Internet Retailing

ISSUE 56 | JANUARY 2016

NEW LOOK: GLOBAL SIGHTS

Jack Smith, Group Digital Director, and Sally Heath, Ecommerce Director, on international and category expansion

INSIDE OUR 'INTO MATURITY' EDITION:

Internet Retailing

ISSUE 56 | JANUARY 2016

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Editor: Emma Herrod Tel: 07801 282729
E-mail: press@internetretailing.net
Editor, InternetRetailing.net: Chloe Rigby
Editor-in-chief: Ian Jindal
Design: Alex Gold
Publishing Director: Chris Cooke
Group Account Director: Andy James
Account Director: Marvin Roberts
Tel: 020 7933 8999
Fax: 020 7933 8998
E-mail: andy.james@internetretailing.net
Cover photography: Spencer Cartwright
020 8347 7692 www.spencercartwright.co.uk

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SJP Business Media Ltd
PO Box 6009, Thatcham, Berkshire, RG19 4TT
Tel: 01635 879361
Email: internetretailing@circdata.com

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Editor's comment

Christmas seems like an age ago now as the editorial inbox fills up with innovations, plans and launches for 2016. The peak season cannot be ignored though since more than a fifth of everything bought online (excluding travel), is purchased during the 8 weeks between 1 November and Christmas Day. The IMRG also says that 17% of those Christmas purchases were made during Black Friday week with online now accounting for 27% of the total retail market. £114bn was spent online in the UK in 2015 and the market is predicted to carry on growing this year.

While Black Friday went off without 2014's delivery issues, some customers were still left 'on hold' waiting to get onto online stores to grab their bargains. Looking at the leading retailers' web traffic levels from desktops compared to an average Friday, Amazon UK received double its usual amount of visits on Black Friday, while traffic to Argos was up over 200%. According to Similarweb, House of Fraser with a 26.6% increase also saw the biggest year-on-year growth on Black Friday when mobile traffic was factored in too. Debenhams (23.7%), New Look (15%), Etsy (15%) and Boots (10%) also saw increases. Other retailers though saw a drop in traffic from 2014's level as promotions were spread out over a longer time period in a bid to ease out the peak weekend.

This is something that New Look thinks retailers should be looking at for peak 2016 so that they don't see a softening of sales in early November before hitting the peak during the last week of November. Retailers will still need to give shoppers access to great offers but without any degradation of service, believes Jack Smith, Digital Director of New Look. He joins New Look's Ecommerce Director, Sally Heath, in explaining how the fashion retailer is replatforming as part of its strategy to become a global multichannel retailer for men and women.

In this issue of InternetRetailing, we explore an industry on the cusp of maturity; one in which mobile is no longer referred to as a separate channel and the customer is placed at the heart of the organisation. We also take a look at what it means to be a mature multi-/cross-/omni-channel retailer. Fran Riseley, Deputy Managing Director, Martec International examines the impact of omnichannel on retail systems and predicts the changes ahead for retailers and vendors in 2016 while Giles Delafeld, CIO, Clarks asks whether 2016 is the year in which everyone hires a Chief Customer Officer. We'd love to hear thoughts from other retailers too on how the industry is changing so contact me if you're interested in appearing in print.

With an industry talking about customer experience, what does it mean for customers and retailers in the high streets and what will retailers be doing in 2016 to encourage customers to keep visiting through all channels? Gregor Jackson, Director and Founding Partner, gpstudio, explores how things are changing between channels and says that if 2015 is anything to go by, 2016 is set to shake up the retail market and define the trend setters from the mass market. His article give interesting pause for thought. We also look at how delivery is disrupting the retail industry.

Mobile though, is where the changes are still taking place. According to Similarweb's monitoring of Black Friday and Christmas 2015, last year was the year of the app, with the leading sites providing a seamless service across their apps, mobile and desktop. Over the full year, m-retail recorded growth of 42%, says IMRG, with mobile now accounting for 45% of all online sales; most of that growth is coming from tablets which saw an increase over the year of 31%, compared to smartphones' increase of just 12%. Some 69% of all m-retail sales in 2015 were from tablets.

Understanding where a technology such as mobile will be in a year's time is quite a tough task. Predicting how it will reshape retail over the next ten years is trickier still. InternetRetailing Mobile Editor, Paul Skeldon, was given the task and shares his view on page 44. I'd be interested in hearing your thoughts too.

Mobile is just one of the topics that will be discussed at the InternetRetailing Expo which is taking place for the sixth year at Birmingham's NEC on 27 and 28 April. Speakers from Schuh, Sainsbury's Tesco and M&S will all be sharing their thoughts on mobile in multichannel and how understanding mobile as a remote control for retailers is now key. The store of the future, international, merchandising and customer experience will all be covered as 8 conferences, 15 clinics, 20 workshops, 300+ exhibitors and 6,000+ visitors come together.

I look forward to seeing you there.

Emma Herrod
Editor

Internet Retailing Expo 27-28 April 2016

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Check out a snapshot of our 80 conference speakers below

Connected Store of the Future

Eric Fuchs
Non Food Online & Multichannel Director, Carrefour

Michael Durbridge
Omni Channel, Director, B&Q

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Mobile in Multichannel

Rosie Snow
Loyalty & Personalisation Product Owner, Marks & Spencer

Joel Robinson
Senior Product Owner, Sainsbury's

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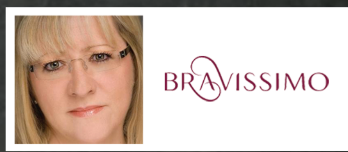
International & Cross Border

Kieran Clinton Tarestad
Global Head of eCommerce, GANT

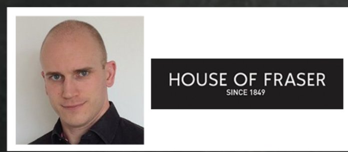
Dieter Kindl
CEO, Rakuten Austria

Digital Sales & Marketing

Alison Lancaster
Interim Marketing Director, Bravissimo



James Peach
Head of SEO, House of Fraser



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Insight & Experience

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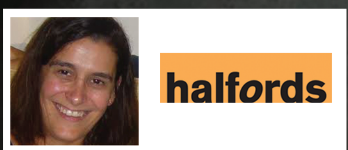
Digital Director, Halfords



Paul Kendrick
Multichannel Director, Bonmarché

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Digital Merchandising

Kim Ludlow
Managing Director - UK, mySupermarket

Sarah McVittie
Co-Founder, Dressipi

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View the full programme at www.internetretailingexpo.com and view the event preview on page 53-54

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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.*

HRG SHAKE UP

Just what does Sainsbury's see in Argos that led it to make an offer, reported to be worth £1bn, for parent company Home Retail Group? Multichannel expertise, it seems, is key to the attraction.

The two have already worked together with the launch of Argos digital format stores in branches of Sainsbury's during 2015, while the supermarket used to own Argos sister company Homebase. Sainsbury's £1bn bid for Home Retail Group (HRG) in November was rejected but in an announcement in early January the supermarket set out just why it had made the offer – and why the union could yet come about.

Sainsbury's says the combination of the two represents "an opportunity to bring together two of the UK's leading retail businesses, with complementary product offers, focused on delivering quality products and services at fair prices, through an integrated multichannel proposition."

Going into more detail, it points to a potential union of multichannel capabilities, including the kind of retail logistics network that enabled Argos to launch same day Fast Track delivery ahead of Christmas. It also sees further opportunities for combined retail space in a move that it says would "create a food and non-food retailer of choice for customers, building on the strong heritages of both businesses whose brands are renowned for trust, quality, value and customer service."

Despite the initial rebuff, Sainsbury's has said that it was now "considering its position," adding, "There can be no certainty that this will result in a formal offer, nor as to the terms of any such offer."

Meanwhile, as InternetRetailing went to print, Home Retail Group confirmed that it is in advance discussions for the potential sale of Homebase to Wesfarmers for £340m. John Walden, Chief Executive of HRG, commented: "The sale would allow the Group to focus on Argos and its Transformation Plan, with an improved balance sheet and financial position."

£1BN VISION FOR HOLLAND & BARRETT

Holland & Barrett has unveiled its vision to be a £1bn turnover company by 2020, growing both through stores and online at home and around the world.

The multichannel health and wellness retailer saw direct ecommerce sales grow by 27.5% in its latest financial year, as it expanded its online operations with a new Free From website in the UK and new online storefronts both on Alibaba-owned Tmall.com and on overseas sister website Tmall Global.

Total sales grew to £573.8m in the year to September 30, a rise of 11.7% compared to the same time last year. Profits of £146m were up by 12.2%. Holland & Barrett International, a Top150 company in the IRUK Top500 research, is part of the NBTY Group, which was acquired by Carlyle Private Equity in 2010.

The retailer will now continue to pursue its target through further investment online and by growing directly operated stores as well as franchises – it now has 1,071 stores, of which 104 are franchised and 744 are in the UK.

Chief Executive Peter Aldis said: "Our home market in the UK continues to be the first to benefit from our very healthy new product pipeline and from our continued investment in innovation.

"A significant development this year was the launch of our 'Free-From' food range and online platform, offering consumers with food allergies or intolerances such as gluten and wheat the widest range of specialist food products available in the UK, all searchable by allergen filter and all available either for home delivery or in-store collection. We will also continue our relentless focus on new technologies and driving integration across our ecommerce channels to benefit the shopping experience of both new users and loyal customers who have really made the business what it is today."

20% ONLINE BOOST FOR M&S

Marks & Spencer reported a 20.9% ecommerce boost over the Christmas quarter, as more customers chose to shop online. But fast online growth could not prevent an overall third-quarter dip in UK sales as Black Friday discounting was followed by "unprecedented levels of promotional activity in the market." Across the Marks & Spencer Group, sales were flat.

At the same time, Chief Executive Marc Bolland announced his retirement, with Steve Rowe, currently Executive Director of General Merchandise and previously Executive Director, Food, set to succeed him in leading M&S towards its aim of becoming an international multichannel business.

Robert Swannell, Chairman of Marks & Spencer Group, said Bolland had led M&S as it invested in infrastructure and capabilities as the retailer transformed into a multichannel business. "It is now positioned for a digital age, with its own online platform and dedicated ecommerce distribution centre, improved design and sourcing capabilities in general merchandise and an industry-leading track record of growth and innovation in the food business."

The latest trading statement showed that despite the boost from online, UK sales fell by 0.3% in the 13 weeks to December 26. Sales reported on a like-for-like basis were down by 2.5%. Across the group, sales remained flat, at 0% growth.

Food sales were up by 3.7% (0.4% like-for-like), rising by 17% in the Christmas week alone, while "disappointing" general merchandise sales fell by 5% (5.8% LFL). M&S, an Elite retailer in the IRUK Top500 research, said both that it would look again at availability, ranging and design, but also pointed to record levels of discounting that started in November and intensified through December.

M&S said that its website business had a "strong performance with continued improvement in traffic and customer experience." Its Castle Donington distribution centre dispatched "record volumes".

RESULTS FOR MAJESTIC WINE TRANSFORMATION

Majestic Wine has reported fast growth in sales over Christmas reflecting a good start for its multichannel transformation strategy. Some 30% of the multichannel wine retailer's sales come in the critical Christmas period.

In the 10 weeks from October 27 to January 4, sales were up by 42.6% in total, thanks largely to the acquisition of Naked Wines last April. On a pro-forma basis, which assumes Naked Wines was part of the group during this period last year, sales were up by 12.2%.

Chief Executive Rowan Gormley said the figures were encouraging, coming three months into a three-year transformation strategy that aims to simplify pricing, and improve the customer experience both in-store and online.

He said: "I am particularly heartened to see the Majestic Retail business grow as the impact of our better pricing, better service and better looking stores starts to take effect. However there is still much to do. We are only three months into our three year plan and although this performance is pleasing it is too early to call it a trend."

ROYAL MAIL BUYS NETDESPATCH

Royal Mail has bought parcel data management business NetDespatch for an undisclosed sum as it looks to improve the service it offers its ecommerce and other customers.

NetDespatch, which works with a range of carrier partners, says it will continue to deliver its commitments to customers while working to best industry practice as a standalone subsidiary of Royal Mail. The acquisition, it says, will enable it to grow its business globally.

Nick Landon, Managing Director of Royal Mail Parcels, said: "The acquisition of NetDespatch supports our strategy of providing our customers with leading edge ecommerce software. It allows customers with complex IT estates to integrate with us quickly and with the minimum of effort allowing them to improve the service they offer to shoppers. We are confident that this acquisition will support the continued growth of our parcels business with new and innovative software solutions as the needs of our customers evolve."

NetDespatch works with more than 100,000 business in more than 100 countries, enabling them to transfer order delivery data automatically to their chosen carrier tracking the progress of each parcel along its route.

TOPPS TILES AIMS TO INSPIRE

Topps Tiles has reported a 4.4% first-quarter sales rise as it said it was making good progress with a strategy that includes inspiring customers and offering them convenient ways to buy across sales channels.

The tiles and flooring specialist, a Top100 retailer which is ranked Elite for its merchandising in the IRUK Top500 research, said that during the first 13 weeks of its current financial year it had opened its second lab store, this one in Shoreditch, where it tests new approaches to display and to merchandising. It also improved its online visualiser by adding new rooms and functionality. Sales during that period rose by 4.4%, or 5.2% on a like-for-like basis, which strips out the effect of new store openings and closures.

Matthew Williams, Chief Executive, said Topps' overarching strategy continued to be to do better than specialist stores. "Our strategy of out-specialising the specialists continues to be very effective," he said, "and we are confident that our plan for 2016 will see us deliver additional profitable sales growth as we further extend the appeal of the Topps brand."

The quarter was also notable for progress towards Topps' aim of streamlining its business in the light of multichannel approaches to trading, closing clearance stores in favour of an online shop.

ONLINE'S GETTING TOUGHER FOR NEXT

Next has suggested that its strategy of resisting pre-Christmas discounts both online and offline would pay off in improved profitability, even though sales growth was subdued in the run up to Christmas. Online competition, it said, was "tougher" as more retailers improved their levels of service.

The multichannel fashion retailer, a Model retailer in the IRUK Top500 and led by Simon Wolfson, predicted in a trading statement that its full-year pre-tax profits would rise by 4.4% to £817m as a result of its decision not to cut prices ahead of its end of season sale. But it said that full-price sales in the 60 days from October 26 to December 24 were up by 0.4%, with full-price sales through its predominantly online Directory up by 2% and sales in store down by 0.5%.

In the year to date – to January 2 – it said full-price sales rose by 3.7%, which includes 6.1% growth in directory sales and 2.1% in store.

At this time last year, Next reported 2.9% growth in full-price sales in the period between October 28 2014 and December 24 2014, with retail sales up by 0.5% and directory sales up by 7.5%.

The main reason for slow sales in the fourth quarter of the year, it said, was the unseasonably warm weather in November and December – following a September and October that were colder than last year. But directory sales were also hit by a shortage of available stock from October onwards. "In addition," it said, "the online competitive environment is getting tougher as industry-wide service propositions catch up with the Next Directory."

Spotlight: James Lovell

Retail Commerce Solutions Executive, IBM

HOW DO YOU THINK CONSUMER BEHAVIOUR IS TRANSFORMING RETAIL?

One substantial feature of the 'Black Friday' peak trading period was that mobile became the dominant channel throughout the buyer journey. Notably, on Black Friday itself, 47% of online sales in the UK came from a mobile device. This suggests that mobile could become the dominant revenue transaction channel this year, too. It is also now common that buyers use more than one device to make their purchase and it seems that today, we are an online-promotion led market. All of which behaviour confirms that mobile is fundamental in an overall omni-channel strategy: retailers who embrace that are far more likely to provide customers with a seamless experience across devices and digital channels and increase the conversion of baskets into purchases.

WHAT WAS THE BIGGEST LEARNING POINT FOR RETAILERS OVER THE PEAK TRADING PERIOD?

The key here is fulfilment. Obviously the digital shop window - the eCommerce platform - is essential, but what happens in the background is just as fundamental. Having made a promise to consumers, retailers must have the supply chain technology, infrastructure and processes in place to actually deliver against that promise, or risk damaging brand reputation. Consumers now expect increasingly flexible options like click & collect and on that basis having the right data to be able to flexibly locate, collate, deliver and return stock at the speed of expectation is key, especially at peak periods. Likewise, intelligently managing the returns process to ensure that it's as painless as possible is so important, and from the retailer's perspective there is a need to regain that product swiftly, too, whether with the intention to replace it for the consumer or to identify any quality issues pertaining to the relevant supplier.

HOW IS PRICE TRANSPARENCY AND SOCIAL MEDIA AFFECTING RETAIL STRATEGY?

We live in an age of information where prices are transparent and consumers hold a wealth of data and means of collaboration at their fingertips. To respond, retailers need a retail pricing strategy which allows them to do more than just monitor prices – they need to be able to react quickly and, more importantly, intelligently. This is where a cloud-based model is proving key in addressing an increasingly competitive marketplace. Via the cloud, retailers can now access recommendations on responses to changes in performance data and market conditions, as well as the latest competitive pricing information, in real time. Importantly though, retailers need to be able to determine which changes they should respond to based on the potential impact on the business. This could involve evaluations based on product availability, price sensitivity and customer demand. Ultimately though, the path to online basket conversion is a precarious one involving an increasingly discerning consumer base; where brand reputation is significantly influenced by social media and customer reviews, retailers need an agile model of response to marketplace changes.

HOW IS DATA CHANGING RETAIL AND PERSONALISATION?

2016 looks set to be the year of cognitive commerce. Although personalisation is a common theme, the step change is the ability to hyper-personalise the customer experience and actually learn from individual interactions. Cognitive systems learn and develop expertise as they consume data. They can help retailers to analyse all the available data about the customer and the market – structured and unstructured – to find hidden relationships and connections in the data and provide recommendations that can help retailers to deepen customer engagement in real time.

This year, leading retailers have already announced that personalisation will form the basis of their marketing strategies, and they will be using data to do it. It's a widely used term and touches many technologies in a retailer's ecosystem, but the key is to have these often isolated elements working together and talking to each other. The cloud is a great enabler for smaller retailers in giving them access to the same integrated capabilities for cognitive commerce as their larger rivals.

In today's world, retailers need to embrace the chief digital consumer on a really personal level and the exciting news looking forward is that is now becoming increasingly possible through integrated cloud based, global and cognitive eCommerce technology.

If you'd like to know more about IBM's Commerce on Cloud Solutions, please visit us at ibm.biz/b2cecommerce, or contact me, James Lovell, via LinkedIn.

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.*

HABITAT AND HOTEL CHOCOLAT MOVE TO IMPROVE MOBILE EXPERIENCE

Hotel Chocolat is moving its website to the cloud as it looks to offer a better experience to customers who shop via their mobile devices. The chocolate brand has chosen Demandware for the new site and will move both its English and Danish websites to the cloud commerce solution. The websites will be optimised for those customers that use their smartphone or tablet computer to shop. It will also add a new feature to enable customers to design personalised hampers online.

"We want our customers to be able to shop anywhere and at any time," said Melissa Shackleton, Head of Commercial at Hotel Chocolat. "We started as a pure online business and have a strong heritage in mail marketing so know that an interaction offline can prompt a transaction online. As a result, making mobile and tablets work more effectively with Demandware Commerce Cloud, will be a huge benefit and provide a massive growth opportunity for Hotel Chocolat."

Meanwhile, Habitat has introduced a new ecommerce platform to allow the brand to evolve its online customer experience after reporting an increase of over 35% in traffic in the last year.

Developed by an in-house team and digital agency Salmon, the new responsive site has been built on Magento Enterprise Edition with a mobile audience in-mind as Habitat predicts that mobile traffic is set to increase by at least 40% over the coming year.

Phase one of the project introduces a refined user experience with easier navigation and multi-divide image browsing, an easier check-out process, enhanced search function and improved rich editorial content.

The platform will also allow for near-term developments such as the introduction of user-personalised experiences across channels and a click and collect service from Habitat flagship stores and its 84 Mini Habitat stores nationwide.

JOHN LEWIS ONLINE CHRISTMAS BOOM DRIVEN BY MOBILE

John Lewis, an Elite company in the IRUK Top500 research, saw a 31% rise in sales via mobile in the run up to Christmas, as online boomed to account for 40% of the chain's sales to in the six weeks to 2 January.

In contrast, sales via the high street dropped by 3% for John Lewis, with its Waitrose food stores seeing a drop of 1.4% – largely put down to the rise in online shopping. Overall, online transactions at John Lewis, were up by 21.4% in the six weeks, compared to the same time last year. Of those ecommerce sales, 35% were collected from Waitrose branches. Sales through click and collect were up by 16%, accounting for half of all online orders.

At sister company Waitrose, online sales were up by 7.9% over the period, and up by 9.8% over the Christmas and New Year weeks.

Overall sales reached £1.8bn across the partnership over the period – that's 4.1% up on the same time last year. While John Lewis' gross sales reached £951.3m, 6.9% more than last year and up by 5.1% on a like-for-like basis that strips out the effect of store openings and closures, those at Waitrose reached £859.8m, 1.2% up on last year, but down by 1.4% on a like-for-like basis.

"All the signs are that we dramatically out-performed the market," Andy Street, Managing Director of John Lewis said, because the late rush had increased the pace of sales growth from 3.5% in November to nearly 7% over the six weeks to 2 January."

FRIDGE ORDERS GROCERIES

MasterCard has introduced Groceries by MasterCard, a new app that enables consumers to order groceries directly from Samsung's new Family Hub Refrigerator.

The first shopping app integrated into a refrigerator, Groceries by MasterCard connects consumers to leading grocers direct from their kitchen. According to MasterCard, "Groceries redefines the family grocery shopping experience by allowing households to share, build, manage and modify their grocery lists and shopping carts throughout the week".

The app, which was on show at the Consumer Electronics Show, was developed in a partnership between MasterCard Labs and Samsung and will come preloaded in Samsung's Family Hub Refrigerator when it launches in the US. Consumers will be able to shop and select their needed items and favourite brands from leading online grocer and key integration partner FreshDirect, and supermarket cooperative ShopRite.

The Groceries shopping cart will learn a family's shopping habits, making personalised suggestions on items and brands. New features will continue to roll out, including recipe and video integration.

"In a world where every device – from the phone to the refrigerator – is connected to the internet, the ways in which consumers interact and transact with their favourite brands are changing," says Betty DeVita, Chief Commercial Officer, MasterCard Labs. "We're developing compelling, safe and seamless commerce experiences for consumers across channels and devices as we continue to eliminate the boundaries between how we shop and how we pay."

NEW LOOK: GLOBAL SIGHTS

New Look is on the verge of replatforming to enable growth of its online business from a predominantly UK womenswear retailer into a multichannel, global business. Jack Smith, Digital Director, and Sally Heath, Ecommerce Director, explain the strategy further.

NEW LOOK is the second largest womenswear retailer by sales in the UK, ranking only behind Marks & Spencer in this metric. It sells through bricks and mortar stores and its own online sites as well as via third party sites including ASOS and Zalando and a wholesale business.

Its brand presence amongst 'youthful' female shoppers is strong in the UK. Online sales account for 30% of the total UK business with customers able to collect their online orders in store next day or have them delivered, even of an evening or on a Sunday. In fact 31% of online orders are collected in store.

The company is now looking to build on that multichannel UK womenswear success, expanding into international markets and other categories. The question for New Look

Sally Heath, Ecommerce Director, and Jack Smith, Digital Director, New Look

New Look is opening five standalone menswear shops

though is how does it change from being a predominantly UK womenswear business into being what it wants to become, a global multichannel concern?

INTERNATIONAL, MENSWEAR AMBITIONS

Initial focus is being put on the international markets of China and Europe, particularly France and Germany, where the company will be building on existing growth. It already sells to 130 countries through a mixture of its own online sites and store estates as well as through partners; its 29 partners sell in 19 countries including the Middle East, Australia and South-East Asia.

> "One person cannot own multichannel strategy for the whole business as there are so many stakeholders"

The retailer has also grown a presence in China from a standing start to 80 stores in just 18 months and also operates an online store on Tmall. Jack Smith, Digital Director, New Look, explains that launching into a country with physical stores first made opening an online store fairly straightforward since the distribution centre was already operational in the country meaning that stock simply had to be ringfenced for the online channel.

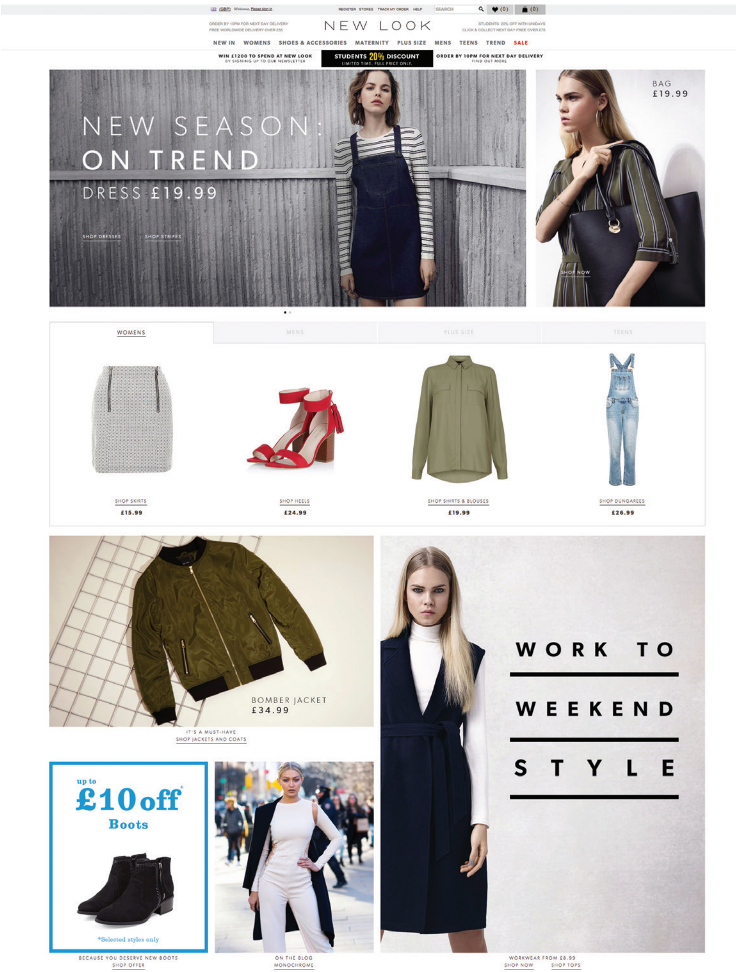
"Fundamental" to New Look's growth ambitions is menswear, a category which currently accounts for just 5% of its business. As well as the expansion of the menswear business, the product ranges are being broadened to include fragrances for men and male grooming products. Smith explains that the company is opening five standalone menswear shops in the UK as part of the bigger focus that is being placed on this category.

A foray into homewares in the form of candles also started at Christmas 2015 and this is one category which the retailer plans to extend. Sportswear, in the form of technical and every day wear, is another category which "has done really well for us," says Ecommerce Director, Sally Heath.

SMALL STEPS

Firstly though, the company needs to improve the experience for its international customers. It currently operates two sites, one being an English-language Euro site, while the other is the UK site which trades in GBP.

Translated versions of the Euro site were launched in France and Germany in July 2014



New Look operates UK and Euro sites as well as localised sites for France and Germany

instantly eliminating the language barriers for customers in those countries who previously bought via New Look's Euro site. Marketing in those two countries was also ramped up accordingly, explains Heath. "It was the single thing to move us forward in international," says Heath since the company was then talking to people in their own language. New Look is achieving "triple digit growth" on the French and German sites and this growth has not been at the expense of a drop off in sales on the Euro site, since this has seen significant growth too, she explains.

At the same time, the company invested in the delivery proposition for customers in Europe, offering an express delivery option which reduced delivery times from 5-7 days to 2-4 days.

The international sites are currently traded from the UK, with an international buying team which has been building up a picture of which styles work in different countries and how to shape ranges for each market. For a womenswear business, predominantly focussed on the UK, there has been a lot of change for the trading teams and a lot to learn, not just about international markets but about categories – such as menswear – as well, explains Heath.

From a day-to-day perspective, some learnings can be taken from the UK, she explains, and areas such as segmentation, frequency and time of day can be taken to the individual markets and tested. "Those we'll adapt over time," she says. Obviously the trading calendar is different so that has to be taken into account too. Ultimately though, she expects that in-country teams will be set up as each market matures.

For the moment though, the French and German sites are essentially translated versions of the English-language site and "significant effort is required to change homepages," says Heath. She explains the difficulty of trading separate countries in which different products are selling well without the flexibility to be able to make substantial changes.

Also of issue for New Look is that the platform and organisational structure are putting constraints on the growth plans. Another issue from a global view is that the look and feel of the sites don't fit with the brand positioning. "They are reasonably feminine looking and don't deliver a great prominence to menswear", says Smith "so we've kicked off a transformation programme which is focused on three things," he explains:

- Creating a multi-device, multi-country experience that works for men and women. The customer experience is to be redesigned to give a newer, cleaner online experience that works across mobile, tablet and desktop and in different countries. Currently, New Look has no mobile solution for any of its European markets outside of the UK, for example;
- The second part is moving the operational element to be more focused on individual markets. A balance will need to be made between centralising repeatable activities with trading activities to be focused on each country;
- Replace the technology that enables the above two points so that the company can trade effectively in each country.

MIGRATION

New Look is therefore migrating to the hybris multichannel platform removing conflict across platforms and enabling it to optimise trading in individual countries. Over the next 12 months, the different sites will be migrated onto hybris and traded in conjunction with the existing platform. Initially, the French and German sites will switch to hybris with soft launch in around six months' time explains Smith; the UK business will follow around six months later once the European sites have been set up and optimised. "There'll be user testing and A/B testing on the old and new platform to eliminate risk," says Smith.

Separate merchandising systems and Oracle upgrades are also part of the plans as New Look readies itself for its international push, which will enable it to launch new, localised country-specific sites and deliver the right customer experience.

In parallel, improvements will be made to the delivery options for international customers, giving them more of the multichannel service enjoyed by customers in the UK. Smith expects it to take 12 months for the new platform to be rolled out, removing barriers for international customers – and internal teams – and 18 months for the full delivery options to be rolled out internationally.

Multichannel is another pillar of its growth strategy as it rolls out services pioneered in the UK into other markets as they become relevant to the customer experience. As well as its own multichannel growth, New Look will also focus on expansion through third parties and its partnerships. China is another key part of the strategy; New Look plans to open "lots of new stores over the next few years" in China and is looking to expand onto other platforms including JD.com . "Tmall has helped us learn how customers behave, how we need to operate in that market and the kind of skills and the team we need," says Smith and the new hybris platform will enable the company to launch its own transactional site in China. For now, it's about understanding the market and the product range so that it can achieve success when launched.

The entire project includes customer, operation and technology change and these are all being phased in, so although it seems like New Look is embarking on quite a transformational journey with rapid change for the business it's "being steady about it," says Smith.

He explains that they are taking learning from selling through third party ecommerce sites and extending out globally. "We're laser-focussed on the customer so know what they want in each market," he says. That translates for New Look as fashionability, speed and being localised.

> "Our job is to tell someone we have something they might like and then for that customer to be wearing it. We have to remove everything in the middle."

NEW LOOK IN THE UK

New Look's strategy in the UK is as a multichannel business, of which ecommerce is a part. Heath explains that she's proud of the teams which delivered an online year-on-year growth rate of more than 30% in 2015, far exceeding the IMRG growth rate figures for UK ecommerce of 11% for last year. Of those online sales, 10% of orders are made in store and that number is expected to grow as the roll out of tablets across the store estate continues.

Heath does concede that "it gets tougher each year," but continual improvements are making the difference. The teams work incredibly well together, she explains and "we do everything a little bit better each time. If the aim was to just to keep growing in the UK we have the tools to do that but the business has loftier ambitions," she says.

Mobile commerce is one area in which growth is exceeding New Look's expectations. It planned for 81% growth in 2015 but mobile increased by more than 95% over the year; 70% of traffic is now from mobile devices with smartphones and tablets accounting for nearly 60% of online revenue. "Mobile plays a part in every customer journey whether that's online or in store as it's a research tool," says Heath.

Six months ago, New look set up a multichannel steering group comprising CEO Anders Kristiansen, and the heads of operations, creative and its key markets, as well as Smith and Heath. The steering group is designed to ensure the business remains focused on delivering its multichannel proposition and working out its five-year plan.

Part of the challenge though over the coming years will be how it engages with customers through whichever channel they choose to use. As customers interact with New

New Look has 569 fast-fashion stores in the UK

31% of online orders are collected in-store

Look through lots of different touchpoints so it takes many people within the business to respond, engage and serve them. "One person cannot own a multichannel strategy for the whole business as there are so many stakeholders and different factors involved in it," says Heath so "we bring a number of people together to help make the decisions with all inputting and owning the vision for the future."

KNOWING THE CUSTOMER

One aspect of the vision is learning more about customers. E-receipts have been introduced and are currently being rolled out across the entire store estate in the UK giving the company a way in which it can capture data from customers and link information about their purchases in store with their online profiles. "E-receipts are a cheaper way to collect data than a loyalty scheme," says Heath.

Since New Look segments and markets to customers based on their profitability, having an extended view across channels will give them a better understanding of their customers' in store behaviour and the ability to join up those customers' journeys. It will also help with converting customers to multichannel purchasers and help with the design of apps for different customer segments.

Personalisation and audience-based targeting is where the growth is in digital marketing, explains Heath and New Look will be taking a softly softly approach, experimenting to see what works for its customers. The site will be personalised in terms of highlighting menswear to men or serving categories such as petite or plus sizes since these categories of womenswear are over indexed in the UK and in international markets.

"We'll deliver what the customer wants, gradually and we'll go on a journey with them," says Smith.

"There's a lot of power in this and targeting on an individual level is key but customers don't want it to be obvious," says Heath, explaining how the company sees a 20% increase in open rates on personalised emails. "A segment of one is where we're trying to get to," says Smith. "It's hard and we'll take time to get there and use the right technology," he adds.

With the hybris platform in place to ease international trading New Look will have the ability to focus on and optimise its target countries and expand its customer base through the menswear proposition. With these firm footings put down in international markets it will then be able to innovate further.

Ultimately, it's "all about brilliant basics," says Smith. Our job is to tell someone we have something they might like and then for that customer to be wearing it, he explains. "We have to remove everything in the middle".

New Look knows where its future lies in terms of changing from its roots in UK womenswear to becoming a global multichannel retailer for men and women. The foundations being put in place now will enable that growth to happen and Heath and Smith expect the company to be almost unrecognisable in 18 months time.

It's an ambitious plan but by continuing to fix the small things, making things better every day and keeping its laser-focus on the customer, New Look is confident it will continue to drive double digit growth online in the UK while transforming its international markets.

CHRISTMAS TRADING

Christmas 2015 was another Christmas peak that's "re-written the rule books," says Heath. People were buying from the website right the way up to Christmas without a drop off in sales in mid-December showing that shoppers have confidence in the company's ability to deliver. New Look then had a "phenomenal week" in stores starting on Boxing Day. As other retailers have seen, shoppers returning to the stores after Christmas highlights the need for multichannel choice and the necessity for retailers to remain flexible and adapt in order to give shoppers a seamless omnichannel experience.

He believes that one of the aims for the retail industry for Christmas 2016 will be to ease out the Black Friday peak into a longer time period, giving shoppers access to great deals but without the degradation of service you get from a spike.

Multichannel Retail in Europe

Looking at multichannel retail performance across Europe there are three characterisations that struck *Ian Jindal* as significant: supranational brands and marketplaces, groups and network capability.

WITH THIS issue of the magazine we launch the 2016 IRUK Top500 – our second ranking of the top multichannel retailers in the UK. In parallel, we have been researching thousands of retailers across Europe for the June launch of the IREU Top500 (to be revealed at our first European Summit in Berlin). The early results of the research show that Europe is not just like 24 copies of the UK – some interesting relationships and trends have emerged.

In the IRUK index we see that it's the department stores, multi-category retailers and grocers who largely dominate the upper ranks. However, as we zoom out to Europe we see a slightly different pattern emerging.

The first big change is that Amazon and eBay – both giants in the UK – assume colossal proportions across Europe. We are measuring c11,500 retail and brand websites in Europe, and across over 300 billion visits we found that 41% of those go to Amazon and eBay. This is a form of intellectual capital where the combination of products, price and service is available across Europe. In comparison, other retailers do not have such a footprint. We found only 20 retailers in our list who have a fascia in 10 or more countries. This means that national giants are being dwarfed by a supranational retailer and marketplace.

The other supranational players are brands – all of whom are working to become direct-to-consumer businesses as well as wholesale. While individually they are not of the scale of their main retail partners, when considered throughout Europe we see that their overall impact in the minds of the customer is much higher. Customers search more for brands, visit their sites disproportionately and seek them on marketplaces. While brand sites comprise about 9% of our IREU index, they drive 18% of the traffic (outside of marketplaces). When added to the level of marketplace search for brand names, it's clear to see that as they mature they will be a challenge to established retailers.

A further challenge comes from marketplaces more generally. These are major aggregators of customers. In some countries they flourished due to a slow ecommerce adoption by retailers, but it's clear that the range of products, service and specialism is attractive. With over 400 marketplaces in Europe we will find that they are a potent combination of expertise, branded products and service capability. Even as retailers use the marketplaces for customer acquisition, brand presence and off-price activities, they are frequently selling branded goods… further risking their position in the customers' minds relative to brands.

The second trend has to do with the power of a retail group. While individual fascias may be country-specific, we're seeing that major retail groups are increasingly able to deploy capable trading platforms, gain buying advantage and logistical capabilities that give the group retailers an advantage. We are interested to map the differences between a retailer expanding into new territories and a group with (different) retail fascias in multiple countries.

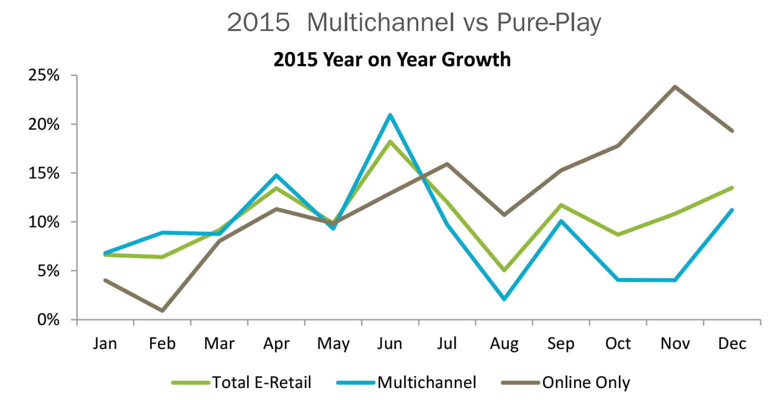
A final area of insight has been the importance of carriers and logistics partners. While we have many large retailers in our index, there are not many who can create a distribution network to rival national post offices and global logistics networks. A key capability it seems is the ability to tap into, flex and exploit these networks in order to service customers. In parallel, we're seeing a growth in on-demand and SaaS solutions within the growth companies, indicating a possible shift to *using* infrastructure and platforms as services, rather than necessarily owning and developing them.

Together, our customer-centred view on Europe shows a battle to be front of mind with the customer (where they search, to be the product that's sought); to be present where the customer spends their time and already aggregates; and to focus upon the use of larger infrastructures and services in order to serve larger markets. We have another 5 months of research and data collection, so let us know your views on how Europe differs from or resembles the UK – we look forward to sharing our perspectives in full in June.

You can see the IREU work in progress at www.internetretailing.net/ireu and advance information on the Berlin Summit is at www.internetretailingsummit.com

MEASURING XMAS

Shoppers flocked online in the run up to Christmas spending £24.4bn between the beginning of November and Boxing Day. This is a rise of 12% over the same period in 2014, according to the IMRG.



Source: IMRG Capgemini E-Retail Sales Index

WHILE SOME retailers saw an easing of sales in the run up to Black Friday, shoppers and retailers were better prepared this year for what has become the biggest event in UK retailing and for many is the biggest sales week of the year. Some 17% of all sales during the Christmas period were made during the Black Friday week, commencing 22 November, as online sales rose 62% on the previous week to hit £4.3bn. Cyber Monday week came in at £3.6bn spend.

Some sectors, such as gifts and health and beauty saw a rise in spend at 18% and 22% respectively, while others , such as home and garden, were down and other more mature online sectors such as consumer electronics were fairly flat year-on-year with a growth rate of 3% over 2014's level.

Continuing its prominence and growth as a device of shoppers' choice, mobile again increased its share of online spend. M-retail now accounts for 12.2% of total retail sales, increasing by 39% over the Christmas period, when compared to 2014's level. That translates as £11.07bn spent on mobile devices compared to £7.98bn in the run up to Christmas 2014. Over the full year, m-retail recorded growth of 42% with mobile now accounting for 45% of all online sales; most of that growth is coming from tablets which saw an increase over the year of 31%, compared to smartphones' increase of just 12%; 69% of all m-retail sales in 2015 were from tablets.

The smartphones' share of retailing has been increasing as mobile phones increase in size. Mike Durbridge, Omni Channel Director, B&Q believes that the work that networks have done on data plans coupled with retailers' development of responsive adaptive sites and the work done by companies such as PayPal in the payment field to shorten the checkout process is all making it easier for shoppers to spend.

> "IMRG estimates that online now accounts for 27% of the total retail market"

Mobile will continue its prominence in retail in 2016 following a 2nd year in which all growth was from mobile devices. Mobile is settling at a growth rate of between 40 and 50% following the early days of 300+% growth with tablets continuing to account for the largest share of m-retail sales. Retailers will therefore need to continually improve the mobile experience and personalisation is going to be key to that in 2016.

VIEW OF 2015

Overall, online is forecast to grow by 11% in 2016, to reach sales of £126bn by the end of the year, the same growth rate as achieved in 2015, a year in which online sales reached £114bn, according to the IMRG.

"Rounding off a mixed year for e-retail, where we saw single-digit growth in several months [including just 7% year-on-year growth in Q1] the UK online retail industry recorded a solid performance in December, with sales growth significantly higher than the same month in 2014. With December being the wettest since records began, it appears the unseasonal weather, together with growth in mobile commerce helped to boost online sales over the festive period. As we observed in 2014, the effect of Black Friday resulted in November being the peak month for the online retail industry as consumers brought forward much of their Christmas spending, no doubt boosted by promotional activity around Black Friday," says Tina Spooner, Chief Information Officer, IMRG.

"Sales via smartphones continue to grow at a significantly higher rate than those via tablets, with sales growth during December reaching the highest recorded during 2015 at 117.5% year-on-year. While tablets continue to account for the largest share of mobile commerce, significantly, during December four in 10 m-retail sales were completed on a smartphone, compared with 28% penetration in December 2014."

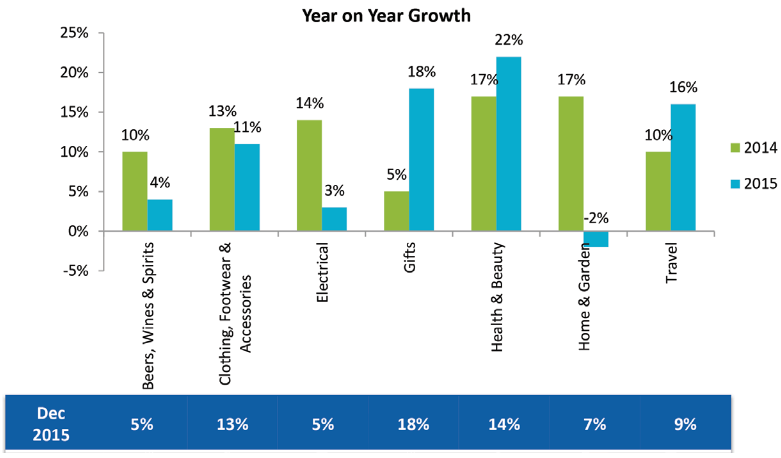
The correlation between people buying on mobile phones and collecting their orders in store continues and will be an interesting one to watch. Also, the switch in pureplays now growing sales at a faster rate that multichannel retailers and the impact of new technology such as the Internet of Things and connected devices.

As with past Christmases, the impact of Black Friday while seeing an increase in sales, and for many retailers an improvement in margin over 2014's discounting scrum, the key will be in turning those customers into loyal shoppers throughout the year.

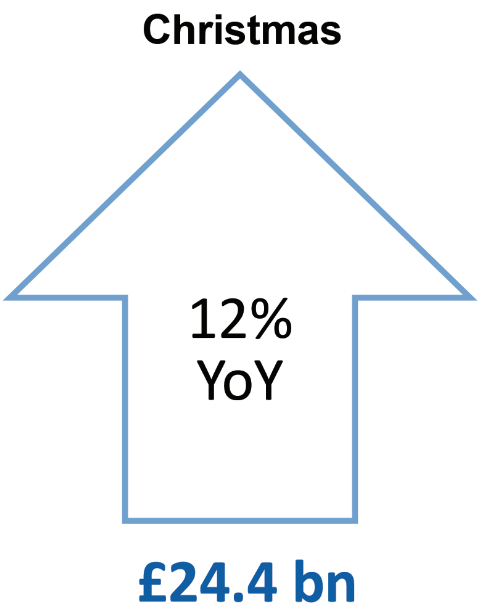
Also, how retailers then manage peaks and troughs of Christmas 2016 to ease any softening of sales in early November and achieve buoyant sales across the full 8 weeks, is yet to be planned.

One thing that's for certain is that click and collect services will continue to be part of the fulfilment story; click and collect orders have been 4% higher in 2015 in terms of percentage of sales than 2014 and accounted for 25% of multichannel retail sales in Q3.

Sector Splits - Christmas 2015

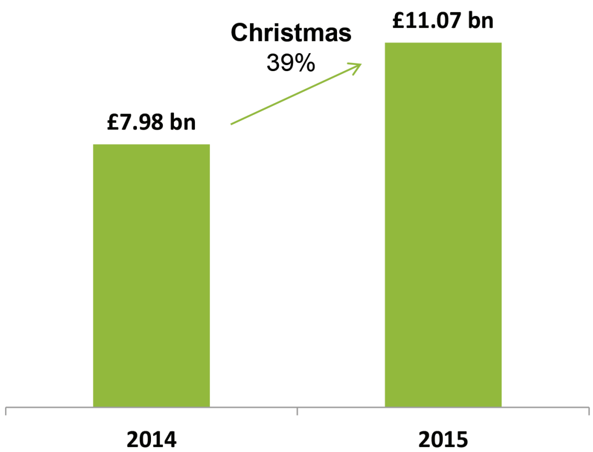


Source: IMRG Capgemini E-Retail Sales Index



Source: IMRG Capgemini E-Retail Sales Index

m-Retail in December



Source: IMRG Capgemini E-Retail Sales Index

Learn, adapt and evolve or get left behind; the Future of Omnichannel Technology

VIRTUALSTOCK™

AS CONSUMER behavior adapts to new technologies and new expectations are established by the constant innovation of the online retailers, established 'bricks and mortar' retailers must either adapt or risk becoming a casualty of the digital revolution.

Online retailers have pioneered the use of drop shipping and marketplaces to vastly expand their online ranges, as well as developing integrated mobile applications to offer an enhanced and flexible customer experience. Indeed, the ubiquitous smartphone is rapidly becoming the device of choice for the modern shopper.

This creates the biggest opportunity for traditional retailers to enrich the customer experience. They are uniquely placed to lever their brands, their deep retail experience, their physical retail networks and their long standing customer relationships to create compelling, engaging and rewarding experiences for their customers.

Location based services are prime examples of such an opportunity. Real time availability information can be provided directly to customers' smartphones allowing an item to be reserved in store. An appointment with a sales advisor can be scheduled to allow the customer to discuss their requirements, creating an opportunity to enhance the relationship, as well as upselling or cross-selling. An order can be placed for later collection. Promotions can be used to encourage the consumer to visit a nearby store or to visit the website to make a purchase.

However, although mobility continues to be an important trend, the key opportunity for traditional retailers is the creation of an omnichannel capability, bringing together their physical and digital channels to create enhanced value for their customers in a way that online retailers simply cannot compete with.

At the heart of these omnichannel innovations is the need for seamless access to data about customers, products, promotions and stock availability, which often resides in disparate, disconnected legacy systems. It's at this point that the very assets that the traditional retailers have at their disposal, become the main constraints on their ability to rapidly implement the necessary changes to the customer experience.

Virtualstock (VS) provides a cloud-based platform that enables our customers to quickly establish interoperability between their systems, and with their suppliers / partners systems without disrupting their legacy platforms. This allows our customers to rapidly build new business models for omnichannel that integrate physical and digital channels, to offer their customers enhanced and integrated experiences across all channels and devices.

A central principle of the VS platform, The Edge, is that new business processes are built around data. The Edge rapidly and seamlessly consumes, validates and exposes data in any format within a defined workflow, while maintaining the integrity of that data within the source and destination systems.

Business agility is suddenly an operational reality rather than a bullet point on a consultant's presentation. For example, product induction can be completed in days rather than months allowing retailers to expand their ranges quickly to respond to the ever-increasing pace of product introduction and end of life cycles. The ability to connect to third party systems to enable product information, inventory levels and order statuses to be shared in real-time between supplier, retailer and customer enables traditional suppliers to offer the depth of range and customer service required to compete with the online specialist retailers such as Amazon and eBay.

While many retailers have made significant progress in delivering some level of omnichannel capabilities, this has often been achieved by building separate business operations and systems, with limited points of integration or interoperability. This may have addressed some immediate consumer needs but it has done little to increase the ability of the retailer to continue to adapt at the speed the market is moving.

The speed of change is underlined by the growth in e-commerce revenue from 2.5% of revenue in 2007 to around 15% 2015. The sharp rise has caught many by surprise, and more than one retailer commented that stock shortages in their catalogues and online stores were major contributors to disappointing sales performance over the 2015 Christmas period.

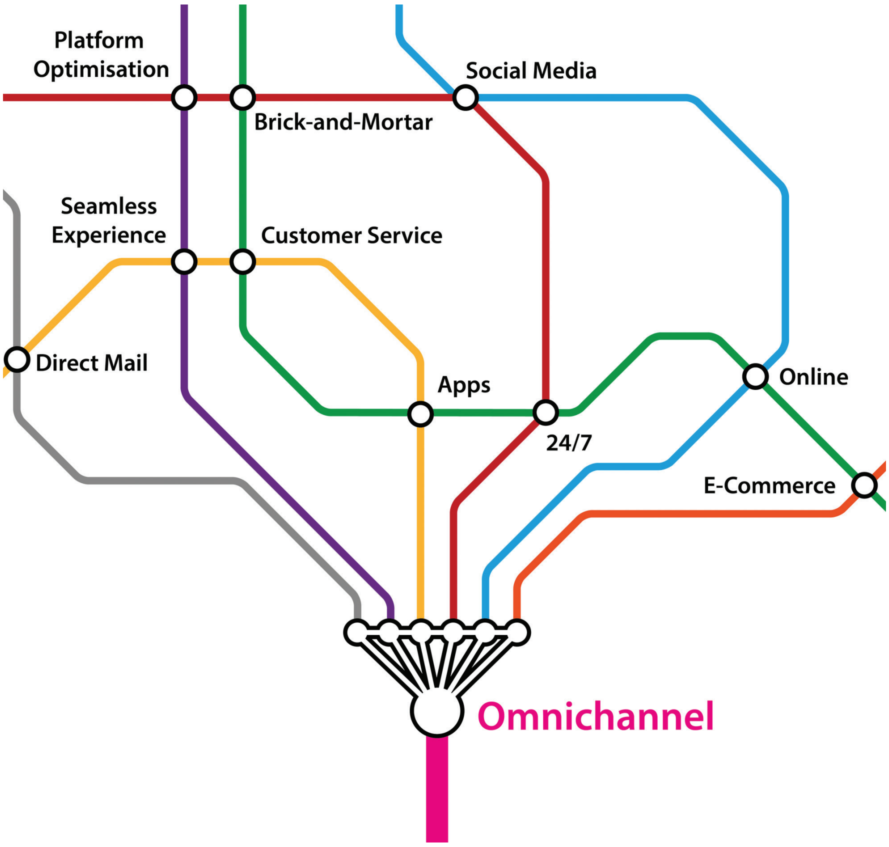
As online shopping continues to expand, so do the opportunities for retailers to innovate. Drop shipping is increasingly being seen as an opportunity to quickly expand the online range at significantly reduced cost and risk to the traditional stocked model. It also presents the opportunity to test international markets without the capital intensity and business risk of opening physical retail networks.

This is revolutionary in retail and has changed the market completely, as can be seen in the success of the large online retailers. Not only has it changed the dynamics of the market but it has created a layer of companies that exist purely as online distributors with their suppliers or manufacturers holding all product inventory and fulfilling all online orders.

Until now, in order to build omnichannel solutions, retailers have only had a limited number of options:

- Wholesale legacy system replacement
- Bespoke software development
- Traditional systems integration

All of these options are risky,



extremely expensive, and simply cannot be deployed quickly enough to adapt and change to consumer demands or respond to competitive threats.

Beyond omnichannel, successful retailers will need to constantly challenge and innovate if they are to remain relevant. Amazon, eBay etc. have led the way in innovation, offering compelling promotions, time limited offers, 1-hour delivery and user profiling, as well as investment in long-term innovation (eg. drone delivery and delivery to an individual at any location).

Therefore, retailers must embrace new, disruptive and agile technology to move at the pace required to remain competitive, otherwise they risk being subsumed into the big online marketplaces, with the inevitable brand, relationship and margin impact that implies.

The Edge from VS delivers an agile, cloud based platform, that allows our customers to be the disruptors, not the disrupted.

www.virtualstock.co.uk

The InternetRetailing UK Top500 Report 2016 – our second ranking of the top multichannel retailers in the UK

We're delighted to bring you the the InternetRetailing UK Top500 2016 report, bound in with this issue of InternetRetailing Magazine. For the second year, our research team has looked in-depth at the UK's leading ecommerce and multichannel retailers, comparing and contrasting the capabilities of these top-flight traders to see where and how the best retailers excel.

WE'VE TAKEN an analytical approach that ranges across six Performance Dimensions rather than being confined to a pure ranking of companies by ecommerce, web traffic or other single metric. By doing so, we aim to understand and learn from those at the top of their craft both what best practice is in this highly competitive market, and how it can best be fostered and encouraged in other businesses across the industry. This combined capability is what we call 'RetailCraft' and combines a striving for excellence, at scale, that's responsive to the customer.

The research for 2016 has covered more metrics, in greater detail, and the headline is that all of our retailers are performing better. Consistently. The index scores are higher across the board, and where a retailer has lost ground it's not due to them being 'worse' but rather due to others in our index growing in relative size and performance. With an extension in the top "Elite" category to seven retailers, the competition in the Top50 has been intense. It's pleasing to see movement throughout the Top100, but also to see that the Elite and Leading retailers have continued to invest, grow and perform, demonstrating a consistency that sets the standard for the industry.

This year, as last, our report is dedicated to those professionals who make the UK's retail market the most competitive and capable in the world.

OUR METRICS

Our research covered seven performance dimensions:
0 Footprint – by measuring the UK turnover, ecommerce penetration, web reach and store estate of retail businesses we assess their 'heft' and so give a preliminary place within the market.

We then modify and weight that analysis through consideration of the following dimensions:
1 Strategy and Innovation – the extent to which the retailer is adapting for growth – international and customer responsiveness;
2. Customer – measuring the experience from the customer's point of view;
3. Operations and Logistics – delivery, returns and collections;
4. Merchandising – how retailers approach selling online;
5. Brand Engagement – how well retailers go about making their brands familiar to the customer, and how they reach out to them;
6. Mobile and Crosschannel – moving beyond single ecommerce or store channels to enable customers to choose the approach that best suits them.

Across these seven performance dimensions there are hundreds of data points. We've reached our ranking by normalising and assessing the distribution of the results, and applying statistical clustering methods to determine performance groups.

PERFORMANCE CLUSTERS

In this initial Top500 report of 2016, we've clustered our Top500 into groups that represent the broad balance of their capabilities, ranking in peer groups alongside retailers who are performing at a similar level.

Elite retailers have performed at an exceptional level across all dimensions. The seven in this group in 2016 are Amazon UK, Argos, Boots, House of Fraser, John Lewis, Mothercare and Screwfix. Our congratulations to the three new retailers in this cluster, and to Amazon, Argos, House of Fraser and John Lewis for a second year at the top of UK multichannel retail.

Leading companies are by most measures out in front, and combine both size and capability. Along with the Elite group these retailers are in the top 1% of the retailers we researched since the start of the IRUK index.

Top50 retailers bring us to the 50 retailer point and represent the current state of retailcraft in the UK. Taken as a group, the strength and capability of the UK industry can be seen in this cohort.

These retailers are followed by similar numbered clusters that include the remaining Top500 retailers.

Throughout 2016 we will be continuing our testing and measurement of the whole group and standout performance and improvement in each dimension will be published monthly at least, and contribute to the 2017 ranking.

JUDGEMENT

All judges and judgment systems are fallible, and our research is no different in that regard. But with a starting point of the IRUK Top500 2015, we have refined and developed our research methods and metrics. At the same time, criteria that were differentiators last year – when, for example, click and collect was a measure of innovation – are no longer, as such innovations become the mainstream. We could not have done this without the generous advice and practical help of both our Advisory Board and our Knowledge Partners.

KNOWLEDGE PARTNERS

I'd like to take a moment to explain what our Knowledge Partners have contributed this year. We thank SimilarWeb, whose web insights platform rendered the data for web traffic, one of the key metrics in the Footprint calculation. OneHydra analysed Google search data to find how visible each retailer was compared to competitors for our Brand Engagement Dimension. Wiser, which tracked best-selling products and pricing against the Amazon benchmark for the Top50 retailers, enabled us to understand pricing and competition at the top of the industry. BuiltWith gave us a detailed breakdown of the ecommerce technologies used and standards adhered to for each Top500 website. In our Merchandising Dimension, Edited analysed apparel retailers' offering and discount strategies in order to give a better understanding of selling operations specific to that sector.

GTmetrix contributed to the Mobile and Cross-channel Dimension with its analysis of load times and page size for the mobile and desktop landing pages of the Top500. Poq Studio, which helped to research the retail app market, provided a unique dataset on how app features affect conversion, browsing time and average order value. Return Path contributed to our Brand Engagement Dimension by analysing the content of the largest retailers' emails, open rates and interactions.

While we thank them all for their knowledge and hard work, it is the enthusiasm, the spirit of partnership and flexibility shown in working with us that has been most gratifying. We look forward to sharing more of their exceptional work throughout 2016 via new monthly indices to launch in Spring 2016.

TOP RETAILERS

I'd like to end by congratulating our top retailers, all measured and judged to be worthy of this top category. Our InternetRetailing Elite retailers for 2016 are Amazon UK, Argos, Boots, House of Fraser, John Lewis, Mothercare and Screwfix.

Ian Jindal,
Editor-in-Chief,
InternetRetailing

The Merchandising Dimension

Merchandising is one of the most traditional retail disciplines, but as it extends across channels it's also becoming one of the most revolutionary. *InternetRetailing* recently investigated the area as part of its Top500 Dimension Reports.

AT THE cutting edge of merchandising, some retailers are already starting to offer website visitors personalised pages compiled using sophisticated algorithms. In time, it's likely that most traders will show shoppers whole individualised websites.

Such developments mean that digital merchandising is starting to surpass what can be done in the store. But the store remains essential: in the foreseeable future it's clear that customers will still want to look, touch, feel and test the products they want to buy for themselves.

The ability to bring those strands together lies at the heart of the discipline. It's easy to take merchandising for granted, that's something online retailers do at their peril. Just as it's important to make layout count in the store, so it's essential to show products to their best advantage online. That doesn't just mean high-quality images – although those count enormously. Modern merchandisers, rather, start by pre-empting customers' questions, using reviews and product descriptions to do so. They then go on to use highly advanced tools, from search and analytics to a single view of inventory, to understand customers. From there they can most effectively present the range, and the most relevant choices. Retailers that are featured in this Dimension Report have both met and exceeded these standards.

THE RANKINGS

The UK's largest retailers are getting better at online merchandising, and over the past year they have made great strides in improving retail website design. In October 2015, the InternetRetailing research team went back to the websites of the largest 150 retailers to assess visual appeal – and found a 38% improvement since we first carried out our study back in September 2014. In 2014, we awarded our highest score for visual appeal to a little less than a quarter (24%) of the retail websites that we assessed. In this report, the figure had risen to 35%, an increase of more than 10 percentage points.

Eleven of the retailers that scored highly in the first report kept their positions in this one. Asos and Karen Millen were among the top retailers in this aspect.

Meanwhile, seven retailers stood out for the work they had done to improve their websites over that period of time. These were Tesco, Fat Face, Virgin Holidays, Joules Clothing, F&F, Spotify and Specsavers.

Movement was by no means all upwards: 67% of the retailers analysed won lower marks for website appeal this time around. Visual appeal is, of course, a subjective measure, judged when researchers rate their own reaction to the site. But there's also some evidence to show that visual appeal is linked to the number of product images on a site.

More relevant search findings: John Lewis, Karen Millen, Net-A-Porter and Argos stand out for the quality of search results for the second year in a row. When search findings are relevant to the initial query, customers are more likely to find the items they want to buy and to go on to make a purchase. In 2014 and 2015, we examined search findings, defining them as the quality of word match to the request that was typed in the search bar, and rated them on a scale. Overall, we found that the group of the largest 150 retailers in the IRUK Top500 improved search relevance by 14%. The number of retailers rated at the highest level didn't change over the course of the year, although some retailers moved up to that group – and others down.

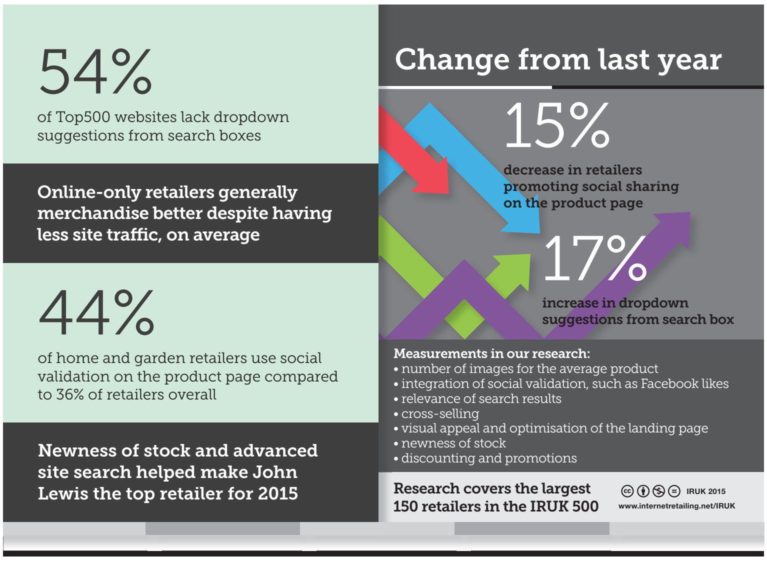
Thorntons was the most improved by this measure, while T.K. Maxx also scored highly for search relevance this year.

Dropdown search: The move towards introducing dropdown search options – which offer suggested search terms even as shoppers type in the search bar – is gathering momentum. Of the 136 retailers that appeared in the largest 150 group of retailers both in 2014 and 2015, 63% now offer dropdown search options. That's up from 46%, and a rise of 17 percentage points, or 38%, over the year. "This," says InternetRetailing researcher Polina Modenova, is a "big improvement." She adds: "Retailers must be realising the effect this feature has on customers. It has the potential to improve site usability and increase conversions."

T.K. Maxx is among the retailers that have introduced more sophisticated dropdown word options. It scored highest in this area for a combination of both relevant search results and dropdown word options. Others that did well in this area include H&M, Ernest Jones, Specsavers and Superdrug.

Cross-selling and upselling: The traditional tools of store-based merchandising, cross-selling and upselling, appear to have taken on a whole new lease of life online. When researchers looked in 2015 at the websites of retailers from the largest 150 group, they found 75% of sites showed extra items that the shopper might buy. "When retailers place products by the till in stores it works really well," says Modenova. "Our study shows most retailers use similar approaches online to those that work so well in-store."

> "Newness of stock and advanced site search helped make John Lewis the top retailer for 2015"



Less product information: Telling consumers about the products they are considering buying is a necessity for effective sales. In 2014, we found almost 90% of retailers showed extra product information, beyond basics such as name and price. This year, we went further and analysed the quality of additional information, awarding a high index value to 32% of traders. Consumer electronics retailers stood out – this was the sector where we found the highest quality of additional information. However, only 40% of retailers show stock availability on the website.

Social sharing: Enabling shoppers to share their retail purchases or wishlists over social media can mean items are seen by more people who have an interest in knowing what products their friends like. According to our Top500 2015 research, 68% of retailers enabled shoppers to do this through social media sharing or 'like' buttons. We expected to find, thanks to reports of the growing importance of the selfie in fashion, that clothing websites would be the most likely to enable social merchandising of this kind – and our expectation was confirmed. Some 21% of fashion retailers provided social sharing.

THE FUTURE

Where do we go from here? What's the long-term strategy? As Giles Colborne, Managing Director, cxpartners, says in the report, the future will lie increasingly in selling services rather than goods. Retailers will need to work out not just new ways of selling, but new ways of merchandising items that customers don't yet know they want. To do that successfully, the sales pitch must be both personal and relevant to the shopper. We foresee a rapid move towards personalisation at scale. As those at the cutting edge start to serve their web visitors and email list highly relevant messages and website pages, customers will start to expect this kind of personal attention wherever they shop. In essence, this is about improving the service traders offer shoppers through their merchandising. As some improve, other traders will need to move in that direction as well, and we expect that we'll see real differences when we revisit this area in coming years.

If traders are to achieve this without exhausting their resources, they'll most likely need to find new and smarter ways to make their case. That's where new solutions and smarter approaches to merchandising will come into play and we look forward to hearing of them as they emerge. One thing's for sure: the way retailers sell will continue to change, and fast, in coming years. Retailers need to prepare in earnest for what lies ahead.

Hear feelunique's Story – How to Enhance Brand Image and Customer Loyalty in China

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FEELUNIQUE IS one of the largest online beauty retailers in Europe.Its leading position in the market has prepared itself for a bigger market – China. In October 2015, feelunique launched its Chinese eCommerce site under managed eCommerce solutions provided by Azoya.

Chinese cosmetics consumers' purchasing habits are changing, specifically in younger demographics. They are moving towards online. This means a shift in marketing strategy and distribution within the cosmetics industry, with increasing emphasis on e-commerce.

feelunique makes the right move to seize the opportunity. However, moving in is just the beginning of a long journey. There remains a lot of ground work to be completed, especially considering the complexity of the market.

The first and most important part is brand building. Chinese consumers are becoming more particular when picking cosmetic products, not only in terms of quality, but also in terms of health and safety. Good news is, foreign brands, especially those manufactured outside of China, are more trusted than domestic brands. However, renowned as feelunique is, it still needs to find the right way to build its brand and eventually convince Chinese customers.

To reassure Chinese shoppers that they are buying directly from a Britain retailer, feelunique's original site provides an entrance to its Chinese site. After a customer places order, the parcels will be shipped to her/him directly from UK. The real-time tracking information can be accessed through mobile devices and web, which further reassures the customers they are not buying from an untrustworthy third-party agent.

With the concern over authenticity being alleviated, a competitive price would be a bonus. Traditionally, overseas beauty brands are sold to China through layer-by-layer chartered agents with at least 20-30% price uplift in each layer, causing the price being doubled in China. Moreover, there're endless certification and registration requirements from the Chinese government. By contrast, the products feelunique offers to Chinese customers are of the same price as the UK site. Chinese customers can buy their favorite European cosmetic products in the same price, without any extra cost except shipping fee.

Another step to consolidate the result in brand building is to ensure an optimized shopping experience. Although Chinese consumers love to buy foreign brands, they have diversified specific needs that only local experts know how to meet. To reflect the timely demands of Chinese customers, Azoya assembles a specialist team to hand-pick the products to be sold. Chinese consumers also have nicknames for cosmetic products. They refer to various products when they discuss beauty issues at online communities. To help them find the right products in search engine or in-site search results, Azoya adds nicknames to feelunique's products title.

Another difficulty foreign retailers need to address is Chinese customers' low brand loyalty. Although it's difficult to establish a loyal customer base in China, retailers must try it. What Azoya helps to do is to set up a dedicated social media team to engage with customers in social media platforms, especially in Wechat and Weibo. In order to draw customers' attention and retain them for further campaigns, the team frequently interacts with them by releasing incentive-driven games.

After only 3 months of operation, feelunique now has a very promising sales growth in China. The average weekly growth rate of order volume registered 196.5% in the last 3 months. It's worth noting that this outcome is not achieved by cutthroat price competition. It's profitable and sustainable. As operation matures and customer base grows, feelunique is set to reap the rewards from China.

Feelunique's Chinese website

Are you amongst Europe's Top 500?

Europe's leading retailers will gather in Berlin to gain practicable retail intelligence that can be applied for immediate in-business benefit. Are you amongst them?

EUROPE'S LEADING retailers will gather in Berlin to gain practicable retail intelligence that can be applied for immediate in-business benefit. Are you amongst them?

The InternetRetailing Summit is giving Europe's Top500 retailers the opportunity to spend three days learning, sharing and interacting with other impactful leaders, legends and heroes at the first ever InternetRetailing Summit. Being held in Berlin, Germany from 27 until 29 June 2016, the InternetRetailing Summit seeks to break new ground for the sharing of knowledge and information between and about European retailers and the first in enabling extraordinary peer-to-peer interaction.

This summit has been introduced in conjunction with The InternetRetailing Europe Top500 (IREU 500) - the first Europe-wide retail performance index, which analyses and compares best practice across the trading bloc's 500 most significant retailers, whose senior directors will exclusively attend the InternetRetailing Summit.

Aligned with the report, the Summit presents unique insights into how Europe's top retailers are performing in six key 'dimensions': Mobile; Strategy and Innovation; Customer Experience; Operations and Logistics; Merchandising; Brand and Engagement

The Summit provides a rare chance for the most senior retail strategists and practitioners to collaborate: far from being protective and competitive about their insights and experience, senior retailers – in our experience of trialing the concept – have relished the chance to participate in an expertly curated, off-the-record discussion where they can pool knowledge and learn from each other.

"We were amazed at how candid senior retailers were when we got them all round the dinner table," says Sam North, Director, InternetRetailing Events. "I think they really valued the opportunity to talk frankly about their experiences and found this kind of open, honest and confidential exchange to be of immense mutual benefit. Based on that, we have refined our concept for InternetRetailing Summit and put a series of Open Discussion sessions at its heart."

As with the dinners, the Summit will be held mainly under the Chatham House Rule to ensure confidentiality, allowing retailers to discuss best practice amongst the very best retailers in Europe.

"For the first time, 200 invited senior managers from the Top 500 European retailers can engage in a dynamic, informative and candid conversation about the future of internet retailcraft," says North.

"Result? Practicable retail intelligence that can be applied for immediate in-business benefit."

THE BRIGHTEST MINDS

Whilst Europe's retailers share one continent, they have a multiplicity of challenges to face: language, culture, legal systems, new technologies, the labyrinth of complexities that multichannel and pure-play ecommerce retailers need to navigate is extensive.

The InternetRetailing Summit offers insights from retailers themselves, identifying and exploring how their different

approaches to the same market challenges and opportunities enable them to successfully operate in this diverse continent.

The unconventional format of the Summit brings knowledge sharing to a whole new level:

- Change-making keynotes fire the imagination and shake up conventional thinking;
- At the core of the Summit a series of intense, curated discussions, round tables, case studies and Open Space sessions enable productive interaction where groups of retailers talk frankly to each other about their experiences;
- The brightest minds in European retail cross-fertilize ideas, deepen their knowledge and expertise to come away with real-world know-how for positive commercial outcomes.

The InternetRetailing Summit is an exclusive, invitation-only event, produced by InternetRetailing Events. We operate an admission policy of invited attendees only from Europe's Top 500 retailers in order to create the right, senior-level peer group match. Interested in applying to attend? Contact Andrew.Britten-Austin@clarionevents.com

This guest article has been written for InternetRetailing by Giles Delafeld, Chief Information Officer at Clarks. Clarks has been making shoes since 1825 and operates in over 75 countries across the world; with offices, distribution centres and factories in the UK, Europe, Asia, North and South America.
https://uk.linkedin.com/in/gilesdelafeld
www.clarks.com

The rise of the Chief Customer Officer

Giles Delafeld, **Chief Information Officer, Clarks, shares his opinion on the importance of customer experience and asks whether you'll be hiring a Chief Customer Officer in 2016?**

ALMOST EVERYONE talks 'Customer Experience', or CX, these days and many retailers and consumer brands across sectors state it as their mission to 'put customers first' but they rarely achieve it. In my experience, this is usually down to one or both of the following reasons: cost or expertise.

Understandably, retailers assume that focusing on the customer experience is less profitable than not doing so; as the effort to design or resource a best in class experience is perceived to cost more. Secondly, CX expertise is scarce in the labour market as the discipline is still relatively new.

This is a vicious circle, as without a clear understanding of what CX can do for business revenues, not having this capability within the business constrains thinking and often results in investment decisions being centred on projects that more overtly appear to drive sales or profit. I believe that organisations that don't build a CX capability will in the end fail as they will be disrupted by new market entrants or marginalised by key competitors that transform their businesses through embedding CX management within their organisations.

> "Organisations that don't build a CX capability will fail as they will be disrupted or marginalised"

In 2004, having spent 5 years in consumer-focused roles at Mercedes-Benz, I joined retail bank Lloyds TSB as the first 'Internet' Customer Experience Manager; I was responsible for the online customer experience. At the time, 'Customer Experience' was new and shiny and hardly anyone knew what it meant. Often when I met new people in the bank or in the retail and internet sectors, I would find myself being asked to describe what CX really is. Twelve years later CX has matured and become a business discipline but it is still the case that many companies don't fully understand what it is or how to do it.

WHAT IS CUSTOMER EXPERIENCE?

Since those early days, 'Customer Experience' has become an overused phrase in part because it is popular to be seen to focus on customers. Additionally, as all of us are customers ourselves most of us have an opinion on what makes a good or bad customer experience. Assuming you can talk for customers, simply because you are a customer yourself, is one of the biggest traps executives fall into. Putting your 'customer hat' on, to try and improve the customer experience in your business is better than doing nothing at all, but this is a common mistake and undermines the real value that can be generated from building a CX capability.

Often businesses that are yet to create such a capability make an assumption that all employees are responsible for the customer experience, as if it is a cultural norm, and therefore there is no need to build a team specifically for this purpose. However, in most instances this means no-one owns the customer experience and the business falls short of delighting customers.

In the narrowest sense, for a retailer that operates an online channel, CX is often used to describe what is in actual fact 'UX' (User Experience Design). Even the definition of UX is often debated within our industry. However,

in the main, most practitioners can agree that UX refers to the usability, accessibility and satisfaction that a user has with a digital or physical product. Whilst UX is without doubt a critical success factor for most online businesses, organisations must broaden their thinking and embark on professionalising their Customer Experience management capabilities if they are to remain competitive in the short term and survive in the medium term.

Customer Experience is not soft and fluffy, it's not (just) usability or customer service. The customer experience that a business provides is the perception of the brand that a customer has after every interaction no matter which touchpoint they have engaged with.

It is rare that a brand or retailer has such a strong customer proposition that the CX does not matter. In my opinion, it is only where the product is either scarce e.g. concert tickets; or unique e.g. houses; or that the price offered for a product is easily comparable and unbeatable e.g. branded electrical goods, where customers may be prepared to endure a suboptimal experience to purchase the product. Even in these minority market segments increasingly consumers prefer to buy from sellers that focus on CX at some stage in the customer lifecycle.

OPPORTUNITY FOR TRANSFORMATION

During the last 20 years, our industry has been responsible for the transformation of retail through leveraging new technology and the internet. In the 1990s, this typically meant building brochure websites and early online stores, whereas in 2016 we are now developing deeply integrated multichannel customer propositions enabling consumers, for example, to shop and pay with their smart phones or watches and start purchases in one channel, complete in another and receive goods or services in another; often within the hour.

Since most leading retailers now have ecommerce operations in addition to physical stores, the integration of channels coupled with the growth in digital has led to ecommerce directors becoming multichannel or omnichannel directors. As 'digital' has introduced more choice, and therefore more complex shopping options for customers, the recent trend is for executives with a digital background to take on the wider remit of the Chief Customer Officer.

Today the digital customer experience is often so entwined with other channels and customer touchpoints that businesses are increasingly concluding that they must create a single directorate that is accountable for developing a capability which drives Customer Experience efforts across the entire business. This is a positive development but in the same way that when many of us found our way into ecommerce careers 20 years ago, without possessing 'Digital' skills, it is today the case that many Chief Customer Officers are not CX practitioners – or do they necessarily even know what CX really is?

In addition to retailers coming to terms with the new norm of being digitally disrupted, retailers are increasingly competing for the best Digital and CX talent across sectors facing similar challenges to their business models. The speed at which CX as a discipline has developed has meant that the labour market has not kept pace at a time when customer expectations continue to grow exponentially. This market dynamic requires retailers to identify employees and external partners with the right set of skills and ambition to quickly form a CX capability and embark on a journey to grow a CX talent pipeline and transform the business. The specific skills required will, in part, depend on each business but the potential benefits are clear.

Much research has been carried out into companies that have embarked on a Customer Experience business strategy. Typically organisations initially focus on finding and fixing gross negatives within key customer journeys. This early activity can generate cost savings and customer loyalty whilst also being used as a driver for culture change to motivate employees to focus on and understand the value of CX. This activity alone is unlikely to create long term competitive advantage, which can be gained from transforming every end-to-end business process and customer journey, but it will build momentum within the organisation and convert disbelievers.

The business discipline that is 'Customer Experience' has matured and even though it is hard to do, it represents a strategic opportunity for retailers to transform, by deeply embedding customer centricity within the company operating model, values, culture, behaviours and business processes. Creating a great customer experience is no longer something that a business can pay lip service to; it has become a commercial imperative and an opportunity to create long term and hard to replicate competitive advantage. Will you hire a Chief Customer Officer in 2016?

RESTRUCTURING TO IMPROVE THE CUSTOMER EXPERIENCE

House of Fraser has a vision to really put customers at the heart of what it does while having decisions driven by data and everything operating seamlessly. Sarah Baillie, House of Fraser's Head of Digital Product Management, spoke at the recent InternetRetailing Conference about how the retailer is restructuring under it Chief Customer Officer to put the customer at the heart of the business and to get "ultimately to a place where we don't talk about multichannel or omnichannel but one business".

As part of the transformation, the company has been changing internal structures and employees' roles so that trading, insight and development teams are better integrated for omnichannel retailing. A process that started 18 months ago has resulted in a digital development team made up of the project owners each responsible for a different part of the customer journey be that "find it, evaluate it or buy it". People who were head of apps, for example, are now responsible across devices for one part of the journey. Matrix team working means that the UX team is also working throughout the end-to-end journey . "You have to work incredibly close together," she says.

The trading and category management teams are now integrated and sitting together and the marketing, brand and content creative teams are designing across all channels – and sitting together too.

The restructuring resulted in new roles being created, mainly filled by business analysts in the insight team who are able to analyse the amount and complexity of the retailer's data to support the whole business. "Data has been a huge step change," says Baillie since people cannot debate robust data and strong insight so it makes decision making easier. She gives examples of the central buying office calling upon the insight team and how the team can predict long-term trends and recognise whether or not something is a passing fad.

The hardest, and most important, part of digital transformation is taking the people – hearts and minds – along with you, explains Baillie who says that the company took a "bottom up" approach, interviewing everyone affected by the changes about the barriers to doing their job. "It's better to take time and do it right rather than quicker," she says.

Practical things take time and cost money and it is ongoing, she explains, and you have to ensure that there are no skills gaps and you are re-training and re-enforcing the physical and cultural change journey in people's minds.

Baillie is surprised by the speed of the benefits being felt but does point out that processes have to keep being revisited.

Restructuring has also enabled new metrics to be brought into place with financial metrics coupled with softer metrics such as advocacy and customer satisfaction.

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Michael Clarke

Sales Director, PFSweb

WHICH SERVICES DOES PFSWEB OFFER TO RETAILERS?

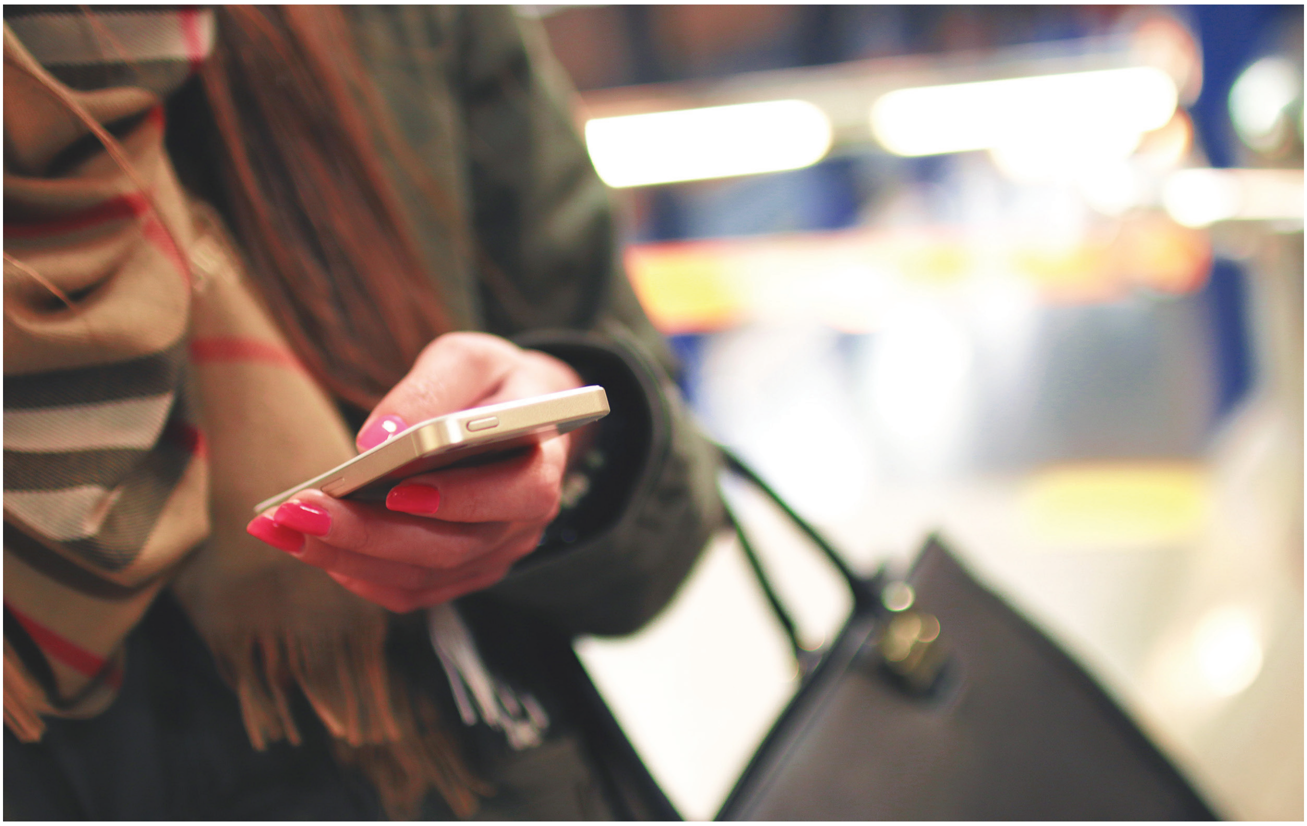
PFSweb combines integrated technologies, professional services, and a worldwide network of systems and logistics capabilities to deliver global commerce solutions for leading retailers and brands. The vision of CEO Michael Willoughby includes a comprehensive commerce solution that combines consulting, agency, technology, and operations. This portfolio of services allows us to deliver everything from customised omni-channel order fulfilment with high-touch customer care to creative digital marketing strategies and site development.

While we offer all of these services on their own (such as consulting or design) or as part of our end-to-end services, every solution provided is handled by a single contact in the U.K.. We can also advise on global expansions as we have considerable experience launching brands in new geographies.

WHAT IS THE ADVANTAGE OF USING AN END-TO-END PROVIDER?

Using an end-to-end provider eliminates the need and time to teach or employ people with a new skill set or market knowledge. By outsourcing the complex responsibilities of, for example, order fulfillment, a company can tap into our expertise and a ready-built logistics framework to reduce extensive start-up and management costs.

When entering new markets, there isn't a substantial learning curve for us as we have previous experience with a multitude of industries, solutions, and countries.



Expansion itself also doesn't have to be a permanent arrangement; sometimes clients decide to start managing a country themselves once the presence is established, or bring back in-house part of a solution, such as certain digital marketing services.

Finally given our extensive technology ecosystem and best-of-breed partners, our clients have access to a complete solution and don't need to engage multiple third party providers to support different parts of their operation.

HOW HAS PFSWEB ADAPTED TO CHANGES IN THE ECOMMERCE MARKET?

Historically, PFSweb started as a logistics provider, and has since adapted alongside the constantly evolving eCommerce industry. This includes expanding into call centers as well as designing and building sites and digital strategies to attract new customers for our clients. With over 100 Demandware builds worldwide, we have a strong and longstanding partnership with Demandware. We've also worked with Oracle ATG and Magento for many years and after recent acquisitions we now have capabilities to develop and support commerce solutions utilising IBM WebSphere Commerce and SAP hybris.

WHAT DO YOU SEE BEING THE MAJOR TRENDS FOR RETAILERS GOING INTO 2016?

In 2016, the industry expects a larger, more integrated use of beacon technology, a Bluetooth based technology with the ability to transmit messages or prompts directly to nearby smartphones or tablets. These will likely be used to send shoppers incentives (such as coupons or real-time sales) to buy products in-store.

The importance of smartphones and tablets will also increase as the mobile shopping trend continues to gain momentum. With the growing use of standardised digital purchasing (think simplified, one-touch check-out), it's expected that shoppers use their mobile devices to buy more in 2016 than ever before.

Real-time analytics are also expected to be more important this year, as they enable digital teams to personalise user experiences, assisting in the process of making predictive recommendations to browsing shoppers. This customised on-site content will theoretically save some 'lost' sales due to a user's inability to locate products within the site.

Revenue Rescue: Saving Sales When Shoppers Stray

Bronto

By Saima Alibhai, Client Services Manager, Bronto Software

TALK ABOUT a fear of abandonment. Retailers have good reason. We all know that over 80% of online shopping visits end with abandoned shopping baskets. To keep today's online shoppers engaged and buying, retailers have to rethink the structure of the shopping basket, the flow of the checkout process and how to reach those shoppers who have left a basket behind.

In a recent report, Bronto examined the shopping basket strategies of more than 100 major UK retailers and found that only 41% send basket reminders. Are you sensing some opportunities here? These stats should make any commerce marketer salivate. They represent easy ways to spark sales from shoppers you might have given up on.

If you're already sending basket reminders, I congratulate you on making shopping easier for your customers and, of course, recouping potentially lost sales. However, having successfully launched a basket reminder series doesn't mean your work is done. Here are a few tactics for optimising your series and reaching shoppers the right way:

SEND YOUR EMAILS AT THE RIGHT TIME

The majority of retailers (86%) send their first reminder within 12 hours after items are left in the basket; 23% send within the first hour. More than half of the second basket reminders were sent on day two, and some retailers (9%) waited until day four.

Test to find the right tempo for your customers and product category. Too soon and you risk pressing too hard. Too late and you open the door for the shopper to buy elsewhere.

PICK A PERSONALITY

In the subject line, 67% of retailers used a customer service tone ("Do you need help with your order?"); 19% were generic ("We've heard A LOT about you."); 9% evoked a sense of urgency ("We're running low on the items you want.").

Try testing to see what works best for different scenarios. Reserving urgency and discounts for the final message in a series can help avoid sacrificing average order values.

BUILD A STORY

A series of messages allows you to build rapport and expand on themes over time. For instance, you could start with a generic reminder, then take a customer service approach, and then add urgency.

BE THERE TO HELP

More than three quarters of retailers (77%) include customer service details in their basket reminders – toll-free number, email address and links to FAQs, forums and other resources. If you want to shine online, make it easy for shoppers to answer their questions before submitting an order.

The most important thing: when shoppers abandon their baskets, don't abandon them. With 40% of shoppers viewing baskets later on a different device or in a store, a well-constructed basket reminder series is a powerful and proven tool. But as with any marketing tactic, you must implement these reminders in a way that is relevant and engaging, not annoying.

By continually testing the key aspects of your reminder strategy – number of emails, frequency, tone and content – you'll find the sweet spot to reel in potentially lost revenue.

For more ideas on how to create a more appealing and compelling checkout experience and easy yet powerful strategies to get customers back after they abandon their baskets, download the full report at bronto.com/revenue-rescue-UK

Bronto provides a cloud-based marketing platform for organisations to drive revenue through their email, mobile and social campaigns.
www.bronto.co.uk, 020 3640 2040

Maturing into a profitable black friday?

Is Black Friday 2015 an indication of omnichannel maturity as retailers show improved understanding of the costs, margin mix and supplier and delivery capabilities compared with the 2014 tsunami? *Emma Herrod* **investigates.**

THE UK public rushed online on Friday 27 November 2015 to grab Black Friday 'bargains', leaving many camera crews standing on high streets or in supermarkets without any sign of a fight or a broken TV upon which to report.

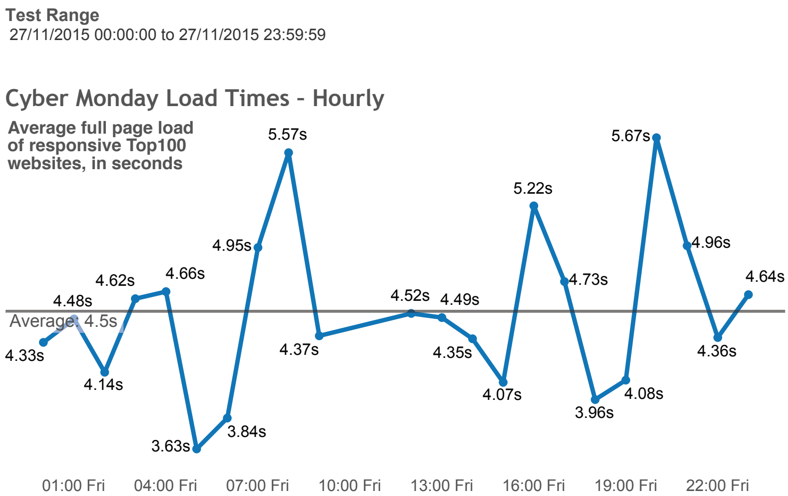
Retailers that had been running promotions in the week leading up to Black Friday were inundated with site traffic on the day – more than 70% up on the previous day in certain cases. Some sites coped, others slowed and a few implemented queuing systems or even became unresponsive as systems were unable to cope with the volume of traffic.

Yet again, the weekend proved a record breaker for UK e-retailers. Some £3.3bn was spent online across the four days from Black Friday to Cyber Monday, according to the IMRG. While Cyber Monday, which used to be the big kick start for Christmas shopping, has been overtaken by Black Friday, it still saw sales growth of 34% as consumers spent £968m online.

Black Friday was Amazon.co.uk's busiest ever day, with more than 7.4 million items purchased – equivalent to 86 every second.

House of Fraser Chief Customer Office Andy Harding said that Black Friday is now a key part of its retail calendar. "The response has been overwhelmingly positive," he added, as the retailer saw 120 orders a minute through its website on Black Friday, trade up by 40%, and TVs on its site showing as sold out by 10.50am.

John Lewis also recorded the biggest ever sales week in its trading history as it reported sales up 4.8% for the week. As proof of the fact that many people avoided the high street, preferring instead to shop promotions online, johnlewis.com saw sales increase 15.5% on last year during the week. Overall, the retailer said that its sales rose by 27.6% on 2 years and were up 60.1% week-on-week to bring in a record £187.7m at the checkout.



"At 22.4%, November's online sales reached their highest penetration of total non-food sales as consumers spent £1 in every £5 online."

The company says that the stand-out success came from its distribution teams, which, across Black Friday and the following Saturday and Sunday, processed 18% more parcels compared with last year. This equates to 5 units per second during the peak hour.

SALES VS PROFIT

But is Black Friday profitable and sustainable? Andy Street, MD of John Lewis, said before 2015's event that it wasn't. However, the company still went into it fully prepared and emerged with sales across the business on the day up 11.9% on last year.

Argos, another Elite retailer in InternetRetailing's IRUK Top500, said that 2014's Black Friday rush didn't deliver a meaningful boost to its bottom line. While its sales on the day grew by 45%, with 13.5m visitors arriving through digital channels, when it came to announce its figures, it revealed that for all the noise and fuss there had been barely any sales growth. So it changed its strategy for Black Friday 2015, shifting the emphasis away from just the one day and running promotions over the preceding weekends as well.

Although the majority of retailers like Black Friday, a third of those surveyed before the 2015 event thought it was unprofitable and unsustainable, according to a study by LCP Consulting.

Asda, which was one of the first retailers in the UK to introduce Black Friday, didn't run special promotions for 2015's event, instead reducing the price of fuel by 4 pence a litre over the three days, meaning that its unleaded petrol dropped below the £1 mark. The supermarket is currently undergoing an 18-month Project Renewal programme designed to "work parts of the five-year strategy harder to return Asda to long-term, sustainable volume growth".

LCP Consulting believes that major retailers with an established omnichannel capability are able to capitalise on Black Friday and measure the true cost of the event. Those without the infrastructure and capabilities to deliver on their customer promise, however, run the risk of alienating consumers and harming long-term sales, according to its Omni-channel Journey report.

Many retailers are discovering that the omnichannel journey is more complicated than they thought and that they have more work ahead than was believed in 2014. "Twice as many retailers compared to 2014 are still in transition to omnichannel, recognising a longer journey. In 2015, retailers are realising that the omnichannel journey will take longer than anticipated. It's more complex and fundamentally about the whole business, not just sales," says LCP's report.

ECommera agrees, saying that only 5% of retailers feel they are at the top of their omnichannel game. While the majority agree that it is important enough to warrant further investment, only a quarter claim that they could see a strong return on investment, suggesting that more work could be needed in order to make it a success. Indeed, 24% indicated to eCommera that they didn't typically understand ROI before they embarked on omnichannel activity. Critically, potential ROI is at the bottom of retailers' lists when it comes to planning new services.

Black Friday saw tablets and smartphones make up 55% of online retail traffic

While Black Friday saw a huge spike in sales, the customer experience in some cases was far from perfect with site load speeds slowing to more than 5 seconds during busy periods and some sites adopting queuing systems. Shoppers reaching for their mobile devices in the morning peak before work would have been let down by the lack of apps or mobile sites amongst key retailers. So, while retailers offering a good online and mobile-optimised experience saw strong conversion rates before shoppers moved onto desktop devices at work – Amazon, for example, saw use of its app increase by 125% on Black Friday, followed by Argos (115%), according to web traffic monitor SimilarWeb – others weren't so fortunate. "Overall, this year's Black Friday saw tablet and smartphone traffic make up 55% of online retail traffic compared with 47% last year," says Yusuf Rahman, Head of Analytics and Optimisation, Peerius.

Omnichannel, of course, extends beyond the sales devices with retailers experiencing significant benefits in terms of financial and operational performance and customer service as their omnichannel plans mature.

CYBER WEEKEND SALES ONLINE

Black Friday: £1.1bn (£763K per minute).
Saturday 28 November: £561m (£389K per minute).
Sunday 29 November: £676m (£469K per minute).
Cyber Monday: £968m (£672K per minute).

Source: IMRG

While there is the obvious experience for the customer to be considered in omnichannel delivery, the cost to retailers can be significant, especially when considering services such as reserve and collect which extend far beyond the most obvious expense of moving goods from warehouse to store. With retailers reporting upwards of 50% customer no-show on reserve and collect orders, incurred costs include moving the item, lost sales opportunities while the item is on hold and a very real risk of adding to the number of discounted items at season end, especially for fast-paced industries such as fashion.

Each retailer's risk/reward model will be different. For luxury goods providers with high margins, the cost of moving goods from warehouse to store is a fraction of the overall product value and provides a chance to deliver a differentiated customer experience. For a book seller, by contrast, the distribution cost alone might be 20% of the product's retail value; add in the no-shows and other costs and the ROI becomes less compelling.

With retailers still getting to grips with the margin mix and cost of omnichannel on regular trading patterns, are times such as Black Friday putting too much pressure on the bottom line?

As retailers better understand the cost of ecommerce and the ROI of omnichannel, it becomes clearer that it is still a cost to the business; most retailers are not charging extra for these services. When asked about click and collect, the majority of retailers are still covering the cost. Of those who do charge for it, only a handful are making a profit. The majority are breaking even (52%), while 33% are making a loss, according to eCommera.

Most retailers do not understand how much it truly costs to make these grand gestures on servicing their online offer, believes consultancy Kurt Salmon. While online was a small proportion of the business, any losses could be absorbed; now that it is a larger percentage of sales, money is flowing out the door faster than it is coming in. Providing a click and collect service in store, for example, costs a fashion retailer around 3-4% of its wage bill.

Retailers are being pulled in every direction trying to outdo each other with the most competitive offers and looking to deliver orders faster than their rivals.

David McCorquodale, Head of Retail, KPMG warns: "Retailers will delight in systems that were able to withstand the peak demand but will yet have to count the cost of meeting delivery deadlines and handling returns next month before they know if this has been a profitable venture or a giveaway gesture".

International sales add an extra layer of complexity to calculations as more than a quarter of orders over the Black Friday weekend came from overseas buyers, according to MetaPack.

As LCP and eCommera have both noted, retailers are realising that the route to the omnichannel goal is long and winding and one which the City is following very closely. Siobhan Gehin, Head of Strategy and PE at Kurt Salmon, warns that on the back of Black Friday, Cyber Monday and other hot spots in the retail calendar, investors are looking more closely at retail valuations and questioning how well retailers are managing their store and online sales and margins, as deeper promotions and faster delivery options are eating into profits.

As a result there could be some swift downgrades between now and the spring.

MAKING BLACK FRIDAY MOBILE

Looking at the leading retailers' web traffic levels compared to an average Friday, Amazon UK received double its usual amount of visits on Black Friday, while traffic to Argos was up over 200%. It was down on last year's Black Friday level though, according to digital analytics company SimilarWeb.

On average, retailers saw a 12% reduction in their website traffic on Black Friday 2015 over 2014's level from desktop devices.

One retailer bucking the trend was House of Fraser which saw an increase in traffic of nearly 30% on Black Friday over 2014's level and almost five times the amount for an average Friday. According to SimilarWeb, House of Fraser with a 26.6% increase also saw the biggest year-on-year growth on Black Friday when mobile traffic was factored in too. Debenhams (23.7%), New Look (15%), Etsy (15%) and Boots (10%) also saw increases.

Apps were also widely used by shoppers on Black Friday with SimilarWeb reporting that Amazon's app received a 125% increase in usage over 2014's level. This was followed by Argos which saw a 115% rise in its active app usage on the day and eBay with a 35% increase in app use.

Moshe Alexenberg, SimilarWeb Director of Digital Insights said: "Year-on-year growth on Black Friday declined as retailers spaced their promotions over a longer period. Shoppers realise there are deals to be had before and after and seem to be holding out for the best bargains.

"We are seeing in the way that shoppers visit the sites that they are keeping an eye on deals and returning throughout the day. This year however has been the year of the app, with the leading sites providing a seamless service across their apps, mobile and desktop."

The following guest article has been written for InternetRetailing by Fran Riseley, Deputy Managing Director, Martec International. The article is based on the retail consultancy's work in the sector and its 'IT in Retail' 2014-15 report for which it interviewed the CIOs of the leading 150 UK retailers. The company is in the process of researching the 2016 report.
www.martec-international.com
https://uk.linkedin.com/in/frances-riseley-38a122

The future of retail systems

Fran Riseley, **Deputy Managing Director, Martec International examines the impact of omnichannel on retail systems and predicts the changes ahead for retailers and vendors in 2016.**

THE PAST year has seen more systems replacement activity among our clients than at any point since Y2K; and the main reason is that their existing systems just aren't able to support a true omnichannel customer experience. A mish-mash of "best of breed" and home grown systems amongst retailers means it is virtually impossible to run a single stock pool across all sales channels and so reduce stock holding. It also causes difficulties in achieving a single view of the customer and often a single view of the product range available to all channels, even though some products may not be stocked in every channel.

IT IN RETAIL

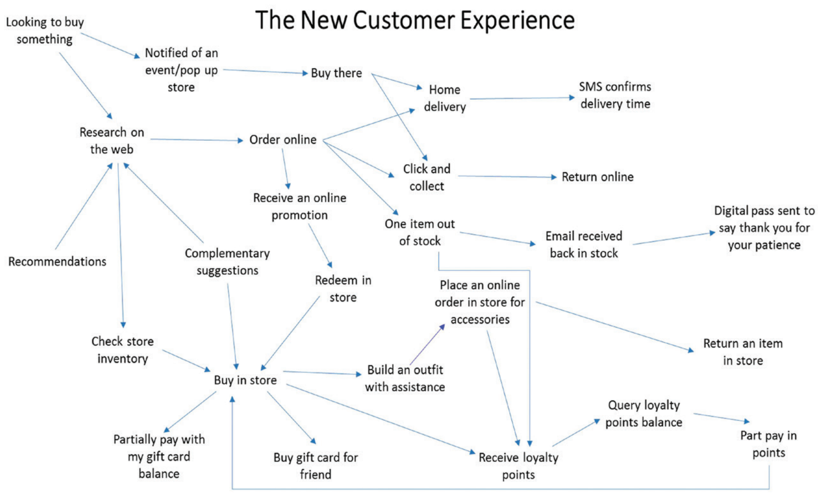
The use of in-house developed systems is still very high – 28% of all merchandise management systems are home grown, along with 18% of EPOS systems and 15% of ecommerce applications, according to the findings of the 2014-15 'IT in Retail' report.

The average life expectancy of retail applications is very high at 10.1 years. Logistics systems are the longest lived at 14.5 years but even ecommerce systems, where the pace of change is very rapid, last on average 7.5 years.

What is changing is a dramatic increase in the reliance on cloud applications; 51% of retailers already use some cloud-based applications with a further 22% planning to do so. Mostly these are for minor, non business critical applications, but 15% of all ecommerce systems retailers use are cloud based and 2% of the top 150 retailers run all of their key applications on the cloud.

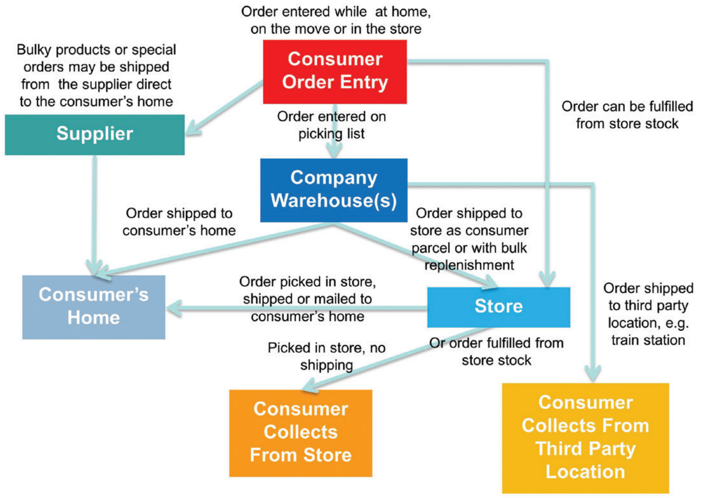
What's fuelling omnichannel? Changes are being driven by the consumer and the prevalence of smartphones, tablets and instant connectivity of internet everywhere. The 'New Customer Experience' chart shows a complete omnichannel experience, or at least a dream world that most retailers are working towards to truly maximize their sales and margins.

The customer can research anywhere, buy anywhere and, if necessary, return anywhere. They achieve their objectives irrespective of where the stock is and where they are. Tools like outfit builder, menu builder, promotional incentives, gift card balances, loyalty credit and redemption are available wherever the customer chooses. This greatly improves service, convenience, loyalty and the brand experience.



FULFILMENT IS KEY

From the retailer's perspective you achieve more sales from the same stock, even when it is not in the best place. Being able to take orders for goods which are still in transit, Profitable and Flexible Fulfilment Is Key



on the boat or plane, boosts full priced sales even further. You can strike the optimum balance between promotions, discounts and outstanding service, meaning that it's not all about price. Many retailers recognise that true loyalty is built by outstanding customer service, rather than by loyalty programs.

Because inventory is sold where there is demand (irrespective of where the inventory is), clearance markdowns are reduced and achieved margins increased.

What this means in practice is that those retailers that really know how to do omnichannel and have the systems capability to support it, can take market share from those that don't. Long term, they can optimize the number and location of stores they need since many retailers are finding that they don't need as many stores as they did in the past.

When retailers started selling online there were largely only two fulfilment options, send online orders to the customer's home or deliver to a store for collection. Now fulfilment is the new competitive area and you have to excel at this to be viable. Retailers who have well trained staff and efficient systems and processes are achieving at least a 5% increase in sales on click and collect orders and some achieve as much as a 20% sales increase.

The 'Fulfilment' chart shows how complex the choices have become and some retailers have almost all of them. In order to make all this work, it is now essential to have real-time visibility of inventory everywhere, and many retailers are upgrading or replacing their merchandise management or ERP systems.

When a consumer enters an order, you need to decide where to fulfil it from and this is now a complex decision. Hence you need a model to recommend how to fulfil each order based on the relevant costs and available inventory. You also need a sophisticated order management system. How well you do this will affect your clearance markdown costs.

The benefits of an integrated omnichannel systems strategy are really quite impressive. We have put together the results that some of our clients are achieving now, mostly with less than perfect systems.

- Clientelling is no longer the preserve of luxury brands and can result in store sales increases of 7 to 14%;
- Click and collect upselling results in 10-20% increases of the click and collect order value;
- Internet ordering in store (through sales associate using tablets or the till) boosts store sales by 5 to 10%;
- Outfit building applications lift store sales by 5 to 7%.

Retailers have held back on systems replacement over the last few, tough years but are starting to invest again. This is now a necessity since for those that limit their customers' ability to research, buy and return across channels will lose market share to those retailers that can offer a better customer experience across all sales channels. There is also the risk of administration.

We predict that integrated ERP systems, rather than separate systems, will be preferred in 2016 because of the easier integration across sales channels. Cloud-based systems make it much easier to achieve real time or near real-time visibility of inventory across the business along with a complete view of the customer and the product range. In addition, cloud-based solutions can offer pricing models that avoid heavy Capex investments enabling retailers to pay a good share of the costs as they receive the benefits.

However, there will still be a lot of home-grown systems out there as some CIOs seek to keep their empire.

The vendor market will continue to concentrate with more mergers (there have been 12 in the POS market alone recently), but new start-ups and small vendors will continue to innovate and grow to compensate.

Going forward, retailers will still keep their systems for at least 8 years, a fact that few vendors ever acknowledge, but retailers with businesses to run and keep profitable understand only too well.

> Apps convert at a rate 3.7 times higher than mobile browsers

The following guest article has been written for InternetRetailing by Gregor Jackson, Director and Founding Partner of gpstudio. He has 25 years of experience in the brand world both nationally and internationally, creating, shaping, engaging and evolving how brands are projected and perceived.
www.linkedin.com/in/gregorjackson
http://gpstudio.uk.com
@gpstudio_design

Experiencing the high street

Gregor Jackson, **Director and Founding Partner of gpstudio examines what experience means for customers and retailers and what retailers will be doing in 2016 to encourage their customers to continue visiting both their online and in-store offer.**

CHRISTMAS IS over and the New Year is upon us. Most retailers are hoping to have made a healthy profit over the festive season and are now looking at what is going to set them apart from their competitors over the next 12 months.

Online sales in the UK accounted for 27% of the total market share in 2015 and is growing steadily. The real question that most retailers should be asking in 2016 is, 'how do I make the shopping experience seamless and exciting, continually growing this online channel, while keeping the in-store experience relevant?'

For us, as retail designers, the answer to that question lies in ensuring the consumer buys into the brand. In order to do this, the brand needs to create a physical or in-store environment that does not concentrate solely on the sale alone but instead creates a destination the customer seeks out, providing them with a sense of theatre that the online sale never can.

Many forward thinking online brands are already ahead of the game when it comes to moving away from the store as a purchase point and taking a more holistic view of how the consumer is shopping. Brands such as US fashion retailer Everlane spearheaded this thinking with their Transparent City campaign in 2015. Instead of pushing their products on us as consumers and hoping we will fall for the gimmicky marketing ploys or buy into the mass produced emails, Everlane created a series of live events in the USA collaborating with like-minded chefs, artists, bloggers — and even other apparel brands — to look behind the scenes in an effort to be completely transparent about its business; disclosing the exact factories where its clothes are made to revealing how much profit the company makes from each piece.

By temporarily transporting the online store into the real world, they allow potential customers to get up close and personal with the brand and, in this way, are able to compete with the real world retail experience. This kind of holistic retailing is what the modern consumer is looking for. Sending me an email on my birthday or a monthly newsletter is very last year. Consumers want to experience and to buy into a brand, not just consume it.

Closer to home, brands such as Dover Street Market are looking stronger than ever and this comes down to how they have created the desire to visit their in-store offer. Consumers go out of their way to experience what they have to offer with a continually changing range of niche and relevant products. I find myself popping my head in when visiting the area, not to shop per say, but to be entertained by the changing dynamics and interesting product offers.

SERVICE

This is all well and good, and clearly there are a handful of brands who are managing to pull off this illusive balance between sales and experience, but how do these brands manage to create this sought after retail theatre that keeps us coming back for more and buying into their brand? Stores can throw in a juice bar or interactive tablet screens, but does this create theatre? Don't get me wrong, a food offer and well integrated digital platform can certainly increase dwell time and help stream line the purchase process, but would this alone create the theatrical experience we will soon come to expect from the big retail players?

The real in-store experience in 2016 can be summed up by a few key factors. Firstly, and possibly most important, is service. The best gadgets and food offerings in-store will never be able to replace the need for a service that allows the customer to seamlessly shop in a convenient and pleasurable manner. By integrating a great service, whether it be the point-of-sale or click and collect, intelligent store design or staff training, we can all tell of an in-store shopping experience that has left us wanting to sing the praises of the brand in question, although sadly not as often as we might like.

The next big factor in creating the illusive in-store experience is understanding that today's stores do not need to be solely product focused, with product stocked high and the store environment as an afterthought, it becomes difficult to highlight niche items or create a tailored sensory environment. Exclusivity and the idea of less being more will start to become the focus of retail this year. Of course there is always the logistical nightmare of not having the stock in-store that a customer is looking for.

However, with the streamlining of online and in-store channels, this should become a non-issue, allowing customers to efficiently make a purchase using integrated online platforms in the store and having the items delivered the same or next day to their door. With one of our store designs set to open this year, consumers will see the likes of a test and play area, designed not to purely display the product itself but immerse yourself in it.

Events and collaborations are here to stay. The last of the 2016 in-store tools that will bring the consumer back for more is the continuing trend for collaborations and in-store eventing. With the blogger and vlogger now earning more than some A list celebrities, blogging bars are one such event that will be seen increasingly, with some stores dedicating permanent store space to these modern cyber celebs. What better way to create a cost-effective brand buzz than to have it come straight from those using the products.

Everlane's Transparent City campaign saw it collaborating with chefs and artists

> Do a juice bar and interactive screens create retail theatre?

One only needs to watch the mob-like mentality of the videos posted on YouTube showing the launch of the Balmain and H&M collection in 2015 to know that collaboration is not going anywhere. In fact, it is stronger than ever. With endless possibilities this will continue to be a store draw card and I do not doubt that we will see more unlikely celebrity and brand collaborations in the coming months.

It is fair to say that asking retailers to make these changes overnight is a tall order. However, these trends are growing and it will be the brands that embrace this more integrated way of selling that keeps their consumers returning to their stores and generating brand ambassadors who will go on to build their brand and become their best marketing tool. If 2015 is anything to go by, 2016 is set to shake up the retail market and define the trend setters from the mass market.

Innovation momentum for 2016

The final mile has been growing in prominence as businesses recognise the importance on customer experience of everything behind the buy button. *Sean Fleming*, **Editor of eDelivery, looks at how delivery is disrupting the retail industry.**

THE FIRST 10-15 years in ecommerce were a land-grab period, where frontier fights were all about making your site easier to buy from, your products easier to find on Google, your promotions the most attractive. The wild west outlook cannot last forever though.

As a growing equilibrium – or commoditisation of propositions, if you prefer – has developed in the online retail space, the frontier has begun to shift.

From the abuse you get on social media when one of your carrier partners fails to deliver, through to cart abandonment, from disgruntled customers finding 'sorry you were out' cards on their doormat to convoluted returns processes. Wherever you look it's impossible to miss the influence on your brand, and on your sales, of things that were once safely confined to the back room.

Customer expectations have matured and you have to keep pace with them or get left behind – there's no getting away from it. Nowhere is this more evident than when it comes to the not-so-small matter of delivery; getting purchased items into customers' hands in an efficient and timely manner is the new frontier, and there's no room for cowboys.

DISRUPT YOURSELF

There are only two places to look for innovation and inspiration, from within your organisation or from an external source. The same can be said of that frequently over-used word disruption, and if you consider just briefly the evolution of Amazon you get a sense of what disruption really involves.

Amazon started out selling books and soon became the world's largest online bookseller. Then it ignited the market for e-readers and electronic books – effectively competing with itself by disrupting the publishing world. At one end of its value proposition, Amazon has books, content, stories. At the other end, it has readers. The formats and mechanisms that bridge that gap are less important than the bridging itself; Amazon is the conduit, and it wants to stay as such.

You can do a lot to limit the chances of someone coming along and disrupting your market by following your own strategy of planned self-disruption.

Well it's easy for Amazon, you might well be thinking. Not everyone is in such a well-appointed position, obviously. But maybe you don't need a visionary business strategy based squarely on the ethos of disruption. Maybe you just need to make some improvements. If you want to focus more closely on the here-and-now and make sure you're giving the customer what they want, you need to think about how they respond to the delivery choices currently on offer.

COST IS A GREAT EXCUSE

In a recent survey of more than 2,000 people across Europe (Belgium, France, Germany, Italy, the Netherlands, Spain, Switzerland, and the UK to be precise) eight out of 10 people said they'd abandoned a cart at least once in the last six months thanks to high delivery costs. That research was commissioned by ecommerce consultants B2C Europe, and it also found that for 39% of shoppers it's a monthly occurrence.

You may feel that the cost of delivery is something you are somewhat constrained by. You may even feel that it's a subjective thing, and that one shopper's 'too expensive' can be another's 'value for money' experience. But are you really happy with 80% of customers potentially using cost as an excuse for dumping you at the checkout?

Why not combat cost perceptions by providing choice? The more choice a shopper has when it comes to figuring out how they'll get their purchases, the more likely they are to place that all important order. In fact, you can up your conversions by about 10% in this way, according to GFS a delivery solutions platform provider. You need only look at the growth of providers such as Collect+ and Doddle to see this in action. People aren't always at home and therefore actively want alternative safe places for their purchases to be sent to. If they can order from you and have next-day delivery to a place of their choosing, why wouldn't they place that order?

PLAYING THE INNOVATION GAME

Among other things, 2015 was the year Uber didn't try to disrupt the UK delivery market, as had been predicted by some. Who knows, maybe that'll happen this year. There is certainly a widely held expectation that the sharing economy will work its way into retail logistics somehow. But will we soon see an army of people with spare time and car boots picking up and delivering parcels?

It's unlikely; your standard, common or garden, motor insurance policy won't cover you for commercial use, and obtaining commercial cover might undermine the profitability of your new part-time delivery job. So much for the so-called sharing economy? But don't rule it out just yet.

With a substantial fleet of vehicles making thousands of journeys day-in, day-out, Asda is putting its spare capacity to work. A new service called ToYou will see Asda put its network of vehicles and stores at the disposal of other retailers, so that shoppers can elect to have items sent to their local Asda for collection. By 2019, Asda reckons there'll be an annual increase of 40 million visits to its stores by people picking up shopping from other retailers courtesy of ToYou.

From latent capacity to a possible 40m additional visits to your stores each year. It's not an app, and there probably aren't any bearded hipster startup types involved, but that's a great example of innovation.

Argos has been at the innovation game too. Having re-engineered its replenishment model around a network of hub-and-spoke stores, it pushed a little further and started to offer same-day delivery for just £3.95. That move was only possible because it had gone through the hub-and-spoke process, developing the infrastructure required for such an undertaking. The invisible costs of being able to do this cannot be insubstantial.

The cost of not doing it, however, might have been seen by Argos as a mistake too great to risk making. Regardless of that though, Argos's Central Stores Operations Director Andy Brown reckons that even at just £3.95 the Fast Track delivery service is paying its way.

> "Follow your own strategy of planned self-disruption"

The lesson here is to take what you've got and improve upon it. Not just by making it faster or cheaper. That's not what happened in the case of either Argos or Asda. Instead the outlook was one of 'what can we do with what we've got that we've never thought of doing before?'

IT'S A VALUE-ADD NOT A TAKE-AWAY

What do shoppers want once they've placed an order? They want their shopping, of course. If you and your customers are gathered in high population density areas, then offering same-day delivery has to be a no-brainer. Can't do it yourself due to capacity constraints? Get involved with a third party, there's plenty of them – albeit mostly in London, as far as the UK market is concerned. But Doddle, On the Dot, and Shutl are just three such new market entrants offering super-fast delivery. The newest cohort of businesses into the UK government's Tech City 'Future Fifty' initiative contains several other standout names in the delivery innovation field, such as Deliveroo.

However, if your customers are more likely to be found in the provinces, then an option like the Asda network as an additional pick-up point could be worth considering.

Outbound parcels aren't the whole story, of course. When it comes to returns, many of the same factors apply – speed and convenience are important both in terms of the customer getting the item back to you and you issuing a refund.

Amazon returns sent via Collect+ shops can trigger a refund in an hour. Retailers such as Sole Trader are able to issue refunds to customers who've paid with PayPal within minutes if an item is returned to a store. That kind of joined-up thinking and speed of service leaves a lasting impression on customers.

If you're limiting your ambitions to being able to offer faster, cheaper delivery, someone will out-do you. There'll always be someone out there committed to doing it cheaper or faster. How they'll do it might not always be immediately apparent. but when you're playing with such clearly defined parameters it's an open invitation for others to come along and cut corners.

Adding choice, flexibility and service layers are easier positions to defend; find new ways of being better at what you do with what you've got.

You don't always need to re-invent the wheel. Sometimes it's enough to find a new use for it.

M-retailing: the next 10 years

Predicting where a technology such as mobile will be in a year, let alone 10, is quite a tough task. Understanding how it will have reshaped retail is trickier still, so InternetRetailing set Mobile Editor *Paul Skeldon* the task.

THE ONE thing that can be said with any certainty is that mobile is going to reshape most aspects of life and business and that retail is set for some dramatic shifts. It has already started.

Christmas of 2015 has offered some useful pointers as to where mobile retailing is going. November 2015 saw the biggest growth in mobile traffic to retail sites, according to IMRG/Capgemini, growing 40% over the previous month, a 97% increase in a year. Shoppers are shopping with mobile.

However, that is only a part of the story. To predict the future of mobile retailing, how mobile is used across the whole purchase funnel has to be explored. The simplest development of how mobile will impact retail over the next few years can be summed up by the 'omnichannel' sobriquet.

A study by MasterCard found that 80% of consumers now use a computer, smartphone, tablet, or in-store technology while shopping. In 2016 and beyond, omnichannel will show no signs of slowing down. In order to keep up, retailers will need to merge their physical and digital systems to serve the modern 'omni-shopper.'

In the purely online realm, mobile will merely be a platform through which shoppers access retail sites to buy things. No retailer today should not have a transactional, mobile-optimised website and an app, so in the next decade this will merely be just another way to buy stuff.

Instead, what the future of mobile retailing will really be about is in how it glues together the online and offline worlds and brings the best of both to any shopping experience.

"Consumers now expect a seamless and unified shopping experience and retailers will need to merge their physical and digital worlds to serve this new wave of shoppers," says Pierre-Emmanuel Perruchot de La Bussière, General Manager, Vend."We'll see retailers make their physical stores stand out from the crowd by using ecommerce technology to transform the in-store experience, and more online stores will move into brick and mortar territory, whether through seasonal pop-ups or long-term stores."

> "Beacons will become a mainstay of the way the in-store and online retail worlds merge"

This in-store technology will be used across the shopping journey from marketing reach right through to payments and loyalty and beyond. There has been much talk about beacons, and the coming few years are going to see these, in one form or another, come into mass use.

Many people pooh-pooh beacons, but they will become a mainstay of the way the in-store and online retail worlds merge.

According to UK network operator EE, 41% of Brits – equivalent to almost 22 million shoppers – regularly 'showroom' by using their mobile devices to check for better prices – and a lot more besides – while in-store.

To many retailers, beacons will be the first line of defence. According to Juniper Research, nearly 1.6 billion coupons will be delivered annually to consumers via beacon technology by 2020, up from 11 million in 2015, as retailers seek to develop proximity marketing campaigns in and around their stores. 2016 will be the year they start to make an impact.

Juniper's research observed that in-store beacons have consistently generated high redemption rates. It cited the case of the Chinese jewellery chain CTF (Chow Tai Fook), where a campaign in early 2015 saw redemption rates approaching 60%, resulting in a sales uplift of nearly £11m for the company.

Meanwhile, the research highlighted the opportunity presented by locating beacons

Paul Skeldon wonders what mobile devices will be like in 10 years' time

outside storefronts, with the UK's Proxama deploying a network of beacons in locations such as buses, taxis, shopping centres and airports. It argued that the introduction of similar 'open beacon' solutions could serve to drive both footfall and engagement.

Indeed, work by SmartFocus is looking to do away with the actual beacons themselves and is developing a clever way of using GPS, mapping algorithms and some 'secret software' to let retailers benefit from proximity technology without the constraints of complex hardware integration or maintenance, while still being able to trigger micro-location messaging to enable a contextual experience.

Rob Mullen, CEO at SmartFocus, says: "Every customer is on their own unique journey. Motivations to try, buy or stay loyal change depending on the individual making the choice. A brand marketer can 'own' that moment by using our Message Cloud technology to harvest and interpret data and create contextualised campaigns that are triggered by customer behaviour; not by their best guess."

Juniper's research on beacons and proximity also pointed out that the growth in contactless infrastructure and greater consumer awareness around NFC would lead to significant opportunities for proximity marketing in the medium term.

According to research author Dr Windsor Holden: "The launch of Apple Pay dramatically increased public and retailer awareness of NFC. As contactless usage accelerates at the point-of-sale, retailers will then move to incorporate NFC at all stages of the customer lifecycle, including loyalty and engagement."

PAYMENTS

This rise in contactless is going to also reshape retail in stores through payments. The industry is already seeing the beginnings of the contactless payment revolution – contactless payments now account for one in 10 card transactions, and with contactless spend nearing £1bn a month, according to Barclaycard research – and mobile is going to drive this up.

Apple Pay is in its infancy, but for anyone who has used it, it is so quick and easy to use that you can see that once the limit of £30 has been lifted, it could be the start of a beautiful new way to pay. The argument with mobile payments has always been that it needs to simplify what is already a simple process: Apple Pay starts to do that.

In the future, this is likely to morph into payments becoming a seamless experience for the shopper. They scan and pay for the goods themselves or simply use a one-click or even a voice command to purchase.

In the purely online world, the mobile payments play will be a simple extension of one click tied to card or wallet, obviating the need to enter details ever. In the omnichannel world, it will be all about how to make the payment process seamless and easy, but it will also incorporate how to use that payment process and e-receipting to offer loyalty and rewards too.

The final piece of the mobile revolution will be how consumers use their devices to find what they want and assess it. Search using Google is very advanced already, but there will be, in the coming years, a move towards much more semantic-based searching, using real terms and context.

Handpick has already launched an app that uses what it calls "aesthetic searching". The app suggests clothes based on the same way you would choose the outfit yourself – considering both the event and atmosphere. When looking for a dress for a 'night out', you can narrow down the results by mood by searching for terms such as classy, elegant or alternative.

This is crucial for mobile shopping as it makes it much quicker, reducing the faff of searching through dozens of options and tags simply to buy something you send back. It also marks a move towards making mobile shopping easier, sitting alongside PowaTag's launch of ad recognition to its platform so that shoppers can point and buy from adverts without QR codes, card detail entry and all the other things that naysayers say are holding m-commerce back. It also builds on moves by other retailers, such as Net-A-Porter to use visual search to make mobile shopping easier.

INTERACTION

Looking further ahead, it is likely that mobile devices will be voice controlled and talk to the user, probably through tiny Bluetooth ear pieces. This will allow for greater control and understanding between user and device and opens up the device to be a voice for retailers, within defined limits set by the user. It will also help filter out the bombardment of messages and offers that consumers are going to face.

The device will shift from being a remote control for life to being your personal assistant, much as it is in the film Her. It will become your best buddy-cum-interface with the vastness of the web.

This interaction with the device will fundamentally change how we interact with retailers and how retailers can interact with us. The main thing is that consumers won't notice any of this happening. That is the real development we will see with retail is that shoppers will find themselves in 2020 and beyond doing all manner of wonderous things with their phones from seamless contact with retailers that combines online and offline worlds, paying without doing anything and getting rewards for just being there. They will be in seamless contact with each other, retailers and more and they will have the power of the web at their finger tips – perhaps even on their actual fingertips if their gloves are 'smart' – and they won't even notice.

Retailers will have spent a great deal of time and money on making this happen and they will notice the effects: they will see more loyalty, less churn, greater spending and a level of understanding of their customers like never before.

FUTURE PAUL GOES SHOPPING

It's 22 February 2020 and your intrepid writer is going shopping. Having been told by my iPhone 12X when I awoke that my house hub had talked to the fridge and cupboards and had ordered the groceries for drone delivery to my Pelipod later that day, I pull on my tartan three piece suit (tartan, three piece suits are to be big in 2020), pop my 12X into my breast pocket, insert my tiny Bluetooth earpiece and off we go.

My Tesla car opens as I approach and I tell it that I need to head to the mall. It drives me there, the 35th album by West Coast music legend Kelley Stoltz playing in my earpiece, my phone runs through my important messages for me, all the while fielding calls from Ian Jindal.

On arriving at the mall, I am greeted, via my phone earpiece, by PAM H, my Personal Automated Mall Helper, who tells me that there are some great offers on biker boots that I had looked at on Amazonbaba yesterday and talks me through the route to the shop.

As my wheely shoes perambulate me through the halls of the mall, someone points their Samsung Edge 9s at me to find out where I got that great tartan suit, and then looks on their imaging software as to what it would look like on them. They then order it and tell the drone to deliver it to them later that day. The suit retailer sends 1,000 loyalty points to my universal loyalty card as a thank you for effectively helping sell a suit for them.

I let the shoes guide me, only to find myself wheeling into Toys R Us… I suspect my son has hacked my shoes and programmed them to take me to look at hover cycles. I tell my phone to override and we continue to the shoe shop.

I find the shoe shop, where I am greeted by name and shown the boots in my size to try on and my phone whispers that if I get them now I can save €100 here if I use the voucher they have sent me – but if I go to another shop in another mall they are cheaper still.

I decide to buy them, scan the box with my phone and they are mine – the payment all taking place in the background. The e-receipt on my phone then tells me that I can get a free coffee within the next hour at Starbucks as a thank you from the retailer.

I check my pedometer and calorie counter on my watch and decide that a skinny white Americano could be ok. As I walk to the coffee store, I tell my phone to call Ian Jindal; he asks where he too can buy the tartan suit. I ping him the details and recommend some shoes to go with it. Hopefully another bunch of loyalty points will come my way if he buys them.

As I queue for my coffee, which I pay for just by showing my face to the barista, the phone doing the rest, my phone tells me my friend Tim is also in the mall, should I message him? I say yes and the phone pings him. He joins me and I buy him a coffee (and bag more loyalty points).

After a relaxing chat about my latest novel's sky rocketing sales, I leave the mall, via a different door to the one I came in. My car has driven round and is waiting for me, fully charged up, and we motor on home to unpack those groceries and put them away – some things never change.

This guest article has been written for InternetRetailing by Matt Clarke, Chief Technology Officer at Amaze. Amaze is a full service digital marketing, technology and commerce consultancy, which delivers integrated solutions right across the digital spectrum, from strategy to solution design and global implementation and ongoing optimisation.
https://uk.linkedin.com/in/mbclarke
www.amaze.com
@amazeltd

Unlocking the future of commerce

Matt Clarke, **Chief Technology Officer, Amaze looks ahead to 2016 and the impact that connected commerce has on the business and the customer.**

THE AVERAGE lifespan of a company is now just 15 years according to the S&P Index. The main reason for this? Failure to embrace innovation. Kodak is a classic example here – although it is the company responsible for inventing the digital camera, its failure to embrace it ultimately led to its demise.

All too often boardrooms focus on margins and not the future and, difficult though it may be, there needs to be a shift in boardroom mentality to invest in innovation in order to survive. Quite simply – those who do not, will not survive. One only has to look at Blockbuster's fate at the hands of Netflix or Radioshack's end with the advent of Amazon to see that those who innovate and embrace change are the ones who succeed. Organisations such as Uber, Amazon, Tesla and Airbnb are all doing so well precisely because they disrupt normal conventions using technology and innovation as weapons to challenge said conventions.

Of course, there needs to be a balance between long term investment and short term financial challenges, but it is possible to satisfy both. DuPont's new strategy from 2010 has been that 30% of all revenue must come from innovations no more than four years old. Google spends 50% of its profit on innovation and Amazon invests the entirety of its profit on innovation.

What does all this have to do with connected commerce I hear you ask? According to Gartner, Internet of Things (IoT) product and service suppliers will generate incremental revenue exceeding $300m by 2020. ABI Research has found that last year there were 16 billion active connected devices – by 2020 this is projected to be 40.9 billion. That's an impressive 75% growth.

INNOVATION

But how will this technology actually be applied and what does it all mean for products and, ultimately, consumers?

Let me give you some examples. Imagine if your running shoes could track when they need to be replaced, using data collected each time you run and taking into account the distance you travel and the terrain you run in, and using this data to alert the shoe manufacturer's commerce system to automatically order you a new pair of trainers, according to your personal specifications, just when you need them? In essence, turning your running shoes into a subscription service.

In the same way, your car could automatically sense when, for example, your tyres need replacing and automatically book you an appointment to get them replaced. The applications in the home are huge too. Your online grocery shopping could become a thing of the past as your fridge could automatically order products for you as you run out of them. This could even be extended to things such as shampoo bottles, which could sense when they are nearly empty and then be automatically added to your grocery list.

Amazon is definitely a company to watch in this space. Its new Echo product is designed around your voice. It's hands-free and always on. With seven microphones and beam-forming technology, Echo can hear you from across the room. It also connects to Alexa, a cloud-based voice service, to provide information, answer questions, play music, read the news, check sports scores or the weather, and more.

The more you use Echo, the more it adapts to your speech patterns, vocabulary, and personal preferences. You can also use it to control connected devices with WeMo, Philips Hue, SmartThings, Insteon, Wink and more.

As the above examples show, the applications are infinite. In terms of B2C, key growth areas for connected commerce and IoT include home automation, home appliance, automotive, wearables, health, groceries and DIY.

It is not just the applications that are infinite, so too are the associated disruptions to business. Product design for example is going to be fundamental to connected commerce. It will also introduce another dimension to how consumers interact with the internet. Where will the traditional website fit into this new eco-system? At the moment a brand's website is at the forefront of its digital presence, the membrane between brand and consumer. While I'm not suggesting the traditional website is necessarily going anywhere any time soon, there will be a shift in its prominence.

However, content will remain king in the IoT and connected commerce world. Here it is all about utility and content can be hugely valuable in terms of helping consumers to effectively use their new connected eco-system. Content and commerce need to learn to co-exist here and while content can perhaps initially get in the way of conversations, the story needs to be told to build relationships and add value to the user experience.

> There needs to be a shift in boardroom mentality to invest in innovation in order to survive

RE-INVENTION

What these disruptions don't necessarily mean, however, is that brands need to abandon their existing investment and digital ecosystem. Products may be changing as well as the consumer experience and business model but that does not mean you need to re-invent your digital estate.

Indeed, your CMS is often the only cloud-based asset you own, it's the only single source of truth amongst all digital assets and content within your business. It's also a component of your ecosystem that can handle scale and load and the only platform that is capable of managing your brand experience. In addition, it's agile and is gathering intelligence – so why on earth would you start again? Instead, build on your existing investment.

The key here is the cloud. Not only is it a very efficient hosting environment, it is also possibly the only affordable way to actualise IoT. The challenge will lie in how businesses use the cloud to store instructions and manage data.

What brands need to really keep in mind though is that as we start to redesign products, they're only going to be powerful if they mean something to people. Consumers want things that are actually going to make life easy and so there has to be a real utility to these technologies. Contextualisation will be very important here.

Organisations cannot simply approach connected commerce and IoT as a box to tick or a gimmick. Just getting products to turn off remotely for example will not cut it – there needs to be real innovation and use.

This is why it is so hugely important for organisations to carve out that time to be innovative, to think through not only what they want to happen and where they ultimately want to go with new technology, but how they're going to get there.

Insight around the world

EMMA HERROD, EDITOR, INTERNETRETAILING

China's Singles' Day on 11 November was the "largest shopping day in history" as consumers spent 60% more than in 2014 on Alibaba's marketplaces. The company reported that £9.46bn ($14.3bn) was settled through Alipay as shoppers from around the world joined in with its '11.11 Global Shopping Festival'. Some £3.31bn (US$5bn) was spent online in the first 90 minutes alone. In the hours leading up to the official midnight start, almost 130 million users visited the Mobile Taobao app, exceeding the peak volume during the 2014 event.

Mobile was showing its dominance during the day as mobile transactions accounted for more than 68% of Alibaba's gross merchandise volume, as 95 million mobile purchases were made on the Tmall.com and Taobao marketplaces.

Alibaba's logistics partner and affiliate, Cainiao Logistics, received 467 million delivery orders during the 24-hour shopping period, more than 15 times the daily average of 30 million orders, and representing a 68% year-on-year increase.

"This day demonstrates the power of domestic China consumption, and the Chinese consumer's strong demand for international products," says Daniel Zhang, Chief Executive Officer, Alibaba Group.

It also indicates the progress of the company's AliExpress platform, which connects Chinese retailers with consumers across the world. According to SimilarWeb, AliExpress also provided strong results in the rest of the world, achieving one-day year-on-year Singles Day traffic rises of 11% in the UK, 58% in Russia, 34% in France, and 100% in Germany. Traffic was down 51% in the US though as Singles Day failed to grasp shoppers attention.

Moshe Alexenberg, SimilarWeb Head of Content, said: "Though much has been made of Alibaba's extraordinary domestic sales in the face of the slowing Chinese economy, the soaring traffic for the company in new markets is a major win.

Parcelhero believes that it won't be long until UK and US shoppers are as familiar with Singles Day as we now are with Black Friday and Cyber Monday. As the company's Head of Public Relations, David Jinks, comments: "Jack Ma said last year that he hopes Singles Day will be a global shopping day for the US, Europe and anywhere in the world within five years, and we think he is correct."

MARCUS TOBER, FOUNDER AND CTO, SEARCHMETRICS

As the dust settles on the holiday shopping period, US retailers are busy studying their performance and the wider trends from Christmas 2015.

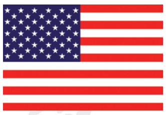
Overall sales rose 7.9%, according to data from MasterCard, with online purchases up 20%. While Adobe research indicates that online sales grew by over 10% to $73bn in the period up to 22 December. However, when and how consumers bought seems to be changing in three ways.

Firstly, shoppers are increasingly researching more of their purchases online, however they choose to buy. Some 62% of US consumers polled by Searchmetrics turned to Amazon to research Christmas gifts and 44% used Google searches. A growing number rely on social networks, with 27% looking at Facebook for ideas, and the same percentage using Pinterest. 16% said they'd look at Instagram and 12% mentioned Twitter. The battle to become the primary destination for consumers looking to research products before they buy is intensifying, with Google introducing new mobile features to Google Shopping that include showing product availability in nearby stores.

Secondly, it was very much a mobile Christmas. According to our research, 67% of consumers planned to research gifts on their smartphones, with 20% saying it would be the only device they used, making it essential for retailers to be visible in mobile search, for example. This is backed up by figures from Adobe, which reported that mobile devices accounted for around a quarter of sales and just under half (45%) of visits to retail websites between 1 November and 22 December. Adobe's Digital Index also found that 33% of online shoppers bought using their smartphones over Thanksgiving/Black Friday – totalling 22% of all sales.

This links to the third trend – shifting buying patterns. Sales in some physical stores were down on Black Friday itself, reducing overall spending by 10% according to retail analytics specialist, ShopperTrak. However MasterCard data points to online sales growing by 20% between Black Friday and Christmas Eve, showing a move away from Black Friday/Cyber Monday.

For Christmas 2016, retailers need to ensure they incorporate these three trends into their strategy.



JIM BURNS, SALES MANAGER, SHORR PACKAGING

Each year during the holiday season, sales skyrocket for ecommerce companies. The sector has seen tremendous growth, growing at an incredible rate of 14% in 2014, according to the US Census Bureau. In this same time period, traditional retail only saw a growth rate of 3.8%. With an increase in online shopping over the holiday season, this also means ecommerce businesses have to process more returns.

Amongst US shoppers, the majority will not purchase from retailers which have a complicated or inconvenient returns policy. On the other hand, 95% of customers will do repeat business if the returns process is easy or simplified.

One of the most important things ecommerce customers value is free returns. Two out of three shoppers would buy more from ecommerce stores if returns were free. Companies asking customers to pay for return shipping see their sales decrease on average from 74-100%, whereas those offering free returns typically see a 58-357% increase in sales over the succeeding two years. The costs of free and streamlined returns are not cheap, however many businesses see benefits to doing it.

The main reason that shoppers say that items are returned is because they don't meet their expectations. Other common reasons for returns include: the product did not fit properly; the wrong item was delivered; the product arrived damaged.

When trading in the US, retailers should have a clear and concise return policy that is easily accessible online, shows what the return window is, whether or not the consumer will receive a full refund or credit and who is responsible for the shipping costs. If you do these things and be proactive about preventing returns, you can eliminate as many returns as possible, which will not only keep your customers happy, but also help to improve the bottom line of your business.

EMMA HERROD, EDITOR, INTERNETRETAILING

The EU Digital Single Market came one step closer to fruition in December when agreement was reached on EU Data Protection Reforms. The European Commission put forward its EU Data Protection Reform in January 2012 to make Europe fit for the digital age and following final negotiations between the Commission, European Parliament and the Council, the final texts were formally adopted at the beginning of 2016. The new rules will become applicable in 2018.

The agreement will also mean that Data Protection Authorities will work more closely together in the future, especially through the one-stop shop mechanism to solve cross-border data protection cases.

The General Data Protection Regulation will enable people to better control their personal data, gaining easier access to how their data is processed, enabling them to transfer personal data between service providers, giving them a "right to be forgotten", and the right to know when data has been hacked.

At the same time, modernised and unified rules will allow businesses to make the most of the opportunities of the Digital Single Market by cutting red tape and benefiting from reinforced consumer trust. The main points are:

- One continent, one law: The regulation will establish one single set of rules which will make it simpler and cheaper for companies to do business in the EU.
- One-stop-shop: businesses will only have to deal with one single supervisory authority. This is estimated to save €2.3 billion per year.
- European rules on European soil– companies based outside of Europe will have to apply the same rules when offering services in the EU.
- Risk-based approach: the rules will avoid a burdensome one-size-fits-all obligation and rather tailor them to the respective risks.
- Rules fit for innovation: the regulation will guarantee that data protection safeguards are built into products and services from the earliest stage of development (Data protection by design). Privacy-friendly techniques such as pseudonomysation will be encouraged, to reap the benefits of big data innovation while protecting privacy.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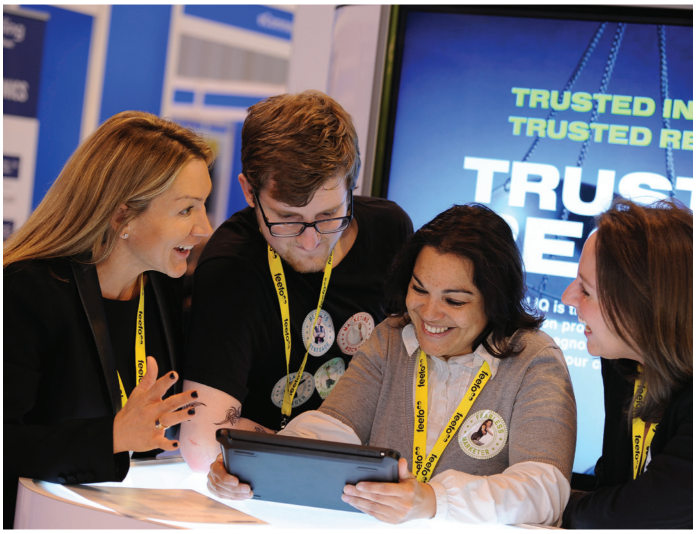

A peek at the upcoming InternetRetailing Expo

The InternetRetailing Expo (IRX) returns on 27 and 28 April for a sixth year at Birmingham's NEC. The UK's largest dedicated multichannel event attracted over 6,000 visitors last year and this year will be even bigger with more content and showcasing best in breed technology.

Internet Retailing Expo 27-28 April 2016 Sponsored by: SAP Anywhere

FOUR FREE-TO-ATTEND conferences will run on each day of the two-day event with connected stores, international and cross-border, customer insight & experience and multichannel fulfilment being the topics focused on during the first day. The latter topic being run as part of the linked eDelivery Expo (EDX). On the second day, the focus of the conference sessions shifts to encompass mobile in multichannel, digital sales & marketing and digital merchandising. EDX will swap to the topic of operations in multichannel.

As customers have increasingly been researching and shopping across channels so retailers have been bringing digital into the high street, enabling new services and enhancing the customer experience. IPad-wielding store staff are now becoming the norm as retailers get to grips with clientelling and Wi-fi in store. Virtual changing rooms, beacons and augmented reality are all technologies being trialled in the industry but how are the most innovative retailers using these and other technologies to create inspirational and mind blowing shopping experiences? How are retailers using beacon technology and digital signage to inspire and inform; rewards and push notifications to impact sales; and mobility and POS solutions to improve customer service?

> "I tend to find IRX is all a bit more open, in terms of the information that some of the speakers convey"
>
> *Neil Sansom, Chief Executive, Wool Overs*

The 'Connected Store of the Future' conference track is designed to illuminate the most ground-breaking technologies and strategies that are driving the digital store, so retailers can get smarter about the way to help shoppers feel connected in multiple retail spaces and online places. Leading retailers, including Kash Ghedia, Head of Technology, Dixons Carphone and Bridget Lea, General Manager Stores, O2 (Telefonica UK), will share how they are successfully delivering a seamless online to physical store shopping experience, boosting sales and enhancing customer experience.

Another retailer on a journey to omnichannel success through innovating in store is B&Q. Its B&Q Spaces service links consultation with store-based kitchen and bathroom design consultants with online design and visualization. The company's Omni Channel Director, Michael Durbridge, will present at IRX on how retailers can put the customer at the centre of their digital transformation.

As retail comes out of another mobile Christmas it's ever more evident that mobile pervades everything and is continuously on the rise. Retail is now at a stage where ecommerce is 'mobile-first'. The focus is moving from the "newness" of the mobile device to understand the impact on staff, stores and services when the customer is holding a "remote control for retail" in their hand. Schuh, Tesco and Sainsbury's are just three of the retailers that will present on how they are spinning mobile into gold for customers in every location.

Ecommerce is not constricted by borders and understanding the strategies, pitfalls and rewards of international growth and market entry can be the difference between success and failure. With options ranging from cross-border, localisation and the proliferation of online marketplaces the challenges are great. Retailers across Europe believe that the market share of marketplaces will continue to grow, reaching around 40% of the global online retail market in 2020, according to a study by the Ecommerce Foundation. Marc Vincente, COO, Rakuten will share insight into what traditional retailers can learn from global marketplaces about customer buying preferences and product demand. However, as David Williams, Director of Online, EMEA, Deckers points out "one size doesn't fit all". He'll explain more in his presentation entitled 'Adopting Local to go Global'.

Getin Schraa, Global Lead – eCommerce, Philips and James Peach, Head of SEO, House of Fraser will also be sharing their thoughts and insight with delegates. For those wanting a view of the operational side of Black Friday from a market leader, John Munnelly, Head of Operations – Magna Park Campus, John Lewis Partnership will share a Black Friday Post-Mortem in the EDX theatre on day two (28 April).

IRX gives visitors the opportunity to get hands on with new technologies

"I think what's great about this event is the way that so many like minded people are brought together and the way that you're able to access so many great new ideas and opportunities to improve the customer experience"

Mark Steel, Digital Operations Director, Argos

IRX is not just a world-class speaker line up; expert clinics, workshops, pavilions and 300 exhibitors round out the event giving in depth analysis, expertise and insight into all areas of ecommerce and omnichannel retailing systems. Four special theatres will showcase vendors in the areas of marketplaces, digital payments, digital stores and innovation while 30 minute pre-bookable clinics will enable visitors to speak to expert solution providers on a one-on-one basis.

From Agility Multichannel to Zendesk, via Fact-Finder and Royal Mail the suppliers are all there. As Ali Holmes, Head of Global eCommerce Development & Analytics at Vodafone, commented at last year's IRX "I never claim to understand or know all the different companies that are out there, but it's fascinating to go to the workshops, to go to the keynote talks and see how people are talking to things and how many of the exhibitors are then brought to life in terms of making a real difference to the customer experience."

For more details of IRX and EDX 2016, and to register for the free event, visit internetretailingexpo.com. We look forward to seeing you there.

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