is necessary to ensure that resources such as PIM are already deployed alongside CRM, ERP, order management and merchandising solutions. Investing in a comprehensive and multifaceted IT infrastructure will allow the development of a more agile ecommerce business that can meet changing consumer demand. Those retailers that recognise this and invest in a comprehensive IT infrastructure stand to benefit in the long term. Without such investment now the business will be slow to respond to future trends and could stand to lose out to more agile competitors. ■

WHERE IS CROSS-CHANNEL LEADING LOGISTICS?

Many retailers are finding opportunities for growth and increased profits in home and international markets by using multiple channels. But, as Craig Sears Black, UK Managing Director at Manhattan Associates explains, there are challenges to doing this efficiently. While some focus on the warehouse itself, it's actually the supply chain technology that retailers have over-laying it that will be their passport to growth.

LOCATING STOCK was the first reason for retailers to implement supply chain technology. Now the focus is not just on visibility, but it's also on understanding how different stock locations and stockholdings can be used to deliver excellent service.

The customer wants fast delivery and a range of convenient shopping choices – including shipment to their nearest store. This ability for them to get what they want, when and where they want it creates loyalty, which in turn boosts a retailer's bottom line.

The key to the fitness required to achieve this is a single view of the whole supply chain. This means integrated visibility from Warehouse Management Systems, Order Management Systems and ERP Systems. The importance is the outcome: visibility and management of all parts of the supply chain through a straightforward, unified process that ultimately reduces unnecessary stock-holding.

The other complexity that's been added into the multichannel supply chain and affects stock-holding policies is that many retailers are starting to rely on international customers to support their revenue. Figures vary, but some reports suggest more than 3 in 4 retailers accept and fulfil international orders. With little growth in domestic markets, this isn't a surprise.

An exciting potential lies in emerging markets of the BRICs, Asia and the Middle East, which are already familiar territories for retailers involved in the far sourcing of manufactured goods. A.T. Kearney's 2012 Global Retail Development Index finds Brazil to be the most attractive of 30 emerging market countries for retailers for the second year running, closely followed by other Latin American countries such as Chile in second place and Uruguay in fourth. China rose to third place on the back of double digit growth whilst India came fifth.

But expanding retailers used to low cost-to-serve domestic markets will need to be wary of the numerous potential pitfalls on entering new markets. As well as legislative issues, including high import taxes, bureaucracy and complex labour laws, how to physically move stock around becomes more difficult.

ONLINE…

It is because of the online channel that retailers can dip their toes into new international markets. Not too long ago, retail meant stores. In a matter of a decade, retail has come to mean multiple sales channels that include not just stores but also ecommerce, m-commerce, f-commerce, s-commerce and v-commerce (video-enabled).

…OR MULTICHANNEL

Multichannel, at home or abroad, means that a sale may span several channels before it closes, which places tremendous pressure on the fulfilment network. The value proposition for multichannel sales is to capture the sale that would not occur otherwise because a customer no longer relies exclusively on shopping at a bricks and mortar store.

MANAGING THE CHANGE

The natural tendency is to increase inventory levels close to the point of demand. Retailers often gravitate to opening regional distribution centres to minimise stock-outs and satisfy their geographically dispersed customers. They add new layers of software and inventory systems to deal with each new retail channel and track each channel through separate divisions and warehouse systems.

Controlling inventory, being ready to ship on-time and handling a diverse customer base are all far more difficult when using discrete systems for different retail channels. Depending on how resources have been allocated within the company, this can create unanticipated supply chain bottlenecks, resulting in late shipments and customer complaints or supply chain blind-spots where poor inventory visibility results in missed sales opportunities.

But just as customers have no patience for order delays or non-availability, shareholders have no patience for reduced inventory turns, increased inventory investment, and higher working capital costs. Because of these dynamics, the traditional, static way of fulfilling a customer's order out of the geographically closest warehouse is becoming out-dated. Also because traditional inventory systems, not up to the task of effectively and accurately supplying products through the mixed modes of modern retailing, are putting companies at a competitive disadvantage.

Today's retailers - as well as distributors and manufacturers - need to adapt to the new multichannel retailing era or face being marginalised or bankrupted. To adapt they need to harness the power of inventory across their enterprise and involve suppliers and logistics partners in direct customer order fulfilment. They must strive to reduce costs across the supply chain without sacrificing order quality and on-time delivery.

The answer is to integrate supply chains for multiple retail channels to efficiently meet growing demand. This has been challenging despite promises of integration tools, standards and web services. Today, software solutions have matured significantly and have been deployed to help companies accomplish this by weaving the varied strands of their distribution systems into a cohesive, effective network. The promise is rapidly becoming reality as retailers, solution vendors, and the marketplace gain experience in deploying these solutions.

DISTRIBUTED ORDER MANAGEMENT

For example, Distributed Order Management solutions allow managers to combine existing inventory systems and coordinate multiple retail channels by sourcing products from warehouses throughout the world. Effective solutions provide system-wide inventory visibility, sourcing, allocation and delivery scheduling at each stage of the fulfilment process in real time. Using configurable rules, Distributed Order Management solutions can aggregate orders as they are placed, evaluate global inventory and then match demand to supply. An effective solution can provide precise understanding of product demand and backlog for all markets - not just single channels.

By using Distributed Order Management solutions, companies gain a global view of inventory and an equally broad view of the pathways their customers use. These solutions help companies recognise that not all customers are created equal, and that the end user has many choices about where to shop for a product and where to buy it.

This also means that the specific floor policies within warehouses are less relevant, as the visibility is all done from a platform level. This just leaves the organisation required to pick, pack and ship effectively.

INTEGRATED SOLUTIONS

Ultimately, all customer channels - ecommerce, m-commerce, f-commerce, s-commerce and v-commerce plus the more traditional channels of physical stores, catalogues and call centres - must be brought together into a fully integrated order and distribution loop through coordinated inventory management, instantaneous communication and rapid response to spikes in demand. While few companies can take on such a monumental project all at once, Distributed Order Management solutions offer a cost-effective alternative to gain most of the benefits full integration can achieve.

Order fulfilment execution will always be the gold standard by which successful companies are measured. Distributed Order Management can help them get there, and stay there - whatever new challenges come along. ■

RETURNS
A NEW RESEARCH PROJECT

InternetRetailing's Ian Jindal outlines a new, sustained research and analysis programme to take a 'joined up' view of the question of returned orders in multichannel – the problems, opportunities, commercial perspective and customer impact, along with stratagems to improve performance.

RETURNS are an issue for every retailer, and some sectors and product categories more than others.

Minimising returns has a direct impact on profitability. Looking beyond the individual order and to the customer's 'lifetime value' and it's easy to posit a correlation between a customer having a 'right each time' purchasing experience (rather than the disappointment-to-annoyance of the returns process) and increased long-term profit. Proving this – along with a clear identification of the components of success – is far from simple, however.

Furthermore, it could be that returns are an integral part of selling (giving confidence to try new products, for example) and a seamless returns process may delight the customer leading to advocacy and repeat sales. Conversely, an improved level of product presentation, sizing information and purchasing advice could increase confidence in purchasing and reduced levels of returns.

In short, there are many interacting components all seeking to influence a single measure, and then further levels of debate as to the correlation of that measure to order, seasonal and customer profitability.

At InternetRetailing we have decided to take a broad and 'joined up' perspective on the question of returns, of customer attitudes and retailers' interpretation. We're going to combine the insights of experts in logistics, operations, merchandising, reputation and presentation to give us a rounded view of how to increase customer satisfaction and spend, focusing on purchasing confidence and reverse logistics experience. Our partners cover the gamut from display and presentation via personalisation to delivery, experience and returns. Most importantly they share an attitude of combining insights and working together in order to delivery not only point improvements but sustained, connected increases in customer profitability.

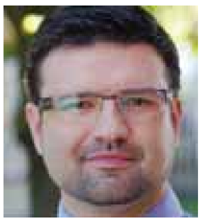
Internet Retailing is conducting a three-month research programme to identify the issue created by returns, explore the mechanisms that can help retailers to reduce them and importantly look at the opportunities returns offer in terms of customer experience and retention.

The research programme runs through September, October and November and comprises:

- Surveys to our readership
- Retailer interviews
- Research roundtable
- Metrics development
- Returns supplement
- Webinars
- Research briefings

In this issue we hear from two of our partners on their approach and interest in the project, and there will be further updates via internetretailing.net and our newsletter.

FITS.ME



Fits.me
Virtual Fitting Room

Heikki Haldre, CEO and Founder of Fits.me (www.fits.me) - the virtual fitting room for online clothing retailers – reflects upon the challenge of returns, and his expectations from this collaborative research.

No company wants to see its product returned, unwanted, by customers. Sure, there are admin costs – if you have a high level of returns I expect your customer service section is busier than average, for example. But retailers frequently offer free returns, bearing the costs of collection and return

themselves. There are re-warehousing costs. There is the near-inevitable discounting of the returned item for re-sale. All of these directly, inevitably, impact retailer profitability, and they quickly mount up.

Quite aside from the logistical and financial implications of returns, you also need to accept the high probability that there is something 'wrong' with the returned product. At the very least it is a fact that the product in question has, somehow, failed to meet your customer's expectation. Arguably, a malfunction issue is less damaging – we've all experienced the 'dead on arrival' appliance or electronic item, and we're fairly realistic about that.

But what about the product that didn't live up to expectations for some other reason? That's a different issue; however you rationalise, record and report it, you have somehow let the customer down. Your customer did not, after all, purchase the 'right to return'; she attempted to purchase something because they wanted it.

There are considerations beyond just costs. For example, does that customer come back, and to you? How long does it take before the customer loses patience; how many chances should you expect? What if they fail to return at all, and keep a negative reminder of your brand on their shelf, or in their garage or in their wardrobe? What is the impact on your brand? Crucially, what can you do to avoid it happening in the first place? Could you be doing something different to reduce the incidence of returns or handle them better?

Some sectors are impacted by returns more than others, and are in significant need of solutions to address the issue of returns. Just last week I was in a room with more than 20 clothing retailers, and not one reacted with surprise when one senior manager revealed garment return rates of 25% - a figure substantiated as entirely normal by other research. Numbers of that size make the issue of returns of huge importance.

The issues are far-reaching, and not always well understood. While returns impact a quarter of apparel online retailer's business, many use ecommerce analytics tracking software that doesn't explain why the return happened, or what happened next. Returns clearly skew actual conversion rates, and impact the long term conversion rates of repeat business. There are knock-on effects that aren't always appreciated: for example, a 1-in-4 return rate, with 27% of those returns exchanged, means an average of 1.6 deliveries per completed sale. Pricey, if you're offering delivery and collection for free.

Why is Fits.me involved with Internet Retailing's 'Returns' project? Because, for online clothing retailers, our technology directly addresses the issue of returns. Our virtual fitting room helps boost their profitability by enabling them to overcome what Mintel (Online Fashion, March 2012) describes as "the biggest obstacle facing them": the fact that it is impossible for online shoppers physically to try on garments before buying.

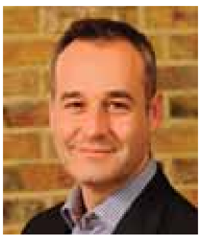
Dressed in a retailer's key garments in each available size, our sophisticated robotic mannequins are photographed at high speed in thousands of

permutations of body shape, subsequently enabling us to display to online shoppers the garment pictures that correspond to their exact body size and shape, from just a few basic measurements.

Knowing exactly how an item fits is a vital part of the product description, as important as knowing the colours or patterns, and being able to communicate size information correctly gives customers the confidence to buy. The results can be significant: an improvement in conversion rates of 58% compared to shoppers using a traditional size chart, and a substantial reduction in returns due to customers buying an incorrect size of some 28%.

With Internet Retailing we hope to share with you our extensive general knowledge about returns, and to help us all to find out as much more about returns as we can: their cause, their impact and how to avoid them. We look forward to the journey.

COLLECT+



collect+
parcels made easy

Mark Lewis CEO of Collect+ (www.collectplus.co.uk) explains how its network of over 4,800 'parcel stores' offers a convenience collection and returns service that's closer to the customer. Collect+ sees both the outbound and return portions of an order's journey and here we learn more about their interest in collaborating in our research.

"Founded in 2009, Collect+ is a modern day alternative to the Post Office, providing convenient, economical and flexible parcel returns and delivery solutions for our customers, through our nationwide network of nearly 5,000 parcel stores. Our business has seen significant business growth in the last year; parcel volumes have grown 250% and the company is now processing parcels at a run rate of 5 million a year.

This volume gives Collect+ an unique perspective on the 'final mile' . Over 87% of the UK's urban population lives within a mile of one of our collection points, and with these stores open seven days a week with extended hours we have insight into customers' preferences around times, locations and days for collections and returns.

As part of the PayPoint network, our stores are vetted and the staff get extensive training. Their customer service expertise is a source of qualitative insight into the reasons for returns and the customer's satisfaction with the experience.

As research partners we will be providing insight from our main service lines.

The most obvious source of data is our specialised Returns Service, established at our launch in 2009, and now used by over 125 retail clients, including Amazon, Very, ASOS, Asda Direct, Clarks, House of Fraser, Boden, Wiggle, Music Magpie, Arcadia Group, Surfdome, Dell, M&MDirect, Chain Reaction Cycles, Zalando, Chums and Virgin Media. Our clients already benefit from detailed daily reporting, and we will be analysing the aggregate trends to contribute insight to this research. We capture information from the returns request and label download (either free or paid via www.collectplus.co.uk, or even via the retailer's website) and then throughout the return journey to the retailer.

We also gain insight from our "Click&Collect+" service – used by both pure-play and multichannel retailers (including ASOS, Amazon, Clarks, House of Fraser, Very and Littlewoods) – which combines next day delivery and local collection services with an enhanced level of convenience and flexibility based on our comprehensive contact strategy. Customers are alerted to their parcel's arrival in-store by text and email alerts, which include a unique code code which enables them to collect their item. Our client feedback shows that the service increases customer satisfaction and loyalty.

In this research we are going to consider further how a seamless shopping experience and 'round journey' approach can – in conjunction with other measures from our research partners – work to create an even greater level of commercial success.

We are looking forward to contributing and learning, and to sharing the results of the research with InternetRetailing." ■

If you would like to contribute to the research, have a view on returns or questions you'd like us to address, please let us know – editor@internetretailing.net. We're excited to launch this research – the first in our new research output – and look forward not only to the first baseline results, but also building on the research annually.

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INTERNET RETAILING 2012:
THE MANTLE OF LEADERSHIP

Internet Retailing's annual conference takes place in London on 9 October. Emma Herrod picks through the agenda to see what delegates will be learning from key retailers and industry leaders including Best Buy, Morrisons/Kiddicare and Shop Direct Group.

THE FIRST Internet Retailing conferences focused on ecommerce as an innovation in retail. Together we've moved through the challenges of growth to a mature market that is now progressing towards a customer promise of omni-channel retailing: anytime, anywhere, any how.

This change in retailing is being steered, or at least augmented, by ecommerce thus heralding the time for ecommerce professionals to take up the 'Mantle of Leadership' in the wider retail organisation.

BEST BUY, MORRISONS/KIDDICARE & SHOP DIRECT TO KEYNOTE

Three senior retailers, each an innovator who has shaped the ecommerce and cross-channel retail industry, have been invited to open the 2012 conference: Andrew Harrison, Chief Executive Officer, Best Buy Europe; Alison Lancaster, CMO of Kiddicare and Marketing Director of Wm Morrison Supermarkets plc non food .com business; Jonathan Wall, E-Commerce Director, Shop Direct Group.

Internet Retailing

9th October 2012, Novotel, Hammersmith, London

Title Sponsor: SILVERPOP

Carphone Warehouse

Andrew Harrison, CEO, Best Buy Europe

Each will be picking up the 'Mantle of Leadership' theme; how following years of channel growth, of ecommerce starting to impinge on the store estate, of leading international expansion and finally the closest ever engagement with customers via social and mobile retailing there is a change required in ecommerce thinking. As retail sales levels are challenged during this recession and the ecommerce channel continues to grow, the nature of the business changes. Ecommerce is now at the heart of the commercial conversation with the customer.

This places a new responsibility upon ecommerce professionals - to provide leadership evermore broadly within their organisations. No longer simply channel experts, the ecommerce professional needs to provide cross-channel, integrated commercial leadership across the whole business at a time of significant and challenging transformation.

shop direct group

Jonathan Wall, E-Commerce Director, Shop Direct Group

Innovation, commercial focus, change-management, branding and positioning and team development and leadership are the skills sitting alongside the sales, marketing, technology and operational competencies already mastered.

The invited keynote presenters will explore the new responsibilities of leadership: the change, celebrating successes and considering new challenges.

First to present is Andrew Harrison, CEO for Best Buy Europe. From CEO of Carphone Warehouse in the UK to then head up the company's European operations he now has overall responsibility for driving Best Buy Europe's "Connected World" strategy and customer proposition across all Best Buy Europe brands.

kiddicare PART OF THE MORRISONS FAMILY

Alison Lancaster, Kiddicare and Morrisons.com

Alison Lancaster is a pioneer in the ecommerce arena who has led many UK brands to multichannel leadership. Now CMO of Kiddicare and Marketing Director of Wm Morrison Supermarkets plc non food .com business, she has previously held leading positions at White Stuff, Harrods Direct, Charles Tyrwhitt, Innovations Mail Order, Burton Home Shopping (Arcadia); Debenhams.com and John Lewis.com.

Jonathan Wall has been instrumental in the transformation of a number of retail sectors. First the evolution of IT catalogue mail order business Dabs into one of the UK's first and most successful pure-play retailers and then as CEO of flowersidirect establishing it as a strong challenger to the established hierarchy in the floral sector. He now controls the commercial performance of Shop Direct Group's websites including Very, Littlewoods and isme.

InternetRetailing
9th October 2012, Novotel, Hammersmith, London
Title Sponsor: SILVERPOP

Following the keynotes, the conference will split into three separate tracks, with retailer presentations, panel discussions and expert deliberations all timed so that delegates can swap easily from room to room to hear the presentations most pertinent to their interests. The three conference streams will cover:

Track 1 – Customer: their experience across all channels and how businesses are restructuring around touchpoints.

Track 2 – Connection: how do we master the many connection routes and interconnections in a way that promotes brand coherence and profit?

Track 3 – Commercial: a stream to consider business, strategic, operational and technological aspects of the new challenges of leadership – catching up, sustaining and new opportunities all assessed.

CUSTOMER

Social, mobile and customer interactions are changing shopping behaviours but every customer is still an individual with different preferences, wants and needs with these altering depending on product, necessity, frame of mind and channel. But, how do retailers match this changing customer need and structure for agile commerce?

Forrester analyst Martin Gill will set the scene for Track 1 sharing data driven insights into the changing nature of digital consumers; the devices for engaging across touchpoints and how consumers are more empowered than ever before.

Simon Smith, Head of Multi Channel Experience, O2 UK, will then share how O2 is using customer design to translate brand value into tangible service, satisfaction and engagement across all channels and touchpoints. He will be followed by Simon Joseph, Associate Director – eCommerce, Jessops, who will expand on the evolution of a cross-touchpoint customer experience, the challenges already faced and the landscape over the next 12 months.

The importance of interfaces, data driven customer experience and eCRM are picked up on by Priya Prakash, Head of Mobile Phone User Experience at Nokia, Emailcenter's Sean Duffy and Will Cook of Autonomy. Andy Harding, Director of E-Commerce, House of Fraser will close the track with a presentation on how ecommerce leadership is combining with cross-channel analytics and metrics to measure the business in touchpoints not just channels to transform House of Fraser into a customer-centric business evolving for a cross-channel future.

CONNECTION

Data, however, is nothing without insight and this requires expert knowledge and action to mould and maximise its potential and profit, and this is the theme for the 'Connection' track which looks at how retailers are mastering the many connection routes and interconnections with customers in a

TEN REASONS TO ATTEND

1. Hear how pioneers of ecommerce have taken up the 'Mantle of Leadership' in the wider retail industry;
2. Gain insight into user experience and why a good mobile/tablet/kiosk interface can mean more than brand loyalty;
3. Hear how agile retailers are measuring touchpoints not channels;
4. Learn how others are engaging and connecting in a mobile, social, local world;
5. Hear how digital is driving the store of the future and join in the discussion on the future of the mobile high street;
6. Discover how operations, technology and innovation can drive growth in your business;
7. Hear insight on logistics from the perspective of both the retail organisation and third party provider;
8. Ask questions of international retailers balancing local engagement with a global experience across borders;
9. Learn the latest patterns in the shifting mobile payments landscape;
10. Join in the discussion, network, and gain advantage – all in one day.

way that promotes brand coherence and profit.

The track will start and finish on a mobile theme with Mark Cody, Senior Marketing Manager – Mobile, Tesco.com starting the day sharing insight into how Tesco is shaping the mobile channel into a tool for interaction, engagement and customer service. Insight from WorldPay into the shifting mobile payment landscape and how Domino's Pizza is managing the connection routes and interconnections enabled by mobile to communicate with customers whenever and wherever they are will close the session.

Mobile, social, local and email (or mocial) is the topic of the first of the expert presentations which promises several strategies for collecting data on-site via tablets, SMS and local check-ins, using rewards and raffles as opt-in incentives, tapping social media to build their database and increase reach and creating transactional emails that help drive opt-ins.

Getting closer to customers is highlighted again in a second expert presentation as IBM Smarter Commerce shares its views on reducing cart abandonment and enhancing the customer experience through marketing management.

Retailers and industry experts from the UK and overseas consider 'balancing local engagement with a global experience across borders'. The international topic will be picked up again in Track 3 by Demandware which will address some of the key strategic options that should be considered when expanding into new markets.

COMMERCIAL

Whether catching up with industry changes, sustaining growth, innovating or opening up new opportunities, retail leadership requires an understanding of operations, technological advancements and new business models.

Along with the Demandware presentation, delegates will hear expert presentations from HookLogic and Kiddicare/Morrisons.com's Jody Goodall on ecommerce media, site monetisation and ROI.

Walter Blackwood, Director of Group Logistics, Mothercare (formerly CEO of Collect+) will share insight into the cross-channel logistics operations from the perspective of both the retail organisation and third party logistics provider.

The cross-channel store environment of the future and issues around how ecommerce, technology, operations, delivery and mobile are driving the store environment and showrooming behaviour will be discussed by pannelists from Schuh, Marks and Spencer, Tesco and Casino. With plenty of opportunity for delegate interaction this should be an interesting and thought provoking session.

A final panel discussion will close Track 3 as operations, the fast changing fashion sector and the changes that will impact other sectors will be analysed by Swedish retailer Nelly.com, eBay's Amanda Metcalfe, Gracia Amico, Head of Ecommerce at Topman and Geoff van Sonsbeeck, CEO of Isabella Oliver.

As if the senior retailer and independent thought leadership presentations, expert discussions and 3 keynote presentations didn't offer enough to fill this one day event, then 8 workshops and an exhibition area will give plenty of opportunity for discussion and networking.

New innovations in the exhibition area include an in-store commerce platform that is able to use mobile commerce technologies and bring it to the in-store experience, a multichannel version of technology which enables a single view of the customer payment whether they buy their goods online, offline or through their mobile and a segmentation tool that, until recently, was only available to US retailers.

Exhibitors will be able to discuss other recent announcements including systems for Customer Experience Management, merchandising, augmented reality for mobile commerce and content management.

Internet Retailing 2012 aims to bring together the key strategic messages and peer insights into one packed day. Have you registered yet?

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9th October 2012, Novotel, Hammersmith, London

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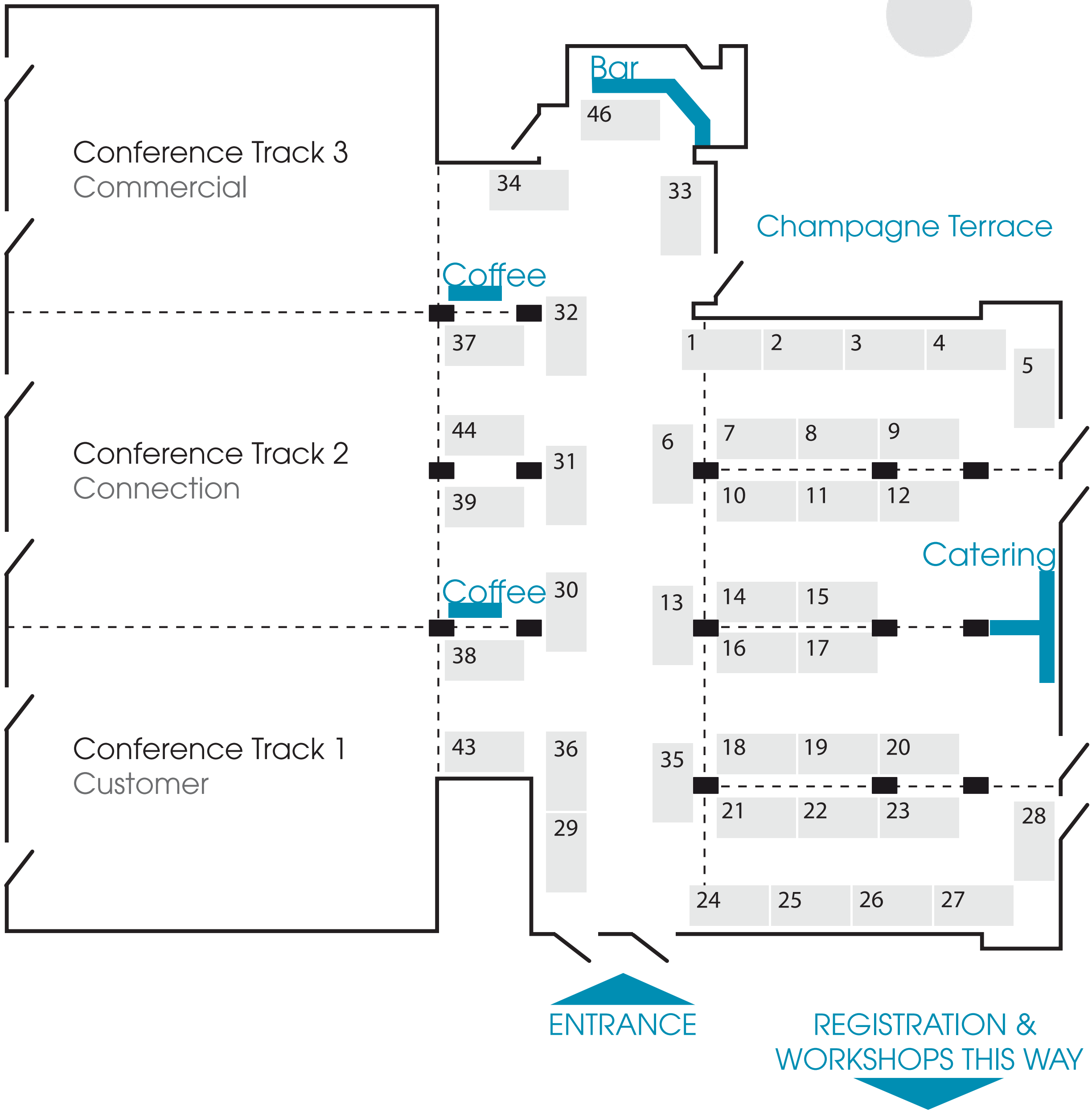

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Hooklogic	11	Fredhopper	25	FactFinder	39	Annica Solutions	Workshop 5
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Register to attend the UK's most important strategy event for senior retailers go to **www.screenevents.co.uk/IR2012** or email **info@internetretailing.net**

Insight from arou

ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

Last July, the French association for ecommerce, the Fevad, strongly reacted to the proposals of French Senator Marini on the creation of new taxes on digital and ecommerce businesses. The association stated its opposition to the creation of a new tax on online purchases.

For the Fevad, this tax would have a negative effect on household consumption and affect their purchasing power. It said in a statement: "This new tax will directly affect the 31 million French people who buy online. Profit margins are particularly low on the internet, sites will have no choice but to transfer this additional tax to prices. While the government tries to restore the purchasing power of consumers, this tax will impact millions of households particularly amongst those with low incomes who use the internet to find the most attractive prices. This new tax will therefore directly impact the purchasing power of many households and curtail their consumption."

The association also considers that this tax would be a hindrance to the development of employment and investments in French ecommerce which accounted for half of jobs in commerce from 2006 to 2009.

Beyond the impact on employment and household consumption, Fevad also believes that this law is based on an incorrect knowledge of the ecommerce sector. The creation of this new tax is based on the idea that websites enjoy a high growth of their business which enables them to support this new tax burden. However, according to a recent survey, nearly one ecommerce site in five has not yet reached the threshold of profitability. This is mainly due to the significant investment ecommerce sites have to do to meet customer expectations and the increasingly important competition on the internet.

For the Fevad, "the creation of this tax would certainly weaken the financial situation of many French companies, especially among SMEs that the government wants to develop, and jeopardize their tremendous potential in terms of employment and economic activities."

Finally, to Senator Marini who believes that this tax would restore tax fairness between the physical trade and ecommerce, Fevad recalled that the Board of Trade in France that includes all trade players, is also opposed to the new tax.

MARK KIRSCHNER, EXECUTIVE OFFICER, GLOBAL MARKETING, RAKUTEN

Brits, Americans and Germans beat the Monday blues with e-tail therapy with the US, UK and Germany clocking their highest browsing figures on Mondays. In France, where young schoolgoers only attend classes four days a week, data shows that online shopping peaks on Wednesdays when parents often stay home to look after their children. In Brazil, where domestic broadband penetration is relatively low, online shoppers are most likely to splash the cash online when they are at work. However, far from shirking work responsibilities in order to make purchases, they typically use a lunch break to shop, with activity peaking between midday and 2pm.

These are just a few of the insights into national shopping and browsing habits mined from traffic and sales through Rakuten's global online marketplaces: Play.com (UK); Buy.com (US); Rakuten Deutschland (Germany); Priceminister (France) and Rakuten Brazil.

In both the US and UK, peak time for mobile browsing occurs in the morning, although earlier in the UK. Perhaps reflecting the greater usage of public transport in the UK, which affords greater opportunity for browsing, mobile browsing surges between 7-8am, when many workers are mid-commute. In the US, the morning peak in browsing occurs at around 10am. Conversely, in France shoppers are most likely to use a mobile device to shop between 6-7pm.

During their online and mobile shopping experiences, consumers are spending more time browsing categories that tend to have a higher price tag. US consumers are far more considered when selecting computers, electronics, clothing and bags with an average viewing time of 4.4 to 4.7 minutes before purchasing. This compares with around 3 minutes for lower priced items.

Browser dwell times indicate that fashion and literature are Brits' online impulse purchase items of choice, with the average user dwelling just over 40 seconds on clothes before purchase and under a minute on books, compared to considered purchases such as TVs which have an average

nd the world

dwell time of around 2 minutes. One interesting anomaly is evident in Brazil, where relatively high-value mobile phones typically see very low dwell times, suggesting consumers have already researched products online and then will make a purchase based solely on price.

RAY FOWLER, HEAD OF BUSINESS SOLUTIONS INTEGRATION, MVIDEO.RU

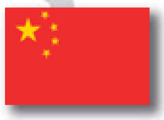
Who would have thought that after London and Paris, Moscow would be cited as the third most attractive city for international retailers. In 2011 Berghaus, Diesel, DKNY Jeans, Victoria's Secret, La Senza and Jimmy Choo arrived. In addition, it is expected that some 300,000m² of new retail facilities will open in Moscow in 2012 and we have seen launches of Hamleys and are expecting Debenhams, Krispy Kreme and Abercrombie & Fitch.

There are a multitude of challenges for any ecommerce proposition including poor supply chains, lack of trust and importantly it's still a cash economy with less than 5% of the population owning a credit or bank card. This is why Illinois, USA, has the fastest growing Russian ecommerce site; Bay.ru. How can this be possible? Through the huge demand from customers for foreign brands, two brothers set up a middleman operation by founding bay.ru which pools together item sold on Amazon, eBay etc as catalogues. These orders get consolidated in their Illinois warehouse before shipping. Because Russia is still a largely cash economy, BayRu uses 500,000 payment points across Russia in stores, train stations and bank branches where consumers can pay cash. This March the site turned profitable. Other successful sites are ozon.ru which is a play on Amazon.

Recently a look-a-like Argos, called 'Enter' launched into the market. Enter follows the same model as Argos – including ring and reserve - just re-painted and trading in roubles. Customers have to wait between 3-5 days for delivery of products and that is quick. These are typical examples of how our rules on ecommerce have to be adopted.

Do not assume that the model that you have in Europe and the UK can be introduced here. The huge challenges are: supply chain, cash on delivery and a high degree of returns. However, the opportunities are massive as the infrastructure and bandwidths increase, opening ecommerce to the masses.

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



With the price decline of smartphones in China, more and more people intend to use the mobile internet. According to the 30th CNNIC china internet report, the number of mobile internet users in China reached 388 million by the end of June 2012, which is more than the total population of the USA. The prosperity of the mobile internet will deeply influence the Chinese ecommerce market.

Firstly, an increasing number of customers will choose to purchase via mobile. Mobile purchase is much more convenient than desktop or laptop purchase since it allows people to buy products anytime and any where as long as they have a mobile connected to the internet.

Taobao, one of China's largest online retailers, announced that mobile Taobao already had 100 million accounts in March 2012. Dangdang, a New York-listed Chinese online retailer also claimed that 20% of its web traffic came from mobile devices in the second quarter of this year.

Secondly, competition will be fiercer amongst B2C online retailers in mobile internet ecommerce. Taobao announced that mobile Taobao made 83,000 transactions and sold 155,000 products per hour on average in its 2012 Q2 report. 1haodian, a Shanghai-based B2C online retailer, provides more discount to customers who order by mobile. Besides, small B2C online retailers which have no advantage in desktop or laptop internet, hope to gain a large share of the mobile ecommerce market. At the same time, large internet companies which failed in the traditional ecommerce market also want to gain ecommerce market share through the mobile platform.

Thirdly, the large population of mobile internet users will stimulate tier-three and tier-four cities' ecommerce markets. In the traditional ecommerce market, most transactions come from tier-one and tier-two cities. With mobile ecommerce, tier-three and tier-four cities' ecommerce market will be booming.

A large population of mobile internet users will also promote the development of mobile technologies in commerce, such as security of mobile payment. ■

MOBILE, CROSS-CHANNEL AND LOYALTY: HOW TO KEEP CUSTOMERS COMING BACK

Jon Stanesby, Associate Director of Strategic Services EMEA at Responsys, examines how retailers can make best use of mobile to build a lasting relationship with their customers.

I VISIT MY FAVOURITE coffee shop two or three times each week. The coffee is good, the shop is conveniently situated and the staff are friendly. Each time I buy a coffee, they ask me if I want a loyalty card. Such a card would have a clear benefit for me – namely cheaper coffee. But what's in it for them?

A loyalty card is not going to make me buy more coffee. The net result of me accepting a card would be that I buy exactly the same amount of coffee, but the vendor's margin would shrink due to me paying a lower price per cup. The point is that loyalty schemes should be designed to build loyalty in new customers, not reward loyalty in existing ones. Very few retailers are realising this and as such they are failing to exploit loyalty schemes to their full potential.

When we talk about loyalty, we should be talking about building an ongoing and mutually beneficial relationship between the brand and the consumer. This relationship is not simply about conversions though, since both conversions and loyalty are by-products of successful engagement with the customer. Brands using mobile for sales and marketing is nothing new, but now awareness is peaking around the use of mobile to foster loyalty.

Until now, one of the problems was that with such a plethora of devices and channels including mobile, retailers were unsure which platform or environment to use to develop a layer to build customer loyalty. For example, it is time consuming and expensive to build dedicated apps for each mobile ecosystem, but alienation can be solved by using light-weight applications which mostly use web functionality and therefore have much lower development and operating costs. The functionality may be fairly basic, but these apps can still be used to build engagement and drive conversions to your web store. Another technique is to use responsive web and email designs so that your digital channels are optimised, irrespective of device. An email that automatically adapts its layout dependent on the customer's device removes the need for other more costly device-specific designs to be built.

After a relatively slow start, we are now seeing some genuinely interesting mobile loyalty programmes which encompass all of the principles of successful relationship marketing. Up until this point no single retailer had absolutely succeeded with its mobile loyalty strategy, but after a steep learning curve the retail industry now seems to be reaching a genuine turning point with mobile apps being welcomed as an integral part of loyalty strategies.

One result has been to scale back the role of physical loyalty cards. Physical cards are relatively

expensive to produce, prone to loss and breakage and have a knack of never being there when they are needed. By contrast, consumers rarely leave home without their mobile phone. A recent scheme we have been working on replaces physical cards with apps, emails or text messages.

To encourage repeat engagements, these mobile apps must offer benefits to the customer. This programme sends customers personalised offers with fixed or variable discounts depending on customer usage. The principles of customer centricity apply here, and the programme enables the retailer to prioritise its most valuable customers with selected offers while targeting other customers with separate specials.

Perks incentivise consumers to join and then continue using the scheme, with tailored special offers sent to the customer's mobile being a good example. Offers can take the form of text messages or in-app notifications, and new special offers should be sent out regularly with the aim of encouraging the customer to return to the physical shop or online store to build a real relationship with the brand. If a customer visits once per week when joining the programme, the goal should be to raise this to two visits each seven days through providing personalised, relevant content for that particular customer.

Offers and perks which reward participation are increasing in popularity because they encourage customers to continue to engage outside of the normal purchasing cycle. For example, rewarding customers for sharing the scheme with friends, or for participating in product ratings or reviews are inexpensive ways to extend loyalty beyond the checkout.

OFFER YOUR CUSTOMERS MORE

Personalised special offers are about growing trust and good feeling, rather than sales. Pushing conversions in an overt fashion only results in purchases from people who would have bought those items anyway, and as such the lower special offer prices will simply cost the business revenue. The net result will be customers who simply load up your app in store to check special offers, which is not an example of real engagement.

One way to keep customers coming back to an app outside of special offers is to provide some added value of functionality, such as the ability to compose shopping lists in-app. This has been used to good effect by some retailers, but it is important that it works across channels. A list created on the website should be accessible in the app when the customer is in store. Legacy systems can be a stumbling block here, as these were not designed with mobile and online integration in mind, so some retailers will need to update back office systems before they can offer real time data sharing across platforms.

Smartphones offer another advantage over traditional handsets in that they can access Wi-Fi, and a number of retailers such as Debenhams and John Lewis are already exploiting this feature. Debenhams is using its free Wi-Fi network to push special offers to customers, but also to provide additional product information and stock checks, and enable customers to view store layouts to find products quickly and easily. This is the sort of added value which encourages customer loyalty and repeat visits.

Another advantage of Wi-Fi is that when a customer is connected to a network, the retailer knows their location. This enables brands to push geo-localised content and real-time offers, providing permission has been gained when the customer opted in to the loyalty programme. Mobile is perhaps the most personal channel, and as such any perceived abuse of the format creates instant bad feeling amongst consumers. Poorly formatted or irrelevant emails lead to unsubscribes and bad feeling – the polar opposite of loyalty.

GETTING IT RIGHT

Customers should trust your brand, feel valued and receive a quality service. Special offers are a part of this strategy, but they must be used in the right way. Mobile should be a vital part of any loyalty programme, and the arrival of mobile wallets and NFC to the mainstream will further drive this. Our relationships with our mobile phones make them the perfect channel to encourage loyalty, and because we almost always have our phones to hand they are as useful for retailers and customers in-store as they are when used online at home.

Mobile is driving new types of loyalty schemes which focus on personalisation, customer centricity and immediacy. A brand can now reach a mobile user who enters the vicinity of a store in a way that would not have been possible five years ago. Loyalty is not a goal in itself, rather it is a product of a brand's successful relationship with an individual customer.

Above all else a loyalty programme has to offer value to customers, and the mobile channel can drive this in many ways; through geo-localised offers, extra in-app features and relevant content received on-the-go and in real time. Regular customers become loyal customers, and incentivising repeat interactions with the brand is the key to loyalty. Some retailers make the mistake of prioritising conversions over a true customer relationship, but this only ever breeds short-term bonds. The long-term value for retailers and customers comes from a sustained and mutually beneficial relationship, and mobile can be a powerful channel to create this. ■

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THE GLUE TO BIND
OMNI-CHANNEL RETAILING

As the summer has progressed it seems that the focus within mobile retailing has increasingly become one focussed on mobile payments. While a year ago mobile was "the glue that binds together multichannel retailing", to quote pretty much everyone involved, that position has now become one of "mobile payments has become the glue that binds together omni-channel retailing". Paul Skeldon investigates.

ACCORDING TO FORRESTER, 20% of Western European consumers are using mobile payments today and more are starting to every day, while Juniper Research predicts that mobile transactions are likely to hit $730bn by 2017 from people purely engaged in 'couch commerce'. This figure rises to around $1.3trillion in the same period for all purchases via mobile – of both physical and digital goods.

Even NFC – which is increasingly being seen as just part of the mobile payments cannon – is likely to generate $180bn in transactions by 2017, says Juniper.

But while much of this is forward looking projections, the evidence is mounting that retailers, telcos, technology providers and leading brands such as Google and many of the banks are also betting the farm on mobile payments.

Much of this is driven – and runs in parallel with – increasing interest amongst consumers in mobile banking services. One-fifth of Western European internet users use mobile banking today, according to Forrester, based on more than 13,600 consumer surveys. SMS alerts are still the most popular form of mobile banking in most countries, but use of mobile banking apps is growing fastest.

As mobile internet use explodes and mobile banking is displacing use of other channels, Forrester believes that ubiquitous mobile banking will mark a bigger strategic shift for the industry than home-based online banking. Banks need mobile banking to provide a platform for mobile payments and to protect their retail payments businesses from digital disruption.

Barclays Pingit is a simple example of peer-to-peer money transfer that has the potential to soon cross over into making merchant payments, while the likes of O2, Vodafone, Google and many others are all rolling out mobile wallets.

What all these services have in common is that they are getting consumers used to the link between mobile and their bank accounts. The next step up from this is payments for goods and services and trust therein.

But why is it the glue that binds it all together? In a word, simplicity. The idea that everyone has their mobile with them at all times has long been the key factor behind mobile commerce. The fact that most people would rather lose their wallet than their phone says it all. The idea that if you can make mobile payments simple and get people to trust them suddenly puts mobile at the forefront of any kind of shopping experience. Bring together all the other facets of mobile – such as location, personal preferences, QR code scanning, loyalty apps and so on, means that it becomes the key device in any shopping journey.

But there is still someway to go before this really hits home. A study by pay day loans company FridayFriday.com finds that only 18% of consumers are happy to use payment apps, even bank-backed ones (in stark contrast to the 84% who will happily use online banking). The biggest fear is security breaches.

This, however, is the least of mobile payments' problems. Given it is such a nascent market – so nascent that hardly anyone uses it – there is a lot of jockeying for position amongst network operators, banks, card companies, third parties such as PayPal, Mobile Money Network and others, as well as retail brands' own payment tools (and let's not forget Apple and iTunes) that no clear standard or format has yet emerged.

Instead consumers are faced with a bewildering array of payment tools and no easy way to manage their money. Even the big wallets and services from banks and operators are fiendishly hard to set up and involve too many passwords (IMHO) to be truly useful.

It is also confusing – and more to the point off-putting – to retailers too: which way do they leap with mobile payments? Perhaps this is why leading retailers in the US (including 7-Eleven, Target, Wal-mart, BestBuy, Sears and Sunoco) have joined forces to develop their own more standardised m-commerce platform to make getting all of m-commerce, including payments, more easily integrated into their existing business systems. Is the retail empire finally striking back? ■

1 IN 8 EUROPEAN CONSUMERS HAVE MADE A PURCHASE ON MOBILE

Paul Skeldon takes a tour around the latest happenings in the mobile retailing space.

ACCORDING to the latest figures from comScore, the mobile retail audience in France, Germany, Italy, Spain and the United Kingdom (the so called EU5) nearly doubled over the past year, with 1 in 6 smartphone users accessing online retail sites and apps on their device. In addition, 1 in 8 EU5 smartphone users actually completed a retail transaction on their phone.

"Ecommerce has become central to many consumers' digital lives over the past few years, but we are now observing a rapid increase in the emergence of m-commerce, where consumers visit retail sites or use dedicated apps and ultimately make on-device purchases," explains Hesham Al-Jehani, European Mobile Product Manager at comScore. "While smaller screen sizes can be an impediment to people conducting transactions on mobile devices, retailers have responded to the changing consumer environment by simplifying the transaction processes and improving the mobile experience to facilitate on-the-go purchasing."

The UK was the largest market by absolute numbers with 6.5 million smartphone retail users, but also had the least rapid growth rate at 74%. Germany ranked a close second with 5.8 million retail users, and also had a relatively high penetration of mobile retail users at 22.6%.

An analysis of the top 5 types of goods and services purchased via smartphones showed clothing or accessories (4.3% of smartphone audience) and books (3.2%) to be the most popular retail categories. Other services or goods purchased by European smartphone owners were consumer electronics/household appliances (3.1%), tickets (3.1%) and personal care/hygiene products (2.1%).

MOBILE MARKETING THE KEY DRIVER FOR M-COMMERCE?

The latest round of research by mobile ad network InMobi finds that mobile advertising influences 48% of consumers on their purchasing decisions, with more late-technology adopters embracing m-commerce, and of those yet to use it, 45% expect to do so within the next twelve months.

M-commerce has traditionally been driven by early adopters more comfortable with larger purchases through mobile transactions. However, InMobi's survey shows that late adopters are now also more trusting of mobile platforms for purchases; m-commerce will become more prevalent across the more mainstream consumer sector. The growth of smartphones and tablets is strongly driving this, as more content is being consumed on mobile devices.

71% of UK consumers surveyed expect to use m-commerce in the next 12 months – this will continue to increase significantly. It is a strong sign for the industry that 20% of respondents are willing to spend over £20 on mobile purchases, with early adopters (26%) driving this trend and willing to spend even as much as £50 on mobile purchases.

The study also reveals that 63% of consumers have used m-commerce – a 9% increase from Q4 2011 – 47% buying digital goods; 34% buying physical goods; 26% on bill payments and 21% buying services.

APP, APP AND GONE AWAY: CONSUMERS USE ONLY 4 APPS REGULARLY

UK consumers use only four mobile apps regularly, according to new research by user experience agency Webcredible. The apps used most frequently are for useful, practical purposes such as journey planning, searching for locations, booking tickets or finding voucher deals.

The most successful apps were those that had become part of a user's daily routine. 40% of people taking part in the research had used location-sensitive apps from their phones to find the nearest hotel or coffee shop, while the study also found that 90% used their phone to get quick, necessary shopping tasks done when they were commuting.

None of the participants said they would make an expensive purchase, such as a laptop or car, on their phone, instead preferring to use a PC to view bigger images. Similarly, none would engage in grocery shopping from their phone; citing the small screen making the process tedious and time-consuming.

....AND FINALLY: IPHONE 5 'BETTER THAN SEX'?

One in 11 men – or, to give them their proper name, "stupid men" – in loving relationships would forego sex for a month if it meant getting the new Apple iPhone 5 early – a new poll has revealed. The survey, by mobile casino RoxyPalace.com, found that 9% of males would be happy to go celibate for a month if it meant they had the new iPhone ahead of its anticipated launch. ■

InternetRetailing events calendar

Selling in the digital age

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InternetRetailing 2012
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Richard Anson, founder of Reevoo, will talk about how to set up your social CRM and integrate your social content (such as ratings, reviews and customer conversations), what you can expect to achieve and give some best practice and real life examples of how companies are integrating social commerce and CRM systems.

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customer experience

customer experience

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address validation

affiliate marketing

international

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

fulfilment, logistics & order management

hosting

payment & fraud

payment & fraud

payment & fraud

payment & fraud

InternetRetailing events calendar

Selling in the digital age

what's going on?

OCT 9TH – CONFERENCE

InternetRetailing 2012 – 9th October 2012, Novotel, Hammersmith, London

Major industry figures will keynote the conference and share their knowledge and insight from major points in their industry changing journey, before the event splits into three indispensable learning opportunities with presentations running simultaneously. Up to 60% discount is on offer until August 1st 2012 so visit the event website to register today.

Sponsored by:

demandware, SILVERPOP, WorldPay, HookLogic, IBM, emailcenter, Autonomy an HP company

SEPT 20TH – WEBINAR

InternetRetailing Webinar

9 TIPS FOR A SUCCESSFUL HOLIDAY SEASON

Bronto will be presenting The 9 Top Tips for the Holidays that you can implement now without significant heavy lifting.

You will learn how to:

- Maximize subscriber engagement during the busiest time of year
- Optimize email creative to drive conversions
- Be prepared for the unexpected
- Incorporate social network strategies into email marketing efforts ...and more!!!

Sponsored by: Bronto – The Marketing Platform for Commerce

OCT 11TH – WEBINAR

MAKING THE MOST OF YOUR SOCIAL CRM WITH USER-GENERATED CONTENT

Richard Anson, founder of Reevoo, will talk about how to set up your social CRM and integrate your social content (such as ratings, reviews and customer conversations), what you can expect to achieve and give some best practice and real life examples of how companies are integrating social commerce and CRM systems.

Sponsored by: reevoo

SEPT 27TH – WEBINAR

InternetRetailing Webinar

MOBILE MARKETING IN THE PERFORMANCE CHANNEL

This session will look at mobile from all angles. Building on Affiliate Window's analysis conducted throughout 2011 and into 2012 we will kick off by showing the extent of mobile in the channel flagging handset trends, key sectors driving sales and those affiliates who are forging ahead.

Sponsored by: affiliatewindow

MARCH 2013 – IR EXPO

InternetRetailing expo – 20th - 21st March 2013

IRX is the only opportunity in the UK to blend marketing with technology, logistics with customer facing design, mobile with instore experience – the full range of skills and capabilities to sell in the multichannel era. It contains all the elements to deliver a high quality and highly targeted visitor audience and will generate significant ROI for exhibitors and sponsors. It comprises a traditional trade show with an unrivalled programme of learning and trade opportunities so blending the need to see the latest solutions and hear the most strategic thinking available in the retail sector.

Sponsored by: PayPal

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