Internet Retailing

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MAPLIN: DESIGNING FROM THE STORE OUT

Siobhan Fitzpatrick, Marketing & Multi-Channel Director, Maplin on the new store concept and why it's developing the digital business from the store out.

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INTERNATIONALISATION: the hope and challenge for many retail expansion plans. As Marks & Spencer extricates itself from brick and mortar retailing in China, others move into the expansive consumer market. It is a market unlike the UK though, one in which retailers have to find their way around Tmall, WeChat and the annual event that is Single's Day. Alibaba reported sales on that day of 121bn yuan (£14bn), an increase of 32% on the previous year's figure. The majority of those purchases were made on mobile phones.

Retailers can learn a lot from international markets as well. Different business models and innovations which are working well in other countries may translate well as they are tried and tested in other markets and at home. Internet Retailing's mobile editor, Paul Skeldon, takes readers on a tour around innovations and mobile experiences around the world while I have a look at what's happening with final mile deliveries elsewhere.

Venture capitalists and agile start-ups are pumping billions into disrupting traditional postal delivery services, driven by the continued popularity of ecommerce and increased competitiveness in hyper-local, start-up delivery methods. Consumer expectations and behaviour, retailers repositioning their competitive proposition, venture-funded start ups and technology are all having an impact on delivery. New solutions and companies continue to show the possibility of what could be achieved.

Elsewhere in this issue of InternetRetailing magazine, we look at the opportunities for brand UK in overseas markets and the current status of Brexit and what it means for the retail industry. Will de minimis be the silver bullet?

Brett Lawrence, Senior Consultant, Inviqa examines how retailers can grow and thrive online in this climate of currency fluctuations, ever-tighter margins and growing competition from pureplay brands.

David Schwarz, Partner, Hush takes us to the retail hub of New York and shares a view of digital store experiences in an examination of why the digital experience is integral to in-store innovation. As he says in his guest article, "In just the last few years, a handful of notable brands have reshaped their respective consumer experience through innovative digital in-store integration. From Sonos' flagship New York City store, with its listening "pods," to Nike's digital "trial zones" at its SoHo location, to Samsung's 837 "Un-Store" that the brand describes as a "digital playground," and pop-up retail experiences for Google where digital "demo" is integral, top-tier corporations have astutely married online and offline experience while showing just how much brighter digital has shone since it was first implemented for customer engagement basics."

For many retailers, large or small, the first foray into international ecommerce markets comes via marketplaces. Here in the UK some 22 million (about a third of the UK population) visit eBay.co.uk monthly, but while UK retailers will think first of Amazon and eBay as the de facto marketplace in the UK, European retailers will naturally have a broader perspective. In France, for instance, 8 marketplaces rank amongst the Top 15 ecommerce sites and when looking further afield Alibaba and Tmall dominate China, in Japan it's Rakuten, Yandex in Russia, Allegro in Poland, Flipkart & Myntra in India…

However, these marketplaces are no longer simply retail venues, they are rapidly evolving into the shopping search engine of choice. Even when consumers do use general search engines or shopping comparison sites they may still find the product listing on a marketplace. Chris Dawson, Editor, Tamebay investigates the issues.

We also bring you the latest from InternetRetailing's research team as they investigate the mobile arena in the UK and the performance of pan-European retailers. InternetRetailing's IREU Top500 Strategy & Innovation Dimension Report also highlights examples of best practice, areas where other retailers can learn from the approaches adopted by the best of the best.

One of the speakers presenting at the recent InternetRetailing/ eDelivery Expo (of which there is a full preview in this issue) was Simon Finch, Director of Distribution, Harrods. On the eDelivery Pages he shares how Harrods handled the increase in demand from international shoppers driven by the drop in the pound and how its business transformation plan is developing.

Another speaker sharing more insight with readers is Siobhan Fitzpatrick, Marketing & Multi-Channel Director, Maplin. I visited the retailer's new concept store in Cambridge to discover why Maplin is developing the digital business from the store out. An interesting example of how to get customers 'hands-on'.

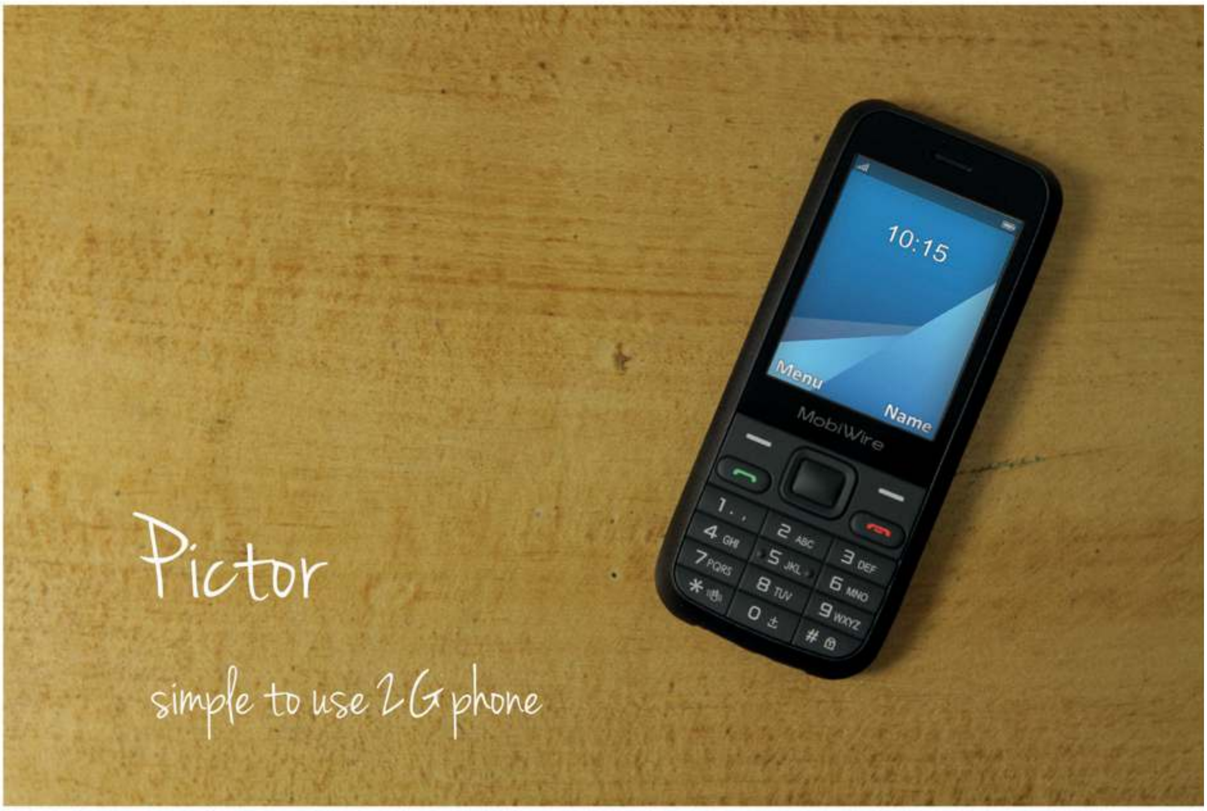
Emma Herrod
Editor

1.8" QQVGA

3 MB | 4 MB

1000 mAh

BT



2.4" QVGA

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2MP

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- Compact 2G phone
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Chloe Rigby **highlights recent industry changes but to keep up to date with the news and her insight between issues visit** *www.internetretailing.net.*

DEVELOPING JOHN LEWIS

The John Lewis Partnership published its latest full-year results in early March along with an update on its multichannel strategy. Overall, gross sales at the partnership came in at £11.4bn in the year to January 28, 3.2% more than the previous year. Pre-tax profits of £488.2bn were 65.4% up on last time.

Waitrose gross sales of £6.6bn were 2.7% up on last year, but fell by 0.2% on a like-for-like basis. Operating profits after the partner bonus and exceptional items came in at £206.2m, 11.3% down on last time.

The retailer said its strategy was to focus on investment in existing shops. Online, it said export sales in partnership with British Corner Shop, which sells to people living abroad in more than 100 countries, had risen by 14.9% during the year. It is also working with the Alibaba Group to sell in China for the first time.

John Lewis's gross sales of £4.7bn were 4% up on last year, or 2.7% on a like-for-like basis. Operating profits after exceptional items came in at £2231.4m, 7.5% down on last time. Total online sales grew by 16.2%, but shop sales fell by 1%.

The retailer said it had invested in its supply chain to support a "large, faster and more convenient multichannel business". Those investments included opening two new distribution centres at Magna Park, Milton Keynes, where both fashion and non-fashion deliveries are handled. It added: "This showed in the second half of the year, as the investments made enabled a strengthening performance with operating profit before exceptional items up 3.8%."

The retailer focused on the customer as it looked to build a business which "allows customers to combine convenient online shopping with visiting shops which provide inspiration and experiences." Customer numbers grew by 2.7% to 12.1m during the year.

It also integrated its online platforms so that customers have the same shopping experience whether they buy from John Lewis by mobile, desktop or app. Online content and photography are created at a dedicated content hub in West London.

Internationally the retailer expanded its physical and online international footprint with 10 shop-in-shops opening in Australia, Malaysia, Ireland and Holland. Deliveries are now made online to 39 countries, up from 32 a year ago.

In its current financial year, the company has announced it is to invest £4m in a new customer service initiative in 20 of its shops to strengthen its omnichannel customer experience. The investment will see 8,000 Partners who work in 20 shops, receive an iPhone loaded with a dedicated 'Partner App' designed to enable them to quickly help customers with information about products, check stock availability, and place orders.

WILL OCADO POWER M&S?

At IRX 2017, Ocado's James Matthews predicted that the online grocer's next launch would be in partnership with another retailer, following on from Fabled, its multichannel joint venture with Marie Claire. The company has since announced a new customer, Dobbies Garden Centres, and there's speculation that it will also launch with Marks & Spencer as that retailer trials an online food delivery service.

Dobbies is set to boost its online sales by offering UK-wide delivery supported by Ocado's technology, software, logistics and using its general merchandise warehouse. The garden centre group, recently bought out from Tesco's ownership, has signed a five-year agreement with Ocado Group's general merchandise subsidiary Speciality Stores, though terms have not been revealed.

Nicholas Marshall, chief executive of Dobbies, said: "Online, excluding food, is now approaching 40% of UK retail sales and rapidly growing. Yet, online garden retailing is just a few percent. The garden centre industry is at least ten years behind the rest of the retail world."

Meanwhile M&S is expected to use Ocado's technology and fulfilment centres to trial an online food delivery service, according to reports. But Ocado has not commented on the speculation. If this does come about, this would be a second grocery customer for Ocado's in-house developed technologies. Its technology and fulfilment services already support Morrisons.com.

PLATFORM UPGRADE FOR HOF

House of Fraser has launched a £25m upgrade of its ecommerce platform that it says will give it the capacity to double its online sales while developing a new relationship with its customers.

Work on the platform started in April and is designed to improve the customer online experience while also improving the retailer's ecommerce profit margins at the same time.

The move follows a year in which online sales grew by 16.1% to account for 21.8% of total sales at House of Fraser, a Leading retailer in IRUK Top500 research. Overall, gross transaction value (GTV) came in at £1.3bn in the year to January 28, with like-for-like sales up by 0.9%. Profits before tax and exceptional items came in at £3.4m, 161% up from the £1.3m reported last time.

House of Fraser is focusing on three strategic priorities in the year ahead – customer, product and infrastructure. All are part of an overall plan of "transforming its relationship with customers from a transactional interaction to an experiential, lifestyle-led relationship".

Its focus on the customer has already seen it appoint David Walmsley as Chief Customer Officer and following research and analysis of its customer base, it now plans a stronger brand identity that it says will align it with customer needs and expectations. "In line with findings, the group has launched a number of strategic marketing initiatives aimed to considerably improve the customer experience, both instore and online, drive better engagement and increase retention".

BODEN WIDENS ITS HIGH STREET PRESENCE

Boden is moving onto the high street, via womenswear concessions in John Lewis stores. The first five openings, set to launch in the autumn, represent a major expansion for the online retailer's physical presence. It currently trades from one Boden store in Hangar Lane, London. More concessions are then planned for 2018.

The range sold in John Lewis stores will also be sold on its website, johnlewis.com.

Boden, a Top150 retailer in IRUK Top500 research, will join other online sellers in having an offline presence in John Lewis. Hush and Finery now have 23 concessions between them in the department store's branches.

"We are really excited to be going into John Lewis," said Boden Chief Executive Jill Easterbrook. "It marks the coming together of two great British brands. I can't wait for more people to discover Boden, and for our loyal customers to experience the brand in a whole new way."

The first five concessions will be in the following John Lewis department stores this October: Oxford Street, Cambridge, Reading, Southampton and Oxford.

Sales of womenswear at John Lewis, an Elite retailer in IRUK Top500 research, grew by 6.8% in its last financial year.

BOOHOO.COM UP 51%

Fashion pureplay Boohoo.com has unveiled fast growth in both sales (£294.6m in the year to February 28, +51% on last year) and pre-tax profits (£30.9m, +97%).

Joint chief executives Mahmud Kamani and Carol Kane said: "This year has also seen some major capital and infrastructure expenditure. We invested in a large warehouse extension and additional office space to provide for our planned further growth and we have secured planning permission for the next stage of the warehouse expansion. We have also invested in a new website platform for boohoo, which has brought many improvements, including website flexibility and response times."

It also introduced boohoo Premier, an unlimited next-day delivery service for an annual fee.

While the UK remains Boohoo.com's largest market, it said 140% growth to revenues of £39.6m in the US market exceeded its expectations. In Europe growth came in at 50% (or 44% after exchange fluctuations were discounted) and in the rest of the world it was 40% (42%).

Boohoo plans a new French language website for 2017, with local language support from customer services. It has also launched pop-up stores in Paris and Los Angeles as it looked to raise awareness of its brand among students. It also plans to launch more country-specific apps in 2017.

SAINSBURY'S & ARGOS REPORT

Sainsbury's has reported on a financial year in which it bought Argos and its revenue figures rose accordingly. Group sales, excluding VAT but including fuel, hit £26.2bn in the year to March 11, 11.6% up on the same time last year, thanks to the acquisition. Like-for-like sales at Sainsbury's, however, fell by 0.6% on the previous year. Pre-tax profits of £503m were 8.2% down on the £548m it reported last year.

Sainsbury's said its strategy was to create "a leading multichannel food, general merchandise, clothing and financial services retailer". It sees online, where grocery sales were up by more than 8%, and convenience, which grew by more than 6%, as key channels in that. But it still expects the supermarket to be the key channel for sales: by year end it had 605 supermarkets and 806 convenience stores. Some 53% of general merchandise sales were made online. The pillars of a strategy first set out in November 2014 in the face of changing shopper behaviour are around knowing customers better, enabling them to shop wherever and whenever, prices, values.

Chief executive Mike Coupe said: "This has been a pivotal year and we have made significant progress delivering and accelerating our strategy. Sainsbury's Group offers customers market-leading product choice, value and convenience, whenever and wherever they shop with us.

"Food is the core of our business and we are committed to helping customers live well for less. Our food business remains resilient in a challenging market and we continue to innovate in quality and to invest in price. We are also investing in growth areas of the business to meet the changing ways that customers shop."

Sainsbury's said that 10% of its online orders were now through its Our Groceries App, which launched almost a year ago. This, it said, demonstrated "changing customer shopping behaviour". In its general merchandise business, which includes Argos, mobile sales grew by 60%.

Sainsbury's now has 59 Argos stores in its supermarket branches, and 207 digital collection points. Like-for-like sales in Argos stores that are in Sainsbury's supermarkets and have been open for at least a year are up by between 20 and 30%, while supermarket sales are up by between one and two per cent.

Sainsbury's said it had been able to use the Argos hub and spoke model to deliver customer orders quickly. It plans to move a further 60 Argos stores to the new digital format over the next year, and says more than a third of Argos stores will be digital in a year's time.

Sainsbury's says that traditional general merchandise and clothing retailers are seeing a decline in footfall and sales as online grows. "The combination of a strong online proposition and a wide variety of delivery and collection options is popular with consumers, with Click & Collect accounting for a significant and growing proportion of UK online general merchandise and clothing sales." It predicts that "consumers will increasingly expect a seamless, flexible retail offer across all products and channels to fulfil their orders rapidly, in a location and at a time that is most convenient to them."

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

THE BODY SHOP PUTS MOBILE FIRST

The Body Shop has launched a mobile-first ecommerce platform as part of a three-year £10m transformation project that aims to see 20% of sales come from ecommerce. The site comes in response to the fact that 52% of the retailer's online traffic is now via smartphones, and 11% via tablets. Global ecommerce sales grew by 19% in 2016 – twice as fast as the previous year.

Harriet Williams, Chief Digital Officer, at The Body Shop, said: "With the successful launch of a responsive, content-rich digital platform, we have established a strong foundation to support our future innovation agenda and global rollout.

"The Body Shop is a big business, operating in a large number of countries with both franchise and non-franchise markets. The platform needed to strike the right balance between global brand consistency and local relevance, being flexible enough to meet the needs of each individual market.

"With a number of new digital innovations in the pipeline and continued in the consumer retail experience investment, we anticipate that ecommerce will form 20% of our total sales."

The new site, built on Hybris, integrates content and ecommerce and is designed to enable customers to engage more effectively with it, wherever they live in the world. Developers have accommodated regional variations to reflect customer preferences in each market for merchandising, payment and delivery fulfilment.

The new digital platform has initially launched in 11 countries, including the UK, USA, Canada, France, Germany, Brazil and Indonesia, and will be rolled out to over 20 more countries in 2017.

The new platform is a content hub for The Body Shop, a Top150 retailer in IRUK Top500 research. It features tools such as a live appointment booking service for in-store consultations, as well a personalised skincare diagnostic tool. Click and collect functionality will launch later this year.

DEBENHAMS FOCUSES ON MOBILE

Debenhams has unveiled a review of its strategy along with its half-year results. The department store group pointed to the importance of social and mobile to its multichannel business, as it reported group sales of £1.7bn in the half year to March 4, 2.9% up on the same time last year, with UK like-for-like sales up by 0.5%. Pre-tax profits of £87.8m were 6.4% down on last time.

Debenhams' online sales grew ahead of overall sales: its 14.6% half-year ecommerce increase included 12% growth in the UK, thanks to a 64% growth in mobile orders. The retailer now aims to put mobile at the centre of its business so that customers can always engage with it via their smartphones, wherever they are, and whether they are shopping or communicating.

Its internal surveys have found that shoppers use their phones most frequently to engage by writing reviews, checking opinions, commenting on social media, or to check logistics, such as a store location or product availability. That will be supported through an upgraded mobile platform.

Debenhams sees growth opportunities in social shopping too, as both leisure and mobile become a greater part of the shopping experience. It defines this as "shopping as a fun leisure activity enjoyed with friends and family and shared via social media", and says in its half-year results: "We will give our customers more reasons to come to Debenhams, whether they are at home, on the train or in the high street, and build a stronger relationship with them, centred around mobile interaction. We score well on many metrics compared with competitors but can do better to encourage frequency of visit.

"We will create an environment both online and offline that is engaging and inspiring, with great service, and a shopping journey that is convenient and reliable so they will want to come back to us more often. We want them to share the experience, whether by visiting stores with friends and family to shop, use our services, eat and drink or attend events – or via social media."

MOBILE DRIVES ASOS BOOM

ASOS has reported a massive 35% sales rise in the six months to February 28 2017, driven by a weak pound and the company expertly tapping into the mobile and social habits of its youth shoppers.

The Brexit vote in June 2016 and the subsequent crash in the value of the pound helped ASOS grow international sales by 54%, but it is the expert way that the retailer caters to the mores of its key demographics that keeps the company growing.

ASOS sees more than 70% of its traffic come from mobile and has worked hard to optimise its site to work on the smartphone channel. Downloads of its app also increased 28% in the past six months.

ASOS has also worked hard to conquer social media too, and has 21.3 million followers across its social channels globally and says it has been experimenting with new products such as Facebook live, Instagram stories, and Snapchat lenses. An ASOS Black Friday Snapchat lens reached 32 million people, the company says.

Commenting on the results, ASOS CEO Nick Beighton says: "Given the current momentum we are seeing, ASOS is making good progress towards its ultimate goal of becoming the world's no. 1 destination for fashion-loving 20-somethings."

Asos' aim is to be "awesome on mobile", which it defines as an "enjoyable and frictionless shopping experience". During the half-year it completed its roll out of a new mobile checkout across Asos' digital channels.As a result, it says, it offers a "cutting-edge customer experience designed and developed with a mobile-first approach, using the latest technologies to provide a new, seamless checkout exerience for our customers."

Over the six months, Asos saw a 28% increase in daily app downloads. It says its customers visit apps an average of eight times a month, and spend a total of 80 minutes on them. Mobile devices now account for 70% of Asos' total traffic, up from 60% a year earlier, and 58% of all orders. The retailer now plans to update the Asos Android App, and to launch Apple Pay on the iOS app and on its mobile web.

Maplin: designing from the store out

Siobhan Fitzpatrick, Marketing & Multi-Channel Director, Maplin, spoke to *Emma Herrod* about the retailer's new store concept and why it's developing the digital business from the store out.

FOR ALL that the industry says omnichannel starts with the customer, it's usually the digital channels that form the cornerstone of transformation plans with store colleagues fitting in with enhanced services led from the 'back end', such as click and collect and stock replenishment and customer-facing clienteling apps. Maplin, however, has instead started with its stores and is transforming customer interactions from this part of its business back through the digital channels and omnichannel services.

The electronics retailer has refitted three stores – in Cambridge, Chesterfield and Oxford – and a further four are due to reopen in Aylesbury, Staines, Crewe and Sittingbourne. These remodelled stores are lighter and brighter with products displayed in a way that invites shoppers to touch, feel and play with them.

Touch screens next to brand and product displays explain the newly focused central area of the stores, which highlights the Smart Life concept of connected devices to operate home, security and fitness devices.

The growing importance of the Smart Home concept has been a key driver for Maplin's change programme. While brands have been very good at showing consumers their own products, they weren't showing them how to connect devices and set up a complete system, according to Siobhan Fitzpatrick, Marketing & Multi-Channel Director, Maplin. Consequently, this is something which the Maplin stores have set out to do with content, products and staff showing consumers what is possible. This has led to an omnichannel strategy which Fitzpatrick says is “store out rather than digital in”.

REDEFINING CUSTOMER SEGMENTATION

Changes in customer profiles have also prompted the decision to rework stores. Maplin had been working to customer segmentations of technology purchasers that were created in 2013. Fitzpatrick explains that these are now “too generic” and no longer applicable to why people engage with technology.

The company carried out its own research and segmented shoppers into 5 groups, from Novice through to Tech Pro. This last group includes people who are Enthusiasts (the hobbyists of the previous segmentation) and those who work in a technology sector, who know and understand technology so are therefore unlikely to be early adopters. In the longer term, these Tech Pros will cut out retailers and go directly to manufacturers to buy exactly what they know they need, explains Fitzpatrick.

The core group for the retailer is the Appreciators. These people aren’t techies but like technology because it provides solutions to make their life simpler or they love it simply for being fun. They are also first in the queue to buy new products, and are the people who want advice and who Maplin wants to attract into store.

The company also investigated how this core group of customers interacts with Maplin and its products. Store staff were found to be key as they are a font of knowledge about technology and products and have the ability to interact with and engage customers.

The next step was to look at the brand positioning, which showed that shoppers trust Maplin to give advice about the right solution rather than simply sell them the most expensive item. It also looked at customer reference points such as Apple and mobile phone providers. These stores encourage shoppers to touch and play with product and have hero brands or items which stand out. An investigation of retailers in the US, such as Best Buy and Target, was undertaken, too, since the country is ahead of the UK in terms of in-store customer experience. The retailer examined how these stores connect journeys for customers in store and encourage them to play with products so they see how easy they are to operate.

“We also thought about phases of the journey,” says Fitzpatrick, “and how people see Smart Life.” She explains how they came up with the Smart Life concept, which encompasses more than just a smart or connected home with smart watches, mobile phones and apps and includes cctv cameras, doorbells, thermostats, lighting and the hubs through which everything is connected. This hub could be run by Nest, Google Home, Amazon Echo or British Gas Hive. It’s technology which many people need advice about and some hands-on time to fully understand before making a purchasing decision.

Working with strategic design consultancy 20:20, the full concept was developed in just 8 weeks.

PUTTING THE CONCEPT INTO PRACTICE

In store, the first step to getting people interested in the Smart Life experience, and the beginning of the journey, is a large digital screen showing shoppers a short video that explains the concept and how it relates to the themes of Your Home, Your Family, Your Pet, Saving Money, Taking Time Out or Health & Wellbeing.

From here, the play experience begins, with play tables, product and tablets set up to help shoppers see how things work. Each brand area gives the same experience with a touch screen showing product information, and tabs linking to more information, videos, ratings and reviews, and items which the product will work with. This same content is available online as well. ▶

> “Digital is a key support for the stores rather than being a lead for us”

Play tables, product and tablets are set up to help shoppers see how things work

Maplin had to really push the fact to shoppers that they are allowed to touch and play with the different devices

The journey then moves to the connected area, where shoppers can investigate which products work together, play with them – such as asking Alexa to dim or brighten lights – or interact with apps connecting other devices such as testing a smoke alarm. Alexa also runs the store lighting and music so shoppers can see what else is possible.

Interestingly, Fitzpatrick says Maplin had to really push the fact to shoppers that they are allowed to touch and play with the different devices, adding 'Try Me' signage to reinforce this in every area. "Since the Cambridge store was relaunched in November, there have been over 20,000 digital interactions with the kit," she says.

As well as supporting sales, the concept also provides valuable insight into how shoppers are interacting with the equipment in the store, what is being used, where people are going and where they are getting stuck, she explains.

While it's still "early curve" for Smart Home, and it's still only a small part of the Maplin business, it's significant enough that the company wanted to take an interest in it. Fitzpatrick explains that purchasing behaviour being recorded shows that once someone has bought into Smart Life they will buy their second connected item within 6 weeks. It also links to other products areas which actively support the Smart Life proposition, such as cables and Wi-Fi.

Maplin has also launched services that support Smart Life, such as a home survey, installation and finance proposition.

While the concept takes up a large part of the centre of the remodelled stores, the number of skus they hold hasn't been reduced, with 8,000 just displayed in new ways. Pods around the walls segment product into areas or 'worlds' such as cables, entertainment, home office and gaming, so a customer who knows what they want can still go into store and 'grab and run'.

In fact, Cables, Tech Pro and Home Office still make up the company's core sales and are seen as its 'bread and butter'.

Digital is further used in store in the form of touch screens in each product area showing a curated aspect of the entire 40,000 skus applicable to that area of the store. Staff also carry iPads so they can help customers at any location and continue their conversation without having to move to a service desk. As well as back of house information, staff can access the full product range, see when products will be back in stock, capture customer details so they can be informed when an item is in store, order products for delivery to store or home, and show customers full web content. Payment currently has to be made at a till but Maplin plans to add this functionality to the iPads.

THE COMPANY TRANSFORMATION

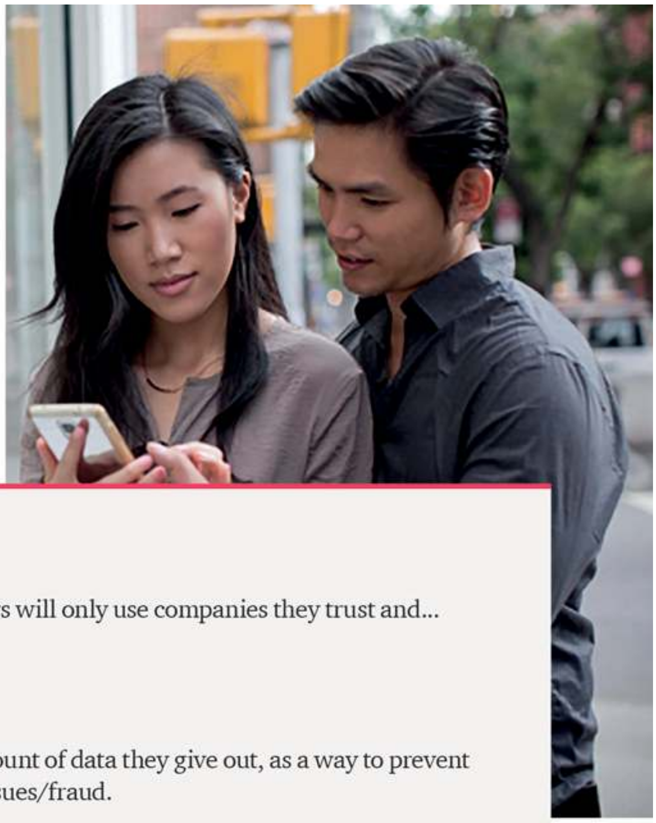
This store-of-the-future concept is just one strand of Maplin's strategic transformation plan. Another is its "accelerate digital" programme.

"The store-of-the-future journey is about ▶

Trust is a must

It's now the number two driver of customer loyalty in the UK, after price....*

...yet retail and consumer businesses have suffered 4,000 security incidents over the last 12 months. 16% suffered losses of over $1 million as a result.**



3 in 5

online shoppers have expressed concerns over having their personal credit card information hacked whilst using a mobile device.

59%

of online shoppers will only use companies they trust and...

45%

minimise the amount of data they give out, as a way to prevent online security issues/fraud.

UK retailers face significant challenges in relation to cyber security. Based on our recent research we found that attacks are up by over 30%, so this challenge is not going away.

The main challenge retailers face is from a crime perspective, be this malicious insiders, organised crime groups or other parties looking to make money from the organisation. The main threat is around customer data and obviously retailers hold significant volumes of this.

The other thing that retailers need to think about is remaining competitive, so investing in digital channels, apps and other payment technologies. Investing in these kind of technologies increases the risk that that they face from a cyber security perspective.

In 2018 the EU General Data Protection Regulation (GDPR) comes into force and this has significant implications for retailers. Firstly it means that the potential impact of a data breach is going up, this is up to 4% of global annual revenue or €20 million, so significant numbers. Secondly, you have to notify the regulator quickly if you've been breached, and thirdly, you have to be able to delete customer data from all of your systems if requested, and this is obviously challenging given the fact that data is scattered across retail organisations. Planning for GDPR needs to start now.

Distributed denial of service (DDoS) attacks are a real challenge for retailers, particularly during peak season. The challenges are that websites might be taken down, or there may be physical disruption, for example to lift systems in shopping centres.

In terms of what retailers can do to mitigate the risk, organisations first need to understand the specific risk that they face, why they might be targeted, what makes them vulnerable and how an attack might affect them. This needs to extend beyond the enterprise and needs to consider relationships including 3rd parties, managed service providers and partners. Only then can retailers can put in place the approach, including technology and controls to manage the risk. As with any board level risk, retailers need to seek independent validation of their perceived cyber security posture and test the effectiveness of defences.

Lastly retailers need to be ready to respond to an attack, this should include a retainer to call in support when needed, but also practice responding to a breach.

At PwC, we're helping UK retailers to both understand the cyber security risks they face and define their security strategy. We are also helping organisations respond to a data breach when that happens and to prepare for the GDPR. Resolve to make your customers' trust a priority today, get in touch to find out how we can help address your cyber security challenges:

Email:
james.m.rashleigh@pwc.com

Visit our website:
www.pwc.co.uk/cyber

*Source: PwC Total Retail 2017: www.pwc.co.uk/industries/retail-consumer/insights/total-retail-2017.html

**Source: The Global State of Information Security® Survey 2017: www.pwc.com/gx/en/issues/cyber-security/information-security-survey.html

pwc

understanding that the role of the digital channels is about getting a customer into a store, since we know that customers want advice and support and they still want to have face-to-face engagement with a colleague and with a product," says Fitzpatrick.

She explains that Maplin built the journey in a way that works for customers and colleagues in store. As part of the design process, it had to look at which elements needed to be taken back out to the digital world to make sure that when a customer starts their journey in a digital channel Maplin has the right things in place to enable the customer to transition through the journey and into the store.

Fitzpatrick says the company also has digital channels which are channels in their own right and customers have missions that don't require them to go into store. The accelerate digital programme has been looking at the customer experience in those channels. This has led to a "big programme of work around improving our search engine optimisation and relevancy".

Another programme is being undertaken around data and its management with content and digital asset management systems being introduced. Initially, these are powering the in-store information for customers and staff.

The different programmes are coming together, explains Fitzpatrick. "With the digital piece, we've had to look at which elements of that we have to lift and drop into the store channel and what elements from stores we should lift and bring into the digital channels."

She says that what makes Maplin different from other retailers is how this focus on customers concluding complex journeys in stores has led to it thinking store backwards for mobile devices rather than mobile first. "It made us investigate how customers use mobile devices to shop," she adds. It has found that small, handheld devices lend themselves to 'find and get' journeys, while larger devices, such as tablets and desktop devices, are used for a longer, more immersive experience and 'discover and dwell' journeys.

"It's made us think about complex journeys and how we simplify them," she adds.

Just 20% of Maplin's sales are web enabled and include reserve and collect as well as the find and get journeys on small devices and home delivery. Digital is about transactions and is important for the company, but Fitzpatrick believes that it won't change the importance of the stores. "Digital is a key support for the stores rather than being a lead for us," she says. "It's still very much about the stores and is always going to be the way with our business as we sell quite complex products. It's our job to make those products very simple and easy to understand. It's about the art of the possible."

Staff use ipads to help customers and view back-end data

Over the financial year to March 2018, Maplin's roadmap includes the new search and navigation, product, content and digital asset management solutions and a single view of customers. The last goal is being achieved through a database build by more2, which will combine data captured in store such as purchase details and emails with online customer information. It has also trialled e-receipts but any implementation requires the database first. In addition, Maplin is testing click to chat technology which enables online customers to have a video call with staff. This trial has been running for a couple of months, enabled by the staff iPads in five stores. The mobile aspect means that they can 'take' the customer to any area of the store to see a product.

The retailer also has a three-year roadmap which is owned by the executive management board and being implemented by cross-functional working groups. It focuses on the expertise of its store staff and the newness of Smart Life and connected devices to drive footfall into stores. For all the video, bright lights and try-me signage, the company hasn't forgotten its core customers who want a quick run and grab trip for cables and home office supplies – it just makes them walk to ▶

Screens around the store encourage shoppers to discover more

the back of the store. Connected devices will increasingly have an effect on how consumers shop, especially when they are on a find-and-get mission. Shopping will come down to immediacy or the customer's preferred fulfilment option – Alexa is only the beginning.

There will be times, though, when shoppers still want to engage in store, or with someone from a retail organisation. For Maplin, these high engagement, high investment shopping trips are where it's focusing its future.

LESSONS LEARNT

Shoppers are on one of two missions when they visit a Maplin store: 'find and get' when they know exactly what product they need and they go into store, buy it and leave, and 'discover and dwell', which is much higher up the funnel. "More than two thirds of visits were find and get before the refit," says Siobhan Fitzpatrick, Marketing & Multi-Channel Director, Maplin, and these were predominantly conducted by a man on his own.

Since the refit, the Cambridge store has seen dwell time in store double as shoppers spend more time interacting with the Smart Life technology and getting advice from store staff. One of the key learnings for Fitzpatrick is in how the fact that shoppers are allowed to play, touch, feel and try the technology has had to be driven home by signage.

"The number of questions has increased online, too," she says, with customers and colleagues providing answers. "We're starting to build a community," she adds, and it's something that is on the roadmap for launch later this year to allow it to test propositions, communications and products.

"It has also been a lesson in keeping up with content," says Fitzpatrick, as well as merchandising and adjacencies in store.

Going forward, the role of different aspects in store is being analysed and tested. Fitzpatrick gives the example of the role of high-level navigation and whether putting digital at the front of store changes the level of engagement.

Analysis to date shows that the split of journeys is now equal between find and get and discover and dwell; more families visit the store; and there's a 50:50 split between male and female shoppers. "96% of people think the store has significantly improved," says Fitzpatrick. "They think the product range has improved, which it hasn't. It's just better shown off."

Significantly, Maplin has seen double-digit sales growth and triple-digital growth in Smart Life products.

UBISOFT PARTNERS WITH OSF
to implement its new ecommerce website

Ubisoft is a leading creator, publisher and distributor of interactive entertainment and services since 1986. Over the past 30 years, the company has continued to grow, expending its teams across 96 countries and 5 continents. Ubisoft creates immersive universes not only across gaming platforms, but also in movies, high-quality collectibles, publishing and merchandising, including apparel.

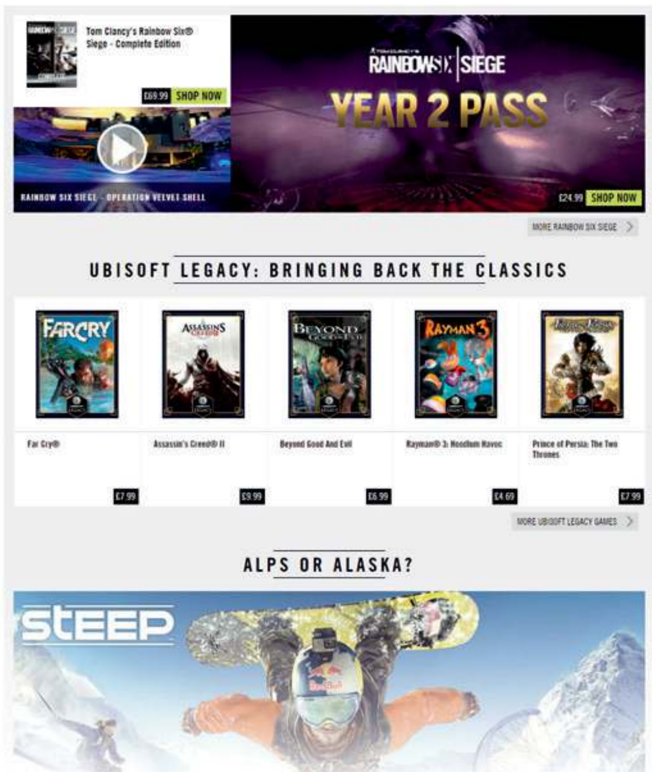
With this internationalization and the exponential offer, there was a need to rethink the way Ubisoft operates ecommerce.

Can you present us briefly the Ubisoft Store?

Maxime Bosvieux:
Ubisoft store is the official ecommerce website of Ubisoft, a place where fans can buy premium content on the brands they love. We are selling video games of course; this is our core business, whether it is on PC, console or virtual reality devices. We are also offering our Ubicollectibles, a large range of highly qualitative figurines based around our most famous video game characters. Our goal is to maximize the awareness around our brands, engage our customers, and in the end, drive conversion.

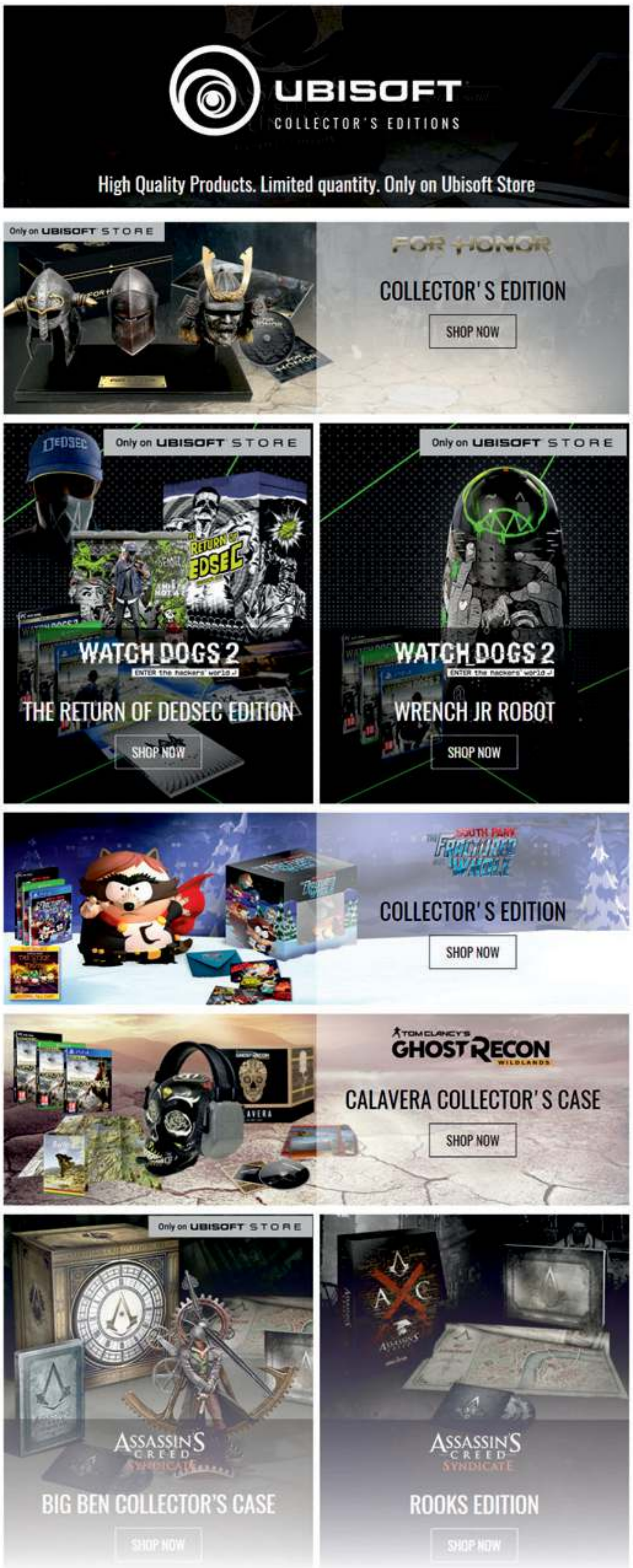
How long have you been selling digitally?

Maxime Bosvieux:
The business started in 1999. Of course, back then ecommerce was not as developed as it is today. It was just the beginning and we kept developing. Globally, digital operations have always been successful. We were already managing digital or physical operations, but we did not have the hands on the platform itself. With time and maturity came the need to have more control, whether it is about front-end or back-end. In the context of our global internationalization, we need to win in agility. Running worldwide business but with a local approach. We needed an ecommerce platform with powerful features, such as search, merchandising, personalization, A/B testing and we wanted to deliver a first version as fast as possible, and then keep improving. The time to market for a first launch was critical.



Why did Ubisoft choose OSF for your new ecommerce project?

Maxime Bosvieux:
OSF suited all the above needs: international team and organization, with a footprint close to ours. OSF is very business oriented: we found the right partner to help us analyze our needs, identify the right features in Salesforce Commerce Cloud - formerly known as Demandware- and if necessary adapt them. Knowledge of the platform and relationship with Salesforce Commerce Cloud teams were critical. OSF offered a very good compromise between listening to our needs and driving the project to respect the deadlines. As previously said, the go-live date was non-negotiable, and timeline was very short: we needed an agile partner.



How did you feel about working with OSF?

Laika Moussa:
Working on the new platform we faced two main challenges: a strong timing constraint – we had 6 months to launch 20 versions of the website – and a major change of scope in the middle of the project. OSF was able to react fast and get more resources to handle the change of scope we had. They were proactive, thinking not only about the development of the platform but also the maintenance of the platform.

What are the positive results of OSF's work, from a business standpoint?

Laika Moussa:
Technically, we have a much stronger platform than before. The overall navigation on the website has been improved and key informations are easier to find. We improve page load time and we have observed a significant raise of our conversion rate. We can also notice that customers are spending more time on the website.

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Rajan Balasundaram

Leader Strategist and Innovator
VP Solutions

emarsys

WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

Emarsys is a global B2C marketing cloud company. It helps retailers to work at scale, personalising interactions with individual consumers in a seamless manner across channels. Its in-house developed solution has been built from the ground up to provide personalised messaging which is then sent though different channels from web to mobile. The solution is being used by more than 2,000 customers in 140 countries. The fifteen-year old company remains privately held and has attracted £55m in investment since entering the US market two years ago.

WHAT CHALLENGES ARE MARKETERS FACING IN RETAIL TODAY?

Retail channels are merging and consumers are demanding a seamless experience across online and offline channels. Mobile has given them the power in many ways including the ability to check online offers while standing in store.

Disparate teams within the retail organisation – from merchandising, shop managers and marketers to the IT team – are trying to solve similar challenges but in different ways resulting in an experience for consumers which may not be joined up. Retailers, therefore, need one database which can bring all of these teams together; a single source of the truth providing one place in which all of their data can be brought together, analysed and acted upon.

> AI opens the opportunity for marketers to achieve 1:1 personalisation and spend more time on humanising campaigns by improving the marketing strategy, content and creative

HOW BIG AN OPPORTUNITY IS AI FOR RETAILERS?

The amount of data held about customers is enormous. Analysing that data, segmenting it and drawing insight from it is better suited to a machine than to humans. Artificial intelligence (AI) can utilise machine learning and pattern recognition to work out the best way to interact with individual customers based on their past behaviour or similarity to other customers.

AI will have profound effects on the retail industry. It can provide a unified personalised experience with the consumer which is agnostic of channel. This will make the in-store experience the same as the web experience, for instance.

AI can solve the problem of personalising the experience for the end consumer. It can predict what a customer will do, as well as highlighting to someone in the business what message will produce the best outcome. AI can work out from business goals which promotions, offers and product selection will perform best when offered to individual consumers. It will factor in margins and discount levels based on rules around short-term revenue and long-term profit goals.

It gives the right discount levels to the right customers. Where one consumer can be swayed by a 20% discount, another is more likely to convert when offered free delivery, for example. AI can predict whether product A or product B should be included in a certain communication. This unified personalised experience for customers is agnostic of channels so each offer can be presented through the best channel whether that's a mobile offer, email, web or via clientelling in store.

EMARSYS IN BRIEF

Date launched: 2000.

Global reach: 17 global office locations, serving more than 2,000 clients in 140 countries.

Customers: Emarsys has a strong customer base in Europe and Asia Pacific and has been building its customer base in the US over the past two years. Customers include eBay, Toys "R" Us, Nike, Canon, Volvo, American Express and L'Oréal.

Employees: over 700.

Contact: For further information contact Emarsys at www.emarsys.com, via Twitter at twitter.com/emarsys, Facebook wwwfacebook.com/emarsys or Linkedin linkedin.com/company/emarsys

One German retailer, for instance, is using AI to personalise offers for store visitors so that a store associate knows the key offer to give them when they visit the store. Another aspect of AI is its predictive capabilities which can be used to trigger a campaign to coincide with a consumer getting close to needing to reorder a product or coincides with when a previous purchase is about to become out-of-date.

As with all forms of personalisation, AI-automated offers need to be presented in a way which is seamless to the consumer and don't make them feel like they are being stalked. AI can be invisible to marketers too since it works in the background and is controlled by rules around business goals and the outcomes required by the marketing team.

The marketers can leave the technical and operational complications aside and not be lumbered with involved marketing automation, programme building and channel email building. Automation takes over the day-to-day complexities of segmentation and putting offers in place and frees up marketers' time to concentrate on marketing and making sure that campaigns work on a human level. This is the future and it leads to increased revenue.

HOW IS EMARSYS HELPING RETAILERS WITH THESE CHALLENGES?

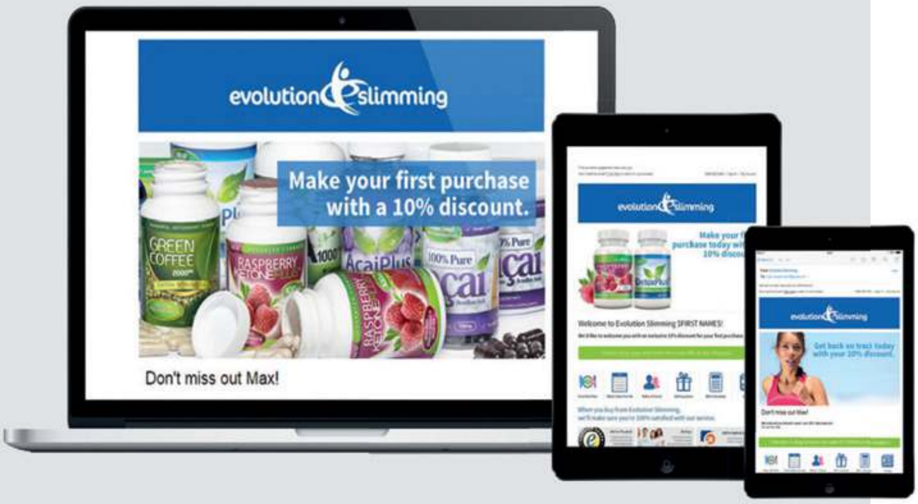
Emarsys has been helping retailers with its AI offering for the past 12 months with some customers seeing an uplift in revenue of up to 28%. Many retailers started testing AI with sample segments of 10% of their consumer database, gradually increasing the segment size to 50% and upwards as the technology proved itself. AI in retail is still in its infancy but it won't be long before marketers turn on the full capabilities.

Implementations are expected to skyrocket in 2019 and, in the same way that CRM and marking automation platforms are now common place, in time AI will become 'bread and butter' too.

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

CUSTOMER CASE STUDY

Health supplement provider Evolution Slimming has a database of more than 250,000 contacts but was struggling to find ways to increase revenue, even after a redesign of its website. Commerce Director, Russell Nicholls, used Emarsys to identify prospects, first-time buyers and defecting customers. Based on customer behavioural intelligence, he targeted each of these segments with three automated lifecycle emails, generating a 270% return on investment and 1.1% uplift in projected annual revenue from just one automated campaign. Here's how it was done:



The first step was to identify why Evolution Slimming was getting lower than expected click-through and open rates. Smart Insight, the Emarsys customer intelligence tool, revealed the behaviour of Evolution Slimming's customers on its ecommerce site. It became apparent that the company didn't struggle with getting first-time buyers, but keeping them was a challenge.

Emarsys' ecommerce strategy team analysed Evolution Slimming's existing communications strategy and found that every customer was being treated in the same way. Working with the retailer, a test was conducted to see if a more deeply personalised customer experience returned more revenue.

Three personalised lifecycle email programs were created focused on shoppers who hadn't made a purchase, those who hadn't bought a regularly-purchased product from the site recently and disengaged customers. A test group of 10% of Evolution Slimming's database were offered personalised discounts, while the remaining 90% were in a control group that was not offered incentives. Smart Insight was used to combine the correct mix of timed incentives and product information, personalised for each target audience with offers sent using a pre-set marketing automation template.

In just eight weeks, Evolution Slimming generated 270% return on investment from these personalised lifecycle programs. More specifically, it received 13% more revenue from the Welcome Program, 38% from the Repurchase Program and 4% more revenue from the Win-back Program overall. In each program, the revenue increase was higher for the test group than the control group, showing that people who registered for Evolution Slimming's communications responded well to discounts and special offers.

Since working with Emarsys, Evolution Slimming has increased conversion rate from 4% to 7% in just six months. And, based on this eight-week test period, it has projected an annual revenue uplift for the entire business of 1.1%.

As Nichols comments: "It's so much easier to convert customers once you know how to give them what they want, when they want it. I couldn't believe how many opportunities I was missing out on."

Omnichannel still challenging profitability

The fourth annual survey of global retail CEOs by JDA/PwC reveals most retailers continue to struggle with omnichannel profitability. *Emma Herrod* **looked deeper into the report.**

JDA/PWC SURVEYED more than 350 retail and consumer goods CEOs and found that the majority of retailers continue to struggle with omnichannel profitability. However, despite this, 69% of executives plan to increase their investment in digital technologies to improve the customer experience.

According to the 'CEO Viewpoint 2017: The Transformation of Retail' report produced by JDA/PwC, when it comes to physical stores, CEOs have invested, or plan to invest in, clienteling (76%), personalised mobile 'push offers' and beacons (76%), and smart mobile devices for staff in stores (79%).

Outside of the store, big data (86%), mobile-enabled applications (85%) and use of social media data (85%) are the top technologies survey respondents are investing in, or plan to invest in over the next 12 months, along with automation and the Internet of Things (IoT). The use of social media and big data is becoming an important tool for retailers by offering deep insights into rich sources of customer information, allowing them to create credible customer segments, while understanding shopper preferences.

Despite the obvious importance of having a digital transformation strategy in place, surprisingly, more than half (52%) of respondents (47% in the UK) have not yet defined or started implementing a digital transformation strategy. This reflects the fact that many retailers still have work to do in terms of fitting the strategy piece into the digital transformation puzzle.

"The investment in digital technologies was a major undercurrent within this year's survey results. This is no surprise, since retail CEOs understand just how important it is to invest in the technology that will improve the customer experience, particularly in store," says Lee Gill, Group Vice President, Global Retail Strategy, JDA. "The report findings also reveal the continued balancing act retailers are struggling to maintain with ensuring omnichannel excellence and profitability – all while meeting the demands of the modern shopper and keeping pace with the digital transformation underway across the supply chain."

> "69% of executives plan to increase their investment in digital technologies to improve the customer experience"

IMPACTING PROFITABILITY

As omnichannel retailing continues to mature, and retailers have blurred the lines between online and store, their attention has shifted to implementation and profitability. Among global retailers, omnichannel continues to lag in areas of order fulfilment and profitability is still a challenge, with only 10% of those surveyed able to make a profit while fulfilling omnichannel demand; this figure falls to just 3% for the UK market. Only 12% of CEOs surveyed, down from 19% in 2014, provide a seamless shopping experience across channels. These retailers are finding their omnichannel offerings to be too complex or expensive and are choosing to scale back.

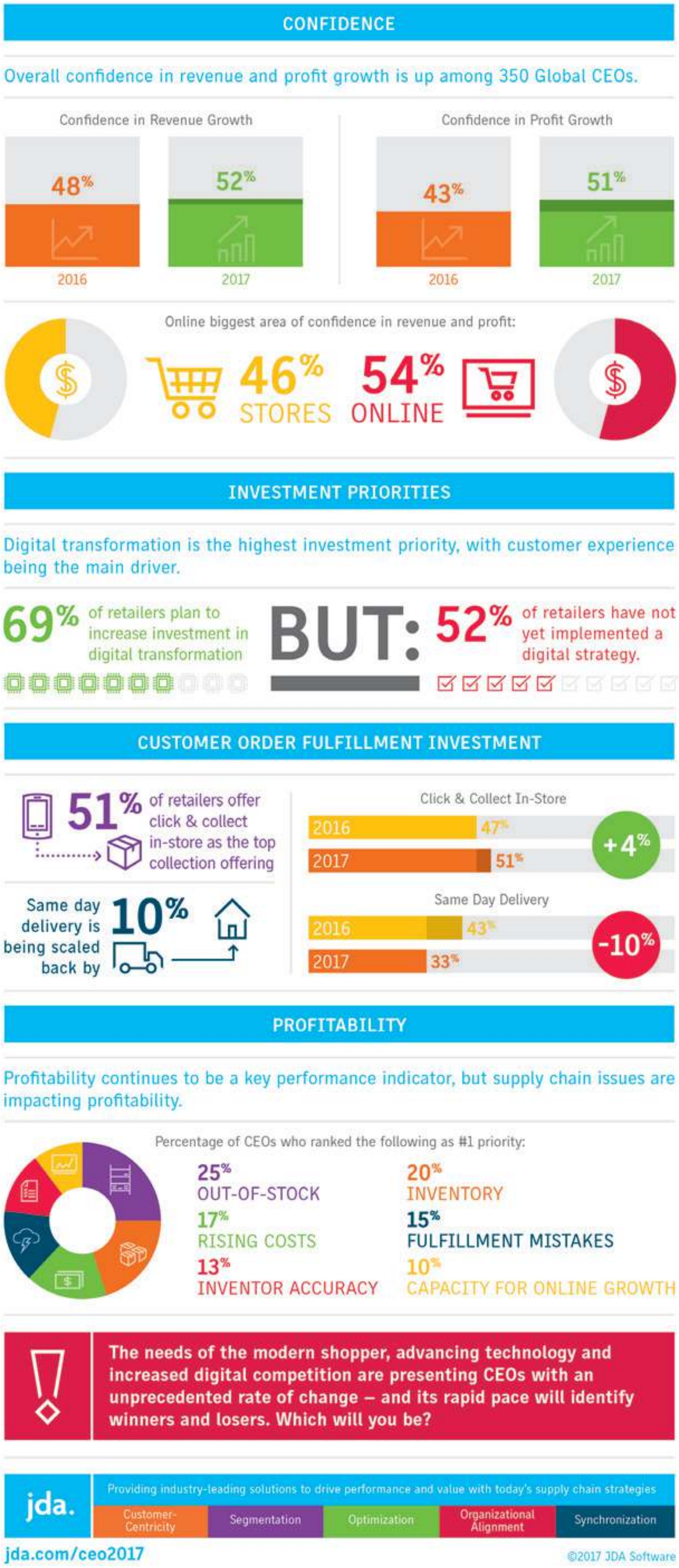
Some 74% of respondents believe the cost of customer returns is impacting profits to at least some extent, a figure that rises to 85% for the UK. As CEOs look to regain profitability, their chosen areas for order fulfilment investment are prioritised by those that are the most important and net the most financial return. However, many are yet to perfect the fulfilment part of the supply chain picture. Stock-outs proved a particular concern for UK retailers, with more than a third stating that when it comes to supply chain issues, this was their number one concern.

The survey found that retail CEOs are increasing their investment in click & collect; 51% either offer or plan to offer it in the next 12 months – up from 47% in 2016. 'Buy online, ship to store' has picked up steam in the past year, with 48% of retail CEOs investing in this service or planning to, in the next 12 months. Conversely, fulfilment options that are becoming costlier and less profitable are areas where CEOs are decreasing investments in 2017. These include same-day delivery, which was 43% (35% in the UK) last year, but is just 33% (28% for the UK) this year, and specific delivery slots, which were 48% (51% in the UK) last year, but are just 27% (25% in the UK) this year.

The rising costs involved in fulfilling orders is also pushing executives to rethink their overall strategy. 2017 will see increased charges for online orders; 57% plan to or will make this change in the next 12 months, up from 29% last year. There will also be a rise in minimum order thresholds for free standard home delivery (62% plan to or will make this change in the next 12 months), which is up from 39% last year. Raising the minimum order value for click and collect (55% plan to or will make this change in the next 12 months), is also more likely than last year, when just 31% said they would take this approach.

"While retailers have increased fulfilment options over the last year to meet consumer demands, as click and collect becomes a staple and 'buy online, ship to store' emerges as another fulfilment capability, retailers now need to balance the effectiveness and profitability of the fulfilment channels they offer with customer satisfaction. Because if shoppers experience a problem with home delivery or in store pickups, that is a lost sale – and customer – that retailers can't afford in a highly competitive market," noted Gill.

"We have witnessed unprecedented change sweeping the retail industry that continues in earnest as retailers reimagine their strategies to transform the customer experience, making it seamless and personalised, no matter how they shop. Supply chain complexities and cost will continue to challenge retailers, and the difference between winners and non-winners will be how much, or how little, retailers understand their customers moving forward," concluded Gill.



Perrine Masset

Senior Manager Agency at LiveArea

PFS IN BRIEF

Date launched: Established in the US in 1994. Launched in Europe in 1999 and the UK in 2014.
Global reach: PFS has a global reach working from 15 locations in the US, Europe and India.
Turnover: $334.6m (£259m) in FY2016.
Customers: Over 170 world-class brands including P&G, Diageo, Lego, L'Oréal and Pandora.
Employees: ~2,600
Partners: PFS is a solution-agnostic provider working globally with the leading enterprise platforms including Salesforce Commerce Cloud, Salesforce Marketing Cloud, SAP, Magento, IBM and Oracle ATG. In the UK market, the company also partners with Qubit, Amplience, Monetate, Tealium, Adyen, InRiver, Bazaarvoice, Rackspace and Mirakl.
Contact: For further information contact PFS at marketing-europe@pfsweb.com, www.pfsweb.com, Twitter @PFSweb, Facebook www.facebook.com/PFSweb/ or telephone 020 3475 4000.

HOW BIG IS THE OPPORTUNITY FOR INTERNATIONALISATION FOR UK RETAILERS?

Cross-border and international ecommerce offer a massive opportunity for UK retailers. Some 32% of global ecommerce revenue is predicted to be from international sales by 2020. This will amount to $216bn (£167bn) giving enough opportunity for everyone to get a piece of the cake. There are also opportunities for retailers to target different markets in a way that fits with their brand, vertical, customer base and investment be that mature markets in Europe or large geographies such as Canada and Latin America which have a large proportion of local consumers purchasing from international sites.

WHAT BUSINESS MODELS COULD UK BRANDS FOLLOW TO EXPAND INTERNATIONALLY?

There are three approaches that retailers can follow with varying levels of investment and risk. The simplest, and the business model with the least amount of risk and investment, is to offer cross-border shipping. This, however, does not offer the optimum customer experience. Marketplaces offer further opportunity to create brand awareness and to test new markets but can add complexity and be trickier to manage. Retailers should look carefully at each country and site and the different options based on their vertical. The greatest investment and risk is to operate an independent, fully localised site offering local assortment, payment methods and delivery options. This offers the best customer experience but also needs a certain level of brand awareness locally.

> “Retailers will have to embrace a test and learn approach since this will bring the agility needed to fix things very quickly”

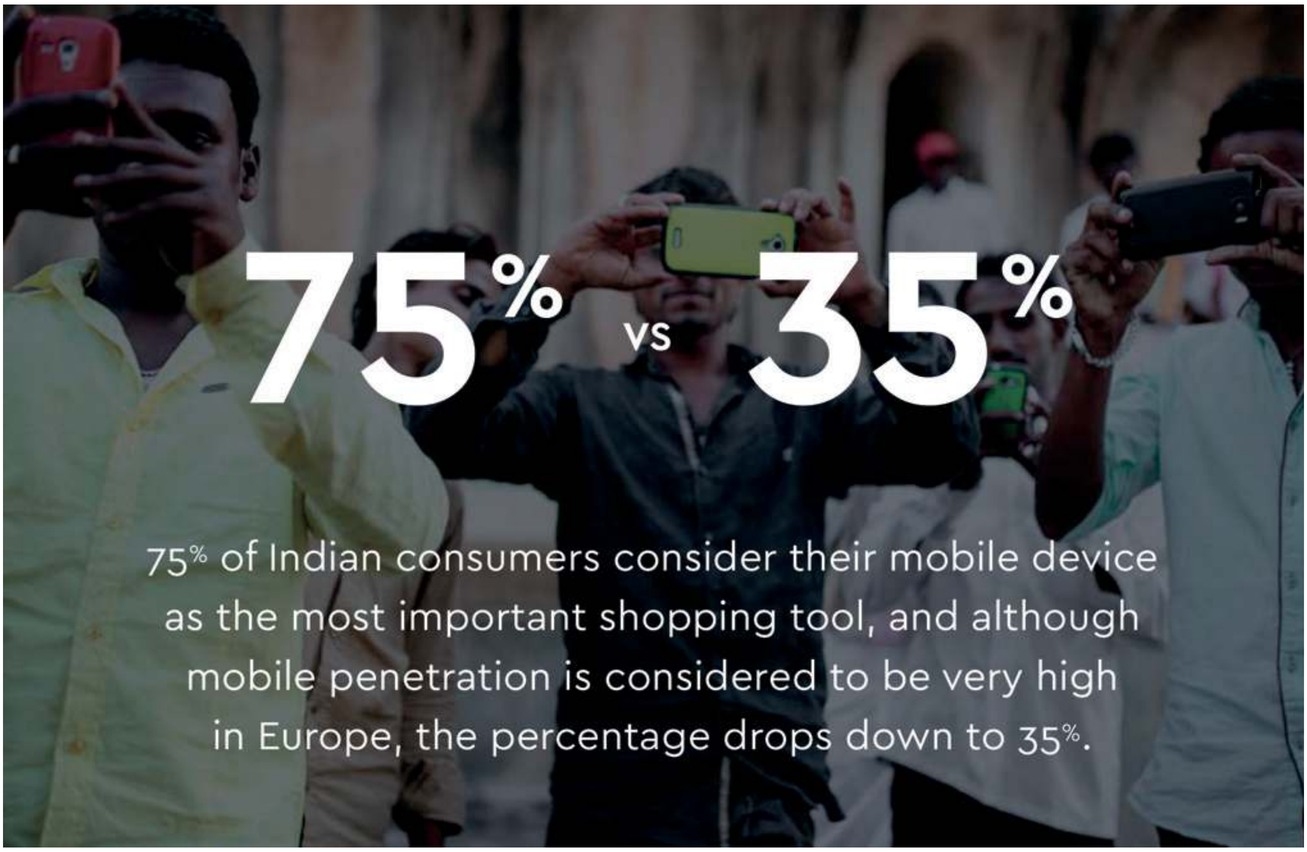
Being flexible with a test and learn approach can offer a first foot into the door for a UK brand going into mature markets such as Germany or the US. A site designed with a ‘minimal viable product’ approach can be low risk, allowing a retailer to understand how customers react to their product and prices and allows them to be ready for when they launch a fully localised site.

WHAT ARE THE MAIN POINTS TO ASSESS WHEN GOING INTERNATIONAL?

When expanding internationally external and internal factors need to be considered. Market evaluation is critical; a large ecommerce market may not translate to a large number of international purchases. US shoppers spent almost $400bn (£309bn) online in 2016 but the majority of it was with US retailers. Canadians, though, are predicted to spend $40bn (£31bn) online by 2018 with a large proportion spent internationally. Even in the EU, not all countries offer a similar market level. Internet penetration in the Netherlands is at 96% compared to Italy's 62%.

Different trading regulations mark the complexity of market entry as do rules regarding different verticals with some, such as spirits, being more complex. For example, Germany, Norway, Singapore and Hong Kong offer lower barriers to entry than Afghanistan, Greece or Luxembourg according to a study by the World Bank.

The type of product might even be one which consumers



do not buy online with shoppers preferring to buy from established brick and mortar retailers so analysis of both on and offline competitors needs to be conducted. And that's before getting into consumer behaviour online, their preferences in the chosen market for delivery and payment methods. Shoppers in China, for example, pay cash on delivery versus European's credit and debit cards and Germany's bank transfer payments. Retailers need to look at the differences and keep them in mind.

Internally, retailers need to gauge their existing brand footprint in a country, the level of awareness and required marketing investment. One global retailer launched into the US but found that a larger marketing budget was needed since its product category was heavily discounted with consumers looking for vouchers and discount codes before purchasing and competitors outbidding them on key words.

Staffing levels and internal talent too are factors and whether the right skills and local resource can be put into place.

DOES A GLOBAL APPROACH BRING ADVANTAGES TO INTERNATIONALISATION?

A global approach brings economies of scale and the ability to build a reference application that's solid for all countries across the globe. Each country is then able to turn on aspects, such as the local delivery and payments options, they need. One platform allows for a lot of flexibility and agility along with strong master code and innovation governance.

ARE THERE COMMON PITFALLS?

There are three main pitfalls to internationalisation: wrong evaluation; underestimating the team; costing. If the initial market evaluation is incorrect in any way, such as underestimating and misunderstanding the local competition or consumer buying habits, the business case will be built on the wrong KPIs.

Some retailers have underestimated the team that needs to be in place, running too much with a UK team instead of local staff, understanding and resources. Some companies view internationalisation as a small project whereas it should be considered as a new entity within the business.

The third pitfall is underestimating the costs involved. The budget needs to be looked at as more than platform and implementation costs and include long-term marketing investment and a customer-acquisition model. Retailers need to make sure that they have the long-term investment in place before entering a market.

You will fail at some point so embrace the test and learn approach and this in turn brings the agility that's needed to fix things very quickly.

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

The 3-hour queue for $1 chicken

The Hawker Market in Singapore is a famed foodie destination, but after a 3 hour queue in 36-degree, 92%Φ heat, Ian Jindal hallucinates about lessons for retail from a $1 Michelin-starred meal.

SINGAPORE IS a city of contrasts: a modern melting-pot megalopolis cheek-by-jowl with ethnic quarters, where the reminders of a colonial, trading past rub against a massive land reclamation programme that's seen its size increase by 23% since independence. Singapore is very much a 'hub' city-country, where people from around the region travel, return, trade and invest - all bound together with a single passion: food.

One feature of Singapore's food landscape is the Hawker Centres, where permanent stalls sell inexpensive food, next to transport and housing centres. These are vibrant, functional, social places where a region's culinary variety is on full show. Time-pressured people grabbing a cheap meal sit on communal seating next to those choosing to while away an afternoon in chat and socialising.

While chairing the APAC leg of last year's Millennial20-20 conference, I arranged with one of the speakers to visit a city phenomenon: the Michelin-starred Hawker stand – Hong Kong Soya Sauce Chicken Rice and Noodle.

The stand was awarded a full Michelin star in 2016, both as a move to diversifying the coveted rating, but also (as the standard says) for "very good cooking in its category". Since then, queues of 3 hours have become the norm. Interestingly, the owner, Chan Hong Meng, has not increased prices. His main concession to fame has been to increase production to 180 marinaded chicken a day, up from the 150 before the award.

I had initially intended to simply look at the crowd and pass ironic comment on the length. However a text from Pep Torres, the charismatic founder of the Museum of Ideas and Invention, Barcelona, saying "I'm in the queue" turned me from observer into a participant.

So, to be clear: the market was full of stalls from which wonderful sights and smells emanated. The heat was sapping and the queue just did not move. Had I been on my own I would have left, but great conversation and a certain ironic perspective on our queuing maintained morale. During such slow progress little targets become important: count the minutes to the corner; how many floor tiles between here and the oh-so-attractive fan; how many people would give up and leave the queue... Most of the conversation however was anticipating just how wonderful the chicken rice (never say 'chicken and rice', apparently!) would taste... That led onto a discussion about simplicity, consistency and perfection: the joy in a simple thing done exceptionally well.

After the best cold beer of my life we finally made it to the front and got our chicken rice. 3 hours, 10 minutes. US$1.

How did it taste? Succulent. Was it worth a dollar? Yes. Was it worth the 3 hours? Once, certainly, but not on a weekly basis!

As we picked over the bones of the chicken we reflected on the role of experience within retail. The cost of the chicken was irrelevant compared to its value as an experience. Increasingly the role of the pre-purchase experience (and post-purchase brand relationship) is of greater importance than price alone. We enjoyed the sense of common endeavour and experience of the queue and discussion with the small, expert team at the stall. I wouldn't say that we bonded as a 'community' but we certainly shared an experience.

The amplifying role of recommendation and sharing was important. While the Michelin star certainly attracts the braver foodies and the curious, their sharing extends the attraction of the experience beyond the red-book-clutching tribes.

Finally, we were awed by Mr Hang's authenticity and dedication. No price increase, a continued personal role in cooking, and a focus upon consistent quality... This is no fly-by-night build-and-flip notion, but rather a just (and unsought) award for fundamental skills and delivery.

A brand can be seen as a function of its promises, the experiences it creates and the memories it sustains. Equally, consumers seek authentic experiences that have more substance than top-down marketing. On those bases we have a lot to learn from a $1 chicken rice.

www.millennial20-20.com APAC is on 25/26 October in Singapore's spectacular Artscience Museum.

While there, visit www.facebook.com/hongkongsoyasaucechickenricenoodle

Insights, take-aways and innovations from IRX and EDX

The InternetRetailing and eDelivery Expo took place at Birmingham's NEC in early April. *Emma Herrod* shares some of the highlights.

MORE THAN 5,000 people from the global retail industry visited the InternetRetailing and eDelivery Expo over the two days of the show. Many joined in with the workshops and attended conference sessions while others concentrated on the exhibition area where virtual reality, robots, cutting-edge technology and never seen before software, took the spotlight. Companies including Brightpearl, Eiratech Robotics, OrderWise, Consignor, Payoneer, Khaos Control, Papier Mettler, Netmatter, Kardex Remstar, Profulfilment, Akamai, Swisslog, VL, Automated Packaging Systems and Volo Commerce launched new technologies, products and features for the UK market.

The Ingenico ePayments' stand proved extremely popular. The payments brand that recently announced a multichannel partnership with burger chain Five Guys, presented its latest innovation, Gamified Checkout – a solution that offers shoppers with the chance to play games and win prizes at the checkout, boosting conversion and loyalty.

> "Everybody is in one place, it's a really good way to network and meet people"
>
> Paz Khorana, Senior Operations Manager, Holland and Barrett

Another central piece of this year's exhibition was the Innovation Hub. Independent retail accelerator and investment fund, TrueStart, together with 10 start-ups, Posttag, ChoiceMaster, Blockverify, LogistCompare, Milkman, ZigZag Global, PixonEye, Hullabalook, Photospire and Streetdots, showcased the new technological solutions and platforms that are disrupting the retailing industry.

These ground-breaking entrepreneurs also participated in the Retail Innovation Award on Day 1, where ZigZag Global and Hullabalook were selected as joint winners after their outstanding pitches. Patrick Eve, Managing Director of ZigZag Global commented: "There were some great companies on stage this year, so it means a great deal to get the popular vote from an audience of retailers of all sizes."

Bryony Elliott, Co-Founder of Hullabalook, added: “Our mission is to create beautiful and playful discovery experiences which replace filters. It is a privilege for our technology to be recognised as winners.”

In the conference, visitors heard from retailers from all sectors about their real-world experiences and the challenges being faced by many in this fast-moving digital landscape.

Phil Pavitt, Global CIO, Specsavers, gave an interesting view from the IT department’s perspective of how IT needs to transform to meet the demands of a global company. Along with warnings that you need to get the fundamentals right – such as the printer always working in the CEO’s office – he says that IT managers should be ready to change everything around them. Specsavers, for example, is moving from 2,500 technology platforms globally to just 15. While it is cheaper to run IT in house than to pay an agency, IT does have to go up against the biggest agencies in the world, he said. It also has to work closer with marketing and ecommerce.

Discussing one of the company’s recent projects, Pavitt told the audience about a new Specsavers app which will allow staff in store to use their existing iPads to show customers a CGI-rendition of what different pairs of glasses look like on their face. The functionality is currently being trialled in 3 stores and is due to be rolled out across the store estate this summer.

OMNICHANNEL

Three retailers came together to answer audience questions about the omnichannel store of the future. Talking about the Internet of Things, Ian Plummer, Head of Brand Relations at Autotrader, explained how your car is the communications tool of the future. It offers “a feast of opportunities” from enabling a garage to diagnose problems with the car at a distance – and fixing them remotely – to being a connection to your home and a mobile ‘Alexa’.

Chatbots were discussed too, with Cally Russell, Founder of shopping app Mallzee, talking about how to make your brand voice. He believes that chatbots are at the stage of minimal viable product and minimal viable personality currently but they will have a role to play in the future. “The average consumer is not there yet and until you can get that level of personality into it they won’t be,” he said.

When rolling out “cool stuff,” you have to unlock the emotional experience for teams in store first commented Plummer.

The importance of teams was further highlighted by Fabrice Khullar, from Sainsbury’s, who sees one of the problems of omnichannel as people’s view of it as a technology point making journeys work for the customer rather than it being an organisational issue. “It needs one person at the top to drive it,” he said. He continued: “You want to make sure you’re explaining the benefits of change and how it will impact people. Some of it will be good and some of it will be different.” ▶

SUCCESS ALL YEAR

One of the Elite retailers from InternetRetailing's UK Top500 ranking keynoted at the eDelivery Expo. Terry Murphy, Director of the John Lewis National Distribution Centre, described to the audience the retailer's approach to Black Friday.

One key challenge, said Murphy, is around price matching, as the retailer keeps to its 'never knowingly undersold' promise. "When other bricks and clicks retailers reduce a price on a tablet or a wireless speaker for Black Friday we have to price match it. The team works right through the night on Black Friday looking at the competition so we can price match – in 2016 we saw thousands of Sonos wireless speakers pumping through."

In 2016, more than half a million items were shipped on Black Friday, but the peak packing day is Cyber Monday.

Planning for Black Friday starts on Black Friday the year before, says Murphy. That's when the John Lewis logistics team asks how it would respond next year in the light of the current year's experience. He said that "we plan obsessively" but "it's hard to predict demand".

Operational alignment is key to making it all work: if some parts of the pipeline can deal with half a million units a day, then all parts have to, in order to avoid bottlenecks. "We have to make sure the right products are across distribution centres in order to avoid spikes and bottlenecks. As far as we can, we need to understand which products are ordered with other products. It's about operational alignment, the intelligence, understanding the 'what ifs', the contingency."

> "It's like a hub of innovation all coming together for retail"
>
> Evie Mackie, Technology Graduate, John Lewis

Supply chain was also the focus of a presentation by Simon Finch from Harrods. He shared 6 key lessons when it comes to supply chain transformation. These included getting help, being realistic and not forgetting business as usual. He also spoke to InternetRetailing after his presentation; the interview can be read on the eDelivery pages of this issue of the magazine.

Overall, commenting on this year's event, Sam North, Portfolio Director, said: "The success and participation we have seen only proves, once again, that IRX and EDX continue to be the key meeting space for the multichannel retail industry. Particularly, this year we have concentrated on creating the perfect balance of education, innovation, interactivity and networking. We have also showcased an upgraded Top500 Lounge for the UK and Europe's best retailers to call home, because we know networking amongst peers is a huge part of this fast-paced market.

"The feedback we have had from retailers, partners, exhibitors and guests has been fantastic. Everyone got a lot of value out of that networking as well as the learning and immersive experience within our theatres and with our exhibitors."

Videos from the presentations, as well as the slides used by the speakers, will be shared soon at internetretailingexpo.com and edeliveryexpo.com where visitors can also register their interest for next year's event which takes place on 21-22 March 2018.

However, if you can't wait that long for the next InternetRetailing event, the InternetRetailing Conference and eDelivery Conference will take place on 5 October 2017 at Novotel West, London. To book your place visit internetretailingconference.com and edeliveryconference.com.

Traditional Marketing is Dead... Long Live Consumer-First

Authored by Roy Jugessur, Vice President,
UK and Northern Europe at Selligent

CONSUMER-FIRST, NO MORE CHANNEL-FIRST

Today's consumers have unparalleled choice and control. They are hyper-connected, hyper-mobile and hold the power when it comes to how, when and where they choose to consume content, products and services. Consumers now research, review and consume anywhere and everywhere – at lightning speed. Richard White categorised this new type of consumer as the '*entitled consumer*', who is living in an "era where users, not brands wield unprecedented power."

Marketers often find themselves stuck in archaic channel-first ways of working. Across the industry, departments are arranged into siloed teams working with separate datasets on separate initiatives across separate channels. This can create disjointed and unintuitive customer experiences. After all, if today's consumers are channel-agnostic, why shouldn't marketing be too?

Marketers must adapt the way they engage with consumers, otherwise they risk losing them to competitors and new disrupters. Customer journeys are no longer simple, linear paths. A plethora of technology and changing consumer behaviours has drastically altered the world we live and, market in. Loyalty, lifetime value and revenue lie in customer relationships which are built on experiences that are relevant, contextual, consistent and personal.

THE POWER OF DATA:

Marketers need to focus on the consumers whose expectations they can meet, bringing their empathetic understanding of those individuals to bear. Today's entitled consumers expect relevant communications that speak directly to their needs in any given moment. To be able to cater to this, retailers need to utilise the data amassed by consumers every day.

In marketing departments worldwide, organisations are collecting consumer data from email data; transactional information; customer service enquiries...but in siloes. This data is valuable, but more so when connected. By uniting all data to form a 360-degree profile, marketers gain insight into consumers' lives. This unified profile allows for sophisticated segmentation and an approach to marketing that focuses on individual preferences.

CONSUMER-FIRST MARKETING:

Clearly, the rules have changed. Traditional marketing models don't work - higher unsubscription rates and lower levels of engagement are signs that channel-focussed marketing is no longer sufficient for engaging customers. The key to winning 'entitled consumers', is to understand and act on personal data; using it to build marketing initiatives that deliver winning experiences. A consumer-first approach to marketing is required. Contextual understanding of desires and preferences is key to consumer-first marketing. It offers new possibilities for merchants to meet needs by using data more intelligently. Despite the obvious benefits, marketers are resisting change.

According to research recently carried out by Selligent, which involved canvassing the views of 108 senior marketing executives, 67% of CMOs admitted to not taking advantage of contextual data and the technologies available. Our work with ASDA and Ocado are prime examples of why a contextualised approach is key , from both an engagement and loyalty perspective.

The aim is to continuously build a profile of your customer to create and offer content that is relevant and valuable - if you can't do that, put quite simply, it's best for marketers not to communicate. It's better to be mindful, than to be irrelevant.

selligent

Derek O'Carroll

Chief Executive

Brightpearl

WHAT DOES YOUR COMPANY DO?

Brightpearl automates the back office functions for retailers. We save retailers the time spent on monotonous tasks, from taking an order, checking stock, deciding where the order will be fulfilled from, to creating financial accounts. So, with the time saved they can shift their focus and concentrate on growth activities like telling their brand story or sourcing new products.

WHAT IS YOUR USP?

As Brightpearl is built specifically for the retail sector and is simple to use, our product does not require a dedicated administrator, saving our customers valuable resources. Retailers can get setup on Brightpearl much faster than a regular ERP (enterprise resource planning) system and we're much more cost effective. Customer-driven, we regularly update and improve Brightpearl to keep up with the evolving demands within the retail sector, and to support our customers' experience and growth. Recently we upgraded our connectors to marketplaces and third-party platforms including Shopify and Magento, which are built for resilience and high performance. Important for our customers who go big on Black Friday, or who run regular flash sales.

> "The biggest challenge for retailers today is meeting customers' expectations as companies like Amazon have trained them to expect an extremely high level of service and fulfillment"

HOW WOULD YOU DESCRIBE YOUR BUSINESS VISION?

Our vision is to automate the back office for our customers and free up valuable resources so they can use them to focus on growing their business and optimise their margin.

HOW ARE YOU APPROACHING OMNICHANNEL RETAIL?

As technology advances and we continue to innovate, we'll see the lines between online and physical merge. Today, we serve all the channels that customers buy on, from the web store and marketplaces to in-store. We have an integrated view of the customer, orders and inventory in one single system which gives our customers the ability to offer omnichannel services, whether buying online and returning in store, or buying online and picking up in store. We are heavily investing in supporting the omnichannel retail strategy. Our new POS is a part of that strategy, and there's plenty more to come this year.

WHAT NEW FUNCTIONALITY DOES THE LATEST VERSION OF YOUR SOFTWARE GIVE TO RETAILERS?

The new Brightpearl iOS POS is available now. Our customers are finding innovative uses for it. It's already being used in pop up stores, and for selling on the move. It sets Brightpearl free from the wired world.

Automation is a new rules engine within Brightpearl which allows merchants to automate key processes within their business. It's available now and means that once a customer's workflow is known and established, they can use a set of rules that allow them to do a lot of the process automatically. In the uncertainty of the pre-Brexit environment, getting margins optimised is going to be crucial, and automation is the way that we help our customers to do that.

In May we'll be launching our fully integrated warehouse management system which completes the full omnichannel capability.

Every month we make usability improvements and

BRIGHTPEARL IN BRIEF

Company founded: 2008

Global reach: Brightpearl serves customers in 26 countries globally. Its headquarters is in Bristol and it has offices in London, UK, and in the US, in Austin, Texas, and San Francisco.

Financial: In the last year, Brightpearl handled $3bn worth of trade while payments worth $1.3bn were processed through its payment gateway.

Number of employees: 92

Customers: More than 1,200 around the world.

For more information about Brightpearl please visit www.brightpearl.com, email hello@brightpearl.com or telephone +44(0) 117 981 7361 in the UK or 1-888-320-5069 in the US.

deploy a range of features to the core product. Brightpearl is constantly looking to keep up with the ever-changing retail industry.

HOW DOES THIS COMPARE TO WHAT YOUR COMPETITORS ARE DOING?

We're pretty unique in the market as we're the only system that's 100% cloud-based and automatically does accounting. Brightpearl is very much focused on the retail sector and on mid-sized retailers that handle between $2m and $60m gross merchandise value (GMV). Moreover, Brightpearl is designed to be run by existing staff, and is typically deployed in 30% of the time of an enterprise-class system.

WHO ARE YOUR CUSTOMERS?

We have just over 1,200 customers globally, with about 30% in the United States and North America, 50% in the UK and 10% from other countries including Australia, the Nordics, Ireland, Middle East and South Africa. We have customers across many sectors including fashion and footwear, home and garden, cosmetics and sporting goods.

HOW DO YOU SEE INDEPENDENT RETAILERS PERFORMING IN CONTRAST TO BIG BOX RETAILERS?

If you're an independent retailer and you sell niche products - you're at an advantage. Consumers today want individual, niche, high-quality products that are manufactured in the country of origin. However, in order to compete, retailers must optimise their operations. I think that today's innovative technologies really empower those mid-sized independent retailers to gain the same competitive advantage as big box retailers.

WHAT DO YOU SEE AS THE CHALLENGES OF THE COMING YEAR AND WHAT ARE YOU DOING TO MEET THOSE CHALLENGES?

The biggest challenge for retailers today is meeting customers' expectations as companies like Amazon have trained them to expect an extremely high level of service and fulfillment. The customer journey has also evolved and consumers now have omnichannel expectations, so they expect to be treated the same way whether they walk through a store or buy online.

Retailers are facing a lot of uncertainty, particularly as a result of Brexit but also around likely changes in US sales tax, so they must be able to adapt quickly and have their back office running efficiently in order to maintain margins.

We've built a system that allows retailers to get complete visibility of inventory and cash in real time, irrespective of where consumers buy. We are investing $4.5m in omnichannel capabilities alone this year – including in our new POS system. We have a big warehousing module coming, and retail automation is a big focus area. All these things will allow our customers to meet buyer expectations and succeed in the uncertain times ahead.

CASE STUDY: THE LITTLE GREEN SHEEP

The Little Green Sheep, founded in 2007 by Mark Nicholls and Paul Maurice, started out selling its own organic and natural mattresses, bedding and baby cribs direct to consumers through its website.

When the company decided to move into B2B – it now supplies leading retailers including Mothercare, Mamas and Papas and Boots – fast growth made it difficult to continue to use the back-end of The Little Green Sheep website to manage orders. "We needed to save time in our business and become more efficient," says Nicholls.

The challenge was to find a future-proof system that would allow automation, save the business time, improve efficiency and make accounting easier. Since it moved to Brightpearl, using product features including order and inventory management, accounting, real-time reporting, CRM and integrations including Inventory Planner, Mailchimp and Scurri, The Little Green Sheep's turnover has doubled, year-on-year, and it has more time for marketing. "Brightpearl has definitely saved us time, helped us align departments and brought people together," says Nicholls.

The Little Green Sheep is still growing – last year they launched a bespoke web store for its award-winning bedside crib, the SnüzPod (pictured). Over time it plans to boost awareness of the brand and to trade in more international markets. Through all of this, however, the focus will stay on what parents love. "We love creating products that inspire us," says Nicholls, "but nothing is more rewarding than also inspiring parents."

Green Sheep Group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IREU Top500: Strategy and Innovation

InternetRetailing's latest IREU Top500 Performance Dimension Report focuses on strategy and innovation. *Emma Herrod* **reports on the findings.**

RETAILERS AND brands are taking a wide range of approaches towards expansion across Europe but for many it's a given that they will offer local language websites in key strategic markets – whether that is across 30 countries or just four. In these territories, customers can make purchases in their local currencies using their preferred payment methods. Retailers go further by ensuring that they offer fast delivery and, where they have stores, services that make buying from the website and picking up in store as friction free as possible. Some retailers are going well beyond this to offer local languages and fast-loading mobile apps to serve the growing number of shoppers who want to buy on the move. Forward-looking retailers also help shoppers to engage with them via favoured social media platforms.

InternetRetailing's IREU Top500 Strategy & Innovation Dimension Report, sponsored by Ecomp, focuses on how well pan-European retailers are performing. It also highlights examples of best practice, areas where other retailers can learn from the approaches adopted by the best of the best.

Expanding into new markets, a recurring theme in this Dimension Report, is a daunting task. Assumptions built on familiarity with local conditions can no longer be relied upon. The difficulties are compounded by competitors offering innovative approaches that quickly become the benchmark by which consumers judge retailers. And then, of course, are the issues around Brexit.

More generally, this Dimension Report looks at how retailers are pursuing strategies that InternetRetailing researchers consider to be key. To what extent are the IREU Top500 retailers internationalising and localising their businesses? Do they have an outward focus expressed through local websites, languages and currencies? Are they offering innovative cross-channel services that bridge the gap between the online and the offline worlds in overseas markets as well as at home? Are they retreating into domestic territories, focusing on serving home customers, as they defend their businesses, rather than looking beyond national borders for opportunities? Brexit could prove a great disruptive moment, both at home and in Europe, and in this Dimension Report the researchers look for the early signs of that disruption in the form of it fostering innovation.

Brexit means that there's a distinct emphasis on the word 'currently', in the knowledge that the UK has triggered Article 50 to start the process of leaving the European Union and this may well affect the way that both retailers and shoppers behave in the future.

Here, hard information helps. As well as the numbers offering insights into the approaches adopted by IREU Top50 retailers, the researchers took a step back and looked at where different European markets are most competitive in strategically important areas such as delivery and collection, website performance and apps. A series of case studies explore best practice in Strategy & Innovation at retailers including Asos, H&M, Ikea and Zara. Zalando's Vice President of Markets, Delphine Mousseau, is interviewed and shares why she's not just undaunted but laughing at the way the company won an award for the worst advertising in fashion two years in succession. She can afford to be amused. Leading retailers learn from such mistakes.

In a retail landscape where international expansion is the key to sustained growth, offering approaches that are innovative in a home market to shoppers in other European countries may offer retailers a first-mover advantage. Conversely, importing retail strategies that are widely used in other markets can prove innovative at home. The overall result will be a retail environment across the European Economic Area, plus Switzerland, that increasingly adapts and flexes to customer demand. The researchers highlighted 12 approaches that retailers are taking. These included:

- Make it easy for shoppers to buy via mobile;
- Talk to shoppers on social media;
- Give customers the service they need;
- Reflect the needs of local shoppers;
- Local payments and currencies;
- Exceed delivery expectations;
- Innovate to be convenient;
- Research new technologies;
- Ensure relevance;
- Use new ways to reach the customer;
- Joined-up services;
- Be prepared to change the plan.

In the coming years, InternetRetailing will continue to assess the way that retailers trade in what's likely to be a highly volatile retail environment by putting the hard data of InternetRetailing research into a wider, and practical, context. As always, we're interested to hear from our readers about how they think we should judge and understand retail strategies – do share your thoughts.

The following guest article has been written for InternetRetailing by Saima Alibhai, Practice Manager – Professional Services at Bronto Software. Bronto provides a cloud-based commerce marketing automation platform to mid-market and enterprise organisations worldwide.

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How to Capitalise on the Convenience Mindset

Saima Alibhai, Managing Principal Consultant EMEA, Bronto Software

CONVENIENCE IS the new luxury. But the desire for convenience isn't just about getting things faster. For retail customers, it's about the entire shopping experience. Personalised recommendations and clever integration of the mobile in-store experience are two ways retailers are using technology to augment convenience and help drive purchases.

RECOMMENDING THE RIGHT PRODUCT

There was a time when an online ad based on your recent browsing history was the height of personalisation, but those days are long gone. Deliveroo, for instance, remembers your previous order history so you don't forget that delicious Indian food you had last Friday night. And Amazon keeps frequent purchases at the top of your browser so you can easily replenish them.

Looking at the entirety of the customer journey there are numerous data points that can inform your understanding of shoppers' behaviour and drive sales by increasing convenience: real-time browsing data, past order behaviour and cart abandonment to name a few.

Using predictive modelling, retailers can automate personalised product recommendations so that, for example, a customer can see running shoes in the colour they like and at a price point that doesn't go above their maximum budget. Further, retailers can create business rules to ensure products recommended are in line with revenue goals and inventory. For example, recommend top-rated products above a specified profit margin, new products sorted by price, sale items prioritised by sale end date, and low stock products above a specified product review rating.

Recommendations that hit the convenience sweet spot can save consumers hours of search time and generate sales for your business.

CONNECTING ONLINE AND OFFLINE

Whether checking purchase decisions with friends, comparing prices online or browsing social media while waiting for a changing room, shopping with a smartphone in-hand is a normal part of the modern shopping experience for 83 per cent of consumers according to research from Euclid Analytics.

But despite developments in technology that can help connect online and offline retail experiences, for many retails the two can still be treated in silos. Consumers don't have a strong preference on which is the best platform to shop on so long as the experience is smooth. What they want is seamless mobile commerce that links the two worlds together.

Poundland, for example, recently ran a successful text-to-win campaign on the back of customer receipts issued with an in-store purchase. This enabled them to connect the in-store experience with mobile while collecting customer information for future personalised email marketing.

Retailers must break down silos to meet the expectations of the ever-connected consumer or risk losing business to the competition that offers the convenience you don't.

Ultimately, by introducing different technologies to facilitate convenient shopping across all platforms and at all stages of the purchasing journey, retailers will unleash the true power of mobile commerce. Being able to offer the most effective and exciting shopping experience, wherever their customers happen to be, is of the utmost importance to forward-thinking retailers. And as mobile shopping becomes quicker and more secure, and as our lives become saturated with the latest devices, convenience really is the new luxury.

Berlin to welcome retailers for 2nd IR summit

The 2nd InternetRetailing Summit takes place in Berlin at the Andel's Hotel from 3 – 5 July 2017. It follows on from its successful inauguration in 2016 which provided the cream of the Internet Retailing world with an environment to share ideas and solutions to universal market challenges, where frank peer-to-peer interaction is the median to emerge with real-world know-how, and the connections to make it happen.

HIGH CALIBRE participants at this July's Summit include Group Digital Director of Kingfisher; Director of Omni-Channel at B&Q; Director of Ecommerce at Screwfix; Vice President Data & Advertising at Zalando; Head of eCommerce at Heineken; Director, Marketing & Strategy Planning EMEA at eBay; Group Marketing Director at Co-op; Omni Channel Business Development Director at Nike; CEO at Hungry House; Director – IT Service Management at Burberry… to name just a few.

The IR Summit puts peer-to-peer interaction at the core of the event with a relaxed and interactive format, tailored around discussion. It is held under the Chatham House Rule and this enables delegates to speak freely and openly about their business, to discuss and debate issues resulting in an exchange of knowledge and practical retail intelligence for immediate in-business benefit.

The format follows a range of sessions for varied pace and levels of interaction and includes a mix of Leadership Panels, Roundtables, Performance Dimension Discussions and Workshops. Discussions are based around the 6 Performance Dimensions of Mobile, Strategy & Innovation, Customer Experience, Operations and Logistics, Merchandising and Brand & Engagement as highlighted in InternetRetailing's research. The results of the latest IREU 2017 Top 500 Report will be unveiled exclusively to Summit attendees and copies of the report will be available to delegates pre-publication.

The leadership panel, which opens the event, is a fast-paced 40-minute session during which the Chair (InternetRetailing's Editor-in-Chief Ian Jindal) and the audience fire questions at the panellists to dive deep in to the issue of customers experience. The panel will also engage the audience as they discuss the topic of 'What does a seamless consumer experience look like today? Meeting the demands of the new breed of disruptive consumer'.

> "The IR Summit puts peer-to-peer interaction at the core of the event with a relaxed and interactive format, tailored around discussion"

The panel consists of: John Mewett, Group Digital Director, Kingfisher; Regis Koenig, Director, Customer Services, Darty; Meron Shani, Director of Finance, The Amaya Group/ Pokerstars/Full Tilt Poker.

The leadership panel on the second day of the Summit consists of: Michael Bates, Group Marketing Director, The Co-Operative Group; Andreas Antrup, Vice President Data & Advertising, Zalando SE; Michael Melzer, Chief Marketing & Ecommerce Officer Europe, Member of the European Management Board, Toys "R" Us GmbH. They will focus on the cost of innovation and how to decide on its value in a panel headed 'Inventing services beyond the obvious that no-one asked for to create a new normal'.

Dispersed throughout the 2 days are Performance Dimension Discussions, each of which will focus on one of 6 key dimensions and how retailers have overcome challenges and are mapping the future. Each session will be headed by a retailer who first outlines what the topic means to them before opening the session to discussion amongst the audience before feeding back to the room.

Roundtables then give the opportunity for delegates to discuss together topics and challenges pertinent to their current business needs and to share their unique experience on the issues posed by others. Headline topics are again aligned with the Performance Dimensions of Mobile, Strategy & Innovation, Customer Experience, Operations and Logistics, Merchandising, Brand & Engagement.

The IR Summit is open to leading retailers from across Europe. Further details can be found at www.internetretailingsummit.com. Email lee.price@internetretailingevents.com to receive your invitation.

Christine Bardwell

CX Product Strategy, Oracle

ORACLE

WHAT DOES YOUR COMPANY DO & WHAT IS YOUR USP?

A unified and complete CX platform is essential for retailers today. Shoppers expect a consistent shopping experience regardless of how, when or where they choose to interact. Also retailers need to be able to respond quickly to fast-changing market trends and they can't do this if they're spending time getting disparate IT systems to talk to each other.

Oracle offers the most complete, integrated and extensible CX suite on the market, spanning market-leading applications that enable commerce, marketing, sales, loyalty, social and service. We enable our clients to deliver great customer experiences throughout their customers' journey.

HOW WOULD YOU DESCRIBE THE COMPANY'S VISION?

Our vision is to enable our clients to deliver consistent, connected and personalised brand experiences with an integrated set of applications that span the entire customer lifecycle.

> “Only Oracle offers a complete, cloud-based CX technology suite enabling retailers to realise cost savings and get connected customer data to drive real business innovation and differentiate experiences throughout the entire customer lifecycle”

HOW HAS ORACLE COMMERCE CLOUD DEVELOPED IN THE PAST YEAR?

Oracle Commerce Cloud has been developed hugely in the time since launch with a number of releases over the past year. These feature-heavy releases are opening up all of the functionality expected from Oracle's on-premise solution into the cloud product.

ORACLE IN BRIEF

Date launched: 1977 – Software Development Laboratories, the precursor to Oracle, is founded by Larry Ellison, Bob Miner and Ed Oates.
Global reach: Oracle is a global organisation with offices across Europe, the Americas, Africa, the Middle East and Asia Pacific.
Date launched in the UK: Oracle Corporation UK Ltd was founded in 1984.
Turnover: US$37bn (£28.47bn) total GA AP revenue in FY 2016.
Customers: More than 420,000 customers across 195 countries and territories have harnessed Oracle technology to accelerate their digital transformation. Oracle CX customers in EMEA include Vodafone, PSA and Panasonic Computer Products Europe.
Employees: More than 135,000 employees including: 40,000 developers and engineers, 16,000 support personnel and 18,000 consulting experts.
Partners: More than 25,000 partners worldwide.
Contact: For further information contact Oracle via Twitter @OracleCX, Facebook www.facebook.com/OracleCustomerExperience, LinkedIn CX Showcase www.linkedin.com/company/oracle-cx or www.youtube.com/user/OracleCX. You can also view InternetRetailing's interview with Christine Bardwell at http://etail.li/049b3.

One particular focus has been the customer journey and how the customer interacts with a retail brand from the first to last moment and everything in between. Oracle's focus has been not solely on the Oracle stack but also on the marketing cloud, sales cloud, service cloud and social cloud and putting all of these things together to create a full CX journey.

The company has worked also on how best of breed applications integrate with the Oracle stack, what customers want to integrate and how it can be made as easy as possible so that they can create that complete customer journey.

In the past, integration with legacy applications has been costly and time consuming. The Oracle marketplace gives customers access to already integrated third party products and best of breed applications making it easier to get to market much faster.

WHO ARE YOUR CUSTOMERS?

Oracle has thousands of customers spanning industries and geographies including the world's largest retailers and online businesses. We work with retailers such as Tesco, Shop Direct, Matalan, Schuh and notonthehighstreet.com, just to name a few.

WHAT DO YOU SEE AS THE CHALLENGES FOR THE RETAIL INDUSTRY?

UK retailers are getting to the stage where they've done everything they can to reduce expenses and operational costs and have competed as far as they can on price, range and service. It means there are few areas left for differentiation and innovation.

There is also a desire to simplify operations so that businesses are able to scale more easily. Rather than focusing on hosting and worrying about their IT systems retailers would rather spend their time focusing on the customer, creating loyalty and reacting to things that are happening in the market. Old legacy systems don't necessarily enable that.

At the same time, shopper requirements continue to change at full pace and not keeping up with their needs is not an option – discontented customers won't wait around for a retailer to get it right, they're much less brand loyal and will shop with the competition in a heartbeat.

HOW ARE YOU PREPARED TO MEET THESE CHALLENGES?

Oracle is focused on making it easy for retailers to meet these high levels of shopper expectations, both now and in the future. Oracle Commerce Cloud, combined with the broader Oracle CX suite, empowers retailers to stay competitive in this increasingly challenging market by reacting quickly to market trends and creating seamless experiences, at the same time as leveraging the efficiencies and cost-savings offered by the cloud.

Within this, AI is further enabling retailers to revolutionise the customer experience, not only in the way that customers are looking to shop but with the back end as well. Going forward, personalisation is going to be key in helping retailers to be able to understand customers, to meet their requirements, to build loyalty and really focus on those valuable customers.

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

CUSTOMER CASE STUDY

Online retailer Notonthehighstreet.com sells a range of more than 170,000 unique products from personalised socks to pizza ovens with 30% of them able to be personalised for the purchaser. The company turned to Oracle Marketing Cloud in order to optimise and test campaigns all the way through the checkout funnel.

As Liz Willimore, Head of Cross-Site, Notonthehighstreet.com explains, the commercial team is testing the algorithm and campaigns continually throughout the site. These tests can range from different creatives on the home page through to product listings and right the way through the checkout funnel.

The Oracle solution has made a step change to the retailer's testing regime as a test can be turned around in a single day, moving from an initial idea in the morning through concept drawing and lightweight design to launch in the afternoon. The majority of tests are built by the retailer but for the remaining 25%, which Notonthehighstreet.com describes as "big and complex tests" it turns to the expertise of the managed service team at Oracle.

And the end result and ROI? The company now runs 100 campaigns each year, and as Ollie Scheers, Optimization Manager, Notonthehighstreet.com comments: Oracle Marketing Cloud has "been fantastic" and "at the end of the day it keeps us streets ahead of the competition".

Brexit – can it be planned for?

It took just over nine months for Article 50 to be triggered following the shock results of the Brexit referendum. Now that Sir Tim Barrow, Britain's ambassador to the EU, has delivered the letter to Brussels, *Emma Herrod* investigates what this means for retailers and whether they are ready for the negotiations ahead.

WEDNESDAY 29 March marked the official start of the UK's departure from the EU. As Article 50 was triggered there was less outward pouring of sadness or celebratory glee than had been seen on the day following the referendum on 23 June. As Europe's newspapers waved goodbye to the UK, 120,000 EU nationals continued their work in Britain's retail industry and it was business as usual for those trading online.

In fact, the main impact on retail of Brexit so far has been an increase in international and cross-border sales from UK websites to shoppers overseas. An increase in sales was seen almost immediately as the value of the pound sunk making the price of goods in the UK more attractive. Almost a third of UK retailers that sell internationally have seen an increase in online orders from outside the UK since the EU referendum, according to a survey by Global-e.

However, the same survey discovered that over two-thirds (68%) of retailers have yet to start planning for Brexit, despite more than half (51%) saying that the vote to leave the EU has already impacted UK sales; a fifth (21%) have seen sales increase in the UK, while 30% have seen sales fall.

Half (51%) of retailers that sell internationally expect the UK's departure from the EU to make cross-border ecommerce more complex. However, 44% of the retailers who are currently selling to shoppers internationally stated that they are continuing with their existing international operations and 23% are planning to invest more in growing their business outside the UK.

"It is crucial that retailers take steps to prepare their operations now to tackle the complexities that may be incurred once Britain leaves the EU," says Nir Debbi, co-founder and CMO at Global-e.

"Long term, cross-border ecommerce will be the key to success of retailing in the UK, therefore long term plans should be devised to take advantage of rapid growth in this area. With the right preparation, technology and processes in place, as well as a localised shopping experience for the end customer, retailers can continue to see sales grow and conversion rates improve overseas."

This positive outlook on international trade continues the internationalisation trends seen in recent years as retailers have expanded through ecommerce into growth markets including Germany, France, the US and China. The level of parcels being sent overseas has continued to rise since the referendum outcome was announced and the value of the pound plummeted, and not just from shoppers in the EU.

Between August and November 2016, the percentage of goods sent to non-EU addresses was higher than those sent from the UK to EU shoppers, explains Andy Mulcahy, Editor, IMRG. He puts this down to a dip in the value of the pound against the dollar making purchases from UK websites more attractive to shoppers in the US.

This situation has now reverted to its usual position of the EU being the largest market for UK online retailers – split 56.3% to EU and 43.7% to non-EU destinations in February 2017. However, the level of sales has remained at a higher than expected level. In January 2017, for example, 32% of orders went to cross-border destinations. In January 2016, the figure was 25% and in the same month in 2015, cross-border accounted for 26%.

Amongst its retailer customers, MetaPack hasn't seen any substantive increase in parcels going overseas above what is expected from the general growth in internationalisation and cross-border ecommerce. At the moment, the internationalisation trend is a "bigger factor than Brexit," says Patrick Wall, CEO, MetaPack.

> "It is crucial that retailers take steps to prepare their operations now to tackle the complexities that may be incurred once Britain leaves the EU"

There was high growth in international trade during 2016's peak trading months of October, November and December and the growth in the number of parcels going overseas continues to increase at twice the rate of the domestic market, he explains. Of the total number of ecommerce parcels, 35% go overseas, according to Wall. Of these, 16-20% are sent to Europe "and a huge amount come the other way," he says.

With sales from other countries remaining high on UK ecommerce sites retailers are continuing with expansion plans and attracting new customers from abroad. Asos, for example, has opened an office in Paris to strengthen its trading in France while Marks & Spencer, which has retreated from physical retailing in China, is continuing with international plans elsewhere. MatchesFashion has announced that the US will be its biggest market by the end of 2017.

Tom Holt, CEO at Pragma suggests the US offers a real opportunity for retailers and they would be "smart to expedite their entry there". He continues: "While the US consumer is well disposed towards UK brands, it's still a tough market, but we feel now is the time to turbo charge ecommerce marketing to grow your presence".

THE POUND

The value of the pound has not impacted solely on sales. It is having an impact on sourcing and retailers' supply chains and this is a factor that will continue post-Brexit since many retailers bring stock into the UK from Europe and from elsewhere.

Currently, one in four retailers have hedged until the second quarter of this year, so they are being impacted by the devaluation of the pound and having to reconsider how they source goods and whether new geographies would be beneficial from a currency and quality perspective.

The original price of goods is starting to have an impact on selling prices but while this has only really been seen in the grocery sector it won't be too long before retailers in other sectors will either be swallowing price increases or passing them on to consumers as price rises.

"If you haven't hedged," says Holt, "you are having to test price increases ahead of your competitors which may be dangerous. It is the

THE SNAP ELECTION AND OVERSEAS TRADE

Prime Minister Theresa May's surprise announcement of an election for 8 June is likely to have a positive impact on EU and international exports, whoever wins the election. "Uncertainty is the most difficult problem facing UK exporters. Whatever the result, we are likely to get a clearer idea of how Brexit will develop; and that's better for British business," says David Jinks, Head of Consumer Research, ParcelHero.

"If the Conservatives bold call succeeds, it will strengthen their hands in the forthcoming negotiations. It is encouraging for EU trade talks that Theresa May emphasised our 'deep and special partnership' with the EU," he says.

Additionally, he welcomed her statement that the UK would be 'free to strike trade deals with old friends and new partners all around the world.

Conversely, a win for opposition parties or an alliance could enable the revisiting of the Brexit debate. While a re-run of the entire Referendum is unlikely, there may well be a greater emphasis on a soft Brexit: with compromises on immigration and other issues in order to ensure Britain remains part of the Single Market. This would eliminate exporters concerns over the impact of potential duties and taxes, not to mention long delays, at EU borders, he explains.

"The lack of ability to plan ahead is bad for British business; a snap General Election is likely to resolve many uncertainties facing UK exporters far more swiftly than long negotiations by a Government with a thin majority would have done. Whatever the colour of the party taking control after 8 June, British businesses will win from the snap election."

right time to invest more in the 'controllables'. If you need to push price through, make sure you're underpinning this with great customer service, a good in-store look and feel, as well as an excellent online customer experience. Your customers need to see that price increases are warranted."

The longer-term impact on the supply chain will be the change in suppliers, trading partnerships and cross-border agreements as retailers have to adapt to the changing economic and regulatory situation. "This is likely to mean more local sourcing and also new sourcing locations as trade and cross border agreements are negotiated," says Jason Shorrock, VP Retail Strategy EMEA, JDA. "We also expect increased uncertainty and variability in supply in the short and longer term (on time and in full KPIs). From a supply chain point of view, retailers will need to be more agile and have the ability to absorb higher degrees of sourcing variability to avoid having to increase buffer stocks."

He adds: "There will be greater opportunity to leverage the relatively weaker pound to drive international growth for UK brands. Again the supply chain will have to adapt to the best sourcing and supply chain strategy to service these international sales; this may mean establishing DCs in more local regions to provide the most cost effective and robust fulfilment."

DE MINIMIS

MetaPack believes that a de minimis duty threshold is the silver bullet and will start lobbying key parties in Whitehall and Brussels in the summer. While the company realises that it cannot influence international trade agreements, it believes that the implementation of a high tax threshold below which goods do not incur customs duty will enable ecommerce between the UK and Europe to continue, regardless of agreements in other areas.

Wall is suggesting a figure of between €100 and €500 which is much higher than the €22 set as the threshold for items from the US. If a de minimis is set at a low level the cost of collecting the funds from a retailer is above a level which is economical for a government to collect, he explains. He cites the US level for goods sent to the country from the EU which rose to $800 in 2016 as a counterpoint to the increase in online orders and parcels being sent through US customs.

The BRC too believes that for consumers to continue enjoying great quality, choice and value on goods is dependent on a continuation of tariff-free trade on all products traded between the UK and the EU. Helen Dickinson OBE, Chief Executive of the BRC comments: "Whether through reaching a new trading relationship quickly or securing a phased implementation deal, this must be at the heart of plans for a smooth and orderly Brexit."

She continues: "It's encouraging that the Government recognises that the UK has a role to play as a champion of free and open trade. Our priority is to make sure the terms of our trade relationship with the EU are right before seeking new deals with other countries. Securing a positive new customs arrangement which enables mutually beneficial opportunities for trade with the EU and the rest of the world, will be crucial to ensuring British shoppers aren't hit with the costs of unwanted import tariffs at a time when the pound is already weakened. Therefore, ensuring a phased implementation that will maintain a free and open trading environment until a new trade deal can be put in place is essential."

Overall, the response for now seems to be continue with ecommerce trading and expansion to make the most of opportunities but balance costs with supply chain and raise your voice over de minimis. It might be the silver bullet to ecommerce trading at the end of the decade.

The following guest article has been written for InternetRetailing by Brett Lawrence, Senior Consultant at web and software development company Inviqa. He has extensive experience helping fashion brands achieve their strategic goals through digital. Inviqa specialises in ecommerce and content management, and works with leading brands including Missguided, Radley, Dreams and Virgin.

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Growing online in uncertain times

For British fashion retailers today, the only certainty seems to be uncertainty. *Brett Lawrence*, **Senior Consultant, Inviqa examines how retailers can grow and thrive online in this climate of currency fluctuations, ever-tighter margins and growing competition from pureplay brands.**

THERE'S NO escaping the reality of the financial markets' reaction to the EU referendum. In its wake, the pound recently hit an almost 31-year low, and currency fluctuations are having serious implications for manufacturing and buying costs.

The fall in the pound means that manufacturing and sourcing clothing overseas has become a lot pricier. And – with more than 70% of their stock purchased in US dollars – the likes of M&S, New Look and Matalan are particularly vulnerable.

On top of this, retailers are bracing themselves for higher duties and taxes connected with importing from, and selling to, overseas markets.

Fashion retailer Next has already suggested that it will need to bump product prices by around 5% as a result and others are likely to follow or take other measures to protect their margins. For example, while Asos has vowed not to raise its prices and to seek more cost-effective practices, John Lewis has set a £30 minimum order level for its free 'click and collect' service to help minimise operational costs on low yield sales.

IS DIGITAL STRATEGY STILL A PRIORITY?

As fashion retailers grapple to understand the longer-term impact that Brexit could have on their businesses, and look to make cost-cutting decisions, some may be asking whether their digital investment should take a backseat.

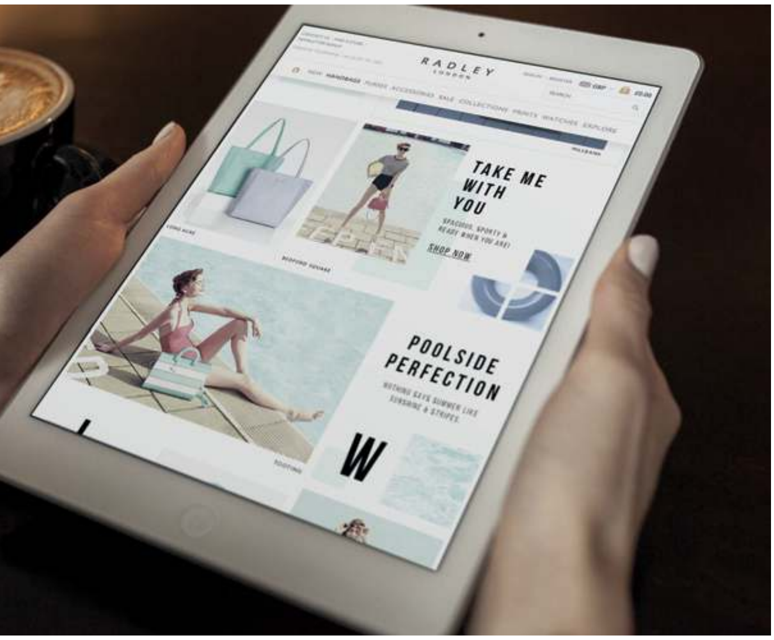
The answer is 'no', because investing in digital and online strategy is what will help retailers differentiate through the experiences they provide and ultimately win over customers. And with recent surveys suggesting that 63% of customers are planning to spend the same on fashion in 2017 as they did in 2016, demand from consumers is still high – and their expectations cannot be ignored.

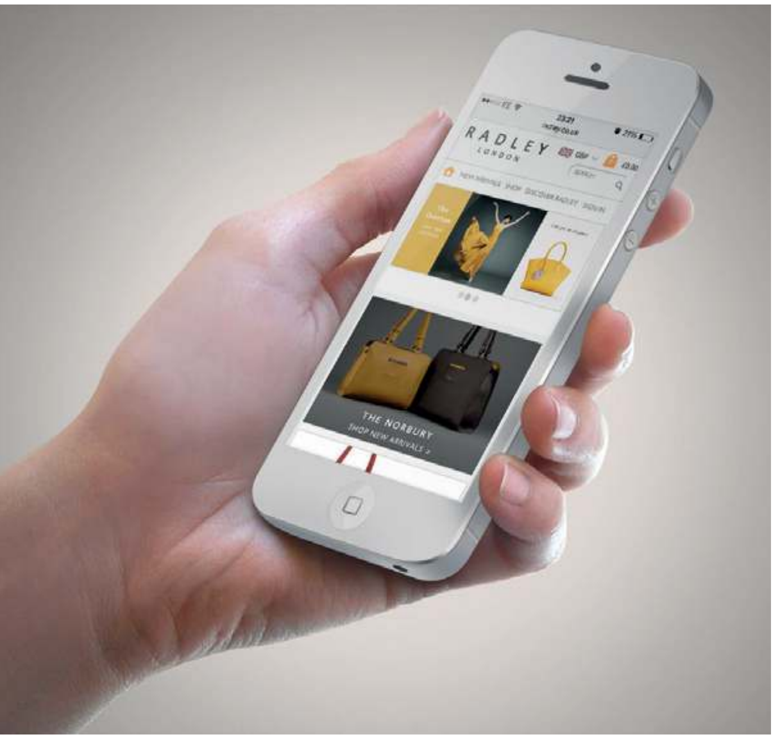
Sector leader Asos, for example, plans to increase its capital expenditure to nearly £170m (from £140m) in 2017 in order to invest heavily in digital, technology and operational infrastructure. Despite pulling out of China, Asos maintains a keen focus on international expansion with its overseas growth in 2016 surpassing its domestic advancement. Last year, Asos saw its US operation increase sales by around two thirds and, fittingly, investment will be made here with a new warehouse able to handle ten times more capacity than its current setup. Likewise, investment in Australia and Russia has seen the introduction of free delivery and a 75% cut in delivery times respectively.

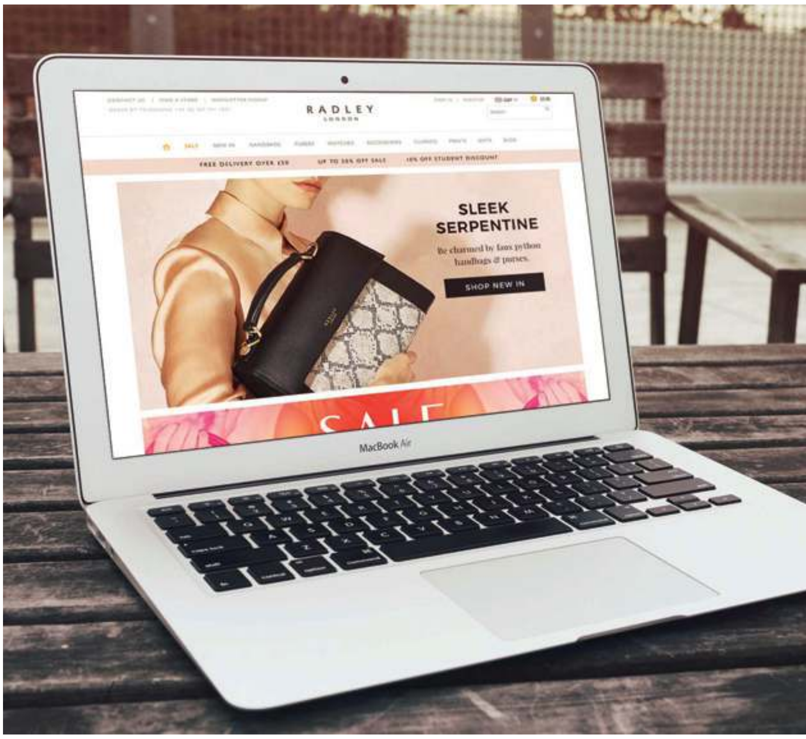
Affordable luxury brand Radley is another inspiring example of how to grow through global ecommerce expansion. Investment in its online business and international markets was the impetus behind a 4% revenue rise to £67.1m in the year to 30 April 2016 with some regions seeing triple digit growth.

Radley has proven that developing a digital strategy and investing in it pays off. Its online sales grew 20% in the year to 30 April 2016 with its products now shipping to 47 countries. Aiming to double its global online sales in the next three years, Radley is a testament to the rewards of making careful, business-goal-oriented investments in your web presence. Recent investments included the option for overseas buyers to purchase from the UK site in Euros, key enhancements to its existing German site and a dedicated US site.

As Radley's ecommerce head Rowan Luckie puts it: "We're seeing significant growth in the US and we are looking at strategic channels to help us reach our target audience and sell to them in the ways that are most convenient to them. We want customers to be comfortable in the way they shop, so if the demand is there through new channels, we'll look to support that choice".







Beyond this, Radley has established a clear business case for further investment in a dedicated China site. The decision was informed by observing the shopping habits of Chinese tourists and students visiting the UK, who then shop from the UK site once they're back home, and by monitoring reselling activity on China's leading C2C marketplace, Taobao.

There are clear business cases for expanding online reach, but with all eyes on cutting costs and inefficiencies, how can fashion retailers prime themselves to grow online in these uncertain times?

DIPPING YOUR TOE IN THE WATER

International ecommerce leverage is not only about protecting market position and gaining international presence – it's about unlocking the new growth opportunities that come with operating on a global scale.

Ecommerce lowers barriers to entering new markets, giving flexibility and the ability to act and learn fast. Strategic digital investment can allow you to explore markets without the need to initially invest in market infrastructure, warehouse, and other considerations that come with launching a ▶

bricks-and-mortar store.

When looking to sell internationally, you obviously don't need a designated site for that country, because you can sell worldwide from one global site. But a light-touch approach restricts your ability to experiment with, and mine data around, a new customer base. And, increasingly, meeting customer expectations and keeping pace with your competitors means supporting the likes of native language content, local payment options, country-specific content, and 'follow-the-sun' support.

So, for those businesses wanting to test out new international customer bases with minimal investment, marketplaces offer a low risk approach to driving sales in foreign markets. Fashion marketplaces such as UK-based Farfetch continue to attract a strong customer base from overseas, and country-specific marketplaces such as TMall (China) and Myntra (India) offer ecommerce leaders the opportunity to reach a wide overseas audience without having to create market-specific sites.

Whilst one could argue taking such an approach reduces the control you have over how your brand is presented to the end customer, with more than 80% of ecommerce transactions in China and India being made via marketplaces, the insight they can give into whether your value proposition transfers to a new market cannot be ignored.

For those looking to use their own site to launch in a new market, chances are, if you're entering a market where others have gone before you, the services you need – from translation services, to payment providers and distribution – will be easily accessible. And without the ties that come with heavy investment in one particular market, retailers focusing on a web-first growth strategy have the freedom to change direction and move focus from one market to another.

John Lewis is a great example of the benefits of a web-first expansion strategy. In recent years the retailer has bolstered its website to attract international orders from a wider pool of countries including The Philippines and Malaysia. It's an approach that allows John Lewis to quickly collect valuable data and learn where further investment (including physical stores) could make strategic sense.

For many fashion retailers, emerging markets like China and Russia remain their 'next big thing'. And for good reason. The increasing weight of emerging markets is expected to account for 60% of growth in the women's apparel market by 2025, according to McKinsey.

> "Emerging markets such as China and Russia remain the 'next big thing' for many fashion retailers"

These markets come with a lot of complexity – from legal issues to taxation – and gaining traction isn't easy. For this reason, it's key to think big, start small and do your homework first.

In many high-growth markets, online marketplaces are the dominant channel for shopping and starting small may mean first selling a few items on a regional marketplace, or on a global marketplace (set to represent 39% of the online retail market in 2020) that serves your target market. Likewise, it may be beneficial for your brand to consider a B2B strategy to help you gain traction through an established regional player.

Manchester-based fashion etailer Glamorous was quick to recognise the opportunity to increase market reach by integrating its ecommerce store with Shangpin.com – a leading online fashion retailer in China, a market with a famous appetite for international fashion.

Backed by a powerful supply chain, Shangpin gives its 30 million registered customers access to more than 600 international brands, and it's a tempting proposition for retailers looking to break into an unknown market – retailers like Topshop, which is now an official Shangpin.com partner and is set to open five stores in China this year as part of the partnership.

Despite the current economic uncertainty, your competitors and your customers won't sit still. It's widely expected that spend across the retail sector as a whole will be stronger in 2017 than 2016, fuelled mainly by inflation rather than volume, according to PwC. With changing consumer habits, emerging technologies, and disruptive competitors on the scene, your digital products need to continually change and evolve to maintain a competitive advantage.

Ecommerce remains a crucial growth opportunity, but with uncertain times and tightening margins it's crucial that you build flexibility into your digital strategy. Instead of trying to go to market with a fully-developed solution, address your greatest business challenge with the simplest digital product. Doing so will enable you to move faster than your competitors by using data insight to learn what creates value for your customers and what has the biggest impact on driving traction towards your business goals.

The following guest article has been written for InternetRetailing by Chris Dawson, Editor, Tamebay.com. Chris was a full time marketplace seller for 10 years before founding Tamebay which quickly established itself as the leading provider of intelligence and news for all businesses which trade on online marketplaces, whether they are experienced PowerSellers looking to boost sales, or beginners seeking advice and best practice.

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Are marketplaces the answer to ecommerce internationalisation?

It's the accepted norm that retailers internationalise and target new territories overseas and increasingly retailers are turning to marketplaces to do so. *Chris Dawson*, **Editor, Tamebay investigates the issues.**

MARKETPLACES ARE reshaping ecommerce around the world. Here in the UK some 22 million (about a third of the UK population) visit eBay.co.uk monthly. Retailers have largely already accepted that they need to be present on whichever platform their customers choose to buy and marketplaces have transformed from their online auction flea market image of 20 years ago to become destinations for fixed price, high volume, new products embraced by swathes of high street retailers.

UK retailers will think first of Amazon and eBay as the de facto marketplace in the UK. European retailers will naturally have a broader perspective – in France, for instance, 8 marketplaces rank amongst the Top 15 ecommerce sites. Cdiscount, Fnac, La Redoute, Rue du Commerce, Pixmaina and PriceMinister rival eBay and Amazon. Similarly, when looking further afield Alibaba and Tmall dominate China, in Japan it's Rakuten, Yandex in Russia, Allegro in Poland, Flipkart & Myntra in India… Outside of Europe and the USA, Amazon and eBay aren't the dominate players.

The sheer number of marketplaces a retailer would need to integrate around the globe begs the question "Wouldn't it be simpler to have my own localised website?". In many ways, this would be simpler but the costs are significant with no guarantee of success. What marketplaces bring is consumer traffic and the ability to test the waters in a new territory with a significantly lower cost of entry.

Where a marketplace can provide significant assistance to a retailer expanding into a new territory is broad brand exposure. Whilst a brand may be well known in its home country, it may not be actively searched for by consumers in other territories. Marketplaces not only expose brands through general search, but in many cases, may heavily promote them through home page exposure, deals programs, email and social marketing, and in some cases portals specifically for British goods.

One of the key advantages derived from marketplaces is new customer acquisition. Your existing consumer is likely to search for a brand or retailer name. On a marketplace consumers will routinely make much more generic searches (e.g. for '15" Windows 10 laptop' rather than for a 'Lenovo G50 laptop'. However, having searched for a generic term, consumers still love brands and will be drawn to the names they already know.

This brings us to the question of brand protection which is worth considering. On a marketplace, consumers who see your brand are unlikely to consider who the retailer is. In all likelihood, your brands are already being sold on marketplaces – either surplus stock or end of lines, in some cases simply by traders sourcing and reselling your product, and dealing in grey market imports. The best way to protect your brand is to be present on the marketplace yourself and this applies just as much to overseas marketplaces as it does to domestic sites. Online traders specialise in spotting a gap in the market and country boundaries are no barrier online. Many marketplaces will differentiate between a general seller and a brand owner by displaying the brand logo and providing a store which can many times be skinned to reflect your brand's own website. Marketplaces may also give the ability to control other sellers and give precedence to products sold by the brand owner (for example the Amazon Brand Registry).

Retailers in the UK and EU are familiar with paid search on the likes of Google, Bing and Yahoo! However, even in the West, 55% of consumers now start their search on

Amazon and it's a similar story in China where Alibaba rules or Yandex in Russia. Marketplaces are no longer simply retail venues, they are rapidly evolving into the shopping search engine of choice. Even when consumers do use general search engines or shopping comparison sites they may still find the product listing on a marketplace.

MARKET CHALLENGES

When developing an international marketplace strategy there are many things to consider, not least is the potential size of the market. China is an obvious choice, but the high cost of entry with Alibaba's Tmall is often a disincentive. Alternative players may not have the scale of Alibaba, but some such as Azoya offer a fully managed China solution to assist global retailers, brands and wholesalers expand their businesses to China online and offline. Azoya offers the facility for retailers to ship parcels to their local warehouse in your country and then they handle the forwarding to China and to the consumer.

After China, India is the most populous country, but trading here is difficult due to local import requirements, cash on delivery being a popular payment method and the legal requirement to have a local partner. Like China, the potential rewards of setting up in India dwarf online sales in the UK. Amazon is building a presence in India, whilst eBay recently chose to partner with Flipkart which will likely acquire eBay.in customers. For Fashion retailers, Myntra, part of Flipkart, should be a consideration. Myntra is actively recruiting sellers in the UK, and acknowledging the difficulty of starting to trade in India, will work with retailers with various options such as a buy and sell model or a marketplace model working with a third party who will facilitate the logistics part of the business.

Japan is another territory with challenges to start trading, but with the Rakuten Ichiba marketplace handling about a quarter of all online transactions in Japan, it is an obvious partner to launch with. Rakuten has a cross-border program where it brings retailers from around the world onto the marketplace and today is actively recruiting brands and retailers from the UK. Most retailers from outside of Japan are doing cross-border logistics; there is no need to set up a Japanese entity to trade on Rakuten since the company has third parties who can provide business entities on behalf of UK retailers. However, due to the high level of customer service that Japanese customers demand, it's likely most retailers will want to partner with a third party to handle communications on their behalf and long term, having proven the market, it's likely a UK retailer will want to establish a Japanese entity in their own right.

> "Marketplaces are no longer simply retail venues, they are rapidly evolving into the shopping search engine of choice"

It may seem simpler to sell to European countries since they are so close to the UK but comparing the size of European ecommerce to China, India and Japan, the rewards are significantly higher for those retailers that succeed. Europe, although smaller, shouldn't be ignored. There are 50 companies who together offer more than 220 marketplaces within Europe and whilst having established a presence on Amazon or eBay it's easy to switch on new EU territories, to integrate with all 220 marketplaces would be a huge technological undertaking. This is where partnering with one of the many multichannel service providers becomes essential as a single integration with your chosen provider can give access to multiple marketplaces across Europe and around the world.

In a utopian world a brand would open their own website in each territory they chose

AROUND THE WORLD

eBay - With 167 million active users, eBay is one of the best-known marketplaces in the world. The big advantage of eBay is that once registered on your domestic country site, you can then sell on all other eBay marketplaces around the world.
Operates in: Australia; Austria; Belgium; Canada; China; France; Germany; Hong Kong; India; Ireland; Italy; Japan; Korea; Malaysia; Netherlands; Philippines; Poland; Singapore; Spain; Sweden; Switzerland; Taiwan; Thailand; Turkey; United States; Vietnam.

Amazon - Amazon has 310 million active customers and its cross-border strategy is unified accounts for the five EU countries (UK/DE/FR/IT/ES) and another unified account for the Americas (US/CA/MX).
Operates in: Australia; Brazil; Canada; China; France; Germany; India; Ireland; Italy; Japan; Mexico; Netherlands; Spain; United Kingdom; United States.

Cdiscount - Cdiscount is a French retailer which has opened a marketplace, now with some 7.7 million active users.
Operates in: France.

Fnac - Fnac is one of France's leading high-street retailers, specialising in audio, books, CDs, DVDs, games, photography and ticket sales. Fnac's marketplace sees over 10 million unique visitors per month.
Operates in: France; Belgium; Portugal; Spain.

La Redoute - La Redoute is present in 26 countries, has more than 11 million active buyers and with over 9.2 million unique visitors per month is France's most popular fashion and home website. In 2010 it added a marketplace to its French site.
Operates in: France.

Rue du Commerce - Recently acquired by Carrefour, Rue du commerce sees 6 to 8 million unique visitors each month and focuses on IT, electronics, home appliances, image and sound, gardening, fashion, culture and leisure. In 2014, it rebuilt its marketplace offering with the Mirakl solution.
Operates in: France.

Pixmania - Pixmania was founded in France in 2000 and known mainly as a consumer electronics marketplace. It is now live in 14 European countries.
Operates in: Belgium; Denmark; Finland; France; Germany; Italy; Ireland; Netherlands; Norway; Poland; Portugal; Spain; Sweden; United Kingdom.

PriceMinister - Part of the Rakuten group, one in four French online shoppers is already a member of PriceMinister which sees 22 million registered members and over 10 million unique visitors per month. PriceMinister is now home to more than 4,000 merchants, including well-known brands such as Zara, Sony, Pampers, Levi's, Chicco, and many others.
Operates in: France.

Alibaba and Tmall - Tmall is a platform where local and international businesses can sell well-known high street and brand name goods to consumers in mainland China, Hong Kong, Macau and Taiwan. Tmall currently has 400 million active buyers and over 100 million daily unique visitors.
Operates in: China.

Rakuten - Rakuten is the largest ecommerce platform in Japan attracting a quarter of all online sales in the country. Rakuten has almost 115 million registered users and 45,500 merchants trading on it marketplace.
Operates in: Japan.

Yandex - Yandex is a search engine with 53 million monthly users and 20 million unique daily viewers giving a 58% share of the Russian search market. Yandex.market with 20,000 merchants attracts 22 million visitors a month.
Operates in: Russia.

Allegro - Allegro has captured nearly 60% of local online shopping in Poland with 12 million registered users, more than 290,000 buyers and nearly 900,000 products purchased daily.
Operates in: Poland.

Flipkart & Myntra - Flipkart has over 28 million users and features over 10,000 brands, offered by 25,000 merchants. Although Flipkart's initial offering was focused on consumer electronics, the company's presence in the fashion category was strengthened in 2014 after acquiring Myntra, a highly successful Indian fashion online retailer.
Operates in: India.

Azoya - Azoya aims to help overseas retailers break into China via cross-border ecommerce. Azoya handles all of the Chinese side of the business including logistics, offering a cost-effective and risk-free approach to break into the China market.
Operates in: China.

to target. In reality, many of the consumers are already shopping on marketplaces so launching there, building a customer base and exposing your brand through a marketplace gives a lower cost of entry to a new country and a partner who can drive traffic to your offers. It's worth considering how much exposure promoted deals on one of the world's largest marketplaces can give to your brand compared with the cost of attracting a similar number of views to a localised website.

Ultimately marketplaces offer a route to cross-border expansion with a lot less up front capital expansion allowing a 'test and try' approach. Longer term, once a retailer has proven demand in a territory, it's likely then will want to establish their own website, but realistically they'll still gain a significant proportion of their sales from their marketplace partner.

The following guest article has been written for InternetRetailing by David Schwarz, Partner, Hush. David Schwarz is an award-winning creative leader who's spent his career designing brand experiences that integrate content, interactivity, architecture and technology. He is also a mentor at New, Inc., the New Museum's incubator program for art, technology and design. Internally, David focuses on making "space" for creativity. This means cultivating studio environments that foster collaboration and trust, that promote democratic contribution, and generate an open source repository of cultural, stylistic, and technological knowledge to inspire teams.

http://heyhush.com/
https://twitter.com/hushstudios

Retail's New Wave

David Schwarz, **Partner, Hush examines why the digital experience is integral to in-store innovation and shares a view of digital store experiences from the retail hub of New York.**

EMOTION HAS long been the driving force behind a brand's relationship to its customer. Deeper emotional connections create loyalty, communities and culture. But for retail, the need to create emotional impact is even more fundamental to success. A Psychology Today analysis of fMRI neuro-imagery shows that when evaluating brand purchasing decisions, consumers primarily rely on personal feelings and experiences rather than didactic information like product attributes, features, and facts. This is perhaps why the future of the retail industry will be shaped by the strength of its experiences and the emotional responses they inspire. Transactional exchanges, on the other hand, will move to Amazon where the "emotional" brand is virtually invisible.

There is no better driver for brand connections and growth than real-life, real-world experiences. In fact, research consultancy Forrester confirms that brands that focus on experience outperform the S&P 500 by more than 25% over a six-year span. Innovative, authentic retail brand experiences should represent the aspirations of the corporation, its products and services, in an environment that it can design, refine and support top-to-bottom. As such, brands need to do more than simply present their products to customers. They need to help position products in the marketplace as part of a larger ecosystem of culture, vision, innovation and technology.

Whether the brand itself is a technical-leaning one (e.g. Apple, Tesla, Sonos) or within the realms of fashion, food or hard goods, technology must play a part. Whether or not a brand's innovation results in the creation of its own technical products and services, in-store digital experiences represent the optics of that innovation to customers.

As digital adoption increases exponentially, real-world digital experiences have become a reality of daily life. This drive toward digital must extend to the retail space experience where it adds a layer of branding that more closely aligns with its own online presence – often the first place of impression for a customer before stepping foot in brick-and-mortar.

As brand designers, we must move past paying sole attention to the fit and finish of materiality and interiors, in favour of incorporating a brand's digital "reflection" into retail spaces. Digital content (video, photography, data, and social messaging) thus becomes a bold element that reminds customers of the vast, interconnected online language of products, communities, lifestyles and culture that cannot be expressed with the quality of fixtures, lighting and display. This is especially true for retail brands that have large content networks for whom the digital platform represents the ever-changing, and evergreen. Online digital brands move at the speed of light, which often outpaces their brick-and-mortar seasonal refreshes.

Further, bold digital elements within the retail context are a semiotic reminder to customers who have interacted with digital/social platforms, their stories and content. Conceptually, customers want to feel that the brick-and-mortar experience relates to the preferences they have online, but with the added value of in-person and tactile affordances. If retail brands don't telegraph their digital reflection in the retail space, they will find it much harder to close that tricky gap between online and offline.

THE EXPERIENCE EVOLUTION

In just the last few years, a handful of notable brands have reshaped their respective consumer experience through innovative digital in-store integration. From Sonos' flagship New

York City store, with its listening "pods," to Nike's digital "trial zones" at its SoHo location, to Samsung's 837 "Un-Store" that the brand describes as a "digital playground," and pop-up retail experiences for Google where digital "demo" is integral, top-tier corporations have astutely married online and offline experience while showing just how much brighter digital has shone since it was first implemented for customer engagement basics.

This retail experience evolution has progressed in a few waves as brands and designers worked to meet changing technologies and customer expectations. Wave one was simply providing customers with the tools to browse online catalogues and access the infinite suite of products, services and marketing content that exists on digital platforms. It wasn't that long ago when retailers integrated tablets and screens into their visual merchandising, and the expectation was that this technology led to efficiency (or at least the appearance of digital help) when in reality, it put the burden back on the customer to do the work.

In wave two, retailers connected mobile to the in-store experience leveraging RFID and other location-driven technologies to augment the shopping experience with location-specific information, opportunities, product offerings, and deals. Naturally, there was an ironic tension as retailers spent millions in both physical space design and merchandising, as well as in HR and salesperson training, only to push customer attention downward to gaze at the small windows of their own mobile devices.

With wave three of digital retail, customers will still be asked to engage, but not in the pursuit of functional and instructive information only. Rather, the quid pro quo will be an effort to unlock unique experiences that align the customer and brand to a vision of what's possible with their products and services. This is how brands demonstrate where they are headed, aspirationally.

Nike leverages run club membership and running data to hold cinematic, group fitness experiences within its retail stores. Even Apple, known for its minimalist approach to product merchandising, is converting to embracing broader, layered in-store digital experiences that demonstrate the power of its connected software and hardware through content, interaction, animation and group trial.

The core idea is moving beyond "functionality-driven" digital touchpoints and into uses of digital that engage customers in experiences they can't find anywhere else, be it through games, education, community-building, entertainment, or social connection.

> "Brands reshaping the in-store customer experience include Samsung's 837 Un-Store"

The beauty of place-based experiences is that they've been around since merchant first met customer – before technology as we know it existed, and before anyone cared about the "how." For the retail industry, this is where the opportunity for branding and emotional connection will continue to grow. According to a study by intelligence firm Walker, experience will overtake price and product as the key brand differentiator by the year 2020.

Technology isn't unlocking something in retail experiences that wasn't already there. It's simply a way of enhancing interaction among audiences, acting as a catalyst or a recorder of the experiences through data and evaluation. When technology is involved in the conversation, brands can deliver messages in ways that are more fine-tuned, gauging audience interest through interaction, and serving up reactions at the same scale of engagement.

This has always been a key component of digital experience design: walking the line between what is didactic and informational vs. what lives in the world of brand feel, tone, beauty and sensibility. A great brand experience delivers all of the above, along a very strategic, emotionally impactful sequence that mirrors the natural behaviours of its customers.

Disrupting delivery

Venture capitalists and agile start-ups are pumping billions into disrupting traditional postal delivery services. *Emma Herrod* **reports on an Accenture investigation into new delivery models and how postal organisations are turning to M&A activity to remain competitive.**

BILLIONS OF dollars in venture-capital funding have poured into the post and parcel industry in the last two years, driven by the continued popularity of ecommerce and increased competitiveness in hyper-local, start-up delivery models, according to a report from Accenture.

'The New Delivery Reality: Achieving High Performance in the Post and Parcel Industry' report shows that venture-capital funding of supply chain and logistics start-ups, integral to delivery services, has increased more than 10-fold in the past three years, from US$266m (£205m) in 2013 to US$2.78bn (£2.15bn) in 2016.

The number of deals and the size of funding for those deals also increased, according to the report. In 2013, there were 52 deals supporting supply chain and logistics, totalling about $266m (£205m), or roughly $5.1m (£3.94m) per deal. Two years later, the average deal cost was valued at $6.4m (£4.95m). But, by the first quarter of 2016, $1.75bn (£1.35bn) was spent on just 36 deals, an average of $49.7m (£38.4m) per deal, the study shows.

Groups outside of traditional delivery services and postal organisations are seeing growth opportunities as retailers compete to reach consumers wanting the highly appealing same-day delivery offers.

This change in consumer behaviour is causing tensions for traditional global delivery models, calling into question the use and importance of a robust, national delivery network, says Brody Buhler, who leads Accenture's global post and parcel practice.

> Venture-capital funding of supply chain and logistics start-ups has increased more than 10-fold in the past three years

"Think the way Amazon thinks of ecommerce or Uber thinks about transportation. Both disrupted the status quo by directly responding to consumer needs and interests. Uber will pick you up at the location of your choice at the time you request," says Buhler. "Consumers ordering online want the ability to have that same hyper-local delivery. Instead of waiting for the letter carrier to drop it off in five days, they're beginning to turn to smart, agile start-ups with delivery areas often limited to less than 50 miles that focus on speed and convenience," he added.

GROWTH IN INNOVATION

In 2016, there were 58 Amazon Prime Now hubs in the US stocking high-velocity items for same-day delivery. Amazon plans to open Prime Now hubs in Germany, Spain and Italy. Start-up Onibag built a next-day network across 70 cities in five US states, despite not owning any vehicles or distribution centres. It crowdsources first- and last-mile services, using excess capacity on a national bus system and ride-sharing to transport packages.

Onibag isn't alone, the report shows. Uber, for example, is experimenting with UberRUSH, an on-demand delivery network of trackable contract couriers. Shyp will pick up packages using its own employees and connect the package to the US Postal Service, FedEx, UPS, OnTrac or other regional carriers – automatically figuring out the best carrier to use for each, individual delivery. Instacart offers last-mile delivery from a grocer, crowdsourcing to match orders with independent users who enrol in the platform as shoppers or drivers.

PiggyBaggy in Finland and 123Feng.com in China are just two of the many new entrants in the on-demand, shared transport delivery business. In Scotland, Menzies uses an integrated IT solution that allows it to deliver parcels from other carriers. Ninja Collect gives consumers in southeast Asia the option of picking up their purchases in a brick-and-mortar store or having them delivered to a secure parcel locker throughout the region. KombiBUS serves a low-populated area in northeast Germany, using an existing bus infrastructure to combine the transport of goods, post and passengers. KombiBUS also has influenced regional development. Farmers who supply dairy products, cheeses and other local farm products use the new transport system to expand their sales area to Berlin.

M&A ACTIVITY

Traditional post and parcel organisations are increasing investments as well, focused on products and services to keep up with the demand being generated by ecommerce. Industry capital expenditure has grown over 40% from 2013 to 2015 as post and parcel organisations make significant investments in increased capacity, new capabilities and diversification to keep up with ecommerce-driven change and demand, according to the report. Capital expenditure as a percentage of postal revenue averaged about 3.7% globally in 2013 and increased to 5.1% in 2015.

The report also found that merger and acquisition activity in the post and parcel industry is high as well. The industry has been active in M&A but nearly one-third of postal organisations account for 80% of all deals during the last five years, led by: La Poste in France (35 acquisitions); Post Nord in Denmark (22); SingPost in Singapore (15); DP DHL in Germany (14); Austrian Post (13); and Posten Norgen in Norway (12).

Almost all national postal organisations are investing in additional capacity to accommodate ecommerce growth, especially for peak periods, and a new M&A trend has emerged, the report shows. Acquisitions today – unlike during the last 15 years – are smaller, more specialised and focus on logistics and transportation; parcels and express; technical and software; and financial services. In 2015, about 60% of all M&A activity was conducted outside the postal organisation's domestic country as companies try to tap into cross-border deliveries and increase customer footprint.

"Our research shows we're going to see an exponential growth in global ecommerce over the next three years, with the bulk of it being delivered the next day or the same day to consumers who aren't willing to pay a premium price for that service," says Buhler. "Delivery organisations need to make decisions today to be competitive and viable in that future."

WHAT IS DISRUPTING DELIVERY?

Talking at the MetaPack Delivery Conference, Brody Buhler, Global Managing Director, Post & Parcel Industry at Accenture, shared four areas which are having an impact on delivery and disrupting traditional delivery models.

Consumer expectations and behaviour: Smartphone adoption is driving changes in consumer behaviour and the way that they have near-instant access to data. Mobile is putting them in control and they expect the shipping event to be as mobile as the purchasing experience. This has made delivery the second half of the purchasing experience. It has led to a shortening of the time between purchase and delivery as consumers expect instant access, same-day delivery and new ways of receiving their purchase.

Etailers are repositioning their competitive proposition: Competitive models are changing as pricing is no longer the key to online purchasing. The next round is going to concentrate on 'free and fast' as consumers expect convenience and experience. Retailers will use data to understand where and when they need to locate products to make customers happy, bringing inventory closer to the shopper either with DCs, ship from store or investing in new delivery options.

Venture funded start ups: VCs have taken a keen interest in the delivery market since it's an inefficient market which is growing rapidly. Start ups believe that they can create a different model and carry out delivery differently. They are asset light, information rich and can be very agile and cost efficient. The incumbents, therefore, are also increasing their investment as they build out capabilities.

Technology: Artificial intelligence and machine learning can look at numerous data sets in new ways bringing insight which Accenture thinks will be a powerful tool for the delivery market and for retailers. Technology is also enabling new sources of data to be shared such as Uber making traffic data available. Forecast data is helping companies to understand where are how people are moving around a city, which when combined with prediction and proximity means goods can be brought closer to where the retailer believes a consumer will need them. Uber, for example, is doing this with cars; if a customer is dropped off at a restaurant at lunchtime it's likely that they'll need a taxi back to the office a set time later.

Crowd-sourced capability is allowing the 5-9pm requirement for delivery to be carried out by people who have just left work in an office. As Buhler says, the better a company is at anticipating, predicting and personalising the more efficient it will be.

And then there are autonomous delivery vehicles which are being developed faster than many people think. Predicted costs for drone deliveries vary from 74p with others estimating the cost as 36p. JD.com, in China, is using 500 drones a day to do deliveries and it says that each delivery costs just six pence. Obviously, as you take labour out of delivery, the cost models decrease significantly...

Mobile around the world

Paul Skeldon **takes a tour of innovations and mobile experiences around the world.**

MOBILE COMMERCE is coming to dominate ecommerce around the world, driven by ever-increasing smartphone penetration. Even in the developing world, the feature phone – a sort of half-way house between smartphones and old style 'dumb' phones – is opening up the world of mobile commerce to vast swathes of people and changing how the world shops and interacts.

While much of how mobile is used in retail is dictated by cultural differences, there are some interesting trends in different regions and countries that all retailers can learn from. In others areas there are just some interesting things to look at and marvel at how different people are in the way they do their shopping.

What is noticeable, looking at how mobile is being used globally, is how, in most cases today, it involves incremental and often experimental changes with using technology to try and adapt mobile to the cultural norms or to fill a cultural gap.

This means that we are seeing the rise of mobile globally to connect the 'high street' and the online world using everything from QR codes to beacons. This is something that is happening across the developed world and Europe in particular. Elsewhere, how mobile is used for payments is also garnering great interest around the world, however there is a war brewing between contactless cards and mobile as to who is the most convenient.

So, what is happening around the world?

CHINA

China is becoming the new mobile retail battleground. With 225 million middle class shoppers, it is an ecommerce hot bed. Interestingly, mobile is coming to the fore as it is expediting retail tasks that, done the old way, take hours.

According to Richard Windsor, analyst at Edison Investment Research, the offline experience to do almost anything in China is dire when compared to the US or Europe which has meant that even QR codes offer a huge improvement in the user experience. For example, when using WeChat Pay, the time required to buy a train ticket can be reduced to 5 minutes from 45 and wait time at a hospital can be reduced to 20 minutes from 2 or more hours."

What is interesting about China is that it clearly demonstrates to the rest of the developed world the problem with mobile payments. "Plastic cards have very high penetration and almost everyone accepts them. At the same time, payments using a mobile phone don't particularly improve the user experience for the consumer which is what we think has led to the ambivalence," he says.

Windsor concludes: "The net result is that to win the kind of adoption that China has, mobile-based payments need to offer the user a compelling reason to use them. Failure to do this could see adoption and usage decline to a niche of power users with the vast majority of users sticking with plastic cards which, by all accounts, are plenty good enough."

Mobile in China is also driving an expansion of western brands into the region. The likes of JD Sports designer label outlet GetTheLabel is replatforming with ecommerce platform company Azoya to cater to an ever more mobile Chinese consumer base. Aside from sizing and local languages, mobile payment mechanisms are helping drive the attraction of ecommerce.

"Mobile shopping is extremely popular in China," explains Don Zhao, co-founder of Azoya. "It's a mobile-led country and consumers here prefer to shop via mobile phones more than desktop computers. WeChat, in this case, provides the best platform to cover daily messaging to online shopping. This is also the reason why many big retailers and brands such as Dior, Cartier and Montblanc have decided to join the WeChat store. Therefore, linking between GetTheLabel's WeChat store and Chinese site homepage is significant."

USA

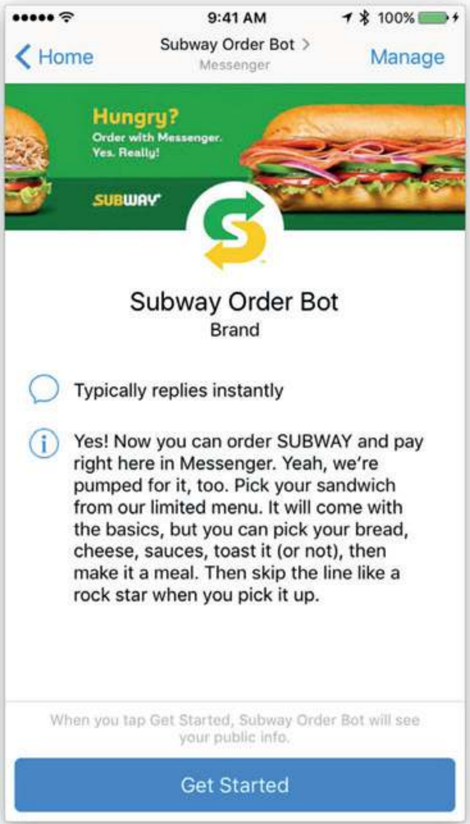
America has, to some extent, lead the mobile retail revolution and, while Brits have led the way in volume of m-retail sales, the US has often led the way in terms of technical innovation uptake.

What is currently sweeping the m-retail board in the US in 2017 are chat bots. Unlike what sci-fi films of the past may have lead you to believe, artificial intelligence (AI) isn't going to start with intelligent robots that grapple with human issues, but more software that can help answer questions and automate customer interactions. Where this is really taking off is on Facebook messenger, where Mastercard is working to automate interaction and payments in the retail process.

At this year's Facebook Developer Conference, Mastercard announced Masterpass-enabled bots to drive more seamless shopping on Facebook Messenger with FreshDirect, Subway and The Cheesecake Factory. The bots are designed to make conversational commerce more frictionless, while delivering a more personalised experience and allowing consumers to engage with brands in new places where they are already spending their time. These include messaging apps, where platforms like Facebook Messenger currently represent many of the top 10 global apps used by billions of people worldwide. The bots will also support all Masterpass-enabled wallets from banks including Citi and Capital One.

"The Mastercard vision is to support all forms of commerce – addressing the full range of merchant experiences and consumer needs, and ensuring that every one of our accounts is as digital as the people using them. Masterpass-enabled bots on Messenger offer both merchants and consumers innovative, compelling and secure digital payments on an extremely popular and active platform," says Garry Lyons, Chief Innovation Officer, Mastercard.

"Our bot for Messenger, deployed in more than 26,500 US Subway restaurants, is the largest deployment of a Messenger bot in the restaurant industry. We're proud to offer our guests an innovative new way to order and pay outside the restaurants," adds Carman Wenkoff, Subway's Chief Information and Digital Officer. "This is a new initiative in the quest to enhance the guest experience."



Subway's Masterpass-enabled bot

JAPAN

While the Amazon Go Store in the US has generated many headlines for how it uses mobile to 'check in' customers who can then take things off the shelves and be billed to their phone when they leave, the Lawson Panasonic-Mae store in Tokyo has instigated its own shopping revolution.

It is trialling technology called Reji Robo (short for 'register robots'), where the goods in the store are all embedded with tiny RFID radio chips so that the shopper just puts things in their basket and at checkout, the bottom drops out of the basket, the goods drop into a carrier bag in the Reji Robo, which calculates the shoppers bill. The user then pays and leaves.

While not mobile in the sense of it using the phone – although the basket can be linked to a smartphone to give you a running total of what you put in your basket – it uses RFID, which is a mobile tech, to revolutionise shopping. It may also be a more simple way of handling queue-free shopping than the complex array of technologies needed to run Amazon Go's prototype store.

Either way, it is yielding results. Saki Kitamoto, the store manager at the Lawson Panasonic-Mae store, told Japan's Nikkei newspaper that since the introduction of the Reji Robo they have seen an increase in customers: "By the second week, customers who have become used to the system choose to use the Reji Robo on their own because manned registers are crowded. Since the adoption of the system, customers of many generations have come to the store and it appears that there is an increase in seniors and the elderly, a group that did not come often before. Now, many customers still line up for the manned registers, but if we can replace the registers with the Reji Robo then our staff can focus on other operations in the store and increase the service to our customers."

While mobile is starting to take the majority of ecommerce traffic worldwide, most retailers now get the basics. What is interesting is how mobile is being used at the bleeding edge: to refine and improve existing retail experiences. Making mass chat more personal, making paying for things more simple and making checkout more efficient are key ways that mobile can make shopping a more pleasant experience. This, perhaps, is what mobile retailing really means: simplicity and smoothness. After all, in life it's the little things that often make the biggest difference.

Simon Finch, Director of Distribution, Harrods

Transforming Harrods

Some companies are synonymous with London retailing. Harrods is a magnet for overseas visitors to the capital and during the recent slump in the value of the pound its ecommerce site saw an increase too. *Simon Finch*, **Director of Distribution, Harrods explains how it handled demand as part of a wider business transformation plan.**

HARRODS HAS been making home deliveries since it opened in 1849 and some people still receive their weekly groceries from the department store in a similar fashion to their parents and grandparents. Customers today still have the option of telephoning the store to place an order and, of course, they can use harrods.com or have items purchased in store delivered to their home, hotel or plane.

Harrods.com delivers over 300,000 orders a year with more than 30% of them shipped internationally. Harrods has seen an increase in international parcel deliveries of more than 100% since the Brexit decision, according to its Director of Distribution Simon Finch. The impact on the pound has also been a key factor in the growth of international orders, especially from the US and the Middle East. Finch explains that orders can be placed for delivery to 70 countries via the ecommerce site but to 230 countries when orders are placed in the Knightsbridge store. Harrods.com operates with global pricing, multiple currencies and duty payments.

This sudden growth has brought challenges around the company's capability and physical capacity to handle order volumes. Some of the issues were alleviated quickly with the size of its consolidation centre and packing area in Knightsbridge doubling in six weeks. This was through a combination of additional people, packing benches, warehouse locations and racking as well as extra capacity booked with carriers. Harrods has been delivering at a level that wasn't expected until peak 2017. This boost in orders highlighted the need for a complete transformation of the supply chain.

This is being carried out as part of a wider programme of omnichannel change but, as Finch points out, "it's not about driving efficiency and scale and churning things out through an automated solution."

Harrods has a high level of service for all of its customers. It expects every experience to be exceptional whether the customer is buying a sandwich for lunch or furniture for their new home and having it delivered and installed. "What exceptional service means is different in different situations," he explains. "It's about understanding that exceptional service is required always and needs to be appropriate to that interaction."

The scale and the range of what Harrods delivers is enormous, explains Finch and that "adds to the fun of it," even before factoring in a transformation plan.

Finch's team could be handling a weekly food delivery in London one minute and then transferring their skills to shipping multiple containers for a house or hotel overseas. Harrods' interior design studio, for example, offers a complete service from design and sourcing products through to managing builders, stocking fridges and having a butler ready to open champagne when the customer walks in. And this service is available around the world.

TRANSFORMING HARRODS

Harrods understands that brand and reputation are critical but can be eroded quickly if it doesn't deliver the right experience for customers. "It was crucial that we invested in understanding what the supply chain needed for the future," says Finch so a review of the business was carried out during 2016. This encompassed gaining an understanding of the customer and what the experience needed be like, the position from which the business was currently operating and what Harrods should be like in the future. Working backwards from that story line it had a clearer idea of the capabilities it would need in order to deliver that vision and put an operational plan in place. "Having a clear vision of the customer experience was crucial in determining the future business operating model," says Finch.

> Supply chain transformation isn't a programme. It doesn't have a start and it doesn't have a finish. None of us know what the next challenges are and what the next opportunity will be in terms of retail. The pace of change is incredibly fast. We are now starting to embrace it as a state of mind and a way of operating

In order to deliver this vision, eight areas were identified and these capability pillars make up the objectives for Harrods' future operation:

- Store – One view of stock is needed since a certain percentage of online orders are fulfilled from stock held on the 1m sq ft shop floor. (Although the aim is to fulfil 90% of online orders from the DC.) The store also needs to work in partnership with other channels to ensure that multiple fulfilment routes can be quickly and reliably utilised to enhance the customer experience.
- Commercial Models – A core set of commercial models that are applied consistently is required so that full end-to-end cost can be measured and understood. Some of the relationships with brands were established 50 years ago.
- Brands – Harrods stocks more than 500 fashion brands in store alone but siloed operation means relationships with brands are not aligned across channels. There is also no real visibility of performance.
- Range – Structured and segmented range across all channels and utilisation of best in class analytics are required, along with a reduced 'tail' and continuous clearance of non-movers via defined channels.
- Supply Chain – Another aspect of the business which needs to operate outside of silos with formally segmented operating models, ensuring all product flow options are fit for purpose and flexible for the future. A rule-based approach, driving standardisation wherever possible to free up capacity for targeted exception management.
- Inventory – This needs to be managed centrally and deployed where required with merchandisers working across channels rather than in silos. Class leading product visibility across the business, enabling reduced working capital, increase availability and improved customer experience.
- Omnichannel – Harrods needs to offer a seamless, luxury experience across all channels and geographies with structure, capability and capacity in place to support planned growth efficiently.
- Organisation – The business needs to move away from channel-specific silos to a matrix structure, aligning product, channel and customer with KPIs, objectives and incentives that break down silos and align business goals.

Finch sees organisation as the biggest challenge since channels compete with each other as the company operates in silos with organisation KPIs and objects not aligned across channels.

In January 2017, Harrods started work on its transformation, with the board having approved the plan and the necessary investment in December. Work being carried out over the next two years includes a phased increase in size to its DC which will increase by 20,000sq ft from its current size of 370,000sq ft.

A further 50,000sq ft will be added in 2018 to meet the additional warehousing and fulfilment needs as its online business grows. Online has been growing at 40-50% in recent years but post-Brexit this has risen to 80% growth with international becoming 30% of its online business. Harrods.com is also replatforming in the first half of this year with IBM WebSphere and IBM Sterling Order Management.

"Retail supply chain is building the capability to deliver what the new website will require," says Finch. "We've been running in parallel with our replatforming programme, our retail supply chain review and supply chain transformation so when we launch the website and see that growth continue, we have the core capabilities to deliver it. Harrods.com is driving growth and supply chain transformation is making sure we can deliver that growth and at the right level for our customers".

The first of the supply chain capabilities will be online in time for peak 2017.

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

INSIDE THE DOOR DELIVERIES

Ecommerce shoppers in Sweden can now have their parcels delivered inside their door when they are out, thanks to a new innovation from PostNord and door opening solutions provider ASSA Abloy.

The duo are working on a pilot project with online retailers Jollyroom, Apotea and Komplett in Lerum, east of Gothenburg, that will see 100 households testing out the new delivery option.

As with delivery to car boot, parcels are delivered via a digital lock and enabled thanks to a single-use code that becomes invalid after use, meaning that shoppers don't need to be at home to receive their parcels,

"It should be simple and convenient to shop online," said Johan Hellman, Head of Ecommerce at PostNord. "We're seeing a clear trend and a demand for greater choice on delivery, and we'll now be able to deliver items inside the front door in a secure way. The recipient doesn't need to be at home or be available at a particular time, which makes it both simple and convenient," he said.

Kristoffer Wadman, Director Business Development at ASSA ABLOY Scandinavia adds: "We're seeing great demand from both companies and households for greater choice and solutions that make daily life easier. With new and innovative products, such as our Yale Doorman lock, our customers will have the opportunity to simply and securely avail themselves of different services without having to be at home themselves or available at particular times. Great potential lies in this type of collaboration".

The delivery method is the latest of several options that PostNord has developed.

CROSS-BORDER MILESTONE

After four months of discussions, country members of the European Committee for Standardization (CEN) have now approved the Technical Specification (TS 17073) for Postal services – Interfaces for cross-border parcels.

The agreement follows work chaired by Ecommerce Europe, an association which represents more than 25,000 companies selling goods or services online to consumers in Europe within the CEN to harmonise postal and supply chain management standards. This will enable one item label for the delivery of merchandise to end customers.

"This is a major step forward to really innovate cross-border parcel delivery services in Europe," said Walter Trezek, co-chair of the e-Logistics Working Group of Ecommerce Europe.

"One of the main causes of difficulties in parcel delivery was closed standards leading to proprietary networks, resulting in unfavourable market conditions for online merchants. The vote on the Technical Specification achieved an approval rate of 93.75% of all members in the CEN, representing 83.6% of Europe's population. Ecommerce Europe is honoured to have been in the driving seat to create solid open standards that will transform the old analogue parcel into a digital and interconnected one," he said.

This will be the first time that closed networks and open specifications can be supported on one parcel label.

LAKELAND PICKS KERRY LOGISTICS

Homeware retailer Lakeland has awarded a contract to Kerry Logistics to provide global freight forwarding services including ocean freight and supply chain solutions, as well as buyer's consolidation services.

The retailer will use Kerry Logistics Virtual Buying Office (VBO), a web-platform designed to enhance efficiency and visibility along the supply chain, whilst Kerry Logistics' strong presence in China will also help in Lakeland's international expansion ambitions. The company recently announced expansion into Australia with 13 new locations.

"We are delighted to work with Kerry Logistics and look forward to their invaluable field expertise helping the next stage of growth for our multi-national business," said Gary Marshall, Director of Operations at Lakeland.

"Lakeland is a multi-national as well as multi-channel retailer renowned for high levels of customer service and innovation," said Emma Rowlands, Sales Director of Kerry Logistics (UK).

"We are proud that they consider a partnership with Kerry Logistics to be a valuable part of their international growth strategy, and are looking forward to providing local expertise as well as supporting their business on a global scale," she said.

eDelivery
Fulfilling the multichannel promise

JOULES TO WORK WITH SEKO LOGISTICS

Premium lifestyle brand Joules has signed a three-year contract with SEKO Logistics to support its global expansion.

As part of the contract SEKO will manage Joules' global supply chain from all of their sourcing locations in Asia and the Indian Sub-continent into their distribution centre in Corby in the UK and into the United States. This will include all customs and compliance requirements.

The logistics specialist will also be responsible for managing the global supply of products to Joules' other wholesale markets through its Bonded Logistics Park (BLP) in Shanghai where it will receive deliveries from Joules' suppliers and directly send orders for customers outside of the UK and US.

Joules' merchandisers and buyers will be able to view real-time information of the company's supply chain using MySEKO, a customised web-based transportation and logistics portal.

David Emerson, SEKO Logistics' Group Sales and Marketing Director, said: "Joules is a great brand for us to be working with and we are a strong fit. We've already identified savings and cost controls for Joules, such as offering a direct pick and pack solution in Shanghai for customers outside of the UK and US. We're also looking at other areas of expansion and assistance, including cross border ecommerce delivery into key markets and customs warehousing in the UK."

DX WINS AVON

Independent parcels, mail and logistics operator DX has won a contract to provide bespoke logistic services for beauty company Avon UK.

The contract is worth more than £10m a year and is for an initial three-year term and is already operating. It was awarded after a lengthy competitive tender process.

Petar Cvetkovic, Chief Executive Officer of DX, said: "We are pleased to have secured this major new contract with Avon UK. The bespoke logistics solution we have designed for Avon reflects our customer-centric approach and highlights the 'OneDX' capability. Our services are now underway and should provide for more efficient and flexible deliveries and ultimately an improved customer experience."

FIRE HITS ASOS

Fire broke out at fashion retailer ASOS's new Eurohub in Germany in the early hours of 16 May. Clothes worth up to £6m were damaged due to the fire and water damage that ensued. The blaze affected only one of the four chambers in the building with ecommerce orders redirected to its Barnsley DC as a result, said the company. The new facility has only been fulfilling orders for ASOS since March after it was handed over to the retailer last September.

BREXIT BOOST TO LOGISTICS JOBS

Bis Henderson Group, the supply chain services company, has seen a 20% uplift in permanent executive jobs placed over the last six months of 2016 compared with the same period a year earlier. The figures come post-Brexit vote and seems to suggest that demand for logistics and supply chain jobs remains healthy with businesses looking to invest in talent now.

"Our level of work hasn't slowed since the Brexit vote, it has grown," says Andy Kaye, CEO of Bis Henderson Group. "We were half expecting a tail-off in hiring following the decision to leave the EU but that simply hasn't materialised so far – far from it. Organisations are looking to future-proof themselves; investing in their business through improving the capability of their people," he said.

The number of job placements related to ecommerce has almost doubled since 2014 and in the last year alone jobs related to ecommerce represented over a third of the company's recruitment activity.

Mark Botham, COO at Bis Henderson Recruitment, says, "The greatest call for skills is for those individuals who understand logistics and supply chain activities related to ecommerce. Managing processes around single-item picking and the preparation of small orders is highly complex and requires talented people with strong problem-solving skills, the ability to communicate well and who are up-to-speed on the latest warehouse technology."

However, he sees a looming problem regarding labour hire for warehouse operations. "The flow of people from Eastern Europe has slowed significantly and that will put pressure on middle management roles. Logistics and supply chain managers will have to become more creative about how they resource labour and how they develop future strategies to cope with a tightening labour market. I believe automation will be very much on the agenda and this could well be why organisations are seeking talented individuals capable of implementing such technology."

Insight around the world

EMMA HERROD, EDITOR, INTERNETRETAILING

Recent news from retailers overseas include significant operational developments for Prénatal and Australia's Country Road Group and pizzas delivered by robot in the Netherlands and Germany.

Meanwhile, of significance for UK retailers, is the closure, on 1st April, of the last of Marks & Spencer's ten brick and mortar shops in China as the retailer cuts back on loss-making operations in international markets. Adam Colton, Managing Director of M&S Greater China, said: "Our decision to close our Chinese stores was driven by the fact that our stores continue to make losses and we have low brand awareness. Growth in market share is also challenging given the nature of the market."

M&S opened its first store in China on West Nanjing Road, Shanghai's premier shopping street, in October 2008. The 40,000 square foot flagship store was Marks & Spencer's largest in Asia. At the time, the company saw China as "an exciting long-term opportunity" and was part of its plans "to grow its international business to 15-20 per cent of Group revenues".

In 2014, under CEO Marc Bolland, the company was still extending its bricks and clicks approach to international growth, building flagship stores in key cities and supporting them online. It planned to focus on growing within existing and priority markets of India, China, Russia, the Middle East and Western Europe. At the time Bolland said that over the next three years M&S aimed to build 250 new stores as it looked to grow international turnover by 25% and profits by 40%.

The difficult trading conditions in international markets were highlighted by the results in its past financial year to 2 April 2016; Its owned International business delivered a loss of £31.5m with international operating profit down by 39.6% to £55.8m. The company has since announced that it will cease trading in ten loss-making markets in which it owns stores including the ten stores in China, seven in France and all of its stores in Belgium, Estonia, Hungary, Lithuania, the Netherlands, Poland, Romania and Slovakia.

Commenting in November 2016, CEO Steve Rowe, said "These are tough decisions, but vital to building a future M&S that is simpler, more relevant, multi-channel and focused on delivering sustainable returns."

The company will continue to develop its international presence through strong franchise partners instead. Nor is it withdrawing completely from China. It will continue to sell online through its Tmall store. "Online shopping continues to grow in scale and relevance as Chinese customers look for more choice and greater convenience. Since we launched on Tmall in December 2012, we've continued to see our customer demand for our products online, resulting in strong double digit growth on 11.11 [Single's Day] including our best ever performance in Kidswear," said Colton.

"Going forward we will focus on growing our business on Tmall – leverage its scale, logistics and local expertise to offer customers across the whole of China access to over 3,000 quality M&S clothing products."

Elsewhere, autonomous delivery robots developed by Starship Technologies are delivering pizzas within a 1 mile radius around Domino's stores in a number of cities in Germany and the Netherlands. Domino's Robotic Unit will oversee the partnership, after testing both ground and air based delivery solutions last year.

Don Meij, Domino's Group CEO and Managing Director, commented: "We are a global company and we are eager to progress innovative technology in all of the countries in which we operate – we are very excited to be partnering with Starship as it brings regular deliveries by robot one step closer to commercial operations.

"Robotic delivery units will complement our existing delivery methods, including cars, scooters and e-bikes, ensuring our customers can get the hottest, freshest-made pizza delivered directly to them, wherever they are.

"With our growth plans over the next five to 10 years, we simply won't have enough delivery drivers if we do not look to add to our fleet through initiatives such as this."

Prénatal, the European retailer of goods for babies is to amalgamate its store and ecommerce stock into one location a move which also sees it extending its warehouse and supply chain contract with Geodis. "As a retailer, your stock is your most important asset," says Ardjan van den Blonk, Manager Supply Chain at Prénatal Moeder en Kind. "You want to serve your consumers as well as possible, regardless of where they make their purchase – through a store or a webshop. An omnichannel inventory will prevent stock from being unnecessarily located at different sites and this will help us better meet customer needs."

In Australia, Country Road Group, one of the county's largest specialty fashion retailers, has implemented Manhattan's Warehouse Management Solution in a move which is part of its business transformation. The technology deployment is a key component designed to deliver a unified brand experience for customers across channels and to drive ongoing business growth.

Country Road Group consists of five brands with over 700 stores and a growing online operation. The retailer had outgrown its outsourced logistics services model and recognised the critical need to take greater command of its supply chain by investing in a new distribution centre.

Closer to home, tall womenswear retailer Long Tall Sally has launched an ecommerce site for the Irish market as part of a wider expansion across Europe. "With a database of 8,000 customers in Ireland, it is only right to roll out the same excellent service that our UK customers enjoy: namely faster standard delivery, local returns, UK sizing and free customer care telephone number," said Alison Doherty, Chief Operating Officer, Long Tall Sally.

The Irish website was followed by the launch of a localised Dutch website in April. Long Tall Sally now has nine dedicated country websites, serving markets that also include Australia and New Zealand. In all, it has 13 websites, including English-language versions of its French and German sites, a Eurozone site and an international site. It also trades via 26 stores in the US, Canada, UK and Germany.

LAUREN HOGG, UK MARKETING MANAGER, COMARCH

Retailers invest in loyalty programmes for a number of reasons – and it's not just to build loyalty.

Our research of more than 3,000 consumers across six countries (UK, Germany, Italy, Netherlands, Switzerland and Poland) has found that consumers are generally willing to share personal data with retailers if they see a real return, such as personalised offers and unique rewards. They also, understandably, want transparency in how their data is handled. Almost half (45%) of Brits are interested in personalised offers based on personal data. In contrast, Germans are least interested in personalised offers (34%) and Italians are most interested (56%), with Switzerland (40%), France (42%) and Poland (44%) nearer to the overall average of 43%.

Rewards are also important to people – especially in the Italian and British markets where 89% said it was important to be rewarded if their data was used for marketing purposes. Personalised rewards were almost as important to the other markets, with 85% of Polish consumers finding them important, followed by the Swiss (81%) and German markets (80%). The Dutch (78%) are least interested in rewards in exchange for data use, but they're the most interested in being able to see what kind of personal data the company collects.

Consumers share a wealth of information about themselves, but they do so expecting a better, more tailored service as a result. They want greater control and awareness of how their data is used, and they want to benefit from sharing their data.

This attitude represents a great opportunity for retailers that use customer data to enhance the services they provide. By ensuring that data is used in a way that benefits customers, and by being honest about what the data is used for, retailers can start to shape a mutually beneficial relationship with consumers.

CUSTOMER EXPERIENCE

ECOMMERCE

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FULFILLMENT

MARKETING

MOBILE

OPERATIONS, LOGISTICS & ORDER MANAGEMENT

RECRUITMENT

AQUISITION MARKETING

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