Internet Retailing

VOLUME 8 | ISSUE 2 | JANUARY 2014

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ASDA: EXTENDING CONVENIENCE

Kieran Shanahan, Multichannel Operations Director, Asda, on taking Click and Collect away from stores, p12

INSIDE OUR 'REAL TIME' EDITION:

- RETAIL REVIEW: J. CREW P21
- ACTING ON IMPULSE P32
- ONE VIEW… AND THEN, WHAT? P44
- THE CULTURE OF INSTANT GRATIFICATION P46

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Contents

VOLUME 8 | ISSUE 2 | JANUARY 2014

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06 FRONT MATTER

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

12 ASDA

Kieran Shanahan, Multichannel Operations Director at Asda, speaks to Emma Herrod about web sales, the expansion of Click and Collect to locations away from stores and homes and how the company plans to increase its online turnover to £3bn over the next five years.

18 DASHBOARD

Wilfried Beeck, CEO of ePages, shares some of the findings of the recent Next in Commerce research project that investigated trends for 2014 that will shake the industry.

21 RETAIL REVIEW

One retailer, four angles. Our team of experts reviews J. Crew.

31 COMMENT

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

32 INTERNET RETAILING

Retail continues to speed up with customers having instant access to transparent businesses, fully engaged at all times. Internet Retailing looks at how the pace of change is shifting to match customers' desire for instant gratification, "I want it now", impulse purchases, managing site speed and engaging with customers' wider social networks.

40 INTERNET RETAILING IN STORE

Penelope Ody takes a look in store at how technology and digital are coming together to make pricing, promotions and product data updatable in real-time, while Mike Harrison of Virtualstock explains the system requirements to allow instant order amendments at any point in the product journey.

46 MOBILE

The software and gaming industries have had to learn quickly how to satisfy customers' need for instant gratification. Digital River shares some of those learnings and explains how other retail sectors can benefit too. Meanwhile, Paul Skeldon investigates how mobile is answering shoppers' call for a rapid, seamless and hassle-free experience in store.

50 INSIGHT

Insight into retail in France, Russia, China and the rise of global retail opportunities.

53 NOW & NEXT

Preview of the March 2014 Internet Retailing Expo and dates for other upcoming webinars, Jumpstarts, round tables, exhibitions and conferences.

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Editor's comment

NOTHING LIKE an impending deadline to heighten the stress levels and make every second standing in a queue, waiting for a kettle to boil or a computer to perform seem to last for an eternity. Christmas always brings out the best and the worst of people from struggles for bargains on Black Friday, to RBS networks going down on Cyber Monday and woe betide the supermarket that causes upset to the annual sprout order.

Christmas happens only once a year but customers' expectations of service and delivery continue throughout the coming months and increasingly customers are wanting their purchase satisfaction immediately. After all, 2013 was the year that showrooming made it into recognised common usage and entered the pages of the Oxford English Dictionary.

***Showrooming**, noun:*
The practice of visiting a shop or shops in order to examine a product before buying it online at a lower price. [ORIGIN early 21st century: from SHOWROOM 'a room used to display goods for sale'.]

Retail continues to speed up with customers having instant access to transparent businesses, fully engaged at all times. In this issue of Internet Retailing we look at how the pace of change is shifting to match customers' desire for instant gratification, "I want it now", impulse purchases, instant digital downloads, managing site speed, order changing, stock visibility and redirecting, instant offers and reacting to capture data or make the sale while the customer is at the point of spending money.

In the mobile section, Paul Skeldon investigates how mobile is answering shoppers' call for a rapid, seamless and hassle-free experience in store. Technologies such as NFC, Bluetooth Low Energy, Wi-fi and 4G are all being used to deliver improved store experiences but what difference will Apple's iBeacons make to retailers' arsenal of technology and customer promotions?

Penelope Ody also takes a look in store at how technology and digital are coming together to make pricing, promotions and product data updatable in real-time. The necessary technology has been available for years but, until now, cost justification has been rather harder to achieve, she writes.

The store is not the only place in which retail opportunities arise and impulses can be turned to purchases. Most consumers rate shopping as a leisure activity, but it is one that they are increasingly combining with others such as watching TV or reading a magazine. I take a look at how brands and retailers are turning impulse moments into retail opportunities.

Gaming also opens up plenty of retailing and loyalty-building opportunity with in-game purchases boosting the culture of instant gratification along with the online economy. The software and gaming industries have had to learn quickly how to satisfy customers' need for instant gratification and, as James Gagliardi of Digital River explains, other retail sectors can benefit too. He shares some learnings and interesting ideas in his thought leadership article.

Speed is of the essence though when it comes to digital downloads and even site page load times. According to calculations from Summit, £8.5bn will be lost due to websites taking longer to load than their customers are prepared to wait. The need for website speed comes not through a growing level of human impatience but actually through our own human limitations which aren't likely to change any faster than evolution. In fact, a basic understanding of neuroscience and how our memory works will reveal why the 3-second page load-time benchmark is here to stay.

Delivery speed has been a rising topic throughout 2013 with delivery times and cut offs getting closer and faster. The supermarkets too are trying to reduce the gap between customer ordering and delivery with Asda now having a cut off time for grocery orders 4 hours before delivery at London Underground car parks. Kieran Shanahan, the retailer's Multichannel Operations Director, spoke to me earlier this month about web sales, the expansion of Click and Collect to locations away from stores and homes and how the company plans to increase its online turnover to £3bn over the next five years.

Looking ahead to 2014, ePages and its Next in Commerce research throws up some interesting ideas around speed retail, while the team at IR Towers brings you the Internet Retailing Expo at the NEC in March. You can 'read all about it' in the Now & Next section towards the end of the magazine.

Emma Herrod
Editor

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

A MERRY ONLINE CHRISTMAS

The IBM Digital Analytics Benchmark found online sales rose by 31.6% during the course of 3rd December, compared to the equivalent Monday last year, with mobile shopping growing even more strongly, by 94%. Indeed, mobile sales accounted for 33% of all online sales.

Average order values (AOV) rose by 1.4% on last year to hit £81.17, a figure that rose to £82.24 for mobile phone transactions. Meanwhile tablet computers saw a lower AOV of £79.86.

Among the retailers enjoying a Cyber Monday boost was the Duvet and Pillow Warehouse. Its founder, Charlie Hunt, reported sales up by 20% over Cyber Monday – and Tuesday – compared to the previous year.

Rich media specialists Amplience said Black Friday saw "huge peaks" in ecommerce traffic, falling on Saturday before starting to climb again on Sunday. "In the UK, Sunday saw almost a 250% increase in engagement, as customers researched and investigated products, browsed look-books and style guides before adding to basket or moving to the product page. Interestingly percentage conversion rates to product page were higher on Sunday and Monday than on Black Friday in the UK, suggesting that a higher proportion of site visitors on Friday were still in 'browsing' mode," said Amplience Chief Executive James Brooke. But, he said, sales were lower than hoped as consumers "tested the waters," waiting for discounts or promotions.

"This approach is endangering retailers, locking retailers and consumers into a 'who will blink first' battle with consumers looking for bargains and retailers trying to preserve their margins," said Brooke.

ARGOS UNVEILS 'STORE FOR A DIGITAL FUTURE'

Argos has unveiled its first "store for a digital future" on Old Street in London. It is the first of six such stores to open – four in London and two new stores in Dunfermline and Colchester – which will test ideas for the wider Argos estate.

Highlights of the Old Street shop include a 60-second Fast Track collection service for items ordered and paid for online or via mobile, while in-store shoppers will buy at Pay and Collect podiums. The traditional central laminated catalogue and stockchecker machine is replaced in these stores by self-service iPads in a customer service area where shoppers can browse product videos and customer reviews. Alternatively, customers can connect to free in-store wi-fi as they use their own mobile devices. Dynamic digital screens will replace sales literature and posters, and there will be more staff to help customers on the sales floor.

Behind the scenes, a hub-and-spoke distribution system will be trialled across 50 stores including the four London digital concept stores, promising immediate, same day or next day fulfilment on a range of about 20,000 products. Typical Argos stores stock around 12,000 products.

John Walden, Managing Director of Argos, said: "We are early in our ambitious plan to transform Argos into a digital retail leader. We are seeking to reposition our stores to support a digital future, in which digital channels are the primary interface for customers, but stores continue to be critically important as a national network for product collection and a local presence for local colleagues to provide customer service."

More than 40% of Argos' sales are now made via digital channels, and 16% of total sales come via mobile devices – smartphones or tablet computers. But still, customers come into store at some point in around 90% of Argos transactions. The general merchandise retailer turned over £3.9bn in the year to February 2013, and employs 30,000 people.

TRAVEL FURTHER ONLINE

More of Thomas Cook's holidays are now booked online, the travel company has said as it reported on the first year of a transformation programme that aims to shift the balance of the business from the high street to online.

The company aims to see more than half its holidays bought over the internet by the end of its 2015 financial year. In the year to 30 September, 36% of its holidays were booked over the internet, up from 34% at the same time last year.

Ecommerce sites for six key markets are currently being moved into a common platform, while a digital advisory board, made up of external web experts and supporting product innovation and digital recruitment, has now been appointed. Beyond the UK, online bookings rose in all Thomas Cook's markets; in Scandinavia, web penetration is now over 70%.

Meanwhile, rival Thomson has unveiled its first next-generation Holiday Design Store. The travel retailer has brought digital into the store as it looks to make its shops somewhere that customers can research and explore potential holiday ideas, as well as somewhere they can get advice and ask questions of sales staff.

The first of Thomson's new-look stores is a 2,187 sq ft shop in Bluewater featuring a video wall shop window, an 84" touch screen interactive map that customers can use to explore the world and find inspiration. High-definition screens and projections throughout the store offer changing images and videos, with content ranging from top 10 lists to live weather information, reviews and destination videos. Social media feeds are also streamed onto screens, giving customers an insight into potential destinations.

Other areas of the store include free wi-fi in the pool area, self-service computers at the advice bar, and large booths where customers can explore their own relevant images and video content, projected onto the wall.

ARE AMAZON DRONES THE FUTURE OF DELIVERY

In as little as five years time, Amazon Prime Air deliveries could be made in the US within half an hour of ordering using small unmanned aerial vehicles or drones. A video now available on the Amazon website shows a parcel being sent via a small drone, looking not unlike a large buzzing bee emerging from the hive of an Amazon warehouse and landing in the recipient's garden, dropping off the parcel before taking off to return.

The company says it is now waiting for the US Federal Aviation Administration to set the rules for unmanned aerial vehicles before launching such a service. The technology, it says, has been developed in its R&D labs and will be ready to go into commercial operation as soon as it gets the go ahead, which it hopes will be early in 2015. It says that safety will be its top priority.

"It looks like science fiction, but it's real," said Amazon, predicting that, "One day Prime Air vehicles will be as normal as seeing mail trucks on the road today."

Coming as it does hard on the heels of exposés of life working in an Amazon fulfilment centre both in the BBC's Panorama programme and in the Observer, this story has it all.

PARCEL COLLECTION FROM NETWORK RAIL

Network Rail is trialling ecommerce parcel shops at mainline stations, and says this will be the first time such a service is available to all retailers and carriers for deliveries, collections and returns.

The first of the new Doddle collection points opened in December at Milton Keynes Central, and will be followed by trials at London Paddington and Woking stations. More sites will follow in unused space at UK railway stations throughout 2014 and Network Rail forecasts that as many as 4,000 new jobs could be created.

Doddle is being launched as a joint venture with Travelex Group founder Lloyd Dorfman. Its dedicated parcel shops will be open early till late, seven days a week. Shoppers will be notified of deliveries to the collection points through a mobile app, SMS or email, while there will also be a transactional website.

"There are around 1.5bn passenger journeys taking place every year plus a large proportion of the UK population lives within five miles of a railway station, making it a highly convenient solution for many consumers," said Project Director Peter Louden.

The initiative comes as the Network Rail group of companies aims to make better commercial use of its assets at railway stations that can see more traffic than the UK's airports.

MORRISONS LAUNCHES ONLINE

Morrisons launched its online grocery website on 20 December allowing customers to browse the site and book deliveries across the Midlands from 10 January. The supermarket expects the service to cover half of the UK by the beginning of 2015.

It promises that its online grocery service will "set new standards" for the delivery of fresh food in the UK. It has also previously said the service will be distinctively Morrisons, despite fulfilment through Ocado's distribution systems and customer fulfilment centre.

It aims to differentiate itself through an emphasis on freshness and quality. Services will include a virtual butcher that enables customers to choose how thick their steak should be cut before orders are prepared by trained butchers in Morrisons' manufacturing sites.

An expert review system is being introduced to give customers an assessment of the quality and seasonality of the produce being delivered through a rosette system, while customers will be able to check freshness on the doorstep before accepting their goods.

Delivery is charged in a flat rate system with peak slots charged at £5, standard at £3 and off-peak at £1, while deliveries will be made in a one-hour time slot.

Simon Thompson, Managing Director for Online Food at Morrisons, said: "We have spent a lot of time with customers and that journey doesn't stop here. We would love customers to use the on-site feedback buttons to let us know how we can make our offer even better."

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SOUTH TYNESIDE LAUNCHES FIRST DIGITAL SHOPPING WALL FOR LOCAL RETAILERS

Four South Tyneside retailers have gained a place on the high street through what's thought to be the first digital shopping wall to promote the local community. The wall, in an empty shop in King Street, South Shields, features tea and gift shop Mac 'N Alli, Little Angels, which sells cards and gifts, jewellery company The Finishing Touch, and The Customs House theatre.

Each has their own QR code on the shopping wall, which can be found on the window of an empty shop. When shoppers scan a QR code they're taken to the relevant company's online shop or website.

The digital wall comes from a joint venture between South Tyneside Council and Wiltshire company City Dressing, which specialises in transforming city and town centres using a range of solutions.

"Although we create all kinds of imaginative solutions to transform city centre spaces, this is the first time we've created a digital shopping wall which will link shoppers directly to the internet," said Jeremy Rucker of City Dressing. "We worked with South Tyneside Council to pick four different companies who could benefit from this kind of presence but at present can't afford to take premises on the high street.

"It's a perfect solution for them and one which we believe many other towns and cities will now follow."

Dee Clayton, of Mac 'N Alli, said: "Because we're quite tucked away in Westoe Crown Village and don't really have a budget for advertising, we've had to rely on word of mouth so something like this helps get some attention.

"We're very keen for people to find out who we are and what we're about so we jumped at the chance to be involved."

Cllr Alan Kerr, deputy leader of South Tyneside Council, said the digital wall gave small businesses a higher profile. "The ultimate aim," he said, "is to create enough awareness and to drive enough business to these retailers so that they are able to eventually have a physical presence on the high street."

TABLETS RISE TO 10% OF ETAIL SALES

Tablet commerce will triple this year to reach £4.74bn and take 10.4% of total UK retail ecommerce sales, according to eMarketer's latest forecasts. For the first time, more m-commerce sales will occur on tablets than smartphones, with tablets expected to account for 58% of all retail m-commerce sales in the UK, against a 40.5% share occurring on smartphones.

By 2017, that figure will reach nearly £18bn, to account for over a quarter of all UK retail ecommerce sales.

The tablet is fast becoming a mass-market device in the UK and this year, eMarketer estimates, 20 million people – more than one in three consumers in the UK – will use one.

Retail mcommerce sales via smartphone are expected to continue growing at a double-digit rate through the end of eMarketer's forecast period, but spending levels will lose further ground to tablets quickly. By 2015, tablet mcommerce spending will be more than twice that on smartphones, and by 2017, it will approach three times the amount.

eMarketer predicts robust growth of 18% in overall retail ecommerce sales this year, to £45.4bn, and this growth will continue at double-digit rates for several years to come. With total retail sales remaining all but flat, digital commerce's share of the total will continue to increase.

The share of sales of goods and services via mobile devices is expected to more than double this year to £8.17bn to account for 18% of total UK retail ecommerce sales.

E-VOUCHERS FOR THOMAS PINK

Luxury shirt seller Thomas Pink has gone live with a completely digital voucher issuance and redemption solution from Eagle Eye, launching e-vouchers across its UK, European and US markets in multiple currencies. The solution enables a reduction in production and handling costs, improved insight into usage and redemption and provides an innovative and enhanced customer experience in buying and redeeming vouchers.

The project involves the delivery of a separate website for each of the three geographical regions in the appropriate currency denominations, allowing individuals to purchase digital vouchers online for themselves or as gifts for others. Customers can opt to have unique gift codes delivered via SMS text (UK and Europe) or email (all regions) instantaneously or at a future date (for example to arrive on a birthday or other special occasion).

Vouchers can be paid for via normal card payment methods or PayPal, which is fully integrated into the Eagle Eye platform. Vouchers can be fully or partially redeemed online through the Thomas Pink ecommerce site or in store at the point-of-sale. To provide a consistent customer experience existing unredeemed plastic vouchers have been added to the system so that on redemption customers will get the same enhanced experience.

Nadine Sharara, Head of Ecommerce, Thomas Pink comments: "The launch of our new digital voucher platform is just the first step in moving to a complete omnichannel solution for vouchers and personalised offers that delivers a superior customer experience. We are already seeing cost savings and high adoption rates of digital vouchers across all markets."

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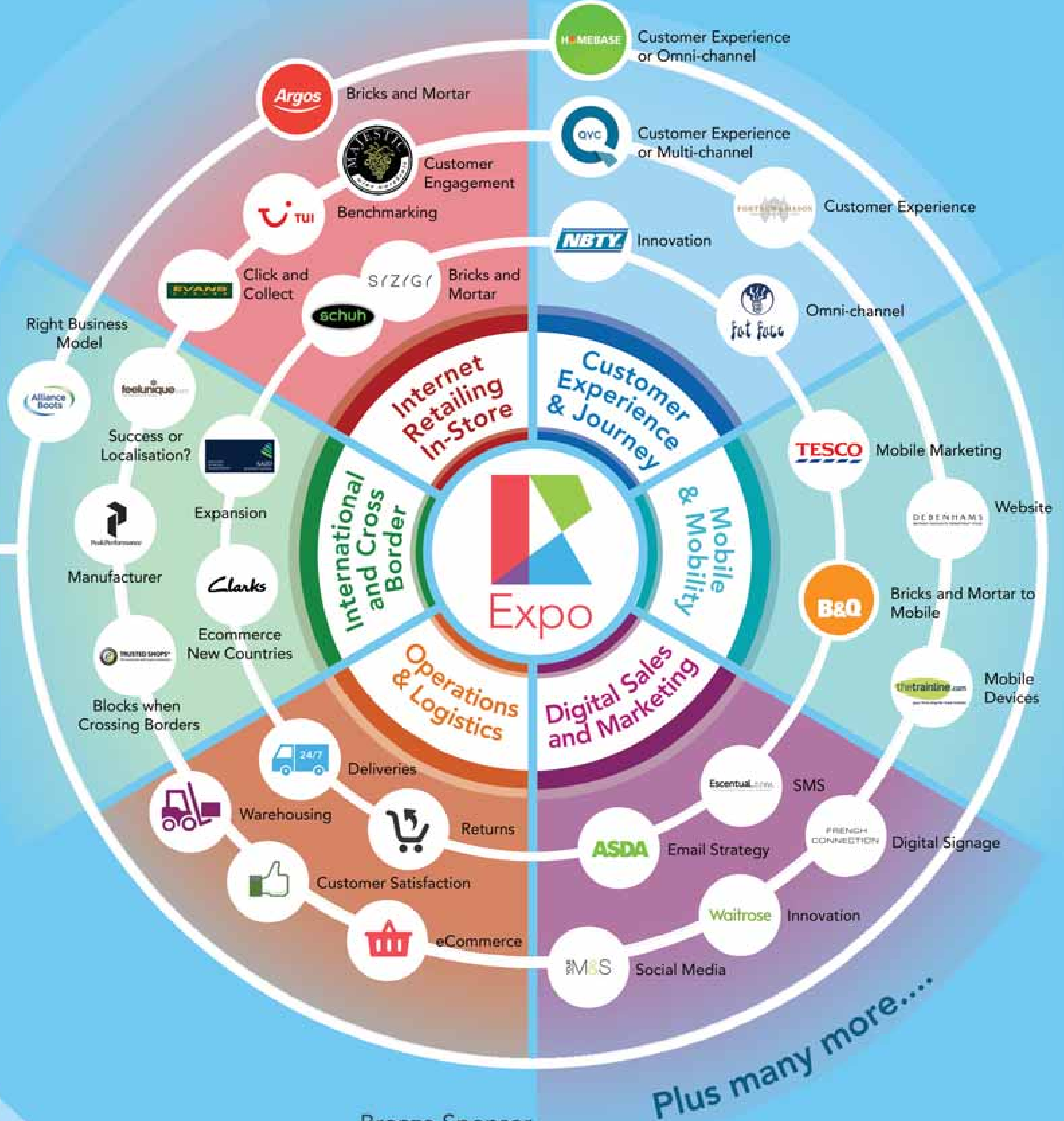
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Asda: Extending convenience

Following Asda's announcement that it plans to increase its online turnover to £3bn over the next five years, *Emma Herrod* spoke to *Kieran Shanahan*, the retailer's Multichannel Operations Director, about web sales and its expansion of Click and Collect.

Click & Collect
Drive Thru
ASDA.com
ASDA
24 hours

MULTICHANNNEL IS vital to Asda and to its customers since, says its Multichannel Operations Director Kieran Shanahan, it's "where our customers want to shop". It brings the best of store and digital together, he explains, and is one of the ways in which the firm is aiming to raise online revenue to £3bn by 2018 from its current level of just over £1bn.

When Asda outlined its priorities for the next five years recently, it was clear that the online business remained at the heart of its growth strategy with plans to increase the number of Click and Collect points from all 572 stores to 1,000 locations.

FIVE-YEAR PLAN

Asda says it wants to build on its position as the UK's leading value retailer and aims to do so by improving its core business, extending its reach and expanding the brand into new markets. Its strategy includes investing £1bn in lowering prices by a significant margin and £250m in increasing quality, style and design. It is also going to open new stores and expand its Click and

Collect service to widen access to the brand from 53% of the UK population to 70%. Click and Collect has already proved to be a win:win service, attracting new customers to its online platform and its stores.

The £1bn it is putting into lowering prices as well as the other investments detailed are being funded by operational savings and by its parent, Walmart's, global buying power. It is all part of the retailer's aim to widen the price gap between it and the other three big supermarkets, thus reinforcing its commitment to deliver 'Every Day Low Prices', while bringing it closer to value discounters, such as Aldi and Lidl, which have prospered in the recession.

Asda has set its sights on breaking into parts of the UK where its market share is low but customer demand is high, with a particular emphasis on London and the South East. "47% of the population don't have access to an Asda store," says Shanahan. Plans include expansion of its supermarket format and growing its number of standalone service stations. It will also continue innovating in its large stores such as building on the George 21 concept and a pilot which will see eight Barclays branches opening in store from early 2014.

CREATING CONVENIENCE

Extending the store estate and increasing footfall is not necessarily the future for Asda. Over the past year, it has been trialling new fulfilment options that mean customer don't have to do pick-ups from a store or wait at home for a delivery. The latest trial, with Transport for London (TfL), is a bid to engage with commuters in its target South East market. Since late November, customers have been able to pick up their grocery order from one of six London Underground car parks. The world-first service means they can order their groceries online before noon and collect them from 4pm at the car parks at East Finchley, Harrow and Wealdstone, High Barnet, Highgate, Stanmore or Epping stations.

The retailer believes that the tie-up with TfL will alleviate the need for commuters to carry produce from premium convenience stores with them on their commute home. Since the produce is being delivered by an Asda van, which will be waiting for commuters at their chosen time, the groceries are kept at a controlled temperature and the driver is on hand to answer questions or assist with transferring bags to the customers' cars.

The TfL pilot is the latest in a series that has been driven by customer feedback and what the company has learnt since starting a grocery order collection service from a 'Drive To' point in the car park of its Queensferry store in late 2011. In the Drive To trial, Asda has tried to deliver a hassle-free experience for customers, with grocery orders taken out to their cars when they arrive. It now operates these collection points at 300 stores, and they're paying back at a level greater than expected for the company and customers; on average the service is saving an Asda ▶

> "Asda customers today value quality, service and choice almost as much as price"

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HISTORY

Founded in the 1960s in Yorkshire, Asda is one of Britain's leading retailers. It has 180,000 Asda colleagues serving customers in 572 stores, including 32 supercentres, 318 superstores, 33 Asda Living stores, 188 supermarkets and 225 service stations. It has 26 depots and seven recycling centres across the UK. Its main office is in Leeds, Yorkshire, and its George clothing division is based in Lutterworth, Leicestershire. More than 18 million people shop at its stores every week and 98% of UK homes are served by www.asda.com. Asda joined Walmart, the world's number one retailer, in 1999.

shopper 40 minutes on their weekly shop. The company also started testing a 'Drive Thru' option in York in 2013 that enables customers to collect both grocery and general merchandise orders.

They can also pick up their grocery order from three Asda service stations – one in Rugby, one opposite its head office at Leeds Bridge and one in Sale, which also has temperature-controlled lockers to test a self-serve option. The service stations include a temperature-controlled area which keeps frozen, refrigerated or dry goods at the optimum temperature. "With Click and Collect we can be where the customer wants us to be," says Shanahan.

> "With Click and Collect we can be where the customer wants us to be"

Grocery collections have also been combined with a non-food collection point at an Asda Living store.

Outside of the Asda store estate, a standalone collection unit has been operating at Green Park Business Park in Reading since late 2012. It has passing traffic of up to half a million people a week and has been performing well, according to Shanahan, with a reported "strong return rate of customers using the service". Trials of other formats and different types of locations have evolved for grocery collection throughout 2013 to include a Park and Ride just outside Nottingham.

Shanahan says he has been impressed by the different Click and Collect trials, particularly the ones at service stations, and how the same-day cut off options have

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ASDA.com
Click & Collect
Order your shopping online and collect from here
Groceries
ASDA direct
George.

Click Collect
www.ASDA.com/groceries
Grocery collection
www.ASDA.com
From our store to your door
www.ASDA.com
EX12 JNZ

been working. “We didn’t expect them to do as well as they have,” he says. “Reading Business Park has done really well and that was a real test for us.”

“The next evolution is targeting busy commuters,” adds Shanahan. But the company will also be exploring other places and formats, such as other transport locations, areas where people spend their leisure time, as well as universities and schools. “Lockers are part of the future as well,” he says.

“London Underground seemed like a prime opportunity for us,” explains Shanahan. He says Asda is delighted with how the trial is going so far as it is generating awareness and lots of interest and that interest is converting into orders. He adds: “Online is a means for customers who don’t live close to a store to access the Asda brand.”

EXPANSION

According to Shanahan, Asda plans to have more than 1,000 Click and Collect locations by 2018, including its existing Click and Collect grocery desks which are being rolled out to all 572 stores and the 300 store car park pick-up locations. But he believes that the company will “go beyond 1,000”. It plans to roll out to all of its stores and then go from there, he explains. “It’ll be led by the customer,” he adds, “since convenience is as important as price for customers when choosing where and how to shop.”

As well as expanding trials – “some aggressively,” according to Shanahan – Asda will be developing or refining those that work best. “We’re keen to see how they work over Christmas,” he says, explaining how the retailer saw a spike in Click and Collect orders in the run-up to Christmas 2012.

The location of the Click and Collect desk in-store and the outdoor locations is vital, says Shanahan, and “not off the beaten track”. He confirms that the “ability to fulfil is also key”.

SPEED

Picking orders in-store is not new to Asda since it has been doing this since it began a home shopping service in 1998. Customers have also been able to collect online purchases from the company’s general merchandise site and George.com fashion site at all of its 572 stores since 2011. In fact, in 2012 the company passed a Click and Collect milestone with more non-food orders collected in store than delivered to customers’ homes: more than 50% of general merchandise orders and more than 70% of George.com orders were collected in store.

Grocery Click and Collect was introduced in 2012. By the end of the year it was available in 100 stores and it’s now offered at 300 locations. As with other retail sectors, Asda has been pushing cut-off times for store collect and delivery of orders since 7% of orders are amended between 10pm and 11pm. Most of its recent Click and Collect points enable customers to order and collect the same day, or like the London Underground trial, order by 1pm and have their order picked in store and delivered to them from 4pm, explains Shanahan.

LONG-TERM PROSPECTS

Speaking at Asda’s third quarter results event in November, CEO and President, Andy Clarke, explained his vision and strategic priorities for the next five years:

“Looking to the longer term, we recognised some time ago that no matter whether the macro economy is slowly improving, everyday finances remain under pressure and our customers have less time. Consequently, they are changing the way they live, budget and shop, to adapt to this new economic reality.”

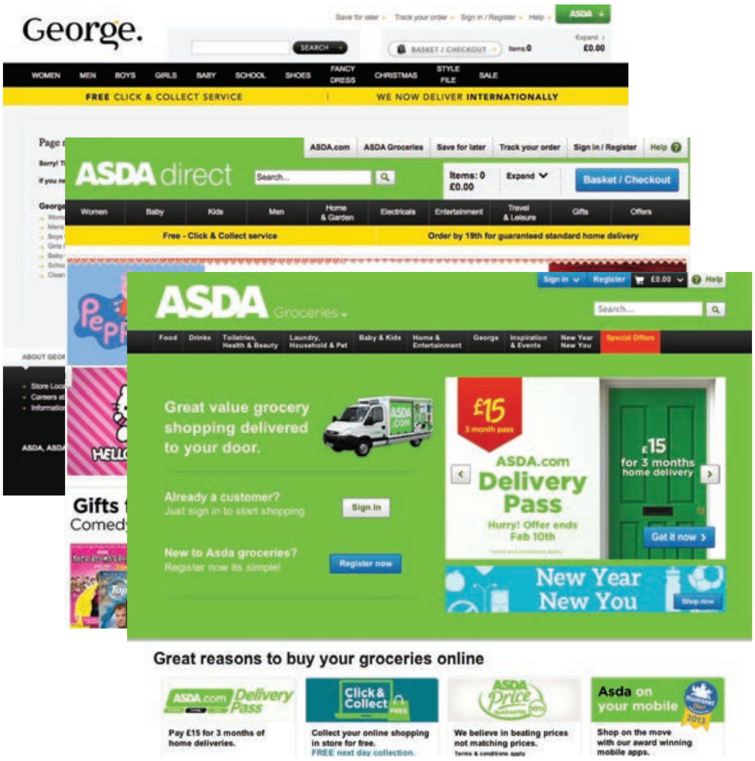
He says that Asda is continuing to push the market on speed of delivery and deadlines, adding that for the firm “extending cut-off times is key”. Same-day collection also completely changes the notion of convenience for online customers, he comments. “We want to extend that to more people and services in 2014.”

INTEGRATION

The front- and back-end technology behind Asda’s Click and Collect service is led by Walmart in the US, although the ▶

Click & Collect
ASDA
24 hours

programme is led by the UK with companies within the Walmart group sharing ideas and knowledge. So will the three sites run by Asda in the UK – fashion, grocery and general merchandise – be integrated in terms of site or fulfilment? “We’re definitely exploring this but we do sell a decent range on the grocery site,” comments Shanahan.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“We’re actively working on integrating and using traffic across all three sites,” he adds, but says that each type of purchase has a different journey. The reality, says Shanahan, is that Asda is led by its customers and what others are doing, but the company is running a couple of trials integrating fulfilment of George, general merchandise and grocery orders.

As to the future, Asda has a big target to hit if it wants to triple its online turnover in 5 years. But the retailer clearly knows what it’s doing, it knows what its customers want and is busy exploring ways to boost convenience and make itself more accessible both to existing customers and new ones. Already, Click & Collect accounts for 5.5% of all home shopping sales and more than 30% of those orders are placed via mobile. Walmart has proved itself a force to be reckoned with in the past and it won’t like the long-term prospect of its UK supermarket chain being knocked off the number two grocery retailer spot by Sainsbury’s, nor the influx of discount supermarkets to the UK market in recent years. So watch out for more innovation, aggressive expansion on the back of trials all the way up to full implementation – and Asda coming to a street/train station/university/car park near you, some time soon.

TUI
UK & Ireland

Internet Retailing
Expo 26 - 27 March 2014 NEC, Birmingham

Doug Glenwright, General Manager, Retail Transformation, Tui Travel, is speaking at the Internet Retailing Expo (IRX) in March. Ahead of the event he spoke to Internet Retailing about the company’s new digital stores, the challenges and what delegates will learn from his presentation.

What is the reasoning behind the new digital stores?

Tui recognised that the service in its Thomson and First Choice shops on the high street needed to modernise with the changing retail landscape and customers’ multichannel behaviours. “We had to make sure that we stay relevant on the high street, that our presence represents the brand and lets people book however they want to,” says Doug Glenwright.

How joined up is the digital store with the online channel?

Glenwright makes it clear that the retailer didn’t want to just deliver a webshop on the high street but an experience that maximises the digital content that’s available to customers online but in a way that’s engaging and exciting as well as capitalising on service and its store staff. There is no pricing on the interactive elements in store since Tui wants customers to be inspired and be able to communicate their dream holiday to staff. “The website is brilliant if you know what you want,” says Glenwright but by visiting a shop customers can see the content filtered in different ways and get help from store staff if required.

What challenges did the implementation bring up?

The new store at Bluewater Shopping Centre is a “learning process” for Tui; a way to gain an understanding of how customers and staff are using technology. “Technology needs to be useful for customers and staff and easy to use,” says Glenwright. “It needs to surprise and delight,” and the end result is to give customers something that they wouldn’t get elsewhere. “It needs to add value to our shops,” he says.

Any learnings you can share now and what are you expecting to be able to share with delegates at IRX?

The Bluewater store has been open for 2 months and this has been followed by the refurbishment of a smaller store in Liverpool and a new store opening in Bristol. Because of size constraints within the smaller stores, the interactive table as used in Bluewater has been replaced by a tablet version and they don’t have an immersive screen in the window. This means that the cost outlay is lower but as Glenwright comments “we don’t want to limit the experience”.

The learnings are much more than a technology issue and more around staff behaviour and making customers feel at liberty to explore freely and interact with the technology. The training piece and recruitment therefore become important. “I’ll be able to share an holistic view of the project with delegates,” at IRX says Glenwright who promises to be completely honest about the project from conception through launch and learnings; including robustness and user testing as well as inducting new staff, changing existing behaviours and the resulting staff and customer experience and feedback.

Who or what are you looking forward to hearing or seeing at IRX?

Glenwright is excited about attending the Internet Retailing Expo for the first time this year citing the impressive breadth of future-looking case studies and omnichannel presentations. “Our design is as good as anyone else’s but we need to be continually developing and not rest on our laurels. Hopefully speakers at IRX will help highlight a lot that can be done.”

Doug Glenwright is speaking in the Internet Retailing In Store conference at the Internet Retailing Expo on Wednesday 26 March. See the programme for more details and register at www.internetretailigexpo.com

What’s next in commerce?

Wilfried Beeck, **CEO of ePages, shares some of the findings of the recent Next in Commerce research project that investigated the trends that will shake the industry in 2014.**

IF THE customer is king and demands a new shopping experience to the past, the retail industry is forced to react. Adopting consumer-oriented innovations is far better than watching unsatisfied buyers moving away. But what are the options, practically speaking?

Companies will have to evolve to omni-channel vendors, one of the trends which is identified by the Next in Commerce project. Understanding the customer journey is the basis. More and more customers begin searching product details on a desktop device, refine the results on the go via smartphone before they convince themselves in the brick and mortar shop, and then finally check out and pay at home, on a tablet for example. That means, they want to easily switch between channels and buy anywhere, but do not want to trigger channel conflicts.

SEAMLESS SHOPPING EXPERIENCE AND PRICE TRANSPARENCY

An idea for a seamless consumer experience that avoids unfaithful customers comes from SapientNitro. Their Connected Retail system has enabled a sportswear store to give online advice when buyers visit the shop’s website at home and includes a feature to make an appointment at the store. After confirming the appointment via a mobile app, customers can visit the store and continue receiving help from a virtual assistant they already know from their online research.

However, the permanent availability of price comparison portals on smartphones remains a problem when customers browse through brick and mortar shops. Local competitors with an online branch and pure-play online companies are able to hijack sales with aggressive mobile strategies. Of those using their mobile when shopping in a store, 70% do so to look for a better price elsewhere, says Tradedoubler. Often enough the mobile comparison leads to purchases at rival retailers or in online shops via desktop or mobile, rather than in the store in question.

Companies such as toy retailer Toys’R’Us are facing strong mobile competition by promoting price transparency. To prove that they can match the prices of their online competitors, Toys’R’Us wants to display the prices of their eleven biggest online competitors – including Walmart and BestBuy – next to products in their stores. When paying at the cash desk, customers pay the cheapest price available online. The downside is, by developing similar methods retailers are in danger of entering into a price war which is very hard to win.

> “Mastering your target groups’ higher pace of life is essential for protecting and growing revenues”

SPEED RETAIL ACCELERATES BUYING DECISIONS

Another trend which is worth a look is speed retail. Mastering your target groups’ higher pace of life is essential for protecting and growing revenues. The challenge is to simplify purchasing processes, reduce the complexity of endless product portfolios and simultaneously speed up customers’ buying decisions.

To reach these goals Daring Software’s application Arro, for example, reduces portfolios with thousands of products to a top-5 list based on an analysis of all accessible online product data and ratings. PeeqPeeq is an app which extracts a digital shopping catalogue from all promotional emails that can be found in a user's inbox. This gives users the opportunity to check out the deals on their smartphone or tablet at a more convenient time.

Companies have to install fast communication processes and response options to take advantage of speed retail. Through alerts, set up by consumers, buying processes can even start at unexpected moments. Pinterest, for example, has integrated a feature that notifies users by email when the price of a pinned product falls. Through easy feedback possibilities even insurance products can become available on the go. Deutsche Telekom, the German telco company, launched an app portal called SureNow that enables people to use their smartphones to take out short-term insurance policies with a minimum validity of 24 hours. The first deals addressed skiers and snowboarders, and covered risks such as damage and theft of equipment or the rescue costs after a possible accident.

NEW TECHNOLOGIES FOR LOGISTICS AND RETURNS PROCESSES

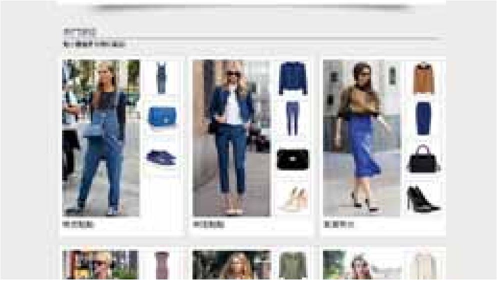
While consumers enter into new shopping worlds, retailers keep on revolutionising their processes through innovations for their logistics and returns processes. Products are being delivered to customers faster and faster, guaranteed undamaged and within a fixed time frame.

In the UK, Cambridge Consultants has developed a cost-effective sensor system called DropTag in combination with a mobile app. A sensor mounted on the packet detects whether or not a package has been damaged during shipping. The sensor can be integrated in all stages of the logistics chain and sends real-time information on the condition of the package. A graph on the smartphone informs users if their package has been shaken or even dropped during the delivery process.

Despite all progresses in logistics, returns will remain a challenge for retailers. In the future, avoiding returns already starts with the product presentation. With the use of webcams or live images from showrooms, companies help customers to find perfectly fitting products. The German home furnishings retailer Butlers has opened up a showroom that offers guided tours and personal online assistance via a webcam. Virtusize enables online shoppers to find the right sizes. Unlike services with standardised robots, Virtusize allows customers to type in the size of clothes they already own or to choose an item they have from a database. With ASOS, Virtusize already has a strong partner from the UK.

SNAP SHOTS AS AN ENTRY POINT FOR SHOPPING TOURS

Visual commerce is a trend that definitely makes retail more emotional. Images serve to reduce the complexity in an information-overloaded world and become an easily accessible source of inspiration for shopping tours. Smartphones with cameras, in combination with smart image recognition software, will soon form the basis for this new form of image-based digital commerce.



An example is the platform O SHa'Re. The technology behind it allows many of the individual objects in any uploaded photo to be recognised. This enables people to look for and find clothes that can be seen in a snap shot. All online merchants need to do is open their shops for image-based search queries by implementing special interfaces for visual commerce to serve customer demands quickly.

These are just a snapshot of some of the 80 solutions from around the world, identified by ePages and its project partners Hamburg@work and TrendONE. Aiming to demonstrate how simple, emotional and efficient shopping will become, the Next In Commerce project identified ten areas including Speed Retail, Bricks & Clicks, Visual Commerce and Data Based Business.

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Retail review

RETAIL LEADERBOARD

John Lewis	83/100
Argos	75/100
IKEA	75/100
Oasis	66/100
Majestic Wine	56/100
J Crew	50/100

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

RETAIL STRATEGY 10/25
EMMA ROBERTSON, MANAGING DIRECTOR, TRANSFORM

J. Crew's launch strategy and store openings in the UK have clearly been thought through and executed very deliberately. However it is arguably a missed opportunity to not reinvigorate the digital experience in-line with the retail store openings, and create a point of differentiation online from other US retailers such as Macys and Bloomingdales who have a UK shipping option with no physical presence. In its current incarnation the digital experience for J. Crew is of a remote not local retailer. Unfortunately for J. Crew, the attention the website has attracted is in the differential pricing across the UK & US sites.

However, J. Crew is an innovative brand, and in the US market uses digital creatively and extensively. The launch of the stores in London has been exciting and innovative and I look forward to seeing the same from J. Crew in the digital space.

WEB EFFECTIVENESS 17/25
EDWARD CHANDLER, USER EXPERIENCE CONSULTANT, USER VISION

The J. Crew site has a nice feel and the design stands out as one that has been carefully considered to help enhance the customer experience. The navigation and product selection is visually appealing and effective in execution. However, the 'quick-shop' feature seems less-useful and creates some issues in both the customer journey and confirmation of selecting items. There is a degree of interaction with social media, but the site does not seem to have fully embraced the benefits of using social proof throughout the site. Checkout is clean and the inclusion of guest checkout and paying with PayPal make this smooth and painless. And finally, some minor accessibility issues may mean that the experience is less effective for those customers relying on screenreader technology to help them use the site.

J.CREW
J.CREW

MOBILE 15/25
ROB THURNER, FOUNDING PARTNER, BURNER MOBILE

J.Crew has a fascinating in-store offer, excellent product range and an innovative approach to its marketing. Despite the effectiveness of its social and search activity in driving online traffic, the design and navigation of its sites fall short of the brand promise and the in-store experience. This is not major surgery but will become increasingly important as competing retailers up the ante with their mobile and tablet sites in 2014.

INTERNET RETAILING IN STORE 8/25
REETA JUNANKAR, CONSULTING MANAGER, JAVELIN GROUP

Seeing as the Regent Street area is so competitive with in-store propositions such as Burberry, Zara and Topshop – J.Crew does not currently offer a standout or highly competitive proposition in terms of multichannel or digital in-store. The offer is currently limited to a few iPads in store (behind the tills) that sales assistants can use to check stock or help customers order from the website. UK high-street staples like click & collect, returns to store and mobile are not yet present, but that said it is early days, and over time we would hope that J. Crew can start to recreate the multichannel infrastructure and joined up proposition that they enjoy in the USA.

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Returning the results

Returns have long been the poor relation of retailing yet dealing with them more efficiently can increase sales opportunities and the bottom line. Research Editor *Liz Morrell* **reveals** the results of Internet Retailing's latest research.

RETURN
TO SENDER

FOR OUR second research report into returns we aimed to look at the current challenges retailers face, how big their returns rates are, and how they are already handling returns or plans that they have to better manage them. We surveyed more than 100 retailers to find out their views.

The results showed that unsurprisingly returns are still a huge problem for retailers. One in five retailers expected returns rates to be higher in the run up to Christmas. However nearly half (49%) of respondents said they expected there to be little change in the number of returns this Christmas compared to last Christmas.

Over the year however, it was a slightly different story with 42% of retailers saying that their returns rates had risen over the year and only 7% saying they had gone into decline.

Retailers realise that to maximise customer goodwill, and as general good practice, they have to improve their returns experience for customers and more than half (57%) were doing this by providing multiple ways in which customers could return goods other than returning by post.

Of these, the most popular option, unsurprisingly, remains return to store – which 56% of retailers had as one of their return options. Collect from home returns was offered by 42% of retailers but the research also showed that third party returns were also growing – with nearly a third (31%) having this as one of their options. Only 1% of retailers had drop-off lockers as a returns option.

For most retailers, returning via the post office accounted for the biggest percentage of returns with more than two thirds of customers (68%) returning goods in this way.

Of course, our original question about whether retailers were making it easier for customers to return products – with a wider array of returns options – showed that 43% of retailers weren't making it easier for customers. When asked why not, just over a third (35%) said they were planning to in the future with a fairly even split between those who were considering a greater array of returns options in the next six to twelve months and those who were considering it on a longer term basis. However, perhaps rather surprisingly a third said they were not looking to do anything beyond store or postal returns because it was either not a priority for their business or was too complicated. For some the reasoning was around cost – with other methods too expensive for their business model. For others, it was trying to limit returns in the first place. "We want people to get it right first time so give as much information as possible to ensure they have ordered correctly. Processing returns is costly and a hassle," said one respondent.

Others were simply happy with what they had: "We feel that the returns process we use is adequate and have received no complaints about it," said another.

COMPLEXITIES & CHALLENGES

Although shoppers have long been used to buying and returning goods through store networks the complexities of a customer buying online but returning instore is a challenge that often neither retailer, nor shopfloor staff particularly embrace since it introduces complexities for both. However this has to change if retailers are to make the returns process more efficient and get stock back on sale faster – maximising profits as a result. The challenge is that this relies largely on having a single customer view – since store staff can then easily see all interactions with the retailer that a customer has had whatever channel they have bought through.

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The survey encouragingly showed that nearly a third (31%) had managed this but that nearly a quarter (24%) were still trying to manage the complexities and challenges associated with customers returning to store when they had bought online.

Shoppers are increasingly used to click and collect for getting goods but how about drop and return for when they are sending goods back? We asked retailers if they had seen the same rise in drop and return as click and collect. The survey showed that for a third of retailers it remained minimal but for just over a quarter (26%) it was rising.

The challenge around returns has long been how to pay for it. In our survey nearly a third of retailers (31%) offered free returns on all their sales. And it's no surprise since encouraging returns can be a great brand builder since it builds both trust in the brand for new customers and encourages larger basket sizes since people can over order and return what they don't want. However that causes its own problems. Although over a third of retailers said free returns were good for building trust and basket size they varied in how happy they were to offer them and some retailers were considering reducing or phasing them out completely.

There are many problems a retailer has to deal with when challenged by returns: from sustainability to storage capability to timing of turning goods around for resale – and refund to the customer and all fast enough. However, the survey showed that the biggest problem remains maximising asset recovery with this cited as the biggest challenge for a massive half of all the retailers surveyed.

Getting the sale right in the first place is critical to minimising returns and the survey showed that this was still the main driver for the majority of returns with poor fit and a failure to meet customer expectations the problem for 46% and 47% of retailers respectively.

> “43% of retailers tracked returns and capture the data but don't use or analyse the information”

The survey showed that retailers were looking at a number of ways to combat such problems – such as increasing the amount and quality of information onsite to looking at third party tools that can help.

There is more that can be done. The survey showed that nearly half of retailers (43%) tracked returns and captured the data they received but didn't use or analyse the information – meaning they are potentially missing out on big learnings to improve their business.

Instead retailers are trying to make the most of the products they get back – with almost 40% reworking and refurbishing product to sell on. However, rather shockingly, 58% said they didn't track what was being done with product that was being returned but that couldn't be resold. The survey also showed that many retailers were missing a trick with learning from their customers too – since 43% of retailers don't capture feedback from customers on their experiences when returning goods.

Retailers were also rather lax when making use of customer reviews too. Although 57% of retailers surveyed rated online reviews an important source of feedback and 53% rated them as very important for measuring customer satisfaction only just over half (51%) cited monitoring reviews written about their company as being very important.

The facts and our figures from the survey of retailers make interesting reading and there will be lots more insight in our Returns Research Report which will be published in February as well as our live event on 1 February where you will hear a short summary presentation of the report as well as presentations from the report's sponsors Trustpilot, Hermes, iForce and Clear Returns. See http://internetretailing.net/events/ for further details. We look forward to seeing you there.

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All change in B2B

B2B businesses are beginning to explore the possibilities of digitally enabled business. What will this mean for manufacturers, suppliers, retailers and consumers? *Jonathan Wright* introduces our latest Research Report.

IS B&Q a B2C or a B2B retailer? To judge by the advertisements that crop up during *Grand Designs* or *Location, Location, Location*, it's a DIY behemoth targeting those who want to posh up a bathroom or a bedroom at an affordable price. Yet, through its TradePoint scheme, which offers building contractors perks such as cheaper prices, special counters that are open early to late and expert services, it also operates in the B2B sector.

This is just one example of how, in the digital age, the B2B and B2C sectors are blurring. To take another example from the DIY sector, a company such as Johnstones Paints often offers trade-style discounts to regular customers who may not work in the trade but are decorating their own homes. Then there are the luxury brands that routinely sell direct to consumers via the web, as well as supplying retailers and selling via company-branded outlets and concessions. Some of these luxury brands, it might be added, came late to direct selling and so are focusing on tablet devices, because that's what their consumers use to shop rather than PCs or laptops.

It's a changing landscape that's throwing up new opportunities, new challenges and, perhaps most importantly, new ways of doing business for both B2B and B2C companies. For this reason, the next Research Report from *Internet Retailing* will focus squarely on the B2B sector.

> “B2B and B2C companies need to think deeply about how they do business”

BACK TO FRONT

At the core of the report lies the idea that an activity once considered to be part of back-office activity – that is, the sourcing of products and the whole business of getting goods from suppliers to customers, whether directly or via stores – is now a key consideration in the emerging world of omnichannel.

This is having profound effects on the way the supply chain functions. Think of something as 'simple' as product photography. In a bricks-and-mortar store, it's possible to put an item on display. It doesn't matter that, say, a small and specialist supplier may not have the marketing budget to pay for high-quality images because consumers can see and touch the company's wares.

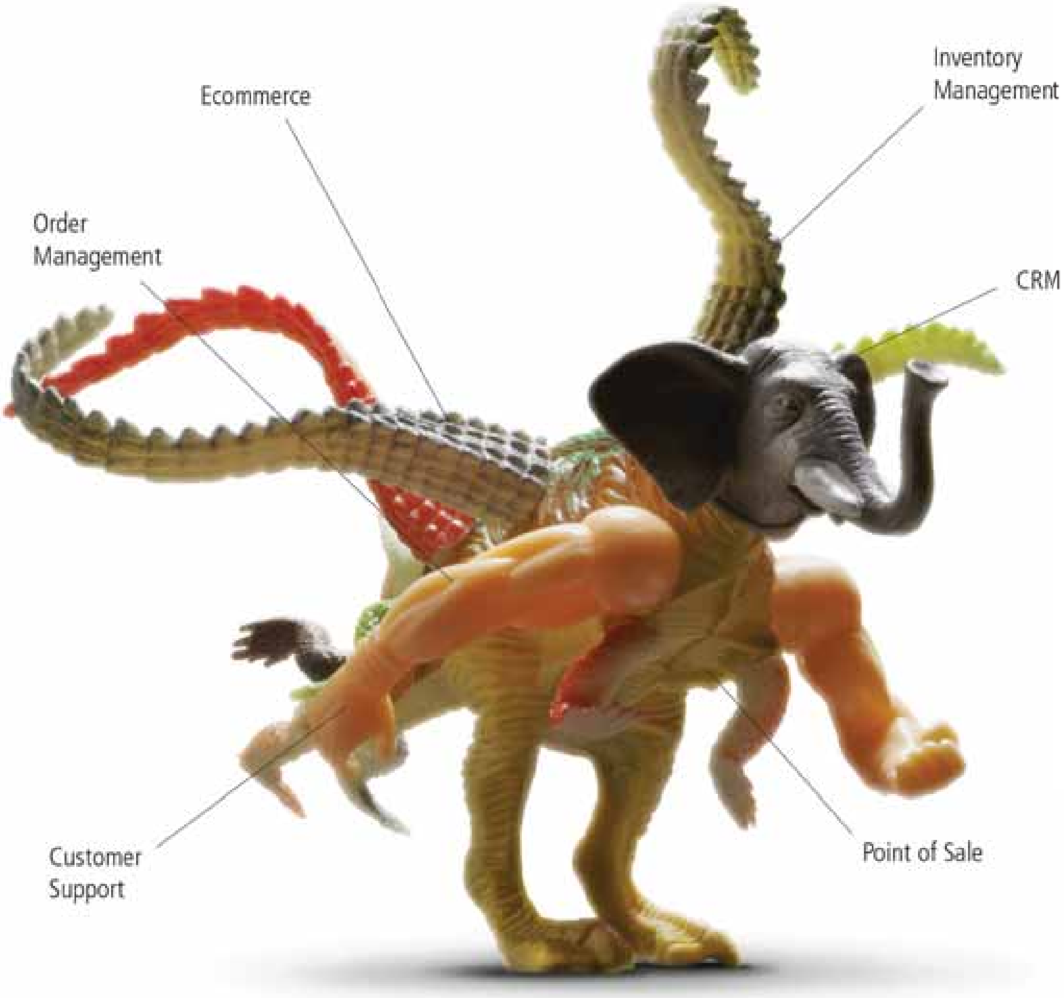
But as soon as this becomes a digital transaction, photography becomes a key consideration. It doesn't matter how good the product is if it looks shabby because of poor imagery. Supplier and retailer may need to work together to ensure this doesn't occur. Plus the supplier may conclude that, if it's got to pay for better imagery anyway, why not use that imagery to help it sell direct too? Solving a 'simple' problem, supplier and retailer move to competitors who also cooperate.

The wider point here is that such scenarios will become increasingly commonplace. This means senior executives in both B2B and B2C companies need to think deeply about how they do business, and be prepared to adapt to a fluid, rapidly changing marketplace. If that sounds daunting, it's because it is, and the specific challenges that face different companies will vary according to such factors as the digital maturity of different sectors and consumer behaviour.

However, certain themes and key questions will recur. In particular, the world of omnichannel is one where transparency trumps all. Already, consumers routinely check prices across different websites. That doesn't mean they necessarily buy at the lowest price, although this is a key consideration, it means they're checking out the offering of different companies. In doing so, they're balancing such factors as, yes, price but also the reputation of different retailers; whether there's an extended warranty as John Lewis routinely offers; and, if they're 'showrooming', weighing up such factors against the convenience of just buying an item because they're in the shop – possibly at a discount after pointing out the item is available cheaper elsewhere.

Now imagine this kind of behaviour extended down the supply chain, because that's what's already happening. Any B2B company focusing its energies on a hugely detailed trade catalogue in such an environment while neglecting the digital ▶

IF YOU'RE RUNNING SIX SEPARATE SYSTEMS, IT'S GOING TO GET UGLY.



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realm is, at the very least, missing a trick and possibly about to hit real problems.

NEW MODELS

But while acknowledging that each and every company always faces its own unique set of problems, the report will also look in detail at key concepts that cut across different sectors and markets. As well as B2B and B2C, this will mean considering such concepts as:

- B2B2C: the idea that brands maintain contact with consumers through the transaction. This will often involve suppliers partnering with service businesses or solution providers and using digital channels.

- B2SME: developing specialist business models such as targeting different sectors, for example, TradePoint or the way Staples tailors its offering differently to small firms buying office supplies and individual consumers.

- BfromB: closer integration between suppliers and retailers through the supply chain in arrangements that help both to grow.

PRACTICAL ADVICE

As well as offering a strategic oversight of how the B2B and B2C sectors will evolve in conjunction with each other in the years ahead, the report will offer insight from companies sharing hard-earned expertise on practical issues:

- How to help consumers who wish to connect more directly with suppliers and manufacturers.

- Approaches to the inevitable tension between cooperation and competition as retailers, wholesalers, brands and manufacturers all chase sales – is it possible to manage relationships here in ways that grow the overall sales pie and benefit different parties?

- How to manage and improve the day-to-day working relationship between suppliers and retailers.

- What can the B2B sector learn from the B2C sector – and vice versa?

- What are the most urgent challenges facing B2B businesses?

> “The world of omnichannel is one where transparency trumps all”

PARTNERS

Internet Retailing’s partners in this research report are:

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IN CONCLUSION

A summary of the results will be published as a two-page article in a future issue of *Internet Retailing* and a standalone Research Report on B2B will be available to download from the *Internet Retailing* website. The report launch will be followed with a dedicated B2B briefing in the spring. If you want to contribute to the research report, please email jonathan@internetretailing.net.

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Re-foundationing

Tweaking urges arrive each January, but Ian Jindal wonders whether 2014 is more than a year of improvement - might we need to undertake more radical structural work this year?

JANUARY IS typically the time to commit to change and improvement. For multichannel professionals (for whom test-measure-optimise is a way of life) there is the business-as-usual angle to this. New Year's resolutions are simply a modest extension of the test and optimise cycle.

The last couple of years have been focused upon consolidation and delivery of the promises of new channels and technology from previous years. Indeed, one could say that there's nothing much 'new' at all happening in our industry. No whizzy developments, no radical shifts in perspective. Google Glass in stores? Yeah, fine: just like mobile, so we 'get it'. More phablets or other devices? Bring them on - we're responsive in our design and approach. M/e/i-Pos? Sure - we know how to train our staff. We have been focused on the 'need to implement', but it's in the logical extension of scale, commerce and implementation that I see the biggest change signalled.

Hitherto, much of our multichannel development has been 'bolt-on', or parallel development. Ecommerce platforms initially stood alone from our core retail systems. A feed here and there; orders piped into existing systems; battles over stock reservation. While ecommerce revenues were marginal it was a nice-to-have, with limited additional investment, minimal staff and a general air of 'easy, free revenue'.

Improved approaches have meant that tighter integrations have become the norm, but we still too often hand our customers a bag of spanners and leave them to resolve our channel challenges! Truly integrating the business capabilities requires more radical investment and approaches than a series of improved bolt-ons.

John Lewis has always focused on the customer, product selection and knowledge and had an early start in ecommerce with their acquisition in 2001 of Buy.com. Run as a division the growth was attractive, but a few years ago John Lewis merged the operation into the main business. While there's still an ecommerce team focusing upon the craft of digital retailing, they can genuinely claim to have transformed all of their staff into multichannel retailers. Furthermore, early experiments with click and collect appeared to be 60% staff goodwill, 30% paper checklists and 10% systems. Learnings from these committed tests informed the later, wholesale revamping of their systems - and not just 'web add-ons', but their underlying business and retail systems.

Marks and Spencer also see that the future of customer-focused retail means that we cannot expect the customer to navigate our silos and must instead ruthlessly 'bend' our operations to wrap around the customer, while engaging the capabilities of the whole business. Their multichannel framework programme – reputed to be the largest systems project in the retail world at present – will update major systems (from warehousing to web, order management to in-store) and draw all of their staff into the multichannel retail mindset.

These changes are more than 'bolt on' or new channels: they reflect a root-and-branch commitment to renewing the way we envision, deliver and support modern retail. This represents the most significant change to retail operations in more than a generation, and this is why we're terming it a 're-foundation'. Rebuilding complex enterprises is no trivial matter, and to borrow Neurath's analogy, we are 'like sailors who on the open sea must reconstruct their ship but are never able to start again from the bottom'. In 2014, more and more of the leading retailers will be attempting this challenge of maintaining growth and customer experience at scale, while also restructuring, reinvesting and renewing. Performing open heart surgery on oneself while running a marathon.

We will be taking this 're-foundationing' (with all of its implications on people, process and technology) as our theme of the year, culminating in our ninth Annual Conference in October.

Multichannel professionals, while lacking a flashy New Thing (promising cake tomorrow), have the excitement of working cross-functionally with committed colleagues to deliver evermore-completely our brands' proposition to customers at scale and at profit. Never more involved at the heart of retail, this is a rewarding and stimulating time in which to be in our wonderful industry, and we wish every continued success to all of our readers through 2014.

Providing the Impulse

Most consumers rate shopping as a leisure activity, but it is one that they are increasingly combining with others such as watching TV or reading a magazine. *Emma Herrod* investigates how brands and retailers are turning impulse moments into retail opportunities.

CELEBRITY ENDORSEMENTS must be a fashion retailer's dream: Alexa Chung or David Beckham on Instagram; a Kate Middleton moment for Warehouse; or Gary Barlow wearing one of Marks & Spencer's Best of British suits on X Factor.

In the body deodorant advert in which 'Men can't help acting on Impulse' there's always an attentive flower seller nearby ready to capture that Impulse moment and sell the admirer a bunch of flowers. Are retailers, consumers and technology ready though to capture the impulse moment online and turn down-time or leisure activities into a retail opportunity?

IN PRINT

Supermarket and non-food retailers' magazines have been transformed from print publications into interactive selling platforms with the addition of QR codes, hot spots, videos and augmented reality accessible online and via smartphones and apps. This lucrative industry has grown up around corporate publishing with technology, retailing and editorial expertise coming together to turn every page flick into a retailing opportunity.

Online, of course, offers a smooth transition from content to retail with a swipe of a finger on an iPad or a click of a mouse, enabling items seen on a digital page to be added to a shopping basket. The BBC's Good Food magazine, for example, includes links to Asda, Tesco, Ocado and mysupermarket.com on its recipe pages so the reader can easily add the ingredients for each recipe to their preferred shopping basket.

From the publishing world, Grazia magazine – which is known for its 'Who, What, Wear' editorial focus – has enabled its digital readers to shop the magazine as they read their weekly edition on their tablet or smartphone. The digital version contains all of the editorial content seen in the print magazine with an additional shopping facility, enabling users to shop in-app, share via social channels and save to a cross-edition wish-list. All of the editorial and product content is driven by the Pugpig reader and a CMS system with links to the 200 or so products available to shop in each issue supplied by affiliate site, ShopStyle.

On top of the additional revenue from sales, the Grazia team has been able to offer a new and diverse range of advertising options to its brands, ranging from sponsored links to product placements, tenancy deals and bespoke interactive pages.

"Grazia has a reputation for being bold, brave and innovative," says Victoria Harper, Special Projects Director at Grazia and its publisher, Bauer Media. "We always had a vision for a magazine app that was more than just a simple PDF page turner."

FAT SHAMING
INSIDE... SHOP DIRECT FROM THE PAGE!

The decision to build a new iPhone app followed the launch of Grazia's award-winning apps for iPad and Blackberry devices, both of which have been a resounding success with its readership, regularly attracting five-star feedback.

SOCIAL MEDIA

Shoppers don't have to wait for journalists to write up a story about what the latest celebrity is wearing since social media enables everyone to be a journalist or blogger on the street. They can share images, quotes and tweets of who, what, where (and wear) they see celebrities – and many celebrities are even happy to share selfies.

For retailers, the challenge is to be able to react quickly to these celebrity endorsements, enabling the resulting rush of fans to find and purchase that must-have dress, skirt, suit or perfume.

TWITTER-LED ADVERTISING

Car manufacturer Mercedes harnessed the dual-screen trend for the world's first Twitter-led TV advert when it wanted to launched its A-class series to a younger, X Factor-viewing audience. Using Twitter, viewers decided the action of a real-time story told over three adverts aired during the X Factor. It was a pioneering move that produced staggering results, explains Brewe; two months after the launch, the A-Class represented 6.2% of the total hatchback market, brochure requests soared by 140% after the campaign and 77,000 leads were generated overall. Crucially, the average age of people enquiring about the A-Class was ten years younger than the average for Mercedes-Benz as a whole.

"Retailers and retail systems have to move as fast as social media," says Darryl Adie, Managing Director of ecommerce agency Ampersand Commerce. He explains how "it all comes down to systems" and how quickly a product can be placed prominently on the home page, personalised via location, if necessary, and stock re-ordered. Retailers have systems and processes in place for promoting products, but in these situations they need the agility either to break that chain or have it set up to be able to move faster, adds Adie. Some, for example, will have automated systems that promote products based on popularity so the item will rise to a prominent position if lots of people search for it.

Away from the unexpected endorsement, social media also enables retailers to create impulse moments for shoppers. Campaigns around events such as London Fashion Week can be created in advance with the home page and product positioning all set up in advance to 'react' to shoppers who are driven by impulse from other channels at the time of the event.

Retailer Ann Summers, for example, made sure it was ready to dominate and add value to social conversations around a Channel 4 documentary on sex toys. "Smart brands can gauge, create or predict the things that their consumers will be interested in so be able to be relevant to the social conversation," says Mark Iremonger, Chief Strategy Office of digital marketing agency iCrossing. "To succeed in social, brands need to have a point of view but also understand their customers, and be useful or able to entertain them."

He explains how brands and retailers need to co-ordinate and connect activity across all of their paid for (search/advert), earned (social discussion) and owned media (ecommerce site, Facebook page) in order to maximise the opportunities.

"You have to understand your consumers and start the conversation with relevancy and authenticity," says Isla Kirby, Creative Strategist at Savvy Marketing. Essentially, If you want to connect to fans – be they sports fans or passionate viewers of the final of X Factor – you need to come across in a way that's just as passionate.

TV – ADVERTISING, INTERACTION, DIRECT PATH TO PURCHASE

One area that has made great strides in engaging consumers during their leisure time is television. Whereas TV advertising used to be a one-way broadcast, technology is enabling interaction directly with the brand, other fans and even in the direction that adverts take creatively.

The internet, social media and mobile apps, such as Zeebox and Shazam, are enabling viewers to get closer to their favourite programmes, interact with other viewers and the programme itself, and allow sponsors and advertisers to engage. "Smart brands are pushing interaction," says Kristin Brewe, Director of Marketing & Communications, IAB UK. This is resulting in deeper analytics; viewers tweeting about an advert shows that brand messaging is right; second screening (using a mobile phone or tablet while also watching TV) is driving web visits for further information, viewers booking test drives, competition entries and direct sales.

Zeebox, for example, which offers viewers links relevant to the TV programme they are watching along with tweets via its mobile phone app, is able to deep dive into the analytics of user engagement and help brands find other places where they can reach the same consumers and where their interests overlap, such as which Strictly viewers also watch Britain's Got Talent.

Talent and reality shows with their large audiences and ongoing stories are ideal opportunities through which brand sponsors and advertisers can fully engage with potential customers. Brewe says that consumers "want to see advertising that's right for me". As long as the balance and tone are right they don't mind being sold to. Indeed, the majority of consumers rank shopping as a leisure activity, 50% of young people say they shop when they are bored and over half of the adult population watches television while also using their smartphone or tablet; 81% of tablet owners multi-task while watching TV, according to Ofcom.

Immersive, interactive experiences are the way forward for advertising and television. ▶

> "Retailers and retail systems have to move as fast as social media"

You just need to watch an episode of the X Factor to see how viewers can be engaged in an immersive experience that lasts all week, through the media, interactively through social channels and commercially through voting, competitions and music downloads.

"Brands are willing to invest a lot of money in a very intensive experience," says Max Bleyleben, COO & Head of Business Development, Zeebox. Those brands are wanting the second screen to deliver a meaningful engagement with TV audiences. A small number of the most engaged, most vocal viewers, who will remember the brand after the time of engagement, is preferable to a mass blanket of a display ad, he believes.

YOU HUM IT

"Engagement happens on many levels," comments Miles Lewis, VP for EMEA and APAC Sales, Shazam, and music is just one of them. In the UK, at least 8 out of 10 adverts use commercial music that can be tagged with Shazam and purchased. For example, the music from 2013's John Lewis Christmas advert was tagged 31,000 times in the first weekend after its launch broadcast.

Add a Shazam logo to an advert and this can be tagged to link second screeners to further content, to book a test drive or as a direct path to purchase. The same is true with TV programme content, whether it's being watched at the time of original broadcast or at a later date. In fact, 80-85% of all TV programming is still viewed live, according to Bleyleben. The biggest audiences for TV – and correspondingly for Zeebox – are sporting events, and reality and talent shows, which are generally watched live, he explains.

Zeebox is not used by brands in isolation, though, and is generally being used to extend their reach as part of a wider campaign combining TV programme sponsorship and other marketing channels. One such campaign was Amex's sponsorship of US reality show 'Life After Top Chef' on the Bravo network. Through the Zeebox app, viewers could discover more information about the programme and the chefs, be vocal socially and interact, as well as access ecommerce offers.

According to Lewis, viewers can get involved with 95% of all US television output. This content can be anything from music, screensavers, feedback, cast listings, links to IMDB (the Internet and Movie Database), or to download the next episode.

In fact, with a Shazam tag consumers are effectively bookmarking a call to action link so they can return to it at a later date.

It is effective with UK audiences, too. Online makeup retailer Beautybay.com sponsored the 2012 TV documentary about Girls Aloud, '10 Years at the Top'. By tagging audio at relevant times during the programme, viewers were given access to the firm's digital hub through which they could view exclusive unseen footage and interviews with the band members, buy a special edition Ten album and enter a competition to meet the band at a secret gig. Shazammers were also treated to Beautybay goodies, including a 15% online store discount on all of its products, plus make-up tutorials and beauty advice which was shareable via social media. Through its sponsorship and the Shazam link, Beautybay increased web traffic by 235% and saw a 48% increase in sales compared to the pre-Christmas week in 2011, with 20% attributed to Shazam and ITV.

Against these successes though Bleyleben believes that TV audiences and brands are not yet ready for direct paths to purchase through a second screen to be the norm. "We're 6 – 12 months away from it becoming normal for brands to sell in this way," he says. Brands are still finding their way and experimenting with how to engage and interact with TV audiences through the second screen, but the interaction is still about engagement rather than selling.

However, 6 – 12 months will be just in time to tie in with the major sporting events of June and July 2014: the football World Cup (which has already attracted 100,000 posts in English on Facebook and Twitter and is of interest to 71% of men); Wimbledon; the Commonwealth Games; and the Tour de France.

Coca-Cola is already raising the social noise levels around the 2014 World Cup Trophy Tour showing that you can't leave engagement until kick off. "Messages and marketing around events can be made ready for every eventuality," says Savvy Marketing's Isla Kirby, so it appears that they are reacting to impulses. There will be true impulse moments, too – such as Oreo's tweet that "you can still dunk in dark" when the power went off during the Super Bowl. "These windows of opportunity can be quite short," adds Kirby.

Sponsorship of the World Cup will be a whole new ball game because of the rise of smartphones, social and second screening. It will be a brave new world full of opportunities for those who plan and connect but also can't help acting on impulse.

> "Messages and marketing around events can be made ready for every eventuality"

YOU CAN STILL DUNK IN THE DARK

TESCO

Internet Retailing
Expo 26 - 27 March 2014 NEC, Birmingham

Mark Cody, Senior Marketing Manager – Mobile at Tesco, is speaking at the Internet Retailing Expo (IRX) in March. Ahead of the event he spoke to Internet Retailing about mobile trends, innovations at Tesco and what delegates will learn from his presentation.

What are the key trends in mobile at the moment?
There are lots of trends coming through into 2014 in the mobile arena. Location, and especially, iBeacons offer a fascinating new technology which will enable retailers to game change the experience for customers. It will be interesting to see how retailers will offer frictionless ways to engage with customers not just in terms of payments but from a marketing and service perspective as well.

One Tesco app that showcases where engagement is going in terms of location and privacy is the app from Tesco-owned coffee chain Harris+Hoole. It allows customers to set up a profile which includes their image, details of their perfect coffee (size, espresso shots, milk type, temperature) and their loyalty card so when they check into the shop their profile picture and coffee preference will appear on the till so that the barrister can greet them by name and ask if they want to order their favourite coffee. "It's a valid exchange which provides value back to the customer," says Mark Cody.

What new innovations are there for using mobile to drive people to spend more money through all retail channels?
Mobile is not just about getting customers to spend more money. It's more of an engagement channel. The mobile team at Tesco is continually testing and innovating with mobile and how it can be used to glue multichannel retailing together. The Tesco magazine, for example, incorporates Augmented Reality technology (AR) so that readers can access more information than is available on the page i.e. reading a recipe and cooking along at home. Incorporating AR into the magazine has resulted in customers engaging with it for an extra 3 minutes.

What are the latest innovations at Tesco?
Experiments with AR have expanded to shop windows with 5 stores having augmented window displays for Christmas. Through these, customers can access further information about the toys on display and view videos of them in action, as well as being able to make a purchase.

A further 6 stores have had their windows augmented with QR codes which link through to the product pages of the 10 or 12 products on display. This will allow Tesco to gain further insight into customer engagement.

£54.99
SEE MORE

"We are exploring a number of innovative ways in which to help customers in-store which are in pilot phase now," says Mark Cody. He is hoping to be able to share some of these in more detail with delegates at IRX.

How much will have changed by IR Expo in March?
Multichannel is a big move forward for Tesco as a business and mobile plays quite a significant role in that. It has a team dedicated to experimenting and innovating with mobile and how it can be used by the 1.2 million customers registered to use Wi-Fi in Tesco stores.

Currently that's through AR and QR as well as QR codes on packs to give customers further information on the food's provenance but it is also looking at how to digitise the Clubcard and paper coupons. "We're working on a number of interesting initiatives," says Cody and he's hoping to share the impact those are having on customers during his presentation at IRX, along with thoughts on where mobile may go in the future. He comments: "IRX gives us a great opportunity to share what we've been doing".

Mark Cody is speaking in the Mobile & Mobility conference at Internet Retailing Expo on Thursday 27 March. See the programme for more details and register at www.internetretailigexpo.com

Your worst customers may actually be your best ones

IR was interested to hear Buyapowa's take on the new problem of activating wider social-commerce networks so asked the company's founder and *CEO Gideon Lask* to pitch it to us.

ONE OF our biggest retail clients has a customer - we'll call him Jon Grayson - and, let's be frank, Jon seems more trouble than he's worth. Over the past 12 months, he's spent about £80, which might sound like a lot but this retailer's average customer spend is in the multiple thousands per year. Consequently, Jon's been relegated to the lowest priority CRM pot, the marketing equivalent of Douglas Adams's infamous "bottom of a locked filing cabinet stuck in a disused lavatory with a sign on the door saying 'Beware of the Leopard'."

But, when we mapped our client's customers' influence over other shoppers, we discovered something amazing about Jon Grayson. While he wasn't spending much himself, he lay slap bang in the middle of a huge network of social sharing - making him the virtual gatekeeper to over £2m worth of revenue. A kind word from Jon would significantly push the needle. Any negative sentiment would do a lot of harm.

You won't be surprised to learn that Jon is no longer our client's lowest priority. And there's a lesson here to be learned across retail: in today's infinitely connected world, a customer is no longer just a customer and social is no longer simply a vehicle for chit-chat. The customer has become a market and social has become a critical sales channel.

To an extent, this is nothing new. If anything, identifying and rewarding your business's key influencers is the logical replacement for affiliate marketing: a vehicle which, one upon a time, delivered advocacy and acquisitions, but now does little more than hang about your checkout, mugging you for 10% of your takings. Built for a pre-social era, tools such as affiliate marketing are starting to show their age and, like an acrobat swinging from an old, weather-beaten trapeze, the tighter we cling on, the more splinters we're going to get.

DUMB DISCOUNTING

And then there's discounting. Given the mountains of big data we now have at our fingertips, we're supposed to be tailoring our deals to match every nuance of the customer journey. But, when there's so much information that no one can begin to process it, most retailers just run for the hills and knock 30% off Andrex instead.

Here at Buyapowa, we call that 'dumb discounting': generic price reductions which get your products in front of customers and get your customers in front of checkouts. But the problem with dumb discounting is that, unless you're prepared to be accused of misleading promotions, you have to make the savings available to huge numbers of people for long periods of time. That affects both margin and price-perception, alienating your CFO, your suppliers and, eventually, even your customers themselves.

The alternative to dumb discounting definitely isn't no discounting. Remember the sad ballad of Ron Johnson, the former Apple Store maestro who took over at JCPenney in 2011, scrapped sales and coupons and "lost the customer dressing room" almost overnight. Johnson, famously, lasted less than 18 months before being unceremoniously jilted for JCP's ex, Myron Ullman - who wooed back customers and analysts alike with an aggressive campaign of price-busting deals. The takeaway? Cut cutting cuts.

SMART REWARDS

The real alternative to dumb discounting is 'smart rewards': dynamic deals or promotional codes which improve – and keep improving – only if the customer earns them, either by demonstrating their loyalty, bringing in new customers or promoting your brand to their social networks. We're all familiar with Forrester's data on trust (70% of people trust brand recommendations from friends, only 10% trust advertising) – well, this is how you set those viral dominos in motion: by making the price, bundle or promotional code value more attractive as more people participate and share.

We see this in action every day as our clients achieve 60% referral rates on retail campaigns powered by Buyapowa. That's an unprecedented six out of every ten shoppers transacting not because of massive marketing spend but because of incentivised word of mouth.

Consider it the evolution of loyalty: a movement from one-to-one to one-to-one-to-many. And customers instinctively get it. They understand that something for something is much more meaningful that something for nothing. Better still, if you make this process fun by introducing gaming mechanics, targets, deadlines and jeopardy, the customer actually enjoys earning their rewards and works much harder for you in the process. (This isn't rocket science. In fact, it's really just an extension of coffee shop loyalty cards. We 'play' them because targets are fun, not because we desperately need a free latte.)

SKIN IN THE GAME

So, we've seen how we can use tactical and dynamic rewards to get customers shopping. But how can we extract value from customers who aren't ready to purchase? The received wisdom is: study them, stalk them and ambush them – hence the recent explosion in retargeting advertising. But retargeting's an inexact science (I've lost track of the number of times I've been served irritating ads for products I already own), and there are much more effective ways to engage customers in the run-up to transactions.

One of the most compelling is getting them to put some 'skin in the game' via selection and curation. Instead of pushing out deals from on high – the ultimate 'dumb discounting' – let your customers (and their networks) pull the deals they want to see. If a thousand customers want a deal on baby monitors, or even just one influencer with some serious sway over a relevant audience, then make that deal happen – safe in the knowledge that economies-of-scale are underwriting your margin.

Because these customers have essentially signed up to buy before the deal even goes live, because you've engaged with them in a meaningful way, you know that the vast majority of them will purchase when the opportunity arises and remain committed members of your buying community afterwards. At the very least, you'll have acquired a CRM database of red-hot leads, which you can convert at a later date via new or augmented offers. It's the same principle as pre-sales in the ticketing and entertainment industries - and it's a no-brainer to apply these techniques throughout retail.

> “Set those viral dominos in motion by making the price, bundle or promotional code value more attractive as more people participate and share”

REWARD
THEM
WITH
OFFERS
BUT WITH
OFFERS THAT
NEED TO BE
EARNED

Best of all, when a customer has skin in the game because they've been involved in selection or curation or simply asking to be told when an upcoming deal goes live, the discount doesn't even have to be that big: "I asked for a deal on winter tyres. I got a deal on winter tyres. I'm taking them up on that deal for winter tyres." Combine this with incentivised sharing and you'll be able to achieve all the impact of dumb discounting without slashing your prices, making huge numbers of units available or running long, risky promotions. You can even use these techniques to reinvigorate mid-life-cycle products, achieving all the buzz usually reserved for new launches but at a time when your margins are much more favourable.

Remember: none of this is a replacement for the tried and tested techniques which have powered retail for hundreds of years. But if, like Tesco, HRG and PepsiCo, you want to make the most out of all your customers – the 'good' and the 'bad' – you need to start experimenting and learning to ensure you don't get left behind. It's not the new future. It's the new now.

Wait a second...

£8.5bn will be lost this year due to websites taking longer to load than their customers are prepared to wait estimates online marketing, ecommerce and retail consulting specialist Summit. *CEO Hedley Aylott* explains further.

THREE SECONDS has become the accepted time for a web page to load and the figure against which the industry benchmarks itself. However, by analysing the most popular 230 retail websites in the UK and benchmarking them against the industry standard for site speed at different times of the day and week, Summit has found that a staggering 92% of websites failed to meet this accepted 3-second performance benchmark. In fact, during the research period, some sites took as long as 8 seconds for pages to load and across all categories of retail we measured, every site performed significantly worse at peak trading times – exactly when you'd want your site to work at its best.

Time is one thing but let's turn seconds into pounds for a minute. From a commercial point of view, we estimate that it's costing each retailer who failed in our benchmark study at least a 10% drop in conversion.

To clarify, our research concluded that the average speed for retail websites in the industry is 4.5 seconds. That's 1.5 seconds over the industry benchmark. According to Aberdeen Research Group, a one second delay in page load speeds will impact conversions by 7%. Using a calculation that allows for other factors we've applied a sliding scale of impact to conversions which leads to an estimate that 4.5 seconds will have a 9.83% impact on conversions. We've rounded that number up to 10%.

So, that's about £10m for a company turning over £100m online. That's a lot of money lost for nothing; probably the cost of opening at least 3-5 new high-street stores. All because the website is slow to load.

I've got to be honest now. Come on retailers, isn't this madness? You wouldn't allow a slow point-of-sale in store affect your sales on busy weekends because you understand the impact on revenue and the frustration caused to customers.

This is happening every day across the websites we measured. I'd argue that continuous site underperformance is actually worse than down-time. Isolated incidents of downtime will be forgiven by customers. Continuous under-performance will not. Slowness is the silent revenue and reputation killer that goes unmeasured across most businesses today.

> “Participants had to concentrate over 50% harder when using a badly performing site. It also showed that their measured ‘stress’ rose significantly”

SPEED AS A BASIC NECESSITY

It's also not a new problem. The internet community has been alert to the correlation between speed and customer satisfaction for many years, supported by robust evidence. Usability guru Jacob Neilsen highlighted the link about 13 years ago and raised speed as the basic necessity for human interface design.

The need for website speed comes not through a growing level of human impatience but actually through our own human limitations which aren't likely to change any faster than evolution. In fact, a basic understanding of neuroscience and how our memory works will reveal why the 3-second page load-time benchmark is here to stay.

In simple terms, information stored in our short-term memory has a very limited shelf life, around 10 seconds. Exceed that time period and you might as well forget it – literally. Asking our brain to extend and work harder in this short-term phase makes us agitated and causes stress. It's simply an uncomfortable experience for the brain.

Let's look more closely at memory and how the brain is working. At any given moment there are three types of memory at work:

1. Sensory memory
2. Short-term memory
3. Working memory

Firstly, when a person sees something this information is captured by the Photo-receptor cells in the eye and transferred to the Occipital Lobe in the brain, commonly known as the iconic memory. This is one of the brain's three sensory memory areas, the others look after touch and smell. This is our temporary 'cache', a short-term memory dump that holds information for no longer than 100ms. After 100ms our brain's 'memory cache' runs out and is refreshed.

We have no control over what is stored in our iconic memory or how long it lasts. Some of the information will however 'stick' as long as it is passed from our sensory memory to our short-term memory and used quickly.

The role of short-term memory is to take all the sensory information thrown at it and process the relevant pieces into some form and order that can be passed to the working memory to use. This short-term memory deposit has a threshold of about 10-15 seconds, providing the working memory with enough time to process and control the information.

So, the information 'baton passing' that makes our memory work and enables us to make decisions is exactly why delays or overload during this 'memory relay' can cause user meltdown. We've got to keep refreshing the iconic memory at the right pace (around 100 milliseconds) in order to stop information being lost so that the short and working memory have sufficient time for processing.

This brings about the concept of 'flow'. Some theorists have suggested that our brains are wired to perform simple tasks that have rhythm and flow to them. The process of interacting with a difficult website accompanied by the blizzard of distracting signals going on around us make our memory systems less likely to cope.

CONCENTRATE HARDER

The neurological impact of poorly performing websites has been the subject of a fascinating study at Glasgow Caledonian University by CA Technologies. Participants on the study had their brain activity, eye and facial muscle movements measured whilst they performed online transactions on a number of websites. During the tests, the speed of the internet connection was throttled back to simulate the experience of a slow, unresponsive website. The findings were remarkable. Participants had to concentrate over 50% harder when using a badly performing site. It also showed that their measured 'stress' rose significantly.

What was also interesting was the interview feedback from participants who consistently highlighted site speed as their biggest source of frustration.

However, of most significant note to retailers, the study highlighted that users are likely to experience acute stress at two specific points in the sales cycle – searching and checking out. It would therefore make sense to focus clear KPIs and effort around optimizing these two points in the conversion funnel for speed.

Clearly speed has been a topic of discussion for many years now. However a lack of traction and improvement has been hidden to some extent by the increase in speed of internet connections. Our 'state of the nation's website speed' report has shown there are still huge commercial gains to be had. Today it's a potential route of competitive advantage that is not being picked up on by boardrooms around the country. However, with the explosion in mobile usage the problem is about to get much worse. With upwards of 30% of traffic now coming from mobile, retailers have to ask the question as to why the checkout abandonment rates on mobile are over 90%? My view is that mobile simply isn't a great experience for most users and speed is the biggest issue. They might not want to checkout whilst sat in a traffic jam on the way to work granted but they definitely won't waste time filling in a long form that takes 30 seconds to load.

Your biggest uplift in revenue and certainly the easiest gains this year could come from improving your site speed. Firstly, benchmark your site speed today across all pages at different times. Set clear KPIs by page that are acceptable to your business and treat them with the same importance as your conversion rate.

The next time someone says "just a second," send them the bill.

In-store reality check

Retailers have struggled to change prices, promotions and product data in-store in real time, to deliver both personalisation and multichannel consistency. The necessary technology has been available for years but, until now, cost-justification has been rather harder to achieve. *Penelope Ody* investigates.

WHILE REAL-TIME stock visibility, dynamic pricing, targeted promotions and customer data are all easily accessible and highly automated online, when it comes to the store it can be a very different story.

Most retailers still struggle to achieve inventory accuracy in-store so must fulfil click-and-collect orders from distribution centres rather than using store stock. Individually targeted promotions are difficult unless customers identify themselves at an early stage of their shopping journey, while universal pricing in grocery limits the opportunities for individual offers and price negotiation. Just because real-time flexibility is challenging that doesn't mean retailers have abandoned any attempt to achieve it in-store.

Among the latest initiatives to hit the headlines has been Tesco's use of recognition technology to improve targeting of on-screen advertising at its 4,500 petrol stations. The Quividi system identifies probable gender and suggests a likely broad age-range for the shopper (typically 35-65 or 15-34) and this information then triggers a relevant advertising message on the linked Amscreen digital media display.

Face recognition technology, capable of identifying individuals, has been around for decades but concerns over privacy have forced both Facebook and Google to abandon attempts to integrate such systems in recent years and most implementations are still confined to security and border control. However, companies like Zoomkube are focusing on retail applications with a kiosk that takes pictures of the consumer standing in front of the monitor. Using the kiosk's touchscreen, consumers can then enter their email address and opt-in to receive offers. Software analyses the person's face, determining gender, age and appearance. Once enrolled, the system then delivers targeted offers when the shopper is next identified at the store. Launched in the spring of 2013, Zoomkube expects to have its first installations during 2014.

ABSOLUTE ACCURACY

In theory, wi-fi and increased use of tablets should act as enablers for store staff, helping them to identify customer records and stock information to improve sales or enable price negotiation with valued customers: in practice that rarely happens. "In mainstream fashion, peak sales time are Friday and Saturday," says Richard Traish, Senior Partner with consultants Kurt Salmon, "so while it should be possible to upsell by accessing customer records via a tablet, with the majority of customers store staff will rarely have the time to do that. Tablets are certainly being used in stores but often it's for little more than queue busting and has more to do with brand image than practical applications."

At the top end of the market where high value-low volumes are the norm, it is a different matter. Companies like Burberry are integrating CRM with in-store iPads so that staff can access customer records to make targeted offers while in the US, Nordstrom is considering putting iPads in changing rooms so that shoppers can discover whether an item in a different size or colour is currently available in the store or in a nearby outlet – always assuming that the in-store inventory record is correct.

"Absolute inventory accuracy in store is very difficult to achieve," says Traish. "Achieving above 90% availability can be very expensive."

Absolute accuracy can involve investment in RFID (radio frequency identification) systems or frequent labour-intensive stock checks. Combining data and security functions in a single RFID tag is seen as a more cost-effective solution and a number of trials and pilots are underway, especially in the fashion sector. With sufficient RFID readers at touchpoints throughout the supply chain, real-time information giving whereabouts of each SKU – be that in a changing room, on a garment rail, in a window display, in transit or wherever – is achievable in real-time.

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ONLINE/OFFLINE

Achieving consistency across channels in real-time can be another challenge for retailers. Price changes and promotions can be instigated instantly online but in-store much depends on task management, human resources or whether the right promotional stickers have arrived. Electronic shelf-edge labels (ESLs) have long been advocated as an ideal solution, but despite numerous experimental pilots the technology has been slow to take off in the UK. ESLs allow prices throughout a chain to be changed concurrently while the latest graphical versions can also display barcodes, QR codes or may be NFC enabled allowing access to product information via a shopper's smartphone.

Elsewhere in Europe there has been greater enthusiasm for the technology. Pricer – founded in Sweden in 1991 – has more than 7,500 installations using 80 million ESL tags in 50 countries. "Online stores are incredibly transparent and display a lot of information on each product," says Niclas Qvist VP Marketing and Global Partner Management ▶

E & SIT-ON TOYS

at Pricer. “By combining the tangible ‘see and touch’ aspect that you can only get in an offline store with the transparency of online shopping, high-street retailers will be at a huge advantage. With ESL, you can not only tell the customer that this product is out of stock, but when it will next be available in store, give directions to another branch which has availability, display a QR code or include NFC which will take them to your online store so they can order it.”

UK ESL specialist ZBD will be raising the bar when the company relaunches, at NRF in January 2014, as “Display Data” with new products to include a range of highly graphic ESLs and a low energy blue-tooth beacon which will enable access for the majority of current smartphones.

“It is difficult to have an accurate pricing strategy across every channel because it is difficult to do everything at the same time and ensure compliance in every store,” says Jacquie Boast, SVP Global Sales, Marketing and Product Management at ZBD. “Until a year or so ago ESLs were seen purely as a price tool but with a graphical label capable of logos, QR codes and so on, they are now a source of in-store product information as well.”

ZBD’s labels range in size from 2 inches to 10 inches so enabling both CPG brand promotion and use as a selling tool for store staff who can use the tags to access stock availability or margin information for price negotiation. “Smartphones and tablets are not always NFC enabled,” says Boast, “so having an NFC tag is no use for BYOD and NFC can also add up to 30p to the price of the tag so is expensive. Most mobiles already have Bluetooth so retailers can push promotional messages in real time both to ESLs and consumer devices where shoppers have registered.”

> By combining the tangible ‘see and touch’ aspect that you can only get in an offline store with the transparency of online shopping, high-street retailers will be at a huge advantage

New ESL ranges from Display Data will also include a paper white version which is much easier to read than the current black-on-grey varieties and a three-colour tag which will be the first of a planned multi-colour range.

“ESL is back on the retail agenda,” adds Boast. “It is part of the digital strategy in store. In the past the ROI for ESL really didn’t stack up as a price tag but as part of a total omnichannel offering there is much more cost-justification.”

IN THE UK

In recent months, Tesco and Dixons have extended their use of ESL while B&Q has admitted to “behind-the-scenes trials” with Kingfisher CEO Ian Cheshire adding that the technology is now: “...about special offers for individuals.”

Identifying shoppers in-store also involves mobile apps with registered shoppers identified when they enter and being given additional benefits – be that queue jumping at Starbucks or using Paypal at Karen Millen – as a “reward” for giving the store real-time access to their whereabouts.

“It’s the way forward,” says Siobhán Géhin, Associate Partner with Kurt Salmon, “although the US is further advanced than we are in the UK. Around 10% of Starbuck’s US sales now come via the app while Macy’s has sensors in the store to remind customers to activate their app. Our clients are certainly looking at these technologies. It’s all about making the customer journey smooth and easy. Retailers can get a better view of what customers want and when they come into the store so that they can personalise offers in real-time.”

Providing the same real-time immediacy and flexibility in-store as online to deliver a truly seamless omnichannel experience may be technically possible, may even be cost-effective, but it may well be a few more years before it becomes the standard high street experience.

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One View...
And then, what?

A member of the IR team discovered recently that once their online order had been dispatched to store for pickup they were unable to cancel or amend it. Now the unwanted item will sit in store for a week before the retailer's processes kick in and it's returned to the warehouse and the customer refunded. We asked *Mike Harrison*, **Chairman, Virtualstock** to explain the system requirements to allow instant amendments by customer or retailer at any point in the product journey.

IN A business world that continues to evolve at an unprecedented and accelerated pace, retailers and brands are constantly asked to adapt to new and unpredictable change.

The single biggest challenge in adjusting to this change is overcoming the limitations that existing technology presents. Retailers must quickly adopt an agile, scalable approach to retail technology. Maintaining complete visibility and control of the end-to-end process, including managing the customer experience, is key.

As we are all aware, the empowered consumer of today now comes equipped with 24 hour mobile access to the global high street, seamlessly accessing any number of touchpoints, while consuming a wealth of knowledge and choice. Predictable shopping habits of old no longer exist.

So, as the consumer continues to take bold steps and further their demands for a greater level of customer service, it seems an obvious decision for the retailer to now move in synchronicity with the consumer and equip themselves with the technology that will allow them to compete and develop for the future.

Information or data lies at the heart of every retail operation, regardless of size, location and profitability. In order to succeed, the time has come to finally get a grip on managing and understanding the rafts of data that most retail systems are wading in.

> “Predictable shopping habits of old no longer exist”

ONE VIEW

Let's start with product data or as we know it, PIM (Product Information Management). Product data can be as complicated or as simplistic as the retailer sees fit, actually, what is required here is the accuracy and flexibility of the PIM.

A compliant, cleansed data feed, may not sound like the most important task to tick off the 'to do' list, but addressing this issue is absolutely necessary in order to compete effectively.

The power of the PIM should ultimately provide retailers with the agile tools required to rapidly enrol products to any retail system, eliminating manual workload and keeping the product offer current. This in turn will grant the retailer the ultimate wish list; increased speed to market, greater customer choice, increased basket size and the Holy Grail – increased customer loyalty.

In order to take the process one step further, retailers must truly unify and align the selling process.

Seamlessly connecting the online and offline channels is the key focus. The PIM must now support the retailer's new and ever-evolving business challenges, ultimately, granting one true, accurate view of all product data, including inventory levels, across all channels, be it stores, warehouses or third party suppliers, in whatever, flexible format supports the business needs and challenges of today's modern retailer.

Finally, with an agile, scalable PIM in place, the retailer is now able to achieve the previously, somewhat unobtainable goal of 'the one view' – that is to say, complete visibility of all product data, and all inventory levels, across their entire supply chain. So, let's be clear here, that is, all stock, in all locations; stores, warehouses, drop ship suppliers, marketplaces, distribution centres, in fact absolutely anywhere within the supply chain, in any territory.

Only then, with 'the one view of everything' can the retailer begin to apply a set of intelligent and adaptable business rules that will allow inventory from all locations to be utilised, seamlessly throughout the multichannel offering.

ORDER MANAGEMENT

So, what do they do with the one view now? That brings us to the flip side of the coin; Order Management or OMS. Many OMS remain in the dark ages, without the functionality and flexibility to support a growing, complex and in many cases international, multichannel supply chain. Indeed, many of these traditional OMS solutions were created prior to today's retailers' evolving list of initiatives and challenges such as multiple, flexible delivery options, ship from store and click and collect.

In order to support these new initiatives, retailers must have a complete end-to-end OMS solution, delivering total visibility and total control throughout the entire order process. At last, the retailer will be able to offer a rapid and precisely informed response to the consumer, ultimately improving and enhancing the overall buying experience.

An intelligent OMS system will work coherently within the retailers' defined set of business rules, but in addition, will also have the flexibility and scalability to adapt and evolve to even the most complex strategy. The retailer will be able to fully utilise all stock and all channels, giving total support, visibility and access to their network of stores, warehouses and third party suppliers. All initiatives are covered, infinite aisle, click and collect, ship from store, ship to store, stock optimisation, delivery options and internationalisation plus any others lying in wait.

An agile OMS coupled with a trusted PIM will deliver the single, clean view of all inventory, coupled with total visibility and total control, throughout the entire order lifecycle, right the way through to track and trace to the customer's door.

The combined technology will enable retailers to accept, compete and perhaps even avidly seek out new challenges and opportunities.

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The Culture of Instant Gratification and the Online Economy

The software and gaming industries have had to learn quickly how to satisfy customers' need for instant gratification. *James Gagliardi*, Vice President of Product and Innovation at Digital River, shares some of those learnings and explains how other retail sectors can benefit too.

WE HAVE become consumers of instant gratification – and we are willing to pay a premium to get it.

It's instant gratification that is driving tourists to pay more for a FastPass at Disney World so they don't have to wait in line. And it's why Amazon shoppers are willing to pay an annual membership fee to get faster shipping and instant access to their favourite movie titles.

Instant gratification, however, is not only driving what we buy, it's also influencing how we buy – and it has become a formidable force in shaping the online economy.

THE ONLINE BUYING EXPERIENCE

The online shopping and buying experience is evolving into a multichannel, multi-device experience that is quick, seamless, convenient, personalized and localized. Because customers don't want to wait in line at a store or sit at a computer to shop for something they need, it's no surprise that one of the biggest drivers of change in the past several years has been the obsession with connected and mobile devices. This obsession is redefining virtually every industry and opening up new service, delivery and product opportunities. The way products and services are purchased and paid for is changing. Physical goods will be less about moving a product from point A to point B and instead translate to sending information digitally to 3D printers for creation. Instead of one-time payments to purchase goods and services, revenue will be generated after the sale of products through subscription models, usage-based billing and other digital business models.

Companies that supplement their physical product portfolios and buying experiences with digital options will reap the benefits of this shift.

LEARNING FROM THE SOFTWARE INDUSTRY

Digitally delivering goods into the hands of consumers is a strategy that many companies are using to cater to the instant gratification culture. Software companies began mastering this move in the early 2000s – shifting from physical disks to digital downloads and making the download experience fast and seamless.

So, what can other companies in other markets learn from the software industry? One of the industry's secrets to success was to focus on logistics, locating data centres around the world in close proximity to their buyers in order to streamline and simplify the download and content streaming processes. The data centres were built to accommodate heavy volume and spikes in traffic that typically happen around major product launches or the holidays. Another lesson can be found in the area of fraud prevention. Sophisticated fraud detection technology was put in place to actively manage software licenses and provide a way to disable a key in case fraudulent use of the product was detected.

TURNING IN-GAME INTO GAME-ON

Another industry that mastered instant delivery of their products is the game industry. In-game commerce has propelled instant delivery to an entirely different level so game developers can offer players a frictionless in-game experience where time and speed is everything.

Instead of one large upfront purchase, game publishers are making games available for free or a small upfront charge with hundreds of micro-transactions. In-game commerce is designed to fulfil spontaneous desire to purchase items that would help a player accomplish a mission in the game at that particular moment. Game publishers have rich insights into individual players, including their entire profile, which products would be most helpful during their game play, time spent in the game and available funds. All of that information is used to offer a limited set of the most relevant items that a player can purchase with a single click. This insight also allows for the game publishers to incentive users that have either given more time or money to playing the game, so they are rewarded by giving the user more virtual currency to continue playing the game. This concept can be applied beyond the games industry. The idea of only seeing the most relevant products based on personal preferences and history can lead to a much more targeted and personalized ecommerce experience for shoppers.

A common practice in gaming is to offer a wallet solution to make a single-click (or touch) in-game purchase possible. Real-world currency is not the only way to get ahead in a game. Game publishers offer rewards in the form of virtual currency for time spent in the game and achieving certain milestones and publishers are now looking to extend this in-game currency across other games in their product suites. This would enable a gamer to use the virtual currency they earn in one game across other games that they play. More parameters need to be set to balance points that are easier or more difficult to get in different games and there are some logistics that are yet to be figured out, but the ability to use virtual currency across a game publisher's suite of products will extend the life and value for a particular gamer as they move on to play different games.

> “Companies that supplement their physical product portfolios and buying experiences with digital options will reap the benefits of this shift”

Gamification models, however, don't just belong to the games industry. They can be applied across a multitude of markets. Customers can be rewarded for spending a certain amount of time actively browsing a retailer's or a manufacturer's site, purchasing certain products or interacting with the brand on social media. Some items in the store may become available only to those super shoppers who have earned loyalty and rewards points. This would create some additional excitement around products that are hard to get or offered at a significant discount that is only available for those super shoppers.

SMART DEVICES AND SMART OBJECTS

Instant gratification has not only created an obsession with connected and mobile devices, it's also driving the adoption of other smart objects. According to some industry predictions, it won't be long before all things will become smart objects and contribute to what could be a $300bn category. Companies are taking steps to embed sensors, trackers and other smart devices to keep track of product usage. Insurance companies were among the early adopters of embedding smart devices that track a driver's activities to reward them for good driving habits with insurance discounts. In the future, online merchants will collect and analyze data to discern shopping patterns that have predictive value and to understand consumer experiences in digital and physical contexts. Fitness equipment manufacturers, for instance, have begun to link their products with smartphone apps, providing users with long-term analytics on their heart rate activity, running distances, speed, calories burned and other training metrics. Their users benefit from the digitally enhanced experience, and the data they create also provides usage insights that inform product design and ecommerce strategy.

Data will be the driving force for capturing more customers, upselling to existing customers and retaining them for the long term. The underlying tools for the management of this data will only grow smarter, faster and more affordable as companies catch up with an overabundance of data.

The demand for instant results is seeping into every corner of life. As companies continue to experiment and adopt new technologies that cater to the culture of instant gratification, it will take the whole notion of convenience to new heights.

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Instant gratification in the palm of your hand

Paul Skeldon investigates how mobile is answering shoppers call for a rapid, seamless and hassle-free experience in store.

SHOPPERS IN stores have become a very demanding bunch. Conditioned by the internet to expect instant results, myriad choice and oodles of product information right down to its green credentials, it is getting increasingly hard to sate them.

Mobile naturally offers the ideal bridge between the increasingly frustrating real world and the internet, yet exploiting it has remained low on retailers' mobile strategies.

Technologies such as the much touted NFC, the newly minted Bluetooth Low Energy (BLE) and the traditional offerings of Wi-fi and 3G (and, eventually, 4G) are all starting to be harnessed to deliver improved in-store experiences through mobile devices.

Typically, these are taking the form of location-specific offers and vouchers, but there is a growing groundswell of interest in how to use these technologies in conjunction with the mobile phone to also take the 'pain' out of loyalty schemes and payments in an effort to make things quicker and simpler for the peripatetic consumer. The advent of these initiatives are likely to see this start to change – and it will change how retail works in some quite profound ways.

IBEACONS

One of the first technologies to exploit this shift has been, surprisingly, Apple's iBeacons. iBeacons was smuggled out with the launch of iOS7 in September by Apple and essentially uses Bluetooth Low Energy (BLE) to let small transmitters dotted around shops – or any location – 'talk' to iPhones and iOS devices. What this means for harried shoppers is that the shop can now effectively ping them as they wander around, dropping them info and offers based on an almost sniper-like localization.

iBeacons have gone on trial in the US at two Macy's stores – one in New York's Herald Square and one in Union Square in San Francisco. The stores are using ShopBeacons from ShopKicker to ping offers about goods that shoppers using the ShopKicker app have said they are interested in as they walk around the store.

Cyriac Roeding, Co-Founder and CEO of Shopkick, says that offers will now be pinged to users right when they are walking past them, or past a department that contains products that users have shown interest in before. "For those who have opted in, the iBeacon technology will also automatically open the app and can trigger other actions when they enter a participating store, such as telling users how many loyalty points they currently have to redeem towards a purchase – in the past users would have had to remember to do this themselves."

The move is part of the closing of the omnichannel sales circle; bringing true mobile and online experience into the sales process in the shop and Macy's is excited by the closed loop trial – the first in the world.

"We have made great strides in creating the best omnichannel experience at Macy's, and delivering the most relevant messages and offers to our customers at what is arguably the most helpful moment – while they are shopping in our stores – can be very advantageous for the customer," explains Martine Reardon, Macy's CMO. "With this shopBeacon trial, we are testing the most leading-edge mobile technologies, because we believe they can even further enhance the in-store experience for Macy's shoppers."

IMMEDIACY OF LOCATION

Here in the UK, this ‘immediacy of location’ is also being harnessed by various companies looking to use BLE and other mobile technologies to deliver offers and gratification. One notable player in this space is Weve, the collaboration between the four main UK mobile network operators. What Weve is hoping to tap into is the burgeoning world of vouchers and discounts that have, for several years, had a healthy presence on mobile. The key now is to tie them in with location and make them immediate.

“There are lots of loyalty apps out there, but only 4% of consumers use them,” says Weve Marketing Director Tony Moretta, adding that its research indicated 53% of consumers wanted such a service on their phones. Weve says it has the buy in of “a number of high street retailers,” but we are still awaiting the roll out of the app – which we were promised before Christmas.

Smaller companies are already capitalizing on this in an immediate way. Mobile marketing agency Digitonic has created a new handset-based service that retailers can use to entice passing customers to come into their establishments. The technology pings potential customers’ iPhones and Android handsets with messages about new product, offers and services as soon as they wander in the vicinity of a shop.

Using geolocation technology, Digitonic’s technology can detect a user within 200 metres and send their handset some vouchers, videos and games. These tactics are already being used to beckon punters into Coral bookmakers, Blockbuster video rental stores, and consumer lifestyle direct marketing provider DLG.

The technology could be used to send enticing offers to customers about to enter a competitor’s premises, argued Iain Wilcox, Marketing Director and Co-Founder of Glasgow-based Digitonic. Customers have to actively opt-in via a business’s app to agree to receive the messages, which would prevent marketing of unwanted products and services.

“There’s massive potential in businesses being able to send incredibly targeted and relevant content to customers using this technology,” said Wilcox. “The beauty is it allows them to engage directly with existing customers via the handset and then in-store.”

As mobile blurs the lines between online and the high street, this is a powerful tool to drive targeted footfall into high street chains, he said. “We’re taking the rich media content abilities we developed for SMS and using them in another very immediate, personalised and powerful way. Businesses can then access very detailed information about the impact on sales.”

> “There are lots of loyalty apps out there, but only 4% of consumers use them”

Digitonic claimed a recent rich media text campaign for a client delivered more than 5,700 customers, which resulted in £1.1m of online mobile customer activity.

PAYMENTS

One area where immediacy is key, though not a particular turn on to consumers, is in bill payment – but this is a key area where mobile and mobile payments are set to come into their own in 2014.

Barclays’ PingIt and mobile payment provider Znap are both looking to put QR codes on utility bills so that consumers can simply scan the code and using their PingIt or Znap apps, pay that bill – in full or in part – using the app.

The technology, which can also be applied in a similar way in stores and on adverts in magazines, brings a new level of speed to payments, which truly differentiates this form of mobile payments from simple e and m-commerce.

These technologies link the payment card in the app to being able to painlessly pay with pretty much one click and this is the key to how mobile makes retail immediate: it removes any last vestiges of hassle that people may have with trying to pay with cards or cash. As the consumer gets more demanding of rapidity and better experience, so technology has to adapt to deliver it.

BONE UP: LET THEM PHONE UP

One way to let consumers interact with you instantly is through the phone. And that doesn’t mean through apps and m-web, but through the good old fashioned phone call – remember those?

According to research by ReponseTap, many consumers shopping online want to actually call the retailer and talk to someone – and by not allowing this, UK retailers are losing out on some £186m of extra sales per year.

ResponseTap talked to 2,000 UK consumers and found that two thirds of them get frustrated when they are only able to interact with a company online, and one in three say they prefer to talk to someone on the phone before buying. This figure rises to 41% for those aged over 55, an important consideration when two thirds of retail spending growth over the next ten years is expected to come from this age group.

Ross Fobian, Chief Executive Officer at ResponseTap comments: “What we’re seeing is a reaction against the ‘over-automation’ of online experiences. Yes, we all want convenience, but the old adage that people want to do business with people seems to hold true for many situations.”

Insight around the world

ISABELLE SALLARD, EDITOR, INTERNET RETAILING.FR

Christmas shopping on the internet is on the rise: 69% of internet users bought more than half of their Christmas gifts on the web in 2013, a sign that consumers are becoming more confident of merchant sites (98% satisfaction). However, Christmas 2013 was set again in a weak economic context with useful gifts being favoured by more than 2 out of 3 shoppers (+6 points compared to 2012). Branded gifts were less popular than last year (6% vs. 8.2% in 2012) and low cost gifts confirmed their rise in popularity (4.8% vs. 3 % in 2012).

However, the main phenomenon this year was the rise of web-to-store and click and collect. More than half of all consumers had already researched and selected a product on the internet before collecting it in a store. When asked about the main benefit of this practice, shoppers quote primarily “saving time” (29.2%) and “the availability of the product” (27.3%) just before “the ease and security of purchase” (24.4%) and “favourable rates” (13.4 %).

“The Web-to-Store is increasingly popular especially during Christmas time because this service allows consumers to reduce delivery time and get their gifts just in time. By taking advantage of both of the channels, the consumer improves his shopping experience,” says Yann Gabay, CEO of digital agency NetBooster.

Although 90% of users are interested in being able to check the availability of a product in store before reserving it, only 29.4% of users have already reserved a product on the web and then completed the purchase in store in France. The appeal of the internet for web-to-store is indisputable, but as of today, only 2% of French sites are offering this service to their customers.

JOHN READMAN, COMMERCIAL DIRECTOR, SEARCH LABORATORY

Us Brits are a fashionable nation. This identity is manifested in the global success of Kate Moss, David Beckham and brands such as Burberry and ASOS. British clothes are sought on the continent, America, Australia – and increasingly in Russia.

Russia has Europe’s largest internet population, with approximately 61 million users surfing the web, and as a country it is beginning to hit its ecommerce stride. This is some considerable stride as well.

Russians want to buy British: Burberry is the tenth most searched brand on the country’s dominant search engine Yandex, while foreign clothing companies make up the top 25 most searched-for brands on Yandex.

These are by no means fanciful searches by Russians longingly browsing through the clothes being worn by the British, in the same way you might gaze at the pages of the Ferrari website. There is a real desire to purchase and according to Yandex 36% of Russians buy online from foreign retailers. UK retailers account for 21% of these purchases.

Domestic retailers have a bad reputation with their home audience. A prevalence of fake items coupled with an inherent distrust that purchases will never be delivered has caused Russians to shop abroad.

Previous issues such as payment methods and logistical challenges that have held the market back in the past are no longer the major obstacles they once were.

To date, this demand for foreign goods has not been properly catered for by British fashion retailers. Only ASOS has really taken the plunge into the market, with the launch of a localised website earlier this year. Russia’s ecommerce market is predicted to be worth in excess of £20bn by 2015, so just how long will Britain’s fashion retailers continue to look this gift horse in the mouth?

SHANE HAPPACH, CHIEF COMMERCIAL OFFICER, ECOMMERCE, WORLDPAY

Ecommerce sales days are gathering momentum and breaking records year-on-year – not just in the US and the UK – but across the world.

China Singles Day, a day for young Chinese to celebrate their life, has grown in popularity this year to match and exceed online sales of Black Friday and Cyber Monday, reaching $5.7bn. WorldPay found a 22.2% uplift in transaction volume and a 9.7% uplift in transaction value when comparing China Singles Day to the Monday prior, 4 November.

Ecommerce sales reached $1.198bn in the United States during Black Friday with Amazon and eBay ranking the highest for most visited retail websites. Similarly, US shoppers spent a record $2.29bn on Cyber Monday. In the UK, consumers were expected to spend over £600m online as they contributed to many retailers' busiest day of the year. Amazon UK said that Cyber Monday was its busiest day, with the internet retailer receiving orders at a rate of 47 items-per-second, totalling 4.1 million sales.

Cyber Sunday, 1 December, was one of the busiest days for johnlewis.com. It reported traffic up by 29% compared with the same day last year. Total sales for the week to 7 December were up by 1.8% on last year reaching a total of £144.5m and accounting for a third of its business. However, sales were down by 1.7% on the previous week, which included Black Friday, showing just how significant Black Friday has become in the UK.

The figures from around the world represent considerable potential for retailers. While both Black Friday and Cyber Monday originated in the US, both have been widely accepted and celebrated in the UK. With China Singles Day this year making international headlines, there is a huge opportunity for these celebrations to go global.

If retailers are able to navigate local preferences such as payment types then these national days hold significant revenue opportunities as countries all over the world take inspiration and create revenue opportunities for merchants worldwide.

NIGEL STAMP, PARTNER AND HEAD OF THE ASIA TECHNOLOGY GROUP, EVERSHEDS

China's Ministry of Commerce has released new guidelines designed to encourage growth in its ecommerce sector. That China is seeking to boost spending in this sector is hardly surprising, as China's leaders look to unlock the full potential of this largely untapped and potentially huge market.

China's working population are incredibly tech-savvy, but tech consumers have developed at a much faster rate than the country's retail infrastructure. Investment is therefore urgently needed to modernise the sector and fill this market gap.

The aim is for the sector to comprise 10% of sales in consumer goods by 2020, up from 6% this year, which already places it second in the world. If this target is reached, in 2020 ecommerce sales in China would be worth more than those of the USA, Japan, the UK, Germany and France combined.

The vast potential for growth in the ecommerce sector is not simply due to the size of the Chinese population. Incomes are still much lower in mainland China as compared with Hong Kong or the West. This is likely a reason for the popularity of ecommerce; the price difference of a product is what is deemed significant and prices can be 6-16% less online. Tellingly, the three sectors with the greatest price differential, being apparel, household products and recreation and education, are also the three largest ecommerce sectors.

The ten measures outlined by the Ministry of Commerce will:

- increase support for the development of online retail businesses;
- accelerate the application of ecommerce in rural areas;
- target specific industry initiatives to build up underdeveloped sectors, particularly agriculture and services;
- grant more support for the development of ecommerce applications in urban areas;
- boost cross-border ecommerce trade;
- support ecommerce for small and medium-sized firms;
- improve key logistics and delivery systems in remote locations;
- encourage the development of the outsourced support industries and services for the ecommerce sector;
- facilitate mobile commerce; and
- continue to offer special support to ecommerce development in 23 key ecommerce 'model' cities, including Shenzhen and Beijing.

Although change will not be immediate, this is an encouraging development to watch with interest.

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

INTERNET RETAILING EXPO

The Internet Retailing Expo is taking place at Birmingham's NEC in March 2014. Emma Herrod looks ahead to the UK's leading ecommerce exhibition.

March 26 and 27, 2014 will see the retailing industry descend on Birmingham's NEC exhibition centre for the fourth annual Internet Retailing Expo. (IRX) With 6 free-to-attend conference streams, 12 in depth workshops and over 200 exhibitors IRX promises discoveries and insight for retailers of all sizes and e-maturity.

Six conferences are being held over the two-day event with topics ranging from technology innovation within the bricks and mortar environment to increasing sales through effective omni-channel stock management strategies. Retailers already announced include Paul Loft, Managing Director, Homebase, Bertrand Bodsun, Digital Director, Argos, Anne Sinclair, Strategy Director, Aurora Fashions and Mike Durbridge, Director of Omni Channel, B&Q. Delegates will also hear from speakers from Clarks, Wiggle.co.uk, Asda and Marks & Spencer. You can see interviews with 2 of the conference speakers – Doug Glenwright from Tui Travel and Tesco's Mark Cody – elsewhere in this issue of Internet Retailing.

The six conferences will look in depth at issues and challenges around:

- Internet Retailing In Store;
- Customer Experience and Journey;
- International Retailing;
- Operations and Logistics;
- Digital Sales and Marketing;
- Mobile and Mobility.

Each conference track will close with a panel discussion and interactive Q&A session looking at the conference theme and how it will evolve to 2016.

TO SEE

From insight shared and debated with retailers, IRX also offers the chance to get hands-on with different technologies and solutions for all aspects of the e-retail journey. Over 200 companies are expected to exhibit including specialist areas such as the MetaPack and Magento Pavilions. Magento, owned by eBay, is supported by a global ecosystem of solution partners and third-party developers and the Magento Pavilion will showcase a number of these suppliers across a range of support and consulting services to help retailers get the most out of their business. The Magento partners that are currently taking part in the Pavilion include: Magento, 2J Design, Vaimo, Space 48, Summit Media, Screen Pages, Peer1, FishEye Web Design and PureBlue.

TO LEARN

Workshops – For visitors wanting to get in-depth with a solution or supplier, the IRX 2014 workshops are a complete programme of hands-on, practical, training focused sessions delivered by leading companies in the industry. Companies announcing workshops to date include SLI Systems, Shutl, Kount, Intelligent Reach, Search Laboratory and adestra.

Innovation Studio – The Innovation Studio is an onsite TV studio where the latest innovations will be shared and discussed with the IR editorial team. Visitors will hear from many suppliers who will reveal new and exciting approaches to drive their multichannel business forward and remain at the forefront of industry developments.

Now in its third year, retailers will be among the first to find out what's coming over the horizon for 2014: presenters in last year's Innovation TV Studio include Matt Hopkins, Founder and Managing Director of Vertical Leap and Red Rocket Media, speaking on the

'Convergence of Search, Content and Social'; Julian Fisher, Chief Executive of Bubbles Online Services, on 'The Secret of Bubbles – how to evolve online shopping that benefits consumers whilst keeping retailers in profit'; Sean Duffy, Principal Email Marketing Consultant at Emailcenter UK on 'Innovate or Die. Ensure your retail emails don't fall by the wayside'.

'ASK THE EXPERTS' DOCTORS CLINIC & IMRG KNOWLEDGE LOUNGE

IRX 2014 is pulling together top experts from six different disciplines in the realm of internet retailing and IRX visitors will be able to pre-book 30 minute clinics on a one-on-one basis with these experts. These hands-on, practical meetings will allow visitors to explain the problems or challenges they face and allow the experts to give an independent view which could help then to overcome the hurdles in web design, mobile, international/cross border retailing, internet retailing in store, logistics or merchandising.

IMRG's Knowledge Lounge will be coming to IRX 2014 too. Drawing on 23 years of experience in online retail and the knowledge of its 1,200 members, visitors will be able to get answers to their questions about ecommerce in a free 15-minute consultation with an industry expert. Once registered, visitors will be invited to book their session:

- Logistics - the final mile that is essential in the journey: who's the right carrier for you; what's the right cost for delivery; free delivery isn't free.
- Mobile – changing the landscape of ecommerce: developing a mobile offering; what does device centric mean to you; integrating the journey.
- Digital – helping businesses evolve: how far ahead is the consumer; how to connect digital marketing and tracking information; third party assistance – affiliates and friends.

TO NETWORK

Launching at IRX is Internet Retailing's Top 500 UK Retailer Index. This report will evaluate not only the overall standing of the Top 500 retailing companies, but also the elements that contribute to their performance: financial, customer focus, product, operations. In addition, we will assess the retailer's velocity – the rate and direction of change, innovation, reach and share.

Top 500 retailers will have access to the Top 500 Lounge which is expected to become the meeting place for the retailing community at IRX 2014, enabling retailers to meet, network and conduct important business meetings in a professional but relaxed atmosphere.

The Internet Retailing team looks forward to meeting many of you in Birmingham on 26 and 27 March. Further details of the event and how to register can be found at www.internetretailingexpo.com.

Key dates for 2013 learning opportunities

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www.internetretailing.net/events

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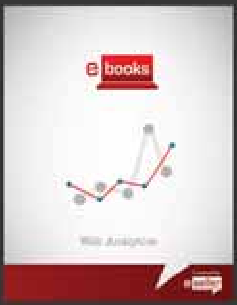

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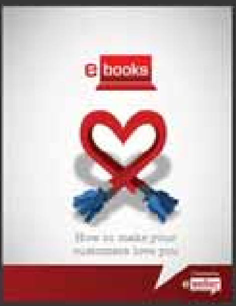

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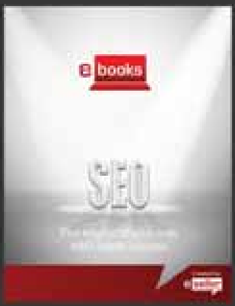

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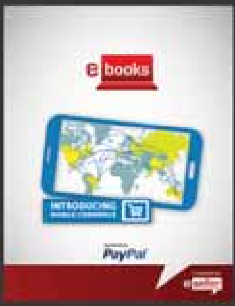
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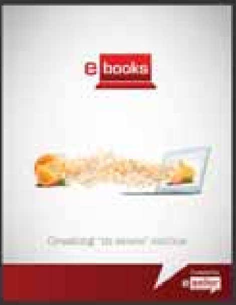

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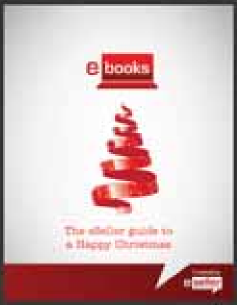
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