Internet Retailing

VOLUME 7 | ISSUE 6 | SEPTEMBER 2013

MEMBERS ARE FREE BUT THE CUSTOMER IS KING

Ilan Benhaim, co-founder of vente-privee.com, on flash sales, international and brands, p12

INSIDE OUR CROSS-CHANNEL EDITION:

- RETAIL REVIEW: BURBERRY P23
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- DIGITAL MATURITY P38
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NEXT FROM INTERNET RETAILING

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Editor’s comment

NINE ARTICLES make up the news section in each issue of Internet Retailing magazine highlighting key launches, changes or facts around the industry or specific retailers. It^{1}s always an interesting section to put together, to look back over the articles that have appeared online and in the email newsletters since the last issue. In giving a snapshot of the current state of the industry, this issue’s news section is no different to any other, except in the magnitude of the news: The UK’s top 4 supermarkets are amongst Europe’s top 20 retailers - including Morrisons which is yet to launch online. Amazon which sits outside of the top 20 currently is predicted to rise to 9th place by 2018; Amazon is restricting free delivery having educated shoppers and retailers into the view that free delivery is a necessity in today’s online retail market, while Dixons Retail launches same day delivery and a new shopping service sets up in London whereby you can book someone online to go to your local shop and deliver your shopping to you in an hour.

So, Morrisons has all of its customers visiting its stores, Amazon has no stores and is predicted to have a compound annual growth rate of 18.4% between now and 2018 to rise from 23rd to 9th position in European retail while Tesco, which endeavours to deliver cross-channel retailing at every turn, will remain in second place. Is the high street dead (as recent findings as IR goes to print purport) or will cross-channel strategies see the end of many pureplay retailers, as Ilan Benhaim (the subject of the cover interview this issue) predicts?

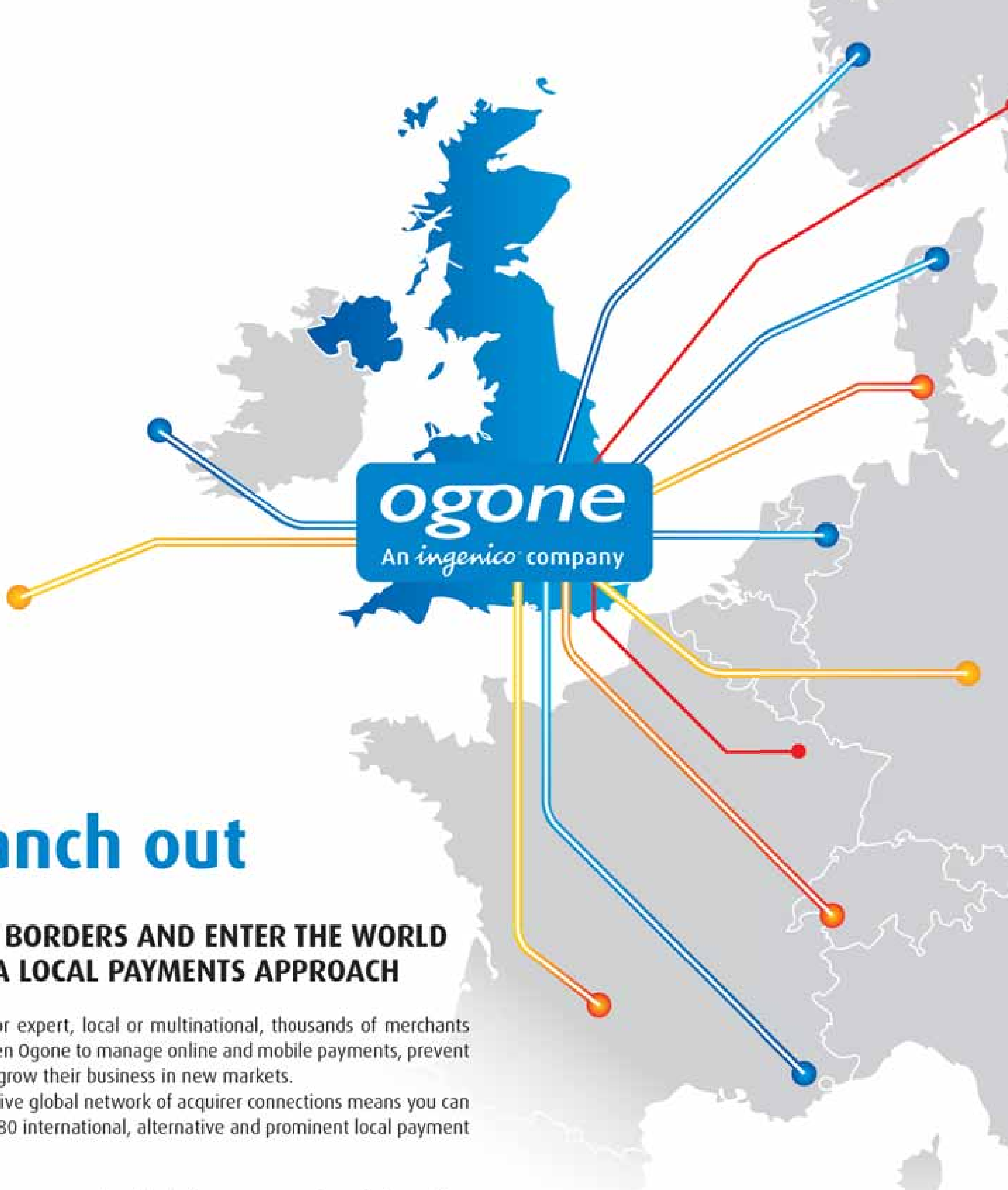
The industry, the high street, cross-channel retailing and the future for pureplays and brands are all in flux. And that’s without factoring in mobile and international expansion. The Internet Retailing Conference taking place in London on 16 October takes its theme as ‘The New Basics’, taking the best practice of cross touchpoint, anytime, anyplace, anything the customer wants retailing as the starting point and looks forward to what could be the retailing basics of tomorrow. I’m particularly looking forward to hearing thoughts and insight on the matter from Sir Stuart Rose, Laura Wade-Gery and Ilan Benhaim who are giving the keynote presentations.

Meanwhile, in this issue of the magazine we look at the issue of cross-channel: replatforming; creating true customer-centred services; overcoming the cross-channel skills gap and retaining staff in the global market; the sustainability of the supply chain in the move to cross-channel retailing; managing mixed reality; customer analytics and monetizing mobile touchpoints.

The lot of the cross-channel retailer is a complex one and moving quickly to adopt mobile and in-store channels presents many challenges... more content to manage, more channels to market, more analytics to review, more operational issues, more technical challenges, more people, more training, more cross-functional team working... all far away from customers’ simplistic view of buying and returning their wares. In the words of Ashley Payne, Head of Online Trading at Debenhams “Do we really need to punish ourselves in the pursuit of new channels?”

In light of this issue’s news stories, the launch of new innovative shopping methods and the continued rise of Amazon the answer may be yes, but they all must be done well, seamlessly and with one eye on daily trading and the other on tomorrow’s trading. I look forward to seeing you at the Internet Retailing Conference to hear Ashley’s response and the thoughts of the other speakers.

Emma Herrod
Editor



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A WORLD OF LOCAL PAYMENTS – JUST ONE CLICK AWAY

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

UK SUPERMARKETS AMONG EUROPEAN ELITE

The UK's four largest supermarkets are among the 20 largest retailers in Europe, according to a new Kantar Retail study. In part, the success of Tesco, which is in second place in the new European rankings, Sainsbury's (in tenth place), and Asda Walmart (11th) is down to their multichannel strength. Lagging behind is Morrisons (in 14th place), which has yet to launch its online grocery service but is expected to do so early next year.

But, while Tesco's UK £1bn turnaround programme, which includes a focus on online, convenience shopping and refurbished stores, is seen as boosting Tesco's recovery in this country, Kantar says that it must also "focus on its price, quality and service in other parts of Europe if it is to continue to compete on the European and global stage" and retain number two place in Europe, which it currently predicts that it will. Kantar says that Tesco is currently struggling with consumer confidence in central and Eastern Europe and that could have an impact.

Elsewhere it predicts that by 2018 Amazon will be the second largest global retailer. In Europe, it currently places the pureplay in 23rd place, with estimated European sales of £17.5bn but predicts these will grow to £40.7bn by 2018, putting it into ninth place.

Himanshu Pal, Kantar Retail's Director for Retail Insights, said: "This top 20 European ranking shows real opportunity for UK retailers if they continue to invest in the right areas. For example, there are already visible signs of improvements in Tesco stores with regards to quality and service, which are likely to get better with the integration of Euphorium Bakery, Harris + Hoole cafes and Giraffe restaurants.

"But to regain its dominant position on the global, as well as the European retailing landscape, Tesco will have to ensure that all its markets deliver growth."

Both Kantar's current estimated European sales figures for the top 20 retailers, and predictions for five years hence can be seen in chart below.

EUROPEAN TOP 20 RETAILERS

Rank 2013	Rank 2018	Retailer	Sales (EU Current Bilions)		CAGR	
			2013E	2018E	2008-13E	2013E-18E
1	1	Schwarz Group	68.7	84.7	4.9%	4.3%
2	2	Tesco	63.7	78.5	1.7%	4.3%
3	4	Carrefour	61.0	66.4	-2.9%	1.7%
4	3	Metro Group	60.0	66.8	-1.9%	2.2%
5	5	Auchan	47.9	56.9	4.1%	3.5%
6	6	Rew Group	45.9	52.1	1.6%	2.6%
7	7	Edeka	43.9	48.3	6.7%	1.9%
8	8	Leclerc	36.3	45.2	5.3%	4.5%
9	10	Intermarch	32.5	38.2	1.2%	3.3%
10	11	Sainsburys	28.5	36.8	3.7%	5.2%
11	13	Walmart	25.8	33.3	2.7%	5.3%
12	15	Aldi Sud	23.3	28.2	4.3%	3.9%
13	18	Otto Group	22.5	26.6	9.3%	3.4%
14	17	Morrisons	21.9	26.9	3.6%	4.3%
15	16	Ikea	21.7	26.9	3.5%	4.5%
16	21	Casino	20.2	23.2	0.2%	2.9%
17	22	Aldi Nord	18.9	21.3	1.3%	2.4%
18	20	Mercadona	18.7	24.2	5.5%	5.3%
19	19	Systeme U	18.3	24.5	6.7%	6.0%
20	24	Coop Schweiz	18.3	20.3	12.9%	2.1%

Source: Kantar Retail

TUI REACHES 47% ONLINE

Tui Travel says almost half of its UK sales were booked online this spring and early summer.

The German travel company, which trades in the UK through the Thomson.co.uk and firstchoice.co.uk websites as well as a network of shops, showed that 47% of UK sales were now ecommerce ones in the third quarter of its financial year. That's up from 45% at the same time last year, but still short of the Nordics, where 69% of holidays were booked online (68% last time).

Since the company launched its MyThomson mobile app in June, it has been downloaded more than 120,000 times.

The update on online activity came as the company said underlying operating profits were up by 18%, at £87m, in the third quarter of its financial year, to June 30.

Unique holiday bookings in the UK rose by 14%, while 91% of its holidays were sold directly to customers.

Our strategy of offering our customers unique holiday experiences continues to drive sustainable growth," said Peter Long, Chief Executive of Tui Travel. "Our strong brands and market leadership position are fundamental in achieving this strategy.

AMAZON MOVES TO RESTRICT FREE DELIVERY

Amazon is restricting its free delivery for UK customers in a move that could take the pressure off other online retailers to deliver for free.

Consumers must now spend at least £10 when buying goods in a wide range of categories in order to qualify for supersaver free delivery, which typically takes up to five days to arrive. Orders that include entertainment products from books and DVDs to video games and software products will continue to qualify for free supersaver delivery, irrespective of the order value.

Amazon says the move "will affect only a very small proportion of orders." But, it says, "it will allow us to offer you a significantly expanded selection of lower-priced products."

The retailer also points to a recent widening in delivery choices, including a growing network of Amazon Lockers as well as the option to pick up at Collect+ stores, as well as its delivery subscription, Amazon Prime. But none of these options is currently free. Delivery to a Collect+ store or an Amazon Locker is charged either as one-day or first class delivery, and Amazon Prime, which includes unlimited one-day delivery, currently costs £49 a year.

CONSUMER-LED RECOVERY HAS ARRIVED

The “consumer-led recovery has arrived”, according to a new analysis of retail spending that saw fast growth in store spending in July, although online grew less robustly than in previous months.

The recent heatwave, coupled with celebrations around the birth of Prince George, are thought to have drawn shoppers to the high street in July, sending total retail spending up by 4.8%, according to figures from Barclaycard. But online spending was significantly weaker than the trend, growing by just 8.5% compared to the same time last year.

In June, online spending grew by 12.5% and, says Barclaycard, July was only the third month in the past 19 that ecommerce growth hit only single figures.

That seems to confirm suggestions earlier from the BRC that online spending suffered as store spending grew.

But the overall rise in spending was greeted warmly by Barclaycard Chief Executive Val Soranno Keating. “The UK’s economic recovery truly gained pace in July,” she said, “when, for the first time in three years, consumer spending exceeded the rate of inflation for four months in a row, showing that the long-awaited consumer-led recovery has arrived. It’s an undeniable vote of confidence in the future by British shoppers and shows that they’re finally shaking off the longest period of austerity in a generation and are more readily parting with their money.

But if online growth was weaker than previous months, ecommerce still continued to expand its share of consumer spending. Some 20.4% of total retail spending was spent online, up by 0.7% compared to the same time last year when that figure was 19.7%.

ONE-HOUR SUPERMARKET LAUNCHES

A new kind of one-hour supermarket delivery service has been launched across London.

Customers order their shopping online at PocketShop.com, choosing from products that are available at stores near them. Once completed, their order goes to the nearest of Pocket Shop’s team of 20 shoppers, who travel into the hotspot areas where Pocket Shop has pockets of customers.

That shopper walks to the shop, using an app that first guides them through in-store picking, and then directs them to the delivery address. Customers get a text message alert when their order is on its way and the first order is delivered free of charge. They subsequently receive a weekly restock reminder email enabling them to restock their cupboards within the hour.

Pocket Shop offers a ‘superstore’ range of 150,000 products and promises that prices are comparable to shopping in Local and Metro convenience stores. Currently it delivers products from Sainsbury’s and Tesco and says it will soon add Boots, Waitrose and Marks & Spencer.

A dynamic website means that the company can adapt to demand. Dynamic delivery options, for example are based on the current capacity of shoppers. If a delivery can’t be made in an hour, customers will only see the option of a two-hour, or other, delivery option. Peaks in certain areas mean shoppers will be moved to those areas.

The service comes out of internet technology business Forward Labs, which is part of the Forward Internet Group. It brings together entrepreneurs, designers, developers and marketers to fast track growth of tech businesses.

SAME DAY FROM CURRYS & PC WORLD

Currys and PC World are introducing same-day deliveries with the aim of making their logistics services more convenient for customers.

The electrical retailers, both part of the Dixons Retail Group, are working with Royal Mail Courier Service to offer same-day deliveries to London customers. Shoppers ordering small box items for delivery to London, Greater London and other selected postcodes, and who place their orders before 9.30am will receive them between 6.30pm and 10pm that day.

The new service comes alongside an improved next-day delivery service, now available for orders placed before midnight for delivery between 6.30pm and 10pm the following day. Previously the cut-off point was 5pm.

The retailers are also introducing Sunday deliveries, adding to an existing Saturday delivery. “A Sunday proposition with delivery between 2.30pm and 6pm will allow for more flexibility, suiting customers’ busy 21st century lives,” said a spokesperson.

As with same-day delivery, the services will launch in London and Greater London, and are expected to expand to other areas of the country “in the short-term”.

Same day and Sunday deliveries will cost £14.99 while next-day delivery starts from £4.99. The service does not include large home appliances and TVs whose screens measure more than 39in.

Meanwhile, the first Dixon’s Travel ‘store of the future’ has been unveiled at Gatwick Airport.

The retailer has brought in-store digital into play at the concept store, located in the South Terminal of the airport, and this is set to be the blueprint for other stores in the Dixons Travel group of airport-based electricals stores.

Digital signage is used throughout the new store to showcase products. Travellers can find out about individual products and related offers through look books stored on tablet computers. Digital merchandising tables featuring 32in rear projection floating screens over themed areas are intended to bring a sense of theatre to the product floor. The 1,466 sq ft site also features a KNOWHOW bar where customers can stop off for technical advice and repairs, while the concept does away with the traditional point-of-sale.

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PAYMENT FIRSTS FOR UK

UK retailers Boots, Argos, House of Fraser and The Hut Group will be among the first in Europe to offer MasterCard's new cross-channel payment solution, MasterPass.

The MasterPass digital service enables shoppers to store details of a variety of payment, store and loyalty cards, as well as their shipping and billing address details. That means they can make payments using either a payment card or an enabled device with a single click, tap or touch, online, in-store or in any other location. MBNA will be one of the first issuers of MasterPass cards.

The range of MasterPass services includes checkout services that can be used online and in-store from MasterPass connected wallets. In-store, MasterPass will work with NFC and QR codes to inform consumers about their payment choices. Retailers, banks and other partners will be able to offer their own MasterPass wallet or connect their own wallets to the MasterPass acceptance network. There will also be a range of value-added services, such as offers, experiences and integration with loyalty programmes.

MasterPass is already live in the US, Canada and Australia and will launch across Europe and other territories throughout 2013 and 2014.

Meanwhile, the much vaunted 'pay-by-face' technology that allows PayPal users to use their PayPal account to make payments in shops using their face as authentication has arrived in the UK – well in the leafy, well-to-do London suburb of Richmond-upon-Thames, where PayPal has an office.

In a first for the UK, consumers can now make payments on their mobile phone and be recognised by their first name and picture. A dozen businesses in the high street are now embracing cutting edge technology to allow their customers to pay with PayPal – while giving a more personal service.

Rob Harper, Head of Retail Services at PayPal, comments: "This is another step on the journey towards a wallet-less high street, where customers will be able to leave their wallet or purse at home and pay using their phone or tablet. We predict that by 2016 this will become a reality."

MULTI-DEVICE ECOMMERCE FOR MAJESTIC WINE

Majestic Wine has launched a new ecommerce website, designed specifically to work across multiple devices and to bring together all that the company offers into a cross platform centre of wine expertise.

Working with Javelin Group, the new Majestic Wine site uses HTML 5 to optimise its site across all mobiles, tablets and desktops. As well as providing optimal reading, navigation and check-out processes for the customer's specific device, with one central system the on-going process of managing site content is vastly simplified.

Majestic Wine is well known for its highly knowledgeable staff in store and, with the new website, this knowledge has been transferred online and on to mobile. In May and June Majestic asked its team of wine experts from across the UK to make 'If you like that, you'll love...' suggestions for products across the range. They gathered over 125,000 recommendations.

The site also uses advanced geographic mapping techniques enabling Majestic Wine to balance supply and demand, and ensure compliance with licensing laws. The customer can select the closest or preferred store and be presented with the available range using near real time stock management.

IZABEL LONDON GOES GLOBAL AND MOBILE

Izabel London, a cutting edge online fashion retailer, is extending its reach both internationally and onto mobile following a deal with Venda.

The addition of an international and mobile offering marks an important moment in the growth of the business. The increase in consumer usage of mobile devices for shopping and growth in the number of retailers offering international access to products were key drivers in Izabel London's decision to engage Venda to create a new and bespoke ecommerce offering.

Kevin Jamali, Director at Izabel London, explains: "To fully integrate mobile and extend our fashion to consumers outside the UK, we were looking for the right partner that didn't require us to develop a large internal IT team to create and maintain a bespoke platform. Venda's knowledge of the industry, expertise in the fashion sector, and SaaS platform meant it was easy to transition from a national site to a global one, as well as add mobile functionality. This will allow us to stay ahead of the competition in a fast-moving industry, while offering our customers a smoother and more integrated platform with the ability to make a purchase whenever and wherever they may be in the UK or abroad."

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Plenary session - 3 Keynote speakers

Sir Stuart Rose
Chairman

Keynote 1
9.10AM

ocado
dressipi

Laura Wade-Gery
Executive Director,
Multi-channel E-commerce

YOUR M&S

Keynote 2
9.40AM

Ilan Benhaim
Co-founder

vente-privee.com

Keynote 3
10.10AM

STREAM 1: THE CUSTOMER

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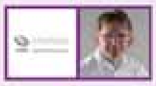
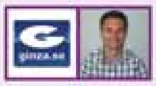
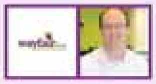
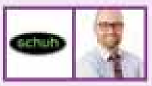

Chairman's introduction
Dr Mike Baxter, Saleslogiq


Stream Keynote: Tailoring the online journey to create a personalised customer experience
Johan Sävenstrand, Ecommerce Manager,
Ginza AB

Joining up the touchpoints and adding value
Jeremy Fennell, Ecommerce Director, Dixons Retail

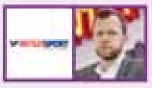

Staying ahead of the online retail game through coll aboration
Joel Stevenson, Managing Director, Wayfair.co.uk

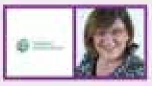
Stream Keynote: Delight your omni-channel shoppers with a personalisation strategy beyond traditional commerce
Elias Mouybayed, Head of Sales EMEA, Certona


Panel Discussion: Internet Retailing In Store
Panelists include:
Sean McKee, Head of Ecommerce and Customer Services, Schuh

Paul Wright, Head of E-commerce, Fat Face

David Tarbuck, Head of Multi-Channel Delivery, Kiddicare


Anders Dahlberg, E-commerce Manager, Intersport Sweden


Service as a key differentiator
Jo Causon, Chief Executive, Institute of Customer Service

Closing keynote: Challenging the future
Brad Little, Head of Vertical Solutions, Facebook

STREAM 2: THE BUSINESS

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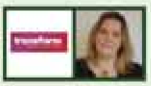
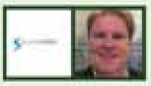
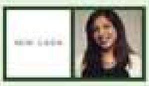
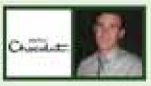
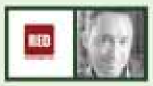

Chairman's introduction
Emma Robertson, Transform

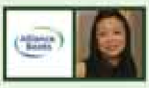

Stream Keynote: Stop sending email messages...start sending multichannel messages that matter
John Watton, Senior Director – Marketing EMEA, Silverpop

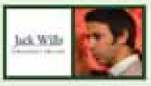
Delivering E-Commerce ROI
Adam Stewart, Marketing Director, Play.com

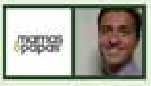

Simplifying the interfaces to close the sale
Shivani Tejuja, eCommerce & Multichannel Director, New Look

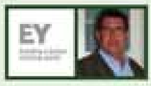

Stream Keynote: Delivering customers individual ordering expectations
Matthew Keys, Digital Marketing Manager, Hotel Chocolat

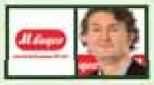

James Candy, Business Development Director, Red Technology


Panel Discussion: International
Panelists include:
Donna Chen, Group Strategy – International Online Development, Alliance Boots


Jan Mehmet, Global Digital Director, Jack Wills


Rob Jennings, Ecommerce Director, Mamas and Papas


Ray Fowler, Executive Director Advisory Services CIS Retail, Ernst & Young


Simplifying IT for omnichannel
Chris Mangham, IT Director, M.Video.ru

Closing keynote:
Challenging the future
Tanya Lawler, Vice President, UK Trading, eBay

STREAM 3: THE INDUSTRY

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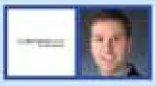
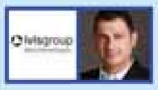
Chairman's introduction
Ray Fowler, Executive Director Advisory Services CIS Retail, Ernst & Young

Stream Keynote: Implementing a global payment strategy simply and effectively
Praful Morar, VP Global Retail, WorldPay

Stream Keynote: Creating a seamless Consumer-Driven Shopping Experience with Omni-Channel
Alessio Rossi, VP, Interactive and E-Business Marketing, Lancôme USA

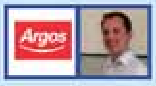

Rob Garf,
VP Product & Solutions Marketing, Demandware

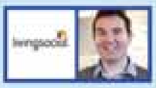
The Connected Future
Lloyd Burdett, Head of Global Clients and Strategy, The Futures Company

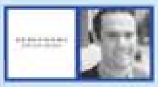

Stream Keynote: How to keep up with customers whilst running to stand still: combining innovation and the knowledge of your people
Qusai Sarraf, CEO, IVIS Group

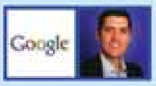
Panel Discussion: A reality check for mobile Panelists include:
Jonathan Wall, Shop Direct

John Gilbert, Consulting Director, Technology and Telecoms, YouGov


Paul Jackson, Multi-Channel Development Controller, Argos


Peter Briffett, Managing Director, LivingSocial UK & Ireland


Please sir, can I have more channels?
Ashley Payne, Head of Online Trading, Debenhams


Closing keynote:
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Peter Fitzgerald, Country Sales Director, Google, UK

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Workshop 3 Room C 11.20AM	Digital River	Building Online Stores of the Future
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Workshop 5 Room A 2.00PM	venda	Responsive Design: Designing for the future in a multi-device world
Workshop 6 Room B 2.00PM	neoworks	Delivering a multichannel experience with an Agile model
Workshop 7 Room C 2.00PM	hp | A	How can you easily attract the most cost- effective and relevant traffic to your website?
Workshop 8 Room D 2.00PM	amazon services Europe	Maintain a low total cost of ownership (TCO)

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Vente-privee: **Members are free… but the customer is king**

Ahead of his keynote presentation at the Internet Retailing Conference, *Ilan Benhaim*, co-founder of vente-privee.com, speaks to *Emma Herrod* about international growth and how ecommerce and cross-channel retailing are disrupting brands.

IF YOU want to buy a designer outfit at a discounted price, then look no further than online. It's now common for consumers to be able to buy end-of-line dresses or last season's designer blouse, but when vente-privee.com launched in France in 2001 the practice was unheard of. In fact, shops in the country could hold sales only at certain times, so discount promotions throughout the year were not an option for retailers.

Vente-privee has pioneered the members-only flash sale, mainly offering end-of-line stock that designer fashion brands cannot sell, or that they prefer to sell via a different channel because it's last season's, for example. Each sale is made up of a set amount of stock with a discount level – typically 50%-70% – agreed with the brand in advance. Every product is photographed and the sale is marketed via email to vente-privee's members. In 2001, each sale ran for just a few days and the site could be visited only by pre-registered members. Today, sales still run for about for 3 – 5 days and start at 6am GMT. Customers have to identify themselves on the first page – by entering their username and password – so vente-privee is able to capture a lot of profiling data such as likes and purchases.

From an initial member base of 200 friends of the founders, membership has snowballed to 19 million throughout the 8 European countries in which vente-privee operates: France, Germany, Spain, Italy, the UK, Austria, Belgium and the Netherlands. The French site gets 2.5 million unique visitors every day. "One thing we had when we started vente-privee was time to wait," says Ilan Benhaim, the firm's co-founder; this long-term view is paying off for the company which has seen turnover triple since 2008.

It has become the 'must-visit' site for France's fashionistas and French shoppers' favourite fashion site. It is also the sixth most popular retailer in the country and its most visited ecommerce site. Many members in France, as well as Germany, visit the site every day "because they don't want to miss out," says Benhaim. "It's like the weather," he says – every day people check the weather forecast, read the news and take a look at the sales on vente-privee.

This results in a daily burst of activity requiring the site to run at full capacity for 35 minutes. Of the 2.5 million who visit it, 120,000 place an order, many of which are impulse buys.

THE RISE OF BRANDS ONLINE

One of the big changes that vente-privee has seen in recent years is the number of brands moving online – "smaller ones, that is, rather than the likes of Nike". In 2008, just 40% of brands had ecommerce sites; now, more than 80% of them do. The issue for some though is that they launched ecommerce sites for marketing reasons or "to be modern" rather than to generate additional revenue. These brands now want to increase conversion, explains Benhaim.

"Brands have an impressive level of natural traffic and don't need to pay for traffic but their conversion is poor. 95% of sites that we see are converting at 2% or less," he says.

So some brands have asked vente-privee to help them "become more profitable" and to understand the level of revenue that they could be achieving from ecommerce. Benhaim gives as an example one brand that was trying to sell a €21,000 vase online with only one photograph, while others do not even show their full product range.

Benhaim explains that if you say to a brand owner that in 2025 their sales will be 20% ecommerce and 80% in-store, they have time to align their strategy and move step-by-step by increasing the level of ecommerce to 5% of sales, launch international sites in countries within which the brand is already well known, and implement cross-channel operations to bring digital up to 20%. He believes that ecommerce is a solution to selling more in store, since the closest product to your customers is not in the warehouse but in the store.

> "Many members in France, as well as Germany, visit the site every day because they don't want to miss out"

The keys to the retailer's success are a limited stock, the right pricing, quality merchandising and immediacy of a sale. With 60% of products being sold in the first few hours of each sale, chances are that there are more people looking at an item than the amount of stock available. It means that members can feel frustrated if they like an item that is out of stock as well as envious of the people that have managed to buy it. So, some members place items in their basket when the sale opens and then do not complete the checkout process. As soon as something is placed in a basket it counts as 'booked' and is deducted from the stock available count. This ensures that the member can continue browsing and not lose the item in between placing it in their basket and checking out because someone else manages to check out faster. ▶

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APPTUS

Vente-privee says it doesn't want to disappoint customers, but it also doesn't want sales to falter because items appear to be sold out but aren't because of abandoned baskets. To avoid this, members' baskets are checked every 15 minutes and if nothing has altered in that time the product is returned to sale. "It's very sensitive technology and was developed in house," Benhaim explains.

"We do ecommerce but with different numbers," he adds, explaining how 6,100 flash sales were held during 2012 which shifted 60 million items from 2,000 major international brands. Products include designer fashion, homewares, toys, sports equipment, electronics, food, wine, theatre and concert tickets, and travel. As well as selling end of lines, vente-privee has been used by brands for product launches and special events to help raise awareness, generate buzz and boost sales. For example, in 2012 it was used for two major music launches: rock icon Iggy Pop launched his album 'Après' exclusively on the site, while Karl Lagerfeld-backed male model Baptiste Giabiconi used it to unveil his debut album, which went on to claim the number one spot in the French charts.

The highest turnover from a single sale to date has been €10m (£8.5m) with 470,000 products being the most stock sold in one sale. The most expensive item sold (excluding cars or apartments, which have also featured on the site), was a €22,000 (£18,700) necklace. The success of flash sales is illustrated by the fact that 2,500 prestigious brand watches sold out in just 48 seconds.

Around 2,000 items are added to vente-privee every day; each of these has to be photographed and merchandised in the right way to create "beautiful shop windows for brands".

"We shoot 20,000 photographs a day," says Benhaim. He reveals that 300 employees in vente-privee's 'digital factory' prepare creative online events from 60 photo and film studios as well as composing 60 musical soundtracks a month in the five sound studios. "You are selling an image of the product online so it's really important that you show the item in the right way, the right quality, the best background and ▶

VENTE-PRIVEE IN THE UK

Vente-privee launched in the UK in 2008 and this country remains an important part of the company's international strategy. In 2012, it ran 630 flash sales for its 500,000 members, more than double the number of deals in 2011.

The UK is vente-privee's largest market for mobile sales. The channel generates 37% of turnover, peaking at 58% at the end of December last year. France comes second for mobile sales at 29%. Mobile traffic is also impressive with the UK top at 41% and Germany second at 35%. Almost three quarters (71%) of mobile customers on vente-privee's UK site are women; their average age is 39 compared with 41 for non-mobile clients.

Overall, 32% of vente-privee's global turnover at the end of June 2013 came from mobile, already up by 6% since the end of 2012. Breaking down the mobile figures by device, 53% came from tablets and 47% from smartphones.

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correct model," explains Benhaim. "We innovate with merchandising and searchandising to improve the conversion rate."

Other retailers have customer-acquisition costs, whereas vente-privee has none, preferring to spend its time and money on retaining customers and keeping control of its customer services and logistics. By keeping operations in house, the firm can control the customer experience and do what it feels best to ensure they are satisfied.

Rather than running a large customer service centre, which would be required to reach the KPI of every call being answered within 30 seconds, vente-privee outsources this aspect. But any call that cannot be completed via a quick question and answer session is escalated to vente-privee's internal team of 150 multicultural staff. It's part of valuing the customer, explains Benhaim. "I want people to buy again," he says, and they will do that if they are satisfied. "It's the best KPI."

Logistics, of course, are also an important part of the overall customer experience, and vente-privee controls this internally with 160,000m² of warehouse space across 8 centres in France and 4 sub-contracted centres in Spain, Germany and Italy. Stock arrives at these warehouses once a sale has closed and is then packaged and shipped by vente-privee to its customers. An average of 75,000 parcels are shipped each day, reaching a peak of 120,000 in 2012. "When a customer opens the box it defines if they are satisfied or not and that's important for retention," Benhaim says. He adds that you can outsource peaks but the main traffic should be your own.

> "2,500 prestigious brand watches sold out in just 48 seconds"

GROWTH

Everything that vente-privee does is based around customer satisfaction. As Benhaim says: "Members are free but the customer is king." And in vente-privee's case it must value its customers in terms of its members and the 2,000 brands that sold stock on the platform in 2012. That year the website was voted 'Customer Service of the Year' for the fourth time in a row and 'France's favourite store for fashion' for the third year running. These are successes which have translated into an ever-growing community that attracts 10,000 new members a day.

Last year, the company – which remains privately held, with Summit Partners acquiring a 20% stake in 2007 – doubled its growth rate to 22% and delivered a gross turnover of €1.3bn (£1.1bn). This is three times the growth rate of the top 40 ecommerce sites in France with the company trebling its turnover since 2008. Benhaim is keen to point out that this is "profitable growth" and a factor in how the company rates its success. "We are looking for profitable growth as that will give us our independence," he says.

Its success in 2012 was due to three factors in particular: the consolidation of its traditional sales, which increased by 40% compared with 2011; the development of new services and sectors; and the expansion of the website in Europe.

Its rapid expansion of new sectors and new services is important for the company, not only in terms of growth but also for conversion. With 2.5 million unique visitors a day and up to 120,000 orders, "that leaves us with over 2.3 million members who haven't purchased," Benhaim points out.

One of its key goals every day is to find things that those people will want to buy. He says: "We would like customers to purchase every day so we have to find a product that they want to buy." He thinks that the company's future success hinges on turning vente-privee into a daily event for all its members, just like checking the weather. "That's what we experience in France and we want to replicate in other countries."

Areas of expansion include:

- Wine. Vente-privee has become the leading online wine seller in France since it moved into this sector in 2005. It is now increasing awareness of its offering in Spain, Italy and Germany.
- Travel. In 2012, the website organised more ▶

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than 260 flash sales devoted to holiday and travel offers.

- One Day. A concept launched in October 2011, the site completed almost 450 One Day sales in 2012. This is down to the following simple marketing principle: one product, one brand, one day, dispatched within 24 hours. At present, the offer is available only in France.
- Rosedeal. Rosedeal allows members to go to the physical store of partner brands to redeem discount vouchers. Vente-privee offers up to 4 Rosedeal promotions a week.
- Tickets. Using ticket-minute and its mobile version, members can buy tickets on the website for all kinds of events as well as pick up last-minute offers. The ticket-minute service is the third most visited ticketing website in France.
- Théâtre de Paris. The company acquired a majority stake in the management company of the Théâtre de Paris with the aim of becoming a one-stop-shop for artists, and offering tickets and promotions to its member base with the addition of production or co-productions on stage.

These new sectors and services are being developed in France first and then extended to its other European markets.

INTERNATIONAL

In this era of retailers looking to China to expand internationally, it's interesting that vente-privee has already tried this with a partner and decided against continuing. "Either you find a partner, plant the seed and watch it grow, or you spend a lot of time on an airplane," says Benhaim. He adds that while you are on that plane and concentrating on international expansion, you are not watching your existing markets and those closer to home. This is one of the reasons why it has decided instead to partner with American Express in the US and is focussing alone on the region it understands: Europe.

From its initial launch into other European markets with brands local to each of those countries, vente-privee is now looking to add one or two other countries to its platform. It aims to open up each country site to international brands and to brands from other nations while investing in development, optimising the market and localising product returns and customer service. It plans for each country to hit a turnover of between €100m and €200m to meet its goal of having half of the company's turnover coming from outside France within three years. In 2012, France generated 80% of its turnover.

Over the next 4 to 5 years total turnover from European operations will top €3bn and Benhaim says that international expansion will be key.

One issue on which he would not be drawn, however, is the rise of brands' own digital strategies and the effect this will have on other retailers. One thing he did say is that brands still have time to align their strategy but time is running out for pureplay retailers. He says that increased competition from bricks and mortar retailers' cross-channel strategies means that: "80% of pureplayers will disappear in the coming years."

How this belief will balance with vente-privee's own expansion plans are yet to be seen, but the retailer remains in a strong position with Europe the biggest market with the most exclusive brands.

THE US

Vente-privee.com launched in the US in 2011 in partnership with American Express. It operates as an American company with an American CEO with a website hosted in the US. "In the US, you have to be local," says Benhaim.

Vente-privee brought its ecommerce and flash sales expertise to the partnership, while American Express contributed its 50 million-strong cardholder base. Its cardholders have a different demographic profile to vente-privee's European members. While the average vente-privee member is a 38-year old, city-dwelling woman, Amex cardholders are mainly "super rich, older men, so we had to adapt our offer," explains Benhaim. Brands see the site as a way to market to Amex's member base; the advantage for members is that they can buy more from the brands they like in deals such as 3 for the price of 1. "They are high spenders," adds Benhaim.

Vente-privee sees the US as a long-term investment while Amex is looking at it as one way in which it can leverage its customer base. About 1 million have now become members of vente-privee and Benhaim says turnover is expected to reach €200 - €300m "in 4 or 5 years' time".

> "We would like customers to purchase every day so we have to find a product that they want to buy"

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Betty Barclay
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Sizzling growth in online retail spurs heavy investment in ecommerce tech

Four of the top five technology investment priorities for eBusiness leaders in the coming year include implementing or replatforming major enterprise platforms to support the growth of digital channels, according to Forrester.

ONLINE RETAIL growth continues to impress with the USA predicted to grow at an annual compounded rate of 9.9% between 2012 and 2017. In Europe, Asia, and Latin America, it's the same story, with growth rates through 2017 ranging from 10.5% in established markets through to 57% in emerging markets like India by 2016.

"This sustained and solid growth in online revenues means many eBusiness leaders have the funds and backing to invest heavily in commerce technology," writes Analyst Peter Sheldon in Forrester's 'Commerce Technology Investment And Platform Trends - 2013' report.

"Across the board, retailers, consumer brands and industrial suppliers alike are significantly bolstering their capital investment programs to ensure they stay at the forefront of digital innovation while ensuring that their online, fulfilment, and back-office systems are ready to scale for anticipated growth over the next five years," he says.

> "Four of the top five priorities include implementing or replatforming major enterprise platforms to support the growth of digital channels"

When asked about technology investment priorities for the coming year, eBusiness leaders have a long laundry list. Interestingly, four of the top five priorities include implementing or replatforming major enterprise platforms to support the growth of digital channels. These include: ecommerce platforms; web content management tools; customer relationship management tools; mobile commerce platforms.

The report also shows that omnichannel integration is a top priority for the coming year, with 62% citing this as a priority. Given the focus on online revenues and the strategic nature of omnichannel initiatives, the decision making process for commerce technology investments is rapidly changing. Today many of these decisions are no longer made in isolation by P&L owners such as the Head of Ecommerce.

The implications of omnichannel and the digitization of the in-store experience mean that many commerce technology decisions are now made as part of an executive omnichannel or digital strategy steering committee, typically made up of the SVP eCommerce, head of store operations, CIO, COO, and CMO. After undertaking a rigorous vendor selection process, these committees must then present their recommendations and get approval to proceed from the CEO and, in some cases, the board of directors.

FLEXIBILITY

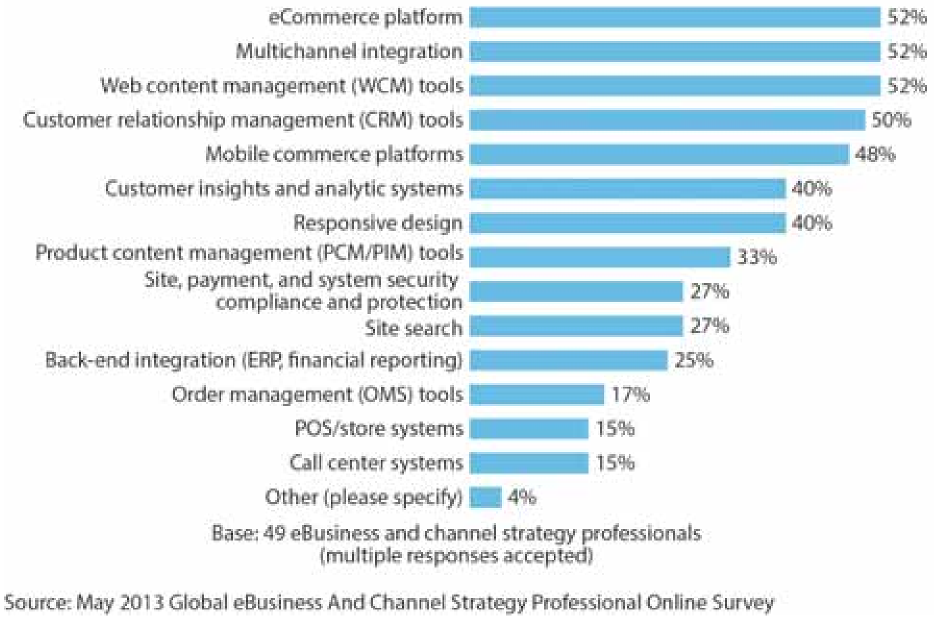
Owning and operating commerce technology is a major capital investment. Perpetual licenses for enterprise ecommerce platforms can easily run into seven figures before 20% annual support and maintenance agreements are factored in. Similarly, revenue share models, even at 2.5% of gross merchandise volume (GMV), will cost a $100m online retailer $2.5m a year to keep the lights on. Today, commerce technology suites are a mature breed and vendors often get kicked out of the selection process not because the platform lacks features but because the business model on offer doesn't suit the long-term needs of the client or the TCO proves unattractive. Forrester's panel survey of eBusiness professionals revealed that today, on-demand or service fee business models - typically paid out of the operations expenditure (opex) P&L - are more popular than traditional capital expenditure (capex) funded perpetual ownership models. Furthermore, 27% of eBusinesses would prefer a usage-based (e.g., page views, API calls, or submitted orders) on-demand model versus only 10% that prefer a GMV revenue-share-based model. The point is that no one business model is right for any given client and vendors must adapt and present options for different ownership models in their proposals.

FACING A CONUNDRUM

Investing in commerce technology is no easy task. eBusiness teams have multiple initiatives on the road map, many of which are slated to happen in parallel. One of the biggest challenges facing eBusiness teams and their peers in IT is choosing between an assembled set of "best-of-breed" solutions from a variety of different vendors or making strategic bets with a few vendors to reduce integration complexity, lower total

EBUSINESS TEAMS HAVE A LONG LAUNDRY LIST OF COMMERCE TECHNOLOGY PROJECTS THEY WANT TO TACKLE

"What are your technology investment priorities for the coming year?"



Base: 49 eBusiness and channel strategy professionals
(multiple responses accepted)

Source: May 2013 Global eBusiness And Channel Strategy Professional Online Survey

Source: Forrester Research

cost of ownership, and have fewer "throats to choke." A common example of such a conundrum is mobile commerce. Today, all of the leading ecommerce platforms have mobile-enabled starter stores; however, the dilemma is whether these starter stores are good enough or whether the eBusiness pro should choose a best-of-breed solution from a third-party mobile commerce platform vendor. There is no one right or wrong answer to this question; both approaches can and do work for different organizations. However, eBusiness professionals should keep in mind the following when evaluating their commerce technology requirements:

Best-of-breed can often be overkill. While choosing best-of-breed solutions can be a quick win (often, these are SaaS solutions that can be easily acquired and integrated with existing front-end technology), eBusiness professionals would be well advised to thoroughly evaluate the assets they already own before chasing shiny objects. In the case of tools like site search, content management, or mobile commerce, the core functionality offered in their existing ecommerce platform may well suffice (at least in the short term). The pain of developing yet another vendor relationship and integrating yet another platform into your already complex infrastructure environment may not be worth it just for a few extra shiny knobs that your merchandizing teams may never use anyway.

Integrated solutions are often not so integrated after all. On paper, integrated end-to-end solutions from a single vendor make a whole lot of sense. Heavy discounts can be had, large partner ecosystems exist and the road map might look enticing. But beware! As a result of flagrant M&A activity over the past five years, many of these integrated solutions aren't actually as integrated as the vendors like to make out during the sales cycle. Often these solutions are assembled from multiple acquisitions and, as a result, leverage different underlying technologies, have different user experience (UX) tools for the business users and have duplicate data scattered all over the place. eBusiness teams would be well advised to speak to peers that have actually implemented and are using these end-to-end solutions before signing any contracts on the last day of the quarter.

The world does not stay still for very long. M&A activity in the commerce technology space is at an all-time high and doesn't look likely to cool down anytime soon. Recent activity like SAP's acquisition of hybris only reinforces the fact that the big software vendors are dead set on having their own integrated suite of solutions to support their clients' omnichannel commerce initiatives, not just in retail but across a diverse set of industries. When investing in best-of-breed solutions, eBusiness leaders should not be blind to the probable likeliness that their investment may not remain the nimble, cheap, independent partner they fell in love with.

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Retail review

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

RETAIL LEADERBOARD

John Lewis	83/100
Burberry	78/100
Argos	75/100
IKEA	75/100
Oasis	66/100

RETAIL STRATEGY 20/25

EMMA ROBERTSON, MANAGING DIRECTOR, TRANSFORM

Burberry could be considered the Marmite of the multichannel retail world stimulating polarised industry reactions to its retail strategy.

On the "love it" side of the house, Burberry is praised for its digital experimentation, supported by serious capital investment. On the "hate it" camp (well, perhaps "question it" would be more accurate), Burberry's investment in technology is seen as faddish, gaining little more than industry column inches, but not cutting through to the consumer, or developing long term, meaningful engagement with the brand for long-term gain.

However, in a market where the customers' value perception is built around quality, but also brand, positioning and reputation, PR is perhaps a good outcome. Furthermore if the long-term strategy is to attract the next generation of super-rich, looking for them online is not a bad place to start.

WEB EFFECTIVENESS 18/25

ROSS PHILLIP, PRINCIPAL USER EXPERIENCE CONSULTANT, USER VISION

Burberry is a leading global brand and the look and feel of the site fits with this by and large. An engaging shopping experience, with simple navigation, stylish design features and visible social proof, could perhaps be improved by offering filtering or faceted navigation options to assist product searching, highlighting popular items, and linking from The Art of the Trench to actual products.

The purchase process from selecting a product to payment is simple and straightforward with easy editing of options throughout.

Accessibility, however, seems to be very much an afterthought, with little meaningful attention paid to the requirements of disabled shoppers, which is disappointing for a label such as Burberry.

MOBILE 17/25

CHRIS BRASSINGTON, CEO, STARFISH 360

If you visit the Burberry M-site from a desktop browser it's a great visual experience with numerous large pictures leading the navigation through to their products. This helps underpin the premium brand.

However, Burberry's mobile site is really only for iOS. While being an above average site, there is lots that Burberry could do to improve it and make the mobile user feel appreciated especially since customer "taps" are precious (and so is customer data) and so they need to be kept to a minimum.

The experience on Windows Mobile and Android is less good with users of these devices being served the full desktop site.

INTERNET RETAILING IN STORE 23/25

REETA JUNANKAR, CONSULTING MANAGER, JAVELIN GROUP

Burberry's flagship store on Regent Street sets the bar extremely high in terms of digital technology in store. Its most impressive achievement is the subtle use of digital throughout the store and the buying process which works to emphasise the brand's luxury status.

While you automatically notice the 22ft high screen that welcomes you, there are several clever uses of digital technologies such as digital floor plans and the RFID enabled 'magic mirrors' that bring products to life on a model when you place a garment in front of them.

iPads serve to enhance Burberry's impeccable customer service by enabling every sales advisor to assist customers with their cross-channel shopping journey.

Personali~~sed~~ messaging creates the perfect fit.

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MCR DNA TLA

We are approaching another peak in the technology investment and renewal cycle, with IR Towers abuzz over RFPs and EOIs for CMS, CRM, OMS, WMS, ERP and MCPs… *Ian Jindal* ponders the DNA behind the TLA

THE THREE-LETTER-ACRONYM (TLA) is part of the DNA of our industry and reflects the newness of concepts. Many ‘things’ lack an established name and so need to be described: rather than ‘a zebra’ we call it an ‘SHA’ or ‘striped horse-like animal’.

Our TLA (TLA Listening Activity – there’s nothing more fun that a recursive TLA!) is at fever pitch at present due to the large number of RFPs (Requests for Proposals) emanating from retailers. There are requests for PIMs (Product Information Management, along with their MDM, Master Data Management sub-genres), OMS (Order Management and orchestration systems), and the new one on the block, the MCP or Multichannel Platform (we can quibble about whether Multichannel is one word or two, but let’s not spoil a good TLA…).

The MCP is interesting since it’s neither a single system nor can it exist alone. When developing systems a key issue to resolve at an early stage is the system boundaries: what’s “in” the system (to be coded, managed, assured) and what’s “out” (to manage at a remove, via interfaces and reports, with the associated dependencies and interactions).

When ecommerce started, the activity was so new, so marginal and so insignificant that we could create stand-alone systems. Some retailers still operate separate systems, to the extent that sales and product information is re-keyed and then manually reconciled.

As the business grows and matures so too does the level of interaction, integration and interoperation required – exacerbated by the increased scale. This capability maturity leads the ecommerce platform (that simply presents products to user sessions and takes payment to generate an order) to demand more of surrounding systems. PIMs provide enhanced product data with OMS linking the order to its orchestration and delivery, while WMS allows us to see stock and service and the Range Planning and Merchandising systems via ERP can give us drop-ship, expected dates and extended ranges.

The ability to sell a product via a website is now largely a ‘solved problem’, but multichannel selling creates new areas of challenge. The first is around the order orchestration – indeed this could be seen as the heart of multichannel. More than simply taking the order we need to be able to select the best fulfilment option (from which warehouse or location, to which collection point via which delivery method). We also need to be able to amend this order at any point – and that amendment might be online, via mobile, at a point-of-sale in store or via the contact centre. Occasionally, all of these may be involved and being able to support flexible amendment of orders sets a retailer apart in this new, competitive area.

The next challenge area is that of the customer. Who is she? As we blend multiple cookies across several machines, the mobile devices, addresses and card details, we have many views of a customer and desire to get a single, actionable view. This heralds the return of CRM (Customer Relationship Management) procurement in its 10-year cycle. It’s interesting to note that since the last cycle peak the major vendors have extended through acquisition their ERP, ecommerce, PIM and merchandising systems and so the hope is for greater interoperability this time round.

Finally, speaking of acronyms, we’ve drawn upon RGB (Red, Green and Blue, the additive primary colours) in creating InternetRetailing’s new branding, unveiled this issue. After 8 years of activity, in which ‘internet’ was replaced by ‘web’, then ‘ecommerce’, now ‘multichannel’ and ‘cross-channel’, we have been reflecting on our current and future activities as the leading trade title for Europe’s multichannel professionals – in print, online, in conferences and events. We considered the primary nature of the colours, their use in screens (whether on a mobile or in-store), and the laser spectrums used to transit the data we create and consume across the fibre optic connections of the internet. We hope you like the new identity, which you’ll see at the InternetRetailing Conference in October and InternetRetailing Expo in March, and I’d be interested in your views.

Sir Stuart Rose to open IR Conference

Sir Stuart Rose, Laura Wade-Gery **and** *Ilan Benhaim,* **three of the biggest names in retail, are set to share their expert views of the sector with delegates at the Internet Retailing Conference in October.**

SIR STUART Rose, Chairman of Ocado, Dressipi and more recently Fat Face, will share his thoughts and insight into the customer, the retail business and the future of the industry at the Internet Retailing Conference (IRC) in London on 16 October.

Knighted in 2008 for his services to retail, Sir Stuart is a retail legend and perhaps best known for his role as CEO of Marks and Spencer as well as board positions at Argos, the Arcadia Group and Booker plc.

CURRENT BOARD member at M&S, Laura Wade-Gery is a much-anticipated keynote. Executive Director of Multi-channel E-commerce, Laura will share details of the company's journey to cross-channel operations and explain how the company combines start up agility though the digital lab with its core business in order to move with even greater pace and deliver first to market technology and experiences for its customers. Previously CEO of tesco.com, Laura joined the Marks & Spencer board in July 2011 with the vision of the brand becoming a market leader in the multichannel world.

FRENCH RETAILING magnate, Ilan Benhaim, Co-founder of online flash sales phenomena vente-privee.com will call on insight from the 2,000 international brands with which the company collaborates when he flies to London from Paris to speak to delegates at IRC. Over ten years of experience and savoir-faire in the ecommerce sector has enabled vente-privee to analyse and understand in depth the various complexes that brands have when it comes to the challenges of online retailing.

Ilan's keynote presentation will look to answer the questions of how brands can reap the true benefits of the internet and transform user experience both on and offline. Using three important numbers (5, 10 and 20) he'll be addressing these questions while discussing how brands can develop their top line, by establishing an international presence and applying the strategies of cross-channel retailing.

Sir Stuart Rose, Chairman of Ocado

Laura Wade-Gery, M&S

Ilan Benhaim, vente-privee

Taking place at the Novotel in Hammersmith, London, on 16 October, the Internet Retailing Conference is in its eighth year and will attract over 500 delegates and 45 exhibitors who will gather to learn about 'The New Basics' of retailing and what tomorrow could hold in store for the industry.

THE NEW BASICS

Online shopping is growing (and will account for up to 23% of total retail sales by the end of 2013), multichannel shoppers spend more, tablets are not necessarily mobile and consumers can browse, research, shop, pay and organise returns on multiple screens and through multiple touchpoints at the same time and across country boundaries.

Welcome to 'The New Basics' of retailing in 2013 where shoppers converge socially, digitally and in person, channels have given way to customer touchpoints and retail skills mish, mash and mesh across departments at every level. But, while customers, the industry and technology adapt to new harmonisation, convergence and me-tail, there's also the need to offer choice (in terms of products, delivery mechanism and purchase and payment method) and to go that little bit extra (service, innovation) to keep customers happy and to differentiate from competitors.

The 2013 Internet Retailing Conference takes its theme as The New Basics; what's expected to be able to compete in today's always-on retail environment. The bar has been raised by those at the best practice end of the scale but it's also being pushed yet higher by customer expectations, technology innovations, operational practices and retailers running under the 'fail fast succeed faster' mantra as well as the new, niche players and those with second mover advantage.

Following the keynote presentations from Sir Stuart Rose, Laura Wade-Gery and Ilan Benhaim, the conference will split into 3 simultaneously-running streams to look at the issues around 'The Customer', 'The Business' and 'The Industry'. Leading retailers, who exemplify best practice in today's always on, joined-up retail world, will share their insight and challenges and debate key issues including social, mobile, international, omnichannel and internet retailing in-store.

TRACK 1: THE CUSTOMER

The customer is an individual, each with their own wants, needs, preferences and view of your organisation. This track will cover changing customer behaviour, interaction on an individual level across all touchpoints, customer experience, service, value and their expectations of retail anywhere, product where and how they want it and delivery at a speed they are willing to pay for. In essence, everything in your organisation that's truly customer facing.

Johan Sävenstrand, Ecommerce Manager of Sweden's leading retailer of music and films Ginza.se, will open Track 1 with a presentation around how the company uses advanced search and merchandising solutions to deliver an online customer experience that is not only tailored, intuitive and dynamic but also saves valuable merchandiser and marketer man hours.

Jeremy Fennell, Ecommerce Director, Dixons Retail will then share insight into how Dixons Retail is turning customer insight from multiple touchpoints including consumer research, online analytics and store exit studies, into commercial strategy to drive forward its service offerings and add value as a multichannel specialist.

Following will be insight from Joel Stevenson, Managing Director in the UK for Wayfair, an innovative online retailer that is collaborating with traditional brick and mortar retailers to offer online researchers who prefer to buy offline into qualified leads for brick and mortar retailers, resulting in an enhanced experience for all customers.

To keep up with the fast pace of innovation in store, the use of digital to enhance and personalise the shopping experience, showrooming, cross-channel and customer behaviour, four retailers will debate the key issues of the day and outline what has and hasn't worked for them. There will be plenty of opportunity for delegates to join in the debate and ask questions of the four panellists: Sean McKee, Head of Ecommerce and Customer Services, Schuh; Paul Wright, Head of E-commerce, Fat Face; Anders Dahlberg, E-commerce Manager, Intersport Sweden; David Tarbuck, Head of Multi-Channel Delivery, Kiddicare.

> "Delegates will learn about 'The New Basics' of retailing and what tomorrow could hold in store for the industry"

TRACK 2: THE BUSINESS

How are retailers matching and exceeding customers' expectations while differentiating from competitors? From customer engagement to team development, supply chain and merchandising to IT, systems, operations, warehousing and metrics, this track highlights what the customer doesn't see but the business must deliver in order for customers to shop whenever, wherever and however they want.

Shivani Tejuja, Multi-channel Director at New Look (who appeared on the cover of the last issue of Internet Retailing) asks whether it matters which channel the customer uses to make their purchase while discussing issues around customer interfaces and checkout processes on phones, tablets and in store. "The same is true for interfaces used by staff to close the sale in store," she says.

Multichannel messaging and marketing attribution will be covered as well in this track by Silverpop and Adam Stewart, Marketing Director of Rakuten Play.com, while the issue of simplifying IT for omnichannel – along with the challenges of operating in extreme weather conditions and across nine different times zones in Russia – will be shared by Chris Mangham, IT Director, M.Video.ru.

International markets will be the topic for panel debate, and a big opportunity for ▶

2013 **Internet Retailing**

16th October 2013, Novotel, Hammersmith, London

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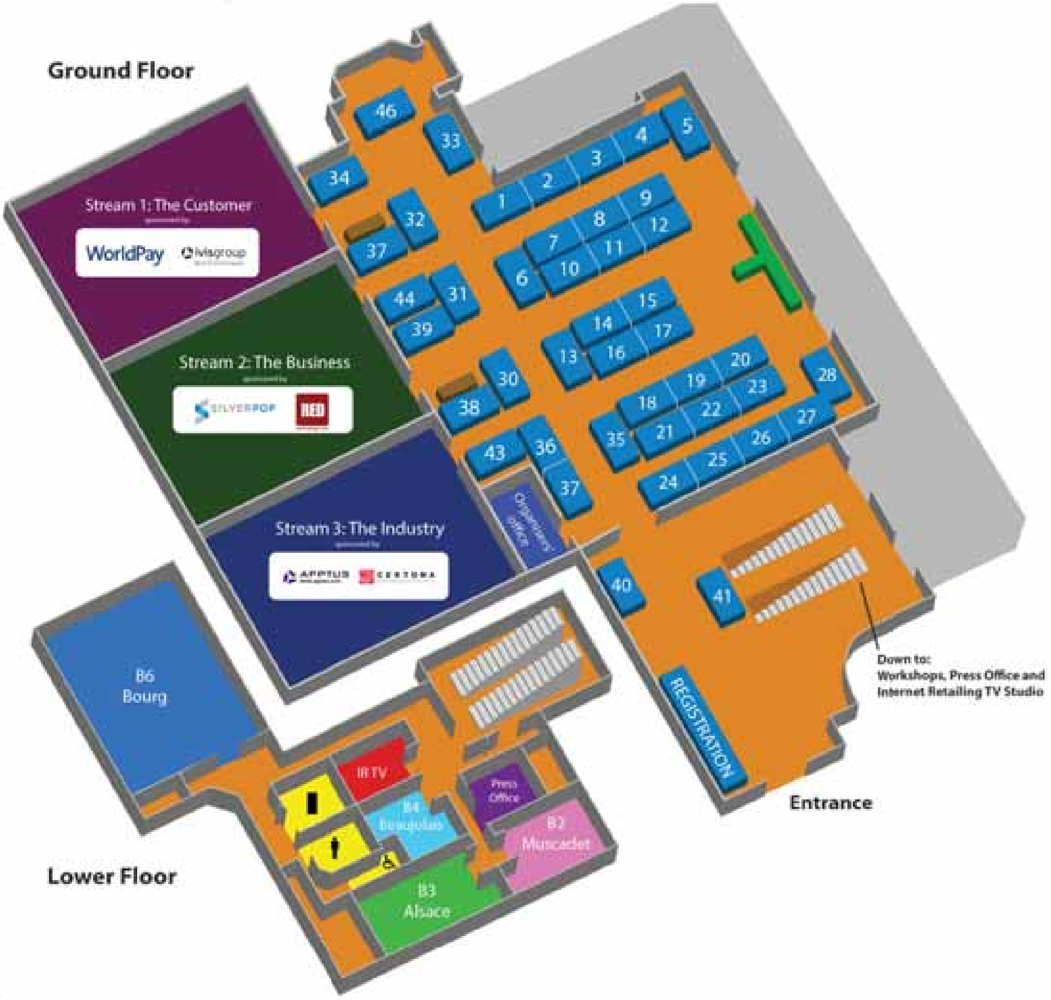
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Organisers office
REGISTRATION
Entrance
Down to: Workshops, Press Office and Internet Retailing TV Studio
B6 Bourg
IR TV
B4 Beaujolais
Press Office
B2 Muscadet
B3 Alsace
Lower Floor

Exhibitors

Stand	Exhibitor
Stand 1	SLI Systems
Stand 2	Apptus
Stand 3	Eysys
Stand 4	Monetate
Stand 5	Fits.me
Stand 6	Amplience
Stand 7	Venda
Stand 8	Micros
Stand 9	Heiler
Stand 10	Ogone
Stand 11	Fact Finder
Stand 12	Bronto
Stand 13	Silverpop
Stand 14	RED Technology
Stand 15	SDL Fredhopper
Stand 16	Certona
Stand 17	HP Autonomy
Stand 18	Stibo Systems
Stand 19	Search Laboratory
Stand 20	Salmon
Stand 21	Agility
Stand 22	Wn Direct
Stand 23	Jumio
Stand 24	Mirakl
Stand 25	Vivocha
Stand 26	CSI
Stand 27	Channeladvisor
Stand 28	Merchantry
Stand 29	MetaPack
Stand 30	WorldPay
Stand 31	Ivisgroup
Stand 32	Sovendus
Stand 33	Royal Mail
Stand 34	Reevoo
Stand 35	Demandware
Stand 36	Smart Assistant
Stand 37	Digital River
Stand 38	OSF Global
Stand 39	Simple Usability
Stand 40	Virtual Piggy
Stand 41	Wepro Solutions
Stand 43	Trusted Shops
Stand 44	ClickTale
Stand 46	Easy Ask

Workshops

Room B2 Muscadet	Room B4 Beaujolais	Room B3 Alsace	Room B6 Bourg
11.20 am	11.20 am	11.20 am	11.20 am
2.00 pm	2.00 pm	2.00 pm	2.00 pm

UK retailers since online sales generated by UK retailers from international markets are expected to soar sevenfold by 2020 to £28bn from its current level of £4bn as international growth in online sales outpaces domestic growth. Delegates will be able to hear the experience in different markets and operating models of the panel, which consists of Donna Chen, Group Strategy – International Online Development, Alliance Boots; Jan Mehmet, Global Digital Director, Jack Wills; Rob Jennings, Ecommerce Director, Mamas and Papas; Ray Fowler, Executive Director Advisory Services CIS Retail, Ernst & Young.

TRACK 3: THE INDUSTRY

Technology, business models and customer behaviour continue to shake up the retail industry and this is reflected in Track 3 which looks past expected practice to the leading edge and next steps that could be the 'retail basics' of future years.

International and omnichannel will both be covered along with insight into 'how to keep up with customers whilst running to stand still.

As large multichannel retailers focus on maturing and trading their digital estate, move quickly to adopt mobile and in-store channels while meeting the challenges of more content, more channels to market, more analytics to review, more operational issues, more technical challenges, more people, more training, more cross-functional team working, Ashley Payne, Head of Online Trading at Debenhams will ask delegates: "Do we really need to punish ourselves in the pursuit of new channels?"

> "Facebook, eBay and Google will each close a conference track with their insights on 'Challenging the Future'"

And while talking about mobile, Track 3's panel discussion aims to provide a reality check for mobile: Moving to a mobile centric omnichannel model offers many gains, but the reality is that it's hard to do, costs a lot of money and no one really knows what the benefits are going to be. Internet Retailing's panel of experts shares their experiences of making mobile work, linking data to get an holistic view of the consumer, the role of mobile marketing, where mobile payments fit and how they assess the ROI on what they do. Panellists include: Jonathan Wall, Shop Direct Group; Paul Jackson, Multi-Channel Development Controller, Argos; Peter Briffet, UK & Ireland CEO, LivingSocial and exclusive insight from YouGov.

RETAILING TOMORROW

And, what of the future? Facebook, eBay and Google will each close a conference track with their insights on 'Challenging the Future'. Having heard best practice for today's retailing, asked questions, debated and networked, these closing presentations will stimulate and challenge ideas on retailing tomorrow and raise issues on what will be best practice and common practice in coming years. Internet Retailing asked Facebook and Google to share some of their insight into the future of ecommerce ahead of the conference.

When asked "What he sees as a major disruptor for the retail industry in the next few years," Brad Little, Head of Vertical Solutions, Facebook responded: "We're going to see greater cohesion at the intersection of the internet and retail over the coming years, as more shops take an omnichannel approach in the way they engage with customers.

"Retail has obviously gone through a period of massive disruption and upheaval thanks to the internet so it's not surprising that some retailers took a cautious approach to ecommerce. But, the internet's role in retail is undeniable. The Boston Consulting Group predicts online retail will account for up to 23% of total UK retail by 2016, and savvy retailers are seizing on this opportunity. There's increasing acceptance that a brand's online or mobile presence is every bit as meaningful as its flagship store, and that a compelling vision communicated across physical and digital realms allows consumers to shop in the way that they want, when they want.

"As part of this journey, brands need to understand how all channels feed into the ▶

REASONS TO ATTEND

- Hear what Sir Stuart Rose, Laura Wade-Gery and Ilan Benhaim believe is best practice for today's retailing;
- Gain insight from how Dixons Retail is joining up touchpoints and adding value to cross-channel services;
- Hear how to save valuable merchandiser and marketer man hours while improving customer experience online;
- Learn what's left when all retailers are omnichannel and compete on price;
- Discover whether Debenhams believes the retail industry really needs to punish itself in the pursuit of new channels;
- Ask questions of international retailers balancing local engagement with global experience across borders;
- Join the debate about Internet Retailing in Store;
- Ask questions of retailers sharing their thoughts on ROI for mobile;
- Learn from Rakuten Play.com about attribution models for driving intelligent decisions and finding the right marketing channel mix for you;
- Join in the discussions, network and gain advantage – all in one day;
- Profit from insight into tomorrow's retailing today.

bigger picture. The success of using platforms like Facebook can no longer be measured in isolation, but instead need to be looked at in light of real business metrics (such as brand awareness, purchase intent, conversions or sales) rather than purely social ones (such as fan numbers, engagement or clicks)."

As to emerging changes in consumer behaviour that will affect retail in coming years, Brad Little responded: "Consumers have an unprecedented amount of choice in the media they consume, which means they're less predictable in terms of behaviour. The most innovative brands are taking this as opportunity to break new ground. Facebook offers retailers the chance to engage a massive audience in a targeted way."

Peter Fitzgerald, Country Sales Director, Google, UK believes that the 'connected consumer' who is in control of how to shop and wants choices will be a major disruptor for the retail industry in the next few years. "We, as consumers, always have the internet at our fingertips for price checks, product reviews and additional product range choice, therefore businesses that have seamless touchpoints across channels and devices will win and win big," he says.

"With 75% of UK consumers owning a smartphone by the end of the year, and using it 150 times a day, UK shoppers will use more mobile data than anywhere else in the world, it's important for retailers to really focus on these touchpoints."

Brad Little agrees: "Retail is going mobile, and fast. People have shops inside their pockets, but more than that they have a connected guide to the coolest stuff. It opens up a whole array of new opportunities" and that's why it's the one issue that he says should be on every retailers' five-year plan.

Peter Fitzgerald's response to the same questions picking one issue for every retailers' five-year plans is: "Businesses that put their customer first and work hard to get them the products and services they want at the right time will always lead the pack, and always have. Their ability to drive loyalty through a brilliant customer experience regardless of touchpoint, is really the key. Additionally, companies that use data to customise to the needs of individuals makes shopping more fun and relevant for them.

"Becoming truly 'channel agnostic' is tough, but it is essential, and to do this there must be the right incentives, organisational structures, technology, single view of the customer and, most importantly, customers need to be the priority right from the store floor to the board room. Getting an entire business aware and inspired by the power of digital to create a truly brilliant customer experience is a proven winner."

He believes though that the biggest opportunities for retailing in coming years lies in online export. "The internet is essentially borderless and businesses need to think along the lines of 'going global and acting local.' By first having just a digital presence in new markets, this is a great way to test demand before making expensive long term investments.

Delegates will hear more from Brad Little, Peter Fitzgerald and other speakers on the topic of retailing tomorrow at the conference on 16 October. So, wherever you are on your cross-channel journey, international expansion or mobile configuration, the Internet Retailing Conference offers plenty of scope for learning, sharing, debating and networking. It also hosts 8 workshops, which are free to attend, along with 45 exhibitor stands, covering best practice technologies for all aspects of internet retailing. To register your place, visit www.internetretailingconference.com

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Making use of Big Data

Multi-channel retailing, data and the importance of Product Information Management

Retailers are using an increasing number of channels to market but, in doing so, are facing a growing number of pressures. As customer demands for consistency and a satisfying experience continue to grow, so retailers are identifying a need for more product information, in more forms, from more sources than ever. But is this data being used to its best effect?

Last year, in our whitepaper "Multi-Everything – Product Information Management In the Age of Cross-Channel Retail" we learned that, to meet customer demand and increase satisfaction, retailers required more information for each of their products, meaning they were processing more data, in more dimensions, from more sources, than ever.

And with an increasing requirement to provide this information to more devices and channels, we saw a demonstrable need for a product information management (PIM) solution which puts product data flexibility at the heart of multichannel selling, in order to provide relevant and optimised product data to the customer.

In summary, we found that, due to its importance at the core of retail business, PIM technology was no longer just for the ecommerce team, but was enterprise-level technology required to achieve a multi-channel retail experience for customers.

This year we commissioned a survey of our customers in order to gauge how their cross-channel business had matured, along with the collection and analysis of product information required to support it. And how they're dealing with the challenges of creating a consistent, accurate customer/brand experience.

The survey revealed that organisations considered themselves to be under continued pressure from customers to meet their demands, particularly the requirement for cross-channel consistency and, with consumers becoming more sophisticated, the ongoing need for an improved customer experience.

With sales being lost as a result of not meeting these expectations, organisations were aware that these issues needed to be addressed, with high quality product data recognised as being important in doing this. Respondents saw a need for this information in not only improving the customer experience across all their channels, but also in improving sales performance, not least by enabling them to offer more relevant cross-sell and up-sell opportunities.

The importance of product information was also recognised in increasing channel velocity and time to market, with the majority of retailers either updating, or intending to update, product data to their channels in real time.

The majority of businesses don't appear to be making use of the wealth of information that flows through their businesses. Indeed, the sheer amount of data could be considered overwhelming, with three quarters of respondents stating that the number of product data attributes and level of data complexity had increased over the last two years.

But this increase in the amount of available data could provide retailers with new opportunities to further improve their offerings. Three quarters of those surveyed agreed that behavioural data, such as in-store sales, return rates and sales velocity, could be used to augment existing product data. This could then be further enhanced with the addition of social data, such as customer product ratings or reviews alongside the respective product information held with their PIM/MDM solutions.

We'd suggest therefore that, having identified the importance of product information in its many domains, businesses are now in a strong position to fully capitalise on this, and realise the benefits it can have on improving the overall performance of their cross-channel retail operations.

By focusing only on basic product information, organisations are missing out on the opportunities made available by a Product Master Data Management platform's capabilities, using the wealth of data available to them.

With increasing customer demand for cross-channel consistency and a constantly improving experience, along with the commercial need for ever quicker time to market, the importance of analysing and leveraging the abundance of available data cannot be ignored if a retailer is to remain competitive in a multi-channel market.

Visit the Stibo Systems stand at the Internet Retailing Conference, 16th October 2013, Novotel, Hammersmith, London to get your copy of the white paper, or download it now.

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Going International

In the latest InternetRetailing report – published this month – we decided to look exactly at how, why and where retailers were expanding and the challenges they faced in doing so. InternetRetailing's Research and Special Projects Editor, *Liz Morrell,* shares the findings.

THE WORLD may be a big place but the internet has made it accessible to all. Retailers of all sizes are realising the opportunity for growth that an internationalisation strategy can deliver and also realising that it can be easier to achieve than ever.

Our research, which surveyed more than 150 retailers, as well as including in-depth interviews with further retailers and experts in the field, found that the opportunities are huge. The survey showed that two thirds (67%) of retailers had already expanded internationally and most of those are still gearing up for further growth yet. Some 28% of respondents said they were actively pushing for further expansion this year whilst a further 31% planned further growth in the next five years.

Of the third of retailers who hadn't yet expanded abroad half said they planned to do so this year.

Retailers are realising the market opportunities available to them, with more than a third (38%) saying that they had expanded after identifying big opportunities for their business abroad and the same amount again saying that they had expanded after seeing customer demand outside of the UK for their products.

For other retailers the reason for expansion lies more in the fact that international expansion provides a new route to growth where its domestic market is experiencing limited or stagnated growth. 17% of respondents cited this as the reason behind their international expansion.

When asked why they were expanding abroad 93% of retailers said international expansion was either important or a vital, strategic priority. These responses split equally half and half between the two options. Such a statistic shows retailers appreciate the importance of international expansion to future growth.

However, the report also showed that retailers shouldn't just expand for the sake of it with those interviewed for the report urging their peers to consider if international expansion really was right for their business and if they were prepared to put in the work needed to make it a success.

> "67% have expanded internationally already"

SIZE DOESN'T MATTER

Where size has mattered greatly in the past InternetRetailing's International Report showed that today that isn't true with examples of small internet retailers who had successfully moved into international markets despite their limited size in the UK and with the support of the companies involved in our report – Amazon, Digital River, ChannelAdvisor and Meridian Global Services.

Indeed, their case studies showed that with the right partners sellers of any scale – from the smallest bedroom businesses to corporate giants – can realise global ambitions and in many cases do this much more nimbly than their larger bricks and mortar rivals.

However, doing so successfully isn't an easy challenge and requires knowing the best way to expand for an individual retailer's business. The ability is simple for many – for example those selling through Amazon simply need to ▶

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enable international selling on their accounts. Other retailers simply open up international selling from their domestic site and then localising their sites at a later date once the potential has been proven.

In our survey we asked how retailers were selling abroad. The results showed that half of retailers only sell through a country website, with this route proving the most popular way for retailers to sell.

MAXIMISING SUCCESS

The set up for the next biggest proportion of retailers selling or planning to sell abroad saw them having fully integrated in-country international operations. The survey showed that just over a quarter (26%) of retailers had chosen this route for expansion to ensure they can maximise the success of their new international territories.

Of those surveyed that were selling internationally or planning to sell internationally 17% were either already or planning to sell through owned fascias, stores and a country website.

How retailers choose to manage their expansion and fulfilment abroad also varies between retailers. Of those surveyed half of retailers were operating a model of UK based but delivering abroad. Others choose to fulfil their international orders from distribution centres abroad. Just over 1 in 10 (11%) of retailers had warehousing abroad – 7% of which was managed by a third party in the international market concerned.

The survey showed that the majority (52%) of retailers turn to a third party to help them expand internationally rather than doing it themselves. For less experienced sellers in particular this is an attractive option. Nearly 1 in 4 (24%) said that they would procure and manage local partners as part of their expansion strategy overseas.

For most retailers the question of where to expand follows a similar pattern with Europe first on the list. Indeed 93% of respondents had this in their top three priority locations and 70% as their top priority with Germany and France the most popular initial markets for expansion within the EU.

Next on the hit list for retailers in the survey was the USA which was a top three choice for 83% of retailers and a top priority for 43%. This was followed by Australia with 73% of respondents who cited the country as a priority having it within their top three target locations.

> “Localisation can drive sales up by around a third”

BARRIERS & CHALLENGES

But internationalisation is not without its challenges. Retailers in the Internet Retailing International survey were asked to rate by order of difficulty ten common barriers to entry according to how much of a challenge they saw them. The answers made interesting reading because what was a big challenge for one retailer came further down the difficulty list for another with no one particular challenge leading the pack by any great margin once replies were averaged out. This is likely to be simply because different retailers are at different stages of expansion and therefore the challenges differ according to where in the expansion cycle retailers are. Language, VAT, fulfilment, lack of local knowledge were all amongst the challenges cited although experts agree that tackling the challenge of language – through localised websites and localised customer service was the one challenge that once faced is likely to lead to the biggest wins in sales.

Worryingly however the research did highlight confusion and a lack of action by some retailers over VAT in foreign markets. Just over one in ten retailers (12%) replied that they were not aware, and therefore not managing, their VAT compliance. Just over a quarter (27%) of retailers were actively managing their VAT compliance internally but only 7% said they were using external partners to manage VAT compliance.

Of course in order to continue growth all retailers have realised they need to work hard on keeping their houses in order both at home and abroad – international expansion will fail otherwise.

Retailers know that once they expand abroad the biggest wins come from localising sites – a tactic which experts say can drive sales up by around a third. That fact was reflected in the survey results with the highest proportion of retailers (more than 40%) saying that one of their main focuses was a plan to improve the online customer experience through for example local payment options, more targeted local sites or search optimisation.

A third of retailers were looking to drive more revenue from existing stores whilst a quarter of retailers said they planned to rapidly expand into additional geographies where they don’t already have a legal entity.

International remains a key priority for retailers – and done correctly it’s one that can produce big wins – whatever the size of retailer.

Omni-channel
what should it look like?

While the benefits to consumers and retailers of omni-channel offerings are well understood, the very concept of omni-channel is continually evolving to offer new ways of meeting consumer demand. We asked Demandware's *Jamus Driscoll* what omni-channel should look like today.

Jamus, there's no doubt that many retailers have multiple channels to market, but what do you think omni-channel should really look like?
There's certainly a lot of talk about omni-channel and how best to achieve it, but I think the end point is pretty clear; it's about delivering a single, consistent shopping experience for the consumer. That means one view of the customer across all channels and touchpoints and one view of inventory availability across all channels and touchpoints to allow customers to buy anywhere and receive anywhere.

That sounds easier said than done!
That's the "how best to achieve it" challenge. While some retailers take a piecemeal approach to solving the problem, Demandware customers are provided with an integrated set of tools and processes to power their omni-channel strategy, which will allow them to deliver that single, consistent shopping experience for their customers – this naturally means their growth is faster because they can move faster.

With omni-channel continually evolving what challenges do you see retailers currently facing?
Well there are many, but two that stand out are, first, the ability to start a transaction in one channel and finish it in another. For example a customer is in- store and the sales assistant can add items to their basket so that they can see them when they log in to their account at home to complete the transaction. The second is, given the premium on space, the ability to provide a view of the whole catalogue in-store. This is where endless aisle services come in to their own and it ties neatly to my first example.

Finally Jamus, what advice would you give to retailers reviewing their omni-channel strategy?
First they must place omni-channel as a top business priority, secondly they need to focus on the customer more than ever before to deliver a consistent shopping experience. Last they need to move fast to avoid being left behind; not just by customers, but by the competition!

Jamus Driscoll
General Manager – EMEA, Demandware

Demandware General Manager - EMEA, Jamus Driscoll, is responsible for leading the company's EMEA-region. He joined Demandware from Oracle Corp., where, as Director of Marketing, he was a member of Oracle Retail's marketing steering committee and leader of the marketing teams for Solutions Marketing and Customer Marketing. Prior to Oracle, Mr. Driscoll was at ProfitLogic, Inc., a provider of enterprise merchandising software, where he was the Director of Solutions Marketing responsible for positioning and marketing to primary enterprise customers. Before joining ProfitLogic, Mr. Driscoll served as Industry Marketing Manager at Ascential Software, a provider of enterprise data integration solutions, and was responsible for market analysis, strategy and go-to-market tactics for the financial services industry. Driscoll holds a Bachelor's degree in English from Haverford College.

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Connect not disconnect:
creating true customer-centred retail

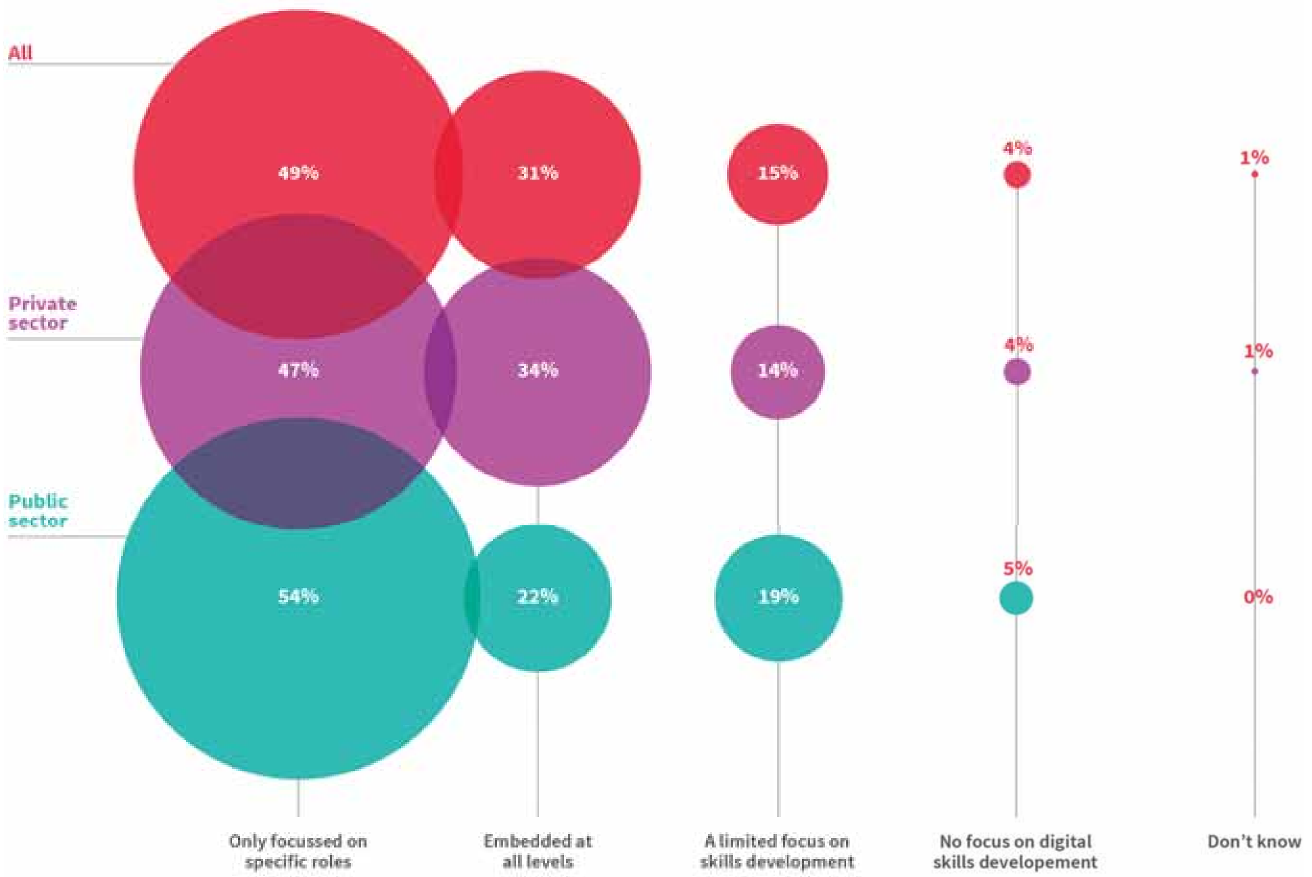
Joe Tarragano, **Consultant at Transform, reveals the findings of Transform's Digital Maturity Index and benchmarks the readiness and capability of organisations delivering digital services against customers' wants and needs.**

FIRST WE had online channels, and then there was multi-channel, now it's omni-channel. However, one of the key themes of Transform's 2013 research is that what the consumer is looking for is the right service, through the right channel, at the right time. In fact to them, they're not consciously engaging with channels, they're just shopping. Sometimes they're doing it in-store but other times they're using a mobile, on a laptop or sitting in front of the TV with a tablet. Unfortunately for you, they care not for your headaches: building a single view of the customer, managing stock levels and handling their transaction efficiently. And when they switch channels, they expect you to keep up. Seamlessly. It's a tall order.

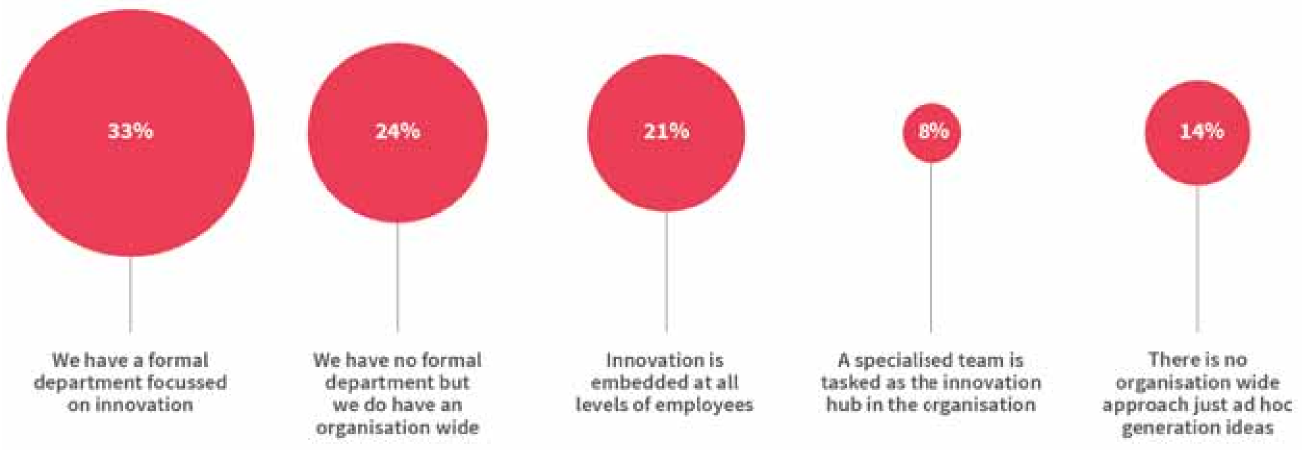
Transform's Digital Maturity Index is an annual benchmark study of the readiness and capability of organisations in delivering digital services, and also of consumers' wants and needs. As in previous years, the 2013 results highlight a substantial gap between consumer expectation and organisational capability. But with consumer behaviour becoming ever more multi-platform, and the consequent omni-channel requirements, this gap is increasing, not reducing.

At the heart of the challenge is the notion of distinct channels, leading to different

ARE DIGITAL SKILLS AND TECHNOLOGY INCORPORATED INTO STAFF TRAINING AND DEVELOPMENT



APPROACH OF ORGANISATIONS TO INNOVATION



teams with different strategies, different KPIs and different reward structures. Five years ago the hot topics were sales attribution between web and store, how much stock to allocate to online, how to manage returns to store and so on. Using a customer lens, the key point was that the customer was entirely indifferent to these internal constructs and simply wanted a seamless, consistent experience that matched the way they saw a brand, i.e. all brand touch points ought to be exactly the same. By 2013, many of these issues remain unsolved, while the consumer has even more devices with which to confound us.

In our research we asked our respondents which devices they owned or had access to and they answered 81% for laptops, 67% for smartphones and 35% for tablets. The consumer considers all these devices as part of a single digital experience. But the retailer must recognise the shopper who is in 'lean back' mode, dual-screening in front of Breaking Bad and getting to your content from a Shazam connection. Or who is on the train, 'snacking' on the phone in the windows between tunnels and needing to complete a purchase that they're looking to pick up when they arrive at the shopping centre. Or who's 'leaning forward' at the home PC researching an expensive, considered purchase; price comparing before buying in-store after they've engaged with your store staff. You need to recognise this consumer and the behaviours associated with the product they're interested in and deliver the right experience. The customer doesn't care which department's content, technology, targets, stock levels or budgets are affected nor who's responsible for getting the physical item into their hands.

> "Businesses with the right digital leadership are 26% more profitable than their competitors, generate greater revenues and have higher market valuations"

THE DIGITAL SILO

So, how do you structure the organisation around this omni-channel customer? Of the organisations we interviewed, 66% said digital was 'very important' and 75% now have board level representation for digital. This is unsurprising, given the recent 'Digital Advantage' study by MIT Sloan and Capgemini which suggested that businesses with the right digital leadership are 26% more profitable than their competitors, generate greater revenues (9%) and have higher market valuations (12%). But, what is the right leadership, governance and cultural mix to ensure these different teams are working together and are understanding how each works such that the consumer is kept at the centre of their thinking?

That ideal operating model certainly wouldn't support the sort of silo'd thinking we typically see. Historically there was separation between web and estate. Now we see retailers with 3 teams: mobile, web and retail. But where in this mix would in-store technology fit? If the content and customer experience expertise is in the online team, how does the retail team leverage it? And if a customer breaks a geo-fence barrier and is targeted with a specific coupon that drives them into the store to purchase, who gets credit for the sale?

And what of social, third parties such as Amazon or eBay and the call-centre? They'll use IT's systems, logistics' fulfilment capabilities, online's content, and marketing's traffic driving skill. It is no surprise that organisational design and ▶

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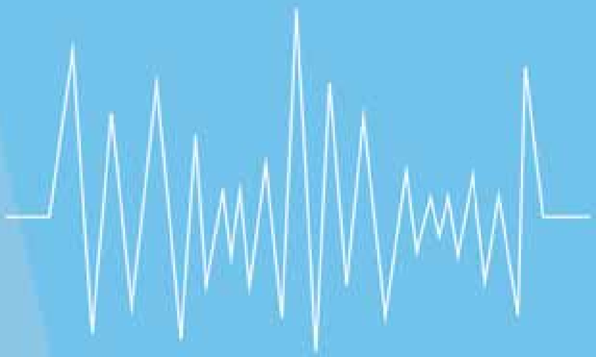

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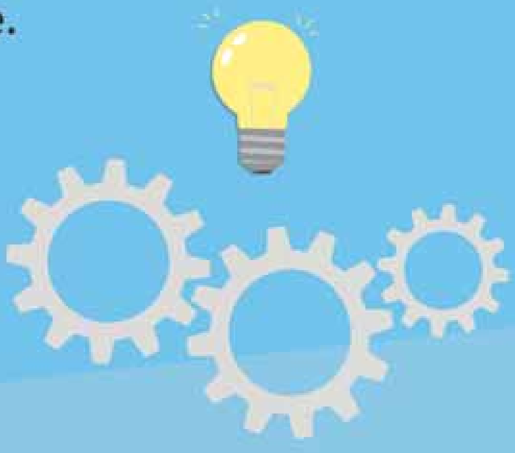

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Eysys Limited was founded by Simon Powell, founder and former CEO of multi million pound travel technology company Comtec, and Humphrey Sheil, former CTO of Comtec and Head of Data Engineering and Infrastructure at Thomas Cook.

operating models are challenges we are often asked to look at, and that US head-hunters see a 30% increase in requests for a Chief Digital Officer. But with 47% of private sector respondents indicating that digital skills were incorporated only into very specific roles rather than being embedded throughout the organisation, there is a long way to go before digital thinking is part of everyone's day job.

A likely effect of the 'digital silo' is the significant difference between the views of those in leadership roles and those in more functional operational roles when it comes to customer experience. 39% of those in a leadership role felt customers' store experience was better, versus only 20% in operational roles. Whilst 46% of operators felt that the online experience was better, compared to 20% of those at leadership level. Too few organisations can in fact answer this question with any real certainty. The majority did not indicate that they were doing any form of channel statistics analysis or analysing preferences in this way.

Our findings indicate that the customer demands a variety of channels – specifically they want to use a channel appropriate to the particular stage in their purchase cycle. Consumer respondents were unequivocal: 49% prefer to contact organisations through a range of different methods, including stores and telephone as well as digital, whereas only 21% had a preference for digital as the primary method of engagement.

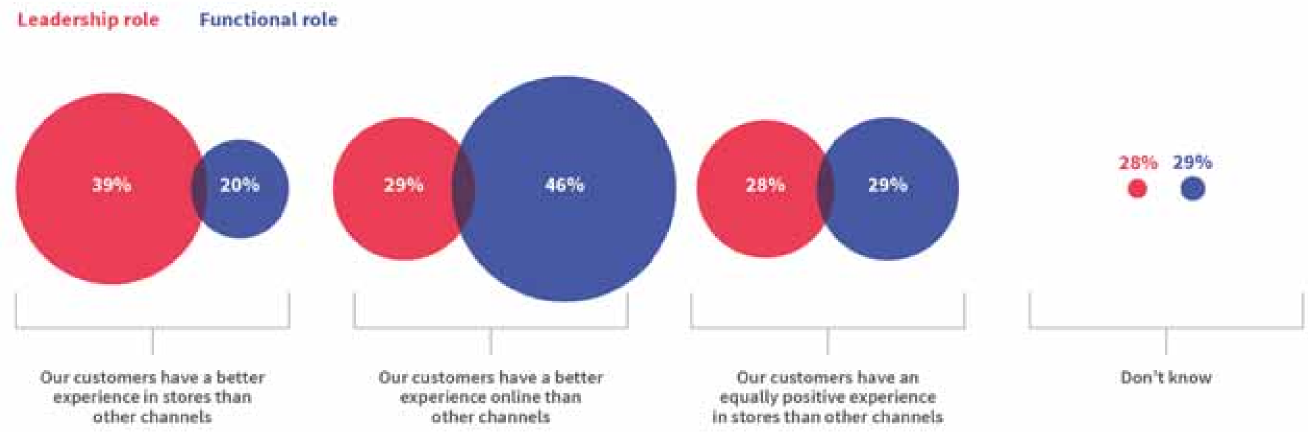
What then is the implication?

- Smash the silos. Organise your people and your assets around the customer and focus on how customers want to use the platforms and offline experiences available to them. Charge the team with making those touch points consistent and ensure that digital thinking is embedded in the organisation and at the board table.
- Don't think mobile. Instead, expect customers to bring their sophisticated, portable technology into your Wi-Fi enabled retail spaces and let them leverage it for fast check out, enriched product information and more personalised experiences. Enable both customers and staff to be as well informed about the product and each other as they possibly can be to support that experience.
- Embrace your customers (and their data). Craft your personas and embed them in your organisation. Then recognise each customer as both an individual and as one of the personas. Learn how they interact differently with different products while on different platforms and then deliver a customer experience that's right for them and for you.

Retail may still fundamentally be simple - great products, prices and service - but it's also an order of magnitude more complex when you take into account a multi-platform, multi-channel world. Our benchmarking suggests that some firms are already advanced on the journey towards cracking it and most others at least recognise the need and the opportunity. We wish you a safe journey.

> “The 2013 results highlight a substantial gap between consumer expectation and organisational capability”

DIFFERENCES IN PERCEPTIONS OF THOSE IN LEADERSHIP COMPARED TO THOSE WORKING IN AN ECOMMERCE TEAM



Because you’re worth it

As cross-channel continues to create waves across the retail industry, *Emma Herrod* takes a look at how it’s affecting staffing, recruitment and management.

THE RETAIL industry pays consumers a lot of attention as businesses focus on the customer experience and cross-channel journey. But what about the people on the other side of the interaction: the staff, partners, store colleagues, managers and board? How is cross-channel retailing affecting their daily experience or career?

Some people have had to get used to cross-channel as part of a realignment of business plans with store staff having to adapt to online and multichannel. Others have met it as part of a takeover or merger with big corporate coming together with a swift, innovator as a launch pad to online. Most people have welcomed the change – since many are multichannel shoppers themselves – with managers revelling in the opportunity to innovate as part of daily trading.

But two HR announcements in the same week started me thinking about how cross-channel is affecting recruitment and retention issues at either end of the career spectrum. First came Kate Bostock’s departure from ASOS after only seven months with the company, while the second was the good news for certain Sports Direct employees, that they were going to benefit from a windfall bonus. The sports retailer has delivered record profits since putting customers at the heart of its business, so 2,000 of its 23,000 employees are in line for a big payout.

Profit shares and bonuses are not unusual in the retail sector, but doesn’t it seem strange that since cross-channel retailing is about ‘all of us in this together’, a company only incentivises and rewards a select group of employees?

Bonus structures as a whole are somewhat static and outdated believes Steve Baggi, Director of interim and executive search company Green Park. “They need to be more flexible as different parts of the business need to be rewarded at different parts of the journey to becoming a cross-channel business,” he says. Ultimately, though, cross-channel does mean “one for all and all for one”.

For example, Next employees who have been with the business since June 2010 received a bonus from the firm’s Chief Executive, Lord Wolfson, in their July wage packet. He passed the £2.4m which he was due to receive as a share-based incentive on to employees as a “gesture of thanks and appreciation from the company, for the hard work and commitment you have given to Next over the past three years and through some very tough times”.

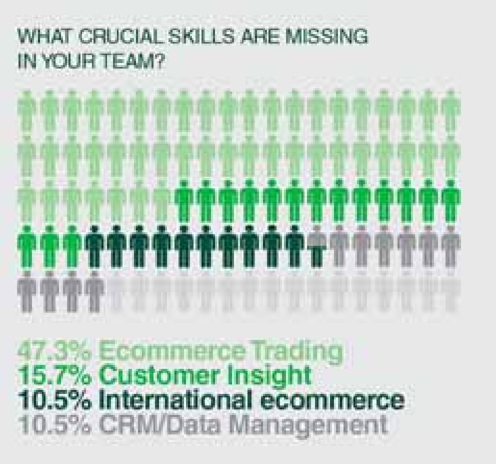
ASOS’s managers are also going to receive a windfall bonus – in 2015 – based on performance. This incentive hasn’t been enough for the firm to retain either HR Director Michelle Emmerson or Bostock, Director of Product, both of whom resigned in late July. Bostock, who ASOS spent a long time wooing, left amid claims that she found the firm’s culture a difficult fit after years at Marks & Spencer.

Confirming her departure, Bostock said: “ASOS is a formidable business and I have great respect for the team I have been working with: they are right at the cutting edge of young online fashion. Sadly, I’ve concluded that ASOS isn’t the right place for me. I will not regret the experience and I wish Nick and all at ASOS continued success.”

The ASOS board is considering whether it needs to recruit a replacement. In the meantime, it has decided that Bostock’s role will be fulfilled by the existing retailing team. ASOS Chief Executive Nick Robertson commented: “Kate and I have agreed that ASOS is not the right platform for her talent. Of course, we are disappointed that things haven’t worked out and Kate leaves with our very best wishes. In the meantime, we have a very strong team in place and the business continues to fire on all cylinders.”

Alex Nelson, Digital Director of branding and design agency Elmwood, comments: “ASOS’s look towards acquiring some old-school retail expertise was mostly a smart one. A lot of challenges that a growing business like theirs face are not too dissimilar to those faced by more traditional retailers: supply chain, retail systems, process and best practice.

Danielle Pinnington, MD at Shoppercentric, believes that Bostock’s departure also reflects the difference between mainstream fashion and the fast fashion that ASOS is expert in,



Source: Green Park

"so online versus bricks and mortar can't be wholly to blame".

But will culture clash be something that we will be seeing more of as cross-channel reaches into the senior levels of the industry and as corporates and niche players alike tap into the emerging sectors' talent pool?

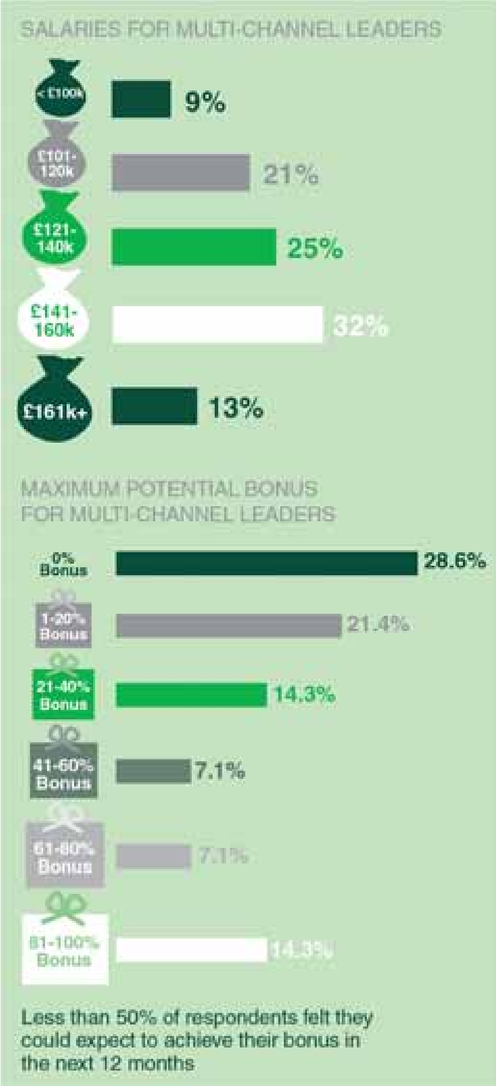
Entrepreneurial businesses are typically fast moving and non-hierarchical, whereas corporates are multi-layered. "Corporates are adapting but you can't flatten a big, complex business," believes Moira Benigson, Founder of executive search group MBS. She thinks digital will eventually become second nature to retail as digital natives enter the corporate world. "Every board should have someone under 30 on it," she recommends.

SKILLS GAP

Flexibility is key, according to Nelson. He says: "Having an organisation and personnel who are adaptive to cultural change is imperative as traditional retailers become more reliant on digital channels in order to succeed. True, there are some hang-ups that these older businesses will have inherited, but many of them recognise the opportunities to cross-pollinate knowledge and processes with tech-savvy partners. I'm a firm believer that newer companies focused on using technology-based delivery can still learn a lot from their traditional counterparts; this mutual exchange always results in much better integrated relationships."

He adds: "Of course, hiring correctly is extremely important to allow this to happen. We've seen that shifting some of the responsibility of digital from CMOs to newer CDOs plugs senior-level skills gaps and is a very effective way of introducing the new working practices required in larger retailers, so long as it's done with full organisational buy-in. It's a role we're expecting to see more and more of in the future."

> "Respondents are being contacted at least once a week regarding opportunities"



Source: Green Park

SEIZE THE OPPORTUNITY

Benigson says there's a lack of CMOs with the right experience. "When it come to recruiting the right staff at senior level there is a shortage of candidates, mainly because many of the disciplines in demand are so new," she says. According to the IMRG, the lack is most apparent in some key areas such as digital merchandising, data analysis and in integrating traditional, coding and digital marketing channels. Kate Barron, Director of specialist recruitment consultancy Retail Rethink, says people with new channel experience are thin on the ground since this area is not yet mature enough to have a pool of candidates. "Mobile and tablet are the prize at the moment," she adds.

User experience professionals are also in big demand as retailers focus on this ▶

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Traditional search systems are ineffective for sales channels.

Traditional onsite search tools are not optimized for product retrieval and are ineffective for online sales channels. Typically, customers fail to find what they're looking for in more than half of the visits. By not providing customers with the means to easily explore their catalogue, companies are limiting the sales potential of their sites.

If you can't find it, you can't buy it

With customers failing to find what they are looking for in over half of the visits, the key to increasing online sales is to make it easier for people to explore online product catalogues. Today's ineffective search software is a lottery in which most customers quickly lose interest.

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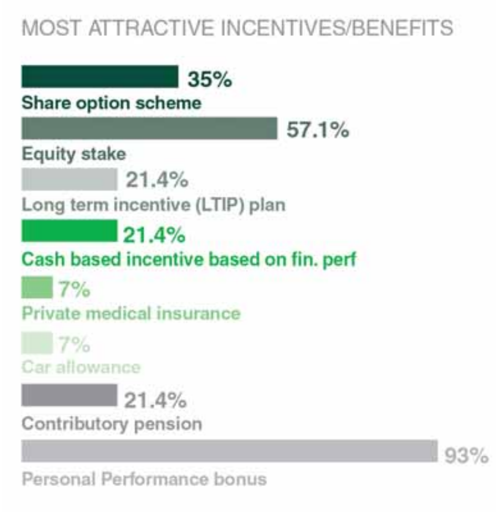


MOST ATTRACTIVE INCENTIVES/BENEFITS

Source: Green Park

area rather than hiring in product buyers, explains Barron.

Many of these new roles are being filled by candidates on a consulting basis or a daily rate, she says, with manager level UX personnel commanding £400 a day and mobile management £400-£500.

They need to be at the top of their game in terms of expertise and innovation, so remaining at one retail business may not be ideal either for the retailer or the candidate. "As a retailer, how do you know that person will still be right for you in six months' time?" asks Barron.

This gap in skills and experience means that retailers are looking outside of the industry and attracting talent from other innovative sectors such as gambling, agencies, travel, gaming, FMCG and financial, as well as from European retailers.

Cross-channel retailing is also enabling the cross-over of ideas and people from small, entrepreneurial businesses, with managers being head-hunted for roles at the big corporates. Young people who are coming out of university are starting innovative internet businesses and getting funding; they are learning skills that are 100% transferable, explains Benigson. "In the past, this wouldn't have happened."

RETENTION

If there is such a big demand for expertise at the senior level of cross-channel management and new channels, how can retailers retain it once it has been recruited and at the same time prevent conflict?

> "Retailers must realise that omni-channel leaders are the most critical talent in the business at the moment, as they are crucial to growth"

One way is to let these new recruits do the job that they have been hired for. Cross-channel is so important to the industry and the future of individual businesses that companies are willing to pay top money for the right people. However, there will be conflict if a board doesn't embrace these new technologies and new channels. Barron says: "These people are entrepreneurial, blue-sky thinkers, and retailers have to let these guys do their thing in their own way." If they don't they may lose their business, she warns.

What will keep them engaged with the business is giving them the freedom to innovate and enabling their talent to flourish. CEOs are at risk of losing their most senior leaders to competitors.

"If I was a CEO, it would keep me awake at night," says Baggi, "especially when you take into account that the average tenure for a senior multichannel manager is two years." Having sold their strategy to the board, received a lot of investment for platforms and technology, and revealed their forecasts for cross-channel and digital growth to the City, the manager then leaves and someone new comes in with their own ideas, he explains. "This is something that businesses will have to get used to."

Multichannel leaders are being approached on a weekly basis by headhunters, and a surprisingly large number of them are dissatisfied with their current role, according to a survey by Green Park. More than 60% of those surveyed are actively looking for opportunities. Money is one factor, but the main attraction is career and the path to the board, explains Baggi. The feedback from its survey of 50 senior multichannel managers revealed that with the board controlling their capital expenditure and strategy, they want to know why they or someone from their background isn't on the board. Their big question is: "Does the board have digital experience?"

Digital is slowly making its way to the boardroom of UK retail plc; for example, Mark Lewis, Online Director at John Lewis, and Laura Wade-Gery, Executive Director, Multichannel and eCommerce, at Marks & Spencer. It seems that digital experts will continue to rise to the top of the business "since they understand what makes sales," says Barron.

Benigson believes that among the big supermarkets it won't be the next generation of CEOs but the one after that which will be led by today's multichannel managers – and they could easily come from a pureplay.

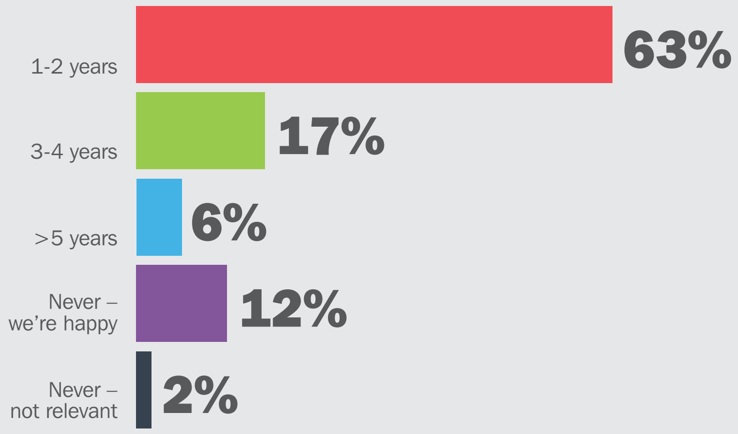
Is the multichannel supply chain sustainable for long term growth?

Phil Streatfield, **Retail Partner at LCP Consulting, explores the issue and reflects on the key findings of a recent independent survey of UK and US retail board executives into the omni-channel retail phenomenon.**

THE GROWTH of the internet and mobile technology has created increasingly fragmented sales channels and, in turn, an even more fragmented supply chain. Until recently, bricks and mortar retailers have tended to respond to this by using a multichannel approach with operational and supply infrastructures managed separately for each channel.

When asked whether a multichannel approach is sustainable in developing long-term retail growth, the response from senior retail board executives is a resounding "no". Nearly two thirds of the executives, surveyed by LCP Consulting, envisage a need to move from a multichannel to omni-channel operating model within the next five years. In short, our study found that UK Retail is responding actively to an omni-channel transition, with planned investments likely to reach £5bn over the next 5 years.

Fig 1: At what point do you foresee a need to entirely re-engineer (rather than adapt) your supply chain approach for Omni-channel



SO WHAT IS DRIVING THE NEED FOR CHANGE?

However, tech savvy customers are demanding a seamless and integrated customer experience across all available shopping channels with a consistent brand experience now.

This means that aligning the brand with customer needs is more critical than ever and requires some fundamental changes to the way retail businesses are managed. Systems integration, major changes to operating models and integrated retail replenishment / fulfilment flows supported by excellent service partners all need to be addressed for success.

Graham Barnes, Supply Director at Argos, one of the expert panellists interviewed for the LCP report, said: "The days when supply or distribution can work in a bubble from the rest of the business are gone. Everybody needs to understand their impact on availability and fulfilment – whether that's buying and sourcing teams, marketing teams looking at proposition or any other division. Overall, integration is not just about fulfilment, but a seamless presentation of availability to the consumer."

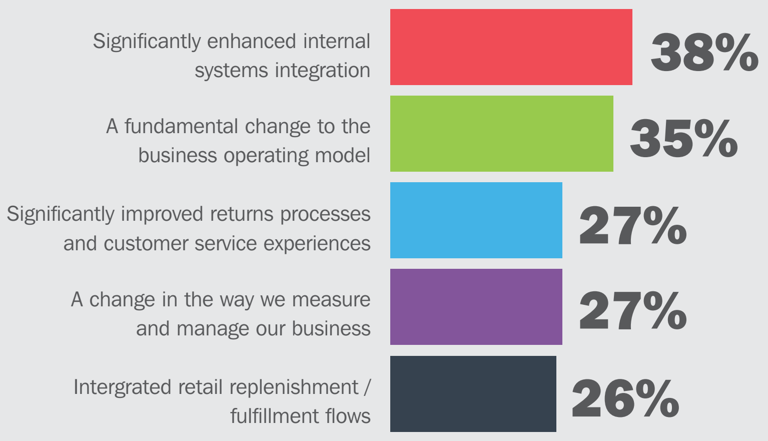
> "Overall, integration is not just about fulfilment, but a seamless presentation of availability to the consumer"

OMNI-CHANNEL ROI

So, online and stores need to be integrated, rather than run as separate channels, which is an important difference to what happens now. This will mean changing roles and skills requirements within retail leadership teams, as well as re-purposing stores and the roles of front line colleagues. Dino Rocos, Operations Director, John Lewis Partnership, (and another of the expert panellists) commented: "Building your understanding from a customer perspective: that was critical to us. Also you've got to be prepared to set aside the silos that inevitably exist within most organisations. Changes to supply chain have to be part of a more holistic business change: buying, retail, supply chain systems. All of us are on the same page chasing a single customer experience. In an omni-channel world you can't do it in isolation."

The individual reasons for a move from multichannel to omni-channel are many and varied. Three quarters of those surveyed agreed that the decision to invest in omni-channel was driven by the need "simply to compete", rather than for a

Fig 2: In an Omni-channel environment, which of the following three factors are essential in closely alligning your brand to your customer's needs?



return on investment. Generally sales growth in an omni environment comes through ease of consumer access, better informed choices and enhanced customer services. Indeed, the best practitioners are also delivering increased margins from re-aligning business operating models to improve availability, reduce markdowns and extend ranges.

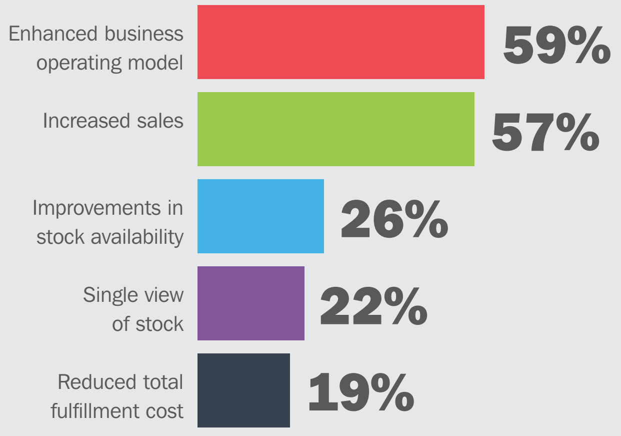
Fulfilment provides a competitive edge, although the need for speed is a subject of debate. Many executives believe that speed of fulfilment was at the very important end of the spectrum. However, some are not convinced and stated that, from their experience, whilst speed is important they have also seen that faster and faster delivery options tend to get used less and less, with customers readily trading off speed for price.

It is also clear from the research that inventory visibility with postponement is an enabler of efficient omni-channel service. Combining a single view of stock with enhanced customer insights, allows deployment of inventory into specific channels to be deferred closer to the time of sale. Significant improvements in stock availability, coupled with reductions in overall stock holding, are a feature of successful omni-channel operators who offer broad ranges backed up by effective fulfilment capability. At LCP, we firmly believe that an excellence in omni is characterised by retailers who have a deep understanding of their Cost-To-Serve™ at product level and combine this with intimate knowledge of their customers to fashion innovative approaches to assortment and fulfilment.

This means the choice of business and operating model is a challenging one. But, a move from multichannel to omni-channel models is clearly becoming the only solution for a sustainable future in retail, as there is a need to retain and grow customers through an improved, fully integrated brand experience. Delivering this change is complex and challenging. It will require major changes in IT and Supply Chain infrastructure, involving significant investment and with the ability simply to compete as the major driver. This will be a tough-sell to any Board and requires a change in the cluster of influencers around the top table – another key finding of the research.

Finally, retail executives highlighted the need to fundamentally change how the company runs. A new, flexible, business operating model is seen by many as a significant enabler for success. It is needed to deliver increased sales, enhanced margins and improved availability of stock. The nature of this change takes time, as well as the CEO's focus and drive. Typically this change will take up to three years to land successfully.

Fig 3: What are/were the three main advantages for your business in moving from a Multi-channel to an Omni-channel model?



The clear message from retail executives on both sides of the Atlantic was: if you don't have an omni-channel plan in detail now, you're late and in danger.... it's a burning platform and it needs fixing. Regardless of cost, omni-channel is becoming the 'need to have' model for the retail industry - and it has almost reached the critical point of change or fail.

Counting on customers

Online, a retailer knows their customer from the moment they enter the website. In store, most customers remain totally anonymous until reaching the checkout. So how can multichannel retailers analyse the in-store experience? *Penelope Ody* investigates.

IN THEORY the technology exists and it should be easy. In-store wi-fi and apps should mean that customers wedded to their smartphones can be identified as soon as they cross the retail threshold. They can be monitored by in-store video as they shop, identified with face recognition software, their eyes tracked to see what they look at and what they buy. It could all be matched to subsequent online behaviour and retailers would instantly know if the in-store experience led to a purchase.

So much for theory.

In practice such activities are few and far between with most retailers still dependent on such long-standing techniques as loyalty cards, surveys, footfall and conversion rates to assess the attractiveness or otherwise of the "experience" they offer, while tracking the customer journey across channels to give a "single view" of shopper behaviour remains an impossibility.

"Retailers are struggling to understand what they want from their stores and the store engagement piece," says Tony Bryant, Head of Business Development at K3 Retail. "With no clear idea of the role stores will play in the future, they're reluctant to spend too much money on them. Of course some are interested and there are a few pilots around, but for most investing in the sort of technology that would deliver more customer information is a bridge too far."

Jas Virdee, Partner with Kurt Salmon agrees: "Not many retailers are proactively looking at how to measure in-store customer experiences," he says. "There may be problems with a lack of staff time or skills, while offering customers incentives to give feedback can erode margin. Some are trying to identify touchpoints and understand those and a few, such as Boots and Mothercare, are starting to offer discount coupons delivered to a mobile when registered customers enter the store. Good loyalty schemes – such as Boots, Tesco's Clubcard or Nectar – can deliver customer insights but even now not all schemes can be used in all channels."

Cindy Etsell, Head of Retail at SAS UK, sees loyalty schemes as key for monitoring customer behaviour and experiences in-store. "Loyalty is the big one and can give good insight into customer behaviour," she says. "By making better use of big data analytics retailers can target customers with personalised offers as well as use real-world evidence to improve customer service, store design and predict inventory levels."

HOW WE SHOP

To loyalty data, Etsell adds footfall information and tools such as SAS's Visual Analytics which provides real-time information on purchasing patterns. Combining information from these sources, she suggests, can give a good idea of the sort of experiences customers are having in store and the success, or otherwise, of the retail offer. "Retailers need to look at how people shop," she says, "what they're purchasing and what they ignore."

Prism Skylabs is using surveillance cameras in stores to do just that. The images are analysed not only to count customers, but to count what they look at and where they go. "Knowing that 100 people came into the store and 10 people bought something might give you a conversion rate," says CEO Steve Russell, "but knowing that 50 people looked at a particular product and only five bought it tells you rather more."

The software is cloud based and can be accessed by smartphones or tablets so the findings are easily available to store staff, "We make everything very understandable so that the average employee can understand the data," adds Russell.

Another benefit of the system is that it can digitally produce high resolution images of displays so that retailers can ensure that in-store presentation is consistent and lives up to the brand image.

In the UK, SPSL – later known as Synovate Retail Performance and since 2011 owned by Ipsos – has been monitoring footfall and tracking customer movements in stores since the 1990s when Dr Tim Denison, now Director of Retail Intelligence at Ipsos Retail Performance, joined the company. "Footfall data has become a standard retail KPI, rather like mystery shopping, in assessing customer experience," he says. "The emphasis now is on tracking – where people go in a store and what they look at. We're now working on systems that can identify the profile of shoppers – typically gender and age – so that displays on digital signage in stores can be changed as appropriate. It's in its infancy but retailers are starting to use these systems and the technology can work."

The displays can be changed in real-time so if, for example, the shopper mix in mid-afternoon is suddenly dominated by women with young children relevant messages can be displayed and any impact on sales quickly assessed.

From EPoS data retailers already know what goods are bought when and by adding customer profile information, they can create suitably timed promotions to appeal to the predominant shopper mix, even where the customers are largely anonymous. Information about store experiences can also be gleaned from social media using tools from the likes of SAS or Ipsos capable of analysing textual information.

"Retailers increasingly want to know what is being said about them on social networks," says Dr Denison, "and they need to understand the words people are associating with the brand."

THE PERFECT EXPERIENCE

As well as loyalty cards and analytics, surveys remain a popular method for assessing customer experience and Empathica conducts around 40 million of them each year inviting feedback on customer service and experience. "Retailers have to understand what their customers want and what a perfect experience should be like," says Managing Director Gary Topiol. "So there is no standard survey as each retailer needs to discover something different. What do they want their employees to do at each interaction, are they doing what they are supposed to or what the customer journey may be like."

> "Being stuck behind a supermarket's home delivery van, for example, may trigger a very negative response while seeing an attractive roadside poster could have the opposite effect"

As well as asking for feedback about the shopping experience customers can be asked to leave reviews via Facebook or Twitter. "Shoppers tend to respond to surveys for one of three reasons," adds Topiol. "Because they want to record an experience which has been particularly good or bad, because they're a loyal customer and genuinely want the retailer to improve, or because there is an incentive. If you get that mix right then you generally get a well rounded view of shopper perceptions."

Mesh takes a rather different approach to customer feedback recruiting panels of individuals who will both respond to online surveys and provide real-time feedback about their perceptions of a particular retailer or brand at each touchpoint. Panellists are sent text messages and asked to log where and when they see a particular brand, how they feel about it and how likely they would be to buy. Those touchpoints can include advertisements, stores, TV, online or even the brand's distribution fleet. Being stuck behind a supermarket's home delivery van, for example, may trigger a very negative response while seeing an attractive roadside poster could have the opposite effect.

"We typically receive between eight and ten texts from each panellist every week," says CEO Fiona Blades. "Panels are recruited for a particular project and the people involved become very engaged and we can collect their spontaneous reactions at each touchpoint."

While omnichannel tends to focus on sales channels, these many other touchpoints can have just as much impact on customer perceptions and experience of the brand which may ultimately influence purchasing behaviour.

"Obtaining a single view of the customer journey isn't possible," says Tim Denison, "because that journey is not linear and can involve numerous touchpoints so it doesn't make sense to try and track the complete experience – shoppers don't just look at goods in a store and then go home and order on the web. Instead the challenge for retailers is to create a consistent experience across all channels and give consistent messages at each touchpoint."

Bringing the customer conversation to life

Daren Ward, **Associate Partner at Glue Reply, examines seamless integration, mixed reality in store and how technology can move the intrusion line.**

TODAY'S CUSTOMER wants to have full control of when and where they make their purchasing decision, whether at home, online or on the go. Shoppers come armed with 'a crowd' via their mobile phone. Purchases are not made 'alone'; customers research online, send pictures to friends and family, read reviews and compare prices all whilst in-store or browsing sites on their tablet or smartphone. They don't just want as much information as possible about products, they also want to know about the provenance; was the product made in a safe environment? Where were the raw materials sourced? This behaviour marks a 'new type of customer' – one who is much more informed; their decision-making, browsing and researching habits have changed how they would have shopped five years ago. To connect and build loyalty with this 'new customer', retailers need to have an ongoing conversation with their customers so they can better understand their needs and hopefully drive future purchases.

Crucially, this must be a service that is directly relevant and personal to them, anytime, anyplace, anywhere, without being intrusive. If the conversation is not relevant or appropriate then retailers will cross the line of intrusion. Technology provides the path for retailers to build trusted relationships and continue the conversation.

IN-STORE

In store is where retailers can really bring 'the conversation' to life. Retailers are testing technology in-store, opening ‘concept stores’ and integrating mobile into the multichannel experience while also listening to and conversing with customers across all touch points. Some retailers are using innovative ways to create as engaging an environment as possible. There are examples from all around the world: In-store in Brazil, retailer C&A has special clothes hangers that show how many Facebook likes each look has collected from the social media community.

Tui’s recently announced concept store, due to open later this year at the Bluewater shopping centre in Kent, will use moving images and other technologies to bring choosing and booking a holiday to life. It will make the selection and browsing experience engaging and inspiring.

We are all in a testing phase – future predictions of technologies and behaviours can’t be guaranteed; ultimately it is the customers who will show the retailer what they want. Customers vote with their feet and now their fingers! Knowing what resonates with customers means testing it. One leading internet retailer - namely Amazon - has got this nailed. They get their customers to help them work out what they like and don’t like and then act accordingly.

While retailers want to see what resonates with customers many are holding back from embracing some technologies. Mobile payments is one such area. We must tackle the payment issue. “Join the queue” creates frustration and frustration hampers the ability to have a quality ‘ongoing conversation’ post purchase. The solution isn’t just NFC as this still means customers have to queue. There are other technologies out there that should be considered such as combining the mobile wallet and product recognition.

> “Barriers to achieving this state are the ‘artificial boundaries and channels’ retailers have created in their own organisations”

OUR WORLD OF ‘MIXED REALITY’

It is already apparent that we are living in a world of ‘Mixed Reality’ where the boundaries between our digital and physical worlds are continuing to blur. Physical objects interact with virtual objects through augmented reality, 3D, and social media creating new experiences and new channels of communication. This ‘mixed reality’ trend will continue to become part of our daily lives in lots of different situations. New services are developing all the time to take advantage of the spread of mobile platforms such as smartphones and tablets. Retailers need to embrace these developments to respond to the ‘new customer’.

Use of augmented technology has already been applied to great benefit in other sectors. Architects are using augmented reality to superimpose the blueprint design onto the beginnings of a building so when they are checking to see if something has been built correctly, they can actually superimpose what is being done to the blueprint there and then. This takes away some of the human error that slips into these processes.

Some furniture retailers offer customers the ability to scan a product and then superimpose it onto an image of the room where you want to place it at home. The concept ‘see before you buy’ has been used in kitchen design for a while, but now customers can walk into a furniture store and through QR codes, scan 3D images of a sofa onto their phone to mix with an image taken of the room at home. Customers can make a more informed purchase and have a more enjoyable time doing so.

Retailers can extend the shopping experience and bring the customer closer via digital interaction in store and through the use of augmented reality technologies in advertising. Objects can be recognised and added to a smartphone app with the goods then safely stored in the app for future reference. Customers can then purchase via the app there and then or later when they have had a chance to think or go to the store to see or try on. This isn’t the future - it isn’t even three years away - it is possible now and some retailers are experimenting with these ‘mixed reality’ concepts.

Already, to many customers, using their mobile in-store is becoming quite natural. ▶

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RAND
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Recent research from ecommerce solutions provider Portaltech Reply and eDigitalResearch found that the number of smartphone shoppers who make purchases on a weekly basis has doubled since 2012, a number which is almost certain to increase in the future.

As of July 2013, 32% of smartphone shoppers are using their mobiles to make a purchase on a weekly basis. The number of smartphone owners that have used their mobile to browse, shop or find product information when shopping, has also grown from 36% to 68% in the past 12 months.

The increase of smartphone use in store is proof that the 'new customer' doesn't care what 'channel' they are using; they want a rich, seamless experience that is personal and relevant to them. And in terms of 'having an ongoing conversation', customers are becoming more and more open to this with 26% of smartphone owners happy to receive personalised notifications, offers or recommendations when entering a store.

ARTIFICIAL BOUNDARIES

Barriers to achieving this state are the 'artificial boundaries and channels' retailers have created in their own organisations. It doesn't matter what 'medium or channel' the customer is using; what matters is that customer and product data is being gathered, listened to and then shared across all channels through seamless integration.

> "Customers vote with their feet and now their fingers!"

Having the right building blocks and IT architecture is vital in enabling retailers to do this. Change is coming at such a pace now that we need to make sure that we build architectures that don't preclude change. After all, gathering data enables the retailer to hold a meaningful conversation with customers across all different devices and channels. Integration is so important. It's not just about sharing data from one system to another; it is actually about operational excellence. It's about ensuring that when the customer gets home they don't get one of those little white cards saying "sorry you weren't in when we delivered your goods, now come and collect it 20 miles down the road". Integration is about meeting the promises that retailers create.

We need to listen to what our customers are saying in our stores and whenever they interact with us with retailing reaching an ideal state of providing each customer with a service that is directly relevant and personal to them, anytime, anyplace, anywhere, without being intrusive.

Only then, through embracing technology as part of these new shopping experiences, can retailers move the intrusion line in terms of selling and building loyalty with their customers.

Build loyalty and they will come

Paul Skeldon **investigates the issues around apps, m-web and monetization in a crowded market.**

FOR MANY retailers the debate has long been whether to build an app or a mobile website. Then vendors, naturally, started pushing the idea that any self-respecting retailer needs both – one for the passing trade that hits through search and one to service those loyal regulars who want a deeper, richer experience.

But as the mobile retailing ecosystem has evolved and developed it is becoming increasingly clear that brands and retailers – well anyone who has dipped into m-commerce – is finding that actually monetizing both their app and their website isn't as straightforward as perhaps they first thought. The truism of "build it and they will come" isn't quite as true when the market is as crowded as it is today with apps and m-websites.

So now the m-commerce world is being sold a whole new concept: monetization advice. As more companies have rolled out apps in particular, but it applies to m-web too, they have found that getting traffic to them and then getting people to actually transact on them is proving very hard to pull off. And many app developers have started to not only help design and develop apps for retailers, but also have started to build into that process how to make these apps attractive, how to encourage people to find them and how to get them to keep using them. And it is more difficult than you'd think.

ZOMBIE APPS OR MONETIZATION

A survey by tracking company Adeven reveals that two thirds of apps in the app store get little or no downloads at all. These 'zombie apps' get fewer than 100 downloads a day (most get far, far fewer, says Adeven), which make them unsustainable as a business. But these zombies clutter the app store and can make it hard for your app or brand to rise to the surface.

Furthermore, a recent Flurry Analytics report found app retention levels can fall sharply after the initial install – to 24% after 3 months and just 4% after 12 months.

In fact, research this summer by eBay and Conlumino – commissioned to celebrate the fifth birthday of the former's app – found that 64% of apps that started development were either never finished or were rejected by app stores. And apps aren't cheap: the average price of a basic app is now around $18,000 (£12,000) and more advanced apps are an estimated $83,000 (£55,000). eBay and Conlumino believe these failures account for around $4.85bn (£3.19bn) of development costs globally. Mind you, at least these brands are spared the ongoing costs of updates and overhauls to cope with new devices and major operating system upgrades, which can cost up to 42% of the original development cost.

> "Zombie apps clutter the app store and can make it hard for your app or brand to rise to the surface"

"Clearly this shows that retailers are racing to take advantage of the opportunity to engage with consumers via their smartphones and tablets," says Fadi Shuman, CEO, Pod1. "Yet what it also shows is that too little thought is being put into whether an app is the right way to move forward, or indeed looking at how one is going to be executed and supported effectively."

Olivier Ropars, Senior Director of M-commerce, eBay Europe, is more direct: "Sales of mobile devices have rocketed and smartphones are the mission control for our lives. They are always on, always with us and changing everything, including how we shop and pay. Many brands and retailers have created apps, but driving regular traffic to the app is another matter."

And that is the big vexation right now: how do you get people to your app, and to keep coming back to your app and spending through your app?

The problem lies to a large extent with the apps stores themselves. "It's important to remember that app stores are walled gardens – and they are currently hugely overcrowded," says Shuman. "Only the really stand out apps or those with the most marketing budget to push them forward will succeed."

And to be part of that stand-out – and indeed part of how any app will make money – is how well it works and whether or not it actually transacts.

“Apps are an expensive thing to create, and ecommerce-enabled apps even more so – although apparently only around 18% of retail apps are ecommerce enabled,” continues Shuman. “Surely, you have to question the point of having such a powerful ecommerce tool and making it ‘information only’. I think what this means is that brands need to have a far more critical approach to apps, rather than just thinking they need to jump on a bandwagon and create one just because everyone else seems to have one. They need to really think them through.”

COMPLETING THE SALE

Of course getting someone to actually know your app exists is really one of simple marketing. But even that is fraught with difficulty in a world where everyone is bombarded with marketing messages. Apart from geographical or time context, mobile marketing alone is not enough. And even if marketing does get your app downloaded, getting it used – repeatedly and profitably – is just the first very small step.

To this end, app development company Grapple has set up a division aimed at helping brands and retailers make their apps and mobile sites make more (Some! Any!) money through applying a range of tools centred around marketing, optimisation and CRM. And, of course, the measurement of how effective mobile is to a retailer across all channels, since in the omni-channel world the journey can start on one channel and end on another and the ‘value’ of each channel therein, needs to be assessed and apportioned, believes Grapple.

Grapple’s approach takes in three key elements of the consumer usage profile of the app. “We aim to help retailers and brands in three ways,” explains Adam Levene, Chief Strategy Officer, Grapple: “App discovery strategies to help cut through the crowded app market place to maximise downloads through both organic and paid marketing; retention to minimize churn with the implementation of a managed-service mobile CRM programme; and revenue optimisation to help increase revenues through basket optimisation to increase the lifetime value of a customer.”

He continues: “Once consumers have the app they are clearly engaged with the brand, but keeping that engagement going needs work,” says Levene. “Then completing the sale becomes crucial – through any channel – once the customer has become loyal.”

HOW PREMIER INN MONETIZED ITS APP

Hotel chain Premier Inn launched its smartphone app in January 2011, but the hotel operator felt it could do more to understand how its customers are using the app and to adjust the app’s design and functionality – as well as the company’s business processes – to make it even more effective. That’s when the company called in Grapple. Over the past three years, Grapple has aggregated data from its clients’ 300 branded applications. Branded applications are those which either offer a utility or make the life of the customer easier when he or she is on the move.

Grapple has analysed data from 325 smartphone and tablet devices to enable companies such as Premier Inn to better understand customer behaviour to help them improve sales, customer retention and loyalty.

Looking at the data, Premier Inn and Grapple found that people usually book a room in the nearest hotel and they tend to mostly reserve one-night bookings. This information was fed back into Premier Inn’s booking application to boost room reservations. The analysis has also shown that usability and design are very important, which can affect how customers transact with the app.

And the upshot? Premier Inn’s app has so far seen 2 million downloads and generated around £1m in revenues from bookings – much of this driven by using analytics and CRM to drive usage. The app typically sees conversion rates of around 5.9% - pretty high in the competitive travel sector.

According to Levene, loyalty is really the key, but getting people to be loyal and reuse an app is very hard to pull off. Already both Premier Inn and B&Q have started to use Grapple’s services – and its Insight Engine, which gives data on how native apps are used, something you can’t get from apps stores – to try and create loyalty.

“The key is to make it easy to use, and give the consumer what they want,” says Levene. In Premier Inn’s case this means making the app simple and quick and well designed from both an aesthetic point of view and a functionality standpoint, so that users keep coming back to it, rather than instigating a web search. For B&Q, it centres more around making some of the parts of using an app in store something that makes the buying and check-out process more simple.

However, perhaps the answer lies in ignoring apps altogether. “I’m not saying don’t do apps, but surely most smaller (and some larger) brands would be much better pushing their money into developing their websites to ensure their multichannel offering is fully supported across the different device platforms than taking flights of fancy down the app route,” suggests Pod1’s Shuman. “The reality is that, although apps may look nice and be seen as a cool way to engage customers, they don’t work for everyone, and unless you have the resources to support them long term they’re likely to become something of a white elephant.”

Content is king – and the key to engagement

Getting content relevant to your business published across web, mobile and magazines is all part of what retailers need to look at to engage their customers with content they want – and it can drive sales. *Julia Hutchison,* Head of Content at Group FMG and former COO of the Content Marketing Association, explains.

FOR THE past three or four years, mobile has been purported to be the next big thing for everything from publishing to ecommerce. But it is only now that it is finally reaching critical mass, particularly in terms of the profitability of m-commerce, and having an undeniably substantial impact on the way in which we shop.

In June, a report released by Juniper Research suggested that by 2017, the value of m-commerce (and tablet) transactions will exceed $3.2 trillion, up from an already eye-watering $1.5 trillion this year. The same report suggested that a number of select industries – in particular the retail, airline and financial sectors – are really pushing the envelope when it comes to their m-commerce strategies. This is reflected in the way that individual brands are now coming forward to claim that m-commerce is front of mind when it comes to overall digital strategy – in the same month, for example, House of Fraser announced that it is to adopt a 'mobile-first' strategy after finding that more than half of its mobile traffic now comes from touchscreen devices.

SMARTPHONES

One of the key reasons for this sudden change is that smartphone penetration has ramped up significantly – there are various reports on this but we know for sure that in the UK, around 60% of adults now own one. On top of this, the popularity of tablet devices over the past two years has eased the transition from desktop to touchscreen when it comes to making transactions online – consumers are infinitely more comfortable than they were a couple of years ago with touching, rather than typing their way to the checkout. In addition, the technologies that are to become drivers of force in the m-commerce world are finally finding their footing. NFC for example, although still in its infancy, is starting to see actual roll out from partnerships with the likes of Mastercard and Visa.

This news will no doubt have any remaining retailers that don't already have a mobile optimised site running to their web design agencies. However, with commerce and editorial being brought ever closer together online, it also underlines the growing importance of ensuring that your content is optimised and appropriate for mobile platforms.

Once it was enough to have a few high-resolution images on your site and a blog to share your views, but as user experience has become increasingly important, shoppers are looking for more compelling content. Today, the sites where consumers buy the most are those that carry engaging content that keeps them coming back until they are ready to buy. These sites understand that consumers want useful information and not just a sales pitch.

This is where regularly updated magazine-style articles across a range of different media – video, audio and written – can and will play an increasingly important role in ecommerce. Not only does it allow you to build a closer bond with your customers by giving them the content that they are interested in and that reflects their lifestyles and interests, but it also allows you to upsell and cross-sell to your shoppers – not that I'm in any way advocating that content should be sales driven.

The problem for retailers – and indeed anyone who publishes digital content – is that content is pretty useless unless it can be viewed across all your platforms (laptop, desktop, mobile and tablet). And it's not just a case of whether you can view it, it's a case of how it looks when you view it. If you have to keep zooming in and out of a page or video quality is bad on a larger screen this will actively damage the user experience.

> “Once an overall content strategy has been created they can focus on individual platforms and look at how to distribute content across all channels”

EDITORIAL PLAN

Today, managing customer-facing content has evolved into a complex process, driven in no small part by the fact that consumer expectations have risen exponentially. To be able to cope with this, retailers and brands need to have a fully integrated approach to their content, which covers all the channels they operate in, and ensures their story is told not only in an interactive way, but also a consistent way. Once an overall content strategy has been created – which will be very much determined by the company's business objectives – only then can they focus on individual platforms and look at how to distribute content across all channels.

A key part of this process involves putting in place a detailed editorial plan to ensure that customers are taken on an engaging journey and that the right content is pushed out across the right channels. Brands need to remember that relevancy is critical; if content isn't relevant for any particular channel it will just get lost, or worse ignored. And this means brands and retailers need to have a solid understanding of how their customers behave on different channels, and then ensuring that content is targeted towards this behaviour.

Consumers are becoming more demanding of their online experiences across the various devices they use, and they want that experience to be consistent or they'll just go somewhere else. This means providing content that isn't optimised for any or all of the different devices that your target audience is using to browse your site is quite literally throwing money – and customers – away.

Insight around the world

ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

Would the French have become suspicious? A recent study conducted by ecommerce association Acsel shows an erosion of confidence in French online services for the first time.

In some sectors, the confidence has lowered dramatically: -10 points for public administration services, -3 points for ecommerce and social networks and stagnation for online banking. This is despite the introduction of multiple levels of trust by companies but not yet enough in users' opinions. Thus, less than a third of French internet users believe in 'trustmark labels' for e-merchant sites (28%) and the same low percentage have confidence in the privacy policies of social networks.

According to the report, the main reasons for this drop in trust levels are to be found in many phenomena. First one would be the complexity of digital life. The French have an average of 16 digital accounts (against 12 in 2009). Over a third (38%) of them have more than 5 different passwords and half of them complain about it.

In addition, being more experienced, they are more concerned by the use of their personal data: 92% consider it important to limit the retention of personal data, 78% think it's risky that a website keeps their banking information and 75% refuse to be geolocated. More disturbing: 47% voluntarily give a false ID online in order to limit the dissemination of their personal information.

Meanwhile, the accommodation of private data in the cloud still arouses suspicion: only 34% of internet users trust online hosting, while 57% fear the misuse of data and 48%, the retrieval of data by a third party.

Finally, it is clear that French internet users want better protection of their privacy and their assets. Fleur Pellerin, French minister for businesses, innovation and digital economy recently declared: "The Government terminates a simplistic vision of the internet, which has flourished in recent years. This vision does not match what is expected by French people, as shown in this study. Today, the commitment of the Government is to increase the confidence of users by providing a secure offer."

SIMON HATHAWAY,
PRESIDENT, SHOPPER MARKETING & RETAIL OPERATIONS, CHEIL

In 2012, Koreans spent $284.9bn on retail (approximately £182bn). That's an inflation-adjusted increase of 1.8%. But as stats go, the most striking one is the 11.3% year-on-year growth in online shopping – in cold, hard cash, a whopping £29.8bn. Yet the insight behind the numbers is just as compelling; while our needs as shoppers haven't changed, digital, and especially mobile, has changed the way we shop forever so that today we expect our shopping experience to be instant, personal and everywhere.

Proximity and location will always be a key driver for which retailer shoppers choose to visit, but having bricks and mortar in every community is no longer the winning strategy for retailer growth. In April this year, Tesco Chief Executive Philip Clarke proclaimed the end of the 'space race' as the retailer's profits fell. Tesco continues to test new retail technologies and its HomePlus virtual store in a Seoul subway has become the benchmark of 'Everywhere' retail.

The store is indicative of how retailers in South Korea continue to redefine the shopping experience, with some of the most interesting work coming from Tesco's larger competitor Emart. It is working to meet the expectations of today's shoppers and recently breathed life into the 'location everywhere' mantra with a 'flying store'. No surprise that it was a big hit with Korean shoppers.

Using a shadow QR code, Emart promoted discounts that were available when people shopped at lunchtime. The QR code took shoppers directly to their mobile store where they could take advantage of offers instantly. But, perhaps most interesting was a trial Emart ran earlier this year using new-store technology that enabled shoppers to locate the best offers in-store with their smartphones.

Emart Sale Navigation demonstrates how smartphones might help us to shop. Yes, it started with a tried and tested price promotion, but the opportunity to deliver solutions to shoppers, to educate or inspire is there too. It's a massive opportunity, especially if you take into account the fact that 13.8% of Korean women, 15.5% of Korean men, and 21.9% of 20-somethings shop via smartphones. And 42% of these digital pioneers shop online while watching TV, which will further change consumers' approach to retail. All of this opens up a whole other level of opportunity for retailers - even the tried and tested TV spot might need to transform.

JOHN READMAN, COMMERCIAL DIRECTOR, SEARCH LABORATORY

Norwegians love to shop online – but as a target market they're being ignored on the whole by UK ecommerce retailers. Almost 90% of the country's five million strong population admit to using the web to shop and internet sales account for 34% of the nation's entire retail purchases.

Norway as a country is intrinsically linked to the internet. It was the first country outside of the US to join the world wide web predecessor Arpanet, three months before us Brits joined up. It also boasts the second highest internet penetration in the world at 97.2%, only bettered by Iceland.

In addition to their penchant for browsing the web, what makes Norwegians even more susceptible to ecommerce retailers is the size of their wallets. According to The World Bank, Norway has the fourth highest GDP per capita in the world at $62,767. In comparison, the UK's is just $35,819. This is offset somewhat by Norway having the highest cost of living in the world, but in the words of our Norwegian search marketing executive: "It just means we're used to spending money!"

Norway also has one of the lowest income inequalities in the world meaning mid-price products appeal to a wider audience than in other countries, including the UK.

Language is the main obstacle putting off British businesses expanding into the region, however, while selling in the target country's mother tongue is always the best approach Norwegians do generally speak a good level of English (in a 2011 study Norway was shown to be the number one English speaking nation, that doesn't use English as its primary language).

Since Norway is not part of the EU, Norwegians buying from foreign ecommerce retailers are subject to high VAT and brokerage fees, making those businesses with a presence in the country more attractive to consumers.

YÜCEL YELKEN, CEO, YSTATS.COM

With a population approaching 200 million and a booming economy, Brazil accounts for 59% of all B2C ecommerce sales in Latin America, followed by Mexico with 14%. The value of ecommerce transactions has increased strongly in recent years and reached €26bn in 2012. The growth in the number of online shoppers in Brazil is expected to continue reaching 32 million in 2015.

Even though less than 40% of internet users in Brazil have made an online purchase, 62% of those who do shop online made a purchase at least once a month in 2012. Many internet users want to have the product immediately or want to be able to touch and feel it prior to making a purchase. However, ongoing improvements in the ecosystem necessary for online retail, such as payment options, anti-fraud protection, delivery system enhancement are expected to entice more Brazilian internet users into becoming online shoppers.

One of the trends helping to convert Brazilian internet users into shoppers is the popularity of social networks. Some 87% of internet users are members of at least one social network, more than the worldwide average of 70%. As a result, online retail is also becoming more social in Brazil, where approximately 30% of internet users follow retailers online. Group shopping is a popular phenomenon, with 61% of online shoppers familiar with the concept and 49% of them having conducted purchases on group shopping websites. Of the individuals that have purchased goods or services from group shopping sites, 82% intend to do so again in the future.

Another factor contributing to Brazil's lead in ecommerce is the high mobile phone penetration. Mobile devices are the second most used way in Brazil to go online and 79% of consumers use their mobile phone in at least part of the purchasing process. Because of the increasing use of mobile devices for shopping, the Central Bank, in conjunction with Anatel (National Telecommunications Agency) and the Ministry of Communications, proposed legislation, published by the government in May as MP 615 to clarify the roles of government agencies in facilitating the move of Telecoms into the payments picture.

Online purchases in Brazil have until recently been paid for with credit card and boleto bancario (a bank transfer), but mobile payments are expected to become another factor in the continued growth of ecommerce in Brazil.

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NOW & NEXT

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

THE MAJOR event between now and the next issue of Internet Retailing magazine is the Internet Retailing Conference on 16 October. Sir Stuart Rose, Laura Wade-Gery and Ilan Benhaim are giving the keynote presentations at the conference and they will be followed by key figures in the digital and retail industry to talk about 'The New Basics' of ecommerce and cross-channel retailing and discuss where the industry is heading, how shoppers are changing and what the retailing basics of tomorrow could be.

INTERNATIONAL REPORT

Ahead of the conference is a briefing event disclosing the findings from Internet Retailing's three-month research programme into the issues created by international retailing. Culminating in the publishing of the International Report, the research and analysis programme has been aimed at surfacing not only the issues and challenges facing international trading, but also investigating how we can assemble the many components and contributors, whilst connecting the point solutions and perspectives into a coherent and sustainable view of best practice. The event will be hosted by Internet Retailing's Editor-in-Chief, Ian Jindal alongside our Research and Special Projects Editor, Liz Morrell – with presentations from Amazon, Channel Advisor, Digital River and Meridian Global Services.

The briefing takes place on 17 September at Glaziers Hall, London, and will include plenty of opportunity for questions to be answered. Attendance is free for retailers, specifying consultants and multichannel professionals.

MULTICHANNEL PAYMENTS

On 25 September, the successful series of JumpStart events will focus on Multichannel Payments. Join Internet Retailing, and our panel of experts, as we look at the key challenges and opportunities surrounding payments in a multichannel environment.

The short, sharp, half-day event will focus upon identifying and presenting the key questions you should ask, rather than presuming to advance some generic, one-size-fits-all maxims. All solutions presented are individual, and they will help you get to the heart of the questions for you. Insight will be offered into: creating an effective online payment process; converting abandonment; creating a smooth customer journey; making it easier for customers to pay; how can retailers bring choice into their business whilst ensuring they are not opening themselves up to fraud; how can retailers meet the need for increased security whilst continuing to give their customers the ease of use they demand; finding the right payment solutions and fraud solutions for your business needs; the proliferation of device and location options as a result of mobile, contactless and location.

BEHAVIOURAL MARKETING

On 11 September, join Silverpop for a Webinar on behavioural marketing and how to get your customers to love you. John Watton, Senior Director, Marketing EMEA at Silverpop will discuss email, web, mobile and social media marketing integration, to deliver outstanding ROI, and how a behavioural marketing approach can drive personalised, multichannel experiences for your customers, that ultimately means they'll love you to death. Join this webinar to learn: how to capture the things people do when they interact with your company across all channels (email, web, mobile, social, etc); how to combine that data with what you already know about that person; their profile & preferences or past behaviours; the rules to apply to the data; how to use the rules to generate a personalised interaction and a multichannel, multi-step relationship that delivers the most relevant customer experience for the individual.

Key dates for 2013 learning opportunities

WEBINARS

11 SEPTEMBER - SILVERPOP: BEHAVIOURAL MARKETING AND HOW TO GET YOUR CUSTOMERS TO LOVE YOU.

Register online at internetretailing.net/events/webinars

RESEARCH BRIEFING

17 SEPTEMBER – INTERNATIONAL RESEARCH BRIEFING, GLAZIERS HALL, LONDON

Briefing event disclosing and discussing the findings from Internet Retailing's three-month research programme into the issues created by International Retailing.
Register online at internetretailing.net/events/researchbriefing

JUMPSTART

25 SEPTEMBER - MULTICHANNEL PAYMENTS JUMPSTART, TOWER 42, LONDON

Join Internet Retailing, and our panel of experts, as we look at the key challenges and opportunities surrounding payments in a multichannel environment.
Register online at internetretailing.net/events/jumpstart

CONFERENCE

16 OCTOBER – INTERNET RETAILING CONFERENCE, NOVOTEL HAMMERSMITH, LONDON

Keynote presentations from Sir Stuart Rose, Laura Wade-Gery and Ilan Benhaim, 3 conference streams, 8 free workshops and 45 displays. Speakers include New Look, Rakuten, Dixons Retail, Wayfair, Jack Wills, ICS, Hotel Chocolat, Boots, Mamas & Papas, Shop Direct Group, M.Video.ru and Argos.
Register online at internetretailingconference.com/

IRX

26-27 MARCH 2014 - INTERNET RETAILING EXPO, NEC, BIRMINGHAM

IRX 2014 will see an increased floor space, an increase in visitors and an increased scope – covering the gamut of multichannel, multinational commerce, the demanding commercial professionals and the expert supplier ecosystem that support it.

SAAS: RISKS AND REWARDS IN RETAIL

A recent Webinar led by Internet Retailing included presentations by SLI Systems, Snow + Rock and Javelin Group. The hour-long webinar, SaaS: Risks and rewards in retail, took as its theme the different ways of buying ecommerce technology and the pros and cons of each. Speakers focused in particular on the emergence of software as a service (SaaS) solutions.

Fraser Davidson, Director, Technology Services at Javelin Group, opened the webinar with an account of how technology has developed since online selling first started in the mid-1990s. In the current, third wave, he said, retailers are orienting their solutions towards a better customer offer and experience, delivered more efficiently. "The drive to differentiate yourself is pushing other technologies to the forefront. Now the traditional platform often isn't enough... There's also a big discussion of whether people should be looking at the platform as the only solution or the emergence of web content management."

"There is no one size fits all," he added. "You may decide that the platform plus one or two specialist offerings gives you your best of breed and you may do that through one or more different ways of procuring the service or technology. But what's clear is those that get it right with the best experience will be the winners going forwards."

David Kohn, Head of Multichannel at Snow + Rock, and the second speaker in the webinar, then explained what technology underlay the Snow + Rock business and how it was bought. While much of the technology is SaaS, he said he had just bought a licensed PIM system.

Why use third-party solutions? "It's an incredibly fast-moving market where technology is becoming increasingly specialized and unless you are really a significant player, and we are very much a medium-sized retailer, it's impossible to keep on top of it all," said Kohn. There are certain areas where you have to use third parties. The experience is also becoming increasingly componentised and there are these point solutions, such as search, merchandise where your core solution may not be adequate."

SaaS also reduces the need for in-house resources, said Kohn. He heads a team of two running three websites, and SaaS allows them to focus on their core strengths and needs without needing a larger team to develop and maintain systems. "Because it's not a one-off license sale and they want to retain the business there's an ongoing focus, which means they always care. Sometimes once you've got a licence they lose interest." Upgrades are also easier, he said.

Why not SaaS? Recurring costs mean ongoing payments which are not capitalisable and hit the profit and loss account, said Kohn. It's also less straightforward to move on from an SaaS provider while future development may be inhibited if a retailer is going in different direction to the platform provider. "You can become very dependent on a provider," said Kohn, making it difficult to leave. It's also important, he said, not to have a 'kit of parts'. "We're trying not to make our structure so complex that we're managing four or five different plug-ins, none of which talk to each other," he said.

Concluding, Kohn said that key factors to consider in SaaS providers included their service level agreements and responsiveness, their customer success ethos and their relationship with other providers. It was also important to ensure there were no hidden costs.

The final speaker, Jennifer Hale, Product Manager at SLI Systems, then outlined reasons to use SaaS for search solutions.

To hear any of the past webinars for yourself, view the accompanying slides and hear the questions and answer session in full, visit the 'Webinar' page on internetretailing.net.

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