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LEVI STRAUSS: THE 140-YEAR-OLD STARTUP

Seth Ellison, Executive VP and President, Europe, Levi Strauss, on how digital and focusing on customers has helped to turn around a sleeping giant

INSIDE OUR 'D2C' EDITION:

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Editor's comment

It's mobile phone upgrade time again. Something that we are all used to; pay £x a month to talk, text, use data to a level pre-agreed with the service provider and after a set length of time you can change your phone. The same is true with cars – pay according to the plan for three years and at the end of it either pay extra to keep the car or hand it back to the dealer and start again with a new car. How much do we actually need to own?

Reminiscent of the early days of the internet when someone would be in a closed environment and have to survive for a week with only what they could buy online, how much today can be bought through a monthly subscription?

Taking that one step further, how much can be bought automatically without you having to do anything apart from initial set up? My HP printer, for example, automatically orders ink when it's getting low so that I never run out. This market for devices which automatically order their own consumables is predicted to grow massively over the next few years with both manufacturers and fulfilment services such as Amazon trying to gain market share early.

Thomas Cooper, ceo of Pantri, a new service in this area which is due to launch this summer, shares a view of subscription services and why they pose a threat to retailers. An interesting read indeed.

Manufacturers selling direct to consumers is nothing new though. They have moved on from using door-to-door salesmen of a bygone era to ecommerce sites controlling the brand experience for consumers across the globe. How brands then link their direct-to-consumer business with their other sales channels adds extra complexity to the holy grail of the seamless experience.

This is something that Levi Strauss is grappling with. The denim company returned to the stock market in March following a major transformation of the business from its foundations through to its direct-to-consumer channels. From declining sales, almost insolvent, $2bn in debt, too much inventory and "the wheels off the car" in 1996, the company grew 25% in Europe last year.

Seth Ellison, the company's executive vp and president, Europe, spoke to me about how digital and focusing on customers has helped to turn around what he called "a sleeping giant". His insight into the "140-year-old startup" runs as the main interview in this issue of the magazine and he's featured on the cover too.

Of the business now, he says "to be Levi Strauss we have to be rock and roll on the outside but function like a Swiss watch on the inside". A sentiment that others could learn from.

Other aspects of direct-to-consumer are discussed in this issue of InternetRetailing as we investigate how brands and manufacturers are using digital to get a closer understanding of their customers.

Paul Skeldon, InternetRetailing's mobile editor, investigates department store 2.0 and shares his thoughts on why the death of the high street is really just a retail reset. "Generations of the future still see a place for the in-store shopping experience, but retailers need to create an experience that plays to the strengths of in-store shopping whilst fixing the pain points that are driving people away," Peter Ballard, co-founder of Foolproof told Paul.

There's also news from InternetRetailing's RetailX research division on how brands are performing across Europe. The RXBX EU 250, sponsored by Amazon Pay – which will have been delivered along with this issue of the magazine – investigates the performance of the top direct-selling brands in Europe. Each brand was examined across the six Performance Dimensions of strategy & innovation, the customer, operations & logistics, merchandising, brand engagement and mobile & cross-channel. The Elite, Leading and Top250 are listed further on in the magazine.

Finally, for something completely different, the eDelivery pages include details of the Co-op's trial of autonomous robots for final mile deliveries in Milton Keynes. To date, 15,000 deliveries have been made to customers using the robots from Starship Technologies since the trial started in April 2018, Jason Perry, senior manager ecommerce strategy & rollout, food digital, Co-op, told delegates at the recent eDelivery Expo.

To readers I say, watch out behind you as technologies which were once felt as too far-fetched come snapping at your heels.

Emma Herrod
Editor

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

BURBERRY'S YEAR OF TRANSFORMATION

Burberry says it has achieved its objectives in the first year of its latest transformation, following the arrival of new creative director Riccardo Tisci.

The retailer has rethought aspects of its business, from creative, to marketing, digital and distribution over the course of the year. Alongside a new creative vision – with new logo and product aesthetic – it has also started to align its distribution and marketing. Digital innovations included the launch of the B-Series – a monthly drop of limited edition products sold on social platforms. It also partnered with Instagram on the launch of its checkout, enabling customers to buy straight from the Burberry Instagram shop. Digital growth was driven by sales in Asia, over mobile and through new third-party relationships.

It has upgraded and rationalised its store network, focusing on its flagship stores. By the end of 2020, it expects to have more than 80 flagship stores in its new style, while it will also close 38 smaller stores in secondary markets. During the past year, a net 18 stores closed, and 14 stores were upgraded to the new look. Stores opened in China, while its Dubai flagship was moved and expanded. That rationalisation has extended to its wholesale network, where it has started "phasing out non-luxury doors".

In its full-year statement, Burberry said: "All these initiatives helped reignite brand heat and significantly shift consumer perceptions of Burberry. During the year, we added more than 3 million followers on our key social platforms and significantly increased our engagement on Instagram. We have received strong organic endorsement from some of the world's most followed celebrities and influential fashion icons, and we have seen a step-change in the response from fashion press."

Burberry reported £2.7bn in revenues in the year to March 30. That's unchanged flat on the previous year. Pre-tax profits of £441m were 7% up on the same time last year.

LANDLORDS BACK CVA FOR DEBENHAMS

Debenhams is set to embark on a store closure and business restructuring programme after it won backing from its landlords for a CVA programme that will see it close 22 stores next year.

The vote to approve the CVA arrangements was passed by more than 75% of creditors, on the same day that Debenhams Group owner Celine (a new company formed by creditors to Debenhams) confirmed its backing for the business. Celine bought Debenhams Group out of administration, in exchange for £200m in new finance and plans for a £100m debt for equity swap.

The approval of the CVA proposals means that Debenhams is now set to close 22 department stores next year out of a total estate of 166 branches.

The CVA announcement is key to the Debenhams Redesigned plan of operating a smaller UK store estate with better quality stores. That transformation plan envisages up to 50 closures overall. Debenhams instead plans to focus on fewer but better quality stores, offering a customer experience redesigned around mobile and social for shoppers who want to make an event of their shopping trips. Its new-look Watford store is part of that transformation plan, with a new style of beauty hall, bringing digital into the store, alongside restaurants and, online, social media initiatives such as its beauty club community.

ONLINE SALES REACH 80% AT N BROWN

N Brown says that 80% of its sales, worth around £500m, were made online during a year in which it ended its experimental move from online brand to stores, closing all 20 of the Simply Be and Jacamo shops that were open a year earlier.

The group's focus is now firmly online and on a customer-centric strategy, while managing the decline of its offline business. Reporting full-year figures, that 93% of sales were made online at its 'power' Simply Be and Jacamo brands during the year to March 2, while its largest brand, JD Williams, made 76% of its sales online.

Digital revenues at those brands grew during the year, with JD Williams up by 8.8%, Simply Be up by 8.7%, and Jacamo up by 5.1%. Across N Brown brands, 80% (+7 percentage points (pp)) of sales were made online, with 91% (+1pp) of new customers buying via digital. But conversion rates fell from 5.3% to 4.9%, perhaps as the rate of traffic from mobile devices grew to 78% from 76% a year earlier.

Group revenue of £914.4m in the year to March 2 was down by 0.8% compared to the previous year. At the top line, earnings before interest, tax and asset write-downs grew by 7.9% to £128m, but one-off costs that the retailer said related mostly to legacy issues, meant there was a bottom line pre-tax loss of £57.5m, a fall of 454.3% from a profit of £16.2m in the previous year.

SAINSBURY'S REPORTS PROFITS SLUMP AS IT OPENS CASHLESS STORE

Following the collapse of its proposed £13bn merger with Asda, Sainsbury' woes continue as it logged a troubling 41.6% fall in pre-tax profits, dropping to £239m – £46m of which was spent on the failed merger.

The costs of the aborted merger formed part of £396m of one-off charges that dragged down the supermarket chain, which is also seeing declining sales as it gets squeezed between cut-price rivals Aldi and Lidl and high end shops such as Waitrose.

Stripping out these one off costs, the chain logged a year-on-year rise in profit of 7.8%, driven by what it describes as a "solid food performance", along with a £160m in savings and efficiencies brought about by its continuing integration of Argos.

The retailer says that like-for-like sales fell by 0.9% in the final quarter of the financial year – the second consecutive quarter of decline – with sales slipping by 0.2% for the full year. Grocery sales edged higher overall as prices grew, but the volume of food and drink sold decreased. Meanwhile, general merchandise was flat and clothing sales declined.

On a more positive front, the retailer is investing in accelerating investment in its store estate and technology, while reducing net debt and maintaining its dividend policy. Part of this sees an investment to improve more than 400 supermarkets this year alone.

This is thought to entail rolling out some or all of the developments seen in Sainsbury's Selly Oak "experimental" superstore concept, which features a food court, an Oasis concession – four more of which have been opened at other stores since – a revamped beauty and fragrance section and Habitat and Argos stores. It could also involve taking forward the cashier-less trial seen at the chain's Holborn Circus branch in London.

The experiment, which is planned to last for three months, enables shoppers to use the supermarket's SmartShop, Scan, Pay & Go smartphone app to scan their groceries as they go around the store. They pay in the app and scan a QR code before they leave, reassuring them that they have paid. There's no need either to queue or to pay at a till.

JOHN LEWIS IMPLEMENTS AR IN BEAUTY HALL

Shoppers at John Lewis & Partners can now try on a range of lipsticks with nothing more than their smartphone as part of its latest augmented reality (AR) app feature.

Beauty lovers browsing lipsticks in the John Lewis app will now have access to a 'Try On' feature which takes them to a live selfie screen where they can test different colours before buying. The virtual lipstick is applied instantly and stays on the lips, moving in real time with the customer.

The feature enables customers to try on a range of shades from 300 brands giving an accurate representation as well as encouraging customers to experiment with new colours they might not have tried before. Virtual Lipstick is available on the latest iPhones.

The John Lewis app is already a particularly popular channel for beauty customers, with beauty accounting for 17% of all app orders. However research found that when it came to buying new lipsticks, customers were keen to test out different shades before purchasing.

Sienne Veit, Director, Digital for John Lewis & Partners, explains that this is the perfect example of combining the expertise of its Beauty Hall Partners with the very best technology online. "Beauty is the perfect space for us to experiment with this technology and we hope our customers have lots of fun using it," she says.

CROSS-CHANNEL THEATRE WINS FOR JD SPORTS

JD Sports says that bringing theatre into retail, both online and in-stores, lay behind record full-year figures. The retailer, ranked Leading in IRUK Top500 research, reported revenue of £4.7bn in the year to February 2 2019. That's a rise of 49.2%, compared to the previous year. Profits before tax and exceptional items grew by 16% to £355.2m, but one-off costs, including £29.4m from the newly combined Finish Line and JD business in the US for the 33 weeks following its acquisition, meant that bottom line pre-tax profits came in at £339.9m – 15.4% up on last time.

Like-for-like sales grew by more than 6% around the word, against "a backdrop of widely reported retail challenges in the group's core UK market."

JD Sports executive chairman Peter Cowgill said that the record result had been achieved "with a relentless focus on ensuring that, at all times, we provide a compelling differentiated proposition to the consumer with an attention-grabbing theatre both in stores and online. Consumers expect our product and brand mix to be emotionally engaging, exclusive and continually evolving with high levels of social media penetration and an increasing pace of technology adoption across our core demographic, ensuring that new styles and trends spread rapidly across a wide geography."

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

BOOTS ADVANTAGE MOVES TO MOBILE

Boots has taken its Advantage Card digital so that shoppers can collect and spend their loyalty points straight from their mobile phones.

The loyalty scheme is now part of the Boots App, with the result that customers can scan to collect points, spend them in store and check their points total straight from their mobile phone. At the same time they can use personalised offers from the Boots app.

Helen Normoyle, marketing director at Boots UK, said: "We are continuing to build on the phenomenal success of the Boots Advantage Card. Digitising the card makes it more flexible and available, and gives customers more opportunities to tailor and personalise offers, making their shop even more rewarding."

The Boots Advantage Card was launched in 1997, and now has 17.1m active members. The news that it has been digitised is one of a number of initiatives that the retailer, which is ranked Leading in IRUK Top500 research, is currently introducing as it looks to make shopping at Boots more personalised and relevant to its customers. It is to run in-store marketing along with a competition that offers points as prizes when shoppers use the Boots Advantage Card on their phone.

News of the loyalty upgrade comes soon after Boots' latest figures showed 200,000 customers ditching their Advantage Card over the last financial year.

PAGE LOAD SPEEDS IMPACT GOOGLE RANKINGS

Websites that rank higher on Google tend to load faster and provide a smoother user experience on mobile according to a new Searchmetrics study conducted using Google's open-source website auditing tool, Google Lighthouse. And higher ranking sites in general are more likely to use modern web technologies such as next-generation image formats and the newer, faster HTTP/2 web protocol.

The research also suggests that many sites appearing near the top of the search results are not doing enough to make their content accessible to people with disabilities, especially the visually impaired. This is despite an increasing number of lawsuits being filed against organisations for failing to comply with accessibility requirements.

The 'Searchmetrics Google Lighthouse Ranking Factors 2019' used Google Lighthouse to test the level of technical optimisation of high-ranking websites on Google. The research tested the top 20 search results on Google.com for 10,000 keywords, analysing how pages listed in the results performed in a variety of Google Lighthouse audits that measure technical optimisation. It focused on four categories of optimisation that are covered by Lighthouse audits; Performance (which mostly covers various speed-related performance tests), SEO, Best Practices and Accessibility.

The study found that the faster a page can display its primary content on screen – 'Time to First Meaningful Paint' – the higher it tends to rank. Sites that appear on page one of Google display their primary content in 1.19 seconds on average, while those on page two do it in 1.29 seconds.

VODAFONE GOES LIVE WITH 5G

Vodafone will switch on its 5G network for both consumers and business customers in seven cities across the UK on 3 July 2019. In a worldwide first, Vodafone will also offer 5G roaming in the UK, Germany, Italy and Spain over the summer.

The UK is leading the way in adopting 5G, with Vodafone the first operator to name an official switch-on date. Vodafone is also creating digital innovation and incubator centres across the UK.

What does it mean for retail? 5G promises device speeds around 10 times faster than 4G, meaning high quality 4K video calls and downloads will be delivered even quicker to smartphones and tablets. Data transfer of less than 20 milliseconds will be standard, which is great news for mobile users like gamers, who up until now have had to rely on home broadband when playing online.

5G will also deliver response times of less than five milliseconds. For retailers this means more of everything and everything at high speed. It will allow for the use of public networks – in-store and out in the street – to carry the whole gamut of augmented and virtual reality (AR and VR) services, will allow for retailers to roll out all manner of in-store services and help consumers connect wherever they are.

Retailers themselves will also benefit, with 5G improving the connection between stores and warehousing, logistics, such as drone deliveries and driverless vans, and suppliers, as well as being the underlying technology that will make the Internet of Things (IoT) for retailers – think connected shelves, better personalisation and goods with RFID cards in them – a reality.

Levi Strauss: the 140-year-old startup

Seth Ellison, **Executive VP and President, Europe, Levi Strauss, spoke to Emma Herrod about how digital and focusing on customers has helped to turn around a sleeping giant.**

In March 2019, Levi Strauss returned to the stock market in an IPO which saw the jeans brand raise more than $600m (£477m) and boosting its share value by 30%.

The move follows a major transformation of the business from its foundations through to its direct-to-consumer channels. It refocused on its profitable core range of jeans for men in the key markets of the US, France, Germany, Mexico and the UK, while expanding in other regions and product categories including tops and womenswear. At the same time, Levi Strauss focused its sights on becoming a leading omnichannel retailer and achieving operational excellence in terms of systems and processes.

Its transformation has been carried out under the leadership of Chip Bergh, who the then family owned business brought in as CEO in 2011 following years of declining sales. Seth Ellison, Executive VP and President, Europe, Levi Strauss, explains that the company had been in decline for 20 years, was almost insolvent and weighed down by $2bn in debt and had too much inventory. By 1996, he says, “the wheels came off the car”.

Marketing budgets were slashed just as new brands such as 7 For All Mankind were entering the jeans market. “We were being crushed [in the middle] by competitors” as fast fashion companies such as Zara were “coming up from the bottom” while premium brands were moving over the top.

Image: Levi Strauss

Approaching womenswear with a razor sharp focus on the customer has been a winning strategy for Levi Strauss

Between 1996 and 2001, Levi Strauss sales plummeted from $7.1bn (£5.46bn) to $4.1bn (£3.15bn).

The first thing the business had to do under Bergh was "to wake up the sleeping giant". The initial stage of this was to put the leadership team in place and have everyone working to a common strategy, explains Ellison.

> "To be Levi Strauss we have to be rock and roll on the outside but function like a Swiss watch on the inside"

From here, the brand went after quick wins to generate cash by fulfilling the orders it already had and concentrating on its core markets. Internally, processes were put in place to ensure that everyone was talking to each other across departments as "execution was critical". It had to concentrate on things that would make a difference immediately and to work as if it was going to be out of business the next day.

Instead of using market volatility as an excuse not to do things – which was inherent in the business at the time, according to Ellison – the leadership team had to turn the firm around and get it to understand that this was to become the norm. Instead of trying to control what couldn't be altered, it focused on what could be controlled in order to grab market share. "We went on the offensive instead of reacting to everyone else," he says.

From this point, the strategy pivoted to investing in new areas, predominantly womenswear and digital. Levi Strauss also concentrated on three consumer segments: customers who had stayed loyal to the brand; those who had left; and a whole generation which Ellison says had missed out on – and never been targeted by – the brand.

Until this point, Levi Strauss had been marketing to women in the same way as men, but Ellison says that once it "started to approach the consumer with a razor sharp focus, things started to move again".

From being squeezed at the top and the bottom and being told that there was no place in the middle, the brand discovered that this wasn't true. "We had to be cooler than the ones at the top and understand price elasticity better than those at the bottom to become the first brand of choice," explains Ellison.

It realigned the brand to be at the "centre of culture", working with iconic people such as sports personalities, musicians and bloggers. Products and marketing were introduced that "built bridges" to its core target groups. These included denim shorts for people going to festivals and t-shirts for customers wanting to wear the company's logo.

"Denim was our starting game," he says, and this also allowed the firm to work across customers' wardrobes as long as it kept to the brand values and authenticity. "To be Levi Strauss we have to be rock and roll on the outside but function like a Swiss watch on the inside," he adds. "Delivering on your promises is critical," and this has to be aligned with the customer experience and not just focused on improving processes.

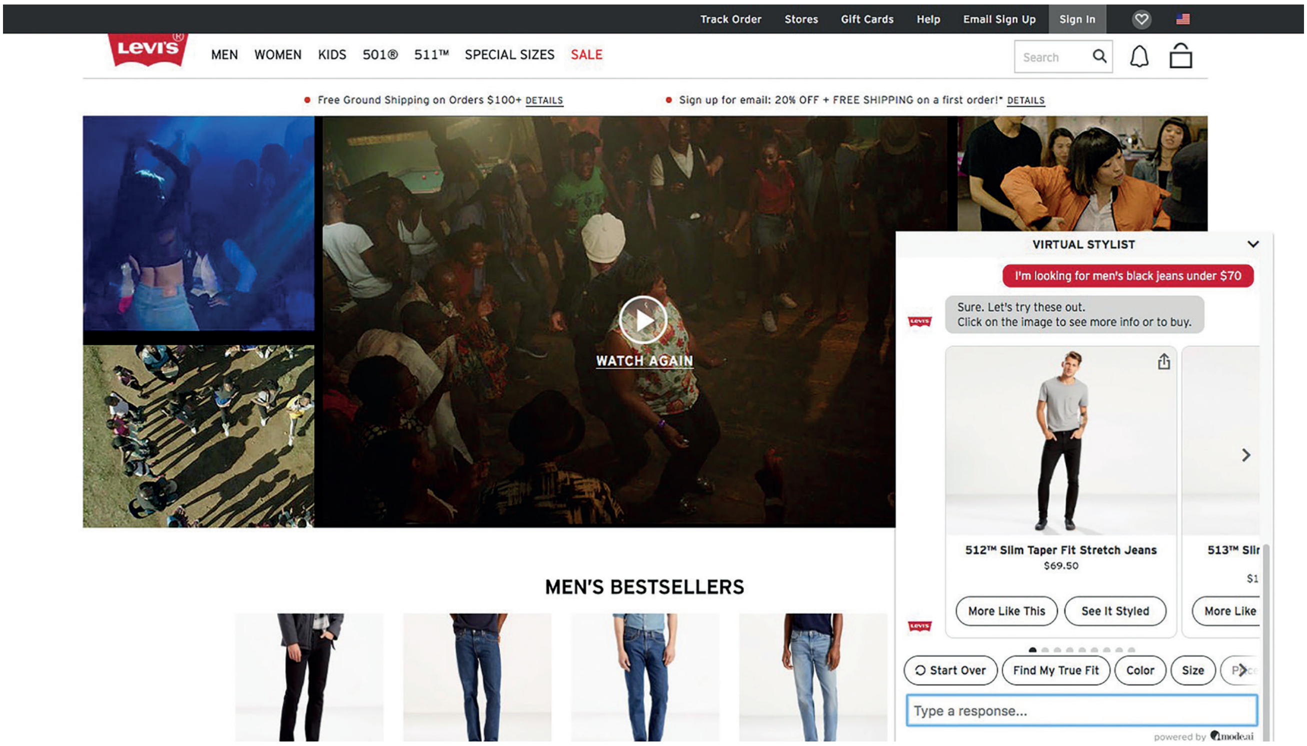


Image: Levi Strauss

Levi Strauss is linking the channels through loyalty, CRM programmes, an AI-powered chat bot and personalisation

The company has seen a phenomenal turnaround since its business transformation, with revenues up by 14% last year, a rate of growth which the company hasn't seen in more than 25 years. "Fans have come back to the brand in droves," says Ellison, adding that "it wasn't by accident".

LEVI STRAUSS IN 2019

Today, Levi Strauss operates through 832 of its own stores along with online channels through which it sells direct to consumers from Levi sites and marketplaces, including Zalando, and a wholesale business which sells through the physical stores and online channels of its retail partners.

It is now working on joining up its distribution channels in a way that improves the experience for customers and is helping to change the relationship from a purely transactional one. As part of this, it has also instigated a test and learn culture within the business to ensure that it keeps moving forward as customer behaviour changes.

"We have this giant ecosystem of distribution to deal with and we are really stepping back and asking, 'How can we create the best possible experience linking those points of distribution?'." This, Ellison believes, is where the company's real competitive advantage lies.

Levi Strauss is linking the channels through loyalty, CRM programmes, an AI-powered chat bot and personalisation (which it calls Know Me), and further linking them to product customisation through tailor shops and the experience in the Print Bars and its FLX laser technology, which enables the brand to create almost any look on denim.

Ellison says stores, online, customisation and personalised experiences "are our future". So the brand is looking at every link in its distribution chain and asking: "What's our ability to continue to elevate it?" He adds that, "as the customer moves from a transactional to an experiential relationship, and with customers wanting to shop 24/7, how the business leverages technology has to be part of the equation.

"Quality is starting to become more important than quantity," he says of the distribution points. He also says the company does not know yet what the future of its distribution channels will look like. It is looking at every sales channel and "hoping that we can turn it into an experience". He adds that the parts that are "entirely transactional will not be part of the future".

Ellison says Levi Strauss understands that its customers "also want to be with brands that have authenticity and values". He believes that with its heritage of "profits through principles", the firm can remain a values-led business and still make money.

The fact that things are moving so much faster and technology has changed everything excites him. Besides the speed, there's the idea that consumers are brands; they can share ideas and have the ability and desire to give feedback whenever they want to. "It flattens the relationship between the top of your business and the consumers."

Every person in the organisation becomes more important because they are part of that experience and they have responsibility, he explains. An employee may not have marketing and consumer in their title but – regardless of their role – they need to be thinking about what they are doing to build the brand and create a better experience for consumers.

Image: Levi Strauss

Levi Strauss operates through 832 of its own stores along with online channels through which it sells direct to consumers from Levi sites and marketplaces

MEASURING CROSS-CHANNEL

The impact of these changes is being measured through conversion rates, footfall and how it compares to the rest of the street, the types of consumers buying and cross-channel CRM. In turn, this is helping the brand to measure where it is connecting most closely with consumers.

Visual inspections show how much the business is moving forward with its stores. Each one is measured on the experience, whether it's something that the company can be proud of and whether it resonates with consumers or is "simply trying to draw dollars".

New stores and concepts have been opened, from a flagship store in New York through to a made-to-measure couture business and tailor shops customising jeans for customers. Different format stores are enabling it to test and learn with different customer groups and distribution channels, such as the GenZ store which it opened with a franchisee in Rotterdam, Netherlands. Portugal is becoming a proving ground for its omnichannel innovations in Europe and standalone womenswear stores are being opened by a franchisee in the country. Ellison explains that in some countries half of the company's sales are now in womenswear.

The rollout of mobile devices in stores, on which associates can place online orders for customers, is helping to bring the channels together as well as creating "a whole new set of metrics" around how offline traffic is driving online conversion. A future launch of ship-from-store will add to the online-to-offline metrics.

Ellison points out that omnichannel goes deeper than that, though, since fit is such a large part of the product equation. This has led to Levi Strauss using virtual stylists online to interact with shoppers, and assessing the dressing room experience in store and on-floor navigation.

"There are a lot of moving parts right now and that is both the challenge as well as the exciting part of it at the moment, and there are so many different ways in which we can elevate the experience," he says.

Levi Strauss is keen on the fail-fast culture adopted by other companies working in digital and omnichannel retailing. The test and learn philosophy extends to store formats, technology and new consumer groups, and the business has started to celebrate failure. "This is something that we are really trying to embrace," he says, explaining how internally the business is known as the "140-year-old startup".

Many of the print bars and fitting room mirrors showing slow-motion imagery so the shopper can see themselves from every angle have been developed in this way. "If you truly want to move with the consumer as fast as they are moving, you have to build a testing culture within your business. You can't be afraid to fail. And that's something that we are getting used to, we've been a business culture getting excited over the wins that we've had over the last 6 or 7 years," Ellison says, adding that "failure tells you that you are pushing the boundaries".

This cultural change started at the top and business leaders are cross-trained so that each spends a lot of time connecting with other areas of the business. Ellison explains that you need a team that's not worried about who gets the revenue as there's a lot of shared profit pools and connected experiences. Matrix working groups and collaboration works across parts of the business as well as across geographies.

Levi Strauss also tries to blend and amplify the best experiences for all consumers, customers, employees and partners, including franchisees and licensees.

THE FUTURE

Brands today are at a crossroads, believes Ellison. They can follow one of two paths: commoditisation or experience. Each brand needs to pick their path before they are forced into becoming a commodity. Once they become a commodity, he believes that it is a position from which it's difficult for a brand to change. Over time, he warns, other companies will produce the same thing cheaper or deliver a better service and the brand USP will have been lost.

The other path is about the collaborative experience between the business partners, consumers, customers and employees. All of these experiences need to come together and be amplified, he says, giving as an example how music stars visiting the brand's offices say that it's a "cool" brand and employees say "you can't guess who I saw in the office today".

This helps to create a "brand heat" at the centre, he explains. He adds that as a brand you have to understand the nuances of the science to create best-in-class service: "But, ultimately, our chance to stay out of the black hole and always have a reason to be is about the experience we create. The experience of retail just has to keep elevating, it has to get better."

He says that one of the opportunities delivered by the IPO has been the ability to look at and invest in the IT infrastructure that underpins the business. He adds, though, making changes is like "trying to change the wheels on the car while going at 80mph", as the business tries to balance new things while building the foundations for them at the same time. Bots, advanced analytics and AI are all on the company's agenda.

Success for Levi Strauss, believes Ellison, lies in bringing together culture, values, style, music and sport, and direct to consumer, all underpinned by great new technology and an obsession with the consumer.

Ultimately, he believes that Levi Strauss "will not be the best at ecommerce, not be the best at retail or the best at wholesale but we aim to be the best at bringing it all together because with all those points of distribution, if we can create the ultimate integrated experience between those areas, that is our competitive advantage".

And that integrated vision is what saw the Levi Strauss business in Europe grow by 25% last year and generate net revenues of $1.6bn (£1.23bn). Ellison believes its new categories and opportunities give it the potential to top £3bn (£2.3bn) in Europe.

FLX TECHNOLOGY TRANSFORMING THE BUSINESS MODEL

Levi Strauss' ability to offer personalised customised products has led to the development of FLX Technology. Using laser technology customers can choose the exact colour and amount of fading that they want on their jeans as well as the placement and level of wear and tear. It also cuts down on the amount of chemicals required in the production process.

The service, which will launch online in the US in the autumn, cuts a labour-intensive process of 18-20 steps, taking up to 12 minutes per pair of jeans, to a three-step method done in 90 seconds.

The innovation will also shake up the company's entire business model, from production to distribution and marketing, Marc Rosen, Levi's President of Direct to Consumer, told delegates at the World Retail Congress. "It's a change in our business model from selling what we make to making what we sell," he said.

"In product model it's a shift from producing finished goods to producing a blank canvas. Consumers will then be able to decide what colour they want their jeans to be, what level of destruction they want and where they want that placed on the product."

This work could be done in distribution centres, closer to the customer, rather than in factories and he suggested stores would "shift from being a product showroom to become a collaboration studio."

He added: "If you think about a traditional store, the consumer comes in and sees stacks of finished goods that we finished earlier in the process and made the decision about what they might like.

"Here they're able to come in and take a blank canvas and design their own product. That elevates the role of our stylists and our tailors. They're some of the best at customising our product but now they get to share that experience with consumers.

"The tailor shop now moves to the centre of the store so that they can work with consumers to inspire them.

"Finally, in marketing it's a shift from promoting and clearing what we have, to inspiring consumers with what they can create."

"All geographies, all channels, both genders and all categories have been growing and this says a lot about the brand, the connection with consumers – and it says a lot about the experience," he adds.

"The biggest challenges are the fact that it's becoming more difficult to see the road ahead because of social, political and economic challenges in the marketplace." Brexit, the gilets jaunes and the Catalan independence movements and currency fluctuations are all mentioned by Ellison. "We'd be very naive to think that everything will stabilise over the next 2 or 3 years. In fact, if anything, it may get more challenging."

There are plenty of places for the brand to get share, create share, innovate and leverage technology such as FLX. "We really believe that when times get tough it's the chance for the best companies to accelerate away from the rest of the pack and position themselves in a better place for when things turn around. I'm very confident in this team's ability to react and to separate from the competitors," Ellison concludes.

Research round up

Emma Herrod **pulls together the findings from the latest consumer and retail research.**

An amazing 86% of shoppers in Britain use Amazon with 70% of those who regularly shop from the retail behemoth's site saying that Amazon is the first retailer they go to when shopping online. The research from Mintel further highlights the ongoing popularity of the retail giant, discovering that more Amazon shoppers have increased their shopping (21%) with the retailer than decreased it (13%) over the past year. Overall, most (70%) Amazon customers shop with the retailer at least once a month, while just under a fifth (17%) use the retailer on a weekly basis.

In terms of what's in the basket, hardcopy media such as books, DVDs and video games remain Amazon's most popular purchases. This is followed by electricals (30%), fashion/jewellery (30%), and toys (20%). Some 45% of households in the UK have some form of Amazon produced device, with Kindle (23%), Fire TV/TV Stick (16%), Fire Tablet (14%), and Echo (11%) proving the most popular.

Inherent trust in this retail giant is confirmed by the fact that as many as half (51%) of Amazon users assume that the retailer has the cheapest prices, while six in ten (59%) say they are loyal to the company.

GROCERY SECTOR FAILS TO ATTRACT NEW CUSTOMERS

Another research study from Mintel has discovered that the amount being spent on groceries online in the UK is continuing to grow as ecommerce takes a larger share of the grocery market. However, the number of new customers swapping to buying their groceries online is dropping. In fact, the number of customers shopping online for groceries has dropped to 45% from 48% in 2015.

Last year, sales of online groceries in the UK reached £12.3bn, up 9% from 2017 with online increasing its share of the market up from 6.1% in 2016 to 7% in 2018. What is more, consumers' love of online shopping is set to continue as this year, sales are expected to reach £13.6bn. Over the next five years, online grocery is forecast to account for 10% of all grocery shopping, with sales growing by 60% to reach £19.8bn in 2023, according to Mintel.

According to Mintel research, younger shoppers in Britain are still enthusiastic about the convenience of having groceries delivered, particularly those aged 25-34, with 61% of this group doing some online grocery shopping and over a quarter (27%) saying they do all or most of their grocery shopping online. However, it seems that middle aged and older shoppers are more reluctant to join the online revolution, and their reluctance is growing. Whilst just over a third (35%) of people aged 45+ report buying some groceries online, the number of shoppers in this group who have "never bought groceries online and have no interest in doing so" has grown from 34% in 2015 to 42% in 2018.

"Online grocery is, alongside the food discounters, one of the fastest-growing segments within the wider grocery sector. However, growth is slowing and the number of users is plateauing as retailers struggle to encourage new customers to try their services. Many consumers remain reluctant to buy fresh products online, concerns around substitutions persist and delivery charges are still off-putting, particularly in a market where value is key," says Nick Carroll, associate director of retail research at Mintel.

> "More than 3,000 software bugs and user experience issues were found amongst the world's top 52 retail sites"

"However, most importantly, online services are still best suited to the traditional big-basket weekly shop, at a time when consumers are increasingly shopping on a top-up or when-needed basis. That is why we are seeing more retailers launch trial services designed to tap into the potential market for same-day or small-basket online grocery delivery. The difficulty is such services, at present, are costly to both the customer and the retailer, limiting their appeal and potential geographic rollout," he adds.

The most common reason why consumers do not shop online was found to be that they prefer to choose fresh products themselves (73%). There are also concerns around high delivery charges (24%) and minimum spend (18%).

When asked how much they would be willing to pay for same-day delivery, 30% of online grocery shoppers say they would pay £1-£2.99; whilst a further 27% say £3-£4.99. Just 19% of these consumers would be willing to pay over £5 and 24% say they would not be willing to pay anything for same-day delivery, highlighting the need for costs to be kept in line, where possible, should same-day delivery become mainstream.

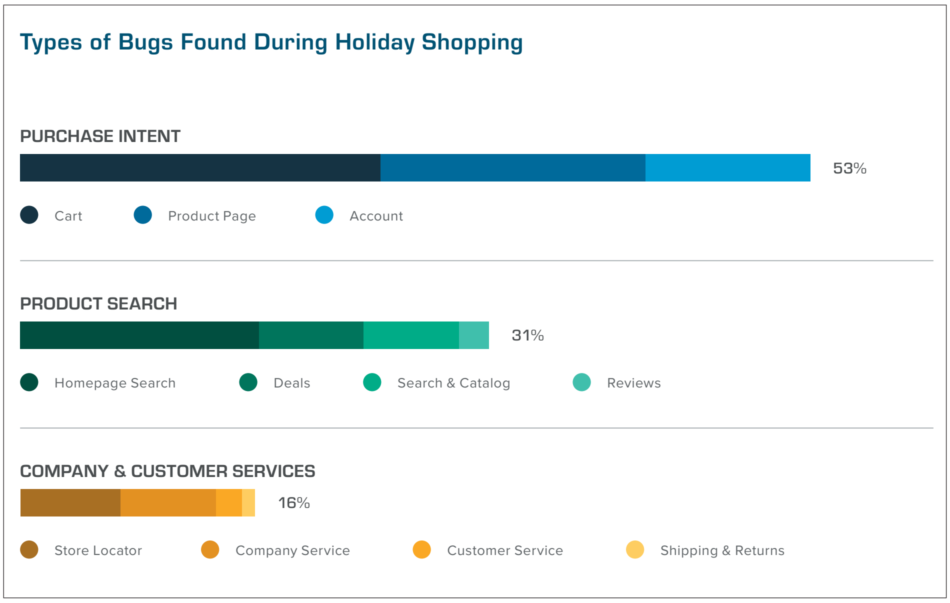
"For some consumers, the larger basket-style shopping that online grocery best supports does not fit with their current habits, indicating that, should same-day delivery come to the mass market, with services targeted towards immediate meal solutions, it could be the next driver of growth for the sector," says Carroll.

The Mintel research also reveals that almost two thirds (63%) of online shoppers have experienced an issue with their order in the past year.

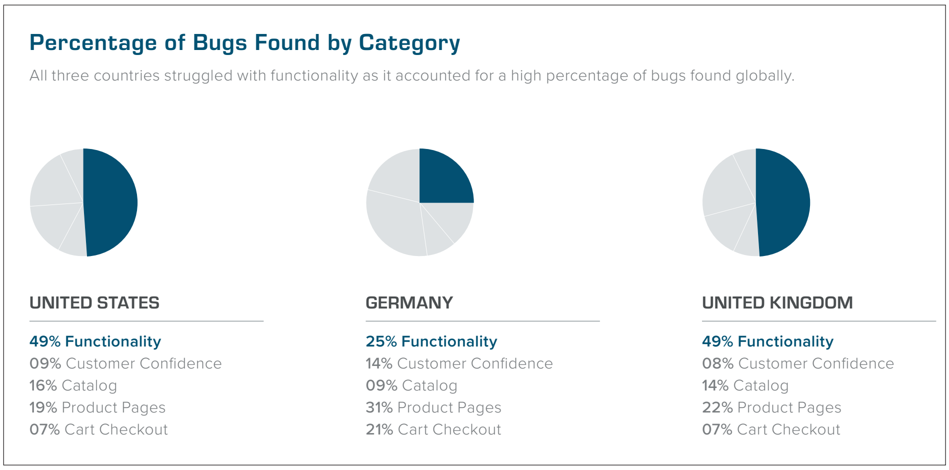
Top of the complaints are missing products, with just over a quarter (26%) of online grocery shoppers experiencing this frustration. This issue is closely followed by incorrect product substitutions (25%) and out of date/short shelf life items (24%). A further one in five has received damaged goods (20%) and been inconvenienced with late deliveries (20%).

The majority (85%) of those who have experienced an issue have taken measures to resolve it. The most popular way of which was to call customer service (42%). Meanwhile, 28% have made a complaint via the retailer's website and 15% have complained via live chat/chatbot. Just under one in ten (8%) has taken to social media to air their complaints, while a nonchalant one in seven (15%) said they did nothing when faced with an issue.

"The fact that nearly two thirds of online shoppers have experienced problems with orders in the past year should be worrying for the sector. For those retailers with bricks-and-mortar stores, this may not be as great of a concern given that groceries are, to a degree, non-discretionary and, therefore, consumers who experience issues online ordering do not simply stop buying groceries altogether; they just go back into the store. However, this is playing dice with customers given the level of promiscuity in-store and, despite the thin margins, how relatively loyal online shoppers can be to a business." concludes Carroll.



Source: Applause 'Retail Quality Report'



Source: Applause 'Retail Quality Report'

RETAIL REVENUES SUFFER FROM SOFTWARE BUGS

Meanwhile, another study has found that UK ecommerce sites are limping behind the US and Germany for customer satisfaction and functionality. More than 3,000 software bugs and user experience issues were found amongst the world's top 52 retail sites by software and usability experts conducing testing for digital quality and crowdsourced testing firm Applause. Many of the bugs would have impacted retail revenues, says the company. In fact, 65 of the bugs would have cost top US retailers more than $60m in lost sales over the Christmas period when the testing was undertaken.

More worryingly for the UK retail sector though is the fact that almost half (45%) of the issues were found on UK sites. Some 32% were on US sites and 23% on sites in Germany.

Over half of all bugs found were classified as severe – potential delayers or blockers – which would significantly impact the functionality of a website and potentially discouraging customers from using the site to complete purchases. One of these bugs had the potential to cost a US business $915,240 in lost revenue every two weeks.

Amongst the bugs found were issues with specific omnichannel journeys including buy online, return in store. The speed and performance of sites was also measured. In some cases, search results and product pages failed to meet customer expectations, while the shopping cart and checkout process also left customers confused.

"It's been disappointing to see the UK market perform so badly. Issues identified by our testers ranged from functional errors to poor search relevancy and slow website speeds. It's clear that UK retailers need to rapidly stabilise their digital properties in order to meet the high bar set by leaders like Amazon," says Richard Downs, UK director at Applause.

Retail leadership in crisis

Retail leadership teams are in crisis and "not fit for purpose" in a rapidly changing business environment, according to a major survey of Chairs, CEOs and senior executives from the retail sector across the world. *Emma Herrod* **reports.**

Only 36% of respondents feel that their company's leadership team is moving fast enough to keep up with changing consumer behaviour, a worrying finding of the research conducted by executive search firm Green Park and the World Retail Congress.

When it comes to digital leadership, confidence was even less with only 27% believing that their leadership team has the digital expertise necessary for success in the future. Just 26% feel that their leadership team has the necessary expertise in data and analytics for future success while only half (56%) believe their leadership team is not diverse enough to properly reflect their customers.

Overall, it was felt that members of retail leadership teams are more comfortable managing their own, silo and struggle to manage end-to-end processes.

The DNA of Future Retail Leadership study found that many top teams across the sector are criticised as "not fit for purpose" due to:

- A failure of leadership and in particular an inability to adapt to the rapid changes to consumer behaviour brought about through technological change;
- A failure of culture, with a functional, siloed set-up within leadership teams which is clearly unsuited to providing a seamless experience for customers who want to engage across multiple channels and touchpoints;
- A lack of diversity within the top team, leading to less insight and focus on customer demands from a younger and rapidly diversifying consumer demographic;
- A failure of skills with many retailers with a store-based legacy in particular struggling to implement transformational changes to make them more competitive against newer, pureplay companies with completely different attitudes to risk and innovation.

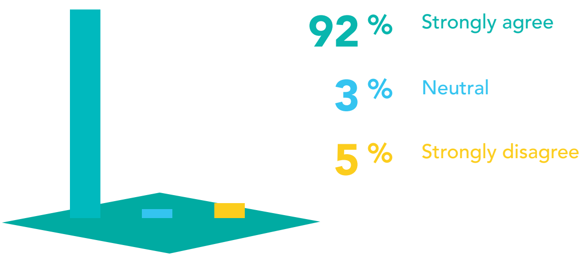
"This report should act as a wake-up call for much of the retail sector. As technological change increases in pace and consumers interact with brands in ever more innovative ways, it's clear that in their own words, the leadership teams at many of our leading companies appear unable to adapt and as a result risk failure in the future," says Steve Baggi, co-founder of Green Park and head of retail.

> Only 27% believe that their leadership team has the digital expertise necessary for success in the future

He continues: "However there is hope. Some companies, led by forward thinkers adept at using data and technology to harness insights about their customers are thriving. The rest of the sector can follow their lead, taking some of the strategies we lay out in the report to help ensure they too can prosper in tomorrow's business environment".

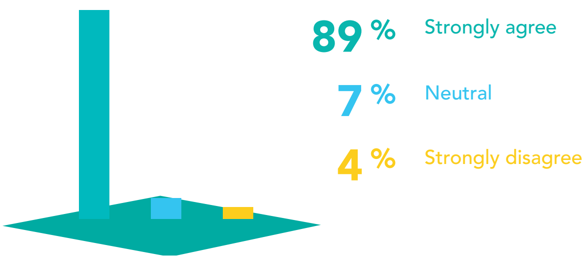
Three areas are highlighted where companies need to focus their strategies to create leadership teams with the skills, attributes and behaviours in order to survive, and thrive: They are to create: a hard-wired understanding of modern customer behaviour and mindset across all channels, with this insight linked directly to strategic decision making; a leadership structure embracing blurred lines rather than silos, which runs all channels to market in an integrated manner to provide a seamless experience for customers; a mindset in which all members of the leadership team regard digital as an integral part to each of their roles, using ongoing high quality data analysis to drive the company's strategic vision.

Source: The DNA of Future Retail Leadership



The composition of retail executive teams will change significantly over the next five years, with new capabilities required in the leadership team.

Source: The DNA of Future Retail Leadership



The role of Chief Digital Officer, where it exists, is a transitional one. Ultimately, all members of a retail leadership team will need to regard digital as an integral part of their role.

Frame of reference

How can you establish a connection between your products and the customer's decisions, while informing the experiences you create? *Ian Jindal* ponders how retailers can create the frame of reference that is both informative and differentiating.

Establishing a frame of reference in your customer's mind allows them to understand your brand, navigate the buying and owning experience, and amplify their views on your brand. More than a statement of "what do we stand for", or same-same promises of "being different" or "moving the dial", a frame of reference provides a coherent world-view that is more persistent than sloganeering.

In physics, a frame of reference is an abstract co-ordinate system that uniquely fixes a point within a universe. That point is described in terms of location and orientation, but the universe itself is also described. For example, in describing a point on a two-dimensional graph the x,y co-ordinates give a unique location. We're also familiar with three-dimensional (x,y,z) co-ordinate systems that are used to colloquially describe the world we live in.

However, our 'real' world is more than a set of static cuboids in a Cartesian space. We need many more reference points to describe moving, flowing, things existing in time-space.

Take an aeroplane as an example. It has an (x,y,z) co-ordinate to describe its location at a given moment. But it also has speed and acceleration. Oh, and mass. As it moves it requires thrust, resisted by the drag of the air, held aloft by lift force, counteracted by gravity. Furthermore, the *attitude* of the plane can be described in terms of its pitch, yaw and roll, and it will have a bearing too. That's 14 'dimensions' of data so far to describe the plane's location, attitude and movement.

As retailers we need to expand our customers' understanding of the reference points by which they should judge our offering. We mostly do this by drawing out important benefits or attributes of our products – for example emphasising the materials' provenance, their ethics, the details that make a difference. Collectively these are known as discrimination criteria (the facts that a customer adopts as the basis for comparison with alternatives). Faced with undifferentiated products a customer may resort to the most basic of criteria – price. For some customers, attributes like organic certification, or 'made in the UK' are more important, and these can act as a filter to exclude non-conformant options. Product marketing is therefore an arms race, pushing features and details at consumers in the hope that they can become discrimination criteria.

In the last decade the amount of data we hold on each product has increased. One PIM supplier suggested to me an 8-fold increase in attributes per product. These are now available to search, sort, filter, prioritise, display and promote. However, the real and sustainable gains are to be made not from adding data co-ordinates (valuable and necessary though that increased descriptive fidelity may be) but rather from redefining the frame of reference itself.

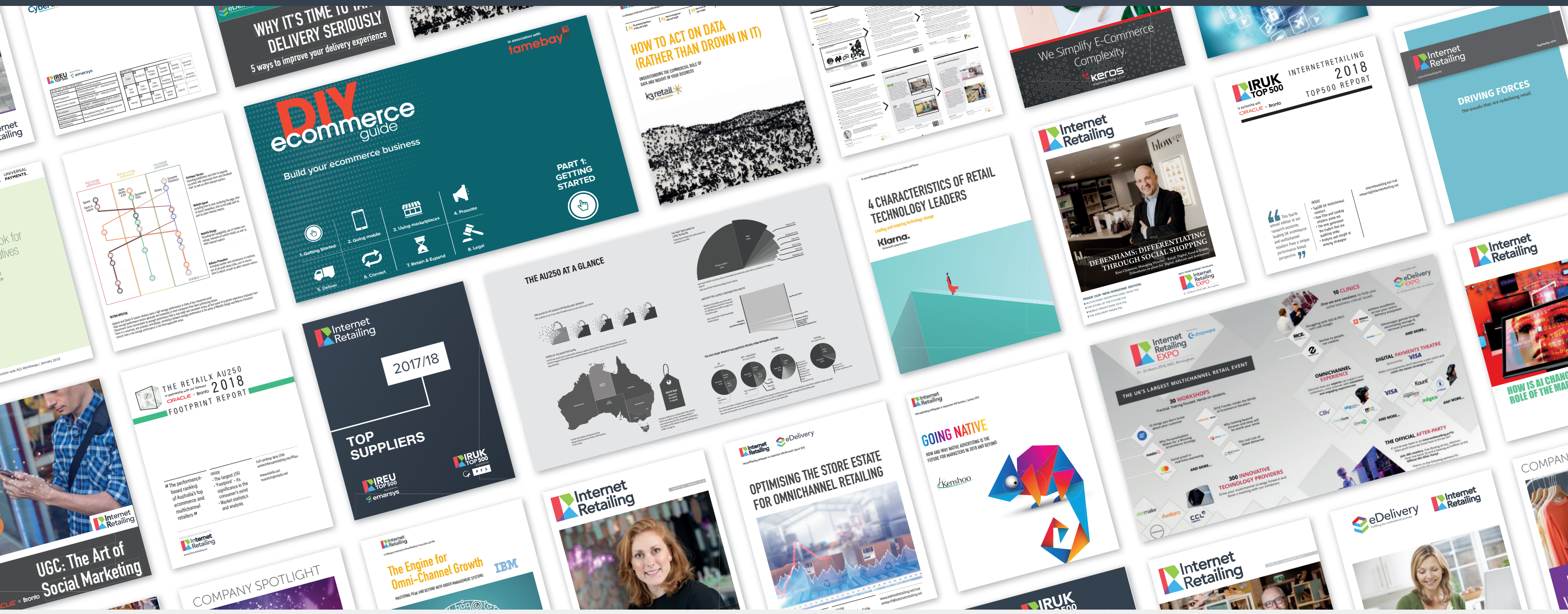
We have recently completed our Analyst Report (with RetailX.net) on Fast Fashion, and there we saw a conflict between the customer's demand for newness at a cheap price and their unease at the environmental and ethical impact of fashion. The result has been a number of companies which have incorporated more sustainable practices with ever-better supply chain mastery to separate themselves from their erstwhile competitors. A new framework perhaps.

Other examples of companies which are resetting the industry rather than simply excelling at the old frameworks include Amazon. Previously, delivery was either fast *or* free. Now it's both. As a result the previous space's co-ordinates no longer adequately describe a service that the customer deems acceptable.

Back to sustainability, and we are used to companies pledging '1% for the planet', or looking to decrease environmental impact with the 'reduce, reuse, recycle' mantra. Recently, however, Patagonia.com (the maker of high-end specialist outdoor apparel) added a further 'dimension': a 'fourth R' namely 'Renew'. This additional co-ordinate pledges the company not only to have a zero impact upon the planet, but actively to *renew* the damage inflicted to date. Cleaning water supply, bringing toxified land back into production, regenerating the environment. By adding this fourth co-ordinate they have created a new framework in which they and their competitors will take their places.

AI and extensive data sets will soon outpace our efforts to extend the product-level data points, to diminishing return. Retailers and brands with integrity and vision will have an eye not just on tweaking co-ordinates, but on remaking the frame of reference for their market.

Become a Member



We have been providing members of the international multichannel retail community with research, news and analysis - both printed and digital - for several years now, with increasing depth and frequency. As a result we're sending you more information each month to read, digest and exploit.

By developing a membership platform for InternetRetailing.net, we'll ensure that from the wealth of in-depth analysis we create you'll get rapid access to the most relevant content - to suit your interest and needs, even as those change throughout the year. By signing up, filling out your interests and joining as a member, we'll better know what to send you and even what to display as you're browsing the site.

Membership remains free of charge to qualifying retailers and brands, and we look forward to welcoming you to our membership, as we work to make InternetRetailing's research and analysis evermore relevant and useful to your business.

With regards,
Ian Jindal
Editor-in-Chief, InternetRetailing

Start building your profile on InternetRetailing to benefit from unlimited access to all content.

Register at InternetRetailing.net/Register

*Print products may come at extra cost. Register to check your eligibility.

Snoop Dogg becomes a shareholder in Klarna and transforms into Smoooth Dogg

Stockholm, January 17, 2019 – Klarna, a leading global payment provider and bank, joins forces with rapper and global pop culture icon Snoop Dogg in order to bring the company's communication concept of "Smoooth" to the next level. The collaboration entails Snoop Dogg becoming Smoooth Dogg and the face of a major campaign called "Get Smoooth", as well as Snoop Dogg becoming a minor shareholder in Klarna.

As a communicative concept, "Smoooth" encapsulates Klarna's strategy as well as its promise in a single word, meaning: removing friction from the world of pay later payments. To make this effort abundantly clear, the company now teams up with Snoop Dogg, arguably the smoothest man alive, on his journey to become even smoother, in the campaign "Get Smoooth". For Snoop Dogg, this is part of his European investment strategy.

"I've been looking for an opportunity to expand my tech investment portfolio to Europe and seeing the way Klarna operates and how they challenge the status quo, I think it's a match made in heaven. I'm very excited about this partnership," says Snoop Dogg.

"Get Smoooth" refers to the fact that whether you are a consumer, a merchant or a famously smooth person as Snoop Dogg, Klarna's products will make your everyday life a lot smoother and hassle-free. From smooth to smoooth.

Calvin Broadus, better known as Snoop Dogg, is an American rapper, record producer and actor. His music career began in 1992 when he was discovered by rapper and music producer Dr. Dre. He has since sold over 37 million albums worldwide. Snoop Dogg will acquire the shares from an existing Klarna shareholder. Klarna's CEO Sebastian Siemiatkowski confirmed the partnership on Twitter and adds:

"Snoop is not only a rap legend, but also a successful businessman, with a genuine interest in tech, retail and e-commerce. He has a great understanding of consumer behavior and is exceptional when it comes to branding and marketing." Siemiatkowski continues: "Teaming up with one of the smooothest persons alive, opens new doors to Klarna as we grow and develop as a company."

Following the Get Smoooth campaign, Snoop Dogg and Klarna will shortly announce the next step of their collaboration, presenting a range of unique items enabling anyone to "Get Smoooth".

The commercials featuring Snoop Dogg as Smoooth Dogg can be found through the links below:

THE CORONATION
www.youtube.com/watch?v=i57wmNb92Qs&feature=youtu.be

LONGEST TOAST
www.youtube.com/watch?v=mKzShC6rq5M&feature=youtu.be

SILKY BED
https://www.youtube.com/watch?v=Fz9NXMxm9p8&feature=youtu.be

For more information, please contact:
Communications @ Klarna.
press@klarna.com

Pete Olanday

Vertex Consulting – Retail Practice Leader

VERTEX IN BRIEF

Date launched: 2006
Office locations: USA, Brazil, UK, Ireland, Netherlands, Germany, India
Customers: Over 5000, including major global enterprise clients – 60% of the Fortune 500.
Number of employees: Approximately 1000
Partners: SAP, Oracle, Magento
Contact details: www.vertexinc.com, @vertexinc, +44 (0) 20 3906-7630

WHAT DOES YOUR COMPANY DO?

Vertex, Inc. is a privately-held provider of global tax technology and services. Vertex provides cloud-based, hosted and on-premise solutions that can be tailored to specific industries for every major line of indirect tax, including sales and consumer use, value added and payroll. The company is headquartered in Pennsylvania and has offices worldwide.

WHAT IS YOUR USP AND HOW WOULD YOU DESCRIBE YOUR VISION?

Offering a hybrid IT environment: Vertex provides flexible deployment options for organisations whose evolving technology roadmaps require a combination of on-premise, SaaS or hosted delivery models.

> “We see challenges for the retail industry coming from the hectic pace of consolidation”

In addition, Vertex has established a chief tax office that is comprised of executive-level tax leaders who formerly worked for Fortune 500 companies and not only understand the challenges faced by today’s tax departments but have a pulse on the ever-changing global regulatory environment and can inform product enhancements with the client in mind.

WHO ARE YOUR CUSTOMERS IN THE UK AND KEY CUSTOMERS ELSEWHERE?

Vertex enables companies of all sizes to realise the full strategic potential of the tax function, our flexible solution integrates easily into point of sale (POS) and enterprise resource planning (ERP) platforms. A global business needs to deal with the intricacies of different tax jurisdictions and their related purchase groups. Vertex currently tracks tax rates and rules for over 17,000 tax jurisdictions across the globe and as such our client base has a global foot print. We have a diverse range of retail clients including Mulberry and Charles Tyrwhitt in the UK as well as other global retailers such as Bose, HBC Group, Apple and Amazon.

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

We see challenges for the retail industry coming from the hectic pace of consolidation, the ongoing march of globalisation, ever-increasing regulatory activity and the explosion of ecommerce and multi-channel consumers.

Through acquisitions retailers may move into new tax jurisdictions and mergers that often intensify an organisations IT and tax data management complexity. As the growth of ecommerce continues, retailers must now adapt to the rapidly growing use of mobile devices by shoppers. Increasingly, multiple channels are used in one transaction and these behaviours can have major tax implications that must be consistently calculated and across all channels.

We also continue to see ever-increasing regulatory activity – including the introduction of sugary beverage taxes, the *South Dakota v. Wayfair* judgement, new environmental fees and real-time VAT reporting changes. Further changes are forever on the horizon, with the potential for increased complexity after Britain’s departure from the EU.

HOW ARE YOU PREPARED TO MEET THOSE CHALLENGES?

Vertex offers a variety of solutions to meet customer’s needs. From enterprise on-premise software to private cloud to public cloud, there is flexibility in how our solution can be deployed. Regardless of deployment option, our tax rate and rule content can cover a retailer’s multiple sales channels, product range, and geographic footprint. Our retail solution offers the further capability at the store locations. Our team of researchers is constantly adding content as legislation changes, not only rate changes but new taxes or fees that are imposed. The automation of registering in new jurisdictions and the reporting capability of our solutions minimises the challenges of something like the *Wayfair* ruling.

GIVE US YOUR ELEVATOR PITCH.

At Vertex, we've made significant investments with our retail customer's best interest in mind – from tax content addressing the most complex retail taxability, to powerful technology integrated with your POS, ecommerce, and back office systems. Our extensive global customer list reads like a who's who of retailing—and it continues to grow as the world of retailing expands across borders, currencies, supply chains, and sales channels.

Our retail solution will centralise and standardise your indirect tax management across brick-and-mortar, online stores and marketplaces, catalogues, and wholesale operations. It integrates seamlessly with the ERP and ecommerce platforms you use to manage your growing business. We provide speed and accuracy, standardised processes, data visibility, and superior customer service for your multi-channel scaling operation.

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

WHITEPAPER: CROSS-BORDER PROTOCOLS

In our recent whitepaper written in conjunction with Internet Retailing, we consider cross-border tax compliance challenges from a commercial perspective. The whitepaper looks at the hurdles that retailers may be confronted with when looking to grow into new territories or sales channels.

Recent events have introduced added complexity around taxes and tariffs – what was once already to a degree complex is now a lot more so with recent global events such as Wayfair and Brexit. The impact of such changes to tax compliance on a retailer selling globally is significant and can't be ignored.

Here are our top 5 key takeaways from the whitepaper:

1. Changing rules and requirements are leading toward greater complexity in tax calculation, exemptions, reporting and returns.
2. The tax function is becoming increasingly important in retailer's expansions plans.
3. There are more risks associated with non-compliance than may be first expected.
4. Partnering with a tax automation provider can help companies manage tax complexity and prepare for new tax requirements.
5. Tax technology plays a key role in enabling tax professionals to manage many drivers of change.

Download your copy at https://internetretailing.net/whitepapers/cross-border-protocols

Garry Lee

CEO, RedEye

WHAT DOES YOUR COMPANY DO AND WHAT'S YOUR USP?
RedEye's AI-driven Marketing Automation Hub helps B2C brands increase their income from email by an average of 38% in only their first year with our unique mix of data, people and technology.

Our goal, simply put, is to help marketers deliver amazing results, increasing conversion, revenue and customer lifetime value (CLTV). We believe in the power of data to give brands a rich, single view of their customers and we believe our clients should be able to access and derive significant insights from their data. Our platform allows brands to plug in all their channels, engagement and customer behaviours and overlay predictive analytics, AI and machine learning. We help brands to talk to their customers with a personal, relevant message at the position in their customer journey that will really make a difference: for example, converting a single purchaser to multi-purchaser or preventing a customer from churning.

> "A single view of the customer is essential if you want your communications to be accurate, and most of all, effective"

WHO ARE YOUR CUSTOMERS IN THE UK AND KEY CUSTOMERS ELSEWHERE?
Our clients include Allbeauty, Travelodge, Interflora, Travis Perkins, Hotel Chocolat and Footasylum.

WHAT DO YOU SEE AS CHALLENGES FOR THE RETAIL INDUSTRY OVER THE COMING YEAR?
With the current state of the marketplace retaining and growing a loyal customer base is absolutely key for retailers. We can all see the potential economic black clouds approaching and during times like these many retailers understandably see increases in single purchasers, shoppers focused on finding a bargain, driven by offers or discounts. Additionally, retailers can see drops in multi-purchasers and VIPs and consequently increases in the number of churned customers. Most retailers report that it's only at second purchase that customers actually start to become profitable when factoring in the cost of acquisition. I'd advise retailers to focus significant time and concentration specifically on the 'single purchaser to multi-purchaser' puzzle. At times like these increasing customer loyalty needs to be a serious focus.

REDEYE IN BRIEF

Date launched: 1997
Office locations: Crewe, Milton Keynes, London and Germany
Customers: 70% of RedEye's customer base is mid-to-enterprise range retailers. The company also works with travel, financial and insurance companies. These include Allbeauty, Travelodge, Interflora, Travis Perkins, Hotel Chocolat, and Footasylum.
Contact details: www.redeye.com, 0207 730 9958, @RedEyeUK

WHAT CAN RETAILERS DO TO INCREASE LOYALTY FROM A MARKETING PERSPECTIVE?
Understanding the journey your customers go on to make a purchase helps you to increase the relevancy and pertinence of your communications. You want to talk to your customers with insight, using the wealth of data you hold to inform what you say, how you say it and when you say it. If you know your customer is a lunchtime website browser, who only orders when he's got a code for free delivery and is repeatedly looking at yellow shorts on your website, your mind is already putting together the most effective communication to encourage that purchase. Tailoring communications to reflect the behavioural data you hold on that customer shouldn't be beyond our capabilities in this day and age. To do this most effectively you need all your data in one place. A single view of the customer is essential if you want your communications to be accurate, and most of all, effective.

Overlay predictive models on top of this and you begin to see not only what your customer's done, but what they're likely to do next. As we're talking about loyalty, if a retailer could see a group of customers that showed a high likelihood of churning within the next couple of months. They could use this valuable information to reach out with

CASE STUDY: ALLBEAUTY

allbeauty is an online retailer bringing customers the best in beauty and fragrances, at great prices, with great service.

THE CHALLENGE

allbeauty were looking for a supplier that would support them every step of the way to get the most out of their marketing automation investment. This was critical for allbeauty as they have a myriad of groups of customers that they need to stay relevant to.

allbeauty's business was expanding rapidly and was looking to fuel engagement throughout the customer lifecycle whilst driving more revenue. They needed an advanced marketing automation platform to support this growth, without the technical support being sacrificed. To push their marketing forward allbeauty needed help delivering much more personalised and targeted communications, driven by data.

THE SOLUTION

To support allbeauty in their growth and help them ensure they're communicating in the most relevant way possible to their different groups of customers, they used Contour, which allowed them to use their data in a much more sophisticated way. The RedEye team were on hand to provide support in getting the most out of their new marketing automation platform. This was put in place right from the outset with allbeauty and RedEye working together to develop personalised and targeted customer communication programmes. Programmes that effectively communicate the brand and its offering consistently to its consumers across numerous markets.

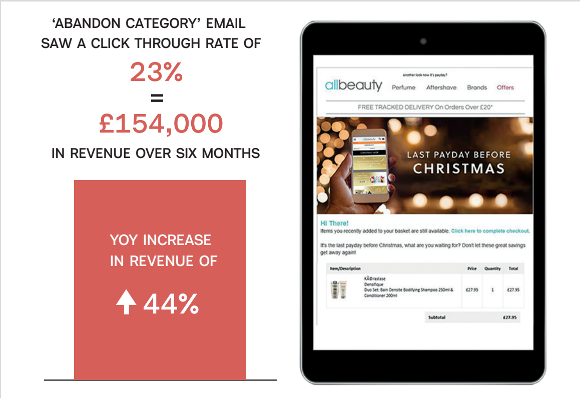
The allbeauty communication plan took a two-pronged approach.

1. Firstly, looking at the behavioural email programme. RedEye's in-house strategy team reviewed the customer journey to identify gaps in the allbeauty marketing automation strategy. Using Contour, allbeauty were able to introduce new email campaigns such as 'Abandon Payday' and 'Abandon Category' emails to ensure the whole customer journey is covered effectively.
2. Secondly, looking at allbeauty's campaign emails, RedEye expanded allbeauty's core segment of customers who purchased in the last 15 months to include prospect customers and identified lapsed customers who could be re-engaged. Their new investment in Contour means they can delve into their data to create highly targeted segmentation tiered down to brand purchasing level. Support from the team at RedEye means that their messages are now much more tailored and genuinely relevant to the customer, generating excellent results.

THE RESULTS

With a new Marketing Automation platform that allows allbeauty to utilise their data on a new level, and a team to help them make the most of it, the new behavioural email campaigns have delivered fantastic results. The 'Abandon Payday' email has seen a conversion rate of up to 40.9% and brought in an additional £19,885 in revenue over six months. The 'Abandon Category' email has seen an open rate high of 38.7% and click through rate of 23%, bringing in an additional £154,000 of revenue over six months. These results are in addition to the abandon behavioural emails allbeauty already had live.

Looking at the campaign emails with much more targeted segmentation, they have seen a YoY increase in revenue of 44%, with open rates increasing from 7.8% to 12.8%. This is all down to the creation of segments of active purchasers, customers who have browsed the brand recently and customers who were lapsed purchasers.



a bespoke communication to try to entice them back. The key with all of this is knowing. Knowing what they've done and are likely to do – you know your customers better than anyone and can talk to them in a way that resonates. What you need is the whole data picture of that customer to guide and inform you in deciding on the next best step.

Effective use of marketing automation combined with a single view of the customer, overlaid with predictive analytics ultimately drives up customer lifetime value. This should be a universally agreed goal.

THERE'S A LOT OF DISCUSSION AROUND CUSTOMER LIFETIME VALUE AT THE MOMENT. HOW IMPORTANT DO YOU THINK IT IS?

As a KPI we believe it's really significant. A recent survey found that whilst 66% of organisations don't use CLTV as a measure, 77% nevertheless feel that it's important and should be a focus.

CLTV has relevance all the way through a business. As a board level metric it's an easily understood measure of the business performance, indeed a measurement on which businesses can be valued. It's equally effective for the marketing team who can use it to both focus on truly meaningful strategies as well as measure marketing performance in a way that others can understand and appreciate. Reflecting the importance of retaining and growing loyal customers, 91% of companies report that investment in growing in CLTV is more profitable than investment in customer acquisition.

HOW DOES REDEYE HELP ITS CLIENTS WITH ALL OF THIS?

We don't lob technology at people and then run quickly in the other direction. We are incredibly proud of the close relationships we have with our clients, really understanding their pain points and key areas they want to improve.

As you may have guessed we're passionate about the power of data! We bring it all together, across all touchpoints and feed it into the single customer view that we create for our clients. We help our clients draw genuine, tangible insights to deliver relevant, perfectly-targeted communications through our Marketing Automation Hub that really drive value and increases in conversion, revenue and CLTV.

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

Subscriptions: Opportunity or threat?

Thomas Cooper, **CEO of Pantri shares a view of subscription services and why they pose a threat to retailers.**

The following guest article has been written for InternetRetailing by Thomas Cooper, ceo of Pantri. Pantri is a smart kitchen platform providing intelligent grocery subscriptions to users through their app, conversation services such as Facebook Messenger and Google Assistant, and Internet of Things appliances – enabling the repetitive essentials to be purchased automatically. Pantri launches in the UK this summer.

www.pantri.net
www.linkedin.com/in/tomfrompantri

The world appears to have gone subscription mad. I can now lease a car for a few years and just add fuel, or receive my evening meals – pre-prepped all for a monthly fee.

The great thing about subscriptions is that we don't have to worry about the repetitive, monotonous things that we consume week in, week out – freeing up time by spending less time in places such as the supermarket (or none at all).

In some instances, this makes sense. For example, in my house, we'll have a basket of around 10 meals that we'll eat all the time – with the occasional new recipe thrown in at the weekend. This works out great for meal kits, as we can select our menu, receive the delivery and then eat with minimal preparation.

Amazon, of course, offers a large quantity of its own products at a discount through "Subscribe and Save" meaning that you can get everything from teabags to doggy poop bags on a monthly schedule.

This isn't limited to the big companies either. Taylor St Coffee – an artisanal coffee roaster in London – sends out parcels which will fit through a letterbox whilst ecommerce platforms such as Shopify and WooCommerce enable small operators to cheaply and efficiently set up subscription plans for their customers.

Over time, the user forms a convenient habit that inadvertently locks them into shopping with you every month.

But for certain items, subscriptions are difficult.

For example, I'll regularly consume a tin of Heinz Tomato Soup in the winter and need a tanker sized supply of toddler suntan lotion at certain periods of the summer.

This requires a degree of intelligence akin to having your own personal shopper – something that fully understands your preferences and interprets your environmental context (such as holidays and weather). At some point in the distant future, the sci-fi buffs among us will tell you, we'll have our very own HAL 9000 (without the authoritarian streak) or C-3PO to do just that.

REPLENISHING CONSUMABLES

But whilst this might seem a distant dream, consumers are already starting to hand over the purchase of more difficult to predict replenishables to clever bits of hardware.

Don't believe me? Ask your friends if they have an HP printer using Instant Ink? If you aren't familiar – an HP WiFi printer now automatically orders ink when it gets low. The consumer just pays a monthly fee direct to HP based on how many pages they expect to print each month.

These printers are the first in a new breed of consumer electronics known as internet of things devices. If you believe most of the market forecasts – the next 10 years will see the majority of the devices that we interact with become connected.

> "Brands will bypass retailers with connected devices ordering consumables automatically"

We're already seeing this elsewhere, with items such as Philips Hue light bulbs that enable your whole house to be automated for a few hundred pounds and smartwatches that track your sleep patterns and alert you to check out an iffy heart rate (Google "Apple Watch Saved Lives" for more).

But next, we're about to see devices enter the home that are going to overshadow the impact that these early gadgets have had thus far.

To understand how this world gets built out, we need to first revisit Amazon. On April Fool's Day 2015, Amazon launched the Amazon Dash Button – a connected button which when pressed re-orders a pre-designated item. Due to the date of launch, there was a degree of confusion as to whether the device was a joke. But they were the ones laughing as by mid 2016 – reports circulated that the buttons were creating over 4 orders per minute. Although no further stats have been announced, it's safe to assume that things went vertical from thereon in.

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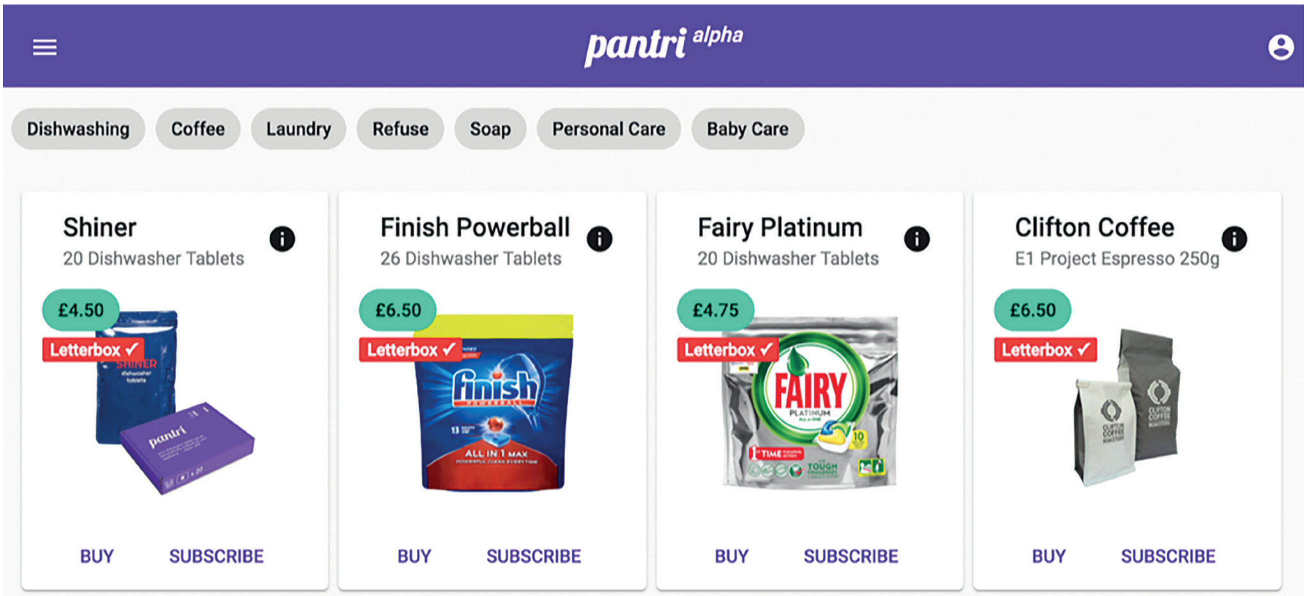

Image: Pantri

Pantri launches this summer making it easy to link appliances with fulfilment

I've met many people who use them regularly for specific items, such as the receptionist of my office building who has one to re-order Tassimo coffee machine pods.

The hardware buttons have recently been superseded with digital alternatives on the app and in the screen version of Alexa, but they bought about a new way of replenishing with devices.

The programme behind the buttons known as 'Amazon Dash Replenishment' is still alive and well. Today it hooks up to a growing range of connected devices, from IoT dishwashers to smart storage jars, with the likes of B/S/H (Bosch, Siemens, Gaggenau & Neff) and Samsung having a growing range of connected kitchen and laundry appliances hooked up to the service.

The former has declared that every new appliance that they sell in 2021 will be connectivity enabled. I follow the appliance market closely and can see a whole host of connected devices from other manufacturers coming out a few years after.

From a technological point of view it now means that a dishwasher or washing machine can report each cycle which in turn means that detergent usage can be interpreted. From a user perspective, it means that they can hand over the purchasing of a boring item like dishwasher tablets to their device.

Bosch and Siemens have done just that – with automatic replenishment services in Germany rolling out with the likes of online retailer Otto fulfilling on the service and Reckitt Benckiser deploying Finish 365 tablet delivery direct from an automatic appliance order.

In the growing world of startups, everything from connected kitchen roll holders to dog bowls are starting to provide exactly the same functionality for their respective consumables too.

As artificial intelligence starts to use camera technology inside fridges and ovens however, we'll see those regular meals tracked and automatically replenished along with the 70% of our weekly shopping basket. This is great for the user since it frees up the time spent buying these things to do something else.

From a retail standpoint though, the interesting thing is that small brands can completely bypass the retailer and sell direct. The big CPG brands have done the same making everything from Nescafe to baby milk available through their own online store and fulfilment.

> "By mid-2016, Amazon Dash buttons were creating over 4 orders per minute"

Avid readers of InternetRetailing will be all too aware of the advancements in logistics resulting in lower priced, faster parcel delivery services. This plays directly into the hands of such outlets. This is great for direct to consumer grocery initiatives. Up until this point they've had a fundamental flaw in that you probably don't want to visit 20 different websites to do the weekly shop. But by handing off the task to machines, the issue disappears.

The question is, where do the supermarkets sit in this new world? The likelihood is that the consumer will start to hand more items off to subscriptions and devices. This will result in single item deliveries for a while – a world that we already accept thanks to Amazon.

In a world where a delivery platform like Deliveroo can pick up a parcel from your local butchers why would a public increasingly adopting localism consider consuming from the big box store?

As a brand or manufacturer, the question is why not use your existing wholesale warehouse to ship to the customer direct and collect the retail margin instead?


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Blurring the lines between brand and retail

InternetRetailing's RetailX research division delves behind the headlines and financial reports to investigate how brands are really performing online across Europe.

Brands are adapting to society's changes as impatient shoppers, social media influencers and generational attitudes transform the way we shop, says InternetRetailing's EU Brand Index report. The research, which is sponsored by Amazon Pay, accompanies this issue of InternetRetailing magazine.

The boundary between 'brand' and 'retail' has always been fuzzy, it continues, explaining how retailers with own-label clothing are as much a brand as Farrow & Ball or Nike. The issues they face around brand image and selling direct to customers is the same, as is the act of balancing how their brand is perceived– and priced – on their own sites online as well as through their wholesale channels.

Their sites, or stores, are destinations in their own right, with merchandising, acquisition, payments and customer recourse all handled as if there were retailers. They must change along with retailers and customer behaviour.

> "What is considered innovative changes from one year to the next – and so do the research metrics that are considered"

Investigating the performance of brands across Europe, RetailX – Internet Retailing's research division – has found that brands are testing new approaches, but moving on quickly if they don't see sufficient performance gains.

Over the past year, they have refined their approach to multichannel retail, RetailX research suggests. While brands are now more likely to offer product recommendations and click and collect than they were previously, they are less likely to enable shoppers to save an item to a wishlist, or to offer same-day collection. Perhaps, having trialled these strategic features in previous years, they are now less likely to continue to offer those that have not moved the dial significantly on conversions and sales.

When RetailX researchers assessed retail brands' performance for the Strategy & Innovation Performance Dimension, they focused on the metrics from across this research that they consider give the most insight into how retail brands have developed their retail strategies, and how innovative they are in adopting new approaches.

In 2019, researchers looked at 53 different metrics, covering areas from delivery, collection and returns, to how easy it is to load and use a website, as well as the functionality that brands include in their mobile apps. These are measures that help traders stand out from the crowd, and compete in challenging markets..

The metrics were measured for every region of the European Economic Area (EEA) plus Switzerland. Thus brands that had localised their shopping experience, for example, to a given market, were measured on how they delivered for customers within that market.

It's worth noting here that what is considered innovative, in particular, changes from one year to the next – and so do the research metrics that are considered. For example, in previous years researchers looked at whether a brand offered click-and-collect services at all but this year the

Congratulations to the RXBX Europe Top250 2019

RXBX EU 250

In partnership with amazon pay

This is our 2019 ranking of the Top250 direct-selling brands in Europe, based on each brand's retail performance across our six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel

Elite

Adidas
Apple
H&M
New Look
Nike

Leading

AllSaints
Ann Summers
Dune London
Esprit
G-Star Raw
HP
Jack & Jones
L'Occitane
Laura Ashley
Louis Vuitton
Mango
Microsoft
Nespresso
Pandora
Pimkie
Pull & Bear
River Island
Samsung
Swarovski
Tommy Hilfiger
Ugg

Top 50

Bose
Burberry
Cath Kidston
Clarks
Desigual
Dorothy Perkins
Fat Face
Hugo Boss
Hunkemöller
Jack Wills
Karen Millen
Lego
Missguided
The North Face
Oasis
Oysho
Radley
ShopDisney
Swatch
Thomas Sabo
Timberland
Topman
Topshop
White Stuff

Top 100

Abercrombie & Fitch
Accessorize
Adolfo Dominguez
Banana Republic
Boux Avenue
Burton Menswear
Calvin Klein
Coast
Diesel
Dior
Dr. Martens
Ecco
Estée Lauder
French Connection
Gant
GAP
Gucci
Guess
Hobbs London
Hollister
Hotel Chocolat
IKKS
Jigsaw
Joules
Lacoste
Lands' End
MAC Cosmetics
Miss Selfridge
Monki
Monsoon
Montblanc
Orvis
Ralph Lauren
Reebok
Reiss
Reserved
s.Oliver
Skechers
Superdry
Sweaty Betty
T.M. Lewin
Ted Baker
Thorntons
Tiffany & Co.
Vans
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Wallis
Weekday
Whistles
Whittard of Chelsea

Top 150

Aldo
Asics
Bottega Veneta
Burton
Camper
Carhartt
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El Ganso
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Jaeger
Jimmy Choo
Kärcher
Kenzo
Kiehl's
Kurt Geiger
L.K.Bennett
Lenovo
Levi's
Links of London
Logitech
Medion
Mulberry
Myprotein
Obaïbi-Okaïdi
Paul Smith
Pepe Jeans London
Phase Eight
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Prada
Puma
Rituals
Rohan
Smythson
Superga
Tom Tailor
Tous
Trespass
United Colors of Benetton
Versace
Warehouse
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Top 250

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Razer
Regatta Outdoor Clothing
Salomon
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Sennheiser
Skagen
Sonos
Springfield
SteelSeries
Supreme
Tag Heuer
TomTom
Triumph
Tumi
Under Armour
Uterqüe
Villeroy & Boch
Vivienne Westwood
Wacom
Wedgwood
Western Digital
Withings
WMF
Xiaomi
Yankee Candle

focus is on whether shoppers can pick up their order from the store on the same day.

WHAT THE RXBX EU TOP250 DO

RXBX retail brands localised their websites to an average of 5.7 member states, and a median of four. Those brands selling consumer electronics were most likely to offer a localised service – including local delivery, local language experience or landing page. On average, consumer electronics brands offered this localised experience for 10 different markets, while those selling homewares localised to the fewest markets, at an average of 2.6.

There was a noticeable uptick in the number of brands offering alternative product recommendations to those being viewed. Almost three quarters (73%) of Top250 brands did so – up by four percentage points since 2018. Product recommendations were commonly found in the jewellery (76%) and fashion accessories (75%) sector – and least common found in the home and industrial appliances (36%) sector. The tactic can help to keep potential customers on the retailer's website by showing them a number of alternatives to the product they're considering that might better fit their needs. RetailX expects that more of the Top250 will introduce this practice in coming years.

Fewer retail brands enabled browsers to save products that they'd viewed to their wishlist. Six in 10 (60%) of the 211 brands that appeared in the Top250 both in 2018 and 2019 offered this in 2019. That's down from 63% in 2018. Jewellery (75%) and cosmetics (72%) brands were the most likely to offer the feature, while consumer electronics (23%) and home and industrial appliance (25%) brands were the less likely.

Although there was a small overall rise in the number of retailers offering click and collect, it was noticeable, in 2019, that there was a significant drop in the number of retailers offering same-day collection. Among the 113 brands that offered a click-and-collect service in both years, 3% offered it in 2019 – down from 9% in 2018. The service was most commonly found among jewellery brands, where 4% offered it, and fashion accessory brands (2.6%). Least likely were those brands selling sports and outdoor equipment and homewares: fewer than one per cent offered same-day collection in either of the two sectors.

Use of the service varied by geography: 6.9% of those trading in France offered same-day pick up, and 4.4% of those selling in the Netherlands. However, it was least commonly found in Portugal, Ireland, Finland, Denmark and Austria, where fewer than 1% of brands offered the service.

> "RXBX retail brands localised their websites to an average of 5.7 member states"

There was a time when RetailX researchers considered that faster, more convenient, more flexible options were almost inevitably going to rise in popularity among retailers. That theory has been proven wrong over the past 12 to 18 months, with a reversal of the trend in same-day collection. The market may have determined that for many retailers more customer convenience in this area is not a strategic choice. RetailX research continues to include the metric and investigates developments further in the Operations & Logistics Performance Dimension within the report.

Experience and customer service are investigated further too, as are merchandising, brand engagement, mobile and cross channel. Together these make up the six Performance Dimensions under which all RetailX research is conducted.

DTC success: forget your product and focus on your operations

Derek O'Carroll, **CEO, Brightpearl examines the highs and lows of the direct-to-consumer supply chain.**

The following guest article has been written for InternetRetailing by Derek O'Carroll, CEO, Brightpearl. Brightpearl is a retail operations platform for retailers and wholesalers with a clear mission to automate the back office so merchants can spend their time and money growing the business. Brightpearl's complete back office solution includes financial management, inventory and sales order management, purchasing and supplier management, CRM, fulfilment, warehouse management and logistics.

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The race is on. In a bid to capture increased wallet spend, brands around the globe – over 57% of them in fact – are racing to launch direct-to-consumer (DTC) channels. This explosion marks a shift in the way products are sold, disrupting established industries and causing a fundamental change in brands' relationships with consumers.

But perhaps the single most important reason behind the growing popularity of the DTC approach is the direct response to recent shifts in consumer online buying behaviour, which indicate that shoppers – as many as 81% of them – want to buy products from brands directly.

Direct-to-consumer brands have unfiltered insight into customer behaviour, direct control over their relationships, and highly competitive price points. Many such brands have built up a global cult following in less than ten years. Success stories include $1bn-valued firms such as Dollar Shave Club, Gym Shark and beauty brand Glossier.

The rise of prominent DTC players has made this channel increasingly attractive to me-too brands which also want their share of the market. But, as a business model, it doesn't come without its challenges; particularly within the supply chain. Some brands have stumbled, some have hit bumps in the road, while others have completely fallen over whilst trying to make their DTC model a success.

THE OFT-IGNORED DTC BACKBONE

While most brands are aware of everything they need to do on the front-end, in the race to attract direct sales, few seek to address the operational complexities that lie beyond the buy button. In fact, many brands switching to a DTC model quickly learn that managing all operations in the supply chain can be extremely difficult to coordinate.

That's because once a DTC brand bypasses a retailer, they become directly responsible for every single touchpoint in the buying journey, including pre- and post-purchase experiences, such as delivery and returns, inventory management and customer communications.

Once brands have captivated customers enough to capture a sale, this is where the real "work" truly begins. With brands in charge of every step of a customer's purchase journey, brands must recognise that at any moment, they risk getting things wrong, which can cause real backlash from their customers.

Glossier initially had problems keeping its products in stock. Glossier staff still refer to "The Great Inventory Stock Out" – when the company had major issues keeping up with demand for its products and ran out of stock on several items. As the company grew so quickly, it simply didn't have the inventory to keep up.

This isn't an isolated challenge. Some 25% of shoppers have experienced items being listed out of stock after purchase in the last year – with a similar number citing it as their biggest point of frustration when shopping online.

To ensure the issue didn't occur again, Glossier hired operational experts and worked to be more on top of inventory planning to fix the issue. "It was very much a hard lesson learned," said Glossier president and COO, Henry Davis.

Inventory challenges aren't just a problem for emerging DTC brands either. Adidas recently told investors that supply chain shortages would prevent the brand from fulfilling orders for mid-priced apparel in the first half of 2019, reducing growth this year by up to 2% and leaving the field wide open for its competitors like Nike, for example, which reported DTC revenues up 12% to ($10.4bn) in its 2018 financial year.

So, what does this mean for growing brands and those considering a shift towards DTC? It means there's a real risk in not having a solid infrastructure in place to support demand. 75% of UK brands agree that if you get your DTC approach wrong, it does far more harm than good.

Image: Adidas

Supply chain shortages will prevent Adidas from fulfilling orders for mid-priced apparel in the first half of 2019, reducing growth this year by up to 2%

When Waldo ran out of stock in the UK last December, the contact lenses provider had to be upfront with customers and explain that they had not expected demand to grow so rapidly.

NAVIGATING THE DTC TIGHTROPE

Brands that are considering the DTC space have to understand that this channel is going to expand past what they previously had. When you're operating in different markets and you're scaling quickly, you have to have the right retail operations in place to respond effectively. Without those mechanics, for example, to handle inventory management, shipping, and logistics across channel, or for more customer-facing support, the business is quickly going to run into problems.

When talking about the importance of operations to successful DTC models, for me, Eve Mattress Co-Founder Kuba Wieczorek puts it best: "That whole back end is so mega important that if you don't get it right you're screwed."

Wieczorek argues that brands must ensure the supply chain is as good as it can possibly be before they launch into the DTC arena, "Not just go 'let's just launch this and see what happens', which is what I think a lot of young brands are guilty of doing".

Wieczorek's point is reinforced by the fact that a whopping 61% of consumers have told us they've experienced issues buying from brands online within the past 12 months alone. For a DTC company with fresh ideas about how to serve customers better – to then let them down because you can't keep up operationally is extremely disappointing. And, what's worse, 69% of shoppers say that if their experience is poor, they're unlikely to shop with the same brand again; which means future sales are being put at risk because of mismanagement in the supply chain.

THE SECRET INGREDIENT

The DTC opportunity is ready to be capitalised on but this shouldn't be at the expense of a brand's operations. Post-purchase experiences, from delivery to returns, will influence a customer's loyalty – and collectively, each of these scenarios should be recognised as equally important as those on the front end.

There's now a clear need for DTC business models to be more customer-centric. In my view, that's the only way to true DTC success. In order to do that, you must have a full picture of your customer, ideally through data-driven insights that only exist in specialist retail operations and CRM software.

Operating 'blind' in the DTC space is only going to get you eaten for breakfast by more capable competitors, like the Gymsharks, Dollar Shave Clubs and Caspers of the world.

The real secret of the DTC model though relies on understanding that ownership of the total customer experience is more important than the product itself. When you're a DTC brand, shipping, returns and incredible response times all become part and parcel of the proposition. This means DTC is more than simply a channel – it requires thinking about the feelings you want to create for customers every step along the way and using intelligent retail technology to remove any potential bottlenecks in your operations.

This will not only enable you to compete, differentiate and thrive in this new retail landscape but ideally help you to avoid the same fate as businesses that have tried to build a consumer-focused strategy on top of unstable foundations.

Giving the right experience

Retailtainment, experiences, personal styling and curated subscription services are all on the rise online but how are retailers balancing experiences with sales? *Emma Herrod* investigates.

How much help or advice do shoppers want from assistants in store versus self service and how do store assistants identify correctly the shopper who wants some help? How do shoppers want to be sold to when attending an in store fashion show, footfall-enhancing yoga class or in-store service such as a hairdressing appointment? These events and services are designed to bring customers into store and live the brand, but how are they translating into sales?

Shoppers do still value the help given to them in store by assistants. In fact, they are valued equally with online influencers when it comes to recommendations, according to research conducted for the recent InternetRetailing Expo (IRX). The study found that promotions, advertising and online and in-store experiences offered by brands have more of an impact than online influencer campaigns.

"There is no denying that social media stars influence what we as consumers buy – whether it's a new outfit, kitchen appliances or food items in the weekly shop," says Stuart Barker, portfolio director of IRX. "The encouraging news for marketers is that brands still have the biggest influence over purchasing, validating decisions to continually invest in their own content, websites and marketing campaigns, which in turn lead to knowing their customers better."

Book shops, one of the first specialist categories to feel the impact of the rise of online and changing consumer behaviour, have seen a resurgence in the UK in the past couple of years. While the number of independent book shops has more than halved since 1995, 2018 saw 15 new book shops opening bringing the total number in the UK up to 883, according to figures from the Booksellers Association.

Niche product categories show how important experience is to consumers whether that's experiencing the depth of music from vinyl – another category experiencing a resurgence in sales – or the browsing experience and insight from staff in a book shop selling a product which can usually be bought for a lower price online.

"These retailers also recognise the importance of the quality of the interaction. Book shops offer coffee as well as readings and book signings; but they also invest in staff who love reading and are willing and able to discuss book choices with the customers – because that is a fundamental component of a great book buying experience. Similar thinking applies to art stores, as well as wellness destinations: a team of engaged, confident and committed staff who understand the product, the concept and the brand is at the heart of the successful new retail experience," says Tom Downes ceo, Quail Digital.

PERSONAL IN STORE

And larger retailers understand this too. However, changing the experience for customers in a flagship store is a different matter to updating an entire store estate. Boots is one of the latest retailers trying to up the game in terms of experience for shoppers. It has overhauled the beauty halls of 25 of its stores.

> A team of confident, engaged and committed staff who understand the product, the concept and the brand is at the heart of the successful new retail experience

Ikea has gone down the route of introducing small, city centre stores which specialise in helping customers to plan and order kitchen and bedroom storage. The smaller stores are the company's way of bringing the brand closer to potential customers without the need for large stock holding areas.

It's London Planning Studios use digital technologies such as screens to help staff better advise customers and offer inspiration. Digital pricing screens are located near kitchen room sets and wardrobe units, while other screens give shoppers further information about the item they are looking at as well as access to the full Ikea website.

The first store opened on Tottenham Court Road in October 2018 with a second one opening in Bromley in March 2019. The Bromley store has plenty of spaces in which customers can relax as well as a demo kitchen for cookery and food-relating activities and events.

It also has a workshop space which is open for the local community to book and use. The flexible space is available to host events, workshops, meetings and training, the company says.

Bromley is "another exciting step in our city centre approach," says Jane Bisset, London city centre market

Image: Ikea

Ikea's Planning Studios use digital technologies such as screens to help staff better advise customers and offer inspiration

leader at Ikea. "We're currently exploring other locations in London for similar outlets, to help improve accessibility across the city," she adds.

ADDING FRICTION

This idea of bringing the local community into store in a non-retail related way is something that beauty brand Crabtree & Evelyn is exploring too, showing that shopping isn't just about the purchase. The experience is now everything – be that in how the customer is helped by a stylist in store, the technology UX in the changing room enabling the customer to ask for an item in a different size, through to yoga classes, cookery demonstrations and fashion shows. But the issue for retailers is how to balance the experience with selling in a way that doesn't come across like a time-share sales pitch but also isn't simply a marketing cost with no ROI. Is it possible for retailers to make money out of experience alone?

Some events fit better with selling and some people are better at mentioning products in a way that sounds natural in a conversation, explains Ros Lawler, general manager at beauty brand Crabtree & Evelyn. The brand has opened a space for the community to use in Islington, London, and is facilitating events ranging from beauty and wellbeing such as reiki and disco yoga, to art, food and music workshops.

The aim of the Islington Townhouse is for the brand to gain an understanding of a "new generation of customers" ahead of a brand and product relaunch in the premium space in the Summer as it shrugs off its image as a brand bought by an older generation.

Lawler explains that a lot of people don't mind being sold to or asked to follow the brand on social media when they have attended an event for free. One of the key things, she explained when she joined InternetRetailing in the podcasting studio was the recruitment of a visitor experience manager who was able to blend events and retail because they were used to "hosting things rather than selling things." They also spent time knocking on doors in the area to find out what type of events different parts of the community would be interested in running and attending.

Going forward, the brand will be "very much about relationships" and Islington is giving it the opportunity to not only find out which types of event bring in people who are interested in Crabtree & Evelyn and its products but how to get a balance between being hyper-local and amplifying that on social media.

Image: Crabtree & Evelyn

Crabtree & Evelyn's Islington Townhouse offers a community space for events and workshops so that the brand can gain an understanding of a new generation of customers

She also admitted that while the Islington Townhouse provides a nice space for beta testing it needs to be turning a profit in the next year through gifting and regular customers.

> Technology is the enabler and enhancer but it also takes vision, a desire to change with customer behaviour and to think beyond the product

The test explains Lawler is "as a digital-first organisation how do we turn this into an international business."

This will become more apparent as Crabtree & Evelyn relaunches and extends globally in July. The Townhouse is one idea which will continue though in other areas of London as well as other cities including Shanghai and New York.

And so omnichannel moves on from click and collect to more subtle ways of blurring the lines between digital and physical retailing. Retailers are expanding into services, moving further into understanding customers' lifestyle and actually becoming more embedded into their life be this through personal styling, delivery passports or monthly subscriptions.

Technology is the enabler and enhancer but it also takes vision, a desire to change with customer behaviour and to think beyond the product. But are customers loyal to the brand or to the experience or does it matter if the experience you offer matches the needs of the intended customer base?

While Next reports a 2.5% increase in annual sales rising to £4.2bn for the year to January 2019, ceo Lord Wolfson comments that retailers "cannot decide how our customers will shop; our job is to adapt and serve them in whatever way they most want. To this end Next has changed dramatically over the past 15 years. The business has moved from stores to internet, from UK only to international, from mono-brand to multi-brand aggregator."

In contrast, Nokia, which started to dwindle as a company when the iPhone launched in 2007, "didn't do anything wrong, but somehow, we lost," commented Stephen Elop, ceo of Nokia, at the time the business was bought by Microsoft in 2013.

The lesson for all is to adapt and change because someone else will offer your customers the experience they are looking for and however it's couched that competition is still only one click away.

GETTING PERSONAL

Omnichannel is moving from click and collect and single view of the customer to a position where retailers can amalgamate the best of the physical and the digital worlds to create something that is much better than either. And it doesn't need inventory to be in stock. As with Ikea's London Planning Studios, US department store Nordstrom has a number of showroom stores in which the customers experience is around personal service with a subsequent order delivered to their home.

Experience though isn't the premise of retailers with physical stores since it is something that pure plays have been doing for some time. In fact, their deeper knowledge of the customer, gained through analysis of browsing and purchasing history and a full view of each customer's behaviour across all channels, puts them at an advantage over their competitors with stores.

Curation is something on which subscription services, such as Birchbox, are maximising. The company can use its online platform to ask subscribers questions about the type of products they like to receive, learn from purchases they've made and use artificial intelligence to work out what they are most likely to purchase next – and when.

Men's fashion site Thread uses AI along with a personal stylist to recommend items to each customer based on preferences shown through a series of questions about the looks that they like, choosing pictures that highlight their casual, work and dinner date styles before being asked about specific sizes and colouring. A number of suggestions are returned to them to browse immediately while a personal stylist investigates any items that they have said they are looking for immediately. In IR's case, Freddie with experience at Gieves & Hawkes, GQ and Mr Porter, came back with a suggested outfit in a couple of hours as well as some fashion advice. What makes the service even more accessible is the fact that the shopper can place an order, try it on at home and pay later for anything they want to keep.

Stitch Fix does the same but sends out a box as requested by its customers. Items of clothing, shoes and accessories in the curated box are chosen based on a one-off session with a personal stylist who can also gain insight from ongoing data analysis of social media and purchasing patterns. The service will launch in the UK later this year.

Enty has taken things a step further connecting its community of 25,000 users in the UK, US and Canada to more than 140 tested fashion stylists and bloggers who will comment on a user's outfit choices. Through a smartphone app, Enty enables users to tap into the expertise of a personal stylist ensuring that the platform remains troll-free and "a supportive space where women go to feel confident, whatever their size or budget," says Sophia Matveeva, ceo and founder of Enty.

Enty's analytics platform provides a unique view into why consumers buy certain items and not others, she explains, so conversations on the Enty platform can be used to predict future trends, validate existing ones and estimate their life cycle, helping brands and retailers sell more of what consumers want.

While, at the other end of the spending spectrum, men's luxury fashion brand Mr Porter is sending personal stylists to the homes of its most valued and loyal customers. The Style Trial service is by invitation only and allows the retailers' 'Extremely Important People,' as it calls its VIP customers, to order up to 30 pieces to try at home before they buy, for a seven-day trial period. The items can be chosen by the customer or a curated selection can be sent from the personal shopper according to a brief. Encouraging customers to experiment without commitment, payment is taken automatically for the items the customer wishes to keep and unwanted items are collected immediately.

In cities where Mr Porter and Net-a-Porter's premier delivery is available, EIPs can book private consultations and appointments with their personal shopper who will arrive at their door with a fully merchandised rail of clothing and a jewellery and watch case featuring a personalised selection of items.

Customers are gifted a silk, monogrammed robe during the fitting while they are given expert advice on their existing and future wardrobe by their personal shopper.

Both brands are further brought to life for EIPs through global fashion events, trunk shows, exclusive designer events and early access to products.

Net-a-Porter has continually innovated pushing forward and enhancing the relationship with its customers and its EIPs. "We are incredibly proud to offer a truly elevated personal shopping service to our EIP," says Alison Loehnis, president at Net-a-Porter and Mr Porter. "These new bespoke offerings are the next innovative step in better serving our customers within the comfort of their homes," she adds.

Image: Thread

Men's fashion site Thread uses AI along with a personal stylist to recommend items to each customer

Lifestyle choices

Paul Skeldon, **mobile editor, InternetRetailing, examines department store 2.0.**

Short back and sides. That used to be a really popular haircut in the 1950s. Then it 'died'... More than half a century later and it is the hipster hairdo of choice. Mix tapes: they died and are now hip again. And vinyl. To paraphrase Pharrell Williams and Chad Hugo, Nothing. Ever. Really. Dies.

And so it is with the death of the High Street. It is trite to say that we are facing a retail apocalypse. Instead, we are facing a less jingoistic – though marvellously alliterative – 'retail reset', where the traditional ways of doing things are shifting, driven by changing demands of consumers.

While we have seen many well-known High Street names close their shutters over the past year, with the finger of blame pointed squarely at the internet, what is really happening is that retail is changing. Consumer demands have shifted – admittedly because of the web – and the mix tape making, vinyl-toting, neatly coiffured millennials want a different experience from stores – one that fits in with their lifestyle.

This need for lifestyle-friendly retail is at once the problem and the solution. While the drive for immediacy and low prices are pushing shopping to the web at the expense of the High Street, so too is a desire among these web-enabled shoppers for something more from the shops they visit. They don't want what a Debenhams or a House of Fraser had to offer: they want experiences.

Similarly, with town and city centre retail space now going begging, there is a need to look again at how these spaces are used. Many town councils are proposing mixed use offerings, outlining shops, restaurants, entertainment and living all in one place.

Together these factors are driving the change, the retail reset that is causing such turmoil. However, it isn't all bad. Now that the worst has happened to a number of retailers, those left in the fray – and those waiting in the wings, such as Sports Direct's Mike Ashley – are poised to act. So, just how is the high street going to change?

GET HIP, DADDY-O

The first thing to bear in mind is that Gen Z and millennials like going to stores. In reality, it is a big – and social, in the traditional sense of the word – element of their shopping process. In a recent study, 58% of 18 to 24 year olds and 60% of 25 to 34 year olds told one of Europe's leading retail experience design agencies, Foolproof, that they would rather shop for clothes in-store than online.

Peter Ballard, co-founder of Foolproof, explains: "We asked a series of questions pertaining to online verses in-store purchasing behaviours, expectations and drivers. What we found was surprising and runs against the grain of assumptions about digital being the inevitable future for retailers. The fact is that our generations of the future still see a place for the in-store shopping experience, but retailers need to create an experience that plays to the strengths of in-store shopping whilst fixing the pain points that are driving people away."

He continues: "Retailers have an opportunity, but they need to act now or they will lose out forever. As the digital world continues to mature, we are seeing time and time again that truly beautiful and frictionless experiences are pulling favour. Some of the advantages of the in-store experience over online shopping, such as the tactile nature of browsing and assessing an item's quality with your own eyes, may eventually be addressed with advances in technology, but for now those aspects of shopping still have to happen physically, in-store, in person."

> "Retailers need to fix the pain points that are driving people away from stores"

The first step to making the in-store experience more attractive lies in understanding and eradicating what shoppers don't like about the High Street and moving from there. Foolproof's research found that 57% of 25 to 34 year olds dislike the crowds and queuing that comes with in-store shopping, 40% dislike carrying shopping around and 36% are put off by travelling and parking. Brands must improve their in-store experience or risk permanently losing customers to the ease of online shopping.

A good place for retailers to start is building some of the advantages of online shopping into the in-store experience. For example, eliminating queuing for checkouts, make home delivery an effortless option, and providing more inspiration and guidance to shoppers.

Brands should also play up the aspects of in-store shopping that cannot be replicated online: the ability to see and feel the quality of products, and the opportunity for a social outing with friends. By considering in-store and ecommerce in tandem, brands can use the strengths and opportunities unique to both to safeguard the future of the high-street.

Interestingly, a study in the US by Kelton Global on behalf of RetailMeNot, found that 85% of US shoppers visit three non-grocery physical retail stores during a typical week – an average that goes up to four stores per week among millennial shoppers and 5.25 among Generation

Image: Primark

Primark's Bullring store features cafes and restaurants, a bar, chill-out areas, charging stations and a barber

Z. But they do it armed with their phones – using them to research and search, accept offers, share what they are doing and, increasingly, to assess what is happening in a store.

"In-store retail is still the most important channel for consumers and the role that mobile plays in the shopping journey is notable to retailers who want to reach in-store shoppers," says Marissa Tarleton, ceo, RetailMeNot. "The mobile device is the number one in-store shopping companion, which is a marketing opportunity for retailers to drive in-store footfall, incentivise sales and understand online-to-offline behaviour."

TAKEN TO THE CLEANERS

While adding technology to stores is the obvious salve for many a retailers fallen footfall, the need to create experiences and make retail a 'go to' rather than a has-been requires something else – and some retailers are starting to get what that something else might be.

Dry cleaning may not seem the most revolutionary of retail verticals, but it is pioneering something of a High Street renewal, with two online dry cleaning and laundry services – Laundrapp and Zipjet – merging in April to form what they call "The Uber of Laundry". Why this is interesting is that the combined company has a wide range of customers across the UK and, while consumers organise their laundry and dry cleaning online, it has to actually be cleaned by franchised dry cleaners.

Online giant eBay is coming at this the other way. It has opened a physical store in Wolverhampton to, in its words, test out how online, mobile and physical retail work together. The concept store will see 40 local retailers packed into a single space, while shoppers will browse – see, hear, smell, touch, taste – the goods and, if they want to purchase, scan a QR code with their mobile. This allows eBay and the retailer to track who is buying what.

Rob Hattrell, vice president of eBay in the UK, said: "The small retailers taking part in Wolverhampton's Retail Revival have already shown that physical and online retail can survive – and thrive – together. They have achieved more than £2m in sales as of March and many have employed more staff as a direct result of the partnership. This pop-up store aims to take that growth, and the value of this programme, to the next level. It will explore how stores of the future could combine technology with that vital human connection to powerful effect – whatever the size of the business."

One business that will be participating in the concept store is Fizzbiz, which sells fabrics, zips, haberdashery and embroidered items online. Fiona Scarrott, who founded Fizzbiz in 2014, said: "The eBay Concept Store is such an exciting opportunity to learn more about physical retail and I've been blown away by the opportunities the Retail Revival programme has given me. I've received training and mentoring on new topics and skills, and it has taught me many valuable lessons to help develop my business.

Image: Primark

Disney is one of the franchises at Primark's Bullring 'department store'

"But it's not just about getting to take part in the Concept Store – Retail Revival has opened so many other doors for Fizzbiz, which started as a hobby. In the last six months my turnover has almost doubled, helping fulfil my dream of building a workshop in my garden to let me focus on my business."

Mainstream retailers are also delving into this mobile-physical nexus as part of their plans to revamp retail. Take Primark, for instance. It has opened its biggest UK store yet in Birmingham's Bullring Shopping Centre – a brave move if we really were in a retail apocalypse. The retailer doesn't sell online, but still has to compete with all those that do and it has to do more than sell three boob-tubes for a fiver to win.

Its answer has been to rethink what this enormous store is for. While it has its usual plethora of cheap fashion, it also features a number of franchises – including one from Disney – and a range for kids. But it is the non-core activities that it has built in that are most noteworthy.

The store features cafes and restaurants, a bar and numerous chill-out areas with free device charging. It also features a trendy barbers.

Yes, all those lads accompanying their ladies on a shopping pilgrimages can keep their short-back and sides (and their beards) looking lovely while they wait.

Primark's director of new business development, Tim Kelly explains: "Our customers can expect a great experience at Primark Birmingham High Street. They can spend time with friends and family, eat great food, recharge and have fun, and find everything under one roof including Fashion, Beauty and Homewear – all at an amazing price. We're proud to bring this great store and everything it has to offer, to Birmingham."

> Generations of the future still see a place for stores

The real genius of this – not just the barber, but also the restaurants, cafes, bar and charging stations – is that suddenly a trip to just that one store can kill numerous birds with one stone. It is no longer a trip for the missus to buy clothes, but it is also a place to get something to eat, meet friends and get your haircut, catch up on the football and charge your phone ready for a big night out in downtown Dudley.

In the more salubrious streets of Chicago, athletics clothing seller Lululemon is doing similar. The retailer, famed for its yoga pants, is revitalising a number of its stores to include other reasons to visit: a yoga studio, mediation areas, juice bar, cafe and 'community gathering areas'. These will bring in outside experts to do classes on yoga, meditation and healthy eating and lifestyle and is

Image: Pets at Home

Pets at Home has opened two new 'stores of the future' in Stockport and Chesterfield

part of the retailer's plan to grow its reputation, along with its store footprint, in the US and soon Europe and China.

Again, mobile plays the crucial role in being where would-be visitors discover what is happening that day and, furthermore, book the classes they want to take. Lululemon also uses mobile to update its loyal customers as to what is happening and sends them offers to sign up first.

This move to experience and 'community' has also been picked up by Pets at Home. It has opened two new 'stores of the future' in Stockport and Chesterfield, offering what it says will be "an immersive experience for shoppers, complete with in-store vet practices and groom rooms".

PET VILLAGES

According to the retailer, Pets at Home's stores are being transformed into innovative 'pet villages', featuring dog washing stations, selfie spots and pet care classes. The new format will also see the launch of Pets at Home's first cat adoption lounge and will work in partnership with the RSPCA to welcome those considering adopting a cat. With all services and products integrated under one roof for the first time, it truly is a one stop shop for pet lovers.

The new stores will also feature dedicated events areas where customers can learn about the importance of dog grooming during a live demonstration, join like-minded owners at the monthly breed socials, or see how fast their dog is on the agility course. Pet owners will also be able to book free food consultations with a nutrition adviser, as well as conducting weight checks for their pets. They can also take advantage of the self-wash station, where they can wash and blow-dry their dogs in the purpose-built facilities – without having to make a mess of the bathroom at home.

Peter Pritchard, group ceo, explains: "We've always known that our stores are much more than just a convenience shop for pets and now we're providing them with the million-pound makeover they deserve. The store of the future is a destination for all pet lovers to shop, learn and pamper. The retail industry is constantly evolving, and many retailers are only targeting resources towards online platforms. We believe that this competitive landscape requires a combined online/offline offer to ensure the ultimate in convenience and personal service for our customers. Our Store of the Future boosts our offering for pet owners, with people, personality and, most importantly, pets at the centre of our business."

This sense of people – and pets – at the centre of the experience, based around not only giving people what they want, but also what they like to do is going to be crucial in managing the reshaping of in-store retail.

Creating experiences from adding new dimensions to the store, ideally from hip third parties such as cool barbers, trendy juice makers and even zen-like yoga teachers are all part of the process.

What is interesting is that, while on the face of it adding a juice bar and opening up to cool new franchisees looks revolutionary, really it is exactly the same model as the department stores of old that it seeks to replace. This is why it isn't so much a retail apocalypse as a retail reset. It looks a bit different, but really it just requires some different kinds of franchises to appeal to today's very different shopping demands. And that should make us all, as Pharrell so famously and eloquently put it, happy.

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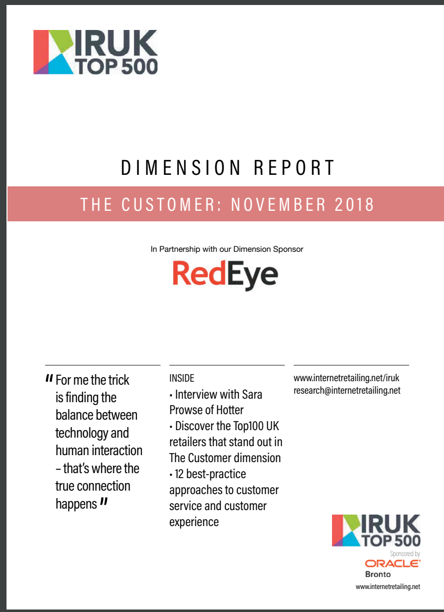
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Brands would like to get to know you well

Emma Herrod **investigates how digital is enabling brands which don't have their own direct-to-consumer sales channels to get closer to the customer.**

Marketing continues to change as technology and the digital landscape enable new experiences and communication channels to open between brands, retailers and customers. For many brands, their wholesale business is their only sales channel but this no longer excludes them from communicating directly with the end consumer. After-sales care is no longer the only direct customer touchpoint since digital has opened the way for brands which don't sell direct to interact with consumers before the sale takes place – and to carry on conversations and engagement post-sale. The relationship and the all important data about the consumer and how they use the product is therefore moving to the brand in a way that benefits both parties.

Brand stories or specific product information can be shared with shoppers in a retailer's store through digital screens that interact with branded products and movement. It can also be shared through the consumer's own phone.

Mammut, the Swiss mountain sports equipment retailer, has launched a mobile app that uses Near Field Communication (NFC) tags embedded in its clothing products to link the individual physical products to digital content. The tags are added to the products when they are manufactured and work as a unique identifier for each item enabling the customer to tap an NFC-enabled smartphone against their new purchase and link it to the Mammut Connect mobile app. From here, they can discover virtual hash tags, extend their warranty and share feedback.

The app further connects the customer with a community and brand experience full of product, inspiration, activities and content related to their sport.

In the three main parts of the app – My Product, My Inspiration and My Activity – customers gain access to exclusive content including product highlights and behind-the-scenes material, they can add pictures and save their favourite routes whether they are hiking, skiing or climbing, and receive invitations to exclusive events.

The NFC tag also enables Mammut to view the product throughout the customer journey and its lifetime rather than just up to the point at which it is distributed to the sales channel or retailer. A digital product identity is created to connect between the product and the customer so that the brand can gain valuable insight into its customers' lifestyles, while also deepening their brand experience – and giving Mammut a connection between the product and the customer post-purchase.

With the app, it can collect feedback on individual products, offer value-added and after-sales services to customers which as a manufacturer and wholesaler it wouldn't usually have visibility of.

"Customers are digital, mobile and social. They communicate with brands, actively contribute and give feedback with much more concrete demands than just a few years ago. This is why Mammut is building an ecosystem. With Mammut Connect – a broad portfolio of real customer added value – we are creating an innovative platform and underlining our ambition to become digital leader in the outdoor sector," says Oliver Pabst, ceo of Mammut Sports Group.

> Customers are digital, mobile and social. They communicate with brands, actively contribute and give feedback with much more concrete demands than just a few years ago

Chelsea FC has done something similar with kit sold to fans. They can win tickets, unlock exclusive content and prove that the merchandise they have bought is authentic by scanning the NFC-enabled NikeConnect logo on the shirt with their smartphone.

Working with how a product enhances the customer's lifestyle, goals or ambitions has not been lost on other brands. Sportswear brand Under Armour bought the MapMy series of apps which includes MapMyRun and MapMyRide in 2013 later acquiring meal and physical activity tracking app MyFitnessPal in 2015.

Dog food brand Pedigree did a similar thing with Pedigree Tracks. The app tracks a dog's daily exercise level and creates a tailored menu of wet and dry food based on its activity.

INSIGHT IS MORE THAN DATA

As retailers have found though, managing, processing and acting upon a large amount of data is not straightforward. Cassandra Stevens, global commerce director at Zenith, points out that many brands aren't set up to being able to build a CRM strategy "because they don't have the customer database and once they do, building a team the

Image: Mammut

Outdoor brand Mammut is using NFC tags to link physical products to a digital immersive experience for its end customers

size that a retailer has to keep customers engaged and continue to give them utility or value in exchange I think is quite difficult especially when you don't see the return on that in the end because someone will end up buying from a retailer anyway."

Brands don't have to go to the extremes of Mammut or Under Armour in order to gain insight into their end customers. Their own website has a valuable role to play within the customer journey either adding value or driving traffic directly to a retailer's ecommerce site where they can convert a sale – and collect data along the way. Live stock feeds, for example, would be valuable on a brand's site showing consumers exactly where they can go to buy the product they are looking at. Stevens suggests that a brand could agree to drive a portion of its marketing directly to a retailer if they share data on how the product performs on the back of it – which is something that "digital allows us to do," she adds.

Getting involved in responding to questions within the ratings and reviews section of a retailer's website is another step that can be taken easily.

Stevens believes that the industry is moving towards more integration between retailers and brands with features within second-party data agreements enabling brands to reconnect with customers post-sale or upsell or cross sell within their own portfolio. "That requires a lot of cooperation from traditional retailers who aren't necessarily ready to do that yet," she says.

She believes that pureplays are more open to trying collaborative tests with brands on Google and Facebook and moving away from traditional methods. They are starting to change how they provide solutions for brands and "not getting [brands] to commit to traditional digital trade buys such as banners on a website which no-one very much sees on a retailer since most of the product pages are discovered through search as people don't navigate through the category pages, but selling things like that which are traditional almost similar to how you'd sell a banner on a shelf in a store is no longer valuable to brands. They are more interested in having the engagement with the customer, having data so they can understand if their marketing is influencing sales, understanding the audience makeup so they can inform their own programmatic and display or social strategy," she says.

WORKING TOGETHER

Ecommerce companies are sitting on a wealth of transactional data which can be used to activate intelligent marketing and Lastminute.com is no different. Along with recognising the value of this data, the online travel agency realised that there were additional products which would enhance the service it offered to its customers.

"If that information is used to deliver relevant data and relevant marketing then customers are happy, brands are happy and hopefully product flies off the shelf,"

Image: Birchbox

Birchbox works with brands sharing data on shopper profiles, behaviour, targeting and sales

says Alessandra di Lorenzo, ceo, at Forward, part of the lastminute.com group of companies, explaining how the lm group has opened up advertising on the Lastminute.com, Rough Guides and AccuWeather sites to marketing and advertising by partner brands. This has led to a new division operating as an in housing and marketing consultancy which runs 1,300 campaigns for 500 brands each year.

"Every advertiser has their own goals and objectives," she says but data enables brands and marketers to have a more relevant and informed conversation with the customer so that they will go on and buy product.

"We start from the creative concept which is all done through looking at our dataset and the insights then we overlay that with media activation," she says. "First we create the concept and then we create the content for example video or text or copy and then we activate it through either display or video advertising or content advertising or any other form of advertising in the digital world."

A lot of work is going into the marketing world to overcome the challenge for brands of linking the digital world and offline sales channels. How they connect sales to the digital channel is the "biggest challenge," she adds.

"The more work we do and the closer we can get to understanding our joint audiences the more success we can find. It's a busy world out there in the internet and I think we need to start building more alliances."

This is leading to an expansion of the relationship between retailers and brands away from just the buying team. An "ideal future" is where the marketing teams at the retailer and the brand work together, for the best outcomes in trading product and ensuring sell through. The marketing conversation is around "where you can pull different triggers on either side to influence outcomes as required," says Stevens.

This is an area in which beauty retailer Birchbox excels with its subscription boxes containing product samples. Many subscribers go on and buy products from Birchbox online so the company is able to work directly with brands, sharing data on how a product sells as well as the consumer behaviour around site visits and which subscriber profiles receive samples of products in their monthly box.

Data is a valuable asset and while retailers and brands work out who owns the relationship with the end customer there is no getting away from the fact that it is the customer who owns their own data. Retailers and brands may try to bring the data together with a unique identifier – such as a holiday booking reference or an NFC tag – but in order to gather further information about the customer they have to offer something in return. And this is where the customer again has the upper hand. What gimmick, conversation or value-added service will entice them to share further and continue the relationship beyond the purely transactional?

Co-op: Autonomous delivery

Co-op has been putting Starship delivery robots to the test in Milton Keynes and has recently rolled out the scheme to a second store in the area as well as expanding online ordering to new areas. Emma Herrod caught up with *Jason Perry,* Senior Manager Ecommerce Strategy & Rollout, Food Digital, Co-op at the recent eDelivery Expo.

Convenience retailer Co-op has made more than 15,000 deliveries to customers using autonomous robots from Starship Technologies since starting a trial in April 2018. (The robots themselves have been tested in 100 different cities around the world by a number of retailers including Domino's Pizza, with the robots encountering 12m people along the way.)

Up to 60 robots operate from the Co-op's Monkston Park store in Milton Keynes delivering groceries which shoppers in the area have ordered online. Most of the orders are top-up rather than large weekly shops, explains Jason Perry, Senior Manager Ecommerce Strategy & Rollout, Food Digital, Co-op, but "if the order is too bulky for one robot, we send another one behind it," he says.

The delivery area stretches to 2.7km south of the store and 2.2km north with it taking the robots up to 60 minutes to travel the full distance. Through the use of neural networks, the robots learn about the area in which they are deployed becoming quicker over time as they learn from previous journeys how to handle the various traffic junctions that they encounter.

The operational side of the grocery orders is handled by Starship which, at the beginning of each day, delivers robots and all of the batteries that they will need for the day to the store. The robots are loaded with their grocery order in front of the store so nothing inside has had to be changed. The order is picked by Co-op staff from items on the shelves. As Perry explains, Co-op has quite small shops, not 25,000 sq ft supermarkets, so picking and then putting an order of 7 or 8 items through a till and into a Starship robot is a two-minutes job and the extra cost of picking a customer's order can be absorbed "into what the customer is spending". The delivery charge to the customer is £1 but there is no minimum order size.

CONTROLLED BY AN APP

The process is easy for customers too, explains Perry. First they need to download the Starship app and select their neighbourhood. In all, nine locations including a university campus in the US are included in the app since the same system is being used by a number of retailers testing the autonomous robots.

With the app downloaded, the customer can shop from a range

Image: Co-op

▲ Jason Perry, Senior Manager Ecommerce Strategy & Rollout, Food Digital, Co-op

of 700 products on the site. Perry explains that it's about a quarter of the product range and includes chilled items but nothing that is age restricted such as alcohol since without a delivery driver, no-one is able to verify the age of the person taking receipt of the order. There is demand for it though and alcohol is the number one thing that people are asking for on the service's Facebook page behind expansion to their area.

Rather than having to enter a delivery address in the app, the shopper places a pin in a map showing the location of where they want their delivery. Deliveries are made within an hour and the exact time until a delivery can be made to the shopper's specific location is calculated at this point and shown to them in the app. "Orders are typically delivered in 30 minutes, including picking time," says Perry.

The accuracy of the delivery location down to a few feet has enabled some interesting use cases, he explains. People have been ordering chilled picnic items before they leave home and had them delivered to the park for when they arrive. A thermal insulated layer within the robot keeps items at the right temperature and keeps them away from any ambient temperature products.

The shopper is able to track their robot within the app too in what Perry describes as an Uber-like experience.

When the Starship robot arrives at the shopper's pin location they unlock it via the app, open the lid and remove their order.

Pre-empting a question that he's asked regularly about why none of the Starship robots have been stolen, Perry explained to the audience at the eDelivery Expo that each robot is equipped with 8 cameras at the front and rear, is GPS tracked within a couple of inches, has radar guidance, can be remote controlled by Starship, will sound an alarm if picked up and is enabled with two-way communication. The robots are also mechanically locked so the contents can't be removed until it is unlocked by the customer via the app. "Whilst it may make a good coffee table at home, there aren't many other applications," says Perry.

CUSTOMER ADOPTION

Adoption of the service has been growing since its launch in April 2018. "We've seen a 4.5x increase in weekly orders since launch," says Perry "and that's steadily growing". Of the nine thousand households in the store's delivery area, around 80% have downloaded the app and 40% of that number have placed an order.

Sunday is the busiest time for the service since "more people are at home at that time" and "there is demand for the service." Saturdays see the next level of volume, followed by an even number of orders across Thursday, Friday and Wednesday. Monday and Tuesday see the least number of orders.

The end of March saw the trial extended to a further store in Milton Keynes, with the first order placed within 10 minutes of the trial being switched on there. Around 2,000 homes can access the service fulfilled from the Emerson Valley store but

Image: Co-op

Co-op Emerson Valley is the second store in Milton Keynes to use autonomous robots for customer deliveries

while this is a smaller area than the Monkston Park trial it raises new challenges for the Co-op, its store colleagues and customers since the store has never undertaken delivery of online orders before. The Monkston Park store is used to fulfil orders by Deliveroo as well.

> Co-op has made more than 15,000 deliveries to customers using autonomous robots from Starship Technologies since starting a trial in April 2018

Co-op will be working with Starship on extending the range of products offered online from this store and increasing shoppers' basket size. It also has plans to expand to other areas, including more challenging areas, too. "I'm not going to say that this is going to go to every shop across the Co-op as there are places where it will work and places where it doesn't," says Perry.

As the link with Deliveroo at the Monkston Park store shows, Co-op is busy testing different ways to extend its convenience model with customers. It already offers a delivery-to-home service for shoppers not able to carry their own shopping once they have paid for it from 200 stores. It is also testing a Pay in Aisle mobile app enabling shoppers to 'scan and go'.

Co-op's own online grocery service went live in London on 22 March. Shoppers in a 4km radius of the store on the King's Road can order groceries from shop.coop.co.uk and have them delivered within two hours by electric bicycle. There is a standard £5 delivery charge and a £15 minimum spend. Co-op has also introduced a free click and collect service at the store.

Ultimately, Co-op's mission is to be the number one convenience retailer in the UK and this means giving customers choice in how they want to shop.

The grocer will make online shopping available in a "significant number of UK towns and cities" but as Perry says, "there is not one thing that will fit every store". The retailer, therefore, will continue to test a blend of solutions in different locations.

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

STUDY FIND 'GOLDILOCKS ZONE' FOR ELECTRIC CARGO BIKE DELIVERY

AN ELECTRIC CARGO bike is more cost-effective than a truck on deliveries up to two miles from the distribution centre, according to a new academic study. The University of Washington modelled a range of delivery scenarios to determine which vehicle cost more. They varied distance from the distribution centre and the number of parcels per stop.

While bikes are suitable for short distances and gain additional advantages through their additional manoeuvrability, trucks become more cost-effective at ranges of two miles or higher, the study shows.

Trucks were also more cost-effective once the number of parcels on the delivery route increased beyond 20. The study's authors said this meant trucks would remain a better option for bulk deliveries to the likes of office.

"Cargo bicycles may be a good substitute for trucks in cities that are considering policies that restrict the time and type of freight trucks driving through cities using congestion charges or simply banning them," the study's authors said.

"Another possibility is to incentivise the use of cargo bicycles by including city support for bike storage in or near downtown. Cargo bicycles could also be a mode of transit included and discussed in city master plans."

DPD recently partnered with a new start-up to develop a new type of electric delivery bike. The Project 1 is powered by peddling with the ability to support this with electric assistance. It is designed to fit down cycle paths and can hold six cargo containers with up to a 150kg payload. The vehicle has a "modular" design, meaning that it can be extended, widened or shortened depending on applications.

Sainsbury's introduced electric cargo bikes in south London last April.

UBER & SAP PARTNER ON FREIGHT MATCHING

UBER AND SAP will help connect shippers and carriers with customers as part of a new freight matching partnership. The Uber Freight solution will be integrated into SAP Logistics Business Network, allowing customers to access real-time rates and capacity information from Uber's network.

SAP says shippers will be able to access a larger ecosystem of drivers while carriers and drivers can see and choose loads according to their business and schedule. It says this will improve utilisation and time to plan and minimise costs.

"For the world's biggest shippers, an efficient, digitalised supply chain is critical to their success. Uber Freight is partnering with SAP to bring shippers and carriers together at the level where freight decisions are being made. This innovative tech-forward approach to freight means shippers can spend less time sourcing quotes and capacity and more time getting goods to market," says Bill Driegert, senior director at Uber Freight.

Hala Zeine, president at SAP Digital Supply Chain, comments: "Finding and booking freight can be the most expensive and often the most complex piece of the supply chain. This combined solution will remove roadblocks and offers a simpler, more automated approach that streamlines operations, delivers tangible cost savings and ultimately creates a better customer experience."

SHOP DIRECT OUTSOURCES RETURNS TO CLIPPER

SHOP DIRECT has outsourced a key logistics hub and introduced new returns management software. The five-year contract with Clipper Logistics will see the latter leasing Shop Direct's premises at Raven Mill near Oldham in Greater Manchester.

Clipper will employ around 400 Shop Direct personnel, providing a global returns management and a pre-retail service, managing the availability of stock. The solution will include Clipper's Boomerang and technical services division value-added services.

The contract will commence in July 2019 and last until the activities migrate to Shop Direct's East Midlands fulfilment centre in 2021. At this point a number of Shop Direct's specialist returns management activities will move to Clipper's Swadlincote in Derbyshire.

After this Clipper will expand the operation at Raven Mill into a multi-user returns and pre-retail support centre. "Clipper has a track record of delivering best in class fulfilment and returns for digital retailers. The agreement represents a positive outcome for our colleagues at Raven Mill," says Henry Birch, ceo, Shop Direct.

Steve Parkin, executive chairman of Clipper comments: "This contract win is significant for Clipper, adding one of the UK's leading pureplay digital retailers to our roster of best in class retail operators. It demonstrates Clipper's unique ability in returns management across fashion, electronics and general merchandise.

eDelivery
Fulfilling the multichannel promise

SAME-DAY DELIVERIES RISE FOR ARGOS

ARGOS has seen same-day deliveries rise year-on-year as it extends its premium offering across the country.

The retailer's parent company Sainsbury's revealed in its full year results that sales using the Fast Track home delivery service had risen 13%. The company can now deliver to 90% of UK postcodes within four hours, it said.

Meanwhile, demand for the click and collect option had risen 10%, with 85% of customers who ordered online choosing to collect from one of Argos's 1,200 physical locations. These include Sainsbury's supermarkets, which the grocer said helped drive supermarket sales up 1%.

Argos can now deliver its full range the same day to more than 50% of the country, with four-hour delivery available for over 20,000 products. This comes after it opened a new regional fulfilment centre in Croydon last year.

Argos uses a hub and spoke model for delivery, in which some larger stores serve as warehouses and others support them. Around 60% of Argos sales start online, exceeding £3bn in the year.

The retailer was one of the top performers for delivery over peak, fulfilling orders in a day compared to the average of five days, according to a study that was released in December.

ZALANDO ENDS FREE DELIVERY IN THE UK

ZALANDO has ended free delivery in the UK, Ireland and Spain as the retail industry begins to take a harder stance on previously generous policies. Customers will now have to pay delivery charges on orders under a specified certain value in the three countries. The charges are set at £3, €3 and €3.50 in the UK, Ireland and Spain respectively. The minimum order values are set at £19.90 in the UK and €24.90 in Ireland and Spain. Returns will still be free in Ireland and Spain.

Zalando first introduced delivery charges in Italy back in November. Delivery is still free in its other markets. The company uses fulfilment partners including DHL and Hermes.

These markets behave differently to other European countries, according to Zalando. "At Zalando, we aim to bring the fitting room into people's homes. Our customers can order several items and try them on in the comfort of their homes, only keeping what they really want," the company told eDelivery.

However, the retailer said customers in the UK, Spain and Ireland had been placing relatively small orders, meaning that they had "not yet fully explored the advantages of shopping on Zalando."

The change in delivery pricing policy therefore "aims at incentivising our customers to bundle more items, increasing basket sizes, and therefore enhancing more efficient delivery and returns services, and therefore a more sustainable business.

"This measure is enabling us to continue to satisfy the growing expectations of our customers in the services that they are really looking for, while continuing to offer an almost limitless selection of 300,000 fashion and lifestyle articles, and diverse localised convenience services, from payments to delivery options."

LOGISTICS ACTION AT ASOS

ASOS may take action against serial returners in a change to its policy which aims to make it more sustainable. The fashion retailer told customers in an email that it may "investigate and take action" if it notices an "unusual pattern".

It announced that it would increase its returns period from 28 to 45 days.

The email acknowledged the importance of easy returns to ASOS's brand but said that it had to ensure that returns were sustainable "for us and for the environment".

The fast fashion retailer has also reported that it is able to process nearly 10 million orders and 3.5 million returns a week as it comes to the end of a long period of investment.

The fashion retailer saw an 87% drop-off in profits in the six months to February to reach £4m, which ASOS attributed to spending on its new warehouse capacity. Sales rose 14% to £1.3bn.

Major projects have included adding a dynamic buffer that can predict volumes of orders during the day to reduce processing times and opening a new "Euro Hub" warehouse in Berlin.

Having invested £55.1m into technology in the six-month period, with 17% focused on efficiency and the majority of this on logistics, the company said that it was "through the peak" of the heavy investment phase and set to begin reaping the benefits of upgrading its logistics. So what's next?

Firstly, ASOS has been testing automation at the Euro Hub warehouse. While ASOS already offers next-day delivery across Europe, automation allows it to improve the cut-off times in Germany. In addition, the higher throughput speed will allow the company to move greater volumes through road freight, making it more efficient.

Secondly, ASOS plans to introduce a new system across its seven returns processing sites in five different countries. It expects this to lead to a roughly 10% productivity boost in the centres, removing the need for any new facilities in the medium term.

Insight around the world

FLORENCE WRIGHT, RETAIL ANALYST, EDGE BY ASCENTIAL

Amazon is leading the world in cultivating shopper engagement and retaining a loyal customer base, scoring ahead of other top retailers around the world, including Alibaba and Walmart. These findings were based on our proprietary methodology to analyse 25 of the top omnichannel and pureplay retailers across the world, scoring them on a 100-point scale, for their efforts to build an effective shopping experience that helps to cultivate shopper engagement and retention.

With a score of 64.4, Amazon's ranking in first place is attributed to its extensive product assortment and leading own brand portfolio, as well as the development of its sophisticated Prime offering with exclusive membership and benefits.

The other retailers ranking in the top five of the 'Shopper Engagement and Retention Winning Strategy Report' are French supermarket giant Carrefour with a score of 59.3, JD.com (51.2), Alibaba (50.6) and Waitrose (48.8).

Carrefour's high score is largely due to its transformation plan which is pushing forward a range of engagement initiatives including in-store digital integration and its increasing efforts in sustainability.

In a time where there is increasing competition – and cost – for retailers and brands within the retail sector to win and retain shoppers, Amazon, Carrefour, JD.com, Alibaba and Waitrose show they have a strategy in place to maintain a loyal customer base. They have developed capabilities that have allowed them to formulate a new formula for loyalty, to win in a landscape where increasingly fickle consumers, enabled through multiple touchpoints created by the digitisation of retail, are no longer as loyal to brands or where they transact.

Shopper loyalty is cultivated through two main aspects – the emotional bond created through the shopping experience, and the act of repeat purchasing that is encouraged by loyalty schemes. It is therefore essential that retailers and brands get this balance right, ensuring they are building a rapport with the customer. This can happen through a variety of avenues that factor in the four characteristics of shopper engagement and retention. Edge by Ascential sees these as:

- Tangible: how retailers execute the basics to provide a reliable and impactful everyday shopping experience;
- Convenient: the ability for retailers to deliver a simple and efficient path to purchase;
- Emotional: retailer efforts to build a personalised and genuine connection with consumers;
- Interactive: how far retailers successfully engage with consumers in collaborative and distinctive ways.

Executed correctly, both brands and retailers will reap the rewards by fostering high value, long-term customers that will have the potential to drive sustainable sales in the future.

EMMA HERROD, EDITOR, INTERNETRETAILING

Amazon has retained its crown as the world's most valuable retail brand growing 25% to $187.9bn. Alibaba's value grew by 51% reaching $14.6bn while in stark contrast JD.com was down 42% to $11.4bn, , according to the 'Brand Finance Retail 50 2019' ranking.

US giant Lowe jumped three places to take 4th place, growing 49% to $23.9bn, closing the gap with rival Home Depot while Canada's Circle K was the fastest growing retailer, up 60% to $5.9bn.

Amazon's ever-diversifying portfolio is leaving its retail competitors even further behind, according to the report. The announcement of its new grocery store business across the US immediately hit rival retailers' shares including multinational giant Walmart (brand value up 10% to $67.9bn) and supermarket chain Kroger (up 8% to $5.6bn).

The dominance of Amazon is undeniable with its brand value totalling more than the following five brands in the ranking combined: Walmart, Home Depot (up 39% to $47.1bn), Lowe's (up 49% to $23.9bn), IKEA (up 11% to $21.5bn) and CVS Health (3% to $21.3bn).

David Haigh, ceo of Brand Finance, comments: "Amazon is continuing to grow at an unprecedented rate through snapping up more strategic acquisitions across a huge variety of businesses: from home security brand Ring to online pharmacy retailer PillPack. Amazon's dominance over the retail space emphasises the strength of the ecommerce giant as it leaves competitors in the traditional bricks and mortar space lagging further behind."

The top five is made up of Amazon, Apple, Google, Micosoft and Samsung.

Alibaba and JD.com ranked 10th and 11th respectively, having had polar opposite shifts in their brand value. Both brands have the pressure of the slowing Chinese economy and the US-China trade war to contend with, meaning an uncertain future, says the report.

JD.com has had a turbulent year following the high-profile coverage of the ceo's arrest and the reputational damage suffered as a result. This has impacted both its customer base, shrinking for the first time in four years in November 2018, and its shares which fell 6% overnight as news broke. Striving to diversify, the brand has announced partnerships with Google Express, to increase its footprint in the US, and with Rakuten to develop drone delivery. However, it remains to be seen what the impact of these ventures will have on its brand value in the coming year.

Alibaba is continually looking to diversify its offering with a variety of initiatives: the partnership with NBA China, originally set up in 2012, is now starting to bring NBA content to Alibaba platforms and boost online shopping opportunities for Chinese consumers. Alibaba has forged partnerships with global brands including Starbucks, boosting its delivery and digital presence in China, and Intel, collaborating on hybrid cloud, internet of things and smart mobility.

Amazon though is to close its marketplace business in China on 18 July. "Sellers interested in continuing to sell on Amazon outside of China are able to do so through Amazon Global Selling," the business told Reuters.

Another retailer closing channels is fast fashion business New Look. Continuing its strategic review of international markets, New Look is winding up operations in Poland. It filed for insolvency of New Look Poland, the company which operates its 19 stores in the country.

"NLP's business has not achieved the necessary profitability to continue its ongoing operations on a standalone basis," says a statement from the company.

It continues: "The business will continue trading while awaiting the appointment of a trustee."

The move follows a similar decision by New Look Belgium in January.

ALEX SWORD, EUROPEAN EDITOR, INTERNET RETAILING

Zara owner Inditex has seen online sales grow nearly a third in 2018 as it outlines plans to create a "fully integrated store and online platform". Online sales were up 27% to €3.2bn, now accounting for 12% of its €26.1bn net sales. Online takes 14% of sales in markets where online is available. Overall profits were up 2%.

The year saw the Spanish conglomerate launch online sales for Zara in 106 new markets, meaning it is now available in 202 markets. The latest launches have been seen it open localised sites online for Brazil in March and the Middle East in May.

The fast fashion company is pursuing what it called a unique business model. This includes centralising its inventory so that it can be accessed through online stockrooms and then distributed to all worldwide stores twice a week.

Inditex said that in 2020 it aimed to roll out same-day delivery in metropolitan areas and next-day delivery as a global standard. This does not include reducing its store portfolio as the business plans to increase the size and number of stores this year adding 5 to 6% of gross new space in prime locations. The larger stores will support services such as click and collect and be enabled via RFID.

Inditex will also incorporate Zara Home products onto its online fashion sites in some markets from the Autumn.

In addition, the company plans to upgrade its headquarters and logistics assets.

Meanwhile, French supermarket chain Carrefour is testing biometric payments in Romania as part of an ongoing digital transformation project.

The chain will allow customers to pay through facial recognition at conventional and self-service check-outs at its Skanska supermarket in Bucharest. The company did not specify how customers create the digital profile that they can use at the checkout.

Carrefour also said it would "strengthen" its collaboration with Google to find new areas of cooperation on online commerce, although it did not give details. The collaboration has previously led to the introduction of training hours for employees to share digital knowledge.

In May 2018, Carrefour launched the carrefour.ro portal, which brings together its various online stores and corporate websites.

One result of the project was the integration of online systems with in-store picking systems to create a click and collect service.

Image: InternetRetailing Events

INTERNETRETAILING EXPO

The InternetRetailing Expo took place over two days in April at Birmingham's NEC. *Emma Herrod* **pulls together some of the event highlights.**

April 3 and 4 saw retailers and suppliers to the ecommerce and omnichannel industry gather at the NEC for the annual InternetRetailing Expo. Over the two days, 300 exhibitors and 100 speakers shared their knowledge and chatted on the exhibition floor and in the conference sessions.

Amongst the exhibitors was Lil Packaging which showcased its range of environmentally-friendly packaging. The company's vision is to be the world's most ethical ecommerce packaging provider as it tries to remove plastic entirely from ecommerce packaging – and it hopes that others will follow suit.

Another pioneering exhibitor was OrderWise. The company is developing robots which will work in a warehouse and carry mobile racking to pickers. Think short, rectangular robots that lift the shelving from underneath rather than a gym-going C-3PO. The company claims that the typical ROI for its goods-to-person robotic solution is 1-2 years. Ironmongery brand A Perry is due to go live with 15 robots and 450 pods – as the shelving is called – in August.

Robots were also the topic of a presentation by Jason Perry, manager ecommerce strategy & rollout, food digital, Co-op. The convenience retailer was speaking about the company's use of Starship Technologies' robots for final mile deliveries. He explained to delegates how Co-op has made more than 15,000 deliveries to customers using the autonomous robots since starting a trial in April 2018.

"We've seen a 4.5x increase in weekly orders since launch," said Perry "and that's steadily growing". Of the nine thousand households in the store's delivery area, around 80% have downloaded the app and 40% of that number have placed an order.

Co-op has recently expanded the trial to a second store and started its own online grocery service delivering products by electric bicycle to customers in London.

MOBILE INNOVATION

With 90% of its mobile orders collected in store, building trade retailer Screwfix has to ensure that it gives its busy trade customers a good experience on mobile as well as through every touchpoint. Orders can be collected in a minute of being placed as stock is held in a warehouse behind each of its stores – or trade counters as the company calls them. Click and collect is a major part of the retailer's business with 80% of all online orders collected. Online sales last year amounted to £500m.

Sue Harries, digital director at Screwfix, explained to delegates that location and stock level data is returned when a person searches on Google for a product. For example, they can see that a store 1.1 mile away from them has 15 of that product in stock and click on the link and go straight to the right place on the Screwfix site. They are then sent a text message when the order has been picked from the 11,000 skus in store, she explained.

The Screwfix app enables customers to keep an electronic version of their receipts in one place – something which is important for business customers working on different jobs. The app also enables push notifications so that when a customer goes near a store they are sent a message about any items they have in their online basket – regardless of which channel was used to place them there. The basket is converted into a QR which can be scanned at the till in store rather than the customer or a sales assistant having to look up the items or order numbers.

She shared three approaches that have worked for Screwfix:

1. "Don't use technology for technology's sake – start with the customer problem you are trying to solve." In Screwfix's case the company wanted to give customers' time – by having a quick checkout – and the certainty of knowing that the items they want to buy are in stock and can be reserved.
2. "Put the customer in control of their journey." One way that this is achieved is by keeping the communications open so that the customer knows what is happening with their order and they feel that they are in control at every point in the journey.
3. There are so many different ways you can place an order. "It's a really complex environment that we operate in now, but our customers really don't care how complex it is. All the customer will remember is how the experience makes them feel about the brand."

WORLD-CLASS MERCHANDISING

Jonas Hessler, former global web and ecommerce digital manager at Ikea, shared the stage with Apptus talking to delegates about how Ikea adopted AI-driven online merchandising to help customers find what they were looking for online. As well as increasing search conversion, the retailer also tested automated merchandising and found that this led to a 75% reduction in the merchandisers' workload since they previously spent 85% of their time working with product listing pages. "We are not after cost cutting, we want to automate tasks so you can concentrate on value adding activities," was how the solution was sold to the merchandising team.

Image: InternetRetailing Events

A sales increase of 2-4% was achieved by automating merchandising, he told delegates.

The introduction of personalised product recommendations as the next step of the rollout resulted in a 7% uplift in sales "in some markets," he added. And a better customer experience.

Hessler shared three things that have lead to his success, one related to business, one technology and one personal work life.

- Business: Innovate more when you don't need to as during successful times you have both funding and time;
- Technology: Know what you want to achieve and find a vendor who is delivering a world-class experience;
- Personal: It's easy to work in a routine but that is the opposite of innovation. He asked the audience to think about the last time that they did something for the first time.

AI was discussed further by Matthew Kelleher of RedEye, in a presentation on how AI and predictive analytics, on top of a good data set, can increase customer lifetime value. Working with building merchant Travis Perkins, the company was able to decrease customer churn and increase the number of VIP customers – those with a frequent high spend – from 3.2% of customers in January 2018 to 5.8% by the August. Spend per customer also increased over that time.

Taking the message from Hessler of doing something for the first time, if you missed this year's InternetRetailing Expo and haven't been before, then put it in your diary to visit for the first time in 2020. The team at IR Towers look forward to seeing you there – and at October's InternetRetailing Conference in London on 10 October.