Internet Retailing

Internet Retailing EXPO

5 - 6 April 2017, NEC, Birmingham

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Internet Retailing EXPO

5 - 6 April 2017, NEC, Birmingham

IRX AFTER-PARTY

If you've ever been to an InternetRetailing party, then you'll know we know how to throw 'em!

Don your dancing shoes and join the Retail Nation as they let their hair down after a busy day at the UK multichannel industry's centrepiece event!

WHAT

The OFFICIAL InternetRetailing Expo After-Party!

300 Retailers - Free-flowing drinks - Fabulous food
A live band - DJ and heaving dancefloor
Dress code is informal, but be out to impress!

WHERE

The VOX @ Resorts World
The entertainment complex on the NEC Site
We'll be laying on transport from Expo > Party

WHEN

Wednesday 5 April, 7.30pm – Late

Places are strictly limited to 300 Retailers, so visit **internetretailingexpo.com/party** for more information and to request your ticket before they all go!

With thanks to the following partners for contributing to the evening's fun:

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Internet Retailing

OCADO: DISRUPTING ITSELF WITH TECHNOLOGY

Ocado Technology General Managers Matt Soane and James Donkin share insight into how Ocado has developed as a grocery retailer of two halves.

INSIDE OUR 'CUSTOMER CONNECTION' EDITION:

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Editor's comment

BUILDING A connection with a customer is not done over a single transaction but a continuous conversation around acquisition, retention and loyalty. Every part of the retail organisation needs to do its part to deliver the service, experience and emotion that is promised by the brand story.

At times such as Christmas, when customers invest more emotion into their shopping, contact centres see an increase in communication from shoppers who are stressed and wanting immediate resolution of issues – or just clarification that their online order will be delivered. A staggering 32% of people who shopped online for Christmas presents in 2016 experienced an issue with an online purchase, according to a study by JDA and Centiro. While this is lower than the 33% who encountered problems in 2015, it still puts pressure on contact centres that need to resolve the issues. The study discovered also that of those shoppers that encountered an issue, 31% experienced late deliveries, 23% didn't actually receive the items that they had ordered and, for 22%, their purchase was damaged.

Customers can be lost or retained over issues such as these and the personal touch is needed from customer services to ensure that the issue is resolved in a manner that leaves the shopper happy. Handled in the right way, the shopper can leave the call more loyal to the retailer, or conversely shouting out about bad service to any friend, family member or acquaintance on social media.

As, Richard Pugh, Head of Logistics, Marks & Spencer, told delegates at the recent Delivery Conference, the retailer's emphasis is on getting delivery right first time. "If it matters to our customers, it matters to us," he said. "The ultimate aim is to be able to fix a problem before the customer is aware of it." However, if it does need the customer to be contacted, or for the customer to call the contact centre then a resolution handled in a professional way can drive a positive image of the brand. "If something goes wrong, a good resolution can drive loyalty," he said.

Online grocer Ocado knows this only too well and is using machine learning to analyse all of the emails which come into its customer service department. The content of each email is 'read' and messages prioritised so that those requiring urgent attention are put to the top of the pile. This not only ensures that matters needing swift resolution are handled quickly but frees up contact centre agents' time to deal with other matters which may require more of a personal touch.

Machine learning and how it is helping in the optimisation of warehouse facilities at Ocado's Customer Fulfilment Centres was one area discussed when InternetRetailing's Editor-in-Chief Ian Jindal and I met with General Managers of Ocado Technology. Matt Soane and James Donkin, who appear on the cover of this issue of InternetRetailing magazine, spoke about how Ocado is a company of 2 halves – an online grocery retailer and a technology company.

Elsewhere in this issue, we look at how digital is leading to deeper conversations with customers, greater engagement and personalised experiences and what that means for content, IT and retail teams.

I investigate what loyalty means for omnichannel shoppers in 2017, while IR's Mobile Editor, Paul Skeldon, investigates how the iPhone has (and hasn't) changed the retail world. In a year in which the iPhone turns 10, the biggest draw at the Mobile World Congress was a re-launched Nokia 3310, but back in 2007 when the iPhone was launched, the best you could hope for was a Nokia N91, complete with a spinning 4GB hard drive that might, if you were lucky and in central London, connect to the web. Roll on to 2017 and £27bn will be spent on mobile devices this year with two thirds of all online purchases made on a mobile by 2020. As the National Lottery says, "you've got to be in it to win it", so are you connecting with customers and winning on mobile?

Fashion retailer and marketplace Zalando, certainly is, and Nuzhat Naweed, VP Customer Experience at Zalando, shares her thoughts on where mobile will take the fashion industry.

Customer Obsession will also be a topic at just one of the 8 conference streams at the InternetRetailing Expo. Speakers from retailers including Game, Office Depot, Graze and Next will look at topics around how digital marketing is becoming increasingly complex but offers greater opportunity to reach customers. They'll tackle subjects such as 'How can you use digital to shape a customer-centric culture, deliver more compelling customer experiences and use data, journey mapping and personalisation to create campaigns to drive behavioural change?'

InternetRetailing Expo takes place over two days at Birmingham's NEC and brings together 5,000 visitors, 300 exhibitors, 90 speakers, 100 hours of content and, of course, the InternetRetailing team. We look forward to seeing you there.

Emma Herrod
Editor

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TESCO BOOKER: THE MULTICHANNEL ANGLE

The news that Tesco and Booker, the UK's leading retailer and the UK's leading wholesaler, are to merge in a deal that's been put at £3.7bn has caught the market by surprise. Looking at the deal more closely, it's an interesting one for those tackling the challenge of digital transformation in their own businesses, and moving towards offering their customers the consistent and relevant, seamless experience that is multichannel retail. Broadly, Tesco appears to suggest that its expertise in multichannel retail selling and delivery will help to bring better customer service to the wholesale market. Certainly, a glance at the Booker website suggests that the digital expertise that Tesco says will help to revolutionise the wholesale market is currently mainly on the retailer's side of this equation. Tesco puts in a very strong performance in the IRUK Top500 2017 index and stands out for a highly effective service that spans delivery and mobile as well as the store and online trading. And although Booker owns the Premier, Budgens and Londis brands, it does not currently support online retailing directly to the consumer.

Increased efficiency

Tesco says the deal will bring together both companies' expertise in their different markets, including their digital capabilities. By combining tools such as digital with the larger group's knowledge of the supply chain, it says the new company "will be able to provide greater choice, quality, price and service in the food market, whilst improving efficiency and reducing food waste". That reduction to food waste will come as the enlarged, multichannel business works with those producing agricultural crops. At the same time, it suggests, efficiencies of scale are set to mean that the larger group will have higher revenues and lower costs.

Help independent retailers

By buying a wholesale business, Tesco Booker will effectively be delivering to companies that Tesco alone currently competes with. Tesco says the new business will help independent retailers, as well as caterers and other small businesses, by bringing its digital and delivery service experience into play, while improving choice, price and service at the same time.

Booker itself already owns three retail brands, Premier Stores, Budgens and Londis. Through its Premier Stores brand, it supplies the 2,900 independent retailers who sport the Premier logo – and are mainly small convenience stores. Budgens and Londis operate similarly. However, it's unclear from the announcement whether Tesco Booker would plan to benefit any other independent retailers as a result of the deal.

Innovative customer services

A larger Tesco Booker group will be well placed to come up with new approaches to service, suggests Tesco, which says the deal will "create attractive innovation opportunities to serve customer and consumers better in a rapidly evolving marketplace". Tesco Chief Executive Dave Lewis said that the merger would build on its turnaround of Tesco's UK retail business. It will, he said, "further enhance Tesco's growth prospects by creating the UK's leading food business with combined expertise in retail, wholesale, supply chain and digital. Wherever food is prepared and eaten – 'in home' or 'out of home' – we will meet this opportunity with the widest choice and best service available."

Charles Wilson, Chief Executive of Booker, agrees. He said: "Booker is committed to improving choice, prices and service for the independent retailers, caterers and small businesses that we are proud to serve. We believe that joining forces with Tesco offers the potential to bring major benefits to end consumers, our customers, suppliers, colleagues and shareholders."

Commenting on the deal, Richard Lim, Chief Executive, Retail Economics said: "Tesco's announcement to merge with Booker Group will be a game changer in the food industry.

"As shopper behaviour continues to evolve rapidly, the new group will be well placed to capitalise on home shopping and the increasingly important area of eating out which has been the growth driver of the experience economy."

Professor Alan Braithwaite, Chairman of supply chain and logistics consultancy, LCP Consulting says the deal has industrial logic.

"If the deal goes through, there are major operational opportunities to integrate fulfilment networks using Tesco's capabilities for ecommerce but adding services and accelerating response times, enabling click and collect and integrating food service deliveries. So, the competitive advantage could be compelling.

"Booker own or control Londis, Premier and Budgens retail chains/facias – so there may well be a Competition Commission complaint based on Tesco's high convenience store and market share already. This is contrary to the published statement by Tesco. However, the Competition Commission has historically struggled with the market place segmentation in food and grocery – so it is difficult to anticipate any ruling."

Iona Carter, Director at Shoppercentric, said: "What this certainly reflects is Tesco's recognition that grocery shopping habits are changing: big shopping trips are in decline, as shoppers increasingly either drop them completely or move them online; conversely, smaller basket shopping trips are on the increase – which is where the convenience sector can cash in. Extending its reach into this channel by supplying the independent sector can only be a good thing – they will cease to become competitors in the traditional sense. It is also a lower risk foray into the out of home channel – but it will be interesting to see how the fortunes of this channel will play out in the Brexit climate as consumers and shoppers start to tighten their belts once more."

HOW AMAZON LED IN 2016

What were Amazon's key strategic milestones in 2016? Here are four points that struck us from the retailer's fourth-quarter figures, released in early February. In them Amazon, which is the UK's leading online retailer and an Elite retailer in IRUK Top500 research, reported sales of $43.7bn (£35bn) in the three months to December 31. That was up by 22% compared to the previous year. Net income of $749m (£600m) was 55% up on the $482m (£386m) reported last year. Full-year sales were 27% up at $136bn (£109bn), while net income of $2.4bn (£1.9bn) was 300% up from $596m (£478m) last time.

Amazon Prime is a key part of the retailer's strategy to ensure that its customers keep on coming back. It says that tens of millions joined in the last year alone, paying an annual fee in exchange for a wide range of benefits including free delivery, free film and music streaming. UK members benefited from free Amazon Music Unlimited for the first time in 2016. Meanwhile, the service launched in China, offering free cross-border shipping on international products and free shipping on more than 9m domestic items.

From the opening of the Amazon Go store in Seattle to the first Prime Air drone delivery and the Alexa voice service, the retailer has used technology to make huge changes to the way retail happens, from payments to delivery and ordering.

Twelve teams are now competing in the first annual Alexa Prize, dedicated to "accelerating the field of conversational artificial intelligence" by building socialbots on Alexa to talk to humans. Indeed, Amazon is now encouraging start-ups to innovate through the Amazon Launchpad, now operating in the UK, US, China, France and Germany.

Amazon launched its Dash Button in new markets from the UK to Japan during 2016, enabling Prime members to order "hundreds of prouducts from dozens of popular brands" at the touch of a button. Its associated Dash Replenishment Service enables printers and washing machines to order their own supplies direct.

MULTICHANNEL UNDERPINS HOF STORE

House of Fraser says a multichannel approach that connects stores and online while putting the customer experience first will be at the heart of the new store it is designing for a city centre shopping development in Chester. The retailer will be the anchor tenant at Chester Northgate.

The new 100,000sq ft store, says House of Fraser Executive Chairman Frank Slevin, will be the latest phase in the business' transformation. It will feature a "multichannel, modern experience-led retail offering" that's likely to include the widespread use of digital around ordering and collection.

"The new store clearly cements our commitment to and vision for the future growth of House of Fraser," he said. "The growth of our store portfolio and the further development of House of Fraser's multichannel offer provides solid foundations for the ongoing transformation of the business, ultimately driving a great customer experience. I look forward to the store opening in 2021."

The new store, House of Fraser's second new UK store investment since it was acquired by the China-based Sanpower Group in 2014, is part of a strategy that puts multichannel development alongside investment in store and international expansion. Its first Chinese store opened in Nanjing in December 2016.

Previous House of Fraser innovations have included the use of small format HouseofFraser.com stores built around enabling shoppers to view and order the department store's range online, as well as collect previous orders. The concept has also been extended to floors of its larger department stores, while the retailer has used virtual queuing to improve the collection experience. Last year, the retailer, an Elite retailer in IRUK Top500 research, appointed digital transformation agency TH_NK to help it consider the store of the future.

At the time, Tarek Nseir, founding partner at TH_NK, said: "The retail sector is entering another phase of transformation and we're deeply excited by the opportunity that high-street players have to play their physical assets to their advantage."

NEW TECH AT TRAVIS PERKINS

IT teams at builders merchant group Travis Perkins aim to learn from the way other industries are using new technologies to improve the customer experience.

The Northampton-based group, which owns DIY chain Wickes, a Top100 retailer in IRUK Top500 research, and tradecounter Toolsation, a Top250 IRUK Top500 retailer, ran its first hackathon as it looks to experiment with technologies such as machine learning and artificial intelligence platforms from Google and IBM. The event was the first of five that it has scheduled for the year.

Neil Pearce, Chief Information Officer for Travis Perkins, believes AI is something the construction sector should understand further in order to stay ahead of the game.

"Artificial intelligence enables us to learn about consumer behaviour and interact in new and different ways," he said. "Our hackathon gives us the opportunity to learn, innovate and understand business challenges we may face in the future to help improve the customer experience."

Travis Perkins employees took part in four challenges over the course of eight hours where they explored both Google and IBM machine learning technologies, looking at product visual recognition and predictive market behaviour. The teams 'taught' the machine learning platforms to understand visual patterns to recognise products.

The event comes after Travis Perkins appointed integrated systems business Wheeve to train its 500-strong IT team and help lead the digital transformation of Travis Perkins plc.

SCHUH EASES MOBILE CHECKOUT

Schuh is using 'pay on delivery' technology to make it easier for shoppers paying using their mobile phone.

When customers at Schuh, a Leading retailer in IRUK Top500 research, check out online, they will now be able to use Klarna technology to opt to pay on delivery. That means they can buy simply by entering their email and delivery address, rather than adding long credit or debit card numbers. Customers who use Klarna's pay after delivery solution can then pay when their order has been delivered, giving the chance to enter their payment details when it's convenient.

Schuh is the latest retailer to partner with Klarna, following take up from Lyst and the Arcadia Group last year. Schuh says its extensive AB testing, which contrasted the Klarna checkout with the traditional checkout, showed that when shoppers used the new technology, sales conversions grew by double digits.

"Long and complex checkout processes are frustrating for the consumer, and are one of the main reasons behind dropped baskets at checkout. But by making the online payments process simple, smooth and safe for the consumer, retailers can benefit from increased loyalty and sales," said Luke Griffiths, UK General Manager of Klarna. "We're thrilled to be partnering with Schuh and bringing our simple payments solution to even more online shoppers in the UK".

Sean McKee, Director of Ecommerce and Customer Experience at Schuh, commented: "With more customers shopping on mobile than ever before, making the payments process as painless and easy as possible continues to be a priority. We have already seen an impressive uplift in conversions using Klarna Checkout – boosting sales while reducing friction for our important online shoppers."

SMARTPHONE PREDICTIONS TO 2020

Within three years, two-thirds of online retail will take place via smartphones, with £43bn a year spent over the mobile devices, new research suggests. It suggests that UK retailers are behind in moving to put mobile first, and that before long the emphasis may well be on mobile only.

The Mobile Mandate report, from OC&C Strategy Consultants, Google and PayPal, argues that by 2020 80% of all online retail will involve a smartphone at some stage. Nonetheless, it says, UK retailers are behind their international competitors in the US and in Asia in being prepared for this shift.

Currently, says the report, £13.5bn is spent via mobile. Consumer research, undertaken as part of the report, found speed was the most important factor when shopping online, but on average, leading UK retailer sites are between 10% and 25% slower to load on smartphones than their US counterparts. Google research shows that improving load times by one second can increase conversion rates by 27%.

The consumer research found that half of Britons (48%) would prefer customer support via mobile chat, but only 16% of the top 100 UK retailers offered this service. More than twice as many of the top 100 US retailers do so (41%).

More people use messaging apps each month (3bn+ active users) than social networking sites (2.5bn active users), but few top UK retailers have a presence on a messaging platform. Meanwhile, in China, about 250m consumers bought via WeChat in 2016.

The report argues that the move to mobile commerce comes as shoppers radically change their buying habits, spending about £1.5bn over mobile phones in 2016 whilst out and about – travelling, commuting and in cafes. A further £1.25bn was spent, it says, while in store – around £500m of that total with a different retailer. More than one third (39%) of consumers trust information they find online more than store assistants.

£27BN TO BE SPENT ON MOBILE IN 2017

UK shoppers will spend £67bn online in 2017, of which £27bn will be via mobile devices, according to new research. Spending over mobile will be 26% ahead of 2016, as UK shoppers spend more over their smartphones than any other European market.

Centre for Retail Research (CRR) analysis, produced for VoucherCodes.co.uk, found that 71.5% of the British population is now an online shopper. On average, each is forecast to spend £1,428.39 online in 2017. That's a third more than the European average of £1,003.54.

In all, UK shoppers will be behind 29% of Europe's total online spending.

While UK shoppers will spend a collective £27bn over mobile devices, German shoppers will spend £24.5bn, and French shoppers £11.5bn. In response, the Centre expects that the number of UK people who shop via mobile devices will rise sharply in 2017, from 23m in 2016 to 28m in 2017, as more retailers move to a mobile-first strategy.

By the end of 2017, the CRR suggests, some 27.9% of European online sales, and 40.1% of UK ecommerce sales, will take place via mobile. The analysis puts this down to growing consumer trust around shopping via mobile, coupled with investments made by retailers to improve their user experience on smartphones and tablets.

The growth of mobile payment technologies, such as ApplePay, has helped foster this move by underlining the importance of mobile across all retail touchpoints. Research from VoucherCodes.co.uk and YouGov last year also found that Brits are now spending 8.6% of their disposable income using mobile payment devices.

The value of mobile payment transactions is also on the rise, with the average payment made using a mobile device increasing by 9.2% since 2015.

"We've seen a 66% increase in email-generated revenue, thanks to the more personalised and relevant approach we can now deliver."

Noelia Guinón
Ecommerce Manager
BJÖRN BORG ◑

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Ocado: disrupting itself with technology

When is a retailer not a retailer? When it's a technology company. Amazon is well known for telling interview candidates that it is a technology company and UK grocer Ocado sees itself in the same light – as a business which is as much a technology firm as it is a retailer. *Emma Herrod* and *Ian Jindal* spoke to Ocado Technology General Managers *Matt Soane* and *James Donkin* about how this arm of the business has evolved.

I N ITS past financial year, Ocado spent £26.8m on internal development costs on its proprietary software and a further £7.5m specifically on computer hardware and software. A further, £19.7m went on developing its next generation fulfilment solution, which will be used in new Customer Fulfilment Centres (CFCs) and for Ocado Smart Platform customers. A new, automated warehouse went live in Andover with robots picking products for customer orders in parallel, speeding up order pick times from a couple of hours to between 5 and 10 minutes.

In a corner of the warehouse in Hatfield, close to the company's headquarters and the offices of its technology operation, a range of robotic hands are now being tested that can pick up different items, from products in cardboard boxes and plastic bottles through to individual apples.

Ocado is known as a grocery retailer which started out delivering Waitrose goods as an online-only supermarket in 2002 and now fulfils 230,000 orders to an active customer base which last year rose almost 14%. Retail revenue in the year to 27 November 2016 reached £1,171.6m, an increase of 13.3% on the previous year.

The company also operates its own non-food businesses: in pet food site Fetch and kitchen goods firm Sizzle, as well as

multichannel, luxury health and beauty company Fabled, which it launched as a joint venture with Marie Claire in 2016.

Last year, it also implemented an in-store order picking system for Morrison's, the UK's fourth largest supermarket, which uses Ocado's Smart Platform ecommerce and order fulfilment solution.

And therein lies the concentric workings of a retailer which is also a technology company: the Ocado Smart Platform, which is effectively a white label version of Ocado with some physical store applications added such as grocery pick-from-store and click and collect functionality.

OCADO SMART PLATFORM

While the business is growing its grocery business and expanding into new areas of general merchandise, it is also seeking customers for its technology platform; all of this along with a drive to continually innovate, to optimise "to the nth degree", increasing operational efficiencies, improving the customer experience and automating repetitive, manual processes to make the roles of the people working at the company more interesting. (Its use of machine learning to prioritise in-bound customer emails is written about elsewhere in this issue of InternetRetailing and the Ocado Technology team is continually looking at areas of the business which can be improved and optimised today as well as in the future.)

Almost 1,000 people are employed by Ocado Technology. Half are based in the UK with the remainder in Poland, Bulgaria and Spain. Technologists range from software and product owners to JavaScript and UX designers for ecommerce, cloud specialists, Unix and Wi-Fi experts through to specialisms such as data scientists and robotics researchers.

The company has a willingness to disrupt itself and this becomes obvious looking around the Customer Fulfilment Centre in Hatfield, which the company claims is the most efficient grocery fulfilment centre of its kind. What has been key to this is the ability to upload code to warehouse management systems on a daily basis so the team can quickly test and further optimise operations, explains Matt Soane, General Manager, Ocado Technology.

While Ocado does work with external partners, a lot of development is carried out in-house on things "where they will make a difference". Soane explains that all of the software in the warehouse has been developed by the firm with the hardware specified by it, too.

The company realises that there's no need to re-invent systems which work perfectly for its requirements. Commodity elements, such as databases, are bought in, but it will write control systems, data science algorithms, websites and supply chain systems which are unique to the Ocado offering. "Vendors are used to supplying the things we don't want to do ourselves. That's their USP," says James Donkin, General Manager, Ocado Technology. Systems need to be scalable, work in a warehouse and be grocery specific.

EFFICIENCY IN A CFC

Everything is optimised with algorithms running the warehouse to ensure the speed, accuracy and quality of each pick. Orders are picked into totes which hold open 3 carrier bags so the order in which items are picked and placed has to be optimised to ensure that a watermelon, for example, isn't placed on top of a box of eggs. There are exclusions, too, ruling which items can't be bagged together as well as possible damage scenarios.

With a typical customer order requiring between 5 and 8 totes, the system has to manage factors including which items will be placed in which bag and in which tote; journey times so that all of the totes for a customer's order arrive at the exit of the ▶

The Ocado Smart Platform is a proprietary solution for operating online retail businesses
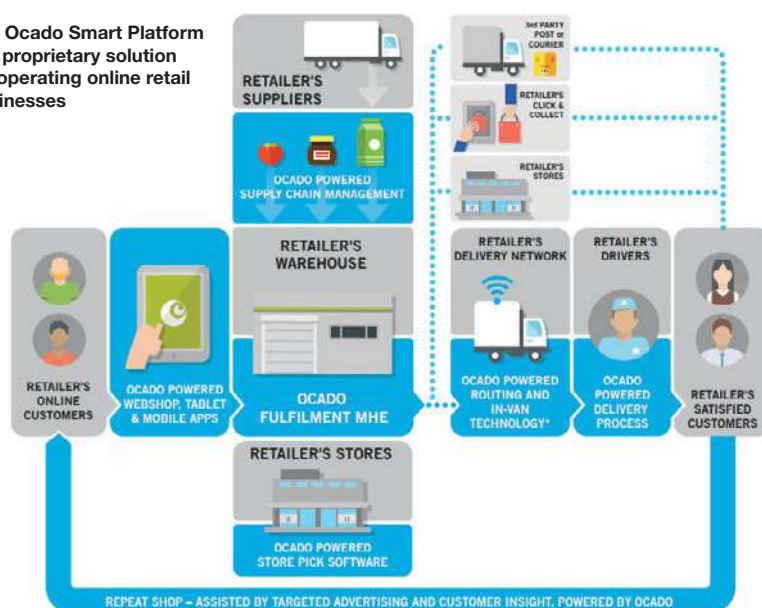
building together; whether they contain items from the ambient part of the warehouse or the chilled area; and the location and flow of the rest of the traffic on the 20-mile network in the warehouse so everything continues to flow without delays or blockages. This 'cubing' also optimises the number of totes used, with a balance between the quantity used to pick the order in the warehouse – which is best with as many as possible – to the delivery van which requires as few totes as possible.

The warehouse system talks in real-time with the van routing system so routes can be optimised, very much like the classic travelling salesman problem, making all visits in the shortest possible route. This also allocates the right number of vans to the right time slot. This then has a knock-on effect with the website and controls the time slots offered to the end customer. An element of forecasting comes into play here, too, since when a customer chooses a time slot it's not known until the checkout whether they are shopping for a week or a major occasion or just ordering a pizza.

As Donkin explains, a number of standard algorithmic techniques were investigated when the system for scheduling van drops was developed. Dijkstra's algorithm is used to work out the shortest routes from a depot to the different delivery addresses with a simulation run to optimise the journeys.

Ocado Technology is not tied to specific techniques, languages, technologies or systems, so the teams are free to be computer or data scientists first rather than being controls engineers. Someone working with the conveyors in the warehouse, for example, will be a software developer but may have a degree in mechanical engineering and an understanding of flow, explains Soane. "We're not a shop such as a Java shop or Microsoft shop," he adds.

Its teams can use a range of approaches in both long-term R&D and in projects to solve specific, current issues or optimise areas of the business. Donkin explains that standard algorithmic techniques are used to write Ocado's own algorithms and apply machine learning. "It's a case of taking approaches that exist and then looking at them in an appropriate way for what the problems are we want to solve," he explains.

MACHINE LEARNING

The company realises that machine learning is very good at solving certain problems such as the email issue and in the warehouse. While data scientists specialising in machine learning techniques are employed, the main requirement of a project is to solve a specific problem. The solution "could be a relatively simple algorithm, it could be a statistical technique or it could be we want to use a neural net on it or so on," says Soane. "We don't approach it with an ideology that we want to use machine learning, it's just that we've discovered that machine learning happens to be very good at solving some of these problems."

In the warehouse, for example, machine learning has been applied to the layout of products in the zone pick area. A number of items are located within easy reach of each pick station and the customer tote visits the relevant pick station on its route around the warehouse. A picker is shown an image of the item to pick on a screen and the number of which of the three bags they need to place the item. Once picked, the tote moves elsewhere in the network.

The location of products, and the stations at which pickers work, is controlled entirely by a neural network

The location of products, and the stations at which pickers work, is controlled entirely by the system. At first, a simple algorithm was tested with the fastest moving goods located close to the pickers, but it became apparent that other factors needed to be brought in too.

Rather than working out the best parameters, the engineers trained neural networks to calculate the critical factors for where products are placed. Some are obvious, such as not putting heavy products high up, and whether items can be picked up with one hand or require both.

The decision on locations and which ▶

items are placed where in the aisles and close to which pick location is now decided by the system using neural network-based machine learning. These are good at solving problems, explains Donkin, and operate in a similar way to the human brain with layers of nodes strengthening pathways as it learns using existing data. As with any form of machine learning, the training is crucial since without good training, good results won't be achieved. Donkin also points out that a neural network doesn't explain why it's doing what it's doing. "It's hard to introspect its own logic," he says.

"One of the good things about Ocado is that we have lots of data. We have data coming out of everything; sensors, pick stations, robots and so on, and as an experimental project they trained the neural net over a few months, and compared it with other attempts, and it worked. It got the productivity improvement that we were looking for," explains Donkin.

Ocado's drive for efficiency is further highlighted in the goods-to-man area of the warehouse, where items which are purchased less frequently are picked. The warehouse holds 48,000 products, including long-tail items such as shoe laces. When the product bin and the customer order tote are brought to the picker, the item is scanned from the bin into the tote using a Cognex solution which has shaved 0.1 of a second off of the previous scan time. It is also optimised so that if two customer orders need the same item, both totes will appear one after the other, making it possible to multi-pick without the product bin being returned automatically to its place in the racking. Some 900 items per hour can be picked in this part of the warehouse, whereas in the slower pick zone it drops to 500-600.

The Hatfield CFC is continually evolving and being optimised to reduce the time it takes to pick an order as well as anything that "will improve things for the customer". It shows how product movement and optimisation have evolved the fulfilment process, but future developments with robotics will be tested and deployed at Ocado's Dordon and Andover CFCs.

Andover, which opened in 2016, operates automatically with robotic 'bins', designed by Ocado, working in a parallel grid solution bringing crates of product to the

ROBOTIC HANDS

Ocado Technology includes a robotics team which is working on a number of short- and long-term solutions. One of its two EU-funded projects is investigating robotic hands to pick up products. Rather than trying to mimic a human hand, the team is looking at different controls and how hands can adapt to the product. Air pressure is used by a hand from the Technical University of Berlin to slowly grip and wrap around an apple before moving it, while one from the University of Berlin uses mechanical controls.

Ocado Technology spokesperson Alex Voica explains that they are looking at the best way to pick up a range of items so they have a small number of hand types that are suitable for picking the bulk of the 50,000 products held in a warehouse. This is still being researched and "years" away from production.

Its SecondHands project is developing a humanoid robot to work collaboratively on warehouse maintenance projects. A human operator would work alongside the robot giving it either voice or visual commands.

An in-house project, though, "is less than a year away from production," says Voica. This robotic arm uses suction to pick up and slowly release non-porous items, such as plastic bottles and products in cardboard boxes. This will go into the Andover warehouse for testing.

Voica points out that the team doesn't only have to consider robotics from its own speciality but also how it fits into the wider warehouse and the product data that has to be collected. For example, can suction actually be used on a specific product, how should it be presented to the arm and how should the item then be placed into the bag in the tote?

The robotic hand can be seen in action at youtube.com/watch?v=-629m-RpyoI

outside of the grid, where a person or robot can pick from the crate into the customer order. Here, multiple parts of a customer's order are picked simultaneously and the entire order can be picked significantly faster than the serial process at Hatfield. ▶

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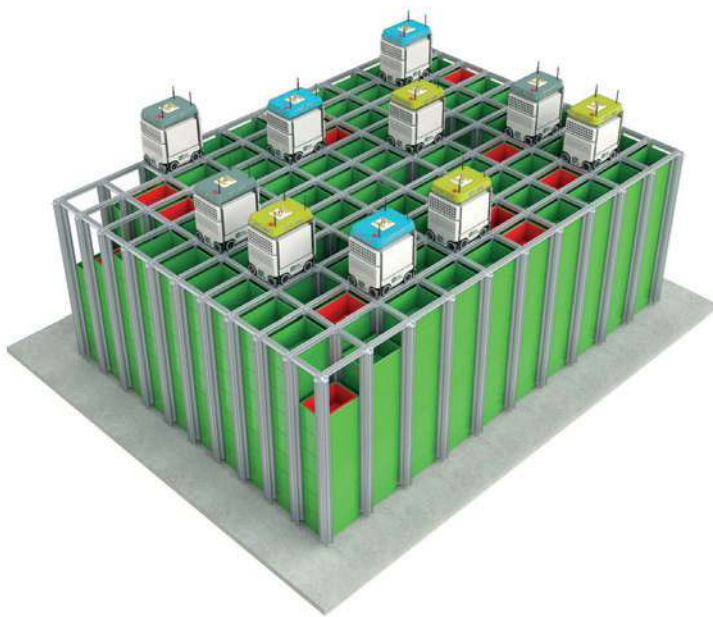
Robots at the Andover CFC reduce order pick times from a couple of hours to under 10 minutes

INTELLECTUAL PROPERTY

Ocado Technology is not all algorithms, machine learning and robotics. The warehouse control system is written in OpenGL, a language commonly used in gaming, and uses an Xbox controller so an engineer can zoom into a 3D real-time representation of any part of the warehouse, conveyor network, totes etc, to see exactly what's happening.

Meanwhile, a machine containing three similar parts, cuts plastic bags from a large roll, inflates them and then hooks them individually into either the left, middle or right-hand side of a tote. This has eliminated the need for people to do a very monotonous job and has led to patents for Ocado.

Ocado is continually improving its business, operations and experience for the customer. And not just for its own retail customers but for the current and future customers for the Ocado Smart Platform, the retail solution which is at the heart of its multichannel technology offering.

Retail is moving into a future when it will need to offer more convenience and greater choice with a better understanding of the individual customer, believes Donkin. This requires a continuation of the data trend of the past few years with the cloud enabling retailers to process an almost infinite amount of data. "You can do things with data that you couldn't afford to do a few years ago and then apply machine learning if you want to," Soane says. "If a kid in their room can play with it, so can we."

Consumers' want for convenience and faster delivery will also require Ocado, and the wider retail industry, to automate further – using drones and driverless cars, for example. If a customer is ordering a pizza for delivery at 3am, it is better for it to be picked automatically and delivered by drone rather than running a warehouse full of people.

Ocado is working towards fully automated picking, pointing out that this will open up roles for people which are less repetitive. It is not looking to reduce the number of employees but to make what they do more interesting.

The drive for efficiency and optimisation of its own business and the need to offer best-in-class for its Smart Platform customers has led Ocado to being more than a technology-enabled retailer. It uses technology as a differentiator, continually breaking things and making them better. It is truly a company of two halves – a retailer and a technology company combined. As the Smart Platform is used by other retailers, so the Ocado Technology customer base expands. For now, Ocado Technology effectively works for Ocado and Morrison's, but the future is still under negotiation with the cloud-based SaaS Ocado Smart Platform being discussed with grocers in other countries, all of whom will be paying for guaranteed results. ▐

Seizing the ecommerce opportunity

Abigail Brodie Director of Ecommerce

WHAT DOES YOUR COMPANY DO?

At DHL Express we specialise in time and day critical shipping to all corners of the world. Our network spans more than 220 countries and territories and we work with businesses of all types and sizes to help get their goods to where they need to be, quickly and securely.

At DHL we do more than move parcels from A to B; we work collaboratively with businesses at every stage of their export journey – providing expert advice and guidance on taking their products and services to new markets.

HOW IS DHL RISING TO THE ECOMMERCE OPPORTUNITY?

The evolution of the ecommerce market is having a big impact on our business. With the internet now so widely accessible, and people taking to devices such as smartphones and tablets to shop online, businesses are rapidly responding to this growing online demand. SMEs are seizing the opportunity that selling online presents – making it easier than ever to take their products to new, international markets. At DHL we're busier than ever supporting them with this.

> An express delivery option can increase basket values by as much as 71% as well as growing Lifetime Customer Value. Our customers see a 20% increase in repeat custom as a result of having an express shipping option

At DHL Express UK, the number of shipments that we handled for UK-based online retailers last year grew by 30% – higher growth than any other area of our business. And we don't expect this demand to slow anytime soon. Research by IMRG and Capgemini shows that £133bn was spent with online UK retailers last year, up 16%, and it predicts further double digit growth this year.

HOW BIG IS THE CROSS-BORDER ECOMMERCE OPPORTUNITY?

This change in shopping habits presents huge opportunities for online retailers, particularly those in the UK. British products have long been recognised around the world as a hallmark of quality and they still are. Together the UK, the US and China account for 60% of all cross-border ecommerce supply, but only around 30% of demand – that's great news for British retailers.

A recent DHL Express report, 'The 21st Century Spice Trade: A Guide to the Cross Border E-commerce Opportunity', found that 71% of online retailers expect their cross-border sales share to increase even further. At DHL Express we're working hard to help as many businesses as possible recognise this opportunity.

One business that we've helped to recognise their international export potential is Leicester City FC. Following their 2015/2016 Premier League win we've worked with the club to export their merchandise to 66 countries – more than double the number of destinations they exported to at the start of the season, and reaching previously untapped markets such as Greenland, Kuwait and Mexico.

WHAT ADVICE WOULD YOU GIVE TO ONLINE RETAILERS CONSIDERING EXPORTING?

Whether it's a start-up with global ambitions, or a well-established successful UK business, we work closely with companies of all sizes to help them take their products overseas and consider new export destinations. We have some simple and easy to implement tips that we'd encourage any business with ambitions beyond the borders of the UK, to consider.

Firstly, if you already ship internationally, be really clear about it on your homepage. People want to know right away that your goods are accessible to them. You should also consider offering an express shipping service, giving customers the opportunity to choose between an express or standard service. The 21st Century Spice Trade report found that businesses offering a premium express service grow 1.6 times faster than those that don't. An express shipping option also helps increase sales; our customers found that when consumers choose an express option basket values increase by as much as 71%. An express option also drives repeat custom. Our customers see a 20%

CASE STUDY: GYMSHARK

Gymshark is a fitness apparel and accessories brand founded in 2012.

Over the past five years, the company has grown from being a screen printing operation based out of a garage, to one of the fastest growing and most recognisable brands in the fitness industry.

When the business started out, its focus was on creating products for as little cost as possible. However, that vision has changed and now its key drivers are offering a world class customer promise and immersing itself in the target customer. Gymshark has a customer demographic of 60% male and 40% female, aged 16-28, and very socially savvy. Its customers are impatient and intolerant of broken promises and, for that reason, perfecting the delivery experience has been a vital consideration for the brand.

Up until January 2015, Gymshark only offered a standard domestic delivery service, shipping around 17,000 orders that month. In July 2015, the brand partnered with DHL to offer an express delivery option for the very first time. In June 2016, after joining forces with DHL to reach new markets with a premium delivery option, Gymshark's orders were up to 30,000 – taking more orders that month than it did on Black Friday in 2015.

By October 2016, a massive 50% of Gymshark's customers were opting for the express delivery service when checking out. And the impact of adding an express shipping option hasn't stopped there; Gymshark has seen average basket values rise from £41 when selecting the standard shipping option, to £70 when selecting the express option. Some 47% of its customers who select the express option return and shop again, compared to just 27% of those who select standard shipping.

Since 2014, Gymshark's revenue has grown by a massive 210%, and it's still rising. Today, making use of DHL's global network, Gymshark sells products to customers in 150 countries – and anticipates that 40% of total revenue in 2017 will come from customers in the USA.

Deservedly, Gymshark took the top spot in The Sunday Times Virgin Fast Track 100 league table 2016 – which ranks Britain's 100 private companies with the fastest-growing sales over their latest three years. And the business has high hopes for 2017, too.

"As a young, online business which experienced global growth very quickly, delivery and customer service could have proved difficult for us. Fortunately, this hasn't been the case. The relationship we have with DHL has enabled us to offer our customers a stellar worldwide delivery service which has been crucial in building customer relationships and aiding our worldwide expansion," says says Steve Hewitt, Managing Director, Gymshark.

"DHL has helped us to offer amazing delivery times to impossible regions; improved efficiency in our operations and dispatch process and helped us to serve our US customers as if we had a US base ourselves. We are looking forward to working on more exciting projects in the near future, all aimed at improving service and enhancing customer experience for Gymshark fans around the world."

increase in repeat custom as a result of having an express shipping option, increasing the Lifetime Customer Value.

Coupled with express shipping, it's important that you consider your returns policy. Customers value the ability to return unwanted goods, and a quick and easy returns policy increases trust and encourages customers to buy more. Some 72% of customers said they were either "likely" or "somewhat likely" to shop more with a retailer that made the returns process easier according to the 'MetaPack 2016 State of Ecommerce Delivery Report'. The reality is that customers will buy more, but still return only a fraction of what they purchase.

Language options on your website are important too. You've succeeded in getting someone to your site and now you want to keep them there by ensuring it's as accessible as possible. Payment options are also a key consideration; find out what the popular payment platforms are in your target markets. For example, in China the instant messaging app WeChat has a mobile payment service that has more than 300m customer bank cards registered.

We hear regularly from businesses new to exporting that they find the prospect of navigating customs

and taxes daunting, but it doesn't need to be. Export experts, such as DHL Express, can offer guidance when it comes to these challenges and there is a wealth of information and resource available to support you. Exporters can also take advantage of additional services such as Delivery Duties Paid. Shoppers like to be clear about costs and our customers see uplift in sales when they make it clear on their website that local duties or sales taxes are included in the price quoted, as it eliminates any sense of uncertainty.

We work with all kinds of online retailers and, with our global footprint, have a unique insight into the different markets and how to trade with them. Whatever challenges you face in your export journey, DHL is always on hand to offer advice. If you have any questions about exporting, or are wondering where next to take your business, get in touch.

HOW DO I FIND OUT MORE?
For advice and tips visit dhlguide.co.uk/e-commerce. Speak to our dedicated e-commerce advisors by calling 0844 248 0675 or emailing growyourecommerce@dhl.com.

Amazon tops the charts for satisfied customers

For the second year running, Amazon is the organisation with the highest levels of customer satisfaction in the country, according to the latest UK Customer Satisfaction Index (UKCSI) from The Institute of Customer Service.

IN A strong showing from online retailers, new entrant ASOS comes in at second place, while three brands with a heritage in customer service – John Lewis, M&S (food) and Waitrose – also feature in the top five. Nationwide, first direct, Greggs, giffgaff and Iceland complete the top ten.

The UKCSI is the national measure of UK customer satisfaction. It rates customer satisfaction at a national, sector and organisational level across 13 sectors – incorporating the views of 10,000 consumers. Thirty different considerations – such as staff professionalism, quality and efficiency, and complaint handling – are factored into the results, which are published twice a year.

In this most recent UKCSI, non-food retailers performed strongest out of all sectors, with an average score of 82.5 (on a 100 point Index) – Amazon and ASOS scored 87.3 and 85.8

> "38% of the top 50 are from the two retail sectors (food and non-food). 20 organisations were not part of the top 50 in January 2016"

respectively. The food retail sector was next, with an average score of 81.3 – in this category, M&S scored highest with 85 while Tesco was the most improved supermarket chain, increasing its rating by 1.2 points – helping to drive the upturn in its financial fortunes.

Across the board, average customer satisfaction scores improved by 0.8 year-on-year to 77.8 in January 2017, also an increase of 0.4 since July 2016. All sectors experienced an uplift in satisfied customers, except for automotive which remains static at 78.8 year-on-year. Consumers aged 65 and over are the most 'satisfied', with those aged 25 to 34 the least.

However, despite the positive results, the UKCSI also shows that the gap between the highest performing organisations and the lowest is narrowing. This means that, to deliver sustained performance and to

Overall customer satisfaction by sector

Sector	January 2017	January 2016
Retail (non-food)	82.5	82.0
Retail (food)	81.3	81.1
Tourism	80.2	79.7
Insurance	79.4	78.7
Leisure	79.6	79.0
Automotive	78.8	78.8
Banks & Building Societies	79.5	78.0
Services	78.2	77.5
Transport	74.7	73.5
Utilities	74.4	72.8
Public Services (Local)	74.4	73.8
Public Services (National)	74.5	73.0
Telecommunications & Media	73.6	72.6

Customer satisfaction by region

Satisfaction has increased in every country and region compared to a year ago, with Northern Ireland seeing the highest increase

77.9 | 78.6

78.6 | 77.6

75.7 | 78.0

77.4 | 77.2

78.3 | 77.5

78.3 | 77.8

77.1 | 75.9

January 2017
January 2016
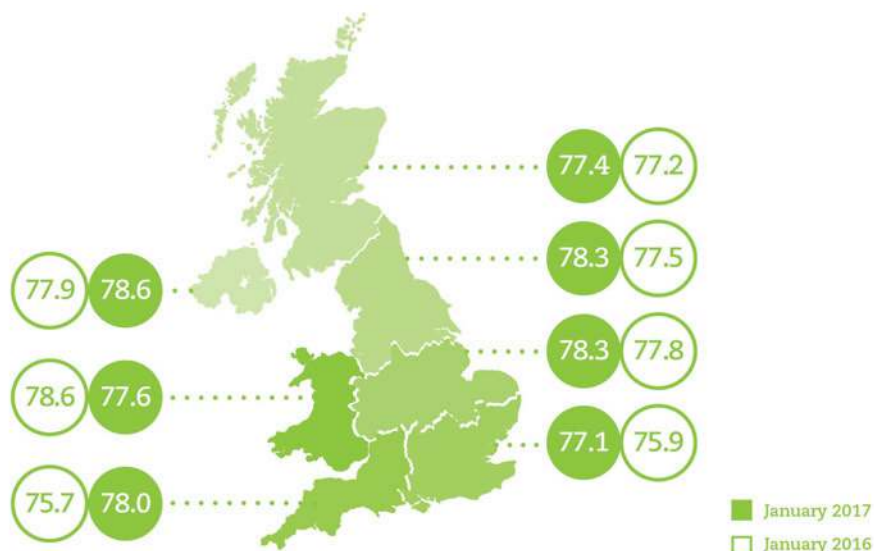
increase loyalty, recommendation and re-purchase, renewed investment in customer service is required.

"Generally speaking, it's been a better year for customer service, with consumers telling us that businesses are improving overall experiences by getting things right first time and dealing with complaints faster and more efficiently," says Jo Causon, Chief Executive of The Institute of Customer Service.

"However, these factors do not necessarily translate into customer loyalty and recommendation. Just being 'good' is no longer good enough, and organisations should think about how they can deliver outstanding service at all times. With 51% of people saying that it has taken them more than two attempts to get a problem fixed, the evidence suggests that customers still feel that they're spending too much time and effort dealing with businesses. To turn this around, a greater focus should be given to making things easier and less cumbersome for customers."

Causon concludes: "Another factor that businesses need to consider is that better consistency is needed across different channels. Engagement through digital methods such as email, text, apps and webchat functions have all increased in the last year, and these are the channels through which it's most difficult for customer service staff to show empathy. Organisations therefore

need to make sure that their staff are highly engaged and highly skilled, as every customer interaction – regardless of the channel it's on – counts towards business performance."

Change in customer satisfaction over time

This is the fourth consecutive survey in which customer satisfaction has risen.

Jan 2015 — 76.0
July 2015 — 76.2
Jan 2016 — 77.0
July 2016 — 77.4
Jan 2017 — 77.8
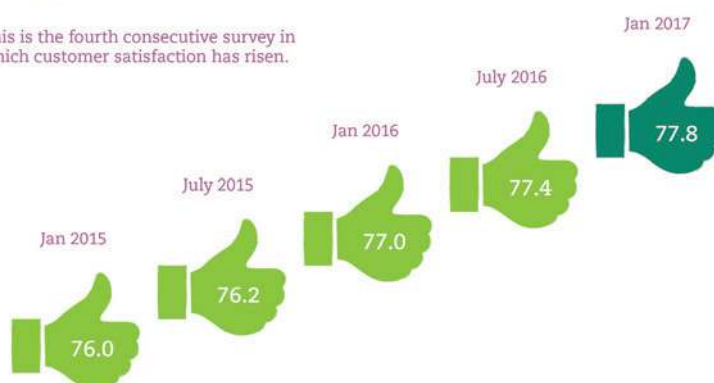
Top 4 differentiators for high scoring organisations

High performing organisations tend to perform better across the range of over 30 customer experience metrics

Staff doing what they say they will do	The attitude of staff	Staff understanding the issue	The outcome of the complaint
7.0	6.9	6.9	6.8

Figures refer to scores of the top 50 organisations and are out of 10

ONLINE REVENUE, IT'S TIME TO TURN UP THE VOLUME

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Value and Values

The millennial customer poses a challenge to retailers as they increasing consider a brand's values as part of the retail equation. Ian Jindal considers new relationships beyond promotion and price.

RETAILERS OBSESS about offering value for money to their customers. The National Audit Office helpfully summarises value for money as 'spending less, spending well and spending wisely'. Customers rationally would prefer to buy the cheaper of two equivalent goods, to buy that product in the most efficient fashion and importantly to be confident that they're buying the appropriate item in the first place. Insofar as we are to avoid a battle simply on lowest price, brands and retailers focus their efforts on creating and communicating points of difference and distinction that – in the consumer's mind – make a product the 'wiser' purchase. This might entail emphasising longevity (where we're invited to amortise the higher cost over a longer implied useful life) or increasing desirability (the must-have dress this season) or relevance to one'spassion (high-end hifi equipment where the marginal gains are not valued equally by all music-lovers). All of these are familiar to brand marketers.

At the recent Millennial20-20 conference in New York, however, we heard, over two days, a succession of speakers note that, in addressing a millennial and next-gen consumer, the rewards and demands of authentic retail were greater.

Millennials – roughly those born after 1980 and reaching adulthood at the start of this century – are characterised by their use of technology and social media, liberal attitudes and an appreciation of experience over acquisition of possessions. More usefully, however, is reference to a 'millennial mindset' that is not bounded by age but rather an attitude that values openness, authenticity and communication.

Authenticity is a key concept for the modern consumer and increasingly there's an expectation that our brands need to 'behave and act' in accordance with values, and not simply promote individual products as valuable.

Social and digital media have increased transparency, scrutiny and co-ordinated responses to our daily activities, and this goes beyond comment upon our individual products and now covers the way we behave, conduct business and interact in society.

While we see protests, boycotts and opprobrium over corporate advertising, use of material or business activity, the consumer's interaction with us is not limited to 'single-issue' or one-off mobilisation. The millennial-minded consumer wants to like and respect the company with which they're doing business. Perhaps I should say 'with whom they're doing business' since increasingly it's as if the corporation is seen as a living entity and the behaviour is assessed as if for a person.

At the conference, we heard from Warby Parker's founders on how they fund glasses in US public schools for the 200,000 children who need but can't afford them. We heard from the CEO of Boxed who established a college fund so that all of his employees' children could afford college, and who personally cut the tax on all sanitary and health products they sell (dubbed the 'pink tax' that rates such products as 'luxury items'). The CEO of Chobani, a yogurt manufacturer, has changed the use of additive in milk, made staff co-owners and funds food startups that can improve food quality and access.

None of these actions were as a result of consumer demand, and neither did anyone claim that there was a direct ROI or commercial imperative to undertake these social, societal activities. Rather they were driven by the brand's values. Each founder, team and investors simply wish to conduct business in this sustainable fashion.

The research is clear in pointing out that millennial consumers do not buy yoghurt as a direct result of these values. Rather, these values chime with the staff and consumers so that, in a crowded sector, the brand is seen as a good citizen, a good person with whom to deal, and to have a resonance beyond the product. Call it 'personality', call it 'values': it's certainly not marketing or promotion, and it's clearly a valuable asset in sustaining a long-term profitable and important relationship with the modern consumer.

Consumers will reward retailers that connect with consumers more fully than simply around the buy button. The best retailers and brands will marry process, technology, product, purpose and people into an offering that chimes with the consumer: from 'value retail' to 'values in retail'.

IRX and EDX to unveil the future of the retail nation

The UK's biggest multichannel and fulfilment event returns to Birmingham in April. *Emma Herrod* **looks ahead to where the multichannel industry meets.**

THE INTERNETRETAILING Expo (IRX), co-located with eDelivery Expo (EDX), Europe's only dedicated multichannel retail and delivery event, returns to Birmingham's NEC for a 7th year on 5 and 6 April. The free-to-attend conferences and exhibition attracted more than 5,000 visitors last year and 2017's event promises as many opportunities to discuss the latest key ecommerce, mobile, marketplaces and fulfilment trends.

More than 90 key influencers and members of the IRUK Top500, the 500 most significant retailers in the UK and Europe are taking to the stages during the two days of conference. From digital payments to customer experience and cross-border expansion to mobile growth, the Expos will focus on the industry's most pressing issues and concerns and how overcoming these will be essential to driving multichannel retail performance and excellence.

Trailblazers from brands such as Sainsbury's, LEGO, Harrods, John Lewis, M&S, Alibaba Group, Ocado, Schuh, Vodafone, Specsavers, Volkswagen, GAME and Made.com will preside over the 8 free-to-attend conference tracks. There, they will analyse what 2017 will bring for ecommerce and multichannel, particularly in the wake of Brexit and the resulting shift in the commercial and political landscape, and share their own experience and best practices to capitalise on change and opportunity.

THE CONFERENCES

Growing a business across international borders and the use of digital in store to enhance the customer experience while also optimising store operations and omnichannel effectiveness have all been high on retailers' agendas in recent years. Every aspect brings with it an opportunity to innovate, to test and discover what works for each retailer's own customers. Lululemon Athletica, for example, has grown to be one of the five largest shopping centre retailers in the US by sales per square foot in less than 20 years. The company is innovating around digital in store in areas such as changing rooms and how it showcases product functionality through the use of video footage throughout its stores. Lululemon's Vice President - Digital Product and Guest Experience, Alan Wizemann, will provide the opening plenary address on 5 April sharing with delegates how the sportswear brand is using digital to drive global growth and customer satisfaction.

As Lululemon shows, digital is being seen increasingly in stores, and not just in the concept stores and flagships of previous years' column inches. Rollouts in 2016 included iPads across the entire store estates enabling staff to help shoppers find and order the right product – whether that's a size that's not in stock or something that was advertised after last night's Coronation Street. QR-coded swing tags, linking products in store to shopper reviews and product videos just by being scanned by the shopper's own phone, have also been seen across a store estate in 2016.

These are just two of the ways in which

digital is enhancing the customer experience in store and bringing the off and online channels closer together. There is no one path to digital integration and omnichannel success though. While RFID tags to track merchandise around a store may be the answer for one retailer, they may wipe out another's margins.

A whole day will be devoted to the journey 'From Clicks to Bricks' with delegates able to hear about the experiences of other retailers, the ground-breaking technologies and strategies that are driving the deepening integration of online and offline and how they can get smarter about the way to help shoppers feel connected in multiple retail spaces and online places. Delegates will hear from leading retailers who are successfully delivering a seamless online to physical store shopping experience, boosting sales, enhancing customer experience and really making the digitally-enabled store work hard as part of an integrated whole. Speakers in this conference include John Lewis, Sainsbury's, Maplin, Made.com and Google.

Aside from the Brexit question overhanging all retailers in the UK, planning, establishing and growing retail operations in multiple countries brings with it significant challenges. Just 60% of the top retailers in the UK ship internationally, so many are yet to seize the opportunity of cross-border trade and opening up new markets. For many, our closest neighbour Ireland offers a taste of cross-border trade while for others, the US or Germany beckon with their mature ecommerce markets. The drop in the value of

TECHNOLOGY AND INNOVATION

A key aspect of this year's IRX and EDX event is the focus on interactiveness and immersion. The show will unveil exclusive demos of cutting-edge technology showcased by 300 leading solution providers such as Ingenico ePayments, Monetate, Klarna and SLI Systems. As well as the announcements and chance to get hands-on with technology on the exhibitors' stands, delegates at IRX 2017 will be able to get up-to-date with the latest technology at a series of open theatres.

These provide a platform for technology companies to explain their products to retailers, brands and other multichannel and ecommerce professionals attending the event. Visitors to the Digital Payments Theatre, for example, will be able to see some of the solutions that they can use to improve their checkout experience. It comes at a time when removing friction from the payment process is recognised as an important way to improve conversions whether on mobile, desktop or across channels.

New markets, too, demand new digital payment approaches. Retailers must offer the relevant currencies and payment methods in order to win business from international shoppers who expect to pay using familiar methods. Payment technology suppliers will take the floor for 20 minute sessions, explaining how their solution works, and to which clients it's most likely to be relevant. Retailers will also have opportunities to ask and answer questions with the technology provider direct.

In the Omnichannel Experience Theatre, there'll be a focus on technologies that support retailers and brands as they tackle the challenges of presenting customers with a joined-up experience that stays relevant and consistent even as shoppers move between channels. Technology suppliers, leaders in the field, will explain how their solutions can help retailers to do just that, and how they can use them in the most effective ways.

Both the Digital Payments Theatre and the Omnichannel Experience Theatre will run throughout the two days of IRX and EDX 2017.

the pound after the Brexit referendum led to a spike in sales from overseas shoppers to UK ecommerce sites showing there is still a large appetite for British goods.

Along with the presentation from Lululemon, luxury brand Mytheresa.com and the ecommerce specialist for trading in China from the Department for International Trade will share insights into the global growth of ecommerce. Topics covered will range

from market and model selection through to effective partnerships, localisation and branding challenges. Other speakers will share how they are evaluating the risk of entering new territories and re-evaluating and exploring different growth areas in the aftermath of Brexit.

Mobile – and its anticipated growth to two thirds of all online sales by 2020 – will be discussed in the Mobile conference as retailers explore how they are aiming to get a big chunk of the £43bn expected to be spent on mobile devices in the UK alone.

In all, 8 key themes of online and multichannel retailing in 2017 will be highlighted in the conferences at IRX and EDX. These are:

❚ From Bricks to Clicks
❚ Going Global
❚ Mobile First
❚ The Final Mile
❚ Marketplaces Revolution
❚ Customer Obsession
❚ The Product and Beyond
❚ Operational Excellence

Attendees to IRX and EDX will also be able to participate in 20 workshops for hands-on, practical training and address their own personal ecommerce doubts and questions in exclusive one-on-one 30 minute clinics, delivered by leading companies and retailers in the industry.

In addition, the show will have special networking events and dedicated spaces where leading retailers, entrepreneurs and suppliers will gather, connect and conduct meetings in a professional but relaxed atmosphere. Two of them are the Top500 Lounge, and the IMRG Lounge, where the UK's online retail association will be sharing their insights and statistics on the UK market and the performance of the multichannel industry.

EDELIVERY EXPO

For visitors particularly interested in the last mile of multichannel retail, the eDelivery Expo (EDX), will have its own dedicated conference tracks – The Final Mile on day one and Operational Excellence on day two. These will look in depth at the delivery and distribution side of internet retailing and, ultimately, how to fulfil the future of the retail nation.

Ecommerce is expected to produce over 1.5bn parcels in the UK alone so the Final Mile conference will showcase an exciting
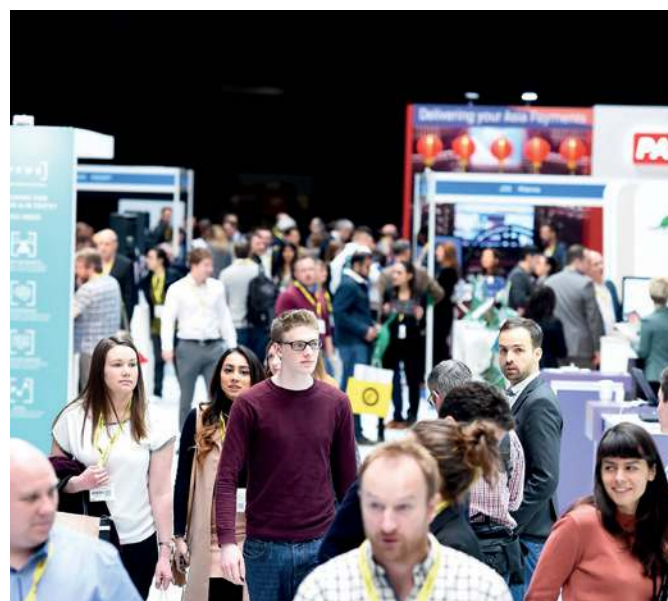
mix of suppliers, education and best practice advice designed to make final mile deliveries go the distance, whether that's delivery to the customer's home, to a third party pick up point or to a retailer's own collection point in store.

Presentations will cover strategies and technologies designed to drive increased flexibility, convenience and cost-effectiveness, understanding what customers actually want and what tools and strategies to use to manage expectations to ensure cost-effectiveness and drive profitability.

The final mile is undergoing major change as carriers and retailers alike innovate to ensure that the customer promise is delivered, efficiently and in a way that not only gives the expected customer experience, but is

sustainable as a business cost. Get the final mile wrong, and business is measurably lost, but get it right and win the competitive edge.

Putting the customer at the heart of the delivery and operational side of the business is new to many supply chain teams. What were once back-end operations are now coming front of house with teams having to better understand the customer and workings of other departments. Aligning operations with better customer experiences is the title of the closing keynote in the Operational Excellence conference. James Matthews, Managing Director - General Merchandise, Ocado, will share how the era of the customer-facing supply chain is benefiting customers and retailers and how logistical challenges can be converted into commercial opportunities.

Also speaking in the EDX conferences are Dino Rocos, Member of the board of John Lewis. He'll be giving a Festive Post-Mortem and talking about the lessons moving forward in 2017 and beyond. Delegates will also hear from Harrods, The Smugg, Sainsbury's, Feelunique and Asda – which in 2015 opened up its own logistics operation to other retailers as it started using its store estate as pick up and drop off points.

In the exhibition area, service and solution providers will also showcase the latest technology in packaging, parcels, stock management, warehousing, logistics end-to-end, and many more areas to help retailers improve their operations performance.

Ahead of the show, Sam North, Portfolio Director, said: "IRX and EDX are established as the must-attend event in the multichannel calendar. Not only because they bring together the most ambitious retailers and the leading suppliers, but because they provide a platform for attendees and multichannel retail innovators to connect, interact, experience and learn, all under one roof. We're looking forward to hosting record numbers of visitors this year, all wanting to learn how best to sell online.

Ecommerce is one of the few industries which has seen sustained growth in double-digits in 2016 and that acceleration in online sales is expected to continue in 2017. For the industry to continue progressing, innovation, collaboration and knowledge sharing is key, and this is the success behind our Expos."

To find out more about IRX and EDX, and to register for a free visitor pass, visit internetretailingexpo.com and edeliveryexpo.com.

MARKETPLACES

For retailers and brands from Waitrose to Sainsbury's to Burberry, the Alibaba Group's Tmall marketplace is now a channel of choice as they target the Chinese market. In the US and Europe, brands are partnering with marketplaces including Amazon, eBay and Zalando as they look to the channels through which consumers want to buy.

More than half (55%) of US shoppers now start their retail searches on the Amazon website, up from 44% a year earlier, while 88% of UK consumers expect to find their favourite brands through online marketplaces.

It's not so long since many retailers and brands steered well clear of third-party marketplaces believing that by selling via these sites they'd lose their highly-prized control over the way they presented their brand, and they would lose the insight and data that they gain from sales on their own websites. This is now changing with third-party shops and consumers driving the need for brands and retailers to be on marketplaces.

It's now time for those retailers that have held out against the marketplace to do the research and find out where their existing and potential customers are searching for their brand and buying. If that's on marketplace sites, then this could be time to make the marketplace part of their retail strategy. By doing so directly, they may lose the insight into customer behaviour that they value, but they'll gain the contact details for shoppers that they can then target and persuade to shop directly on their own websites, and in their stores. Marketplaces – could be a win-win situation.

Find out more about how retail brands can use marketplaces profitably at the Marketplaces Revolution Conference at IRX 2017.

Internet Retailing EXPO

5 - 6 April 2017, NEC, Birmingham

DAY 1: 5 April

OPENING PLENARY
09:30 – 10:00

Digital to drive global growth and customer satisfaction

From Clicks to Bricks

10:25	**Chairman's Introduction**
10:30 – 11:00	**Opening Keynote Address** **Retail Renaissance: Adapting to New and Shifting Customer Demands to Win on Customer Experience!** Senior Representative, John Lewis — John Lewis
11:05 – 11:35	**Technology Led Transformation** **Designing and shaping engaging technology experiences for colleagues and customers** Fabrice Khullar, Lead Product Owner, Sainsbury's Joel Robinson, Head of Digital & Technology Strategy and Planning, Sainsbury's — Sainsbury's
11.40 – 12:10	**Sponsor Case Study** **More details coming soon!**
12.10	**Lunch & Networking**
14.00 – 14:30	**Where Physical and Digital Collide** **Achieving Omnichannel Integration** Siobhan Fitzpatrick, eCommerce & Marketing Director, Maplin — maplin
15:00 – 15:30	**Panel Discussion** **The Omnichannel Store of the Future** Ian Plummer, Head of Sales Operations, Volkswagen UK Rebecca Ruddle, Head of Showrooms, Made.com — Volkswagen / MADE
15:35 – 16:05	**Closing Keynote Address** **No Augmented Reality – the 360° and transparent view of the value of digital point of sale merchandising** Henry Eccles, Head of UK Commerce, Global Partnerships, Google — Google

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Going Global

Sponsored by ingenico ePayments

10:25	**Chairman's Introduction**
10:30 – 11:00	**Opening Keynote Address** **Going Global with Luxury Fashion Etail** Michael Kliger, President, mytheresa.com — mytheresa
11:05 – 11:35	**Ecommerce in China** **How can UK retailers succeed in an increasingly competitive market?** Steven Hope, Senior eCommerce Adviser – China Specialist, Department for International Trade — Department for International Trade
11.40 – 12:10	**Sponsor Case Study** **Four Corners of Global Payments: Crossing the Chasm across Borders** David Jimenez, Chief Revenue Officer, Ingenico ePayments — ingenico ePayments
12.10	**Lunch & Networking**
14.00 – 14:30	**Developing a Blueprint to Benchmark your International Strategy and Win Success in Global Markets** More details coming soon!
15:00 – 15:30	**Panel Discussion** **Key Success Factors Driving International Expansion** Steven Hope, Senior eCommerce Adviser – China Specialist, Department for International Trade — Department for International Trade
15:35 – 16:05	**Closing Keynote Address** **Transforming Your IT to Meet the Demands of a Global Company** Phil Pavitt, Global CIO, Specsavers — Specsavers

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AGENDA AT A GLANCE

eDelivery EXPO
5 - 6 April 2017, NEC, Birmingham

Alan Wizemann
Vice President - Digital Product and Guest Experience

lululemon athletica

Mobile First
Sponsored by **Klarna**

Time	Session
10:25	**Chairman's Introduction**
10:30 – 11:00	**Opening Keynote Address** **Testing, Testing 123** Julie Austin, Head of eCommerce, Mamas & Papas
11:05 – 11:35	**Re-design Across Physical and Digital Channels** Shehnaaz Chenia, Global eCommerce Director, The Lego Group
11.40 – 12:10	**Sponsor Case Study** **Improving the Online Payments Experience** Russ Carroll, Sales Director, Klarna
12.10	**Lunch & Networking**
14.00 – 14:30	**Understanding how SEO and Mobile Work Together to Drive Business Results** Nick Wilsdon, Group SEO Lead & Channel Optimisation, Vodafone
15:00 – 15:30	**Panel Discussion** **Spinning Mobile into Gold!** David Embree, Product Owner – Mobile & Guest Experience, Lululemon Eddie Woffinden, Senior eCommerce Manager - Arsenal Football Club
15:35 – 16:05	**Closing Keynote Address** **Video in a Mobile World** Dion Magee, Head of Fashion, UK, Facebook

The Final Mile
Sponsored by **CORREOS**

Time	Session
10:25	**Chairman's Introduction**
10:30 – 11:00	**Opening Keynote Address** **Supply Chain Transformation - the Vision and the Hard Yards** Simon Finch, Distribution Director, Harrods
11:05 – 11:35	**International Fulfilment and Delivery** Delivering customer satisfaction and achieving cost-effectiveness in the global markets Nick Fox, COO , TheSnugg.com
11.40 – 12:10	**Sponsor Case Study** **The Spanish eCommerce Market** Enrique Sánchez , International Business Director, Correos
12.10	**Lunch & Networking**
14.00 – 14:30	**Fleet Management to Optimise Home Delivery and Customer Satisfaction** Philip Cane, Delivery Operations Manager, Sainsbury's
15:00 – 15:30	**Panel Discussion** **Final Mile: Same-Day, Next-Day, Nominated Day & Time Slots, Speed, Flexibility and Price - Do you know what your customers really want?** Craig Wheeler, Director of Operations & Customer Experience, feelunique.com Wioletta Bogus, Head of Operations and Customer Care, Glossybox
15:35 – 16:05	**Closing Keynote Address** **ASDA ToYou - third party pick up and drop off to maximise convenience and flexibility** Karen Gibson, Senior Manager - toyou Client Relationships, ASDA

Internet Retailing EXPO

5 - 6 April 2017, NEC, Birmingham

DAY 2: 6 April

Marketplaces Revolution

Sponsored by **tamebay**

09:25	**Chairman's Introduction**
09:30 – 10:00	Opening Keynote Address **Marketplaces as a Gateway to the East** David Lloyd, Business Development Director, Alibaba UK
10:30 – 11:00	**Marketplaces as a Route to Increased In-Store Traffic and Revenue** More details coming soon!
11:05 – 11:35	Sponsor Case Study **More details coming soon!**
12.00 – 12.30	**Tamebay Master class** Chris Dawson, Founder & Editor, Tamebay Rob Bartlett, Head of Marketing & Customer Success, Terapeak
12.30	**Lunch & Networking**
13:30 – 14:00	Panel Discussion **Fashion Disrupted** Cally Russell, Founder & CEO, Mallzee
14:30 – 15:00	**Marketplaces as a Speedy and Lucrative Route to Market for Niche and Smaller Retailers** More details coming soon!
15:05 – 15:35	**Borderless Retail – how can retailers cash in on cross-border opportunities?** Senior Representative, eBay

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Customer Obsession

Sponsored by **monetate**

09:25	**Chairman's Introduction**
09:30 – 10:00	Opening Keynote Address **Digital as A Vehicle to Form Deeper Customer Connections** More details coming soon!
10:30 – 11:00	**Data as a Route to More Engaging and Profitable Customer Experiences** Fred Prego, Group Insight and Marketing Director, Game Retail
11:05 – 11:35	Sponsor Case Study **The Impact of Machine Learning on Personalisation** David Brussin, Founder, Chairman, Chief Product Officer, Monetate Jonathan Newman, International CIO and VP of eCommerce, Office Depot
11:35	**Lunch & Networking**
14:00 – 14:30	**Tracking and Measuring Social ROI** Marc Ellams, Head of Passenger, Social Media & Digital Communications, Heathrow Airport Ltd
15:00 – 15:30	Panel Discussion **Reimagining Customer Experience in the Age of Disruption!** Neil Ellul, Customer Journey Manager, Next
15:35 – 16:05	Closing Keynote Address **Digital Disruptor: How has Technology Disrupted the Online Food Market and What can other Sectors Learn from this?** Anthony Fletcher, CEO, Graze.com

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AGENDA AT A GLANCE

eDelivery EXPO

5 - 6 April 2017, NEC, Birmingham

The Product and Beyond

Sponsored by
SLI SYSTEMS E-COMMERCE ACCELERATED

Time	Session
09.25	**Chairman's Introduction**
09:30 – 10:00	**Opening Keynote Address** **Driving Conversions with AMP** Rown Merewood, Senior Developer Advocate, Google *Google*
10:30 – 11:00	**Content as a Gateway to Visual, Emotional and Physical Engagement** Gabrielle O'Hare, Product Content Strategy, Sainsbury's Argos *Argos*
11:05 – 11:35	**Sponsor Case Study** **SLI Systems** More details coming soon! *SLI SYSTEMS*
11:35	**Lunch & Networking**
14:00 – 14:30	**Design and Usability as Key to Success** Stuart McMillan, Deputy Head of eCommerce, Schuh *schuh*
15:00 – 15:30	**Panel Discussion** **Cashing in on Mobile Merchandising** Stuart McMillan, Deputy Head of eCommerce, Schuh *schuh*
15:35 – 16:05	**Closing Keynote Address** **How Brands can Optimise their Online Presence on Retailer Sites?** Mandy Critchley, VP Sales UK, mySupermarket Limited *mySupermarket*

Operational Excellence

Time	Session
09.25	**Chairman's Introduction**
09:30 – 10:00	**Opening Keynote Address** **Festive Post–Mortem lessons to learn and moving forward for 2017 and beyond!** Dino Rocos, Member of the Board & Operations Director, John Lewis *John Lewis*
10:30 – 11:00	**Why Retailers Need to Work Harder on their Returns** **The devil is in the detail!** Jonathan Gorst, Principal Lecturer, Sheffield Hallam, University *Sheffield Hallam University*
11:05 – 11:35	**Sponsor Case Study** **More details coming soon!**
11:35	**Lunch & Networking**
14:00 – 14:30	**More details coming soon!**
15:00 – 15:30	**Panel Discussion** **Partnering with 3PLs – where, when and how?** Chair: Peter Ward, CEO, UKWA *UKWA*
15:35 – 16:05	**Closing Keynote Address** **Strategies for Growth in 2017 and Beyond – Aligning Operations with Better Customer Experiences** James Matthews, Managing Director – General Merchandise Relationships, Ocado *ocado*

Brand engagement

The latest IRUK Top500 Performance Dimension Report looks at brand engagement. *Emma Herrod* shares some of the findings.

AT A time when customers are taking the lead in the way they communicate and interact with retail brands, it makes sense that the way retailers respond is changing. Indeed, it's important that they do so in order to ensure they stay relevant to the shoppers they serve.

The latest IRUK Top500 Brand Engagement Performance Dimension Report, as sponsored by Oracle-acquired Bronto, is the first based on IRUK Top500 2017 data, and looks in-depth at where brand engagement is now. The InternetRetailing research team start with the hard data and, working with InternetRetailing Knowledge Partners, who have analysed how retailers set about communicating with customers, have gone on to measure how responsive they are when those customers get in touch. From that, the team draws real insights into what makes for successful brand engagement, looking at how leading IRUK Top500 retailers develop strategies that enable them to be both engaging and responsive as they open and develop two-day conversations. By being present where customers expect them to be they encourage shopper loyalty among that group of customers that is most likely to spread the word across social channels. That in turn raises brand awareness.

But the focus in the Brand Engagement Performance Dimension Report is primarily on painting a picture of what is happening, rather than exploring theoretical possibilities. That's why InternetRetailing takes a highly practical approach to measuring brand engagement and customer service across channels, illustrated by interviews and real-life case study examples of what works for the retailers that stand out in this dimension, and across the Top500.

The case study on House of Fraser, for example, looks at how the department store retailer is reminding customers "we love them". As the company's Chief Customer Office David Walmsley says, "The focus is always on how loyal the customer is to us, rather than how loyal we can be to them."

If you don't have a copy of the Dimension Report, or prefer to view it online, please visit internetretailing.net.

GETTING SOCIAL

In recent years, there's been much discussion among analysts not just about the effectiveness of social media in a retail context, but even in some cases whether retailers should use social media as a selling tool at all. That debate is surely over. Broadly, InternetRetailing's research shows that British retailers have embraced social media as ardently as their customers.

It's easy to see why. A Facebook presence is now the minimum shoppers expect of their favourite retailers. Increasingly, shoppers also expect to see retailers active on such channels as Twitter, YouTube and Instagram, especially when it comes to brands catering to digital natives. Accordingly, it's not surprising that amongst the best-performing retailers in this Dimension, Topshop, Victoria's Secret and Forever 21 all out-performed competitors in key social media metrics.

However, that's by no means the whole picture. The electrical retailer Currys performed strongly for offering social validation, the facility to Like items and share them with friends.

Even more revealing in showing what can be achieved is Myprotein. The sports nutrition specialist ranked a truly impressive 397 places above the place its Top500 Footprint would suggest. That's in great part because it enables

its visitors to Like products and to validate them on social media, while also offering product star ratings via its mobile app. The wider lesson of Myprotein's approach may be that the retailer has successfully scaled up a traditional strength of specialists: sharing expertise with customers about products that, to the uninitiated, can seem arcane and overly complex.

The research team also looked at email communication. While the channel-hopping behaviour of millennials can make it seem as if email use is declining, it remains the most preferred channel across all demographics. When a 2016 study by Bluecore and NAPCO Research asked consumers how they would prefer to receive brand communications, 68% chose email. Even allowing for this figure being skewed by the attitudes of older consumers, it's a stark reminder that email remains a great way to start conversations.

NOT FORGETTING EMAIL

In this context, it's fascinating to see so many trusted, mid-market retailers performing strongly when it comes to email. Debenhams, for example, performs strongly in terms of not only sending out emails that aren't treated as spam by recipients, but their emails have a high read rate. Mothercare too sends out emails that its customers are more likely to read than those of competitors, as do Argos and John Lewis. M&S outperforms competitors in terms of sending emails that its customers don't treat as spam.

The five retailers mentioned above are also interesting in that none of them rely wholly on email to achieve their high rating in the Brand Engagement Performance Dimension. Rather, each excels in a variety of metrics that we measured. Debenhams enables consumers to Like products. Mothercare makes it easy for customers to share product reviews and ratings, especially useful for new parents buying a buggy or cot for the first time, you'd imagine.

Looking outside these five retailers, House of Fraser performs strongly for a combination of offering product reviews and ratings, and sending out emails that have a high read rate. It communicates effectively via email and it's also good at the softer art of getting customers to talk about products. Amazon's emails are more often forwarded than those of competitors. It's rightly noted for its user-generated product reviews and product ratings.

Leave aside for a moment the individual factors – company culture, customer

> The focus is always on how loyal the customer is to us, rather than how loyal we can be to them

demographics, etc – that may shape where these retailers choose to focus their resources in the disciplines we measure for the Brand Engagement Performance Dimension, one thing united these retailers: they work at scale. In a sense, it would be surprising if they didn't perform strongly.

However, the research team is keen to point out that it's not just larger retailers that perform well in this Dimension. Already noted is Myprotein, which drives a strong performance through social media. Other companies also sit more than 200 places above their overall ranking in this Dimension. Why is this? In the case of lingerie retailer Victoria's Secret, it's down to a combination of making products easy to Like, social validation and the way it offers product ratings, not so far removed from the mid-market retailers we've already analysed.

In contrast, fast-fashion retailer Forever 21 has far more in common with Myprotein. It performs strongly for offering shoppers the ability to share items on social media, and for not just letting customers Like products, but persuading its shoppers to Like pages. Here, perhaps, lie the bare bones of a customer engagement strategy for any company aiming at millennials and digital natives.

Looking beyond segments, the fact that different retailers excel at different metrics measured for the Brand Engagement Performance Dimension shouldn't be taken as evidence that the findings don't potentially reveal anything about best practice.

While this goes a little beyond the research remit, one way to explain the nuances in the findings is to observe that we're entering an era when customers will retailers to initiate and continue conversations across a whole range of channels. As the research is refined, InternetRetailing fully expects examples of practice that are currently at the cutting edge to become mainstream. There will be a levelling up.

However, that doesn't mean the research will cease to be relevant. Rather, the researchers intend to refine their techniques so that they are looking at new methods. As it becomes easier to link store and digital, for example, will retailers be nimble and technologically savvy enough to help store assistants continue conversations started online? Today, this is difficult. In the months and years ahead, it will become increasingly commonplace.

The researchers welcome your thoughts via research@internetretailing.net.

IREU Top500: **Merchandising**

The third IREU Top500 Performance Dimension Report focuses on merchandising and the art of selling online.

MERCHANDISERS WORKING to expand retail businesses beyond their domestic European markets have an important job to do to explain and sell their ranges of products to a new audience. These new visitors may be used to different approaches to illustrating and explaining products. They may rely on certain tools, from social sharing of a product to reading or writing a review, to aid their decision-making process.

Meeting those expectations is important for retailers: put simply, these may well be the tools that encourage new visitors to buy. When these new approaches are combined with the existing approaches that retailers employ to great effect in their own domestic markets, expansion becomes not only a means of garnering new sales but a highly effective catalyst for positive change. By bringing together what works in different countries, each retailer can potentially improve their approaches in all their markets. As more retailers do so, we may well find that the industry moves towards a more common standard of European merchandising.

It's a daunting task, but one that leading retailers are starting to tackle in earnest. Against this backdrop, InternetRetailing wanted to find out how Top500 retailers as a group merchandise their ranges, and also what those retailers at the forefront of this group did in order to stand out.

The latest IREU Top500 Performance Dimension Report, produced in partnership with BloomReach, focuses therefore on the Merchandising Performance Dimension and the work of those that are currently at the forefront across the region, pointing to effective practices and case study examples of approaches that really work. The report also highlights practices that are more widely used – and perhaps therefore expected by consumers – in different parts of the large European Economic Area.

InternetRetailing's researchers explain how they approached this topic in two features contained in the report which is distributed along with this issue of InternetRetailing magazine. Analysing the numbers offers insights into the metrics used to assess performance, metrics that underpin their analysis of the results. The new research feature considers the link between merchandising and revenue over mobile.

They also take an in-depth look at the performance of leading retailers Zalando, Bol.com, Amazon and Baby-Markt through a series of case studies. Sally Beauty's Richard Surridge is interviewed for an insider's guide to the merchandising strategy at the beauty products retailer, whose performance stands out in this area of retail craft. The retailer stood out for highly relevant use of autosuggest product search, while navigational filters enabled customers to drill down by price, brand and product type. Ratings and reviews are clearly visible from the product page and social media plug-ins enable shoppers to share finds.

Richard Surridge, Head of E-Commerce at Sally Beauty, says it's been important to be driven by data rather than the idea of making the site look attractive. "I haven't really touched the home page in terms of design," he says. "We found that maybe only 25% of customers go to the home page, so that would have been a vanity project and wouldn't necessarily have driven any sales. Most people are diving into category and navigation pages. We're focusing on where we can really make a difference."

The report considers further what

12 APPROACHES THAT WORK

Merchandising is all about encouraging the sale of products. In the real world, it can include visual displays, product assortment and availability, and promotional activity – anything that will encourage shoppers to buy. Online the same rules apply, to which we can also add such factors as ease of checkout, product reviews, effective search and social media. The IREU Top500 Merchandising Performance Dimension Report examines 12 approaches that work online:
1. Highlight best sellers
2. Filter search
3. Consider a wishlist
4. Product reviews and ratings
5. Offer a sensible alternative
6. Don't forget to keep up appearances
7. Provide good product information
8. Make payments as easy as possible
9. Recommend similar products
10. Match style to expectation
11. Share with friends
12. Or something different...

tools successful retailers use in presenting wares to European audiences in a round-up of 12 approaches to merchandising while the overview feature offers background and context.

Emerging practice is analysed too, with a detailed look at Fujitsu's efforts to link the online world and the store via personalisation initiatives.

These articles, when taken together, offer a unique picture of how leading European retailers approach the task of selling and communicating products across an enormous market of varying languages, currencies and cultural expectations. The researchers hope that you find them useful.

If you don't have a copy of the Dimension Report, or prefer to view it online, please visit www.internetretailing.net.

Deepak Anand
General Manager UK
Leading Open Source Ecommerce Platform

shopware

HOW IS DISRUPTION CHANGING THE RETAIL LANDSCAPE?
2017 started with uncertainty in the global business landscape. Uncertainty around Brexit and a new US President have impacted the long-term plans of both the UK as a nation and those of individual retailers. Shoppers tightened their belts post-Black Friday with retail sales volumes both on and offline in the past three months dropping month-on-month to show the weakest performance since November 2013. The ONS suggests that increased prices in fuel and food are significant factors in this slowdown while consumer research reports that shoppers are concerned about repaying debts. Is this the first sign of the challenges ahead?

The ongoing pace of changing consumer behaviour and technological disruption also pose both a threat and opportunity for retailers. Love it, or hate it, disruption is close on the horizon of today's business landscape and has the potential to both help and harm.

Today's consumers and advances in digital technology are changing the rules of commerce. The industry has gone from location-centred commerce to multichannel to today's

> "Love it, or hate it, disruption is close on the horizon of today's business landscape and has the potential to both help and harm"

connected commerce which sees consumers connected constantly to their work, home, friends, favourite retailers on multiple devices and wherever they are.

Looking back 15 years, who would have predicted online commerce would look as it does today – the iPhone was only launched 10 years ago! So, how does the industry make sure that it is ready for retail during 2017's peak season let alone for changes through to 2027?

WHAT DO YOU SEE AS THE KEY THEMES FOR RETAIL IN 2017?
Without a doubt, the commerce revolution is here and as a leading ecommerce platform company, Shopware is also

driving this revolution through its visionary position and the support of its community. I believe that it is essential for retailers to understand the challenges of disruptive events such as unwelcome platform migrations and device strategies and to use these events to their benefit. Shopware focuses on new technologies and what will take retail to the next level thus freeing up our retail customers to concentrate on products and what they are good at – retailing.

Flexibility and agility are needed to meet changing consumer behaviour and expectations. At least 70% of a customer's buying journeys start on a digital platform so retailers need to offer a unique brand experience that meets those expectations. An understanding of each and every customer journey from the first interaction is needed, along with a clear path to purchase. Any friction reduces customers' love for the brand and may result in them simply shopping elsewhere.

We are in the age of the customer. Retailers need to own the web store to differentiate themselves from other retailers which are just a click away. Content and commerce are coming together and customer engagement has moved on from blanket promotions and personalisation to one-to-one connections and me-commerce. In 2017, mobile first is a priority and forms a key part of omnichannel and providing a brand experience that's seamless across channels – consistently. The time has come to commit to putting the customer at the centre of the retail business.

Technologies, such as artificial intelligence and machine learning, are starting to help retailers get closer to offering the one-to-one experience online that consumers can expect from retailers on the high street. A better understanding of individual customers can then lead to emotional engagement, a better connection between brand and customer and ultimately increased loyalty.

HOW IS THE SHOPWARE ROADMAP HELPING RETAILERS TO STAY AHEAD?

As retailers are listening to their customers and user testing at every point of their digital development so Shopware takes the feedback from our community into the development of the platform. Involving the industry at every step of the way results in every upgrade being close to the needs of the retailers and ultimately their customers. We can move fast and focus on what's relevant for our clients as we take an holistic approach to digital and retail. We constantly think ahead, testing new technologies and creating a roadmap for what's relevant to retailing in the future. The solution is open source and extendable giving retailers choice, control and flexibility to build the consumer experiences that are right for their business and to enable the emotional connection that's appropriate for their customers.

As Germany's leading software company, Shopware already works with 100s of retailers in the UK. These include Discovery Channel UK, Euronics DE, Brita, L'Oréal and many more brands. I have joined to lead the company's expansion in the UK and head up its local presence. Together, we will leverage the Shopware team's experience, skills and capabilities to provide an ecommerce solution retailers can trust to 'do no harm' in these disruptive times.

HOW DO I FIND OUT MORE?

Shopware is exhibiting at the InternetRetailing Expo at Birmingham's NEC on 5 & 6 April 2017 (stand F33). Stop by for a coffee and live presentation of our latest software version. Alternatively, contact me direct at anand@shopware.com, telephone 0203 095 2445 or reach out to www.shopware.com.

CASE STUDY: EURONICS

The EURONICS Deutschland eG is a cooperative buying group which is represented at over 1,800 sites across Germany. Its new online presence, www.euronics.de, is both an exciting and an ambitious enterprise project. In addition to EURONICS, the Shopware Enterprise Partner NETFORMIC and shopware AG itself were also involved.

The major challenge was integrating and enabling interaction between all third party providers who played a role at EURONICS in the past. EURONICS also wanted to set up a new cross-channel concept to help them stay competitive. The aim is for the customer to benefit from a wide range, local availability and different purchase options such as pick-up, dispatch or delivery to the nearest retailer or their own home. The end result is a unique, yet highly complex marketplace based on the Amazon model, with over 35,000 products available. To make this a reality, the software EOM ("EURONICS Online Manager", comparable to "Amazon Seller Central"), developed internally by EURONICS had to be connected.

But, of course, that wasn't all. To ensure that some initial 200 participating retailers were connected to the platform from the start, a similar number of subshops had to be installed. The concept also allowed both the inventory control systems "HIW" and "HQS" used by the retailers and the central SAP system to be integrated, and connected with Shopware through the eCommerce middleware brickfox. A high-performance search engine was also implemented with FACT-Finder. "The result is a very well implemented, high-performance platform, which perfectly illustrates the flexibility and expandability of Shopware Enterprise," says Shopware spokesperson Wiljo Krechting.

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Alan Wizemann, Lululemon

The Final Mile
- Harrods
- The Snugg
- CORREOS
- Sainsbury's
- FEELUNIQUE
- GLOSSYBOX
- ASDA

From Clicks to Bricks
- John Lewis
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- next
- graze

Mobile First
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- LEGO
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Marketplaces Revolution
- Alibaba Group
- mallzee
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The Product and Beyond
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The following guest article has been written for InternetRetailing by Steve Borges, Co-founder, Biglight. Biglight is an experience design agency that combines the power of UX, creative, content, personalisation and optimisation to create remarkable customer experiences for some of the world's biggest brands and retailers. Biglight's clients include brands such as Nike, The North Face, Timberland and VANS and retailers including ASDA, Aurum, Halfords and Mothercare.

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Converting mobile traffic

Steve Borges, **Co-founder at experience design agency Biglight, wonders if we've overlooked some fundamentals with the rise of m-commerce and uncovers some new behaviours and forgotten truths.**

MANY OF this year's burning questions in online retail fall out of the rapid rise of mobile. One problem revolves around shoppers' increasing tendency to land on Product Listings Pages (PLPs) and Product Details Pages (PDPs), by-passing brand and campaign content designed to engage and convert.

It may seem counter-intuitive, but the solution lies not in what has changed, but what has stayed the same. That is, while customer behaviour is changing dramatically, the real fundamentals – customer needs and responses – haven't really changed at all.

All the same the first step is to understand the challenge. What is changing? What is driving behaviour change and what does that tells us about specific challenges we face?

There are three big trends at play:

1. The relentless shift to mobile: Mobile is now the preferred device for browsing and opening email. It accounts for 50-80% of traffic, but conversion is 40-50% lower than desktop.
2. Changing patterns of engagement: This shift is changing the way shoppers engage and browse – one consequence being the tendency to land on PLPs and PDPs.
3. More complex user journeys. Users are increasingly likely to make multiple visits across different devices and channels as part of their purchase journey.

What can we learn from retail fundamentals as we seek to respond to these challenges? The lessons break down across three main themes: make the first impressions count; do the basics brilliantly; remember retail theatre.

MAKE THE FIRST IMPRESSIONS COUNT

Presenting relevant content on arrival is crucial to in store merchandising and product placement. With reduced screen real-estate and shorter attention spans it's even more important online – especially for mobile users.

The key is to avoid screen clutter, wherever users land on your site. Simple personalisation techniques are a starting point – use the clues shoppers give about the purpose of their visit to simplify the experience.

Start by ensuring content reflects the route users take to get to your site – whether from a paid search ad, a link from an email or another marketing channel. This can be as simple as creating landing pages, PLPs or triggered searches that reflect the products or categories mentioned in the AdWords copy, or email, but it extends to more dynamic treatments and landing page optimisation, facilitated by multivariate testing and personalisation tools.

Equally, ensure the experience of a returning visitor reflects their previous browsing behaviour. Not just by retaining their recently viewed products and basket contents, but drawing on their browsing history to inform the banners and merchandising they see on the site.

DO THE BASICS BRILLIANTLY

In-store most retailers are great at making it easy for shoppers to find what they're looking for – clear signposting of departments and easy store navigation are givens – and that has some clear implications for ecommerce in general.

The need for a well optimised menu treatment and a simple taxonomy that reflects user needs and powerful on-site search functionality, is obvious. For mobile these implications are even more pronounced and the only way to get it right is through continuous testing and optimisation.

This is important for users landing anywhere on the site, but for those landing directly on PLPs, I'd argue there are a few additional considerations:

▮ Easy access to the filters (aka faceted navigation) is critical.
▮ The choice of filters provided, the order in which they are laid out and the interaction design are all important as well. Your filters should reflect how your users actually shop

and be simple to find, apply and remove.

▌ Present the option to 'filter by' as a persistent or 'sticky' element. This has a material impact on filter usage and subsequent adds to basket, particularly on mobile.

This might all sound straightforward, but never assume: Experimentation and testing is the only way to get this right.

REMEMBER RETAIL THEATRE

Offline, the shop window is the way to attract customers into the store. It tells relevant stories in a highly visual way, turning passing trade into footfall.

Online though, users are bypassing the traditional online shop windows – home, landing and blog pages – to engage immediately with PLPs and PDPs. So how is it possible to engage and inspire? The answer, again, is in those in-store fundamentals – specifically, retail theatre.

For retail theatre, think Morrison's bakery, with its appealing designs, uniformed staff and compelling product stories. Everything about the execution is geared to creating interest and a sense of expertise and authenticity to drive engagement and sales.

The online equivalent is engaging creative, combined with relevant content and stories that support the brand, range, style or product – and the good news is it's proven to make a difference. Users who engage with relevant content during their journey are 20% more likely to convert and spend up to 20% more than users who don't.

The key is to present engaging and relevant content during the most common customer journeys. Where this content makes a difference varies from retailer to retailer, but it's sometimes the PLP, but it's almost always the PDP. The content to use depends on the product type and customer mission, so this is another fruitful area for testing.

A note of caution though. Whilst content has to be visible and relevant to the products it is supporting, it must also be of the right scale and weight if it is to engage without overwhelming. That means bite-sized or 'snackable' content.

In the end it is crucial to see mobile as one element of the omnichannel world. Remember that more than 80% of sales still happen in store and that mobile has a huge role to play in influencing offline purchases.

Mobile is going to play a significant role in closing the loop between in store and online, helping with some of the things that

Is retail theatre the answer to mobile engagement?

offline retail does badly – such as recognising returning visitors and presenting the back story to every product.

In the longer term, these channels will all support each other, enabling joined up, rich experiences. Meanwhile, let's not allow the pace of change to distract us from the retail fundamentals that are as true now as they've ever been.

GETTING PRACTICAL

Steve Borges shares 7 tips to help you convert more mobile traffic and engage customers on PLPs and PDPs.

In store wisdom is that by presenting too many products at similar price points encourages "customer dithering". Online, we forget this at our peril – and this is creating new best practices for driving engagement, and therefore conversion, on PLPs and PDPs:

1. On PLPs overlay SEO-style copy with beautifully designed banners. It's an effective way of putting engaging visual merchandising in front of users, without distracting them.

2. Optimise the merchandise sort order, using recently added, best sellers and most popular, labels to simplify the journey and avoid 'dithering'.

3. Use metrics like impressions and clicks to measure the performance of products presented on the PLP and use that insight to work out what should be at the top of listings.

4. Test PDPs to make sure basics like the format, size, quality and quantity of product images are always right.

5. Test the layout of selection and buying functions, the treatment of swatches and the hierarchy of product buying and delivery options.

6. Less is more, break up big blocks of text with bullet points or introduce imagery to describe key features.

7. Use social validation as a powerful purchase motivator, through ratings and reviews and tools that facilitate user-generated-content, such as Olapic.

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Customer service and the rise of the machine

Emma Herrod takes a look at chatbots and machine learning and how automation is changing shoppers' interactions with retail contact centres.

RETAILERS REALISED early on in the infancy of online shopping that customers sometimes need more information about a product, brand, delivery or returns than what is shown on the site. FAQs and delivery and returns pages were introduced in order to help customers to answer the questions themselves rather than make a telephone call to the retailer's contact centre. Simple questions, easily answered, left shoppers happy with the level to self-serve.

Self-service technologies evolved, along with ecommerce and customer expectations of online shopping as it moved from handling product enquires to queries such as "where's my parcel". The transparency of parcel tracking became the norm, again taking pressure away from an increasing number of contact channels.

"The days of 'do not reply' emails and texts, and 'we can only deal with this over the phone' statements are over," believes Stephen Ball, Senior VP and General Manager in Europe & Africa at Aspect Software. His comments come off the back of a survey conducted by the company which discovered that customer service across all industries can be so bad that two in five people find customer service so frustrating, they'd sooner visit the dentist than contact a brand.

The majority of Top500 retailers in the UK still take an average of more than a day to respond to a customer's email, according to InternetRetailing's Customer Performance Dimension report. Some retailers, particularly those within the fashion and consumer electronics sector, responded within 10 minutes, though.

When it comes to the telephone, 8% of the researchers' phone calls were not answered at all, and on social, Twitter was responded to faster than Facebook. InternetRetailing's researchers warn that "retailers than don't compete on customer service will certainly be left behind by consumers who now value convenience (and, by extension, service) above all".

Shoppers can be empowered through self-service enhanced with natural language enabling interactive, intuitive text dialogues with an automated system. Natural language technology cuts the cost of customer interactions since text-based channels are capable of addressing more enquiries with personalised, conversational self-service. "Additionally," says Aspect Software's Marketing Programme Manager, Maddy Hubbard, "effective issue resolution on the channel of the customer's choice increases customer satisfaction. Using applications like Interactive Text Response and Facebook Messenger powered by natural language will keep companies in sync with consumer communication preferences".

This then frees up time and resource to ▶

Very Assistant is the first WhatsApp-style CUI platform for customer service from a UK-based retailer
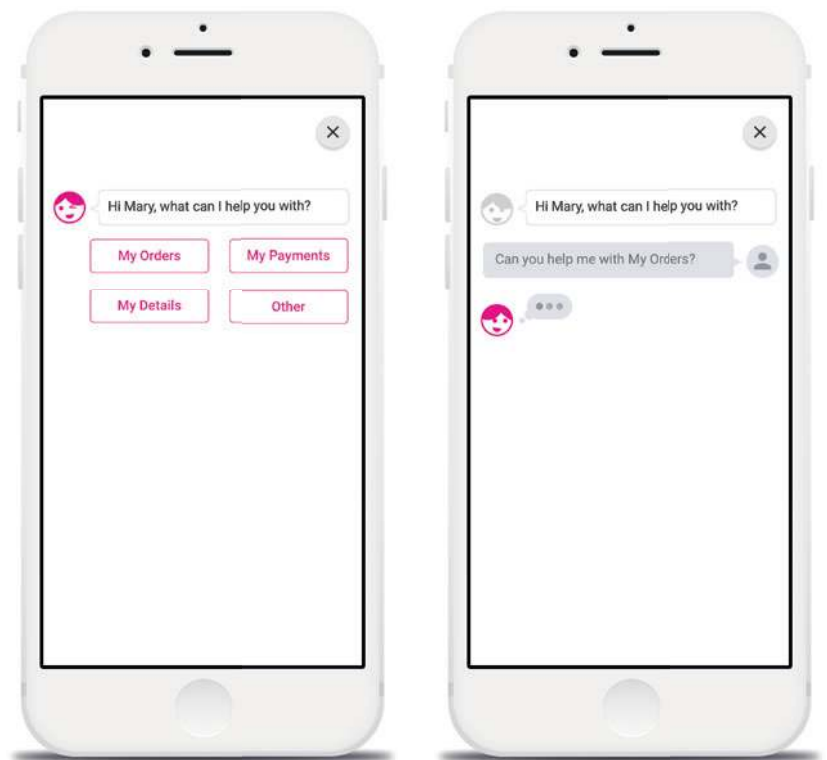
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MobiWire is a French mobile-based technology manufacturer that designs, produces and delivers connected devices on behalf of global brands, mobile network operators and retailers.

handle more complicated enquiries and those which require a human touch as technology takes over the more repetitive responses or frequently asked questions. Ocado, for example, has developed a natural language algorithm to analyse the thousands of emails received by its contact centre on a daily basis.

Inbound emails are automatically analysed and prioritised so instead of being handled in the order that they are received, customer emails which need urgent attention are dealt with ahead of 'thank yous' or those giving general feedback.

The analysis is done by a machine learning-enhanced contact centre application which was developed in-house by Ocado's technology division. The processing grunt of Google Compute Engine and Google Cloud Services and its Tensor Flow machine learning service are utilised, along with a natural language processor developed by Ocado which has been trained using millions of past messages from Ocado customers.

As Alex Voica, Technology Communications Manager at Ocado Technology explains, as a pureplay retailer the only points of contact for customers are the van drivers and the contact centre which customers can contact via social media, a UK landline or via email. Customers

> **Two in five people find customer service so frustrating, they'd sooner visit the dentist than contact a brand**

aren't asked to put a specific heading on their emails so each day thousands of uncategorised emails arrive in a centralised inbox requiring a response. The contact centre handles 6,000 or more emails per day at its busiest such as during times of extreme weather, so it can become a stressful place to work and one in which greater efficiencies could be achieved.

Prioritising emails which require speedy resolution also improves the experience for customers.

A NATURAL RESPONSE

Automation will take customer service much further than analysing inbound emails. Machine learning can be applied to social media – something which Ocado could do but has chosen not to do yet. The rise of machines understanding natural language and the ability to train them with a retailer's own data sets is how automation will really free up customer service agents' time by allowing automatic, but natural 'human-touch' responses to customer enquiries.

US retailer The North Face launched a digital shopping assistant last year to help online shoppers choose the right jacket. The recommendations served are based on a series of questions around where and how the jacket will be used and the shopper's style and colour preferences. The shopper ▶
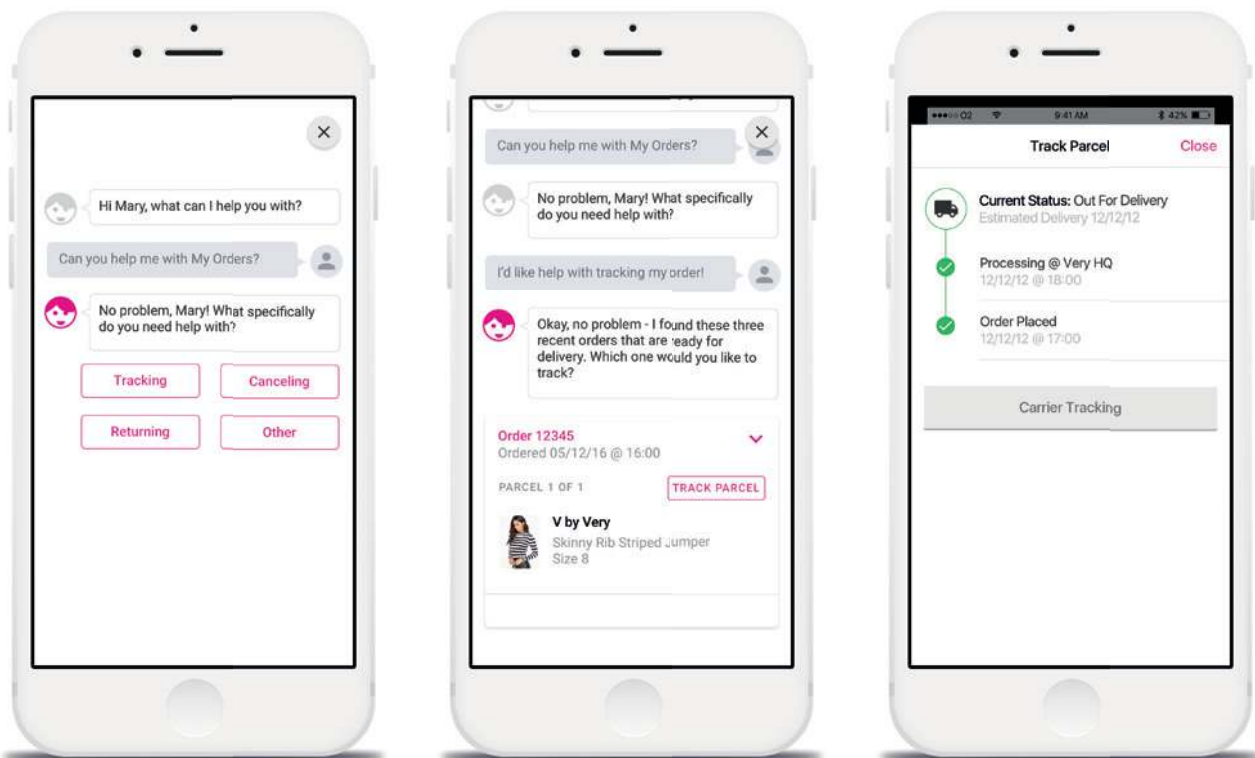
is able to respond to each question in a natural way, with the IBM-Watson powered assistant able to understand and learn from the 'conversations'.

This natural-language intelligence is something which Shop Direct is working towards enabling for its Very.co.uk customers. Rather than being used as a sales tool though, the AI-driven system will work from within its MyVery app and will cover 13 different customer service scenarios.

Very is working with IBM Watson to replace its existing Very Assistant, which it launched as a first step in November 2016. Currently, customers have to follow a sequence of questions and tap the relevant response from multiple action options within the chat environment of its app rather than being able to ask questions in their own words. The customer's answers enable the Very Assistant to serve up the information they are looking for. Self-service options include help to track an order, make a payment on their Very.co.uk account, confirm that recent payments have been processed, check payment dates and request a reminder of their account number.

When launched, in a couple of months' time, The new Very Assistant will have been trained for 13 different use cases enabling shoppers to further self-serve by typing a query in their own words. As Jonathan Wall, Group Ecommerce Director, Shop Direct explains, the upgraded Very Assistant is being trained currently with past data which includes 250 ways in which customers have asked "where is my order".

Since launching as a minimal viable product in 2014, every part of the Very app has been developed in line with feedback from customers via the App Store (where it is rated 5 stars) and the company's own conversations with customers. In this way, the retailer discovered that customers not only want to chat in a natural way but would prefer to interact with a chatbot about orders and self-service matters rather than as a sales assistant.

Wall says that the usage of Very Assistant has been "phenomenal" in terms of unique usage and the volume of chats which have reached resolution. A "significant proportion" of Very's mobile sales come through the app and the company has ambitions for it to rise to become the majority. Altogether, mobile accounted for 70% of Very's business over the peak season.

> **There are 250 ways to ask "where is my order"**

With the app accounting for an increasing level of sales – and therefore customer enquiries – the aim is for the app to reduce the number of inbound calls to the contact centre and free up agents' time to answer more complicated calls.

Shop Direct was the first UK-based retailer to offer a WhatsApp-style conversational user interface (CUI) platform for customer service and Wall believes that other retailers will follow suit.

AI has the ability to transform customer service and natural language whether typed or spoken – as Alexa, Siri et al have shown – and offers a better experience for customers used to messenger apps. It offers choice to shoppers, shows that retailers understand their customers and the way they are interacting elsewhere while also freeing up customer service agents to handle calls where the human touch can increase customer loyalty. A win:win all round.

Shoppers carry up to 10 physical loyalty cards but would stop signing up for new ones when they no longer have room in their physical wallet

points less often. What is needed is something to surprise or intrigue them such as a 2 for 1 offer – or in the case of Barclaycard's customers an opportunity to choose their own surprise gift.

Croxen also believes that points-based loyalty scheme still have a role to play in UK retail. They have to be transparent with a frictionless way to acknowledge purchases as well as a clear way for shoppers to see their value, he explains.

Shoppers carry up to 10 physical loyalty cards but would stop signing up for new ones when they no longer have room in their physical wallet, discovered a survey by mobile wallet company Veoo. The majority of shoppers sign up for new loyalty programmes just so that they can receive the rewards but 28% of respondents feel that they are not getting as much value out of offers as they would like.

"People are fed up of being blanket marketed to and want some element of control over what is being sent to them," says John Bailey, Business Development Manager, Veoo.

This is backed up by a survey by Eagle Eye Solutions which discovered that generic loyalty schemes are alienating millennials. Some 38% of 18-24 year olds said they have left loyalty schemes due to a lack of personalised rewards and excessive, blanket communication from companies.

One answer to this, believes Bailey, is to add the loyalty scheme into the retailer's app or separately onto a mobile wallet, such as ApplePay. This gives shoppers the feeling of being in control while also having their loyalty card and promotions on them and opening up the opportunity for real-time notifications. Vouchers, offers or promotions can be digitised and targeted in real-time with notifications linked with proximity marketing so that offers can be sent at a time to match the shopper's location or behaviour, he explains.

Paper coupons don't have to be carried and they can also be turned on and off and new offers sent as shoppers redeem them or walk within a certain distance of a store. Bailey explains that the phone's unique identifier can be tied into vouchers to reduce fraud, but also allowing them to be passed around and tracked virtually.

For omnichannel retailers, linking a loyalty scheme with a retail app creates a virtuous circle, creating loyalty and more frequent engagement and purchasing, which leads to more data for the retailer, better insight into services to offer which then leads to greater experience and loyalty, increased data etc. explains Croxen.

The time has come to shake up loyalty schemes, to take them out of their transactional silos and look again at where they fit in customer-centred omnichannel retailing and how they can drive long-term value not just from millennials but from each individual customer.

Loyalty is more than convenience, transparency, experience and emotion. It is the holistic brand package. It's about the connection and how valued the brand makes each shopper feel. Everything else is just a promotion.

Choose shopping, choose yet another loyalty card

Emma Herrod investigates what loyalty means for omnichannel shoppers in 2017.

WHAT IS loyalty? Is it the 16 plastic cards in my purse which tell the retailers what I've bought from them and how infrequently I visit their shop? Is it the Amazon Prime membership begging me to use Amazon as the first port-of-call for the everyday things rather than just internationally-delivered birthday and Christmas presents? Maybe I'm loyal to the local shop which I pass every day simply because it's convenient or is loyalty the services offered by the bank which tie me ever closer making it too difficult to move elsewhere?

"Loyalty means what it should mean to consumers if brands get it right," says Matthew Heath, Chairman of customer engagement specialist LIDA. "It means I will choose that brand above all others every single time I can because it offers something of genuine value, something I cannot replicate elsewhere."

Adam Croxen, Managing Director, Future Platforms, agrees, but points out that many retailers still need to get their house in order in terms of services and how those services make life easier and better for their customers. He gives the example of smartphones and how people are anchored into either Apple or Android by virtue of the services offered from mobile wallet and music platform to their photographic capabilities. Customers don't won't to move away from these services and this leads back to benefits for the company, he explains.

For retailers, these services translate to a collection point which is conveniently on the way home for the customer to pick up their online purchases with a way to trigger the parcel being brought forward ready for them to collect and a place where all of their e-receipts from online and in-store purchases are stored digitally. "It has to be about the customer... and those services need to anchor the business," says Croxen explaining how retailers need to ask themselves how they can make the lives of their customers easier.

Once a shopper has become a frequent customer, the question is then how do you offer something tangible back to them over a long period of time to increase that loyalty and lifetime value. Is that being part of a club, a loyalty or membership scheme, is it tiered and based on the amount that each customer spends with you or is everyone treated equally?

The alternative is the element of surprise, delighting customers in the way that Pret managers can give a free coffee to regulars. This brings warmth to the experience, builds affinity with the brand and builds the relationship. It creates an emotional response, something which traditional points-based schemes fail to do once their initial, shiny newness turns to habit and the rewards become expectations.

BYE BYE POINTS CARD

But is there still a place for points-based schemes and coupons? A retailer is missing out if their loyalty scheme is simply about collecting data in exchange for money-off some things their customers may want to buy. Loyalty schemes are very powerful, explains Heath since they give an opportunity in the wealth of data to become truly relevant to each and every customer, to reach them with the right message, in the right channel at the right time. "Being truly customer centric is a big process of transformation that these traditional schemes have not faced up to," he says.

"The thing about good loyalty schemes is they can both recognise high value customers (who may not be able to spend more but still want to be loved) and reward mid value customers (who can be gently nudged into spending a little more, a little more often)."

"Large, points-based schemes fall short on creating an intriguing experience," says Barry Kirk, Vice President of Loyalty Solutions for Maritz Motivation Solutions. He believes that there is still a place for points-based schemes though since they are effective at keeping shoppers connected to the brand. He explains that neuroscience has shown that the brain likes something to hook into, to connect with and to work out, but once they've worked out the rules, the shopper will be checking their

> **Loyalty** is about more than loyalty schemes; it is a consequence of the entire brand experience

Shoppers carry up to 10 physical loyalty cards but would stop signing up for new ones when they no longer have room in their physical wallet

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The following guest article has been written for Internet Retailing by Alison Wiltshire, Global Practice Lead, Retail and Consumer Goods, BT. BT is one of the world's leading providers of communications services and solutions, with 6,500 large corporate and public sector customers in 180 countries, including top brands/retailers on every continent. Its Alexander Black demonstration stores in the UK, New York and Milan show retailers how they can transform their physical stores to meet the needs of digital consumers.

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Digital attraction

Alison Wiltshire, **Global Practice Lead, Retail and Consumer Goods, BT examines why data is the key to engaging customers in the bricks and mortar store.**

SHOPPERS ARE more than ready to embrace new retail technologies such as touch screens, smart fitting rooms and augmented reality, but just installing a selection of the hottest digital innovations can't give customers the engaging, personal experience they seek. The cold reality is that successful customer engagement in real life stores is all about hard data and business analytics. How well bricks and mortar retailers use their data will sort the winners from the rest of the pack.

The online experience has dramatically raised the bar for physical stores. Used to the convenience, personalisation and fun (by and large) of buying online, today's digital consumers now want to find those same qualities when they shop in real life. A defining characteristic of online retailing is its capacity to track/monitor/respond to shopper behaviour in real time – offering us product comparisons, personal recommendations and incentives that encourage us to add something to our basket or head for the check out. Bricks and mortar retailers can collect and use data in the same way to deliver similar levels of engagement in store.

However, despite around 90% of us using our smartphones when shopping, only a handful of retailers can identify shoppers when they enter the store. Retailers should leverage this trend (with in store Wi-fi) to identify individual customers and send each customer a personal welcome as soon as he or she approaches the store. Data from smartphones can also reveal dwell time, which departments a shopper visits,

> "Technology must connect devices, collect and transmit data back to the enterprise, and feed insights to customers, associates and store managers in a meaningful way"

what route they take around the shop and other interactions. This can link with data about each shopper's purchase history and interests, enabling the retailer to attract consumers with personalised offers or tailored marketing content.

ENGAGING CUSTOMERS
Data collected via IoT devices and sensors inside the store will help retailers track shopper movement, predict behaviour and develop more interactive experiences that appeal to all the senses. For example, data from cameras can drive dynamic marketing content that reflects customers' age and gender, and contribute to the right vibe for the store brand.

RFID tags on merchandise give every item a voice, from smart labels that provide comprehensive product information and stock levels to intelligent fitting rooms that transform the often frustrating experience of trying on clothes. The intelligent fitting room identifies each item that the customer chooses to try, and then offers more information about the product, such as inventory levels. It can make recommendations about accessories – just like it would online. The intelligent fitting room also lets the customer send an alert to a sales associate who can fetch different sizes or colours to try on.

One of the advantages of shopping online is how easy it is to compare products. RFID allows buyers to digitally compare different products side by side in store.

Using product data to create high quality content also provides a way to connect creatively with customers and build a more appealing overall store experience. Leading Portuguese retailer Sonae is using digital technology to engage with customers in its Worten electronics stores, where giant video walls extend the range of products on offer and let customers 'see and touch' a full size fridge or washing machine.

Retailers must also leverage third party data streams such as weather reports, social media and locality information. Equipped with insight in real time, store managers can rapidly change what's on promotion or introduce special offers, sending updated content directly to digital signage and customer touchpoints.

Interaction with a great sales associate is at the heart of a positive customer experience in store. With the right data, and equipped with mobile devices and sales tools, digitally-enabled associates have everything they need to engage with customers and guide them through their sales journey to its conclusion. Instant access to inventory, detailed product information, plus

Thomas Pink is looking to technology to delight customers and deliver great new digital experiences in New York

the customer's purchase history and contact details, mean associates can give everyone the benefit of a personal shopping, 'clienteling' experience. For example, Dixons Carphone's tablet based-sales tool Pin Point has helped deliver a 30% increase in customer satisfaction and a 40% increase in sales conversions.

Data from customers, inventory and digital touchpoints will generate a whole new level of information about inventory and customer behaviour that can be used dynamically behind the scenes to fine tune operations and drive sales.

Of course, when we say 'data', most of the time we really mean 'insight'. Collecting the data is only the first step. Extracting value is the real goal. Bricks and mortar retailers need sophisticated, specialist business analytical tools that will turn raw data into business insights that can be communicated quickly to the people who can use them – store managers, marketing teams, buyers, HR and finance managers to refine the customer experience, empower associates and optimise every aspect of store operations. It also needs to be connected.

As industry analyst Forrester says: "Technology must connect devices, collect and transmit data back to the enterprise, and feed insights to customers, associates, and store managers in a meaningful way. Without this foundational layer in place, most digital store experiences won't meet the needs of customers or the retailer." Retailers will need a single digital platform that connects all customer touchpoints, collects and aggregates datasets and provides advanced analytical tools. For

example, in Italy, Auchan-owned real estate company Gallerie Commerciali Italia is using a single network to bring together data from digital devices throughout its malls and to provide free Wi-fi for shoppers. Gallerie Commerciali Italia will analyse this data and use it to offer services to its retailers to help further enhance customer experience.

Retailing has always been a bit like the old circus trick of keeping lots of plates spinning at once. Only in the digital age, there will be more plates and they'll spin faster. But real-time data and a continuous thread of insight make it much easier to understand what's going on, what's working well and what needs urgent attention.

In the race to create an engaging in store experience for digital consumers, the winners will be those who understand and prioritise the power of data capture and analytics, and turn it to their advantage.

RIGHT PLACE, RIGHT TIME AT THOMAS PINK

Leading shirt maker Thomas Pink turned to the Internet of Things to digitise its store on New York's Wall Street. The company installed the pilot Acuitas Digital IoT digital store solution to help it track, in real-time, the movement of merchandise and people around the store. Big data analytics predict shopper behaviour and provide a foundation for real-time interactive in-store experiences. This will help it to personalise customer service, optimise store layout, improve employee workflows and thus reduce cost and grow sales.

The technology from the Acuitas Digital Alliance brings together multiple sensors to automatically scan the whole store. The Thomas Pink store combines RFID sensors to provide real-time inventory visibility and video sensors to help it better understand customer behaviour; what they are buying, who goes where in the store, merchandising effectiveness and how the store is performing.

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A new age for retail

Dan Telling, **Managing Partner at Bench looks at key opportunities and challenges with retail technology in the age of the customer.**

THE CURRENT pace of change and innovation within the retail marketplace is verging on a revolution. On the one hand, organisations such as Amazon are challenging existing business models and engaging customers in new ways. While on the other we have increasingly empowered consumers who expect a seamless brand offering across an ever-growing range of channels – and they want it now! According to Forrester, 73% of customers say valuing their time is the most important thing a company can do to provide good service.

Digital transformation is redefining not just how retailers communicate with their customers, but entire business models too. Indeed, digital transformation and data intelligence are central to creating a customer-obsessed model, something which is particularly important as in this 'age of the customer', arguably the only competitive battleground left is customer experience.

From mobile applications to ecommerce platforms, the Internet of Things (IoT), and, more recently, AI and VR, ever advancing digital technology has led to a fundamental change in the way retailers interact with consumers – and vice versa. Yet this is only the beginning.

All of this presents a multi-faceted challenge to retailers. Not only are they attempting to embrace new operating models and approaches in order to stay competitive and stave off disruptive forces, they are also faced with a wide array of technology to choose from, as

> **Frankenstacks of disconnected technology have developed primarily because organisations have been working in silos for years**

they attempt to both navigate new terrain and implement new systems to take advantage of burgeoning technology such as AI.

For heritage retailers in particular, with large legacy technology systems, this can be particularly challenging.

However, retailers need to ensure they have the basic building blocks in place in order to get real benefit from any technology they purchase – and indeed to get benefit from the technology they already have! What is often overlooked is the hugely important role data plays. Nearly every new trend such as AI, cognitive computing and IoT has data at its core. Sure, data is not as headline grabbing as the above-mentioned technologies, but none of them are possible without access to, and good integration between accurate and relevant data.

DON'T START WITH TECHNOLOGY

Start with the customer experience, not with technology. All too often the tendency is to try and solve a need in the quickest way possible by throwing some technology at it. To really get value, retailers need to step back and start with the customer. Understand how your customers are interacting with your brand, how they are likely to in the future and also ask yourself: what disruptions are there in the market that might change the way they do things?

Map out what the existing customer experience looks like and how you want it to look. Include an examination of the barriers currently in the way of delivering this experience. All this information can then be used to develop a customer-focused strategy that outlines the factors of greatest impact to the customer and the business as a whole.

Build a roadmap and keep it agile. Developing a technology roadmap that encompasses the entire business and is supported by the entire senior management team is hugely important. This can help to avoid questions over which department 'owns' a particular technology project, as they all will. Built into this roadmap should be incremental targets, some of which can be delivered quickly in order to demonstrate value up front, as well as clear objectives that the business can work towards.

These 'quick wins' are critical for demonstrating the value of a system and getting that all in important buy in. This stage should not be underestimated, particularly as businesses are placing more pressure than ever before on the return on investment.

Once an overarching business roadmap has been established, organisations can then tackle

the issue of whether they have the right people and processes in place to execute it.

Appreciate that practical application of technology takes time. There was a huge amount of noise about real-time decision-making and real-time next best action marketing a few years ago, however we haven't as yet seen significant practical application of this technology.

Many organisations looked into or acquired technology to facilitate real-time when it first emerged as a leading trend, but it is only now that many are actually practically applying it.

The tendency is often to purchase a particular piece of technology, without first stepping back and putting together a clear business case and roadmap for the technology.

In the same way, the concept of cognitive computing and AI has been much discussed recently. While there have been a limited amount of practical applications of this technology to date, there is no doubt that the concept is set to dominate the landscape for some time.

The next few years will see retailers start to get to grips with what cognitive computing can offer. Some are already making headway – The North Face is one example of where cognitive computing is being practically applied to deliver this kind of experience. Users visiting The North Face website can have a similar experience online as in-store, thanks to intelligent technology that helps customers choose a product by asking a series of questions and learning from the answers supplied.

However, retailers need to look beyond a 'gimmick-led' application of these technologies and instead investigate how they can be applied to actively improve the personalised customer experience.

Again, data is the key here. The more relevant data that is gathered, the more personalised the experience for customers. The importance of having excellent processes in place to capture and manage data is perhaps more significant than ever.

There is a growing need for data management and governance. Data management is a huge commodity. Just like any asset retailers should attach cost and value to their data. Yet how many are actually doing any of this? Only a small minority of market leaders.

The majority only consider data in this way when a specific requirement rears its head, such as GDPR. This is understandable as the cost of entry into the data value management club can be high. Yet retailers should instead look at GDPR as an opportunity to get ahead of the data game.
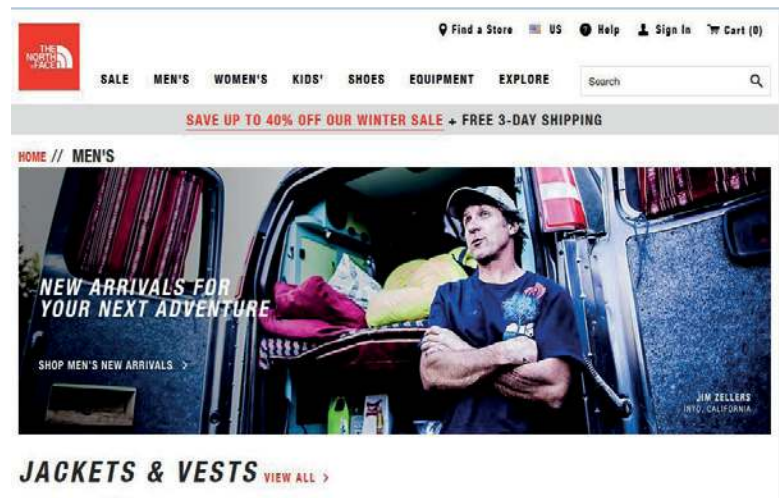
Users visiting The North Face website can have a similar experience online as in-store

The temptation to wait until a project demands better data management is commonplace, but project thinking can mean data governance and lifecycle management processes happen in a 'siloed' fashion.

GETTING YOUR DIGITAL ESTATE IN ORDER

Retailers are still failing to fully understand their digital estates and the systems they already have. Many are fairly digitally mature, with estates that have grown at a rapid pace and are likely to have multiple systems in place, which are not being utilised or integrated properly.

These 'Frankenstacks' of disconnected technology have developed for a number of reasons, primarily due to the fact that organisations have been working in silos for years. Each area, line of business, division, etc. often acquires technology separately. This creates a monster of parts, all probably very good in their own area but as a combination stitched and patched together and not always serving the common good.

In addition, each silo is in various stages of maturity when it comes to technology. Further compounding issues is the advent of the cloud, which has led to a greater ability to operate outside of an IT function and therefore not have to communicate across business functions and other silos.

Using technology to provide a seamless, engaging, personalised service to customers is within reach for retailers, but the majority still have much work to do to achieve this goal. However, by taking key steps to implement an operating model that puts the customer at the centre, establish an overarching business technology roadmap, tackle silos and use data more effectively, retailers will reap rewards. It is not an easy task, but with the right support and expertise, it is achievable. ◤

You can't get your hair cut on the internet

Paul Skeldon, Mobile Editor, InternetRetailing, investigates how the iPhone has (and hasn't) changed the retail world.

The iPhone has revolutionised retail over the 10 years since its launch in 2007

TEN YEARS after the introduction of the iPhone and the biggest draw at this year's Mobile World Congress in Barcelona was the relaunch of Nokia's iconic 3310 handset. You know, the one that had 'Snake' built into it. We may well be living through the era of 'post truth', but we certainly aren't in a world of post-irony just yet.

The irony that post-hipsters are embracing these old school icons a decade after the iPhone came along doesn't mask the fact that the iPhone, and the smartphone and tablet revolution that it ushered in, has completely changed not only ecommerce but the whole of retail. Any swing back to old-school handsets – however ironically – isn't going to undo that.

Let's put that into some sort of context. Back in 2007 when the iPhone came along, the best you could hope for was a Nokia N91, complete with a spinning 4GB hard drive that might, if you were lucky and in central London, connect to the web. If you were lucky enough to achieve this you'd buy an annoying ringtone – Crazy Frog, anyone? – or some sort of 'wallpaper' to put on the small screen.

This, in 2007, was m-commerce.

This year, shoppers are set to spend £27bn via mobile devices, according to the Centre for Retail Research (CRR) in a January survey for vouchercodes.co.uk, accounting for 40p in every pound spent online.

By 2020, two thirds of all online purchases will be made on a mobile device, accounting for a staggering £43bn spent in the UK alone, according to 'The Mobile Mandate', a new report from OC&C Strategy Consultants, Google and PayPal UK published last month.

While these stats are impressive – particularly given the fact that they have come from pretty much zero in just 10 years – they hide the true magnitude of what the introduction of the iPhone actually did those few short years ago. Rather than first cannibalise then kick ecommerce up a gear, the smartphone has fundamentally altered retail as we know it – and it isn't all good news for retailers.

Martijn Bertisen, Sales Director at Google UK, adds: "Mobile technology continues to be one of the key drivers in transforming the retail industry and consumer shopping experience. Consumers are increasingly relying on their smartphones for information around shopping and locations in moments that matter: the 'I want to know…', 'I want to go…' or 'I want to buy…' moments. With a plethora of searches, each showing an intent or a behaviour, there is a great opportunity for retailers to offer useful products and information, just when shoppers are looking for it. As consumers become accustomed to this way of shopping, retailers

need to respond by providing a swift and seamless online service – and the best way to do this is by putting mobile at the heart of their marketing, loyalty and ecommerce strategy."

SPEED, SERVICE AND EXPERIENCE

This, however, is only part of the picture. What the iPhone and the avalanche of technology it inspired has caused is an ever-rising demand among consumers for customer service and customer experience that is starting to slip way ahead of what any real-world retailer can deliver.

"As technology becomes more revolutionary, customers are increasingly expecting retailers to invest in new phenomena, such as artificial intelligence (AI), augmented reality (AR) and virtual reality (VR), so they can enjoy a more personalised shopping experience," says Nick Black, CEO of Apadmi. "More than a quarter would like to see retailers incorporate AI into shopping apps that could remember previous purchases and recommend products and deals based on their shopping history."

Apadmi's own research finds that almost a third of consumers (29%) believe retailers should invest more in augmented and virtual reality platforms. One of the main reasons why they want these features is because they could allow them to see how big or small items are before buying them (33%). Nearly one in three (29%) said they would use AR to see how to use a product before they bought it, while a quarter would use AR to preview product customisations, such as different colours or designs, before purchase.

"While consumers are more willing to shop via a retail app than ever before, retailers need to do more to offer the kind of personalised and interactive experience they expect.

"Augmented reality and artificial intelligence are reshaping the shopping experience and how consumers can interact with brands," says Black. "The possibility of a more personalised shopping experience and a chance to 'try before you buy' excites customers and, as our research suggests, those retailers that invest in these technologies are likely to put themselves ahead of the competition."

We are already seeing the beginnings of AI being used with the likes of Amazon Echo, IBM's Watson and Google's various forays into in (and Siri... lest we forget!), but they are very much research projects and so far many retailers have not yet managed to embrace these technologies in any meaningful sense.

That would be fine, were it not for the growing impatience and demands of the

> **£27bn will be spent on mobile devices in 2017 with two thirds of all online purchases made on a mobile by 2020**

consumer. Just as the faster their phone connects to the web, so the more impatient they become for downloads, and the more they expect from retailers in terms of service, experience and engagement.

Ocado has implemented an AI solution to prioritise email enquiries, Travis Perkins – which owns Wickes and Toolstation – is using it to also understand customer intent and prioritise customer service and in the US Taco Bell is using Chatbots – AI that answers text messages – to handle FAQs from customers. But these are the rarities.

However, all is not lost. "What is happening isn't that far removed from old school retail," says Guy Chiswick, CEO, WebLoyalty. "Before online, John Lewis was the gold standard in customer service: well trained staff, who knew what they were talking about, quality goods and competitive pricing. The iPhone has just inspired consumers to now expect this from all retailers – online and in the real world, through every channel."

Which brings us to the big question: has the decade of the smartphone killed the high street? "The smartphone has undoubtedly had an impact but it won't kill off the high street but it will change it," says Chiswick. "Let's face it, you can't get your hair cut on the internet and you do actually have to go to Starbucks to drink your coffee."

In Chiswick's view, the way consumers now use smartphones is precisely what could save the high street. "Department stores, all stores in fact, could be ripe to host concessions from online pureplays, to act as collection points and places to hang out and shop and socialise all at once," says Chiswick. "The space will be used and while 'traditional' stores are struggling, the likes of Amazon are looking for physical locations. It will change how it looks but it will still have life."

This is the legacy of the smartphone's first ten years. How people shop has changed dramatically and multichannel, high street and pureplay retailers have all seen a shift in how they operate. The mobile phone is what makes the proposed Amazon Go store work, it is the key to things like Uber, it is what will reshape the high street, it impacts delivery expectations, how we pay for things and how we interact. Yes, it puts a huge pressure on retailers to meet increasing demands and expectations, but it also revolutionises and rejuvenates. We have a generation coming through who know no different. The first ten years of the iPhone have been fascinating; the next ten will be even more interesting.

The following guest article has been written for InternetRetailing by Nuzhat Naweed, VP Customer Experience at Zalando SE. Nuzhat joined Zalando SE in 2015. Since joining, she has been responsible for enhancing the customer experience through various products including the Fashion Store app. Nuzhat has dedicated her time at Zalando to ensuring that Europe's leading fashion platform is a forerunner in the mobile industry, impelling the company to be an early adopter of key trends in mobile development and user experience. Prior to joining Zalando, Nuzhat worked as Head of Technology, Digital Experience at ASOS and headed up Digital at BBC Worldwide.

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Where Will Mobile Take The Fashion Industry?

The fashion industry is at its strongest in five years, with mobile and social media being the main drivers of this substantial growth. *Nuzhat Naweed,* **VP Customer Experience at Zalando, examines where mobile will take the fashion industry.**

ACCORDING TO GlobalWebIndex, mobile phones capture 50% of time for 16-24 year olds globally, with 90% of mobile data traffic set to be from smartphones by the end of 2021. We've seen that Zalando orders via smartphone have increased by 90% year-on-year, merely highlighting the power consumers can have in the fashion world, with a clear shift from desktop to mobile. Staying ahead of the game in mobile is therefore very important – how do we see the fashion industry adapting to the new demands set by changed consumer behaviour?

Future fashion apps will be perceptive, dynamic, and offer more personalised options than ever before, with a clear need for instant gratification for the consumer.

They'll connect with the customer on an intimate, inspirational level, and be the first point of call when it comes to the ultimate shopping experience. Being at the forefront of the customer journey will be paramount, and every approach should cater to the individual – not the masses.

Fashion is personal, and from a technological standpoint, so is your smartphone. Fashion and mobile make the perfect pairing: Both are fast paced, trend oriented, evoking touch as a powerful tool of perception. The demand for instant gratification off the catwalk is a clear example of this, with Burberry and Tom Ford making their collections available immediately for interested customers. This urge to instantly shop for trends pushes traditional fashion houses to keep up with the world's newly normalised digital speed, which fashion apps can leverage perfectly.

Emotions play a huge role in how customers act and react to fashion, leading to strong loyalty and a deep personal connection with a given brand or trend, with 90% of all purchasing decisions being made subconsciously. By providing content that is personalised and catered to the individual, you tap into emotional reactions that help customers present themselves to the world and, most importantly, create the self they want to be.

With the Zalando Mobile app, we use machine learning to ultimately help us inspire and personalise fashion journeys, trending Zalando styles, and a rich collection of data that consumer behaviour provides us with. As a mobile-first company, with more than 65% of site visits via mobile devices, we are continuously invigorating our mobile presence with the emotional and personal in mind: Redesigned filters have been introduced with great success, new and improved search, product recommendations and brand recommendations all enhance the interactive experience. The emotional connection is further promoted through a collection of delightful experiences suitable for mobile, such as scrollable lookbooks, video and app-exclusive content and promotions.

SHOPPING AND PAYMENTS MADE EASY

Brands should be concentrating on revamping their mobile experience for frictionless shopping with mobile fashion apps making browsing, shopping and payments as seamless as possible. PayPal, Apple Pay, Google Wallet, and N26 have all been engineered to be as innovative as can be when it comes to mobile transactions, thus the experience of browsing and adding to cart should be just as creative and contemporary.

It's also important to remember the fashion app requirements that all mobile customers

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crave: speed, service, and social media engagement. Looking at the UK as an example market, smartphone penetration among the 16-24 age-range is at 88%, with the 25-34 age bracket not far behind at 84%. A third of internet users see their smartphone as the most important device for going online, while only 22% of the population felt that way in 2014. Whilst in the US, analysts predict a 210% increase in mobile payments over the upcoming years.

We strive for the Zalando Mobile app experience to be as frictionless as possible, meeting the aesthetic expectations of our fashion-savvy customers by removing the barriers of their user journey, but also meeting their delivery and post purchase experience expectations. Customers can choose how they wish to browse our wide assortment via different swipe preferences, while shopping convenience is addressed by way of the return process being available to mobile in a number of markets. We are continuing to invest in a number of convenience levers. On the payment front, it is vital for our customer base that innovations in mobile payment technologies, such as one click payment options like Apple Pay, currently available for UK Zalando customers, remains a priority.

THE RISE OF BIG DATA AND MACHINE LEARNING

In the film Clueless, the lead actress has a digital wardrobe which helps her pick outfits by advising on whether items go together. The clothes are then put on an avatar to show how the outfit will look. Will a wardrobe such as this ever be realised?

Tributes and replicas of the wardrobe definitely exist, with users reportedly using avatars with 92% accuracy of their own body shape. While the AI technology required isn't there yet, companies are already on their way to researching the potential connection between smart applications and our sense of style as well as the need for style advice.

The possibility for these applications is endless: Smart apps could deduce distinct items from photographs and where to order them online, and match these items to your own style profile. These apps could also distinguish whether or not they're your taste, if each item is suited to you, or whether you should consider different styles. It could ultimately give you taste and size suggestions, which is just one of the incredibly innovative approaches that AI could have to fashion.

To answer the question of where mobile is taking fashion, all you need to do is look into your pocket. Our app customers spend longer on the Zalando app and visit us up to 6 times more than on other channels, as well as interact with their wishlist 2-4 times more. This kind of interaction cannot be ignored. Ensuring the customer experience is personal and intimate will become a priority for fashion and smartphone brands, with mobile providing the perfect gateway for personal connections.

PUDO calls for collaboration

Collaboration was one of the takeaway messages from the recent MetaPack-run Delivery Conference. Talking to a room full of retailers and carriers, *Patrick Wall*, CEO, MetaPack called on retailers, carriers and 3PLs to move from closed to open systems, to share infrastructure and work together in order to provide the fulfilment services expected by millennials.

THERE IS a history of collaboration amongst retailers when it comes to order fulfilment. eBay customers can collect their parcel from an Argos store and, along with Asos and Boots, has shown how pureplay and brick and mortar retailers can work together to enhance the delivery choice for customers of online-only retailers.

Morrisons is one of many retailers acting as a pick up and drop off point (PUDO) for parcels going through the Doddle network and the launch, in January, of Powered by Doddle will see other retailers using Doddle's systems to run their own click and collect service. Halfords was a launch partner for the DPD PickUp Parcel shop network. CollectPlus, which is a joint venture between PayPoint and Yodel launched as the UK's first independent PUDO network in 2011. The stores within the PayPoint network are now free to accept parcels from other carriers too.

One retailer which is embracing transparency and sharing of infrastructure is Asda. In 2015, it launched its toyou service enabling Asda's George.com business and other retailers to not only use its store estate as PUDO points but to also utilise the full Asda logistics infrastructure to move parcels from retail DCs to Asda stores and back again for return parcels. The system is completely transparent with an air traffic control type centre monitoring every parcel, cage and vehicle through the network.

> *As an industry we've conditioned consumers to next-day delivery but with PUDO they can be comfortable that their order has arrived and they can relax and pick it up at their convenience*

"We sit across the table with other retailers as a retailer and we understand the painpoints that exist in our world and for our retail clients too – it gives us a unique perspective," says Paul Anastasiou, Senior Director - Business Development, Asda Logistics and Supply Chain.

"The industry has scaled from a convenience store model," he says, when InternetRetailing caught up with him at the conference. "We thought it would be the smaller format stores which would be the busiest but it's the bigger stores," he explains. Initial findings from customer research hasn't disclosed whether that's due to the larger catchment area around the bigger stores or another reason such as people daisy-chaining dropping off or picking up a parcel with other activities. "People are trying to do more with less time," says Anastasiou. He has also discovered that people don't like making a special trip to return a parcel.

He does say that shoppers like the certainty of knowing that their parcel has arrived. Some 40% of parcels are collected on the day on which they arrive in store. Anastasiou explains that there is a clear collection profile of people coming into a store within a couple of hours of being notified that their order has arrived and been put away and thus is ready for collection.

A further 40% of orders are collected the following day with shoppers choosing a time to go to the pickup store that's convenient to

them. The remainder of parcels are collected over the ten days during which the parcel remains in store before being returned to the retailer. "As an industry we've conditioned consumers to next-day delivery but with PUDO they can be comfortable that their order has arrived and they can relax and pick it up at their convenience," says Anastasiou.

Asda hopes that many of the shoppers collecting or returning parcels via it's in-store kiosks will also buy something while they are in store. At launch, Asda said that toyou would drive 40 million extra store visits per year, but as Anastasiou points out the aim is for toyou customers to have a good experience with their parcel collection. If they choose to buy something from the supermarket while they are in the store that's a by-product of that experience.

EASING RETURNS

One of the ways in which toyou tries to give shoppers a better experience is with returns. "Returns are complicated," says Anastasiou, not only because of the burden of having to wait for a courier to collect the parcel or the trip to drop it off somewhere but also through the administrative burden of printing a returns label if one isn't included with the order. Printing labels at home is complicated if you don't have a printer, and then there's the issue of making sure that you have both paper and ink. Shoppers also don't like to queue when returning something and see it as lots of effort for no reward. "Customers will not order again if the returns process is not a good one," he says.

The toyou service allows shoppers to print the returns label in store at the kiosk or to ask a member of staff to print it for them. As of this year, a QR code can be generated on George.com or by using widget technology on the retailer's returns page which when scanned will initiate the label printing process. The QR code can be stored on Apple Passbook and on the lock screen of an Android smartphone. This means that the customer doesn't have to scroll through emails to find the right message when they go into store. The parcel, with its label, can then be put into the dropbox in store. Anastasiou is keen to point out that the returns process is not set up just for digital natives, but provides an easy process which any consumer can carry out via their smartphone, laptop or tablet.

As with the delivery experience, the parcel is tracked right the way back through the

Paul Anastasiou, Senior Director - Business Development, Asda Logistics and Supply Chain

network with the retailer notified that it is on its way as soon as it's received by Asda and the consumer communicated with every step of the way. The consumer could be refunded at the point that the parcel is received by toyou, comments Anastasiou.

2016 was a good year for the toyou service with 15 partners signed up and the focus being on getting the service up and running. This figure is expected to double in 2017 as a balance is made between partners using the service for collection and returns.

This year, toyou will also investigate how to keep customers engaged and make improvements to the post-checkout experience with communications, which can now carry the look and feel of the retail brand, as well as looking at how services in store – such as the convenience of changing rooms – effect the experience. Retail partners are now able to personalise the landing page of the toyou service so that it carries the same look and feel as the brand as well as space for product carousel and promotions. Partners can also take over content and improve the creative inside emails.

Anastasiou believes that we will continue to see a rise in the number of PUDO points in the UK as well as further collaboration. Consumers are looking to do more with less time so will choose the PUDO points that are convenient to them and what else they are doing that day. "Innovation will have to save them time," he says.

RETAILERS TURN TO DODDLE TO POWER C&C

Click and collect services provider Doddle has announced Powered by Doddle, a new click and collect solution that includes software, training, communications and analytics models to help retailers enhance their click and collect experience and drive sales.

Doddle's proprietary software supports a comprehensive set of click and collect processes, including the receipt and storage of parcels, order fulfilment, the handling of expired parcels and paperless returns.

Powered by Doddle leverages the best practices Doddle has honed in its own stores to streamline retailer click and collect offerings, improving efficiency, customer service and ultimately driving more sales for their bottom line, says the company.

As well as savings, the solution offers a customisable user experience where retailers can tailor the look and feel of emails, SMS and push notifications sent to customers; facilitate online order returns allowing users to process online order returns in-store and offers access to other retail partners, driving new footfall and spend.

"With 'Powered by Doddle', retailers can now benefit from the best practices we have developed by running our specialist network and the two million parcel pickups and returns we have handled. Now is the time to seize the opportunity click and collect presents for their bottom line," said Tim Robinson, CEO at Doddle.

"With 54% of UK consumers now picking up online orders in-store, a best-in-class click and collect service enables retailers to increase revenue, improve internal efficiency and deliver a superior user experience that keeps their customers coming back," he said.

DPD PRECISE IMPROVEMENTS

DPD is launching DPD Precise Deluxe, a new service which will integrate into a retailer's online checkout to allow customers to choose a time slot for next-day delivery at the point of purchase.

DPD Precise meanwhile, which is currently live with seven major clients, will continue to rollout in Q2 and Q3. Dwain McDonald, CEO of DPD revealed at The Delivery Conference that new retailers were being introduced fortnightly.

The company will also enable customer communications through its app, said McDonald, confirming that just before Christmas the company hit a million downloads.

DPD will launch two new services Click2Call and Chat on 13 March, allowing end consumers to directly query about their parcels by going through the app rather than having to navigate through a traditional call centre route.

"We had 5.5 million calls to our contact centres last year and I said we are doing a great service but it's not fabulous. An app user should get a better experience. They have bothered to set their profile up so we need to try and up the game," said McDonald.

He said he'd set an SLA of seven seconds for a call from the app versus a traditional contact centre phone call SLA of 70 seconds to get through to a human. Using the Click2Call function will also allow customer services staff to be more proactive on the call since staff will know who the customer is and the parcel the customer is calling about without having to be told.

ALEXA-ENABLED TRACKING COMES TO THE UK

Hermes has become the first parcel company in the UK to offer Amazon Alexa-enabled customer tracking of parcels being delivered through its network. Consumers will be able to use voice commands via Alexa-enabled devices such as Amazon Echo or Echo Dot to track their parcel after enabling the skill on the Alexa app.

Customers can initially interrogate Alexa for a status update as to the location of their parcel but Hermes will also add the ability for customers to change their delivery experience as well as arrange returns through Alexa, explained Hermes CEO Carole Woodhead, at The Delivery Conference.

The company will also develop additional features, such as being able to ask where the nearest myHermes ParcelShop is, set delivery preferences such as safe place location and preferred neighbours and schedule courier collections.

Woodhead revealed that the company will also trial customer selectable slots in 2017 for both next day and same day deliveries. "It's all part of our change to become more customer focused," she said.

The delivery firm is also working with autonomous delivery vehicle firm Starship Technologies. The duo completed their first automated parcel delivery in a trial in Greenwich Village in London in December.

eDelivery
Fulfilling the multichannel promise

MARCO POLO EXPANDS LOGISTICS PARTNERSHIP

Fashion brand Marco Polo has expanded its partnership with Arvato SCM Solutions to include trade logistics for the company's shoes and accessories range, using RFID technology.

As well as storage, order picking and shipping, Arvato will also supply value-added services from its distribution site in Dortmund with products now sent from there to trade partners that include stores and wholesale partners such as Zalando and Amazon in 16 countries.

The new agreement extends on the initial agreement in 2010. That was expanded in 2015 after Arvato organised a comprehensive omnichannel integration for click and collect, reserve and collect and cross docking and the fashion brand's loyalty scheme.

RFID technology has now been introduced in the loading docks meaning that items no longer need to be scanned individually. Instead, ready-packed product ranges can be recorded in bulk before shipping, reducing processing time and costs.

"Creating closer ties between the online shop and B2B warehouses will optimise our stock in the long term and increase availability in the online shop," said Karl-Heinz Lauterbach, Managing Director of Marc O'Polo Shoes.

MISSGUIDED PARTNERS WITH KERRY LOGISTICS

Fashion retailer Missguided is working with Kerry Logistics who will handle international air and ocean needs for the UK retailer.

The company will also provide further services and on-the-ground logistics support through its Greater China region and Asia.

The fashion specialist will use Kerry Logistics' Virtual Buying Office, a web-platform with supply chain and planning functions that is designed to provide visibility from the creation of PO through to final delivery.

Brett Young, Operations Director at Missguided, said that flexibility was key. "It is fundamental to our business strategy that we have a global logistics partner that has the flexibility to react quickly to our demands no matter where the consignment is coming from or going to".

"Our customers receive market leading options together with a high level of service for a very reasonable price, therefore the initial stock movements are imperative to our overall customer experience," he said.

The previously online-only retailer opened its first store in Westfield, Stratford City London last November and will open its next location in Bluewater in Kent this summer.

CUSTOMER EXPERIENCE REVEALED

Money Saving Expert.com has run its annual poll to find the best and worst parcel delivery firms, with DPD voted the best for the fourth year running.

The survey polled more than 11,350 people just after the Christmas and January Sales peak and asked customers to rank the performance of all the major UK delivery firms, based on their experiences in the last year.

According to the survey, 71% of voters who had used the firm rated DPD as great, compared to Royal Mail at 49%. In contrast, the companies with the highest proportion of customers rating their experience with them as poor included Yodel at 57%, Hermes at 42% and City Sprint at 37%.

Dwain McDonald, DPD's CEO attributed the success to the company's continued investment in innovation and its drivers who "hit their one-hour delivery slots day after day. It's that level of consistency throughout the company that customers really appreciate," he said.

CUSTOMERS WHO RATED THEIR EXPERIENCE WITH THE DELIVERY FIRMS AS GREAT

Firm	Rating
DPD	71%
Royal Mail Parcels	49%
UPS	47%
Collect Plus	47%
Amazon Logistics	46%
DHL	41%
Parcelforce	41%
FedEx UK	39%
Interlink	32%
Hermes	30%
UK Mail	25%
TNT	24%
APC	20%
Yodel	18%
DX	17%
iPost	16%
City Sprint	13%

Insight around the world

CHLOE RIGBY, EDITOR, INTERNETRETAILING.NET
Chinese shoppers can now use Alipay to buy jewellery in-store, after Beaverbrooks adopted new cross-channel technology.

The jeweller is now able to offer shoppers who have the Alipay app on their smartphones the option of using a familiar payment method when they buy from its store in the Westfield Stratford City shopping centre, using technology from Verifone.

The announcement comes just after more than 700,000 visitors and local residents took part in Chinese New Year celebrations in London alone. Visit Britain figures suggest that in 2015, Chinese tourists each spent an average of £2,170 in UK retail stores, making this group the biggest spenders. Verifone says that just under half of China's online payments took place via Alipay in October 2016.

Verifone introduced the technology earlier this year. At the time, it said its new mobile point-of-sale (mPOS) solution made for an ever more convenient experience for Chinese tourists.

"By expanding Alipay acceptance across many borders for an easy, frictionless travelling and shopping experience, Verifone is creating a future that takes the convenient cashless payment experience to the next level for Chinese consumers wherever they are," said Albert Liu, EVP, corporate development at Verifone. "The potential of Verifone's footprint of installed devices in more than 150 countries means we are connecting retailers to increasing opportunities to engage and serve global consumers from the POS."

Douglas Feagin, SVP of Ant Financial Services Group and head of Alipay International, said: "Scale, security and speed are important to us as we look to enable our customers to walk into a store while travelling abroad and pay for purchases with the Alipay App – just like they do here in China. Verifone has each of these attributes, and as a trusted partner to global and national retailers, we benefit from Verifone's scale to bring broader Alipay acceptance for Chinese consumers who travel abroad."

MICHAEL O'GRADY, FORECAST DATA ANALYST, FORRESTER
Online retail sales are set to grow 12.3% per year over the next five years in Western Europe, with Italy and Spain seeing the fastest online sales growth. Growth in the Netherlands, the UK, and Ireland has been faster than previously predicted by Forrester with new figures released in the latest 'Online Retail Forecast for Western Europe'. The report shares details across 22 product categories in 17 countries in Western Europe, with historical online category sales going back to 2002.

Despite representing only 52% of retail sales in Western Europe in 2016, the UK, France and Germany captured 70% of online retail sales in Western Europe. The share of retail sales that are online in these countries is significantly higher than in Southern Europe. Over the next five years, however, online retail sales growth in Southern Europe will more than double, driven by an increase in online buyers as well as an increase in spend per buyer. There is ample room for growth, with almost 30% of Italians aged 16 and older not connecting to the internet in 2015, which contrasts with just 6% for the UK.

Online shoppers in Western Europe spent £36.47bn (€43bn) online in 2016 on clothing and accessories. Grocery is the second largest online category, capturing £22.05bn (€26bn) of online spend. The online grocery sales in Western Europe are driven by the UK and France. France's click and collect Drive concept has significantly increased online grocery sales because it is convenient to use and does not incur a delivery charge. Discount retailers, which account for 40% of grocery sales in Germany, have less scope for offering free or discounted online delivery and German shoppers have yet to embrace click and collect services.

The pound has lost 18% of its value against the euro since the referendum result in 2016, driving cross-border sales from residents outside the UK, most notably for Irish shoppers and luxury goods shoppers. More than 40% of online shopping from consumers in Ireland comes from abroad, most notably from the UK. In Q3 2016, Irish online shopping grew by 20%. In addition, the UK is now one of the cheapest places in the world to buy luxury goods. UK shoppers are spending more online since the referendum too.

MASSIMO FUBINI, CEO, CONTACTLAB

In 2016, the overall luxury goods market slowed down compared to the previous year, but Chinese consumers continued to spend on luxury products, fuelled by rising disposable incomes, their desire for quality products and also the ability to showcase one's social status. Wealthy Chinese tourists have been key drivers of global luxury goods sales for more than a decade.

However, our study of global luxury brands, e-tailers and a department store has shown that European luxury brands are struggling to adapt their digital marketing and customer engagement to the Chinese market. The Online Purchase Process in China 2016 report shows how European luxury brands need a strong digital strategy and greater focus on how to interact with the digitally savvy and social Chinese shopper.

The Chinese ecommerce experience is very different to Western standards, with China powering well ahead when it comes to digital engagement. They account for 30% of the total global spend on luxury goods and spending on luxury goods in mainland China is on the rise. European luxury brands are being gifted with an additional stream of revenue which makes it increasingly important to tailor engagement which resonates with Chinese customers.

This is a market where mobile is key, delivery in 1-2 days is expected as a standard and the social media landscape is extremely personal. Chinese consumers favour online chat assistance and social elements such as brand and product reviews, as well as the option to pay via WeChat. Compared with Chinese e-tailers, European luxury brands are slow to integrate these features. Having said this, some brands such as Chanel are in fact embracing channels such as WeChat, contacting individuals via this platform at all stages of the customer journey.

LUCY KUSI, SKYNET WORLDWIDE EXPRESS

Shipping volume data from the fourth quarter of 2016 for one of the UK's leading international fashion e-retailers shows Russia is already achieving weekly averages of over 5,000 shipments. Could the Russian economic rise forecasted for the upside of 2017 surprise and spell good news for UK e-retail?

2015 saw many UK e-retailers make a beeline for the Russian market to claim their slice of the prize. However numerous operational issues, coupled with red tape, saw some UK e-retailers withdraw from this market.

Data Insight reports cross-border shipping is the fastest growing segment of the Russian ecommerce market with foreign retailers' online sales of goods to Russia, exploding in the past 3 years from £1.02bn (€1.2bn) to £2.63bn (€3.1bn) in 2016. Mobile internet significantly contributed to this growth.

With over 85 million Russians online and 75% making a purchase at least once a month, revisiting Russia is definitely a move in the right direction.

However, the days when Russian consumers were willing to wait for 15-20 days to collect their shipment from the post-office are now over. If UK e-retailers want to enjoy the extra revenue Russia can generate they can look to work with carriers who provide solutions that satisfy Russian consumers' need for multiple delivery options; offering both express home delivery, click and collect services together with advanced technology based customs clearance processes.

It's common knowledge that Russian online shoppers have little faith in e-retailers' logistic capabilities. However, reputable carriers have developed excellent partnerships to provide efficient and user friendly shipping software incorporating accurate transit times, real-time shipping and delivery updates. These and future software enhancements will go a long way to rebuilding Russian consumers' trust.

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