



INNOVATION: IS FAILURE THE NEW SUCCESS?

Kyle McGinn, Head of Digital Labs at Marks & Spencer,
on connecting innovation with customers

INSIDE OUR 'CUSTOMER' EDITION:

- RETAIL REVIEW: HOUSE OF FRASER P21
- BECOMING IRRESISTIBLE P38
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Editor's comment



LAST MONTH, the retail elite were toasted at the highly anticipated Internet Retailing Awards as the who's who of the e-retail industry gathered at One Mayfair to celebrate the outstanding achievements by the leading, most admired and emulated retailers over the past year.

After a difficult week, with a fire at its warehouse, global online fashion retailer, Asos, continued to grab the attention of the public and its competitors by being awarded the coveted 'Best Retailer Award' as well as 'The International Award'. By remaining entrepreneurial in its approach and set to turn an impressive £1bn this year as well as a rapid expansion into international markets, Asos remains an unrivalled and envied force.

Argos, reaffirmed its status as a benchmark retailer by scooping two awards, receiving 'The Omni Channel Award' as well as 'The IRIS Award'.

Taking home 'The Innovation Award', supermarket giant Tesco, was recognised for its ability to innovate across so many areas at once. Launching its own tablet, a free click and collect and delivery service as well as growing its base for online shopping, Tesco is fully embracing the potential and is constantly securing its place at the forefront of multichannel retail.

One award though was chosen by you, the readers of Internet Retailing from all of our shortlisted retailers. This well-deserved Internet Retailing Award was won by Waitrose.

But it wasn't just the big names that caught the attention of the judges. Smaller, innovative, dynamic brands such as MissGuided, Graze, Lego, Etsy and Cult Pens were also recognised for their impact on the sector.

Cult Pens, the winner of the

'Customer Award', epitomises the connection that niche retailers can retain with their customers. This award recognises the connection between the customer's delight and their wallet and thus the commercial benefit of the retailer's customer-centricity, which in Cult Pens' case is highlighted by the fact that 97% of the nearly 17,000 reviews on its site are 5-star.

Speaking about such customer service ahead of the awards, Simon and Amanda Walker, owners and founders of Cult Pens commented: "It can sometimes be hard work dealing with customers who are so obsessed or so knowledgeable or so downright fussy, but being able to talk to these customers is what sets us apart from the much bigger generalist retailers. We'll never find it easy to compete on price or IT spend with the big boys, so we try not to lose sight of why our customers love us."

Building up such an enviable connection with, and love from, customers is something that increasingly matters in this customer-centric era of retailing. But it's not just customer service that matters but the full proposition from brand positioning, product curation, pricing and operations. Retail revolves around the customer so in this issue of Internet Retailing we look further at what customers think of retail and how engagement, interfaces, staffing skills, service and experience is changing the UK retail proposition.

After analysing thousands of brands across 40 countries during a 5-year study, research consultancy TNS, has uncovered the recipe behind brand irresistibility. Brands in the top four per cent were German car manufacturer Audi, US technology firm Bose and Johnnie Walker, the Diageo owned Scottish whisky brand. As Will Goodhand, UK Director at TNS

comments, "all of these brands are built on a profound understanding of consumer needs and have scrutinised and applied the drivers of their own irresistibility. These traits have been deliberately and determinedly engineered over time, to make the brand an instinctive choice.

It is clear, therefore, that becoming irresistible to your consumers does not happen by accident nor overnight. It needs careful planning and management over time.

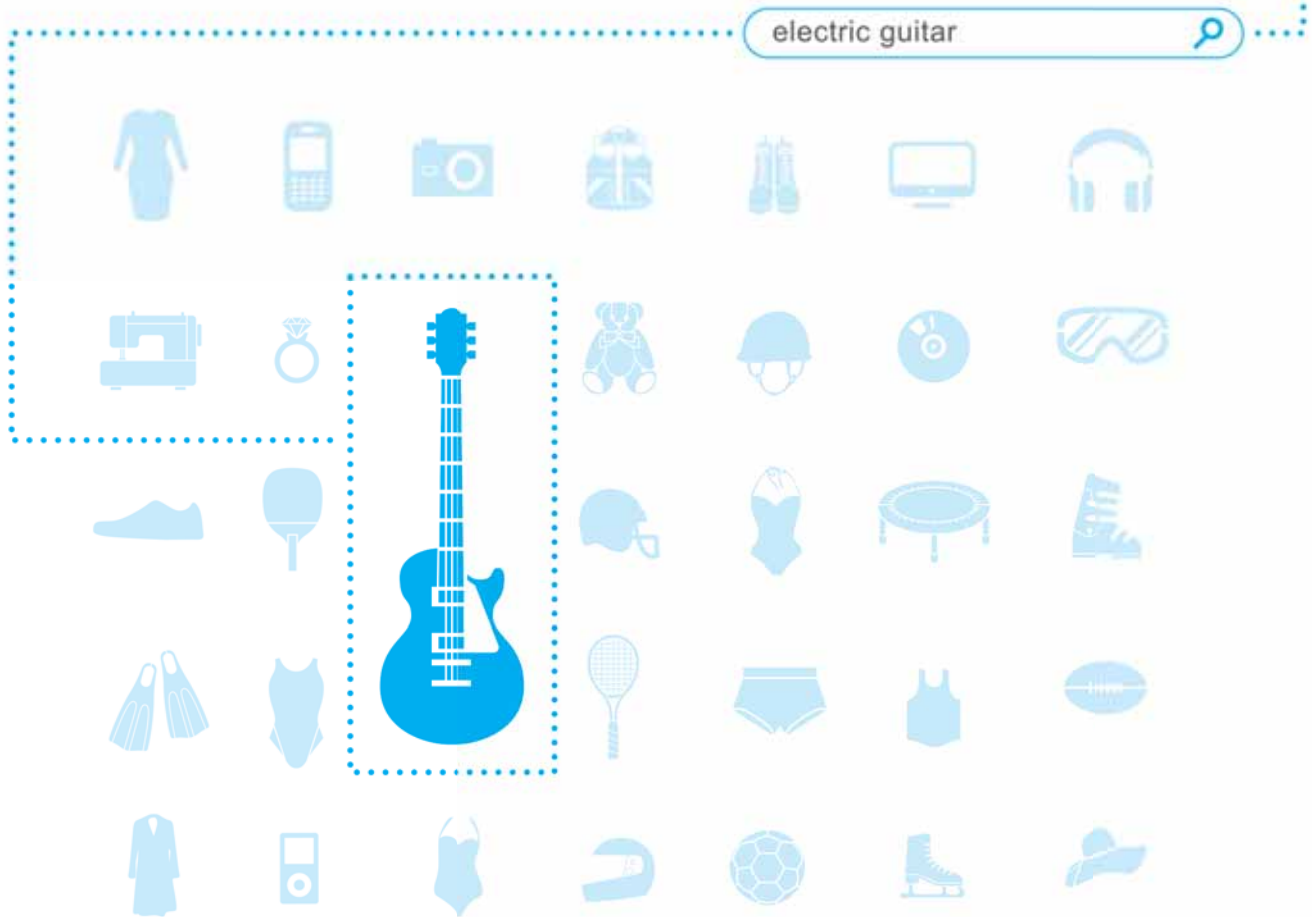
As well as buying into the brand dream, shoppers are also buying products and the merchandising of product is no more important than in the world of fashion. When it comes to rich media to enhance customer connectivity catwalk videos and magazine-style editorial are just the start. Today's shoppers want expert advice, interactive imagery, and peer group support – and they're likely to look for it well beyond the retail website. Journalist and regular contributor to Internet Retailing, Penelope Ody investigates further in her article on 'Who's telling your customers what to buy?'

Glenn Shoosmith of BookingBug looks beyond product to customer loyalty and how services are creating value for retailer and customers alike, while Paul Skeldon investigates the importance of location and timing to customer experience and why mobile moments are not to be missed.

Talking of things not to be missed, there's lots happening at Internet Retailing in the next few months so keep an eye on our events page on internetretailing.net, the learning opportunities, webinars, Jumpstarts and October's Internet Retailing Conference and maybe we'll be toasting you at the 2015 Awards.

Emma Herrod
Editor

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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.

FIRE BRINGS DOWN ASOS

Asos was forced to cease trading on its website for just over 2 days in June following a fire at its Barnsley warehouse. The fire, which broke out at 9.50pm on Friday 20 June, destroyed an estimated fifth of the stock.

Orders were suspended over the weekend while the clean-up process took place. Customers were able to place orders on the fashion website again after 2am on Sunday 22 June.

In a message displayed on its website, the company, headed by Chief Executive Nick Robertson said it had pressed pause on the website, and asked customers to "hold onto your orders, we will be back with you soon."

The Asos share price briefly fell sharply from an opening price of 2755p to 2691p when the London stock market opened on Monday morning but soon recovered to 2747p.

Asos estimates that about 20% of the stock in the warehouse has been damaged by the fire or sprinkler systems but no damage was caused to its technology, automation or

the structure of the building. As of 31 May, Asos held stock worth £159m, at cost price. Some 70% of its stock is kept in at the Barnsley site. "We are fully insured for loss of stock and business interruption," Asos said in a statement.

South Yorkshire Police are treating the fire, in which no-one was hurt, as arson.

Asos' £68m capital investment budget for this year includes work to expand its warehousing. Already the company has added 25% extra floor space to the Barnsley site, previously 1.1m sq ft, which is scheduled to be fitted out in early 2015. The move is designed to increase storage capacity at the site to support sales of £1.5bn. Together with a Eurohub in Berlin, a warehouse in Ohio and one in Shanghai, the company is working to support a sales target of £2.5bn a year.

Norbert Dentressangle won a three-year contract worth £100m to manage the warehouse in 2013. At the time it said 1,200 people worked in the warehouse.

DELIVERY CHANGES

Parcel delivery service local letterbox is to open at least 500 parcelpods across the UK this year in locations from supermarkets and gyms to railway stations and universities. While developing a theme already established by a range of locker bank companies, local letterbox will add changing rooms, which shoppers can use to try on purchases before returning them straightaway if necessary. Trained staff will be on hand to advise on collections, returns and deliveries.

Meanwhile, the Duddle parcel collection service will roll out nationwide while CollectPlus plans to challenge the Post Office through significant expansion during 2014. Duddle will roll out to 300 new shops at National Rail stations over the next three years, creating more than 3,000 jobs. The first five include London Waterloo, London Cannon Street and Brighton.

CollectPlus, the UK's largest store-based parcel delivery and returns service, is set to grow by 33% over the next twelve months from 5,500 to 7,500 stores. It has a longer term aspiration of achieving 12,000 stores and becoming a more convenient option to the Post Office both in terms of opening hours and locations. The expansion follows 25% growth in 2013.

Royal Mail is trialling Sunday deliveries and collections as it adapts its services to the needs of online shoppers. The postal service is to open around 100 delivery offices, those that handle the highest volumes of parcels, on Sunday afternoons in the summer, while also trialling Sunday deliveries within the M25. Parcelforce Worldwide, its express parcels business, also launched Sunday deliveries nationwide in June for online shoppers who order from retailers taking part in a pilot service. The service will become available to contract customers across the UK.

Hermes, the first network to offer Sunday delivery, has opened a new £14m parcel distribution hub that will support growing demand for next-day deliveries and the company's plans for international expansion.

SALES DOWN AS M&S.COM 'SETTLES IN'

Marks & Spencer has reported falling online sales as the new M&S.com site "settled in". In the first quarter of its financial year, ecommerce sales fell by 8.1%, while group sales rose by 2.3% and UK sales rose by 2% and like-for-like sales, which strip out the effect of store openings and closures, by 0.3%.

Like-for-like food sales were up by 1.7% (total sales +4.2%), while clothing sales were down by 0.6% on a like-for-like basis (total sales +0.1%), and general merchandise down by 1.5% (-0.8%). International sales, meanwhile, rose by 4.7%.

The company said that general merchandise sales were hit both by the settling in of the new .com site, while reductions in promotions, both online and in stores, had also affected sales. Nonetheless, it suggested profits would not be hit, saying that its full-year guidance was unchanged.

It also reported that the new web platform was technically resilient, and customers had commented positively on its fashion and style content. Updates will now be made regularly, and M&S reported a "gradual improvement in sales performance, despite a lower level of promotional activity."

Analysts, however, said the settling in of the website was running out of steam as an excuse. Joshua Raymond of City Index, said: "It remains to be seen whether the website impact is becoming a fundamental concern on sales or whether this is really just teething issues with its roll out, which the firm maintains will last approximately six months (having been rolled out in February).

"The fact that online sales fell 8.1% during the teething issues remains a concern. A £150m investment has been made into this brand new website and whilst one would expect some minor issues, you have to question the firm's online due diligence for there to be such an impact on sales. This part requires careful watching over the coming quarters."

HOUSE OF FRASER JOINS TESCO MARKETPLACE

House of Fraser has signed up to sell on Tesco's marketplace, becoming one of more than 50 third-party partners who now sell through the Tesco Direct website.

Tesco customers will be able to earn Clubcard points on House of Fraser's homeware products as the department store lists more than 2,000 products from House of Fraser brands including Linea and Pied a Terre, while they'll also be able to take delivery of the goods through Tesco's wide-ranging network of click and collect points as well as home delivery.

Andy Harding, Executive Director, Multichannel, for House of Fraser, said: "This partnership is an exciting opportunity to share a truly inspirational shopping experience with even more customers. We bring over 160 years of department store retail experience, so there is huge potential to create a great working relationship between our businesses."

Other Tesco partners include Mamas & Papas, Early Learning Centre and Maplin.

SALE FOR M AND M DIRECT

Just weeks after M and M Direct announced it planned to float on the stock market, the company has said it will be bought instead by Danish fashion retailer Bestseller for up to £140m.

The deal looks set to take M and M Direct to a still wider geographical market than it already sells in.

The Leominster-based pureplay, which sells branded clothing and footwear at a discount to more than 1.3m active customers, already sells internationally. Dedicated local market websites cover the UK, Germany, France, Austria, Holland and Poland, while it delivers to more than 20 countries worldwide. It turned over £118.9m in the year to February 2014.

Meanwhile, Bestseller sells affordable fashion in markets including Europe, the Middle East, Canada, India and has more than 3,000 chain stores in 38 markets around the world.

The acquisition, agreed by M and M's parent company private equity firm TA Associates, is expected to close within eight weeks.

ICELAND DELIVERY GOES NATIONWIDE

Iceland says it will take its online shopping service national by the end of its current financial year. The service, trialled last May, had been extended to 280 stores by the end of March.

Orders made online are picked from local stores and delivered using Iceland's existing home delivery network. Delivery is free, subject to a £35 minimum order value.

In November 2013, Iceland also launched Iceland Appliances in partnership with AO.com.

In the year to 28 March, total sales rose by 2.7% to £2.7bn, while like-for-like sales stayed flat. Meanwhile earnings before interest, tax and depreciation came in at £202.2m, down from £226.3m at the same time last year.

The fall in profits, said the company, reflected its investment in prices and in both its online delivery service and in overseas expansion.

In the year to March 2014, the company opened a net 43 new stores, to end the year with 833. It has a further 11 international stores, in markets including Ireland and the Czech Republic, while it also started exporting to South Africa and the Middle East during the year. In the current year it expects to open 40 more UK stores.

Iceland chairman and chief executive Malcolm Walker CBE said: "This has been a year of major investment for Iceland both at home and overseas. In the UK we accelerated our expansion programme with the opening of 46 new stores and also rolled out our online shopping offer to 280 stores. Overseas we began to serve important new export markets in South Africa and the Middle East, acquired the formerly franchised Iceland stores in the Republic of Ireland and opened two additional stores in the Czech Republic."

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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.

ONE IN FIVE ARGOS SALES NOW VIA MOBILE

One in five Argos sales are now made via mobile devices, parent company the Home Retail Group has reported.

Mobile commerce grew by 56% during the year to represent 21% of total Argos sales. Internet sales, meanwhile, accounted for 42% of Argos sales over the period. But, strikingly, online growth was more modest, growing in line with the 4.8% rise in total sales to £868m over the 13 weeks to 31 May, while like-for-like sales growth grew by 4.9%.

John Walden, Chief Executive of Home Retail Group, said like-for-like sales rises at both Argos and sister company Homebase (£445m, +5.5% total sales, +7.9% like-for-like) represented a "good start to the year."

He said: "This growth was aided by a strong performance in seasonal products in both businesses, due to better weather overall versus the comparable period last year.

"In addition to this strong performance in seasonal products, Argos delivered further sales growth in electrical products while Homebase achieved growth in sales of big ticket products."

The market for one mobile device, the tablet, may be reaching

maturity, at least for the moment. A "market-driven decline in tablets," said the results, had been offset by growth in sales in video gaming and in TVs.

Argos has since announced that it is extending its Click & Collect partnership with eBay, whereby goods sold by around 50 eBay merchants were available for delivery to 150 Argos stores for the end customer to pick up.

The trial was successful and "incredibly popular with customers," and is now set to be extended to around 650 Argos stores, with items from more eBay sellers available for collection. eBay predicts that by the end of this year, some 65,000 eBay sellers will offer items for collection at Argos, rising to around 80,000 in 2015.

David Robinson, Chief Operating Officer at Argos, said: "I'm delighted the operational trial in a number of Argos stores around the UK has been successful. The next stage in the agreement is to have more sellers, more stores and more volume to assess how we can scale this partnership for the benefit of consumers, Argos and eBay. Fulfilment is the next retail battleground and Argos' unique model is well placed to leverage this."

CLARKS LAUNCHES VOUCHER PROGRAMME

Shoe retailer Clarks has gone live with a new voucher programme – initially on paper, but moving shortly to SMS – that is aimed at both consumers as a marketing tool and at staff as part of the company's incentive scheme.

Clarks have implemented the voucher scheme using Eagle Eye's AIR platform to enable vouchers to be redeemed at all existing points of sale across its UK stores. The new digital initiative will be targeted to other businesses to allow them to distribute vouchers to their staff as part of an employee incentive scheme.

During the first phase of the project, Clarks will be working with issuance partner, Maxim part of the Park Group, to distribute the vouchers via paper. Eagle Eye will supply unique codes for each voucher to ensure redemptions can be tracked and verified, reducing the risk of fraud. The vouchers are easily redeemed with the unique codes being tapped straight into the point-of-sale terminal for immediate verification.

The second phase will move to a completely digital solution with vouchers being issued via digital channels – including email, SMS, and mobile. Implementing a full digital programme will enable Clarks to push the vouchers through multiple channels and consequently reduce operational costs by omitting the need to print.

The unique codes enable easy tracking of each voucher from issuance through to redemption allowing the marketing team to completely understand customer shopping behaviour and use these insights to personalise marketing campaigns, ensuring a rapid ROI.

THOMAS PINK INTERACTS AT HEATHROW

British luxury shirt maker Thomas Pink is bringing the latest interactive in-store technology to its new Terminal 2 store in Heathrow Airport. The tech will allow customers to have access to a range of online services while in the store.

Working with Red Ant, the company has built a multi-platform software solution based on HTML5 to run on a Microsoft Surface interactive table, which maximises touch components and delivers an enhanced customer experience.

Store visitors using the table will have access to 'Personally Pink', a made-to-order shirt service, which allows customers to design their own shirt, with the choice of a wide range of fabrics, fits, collar and cuff styles and finished off with personal touches including monogramming and collar bone engraving.

It will also let customers in the store access Pink TV, a channel dedicated to showing all the latest brand videos, a global guide lookbook, map, store and weather information, Flipbook brand brochures and Thomas Pink's Facebook and Twitter feeds, as well as QR code integration and promotion of their latest campaigns.

Thomas Pink's Head of E-Commerce Chaten Ueroi says: "Thomas Pink has always taken pride in our commitment to first-class service – we have a long history of delivering the best quality products with meticulous attention to the needs of our customers. Working with Red Ant to install the latest interactive technology in our new T2 store has allowed us to continue this tradition, with a clear focus on the customer as well as the future of our in-store operations."

Is failure the new success story?

There's been a flurry of announcements from retailers and brands this year about investments in start-ups, accelerators and UX labs. *Emma Herrod* investigates what's driving innovation in the industry and how retailers are connecting this with customers.

THE PACE of change within the retail industry is accelerating as large corporates endeavour to put the customer at the heart of their business by involving them in every part of the digital design process. As ecommerce has grown, so too has the test and learn way of working. This enables every aspect of the customer experience to be measured and tweaked using methods such as multivariate testing or eye tracking.

The industry rule is that every change on a website has to be proven relevant to the customer before it goes live. As Kyle McGinn, Head of Digital Labs at Marks & Spencer, comments: "Why wouldn't you run a test if it's possible?"

The M&S Digital Lab team, which McGinn heads, can work through issues in different areas of the business – online, mobile, in-store or tablet – and test technologies that aren't on the digital roadmap, either to prove that they're worth inclusion or that they should be discarded. The personalised clothes styling guide from Dressipi is one such technology that has moved from being validated and bolted onto the site to being woven into it. The M&S Style Board is another success story for the Digital Lab, as is the Cook with M&S mobile app which was tested through messaging from the company's Facebook page.

"We're always looking for dials we can turn up," says McGinn.

But testing doesn't always produce the expected result, and while it provides the numbers that show whether or not something works, it doesn't explain why. Sometimes understanding why something succeeds or fails is just as important, and it's better for it to fail fast so a project or team can move on. When M&S investigated clothing shape and fit guides for customers, McGinn's team looked at almost 25 different technologies.

These ranged from avatars which gave a true representation of the customers' figures (which some did not like) to techniques that compared their current wardrobe to new clothes and the Dressipi-style personal profile and advice. "It always has to be relevant to the customer base," explains McGinn.

RELEVANT TO CUSTOMERS

Being relevant to the customer is at the heart of innovation at Shop Direct, which has ambitions to become a "world class digital retailer" as it moves away from its catalogue beginnings, according to its Group E-Commerce Director, Jonathan Wall. Every decision is made with the customer in mind, and that extends to every change on the firm's websites. "We draw on a comprehensive UX research toolkit to assess the ways our customers shop our websites, from card sorting and usability testing to surveys and ethnography," says Wall.

"As a pureplay retailer, what we were lacking until recently was the ability to observe and interact regularly with our customers face-to-face," he says. Therefore, the company decided to develop its own UX research facility at its headquarters. The UX lab comprises two rooms: the customer room – a relaxing space where customers can carry out tasks set by Shop Direct's usability researchers – and the viewing room, which includes one-

“Innovation provides a competitive advantage and if you don't do it, you'll die”





way glass through to the customer room.

Every idea or change goes through the UX lab first, explains Wall, before being tested on a number of visitors to one or other of its six ecommerce sites. "It's all about improving the customer journey. Live tests give us the numbers and UX explains why customers are reacting as they are."

He adds: "We have 900,000 users every day to the sites so we can find out quickly if something will succeed or fail." Sometimes the results can be proved in 1 or 2 days.

In fact, the first test paid for the UX lab with a 1% increase in conversions. If a customer didn't select a garment size or colour, a message appeared in red when checking out, reminding them to do so. However, eye tracking showed that customers weren't seeing the message "so we saw a high exit rate," says Wall.

The UX lab is running 35 – 40 tests per month and plans to ramp that up to 160. As the scale of testing increases, Wall expects the number of failures to rise as well since "we'll be testing more stuff we couldn't have tested in the past". The ratio of failures, neutral tests and successes is currently evenly split at a third each, he explains.

NAVIGATING ONE TEST AT A TIME

One aspect of the marksandspencer.com site that has been worked on recently is the customer journey for buying men's shirts. Most men know their neck size, what type of collar they want and the sleeve length, explains Kyle McGinn, Head of the company's Digital Labs, but going through the navigation to choose those has not been as straight forward as it could have been. Over a period of one and a half months, a new path was developed which differentiated the category from others and made shirt buying simpler. User experience tests were then run by siphoning off some traffic from the site to the new navigation.

EXTERNAL STIMULUS

As well as acting as a space to test existing features, the UX lab also acts as a hub for collaboration and innovation on future web technologies. Shop Direct recently formed commercial partnerships with two Israeli start-ups – Cimagine Media and yRuler - after successfully trialling their ecommerce technologies with customers in-house. "Israel is undoubtedly the world's hotbed for emerging ecommerce technology," says Wall.

Retailers are increasingly looking to the start-up community for stimuli, believes McGinn. M&S is helping the start-up community by interacting directly, coaching and mentoring, and through its strong relationship with incubators such as Seedcamp. In turn, they are helping M&S ►

improve the way it does business with their relevancy and swifter pace of change, provoking ideas and ways of thinking and working in people who may have been with the retailer for 15 years. “The nature of the channels means we can innovate,” says McGinn. “We’re all watching new players.”

Paul Coby, IT Director at John Lewis, is also trying to find the “uncut diamonds” amongst the plethora of cold-calling start-ups and technology providers all claiming to have a great product. As part of its 150th year celebrations – during which it is looking back over the core values upon which the company was founded – the retailer has launched its first technology incubator, JLAB. This has been created in partnership with entrepreneur Stuart Marks, and aims to identify and develop technology innovations that will shape the



shopping experience of the future. It’s a way of “dealing with all that noise in a structured way,” explains Coby; it’s also “about doing the right thing and helping the business at the same time”.

From the hundreds of applicants, 30 were chosen to pitch to the JLAB team and 5 were selected for the 12-week incubation programme, which started on 9 June. During that time, the 5 finalists – Localz, Musaic, SpaceDesigned, Tap2Connect and Viewsy – will have access to desk space at JLAB in Canary Wharf, the full team of John Lewis and external mentors, and each receive £12,500 in funding.

The winning company will receive up to £100,000 in further investment and the chance to trial their solution in store. If it’s a success, their solution may be implemented across the John Lewis estate.

Marks comments: “I believe a fundamental part of JLAB’s success will be down to the quality of mentoring that the companies receive, both from this external team and the John Lewis mentors. Being able to assemble this hugely talented and diverse group of entrepreneurs is what will make JLAB unique.”

It’s early days yet, explains Coby, but all of the technologies were chosen on the basis of being able to add value for customers. Where necessary, they will be tested with customers, since technology is just the servant of a customer-focused omnichannel business such as John Lewis. Regardless of whether JLAB runs again in its current format or is replaced by something based on it, he says John Lewis will “continue to ►



JLAB: THE FINALISTS

As part of its 150 year celebrations, John Lewis has launched its first technology incubator ‘JLAB’ in partnership with technology entrepreneur Stuart Marks. The purpose of JLAB is to identify and develop technology innovations that will provide the retailer with future strategic advantage with customers’ needs – whether by helping customers shop, simplifying their lives, knowing each other, or other technology - at the core of each idea.

Andy Street, Managing Director of John Lewis, said: “The Partnership’s founder, John Spedan Lewis, was a radical entrepreneur and so adopting a novel approach to business and retail innovation is not new to us, it’s a fundamental part of our DNA.

“Our 150 year anniversary not only gives us the chance to reflect on our history, but to look forward at how we shape the next 150 years. We have been ahead of the game in omnichannel retailing and through our JLAB incubator we will nurture the next generation of technology start-ups while helping ensure we remain on the cutting-edge of retail change.”

The five finalists chosen for the 12-week incubation period, which commenced on 9 June are:

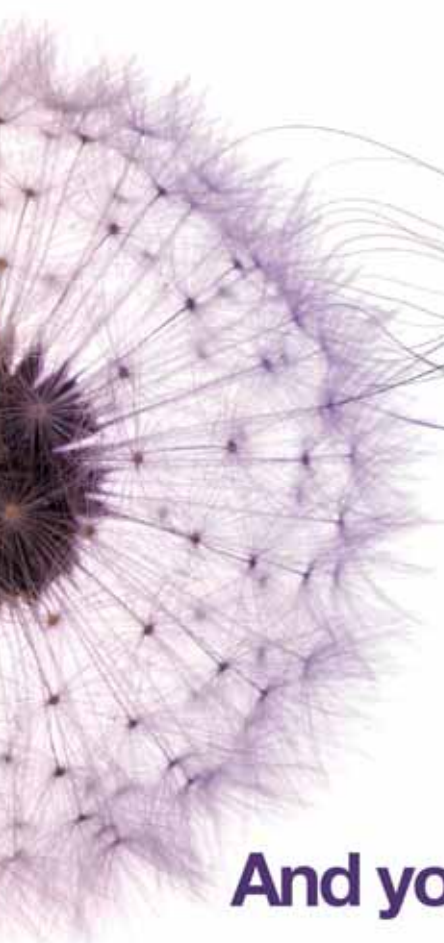
Localz - An in-store digital engagement system which uses proximity and iBeacon technology. Currently, retailers don’t know when their best online shoppers arrive at a real life store. Localz is designed to let retailers know they have arrived as they walk through the door.

Musaic - A wireless sound system designed to integrate fully with today’s smart home. Founders Matthew Bramble, Simon Grabowski and Carolyn Van Dongen have created a wireless Hi-Fi system that can stream music from any platform to multiple rooms in a house.

SpaceDesigned - An online app which allows consumers to accurately create and view virtual 3D versions of rooms in their house. They can then add potential new furniture purchases and see how they might fit in.

Tap2Connect - An after-sales service that uses smart labels to increase customer engagement. Smart labels enable consumers and retailers to track a product’s lifecycle and make on-going service or repairs easier to handle.

Viewsy - An in-store digital engagement system designed to help retailers better understand their customers. In-store sensors track customers’ behaviour as they move through the store, allowing retailers to better understand them and make better decisions.



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AMAZON'S \$6.5B R&D ONSLAUGHT

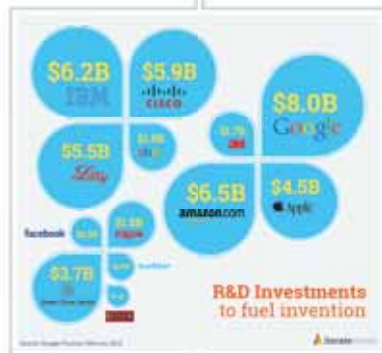
Retailers take note: Amazon's spending \$6.5B per year inventing ways to lure your current and future customers away from you. And it's working!
How are you going to withstand that onslaught?



AMAZON invests more in testing and R&D than the revenues of many iconic Retailers



AMAZON tests, tests, fails and tests again: like other Tech Titans



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INNOVATING LIKE AMAZON

Amazon continues to show an incredible commitment to innovation. Last year, the company spent \$6.5bn on R&D; more than the \$4.5bn spent by Apple, but less than Google's \$8bn. Large organisations such as Walmart have responded with the rumoured \$300m purchase of Kosmix in 2011 which became Walmart Labs, its tech accelerator and r&d centre. With a focus is on being one of the top technology companies in the Silicon Valley and the world, Walmart Labs endeavours to "bridge the gap between what's next and what's best".

In the past year alone, it has hired 1,000 employees in Silicon Valley.

"Meanwhile, hidden in plain sight is the world's largest Innovation Lab on the planet, the startup community, and they're also working on these themes, but with the passion to win you can only find in an entrepreneur," says John Grech, Co-Founder of Iterate Studio.

"Making it even more compelling, is that it's funded by other people's money - \$10 billion worth of Venture Capital last year alone. There are over 10,000 ecommerce startups with 2,000 new ones emerging every year. The challenge is the optionality, geographic disparity, and varying stages (safety) of these companies."

scan the horizon" but won't get carried away with having technology for technology's sake. "It's all about what's going to make a difference to the business and customers."

WORKING TOGETHER

Rather than collaborating with the start-ups themselves and running through proof of concept and whether it works for their own retail organisation, 40 retailers and brands have joined US-based Iterate Studio. Together, they have access to Iterate Studios' global knowledge of ecommerce technology start-ups, its experience of test and learning, and help in taking relevant solutions through to proof of concept and testing live with customers.

"We find, curate and then prove something works or doesn't and then remove ourselves since we don't get involved in the deal," says John Grech, Co-Founder of Iterate Studio. "It's about getting to the proof of concept quickly without retailers having to use their own resources in terms of people's time," he explains. "We launch the experiments for them."

The company is always seeking new technologies, the best solutions for ecommerce problems and the most disruptive start-ups, which results in them working with 3 - 5 per cent of start-up companies.

As technology has become easier to build and deploy and more and more software is being deployed in the cloud, the number of solutions and companies calling on retailers for their attention and business has mushroomed. For each issue there are around 100 companies that can solve it, so the pace of innovation is far faster than that of deployment and a lot changes in terms

In the same time it takes to write an RFP we could prove a concept, test it live or try to find and buy the right solution

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NOT JUST RETAILERS

In March, Unilever announced the launch of The Unilever Foundry, a platform that will provide a single entry-point for innovative start-ups seeking to partner with Unilever. The Unilever Foundry will enable the company's global brands to experiment with and pilot new technologies more efficiently, effectively and speedily. It will also provide start-ups and entrepreneurs the opportunity to develop and work on global projects, access mentoring from marketing professionals, and tap into a new source of funding through Unilever Ventures.

Keith Weed, Unilever Chief Marketing and Communications Officer, explains: "We strive to be at the forefront of marketing and media innovation; to have our brands engage in the most creative, efficient and effective ways with the people we serve. Although we have been working with start-ups for years, we now want to scale up our efforts and, ultimately, embed this as a way of working throughout our organisation."

In May, MasterCard launched MasterCard Start Path, a commerce-focused accelerator for early stage European startups. Through Start Path, MasterCard will help accelerate startups toward long-term success by offering customised support, operational mentorship and the potential to secure pilots with key global players, including Asos and Capital One, amongst others.

of technology in 6 months. Says Grech: "Who knew that we would need to work on ibeacons a year ago?"

Innovation is nothing new, says Dr Jonathan Reynolds of the Oxford Institute of Retail Management at Saïd Business School, University of Oxford. Retail has always been about change. "Any retailer that was growing was doing this anyway but privately," he adds.

In retail, innovation is generally more incremental and done in a way that is hard for competitors to copy, since retailers need to keep ahead as markets change. "Consumers get bored," says Reynolds, so they are pushing for innovation and other retailers are innovating and experimenting. "If you don't do it, someone else will," he warns. "Innovation provides competitive advantage."

"The companies that are betting on innovation – such as Amazon – are moving forward faster," comments Grech.

It's part of the culture at Amazon which, for example, spent \$6.5bn on R&D last year. It's a larger budget than many retailers' turnover at

a time when few have any spare cash to spend on R&D. "As a result it is moving faster than its competitors," warns Grech.

"Retailers have now recognised the value of innovation and are talking about it to investors and consumers," says Reynolds. But innovation is as much about people and operations as it is about technology. Tesco has a track record of innovation, such as its £1 price zones and acquiring new businesses such as Giraffe. Retailers can also be quite open as innovators, launching private label ranges, working with customers to crowd source innovation as well as working with innovation labs or setting up their own.

By putting technology into the hands of customers, you find out what could happen were it to be rolled out, explains Reynolds, who recently chaired a cross-EU group researching the nature of innovation in retail.

While Reynolds and the expert group recommend raising awareness of innovation, reducing regulatory controls to enable it to thrive and increasing openness, he is also conscious that there's a limit to consumers' capacity to accept change, in the same way that there are only so many times that they can cope with a supermarket altering the location of the tinned peas, for example. "While consumers like innovation, they also like stability," he says "so we will reach a level of equilibrium."

While agreeing that retailers have to follow the iterative route that test and learn development provides, with its lesser disruption for customers, McGinn warns against solely adhering to the process where every small step is led by the customer. In the same way that start-ups can be nimble and disruptive, coming up with solutions to problems that others don't yet realise exist, so too retailers have to look at their business afresh and ask how they could do it differently... and better. 🇧🇪

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Peter Simmonds CEO, dotmailer

Why did you join the company?

I started my career at Unilever and spent my formative years as a marketing accountant where I was tasked with measuring marketing ROI, so even though I was very much a numbers guy I still managed from early on to gain an in-depth understanding of the integral role marketing can play in a company's overall business strategy. So making the move to a company actually operating in the marketing space seemed like a naturally good fit. This is why when the opportunity to invest in dotmailer came along eight years ago I jumped at the chance.

At that time the company employed just over 12 people and was turning over under one million pounds a year, so was still very much at that evolutionary and emergent phase of growth. I was essentially seduced by the ambitious and dynamic corporate culture, and the founders impressed me with their drive and wealth of ideas! The shared goal was clear: to make dotmailer the no.1 email marketing platform in the UK and I very much wanted to play a part in helping that vision become a reality!

The company has obviously changed massively during my tenure. Eight years ago we had one small office; we now have six with the most recent having opened in New York last year. Eight years ago we served mainly SMEs but we have since re-aligned the business to focus more on ecommerce and large enterprise entities. This shift in strategy has seen us increase our ecommerce client base by 67% in the past year alone!

What problem are you solving for ecommerce professionals? How do you know it's a real problem?

Ecommerce is an undeniably cluttered and competitive sector as consumers have much to choose

from, meaning that their behaviours and purchasing decisions can be wholly unpredictable. Online retailers therefore need a detailed and intricate understanding of their consumer data, and in turn need to use this insight to deliver meaningful customer engagement programmes. This is where dotmailer can help. After 15 years of working with online retailers we understand their challenges, their ambitions and the obstacles they face every day. Our toolkit isn't a standard platform which just enables you to send emails and measure click-throughs; in fact it's a fully-fledged marketing automation programme which places your customers' behaviour right at the centre of your email conversations.

We are now in our fifteenth year of trading and to celebrate this milestone we have invested significantly in the business and launched a new and improved platform. One of the key features of our streamlined solution is the Magento Connector which enables ecommerce organisations using the Magento platform to seamlessly synchronise their e-marketing data with customer orders, wish lists, transactional activity and browsing history. This innovation has led to us being awarded Gold Partner status by Magento, an accolade which we share with only three other organisations globally!

What do your customers say about you?

We run regular customer satisfaction surveys, because it's important for us to get valuable feedback that tells us not only what we're doing right but also what we're doing wrong. Armed with this knowledge we are able to consistently refine and hone our offering so we can continue to provide the sterling suite of solutions

for which we're renowned.

I have recently reviewed the latest round of the survey, and the word which came up time and time again when describing our platform was "easy". Sounds simple, but with a platform as intuitive and sophisticated as dotmailer you would expect it to be complex, but whilst the back-end is certainly feature-rich, we've worked hard to keep the user interface accessible, flexible and easy to use. It's great to learn that this is what our customers love about us.

What do you think are the current big issues for the sector? How can you help?

The two big issues facing online retailers are differentiation and customer engagement. Every ecommerce website now typically looks very similar and it will come down to building a powerful brand if online retailers are to remain competitive. But the power of the brand is not just about defining a strong brand personality, ethos and product, but also about the blend of marketing activity you use and how you deploy this to position your brand as unique.

In terms of engagement, given how much it costs to acquire a customer, it is critical online retailers build and maintain their relationships with existing customers, who are without a doubt becoming increasingly savvy and discerning. This is why we are so proud of our platform which delivers automated programmes of communication which will encourage customers to make that first purchase, keep them engaged so they carry on spending, and re-engage lost customers to bring them back into the buying cycle.

For further information about dotmailer's products and services please visit www.dotmailer.com

New wave of retail leaders required for the digital era

With the question of digital literacy at Board level currently under the spotlight, *Steve Baggi*, Co-Founder & Director, Green Park Interim & Executive Search, shares findings from its 'Refreshing the Board for the Digital Era' study.

ONE OF the most significant findings from 'Refreshing the Board for the Digital Era' is that existing Chairs and Non-Executive Directors are at risk of being seen as out of touch with the customers of today. Traditionally recognised as finance and governance specialists, the question of digital literacy at Board level is currently under the spotlight.

Executive search firm, Green Park interviewed more than 100 Chairs, NEDs, CEOs and C-suite leaders in retail to garner their insights into the impact of these shifting sands as well as their own strategies and action plans.

The objective was to explore the DNA of this new wave of leaders in order to understand better what skills are transferable, and what skills need to be created and nurtured, including the changing roles of the CEO, CMO and Multichannel Director.

According to the authors, the challenge for the CEO is to implement a more creative, innovative and digitally-savvy culture without losing sight of the commercial imperatives of retail trading. "The CEO of today is far less focused on 'business as usual' and is now regarded as the guardian of the transformation agenda", says the report.

CEOs who have earned their stripes in areas such as digital, marketing, supply chain and technology, are considered



more likely to have a rounded commercial perspective and are therefore better able to build businesses that are cohesive, with holistic views of trading and customer interaction than those for who have taken the more traditional route.

They will also have a better understanding of the risk implications of large capital investments, such as technology and are more likely to have their finger on the pulse of what their customer is saying and doing and how they're doing it.

COVERING THE BLIND SPOTS

However, as the report highlights, it is not all clear sailing. For some CEOs taking on the new, broader remit and setting the direction of transformation will mean embracing what they don't necessarily understand, hiring people to cover their blind spots, seeking external counsel, asking disruptive questions, setting clear goals and having the narrative skills to inspire the whole organisation to work towards the end destination.

'Refreshing the Board for the Digital Era' also looks at the changing role of the NED. Interviewees agreed that, like the Chair role, these individuals have to have a deep understanding of what is happening today and in particular, innovation in technology and the customer journey. Sainsbury's appointment of Google's Matthew Brittin to the Board is one good example as is that of Martha Lane Fox at M&S.

To date, it is the CMO who has tended to absorb a large part of the omnichannel brief. In contrast to many retail functions, which have evolved almost in isolation, the profound transformation within marketing is also changing the role of the CMO. Moving forward, key skills will include the ability to



blend the traditional 'art' of marketing with the new 'science' of digital and data.

According to one specialist multichannel retailer interviewed: "The Marketing role is morphing into that of Customer Director, but it's possible that might be too broad a function for just one; having tried in the past it has been one of the hardest roles to fill in retail."

In terms of the role of today's CMO, the report details how ensuring the customer is at the front and centre of an organisation's thinking is imperative. Furthermore, the partnership with the CTO is fundamental to perfect the forensic analysis and creative implementation of complex data and customer intelligence.


When it comes to multichannel roles, whilst they are acknowledged as being increasingly important to the strategic direction of the retail business, they are still the source of much confusion, expectation and disappointment in retail; who should it be, what should they look like and what should they own?

One finding highlighted how multichannel roles are becoming more senior, and some are even saying that this is the new route to Chief Executive, as the combined experience and skills gained in this role become increasingly important to the strategic direction of the retailer.

However, thus far, few businesses have Multichannel Directors who are truly operating across the channels and incorporating retail stores. Whilst there are a handful of Online Directors, and there are still Retail Directors, there are very few examples of individuals owning all sales channels.

Apparently, this has led to a plethora of job titles, confusing semantics and disjointed organisational structures that are counter-intuitive to the very 'single customer view' that has been lauded as the future of retail.

Here, the report recommends that Multichannel Directors must work very closely with, and hold significant matrix relationships within, the top team and across key functions, the CTO, the CMO and the CFO when it comes to the sales and profitability across all channels.

In summary, Green Park conclude that the retail sector needs to think differently about how to build its future leaders and that people in the right roles with the right skills will be key to the agility and innovation required in today's highly competitive retail environment. 

THE GREEN PARK ACTION PLAN

As a quick, one-stop check for Boards embarking on the omnichannel journey, we present a SIX-POINT Green Park Action Plan:



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Retail review

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

RETAIL STRATEGY 25/25 **JOE TARRAGANO, DIRECTOR,** **TRANSFORM**

There may have been a time when we questioned the relevance of a chain of department stores like House of Fraser in a market where Amazon and ASOS were the darlings of online retailing. But with its expertise in premium fashion, customers continue to enjoy the curated experience of this 165 year old retailer.

In its physical spaces House of Fraser exploits an understanding of the shopping habits of the modern customer, enriched with its loyalty card data, whilst also managing to marry retail theatre with digital innovation.

It's in the multichannel offer where House of Fraser has blazed a trail and invested in building ever later cut-offs that are firmly rooted in an understanding of satisfying its dual-screening evening shoppers. Its array of flexible delivery and collection options strongly signals its commitment to developing a retail strategy founded in a single view of stock, and an always-on supply chain that sees stores as both retail destinations and convenient pick-up points.

WEB EFFECTIVENESS 21/25 **ABI REYNOLDS, PRINCIPAL USER** **EXPERIENCE CONSULTANT, USER VISION**

The goal in retailing today is to create a joined up holistic experience for customers in every interaction they have with their brand. The redesigned House of Fraser website has managed to strike a balance between creating

an online experience that caters well for both the website and mobile user. While I would look again at the navigation in terms of accessibility and might make the homepage imagery a little less busy, the scaled down navigation and clear IA provides clear routes to the products. Crystal clear images from every possible angle, videos, true fit technology and social reviews made me actually purchase two products during this review. What will be interesting now is to observe how HoF will further develop their multichannel shopping experience to stay ahead of the curve.

MOBILE 17/25 **ROB THURNER, MANAGING PARTNER,** **BURN THE SKY**

House of Fraser's mobile site is not the most visually exciting retail site out there, but it's very intuitive for touch screen users - who are clearly the majority of today's mobile shoppers. Page load times are noticeably fast, even on 3G, which will surely to be rewarded with improved conversion rates.


I really rate the double tap feature to zoom images - particularly important when you're in-store with the other hand carrying shopping bags or holding a coffee - and it was good to see the call centre number displayed at all times making it easy for shoppers wanting product info or availability from a real person.

House of Fraser clearly puts the customer first. I suspect a serious commitment to understanding what shoppers want in focus groups, and significant user testing before the site was relaunched.

RETAIL LEADERBOARD	
John Lewis	83/100
M&S	80/100
House of Fraser	78/100
Burberry	78/100
Argos	75/100
IKEA	75/100
Oasis	66/100
Majestic Wines	56/100
J Crew	50/100
Morrisons	27/100



INTERNET RETAILING IN STORE 15/25 **REETA JUNANKAR, CONSULTING** **MANAGER, JAVELIN GROUP**

As one of the pioneers of in-store ordering, House of Fraser stores have a number of carefully placed PC terminals that enable customers to access its website. The terminals run the standard website where the customer can order from the full range of products, the majority for Click & Collect or for home delivery. The kiosks themselves are quite basic and are not as modern or user friendly in comparison to the touch screen versions preferred by other retailers - preferring to be functional rather than experiential. In 2011, HoF launched two small format, fully digitally enabled Buy & Collect concept stores in Aberdeen and Liverpool, (the latter of which has since closed). Following on, in October 2013, HoF devoted the 5th Floor in its Edinburgh store to the C&C concept which is reported to have generated 25% of the store's online sales in its first 2 weeks of pilot. HoF is also reported to be in discussion for 10 further C&C stores illustrating that the digitally-enabled store is still very much part of its strategy. 

How engaged are your social customers?

Marcus Law, Head of Marketing EMEA at SLI Systems, offers his expertise on where retailers should focus their attention in a social world.

The global number of e-commerce companies today is so enormous that few can put a definite number on it. With so many businesses vying for consumers' attention, how can you, as an e-commerce merchant, attract customers to your site and convince them to buy? One important strategy is to offer value in the form of compelling content.

Your online presence needs to be about more than just the products you sell. It should be a resource for your users. It should be engaging, offering the unique photos, videos, comments and posts that shoppers won't get anywhere else. This content is a powerful tool that you can use to boost your brand and elevate your sales. More than 40% of marketers report that inbound marketing, including content such as blogs and social media, demonstrate positive return on investment for their company.

GO SOCIAL, BE RELEVANT

Internet users in the UK spend an average of 35 hours per month online – much of it on activities like social media, reading blogs, watching videos and shopping. The UK is also the most social country in the world, with 52% of the population using social networking sites. They are your customers, so what is your company doing to reach them?

The most important consideration is to leverage your social media activity in a way that aligns with the way your customers use it. If you have more fans on Pinterest than Twitter, then cater to those users with high-quality photo content that's perfect for pinning. Update your feeds regularly, respond to customers' questions, and keep it

fresh. Show that your social pages offer reliable, valuable content and it will compel users to keep coming back for more.

Create original content for your various social media channels as well. Just because you're Tweeting doesn't mean you need to fit your whole message into 140 characters. Use teasers, links or images with taglines, which can lead to a landing page that features the full content.

In addition, you can integrate content from your social media networks into your main website. This is a great way to deliver more information to buyers and get them excited about purchasing your products.

SAY CHEESE

Text is great, but we all know what they say about words: A picture is worth a thousand of them! Be sure to use plenty of high-quality photos in your blog posts, emails and other sharable content. Photos make the content pop, and they make it more appealing for users to share. Whether they Pin it, Tweet it or post it on their Facebook Wall, social media users like to share good-looking photos.

According to research by Ipsos OTX, photos are the most popular form of content shared on social media. In a poll, 43% of users said they shared pictures on social media within the last month. If the pictures shared had been your product images, just think of how many potential customers you would have reached in a month!

STANDOUT SITE SEARCH

Implementing a content-rich site search is another great way to improve conversions on your

e-commerce site. Often visitors arrive on a site to shop, but they don't know exactly what they need. These users may turn to the search function for help. A standout site search can go above and beyond customers' expectations, building loyalty and driving sales.

One of the latest best practices for site search is the integration of social and non-product content into the site search, which client Kidrobot.com has incorporated into their site. This enables retailers to integrate the company's social media feeds into the site, allowing customers to see what is being said about the brand and or its products on Twitter, Facebook, Instagram and on blogs.

The potential impact that social media influence has on peer to peer social recommendation is the next step on from basic recommendations on a website and is expected to have great impact in helping people in their path to making a purchase.

GETTING IT RIGHT

Whether you start small or use a vendor to quickly scale, creative content is one of the most valuable tools you can use to communicate your brand, engage your customers and convince shoppers to buy. When retailers combine social activity, interesting articles and videos with a standout site search, the result is inevitably higher conversion rates and increased order values. With such a positive return on investment and impact on sales, the time to focus on creative content is now.

To read more on how social content can increase your sales visit www.sli-systems.co.uk or tweet us on @slisystems



Dial tone

No longer are we surprised when the web ‘works’: rather we’re shocked when it does not. *Ian Jindal* reflects upon the need for resilience in multichannel operations.

AT THE turn of the century I ran Online Operations for the BBC and had the pleasure of squaring the circle between exploding adoption and use of digital services, bringing projects out of “R”, through “D” and into live, where they would bump into the audience’s insatiable demand and ever-increasing expectations.

One challenge was to marry the brand values of the BBC and their professional mastery of the TV and radio media with the realities of new digital media (web, digital tv, interactive).

A cardinal sin at the BBC is dead air time: the something’s-gone-wrong either with the programme, links or play-out. There are stories that during the height of the Cold War a submarine commander, upon surfacing, would check for BBC Radio 4 as a determinant that life in Britain had continued. Maintaining that ‘dial tone’, the certain, reliable, consistent operation, took on the importance of safeguarding a way of life.

It is this ‘dial tone’ – the reassuring certainty that all is well – that now characterises multichannel operations. In the noughties we would attribute website errors to our connection dropping, our computer malfunctioning, or the sheer flakiness of early browsers coping with flash-laden pages.

Now, however, we are shocked when digital channels don’t work, and blame the owner for the error.

Establishing ‘dial tone’ for the web was critical for commerce. The repeated, consistent, reliable and resilient operation of presentation, payment, delivery... together these underpin our confidence in online transactions.

When we add in the store and physical dimensions, however, there are additional challenges.

The recent fire at Asos illustrates the progress made in the last decade. A fire at their new distribution centre on a Friday night caused them to cease taking orders on their website and destroyed £23m of stock at cost. Much commentary covered the fragility of a single centre, yet in parallel the fire brigade praised the orderly processes in place, and no-one was hurt.

The coverage may even have been beneficial as customers were reminded how much they like the brand!

Impressively, Asos was back trading within 72 hours. This compares favourably with the Buncefield fire in 2005 which took the embryonic Asos ‘off-air’ for 5 weeks over peak trading. With the business so much larger and more complex, this recovery is impressive and shows the increased resilience and capability in the business.

Multichannel retailers of course had cause to give thanks for their stores, which could remain trading at least rather than go wholly off-air in case of disaster. Another leading retailer has shown us the importance of dial-tone with their own changes.

Marks & Spencer recently released their new dot-com multichannel platform. This was the culmination of over 3 years’ work – new order management system, new warehouse for multichannel, new PIM, new web platform, upgraded POS, staff training and store refits – all delivered on time and on budget, without dropping service availability. That’s dial tone! The risks for M&S were higher since they were moving


off the proven Amazon platform and so had to re-invent everything, starting from the highest capabilities in the UK!

While we may quibble about the customer experience and the product range, the engineering and operational achievement is not to be underestimated.

Two leading retailers have illustrated that business continuity, service consistency and availability, operational management and resilience are all now requirements to sustain customer trust.

I speak regularly on UK multichannel – lit by the reflected glory of retailers who set these standards – and without exception it is the combination of retailing flair and ruthless, consistent executional capability that sets the UK apart in the minds of non-UK retailers. At Internet Retailing, we monitor how the skills required of multichannel professionals increase regularly – we need to know more, to a higher level and with greater synthesis year on year. To these skills we now have to add operational and service management since maintaining ‘dial tone’ is fundamental to maintaining consumer confidence and willingness to transact.

Finally my congratulations to Asos for winning the Best Retailer prize at the 2014 Internet Retailing Awards last month. The Judges recognised that Asos had established a robust and scalable business model that had changed industry expectations. We didn’t expect a fire to test that model, but we’re pleased that they recovered so well.

Dial tone is now a minimum competitive position for the best multichannel retailers. 

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B2B: going digital

It's clear the business-to-business sector is making more and more use of ecommerce techniques. What might this mean for both the B2B and B2C sectors? Special reports co-editor *Jonathan Wright* reports on the results of the latest research from Internet Retailing.

WHILE INTERNET Retailing's primary brief remains, as the name suggests, the B2C sector, we had a compelling reason to look in detail at B2B for our latest research report. Essentially, the B2B and B2C sectors have begun to blur in recent years.

To take one example, we've looked a lot at product information management, and the idea that a central repository of information feeds all parts of a retailer's operations. This leads to some questions that affect both B2B and B2C companies: where does that information come from? Can retailers work with suppliers to get the consistency of information that's essential within omnichannel retail?

From another angle, B&Q is a DIY retailer, yet it also has TradePoint, aimed at plumbers, electricians and so on, so there are elements of both B2B and B2C in what it does. Then there's the phenomenon of brands going direct to customers – whether to drive sales or for market research purposes – while also supplying retailers. Even tradespeople now use digital techniques such as online booking and mobile payments.

In order to try to make sense of this changing landscape, we conducted an online survey, as well as undertaking longer interviews with a variety of B2B companies put forward by our research partners Digital River, Episerver, Maginus and NetSuite.

So what did we learn? Before tackling this question, it's worth highlighting a commonplace perception of B2B businesses as being stuck in the past, preferring to churn out paper catalogues to engaging with customers in digital channels. It quickly became clear that's not the picture you get if you talk to those who work in the B2B sector. More than 90 per cent of respondents see B2B commerce via digital channels as a key way to grow the business, while close to 90 per cent of respondents work



for companies that already use a website to reach out to customers

This really shouldn't be surprising. Compared to the dial-up world of just 20 years ago, we move through a digitally driven world. This has changed the way even the most conservative sectors conduct business. It's a point underlined by Andy Skarzynski, Head of Retail Marketing and Ecommerce at agricultural supplies company Mole Valley Farmers, which has its roots in a buying co-operative serving farmers.

"Whilst there's the perception that us folks out in the sticks are maybe a bit behind the pace, actually if there is any audience who has more reason to be engaged with digital technology, then it's rurally isolated people, farmers," he says. "It brings all of the products you need, all of the services you need right into your home."

DOING BUSINESS ONLINE

But it's one thing to be aware of the need to get online, it's quite another to have a sophisticated transactional website. Around 40 ►

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per cent of respondents work for companies on a second transactional website, while a quarter are on a first transactional website. Just over 30 per cent have no transactional website, with around 16 per cent saying the businesses they work for have no plans for a transactional website.

At first glance – and bearing in mind that many companies soon become unhappy with a first transactional website – those figures don't seem to tally with the figures for using the web to reach out to customers. Why the apparent disconnect?

We can't offer a definitive answer here, but one reason may simply be that the responses reflect a market where different companies and business sectors are at very different points in their digital journeys. The responses to other questions would seem to back this up. When, for example, we asked about priorities for investment in digital technologies – suggesting areas such as establishing a web presence, integrating web with mobile and/or tablet and personalisation – it was noticeable we got a lot of answers scoring in the 40-55 per cent bracket rather than one answer dominating.

Moving on to the challenges facing companies, we asked about the main barriers to conducting B2B business via digital channels. Here, close to 70 per cent of respondents cited integration with existing technology as the main issue, by far the biggest score. But look beyond this, and such issues as inflexibility of web platforms, a lack of necessary skill within the company, and resistance from customers and suppliers were cited by around 30-40 per cent of respondents.

There was a similarly mixed picture when we asked about managing day-to-day working relationships with customers. Look beyond the 30 per cent or so of respondents who see getting online as the biggest challenge; and you find a number of issues – for example, improving response times to orders, guaranteeing availability of items in the catalogue, and communicating stock levels efficiently – that all score around 15 per cent.

Finally, we asked two questions on the theme of looking ahead. Are companies selling extended ranges on behalf of partners, which we'd argue is a marker of digital integration? Around 20 per cent are, but around 30 per cent wouldn't even consider it. When we asked about 'co-opetition', more than 55 per cent of respondents said they didn't think B2B companies were prepared for such a world.

“The lines between B2B and B2C are going to continue to blur, and B2B companies need to get set for this”


EXPLAINING THE DISCONNECT

As we've already noted, the research produced a very mixed picture. Nonetheless, combining the questionnaire replies with the interviews we conducted, we can offer some reasons to help explain the disconnect we talked about earlier. Firstly, while the B2B sector has yet to embrace digital commerce with the same enthusiasm as the B2C sector, there are good reasons for this. In particular, there have been big worries over making investments when the economy has been in trouble.

We would also highlight worries about how you present the nuances of B2B pricing where big customers, for example, will get bigger discounts, and these are legitimate. The last thing B2B companies want is a customer saying, 'Well, x gets 10 per cent off, why can't I?' In contrast to B2C companies that worry constantly about presenting consistent prices consistently, B2B companies worry about presenting necessarily inconsistent prices.

Thirdly, skills shortages seem to cut across different sectors and different kinds of businesses, and appear to reflect the fact that digital skills are in short supply. Rightly or wrongly, B2C is perceived as being more fun, even more glamorous, than some sectors of the B2B market. In addition, corporates will always pay a premium for good talent, and this all causes problems for B2B companies that may already be a little behind the curve.

Nonetheless, we see more reasons for optimism than pessimism. Principally, that's because as we've already noted, forward-looking B2B companies are already embracing digital commerce. This is to be welcomed because it's clear that B2B companies can't blame the other guy for a lack of digital engagement. By this we mean it's not enough to say, "We'd love to use digital technologies to speak with our customers, but they're not ready for that yet," because that's simply not true anymore.

Finally, and on a cautionary note, we would highlight the need to prepare for the future. The lines between B2B and B2C are going to continue to blur, and B2B companies need to get set for this. To understand why, think about the challenge posed by AmazonSupply, which aims "to offer Earth's largest selection of essential products for businesses, labs, workshops and factories. Here at Internet Retailing, this looks to us like the beginning of omnichannel B2B commerce practiced by a company that's drawing on its huge expertise in B2C. If that's not a wake-up call, we don't know what is. 



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Not just for Christmas

It's becoming increasingly important for retailers to understand how seasonal factors impact on business. *Jonathan Wright* introduces our inaugural Research Report on Seasonal Commerce.

MENTION SEASONAL commerce and even many who work in retail will immediately think of Christmas, when the rush to buy presents and treats for our nearest and dearest fills the coffers of so many businesses. Yet that's only ever been part of the story when it comes to what we might call the pulse of retail over the course of a year.

That's because, while Yuletide may be the biggest event in the calendar for many or even most retailers, it's by no means the only event. It's safe to assume those in the confectionary or flower businesses, for example, will plan for mother's day well ahead of the date. Then there's Halloween, once a comparatively low-key event in the UK, but now enthusiastically celebrated as, once a year, our streets throng with children in fancy dress carrying buckets in order to collect sweets.

There's an international, multicultural dimension here too. The Chinese New Year is an increasingly important event outside Asia, for example. As for those retailers attempting to make in-roads into the Chinese market, not easy for all kinds of reasons, it's clearly crucial to understand consumer behaviour around this celebration. Then there's the increasingly popular Chinese singles day when those without partners organise parties, partly in the hope of snagging partners.

There are further nuances for companies that trade internationally. To return to mother's day, it's celebrated, to take just a few examples, in October in Argentina, May in Australia, India and the USA, December in Panama, and the fourth Sunday of Lent in the UK. Even the day we open our Christmas presents varies. In most parts of Austria, Germany, Poland and Switzerland, for example, it's customary to exchange gifts on the evening of Christmas Eve, at a time when British men traditionally do last-minute shopping in a warmly reassuring fug of alcohol.

THE INTERNET FACTOR

The complexities that such events introduce into retail can't be seen in isolation from technological developments. Singles day, for

example, has grown in popularity alongside the adoption of digital technologies in China and, to make a calculated guess, will spread around the world as teenagers and twentysomethings see YouTube footage, and decide to hold their own singles day celebrations.

But there are more subtle changes here too. Take a sector such as fashion. In a pre-internet age, retailers launched spring, summer, autumn and winter collections, and held sales at recurring times, in a pattern that didn't change much down the years. Today, this seems quaint. A popular dress, perhaps one worn by a celebrity, may have a four-week window where it's hugely coveted, only to be replaced by another item. Moreover, this dress may suddenly become popular not just in one country, but around the world because everyone saw it online.

Faced with such a landscape, it's not surprising that the idea of a retail season lasting anywhere between three and six months is increasingly antiquated. Instead, we're seeing the emergence of four-week seasons that roll into each other through the year. Further complicating matters, in parallel with this development, the selling window for many items has extended. For all the increased volatility here, summer dresses and sunglasses do sell in January in the UK, whether that be to canny customers who want a bargain on a wardrobe 'investment piece' or those who are grabbing some summer sunshine. Plus there's again an international dimension here as UK retailers trading overseas sell stock via the web to countries where customers are sunning themselves rather than being lashed by rain and watching treasured Victorian infrastructure getting washed away.

CHALLENGING TIMES

Taking all these factors together, there are clearly challenges here for cross-channel retailers. These aren't just challenges for those who work in buying, merchandising and marketing either, seasonal factors impact on ►

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the whole business, meaning retailers have to think about:

- Managing the load on servers and IT infrastructure: when peaks in demand occur, retailers need, as far as possible, to be able to guarantee there won't be outages.
- Managing the supply chain: if an item needs photographing and will be on sale only for a small amount of time, how should this best be organised? Are a retailer's product information management systems really up to the task of processing product descriptions for different channels?
- Maintaining levels of service: how do retailers ensure favoured customers don't find service levels drop as customers making seasonal purchases increase sales volumes? On a practical level, is the payments infrastructure up to the job of increased sales or will customers get frustrated as they move towards checkout?
- Managing staff: are staff aware of the demands that seasonal peaks may impose? Taking a step back, does the retailer even have enough trained staff for peak times?
- Managing operations and logistics: does a retailer have plans/capacity for storing stock when needed? Will click-and-collect operations cope with peaks in demand? Conversely, what about the returns that inevitably follow peaks in demand?

In short, making the most of peaks in demand is a task that requires a mix of sales/merchandising/marketing flair and practical retail know-how around the day-to-day operations of the company across different channels. Moreover, companies can't pause to think about the problems here. Other retail challenges, notably the move to omnichannel, which will be the feature of the months and years ahead, won't somehow go away.

Still, let the glass be half full. For retailers grappling with issues around seasonal commerce, our research report will help. Working with trusted partners, the report will try to tease out what's best practice in this area. It will encompass such subjects as how retailers are already working to manage peaks in demand, how to choose partners that can help deal with seasonal variations in trade (and in doing so offer retailers a genuine ROI), and how the increased internationalisation of retail may further affect demand patterns.

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“Yuletide may be the biggest event in the calendar for many or even most retailers, it's by no means the only event”

METHODOLOGY

As ever with our research reports, we will build up a picture of what's happening through a mix of an online survey and, digging deeper, interviews with retailers, suppliers and consultants that have expertise in this area.

The research will cover two main areas. Firstly, we'll seek to get a clear 'here and now' picture of how the industry deals with seasonal peaks at the moment. What are these peaks? Are we seeing new patterns of consumer behaviour emerging? Which retailers have made the most progress in this area?

Secondly, we'll look in more detail at what the findings reveal. How well are retailers coping with shifts in consumer behaviour? Have retailers even mapped the new complexities around peaks and troughs in demand? What lies ahead? There will be a particular emphasis on the international dimension around managing seasonal demand.

A summary of the results will be published as a two-page article in a future issue of Internet Retailing and a standalone Research Report on Seasonal Commerce will be available to download from www.internetretailing.net website. The report launch will be followed with a dedicated briefing later in the year. If you want to contribute to the research report, please email jonathan@internetretailing.net. 



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Researching the customer experience

Internet Retailing's first customer journey research report looked at the steps within the customer journey and how retailers were tackling them to improve the service and experience both on site and in store. Research Editor *Liz Morrell* explains what will be covered in the second report.

IN 2014, in our second report, the focus on customer experience as an integral part of the customer journey remains more important than ever. Only now the goalposts have changed slightly. It's no longer simply about introducing new technologies to steal a lead but now also about how those technologies, processes and more importantly the different parts of the retailer's business themselves, work together to provide a unified experience – whether that is online, in store, on mobile or through a mix of channels – that actually delivers on the brand promise made by the retailer.

Once again our research will examine and assess the challenges and opportunities that high impact, sustainable multichannel customer experiences can have on profits and, more importantly will reveal the lessons the retailers we survey have learned to show how they can deliver the very best experiences for their customers to delight and, by turn, boost sales.

From how customers communicate between themselves, to the new ways that retailers can communicate with them, customer experience is more important than ever. Service and in particular the personal touch is absolutely key in today's winning retail environment. Retailers can no longer afford to sit back and let their customers serve themselves but instead do all that they can to help without overcomplicating the heart of the journey itself in the process.

It's here that our research sponsors come in. We are pleased to welcome SLI Systems, Sitecore and Solocal Group as sponsors of the report. At SLI it's all about further improving the retail experience by connecting shoppers with the products they are most likely to buy. The company's offers include site search, navigation, merchandising, mobile, product recommendations and user-generated SEO. It is this, claims Marcus Law, SLI Systems' Head of Marketing EMEA, that makes SLI the most chosen cloud-based site search provider to Internet Retailer Top 1,000 retailers.

In the same way that any good sales assistant works, the company's patented technology continuously learns from the actions of visitors to deliver the most relevant results possible, explains Law. The results of this are obvious. "This increases conversion rates, secures brand loyalty and results in higher order values," he says.

Indeed, it is this element of experience that is at the heart of SLI's offering. "We put the customer and their experience at the centre of all SLI Systems' technology," says Law.

This makes the Internet Retailing Customer Experience research report an integral part of SLI's plans. "We hope the Customer Experience research project will not only show the ROI our products have for retail clients, but also demonstrate how our solutions fit into the multichannel ecosystem and accelerate ecommerce," says Law. ►

Indeed the benefits will be evidenced by interviews with some of SLI Systems' largest customers who will be helping us in the research, revealing the opportunities and lessons that they have learnt from their own experiences to create high-impact, high-profit and sustainable multichannel customer experiences.

Our second sponsor Sitecore claims to be the global leader in customer experience management. The company helps brands deliver highly relevant content and personalised digital experiences that delight audiences, build loyalty and drive revenue with technology that helps retailers truly know their customers.

"With the Sitecore Experience Platform, marketers can own the experience of every customer that engages with their brand, across every channel," says Shawn Cabral, Vice President of Global Brand Marketing at Sitecore.

He points out that more than 3,500 of the world's leading brands – including American Express, Carnival Cruise Lines, easyJet, Heineken and L'Oréal – already use the services of Sitecore. "They trust Sitecore to help them deliver the meaningful interactions that win customers for life," he says.

He believes the opportunities for retailers, especially currently, are huge in terms of the different touchpoints and ways that retailers can interact with customers and prove themselves better than their competitors to improve the customer experience. "It's exciting to think where retailers will go next, as the pace of innovation is unrelenting in the quest to offer a more engaging experience for consumers," he says.

Doing so helps to drive loyalty and lifelong custom and it's this challenge that all brands and retailers must live up to if they want to continue to thrive. "Customers are judging brands more and more on the experience they provide, and are much less tolerant of brands where the basics aren't in place, such as a poor mobile website experience, or where there are holes in the service delivery," says Cabral.

Our third sponsor, Solocal Group, is a market specialist in cost effective multichannel marketing, supporting businesses with the online to in-store customer journey by connecting customers with brands.

Its portfolio of solutions including Horyzon, Leadformance and Timendo solutions help over 700,000 clients engage with customers and drive online traffic in-store through


display advertising, store locator and real-time online booking services.

For Solocal Group being part of the Customer Experience report was a perfect fit according to Bruno Berthezene, Senior Manager Partnerships and Business Development at Solocal Group. "Solocal Group's partnership with Internet Retailing in the Customer Experience research project relies naturally on Solocal Group's conviction that the customer must be put at the centre of each business, be it a large brand or an independent business," says Berthezene.

He says that the multichannel customer experience in particular for the "Research Online Purchase Offline" consumer still needs to be optimized to move the customer experience from good to great. "Some 88% of purchases are in store rather than via ecommerce and 80% of the customers purchasing offline are researching online prior to their purchase," he says. "Therefore, it should be crucial for brands to make sure the customer journey from online research to offline purchase is optimized in a way that makes sure the consumer remains engaged with the brand and does not choose one of the brand's competitors during his or her journey.

"Multichannel is a great challenge and opportunity for brands and much needs to be done for many of them to provide a great customer experience taking into account the interactions between online and offline, pre-store research and in-store purchase," he says.

These are just some of the questions and topics that the Internet Retailing Customer Experience research report 2014 will aim to answer. Our research programme will once again comprise a survey of retailers and readers as well as further in-depth interviews and case studies on those that deliver this promise well – showcasing best practice lessons in this area. Do keep an eye out for the survey when it hits your inbox later this year as well as for details of our Live event where you will be able to meet our sponsors and hear exclusive presentations covering the results of the research.

In the meantime, if you have questions you want answers to, suggestions for the research to cover or you just want to get involved to showcase what you as a retailer are doing in terms of delivering a great customer experience, then please email the Research Editor on liz@internetretailing.net. 

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are judging
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The shortlist: Argos and John Lewis



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The Customer Award

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The shortlist: ASOS, John Lewis, Lovehoney and Ocado



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The InternetRetailing in Store Award

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The shortlist: B&Q, Burberry, House of Fraser and Thomson



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The shortlist: Mothercare, Puma, RS Components and Wiggle



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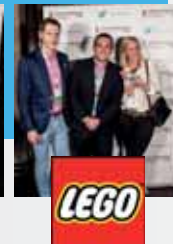
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Becoming irresistible

After analysing thousands of brands across 40 countries during a 5-year study, research consultancy TNS, has uncovered the recipe behind brand irresistibility. *Will Goodhand*, UK Director at TNS, explains why Johnnie Walker is the number one whisky and why others never succeed.

REGARDLESS OF the type of online business you manage, you will know that having a strong brand is essential. It is your strong brand that helps you win share from your competition, it helps drive increased traffic to your site and gives a powerful competitive advantage in a crowded digital marketplace. You will also know that it provides significant economic advantage.

But could your brand be stronger? Could your brand be irresistible?

Since the 1970s, Sir Richard Branson's unwavering mission with the Virgin group has been to be the "most irresistible brand in the world".

Irresistible brands are the automatic, instinctive choice in a particular category. They evoke a powerful desire that makes choosing them inevitable and competing with them impossible. Crucially, they deliver consistent growth year after year after year.

In short, irresistible brands are a marketer's dream.

And, for your brand, irresistibility is most definitely, an achievable aspiration.

A recent study carried out by TNS has revealed the secret to what makes a brand irresistible. By carefully analysing over 2,000 brands in their NeedScope database (a widely used and powerful brand planning framework) they have identified the 8 key drivers of irresistibility that, when fully met, will drive powerful growth for your brand, leaving the competition far behind.

For each brand analysed, TNS assigned an IQ score, an Irresistibility Quotient, based on a whole host of criteria linked to brand appeal.

The brand IQ was scored on a scale of 1 to 100. Brands that achieved an IQ of between 50 and 70 were considered to have "great

potential for irresistibility" and those with an IQ of up to 80 were described as having a "huge significant advantage".

The study found that just 4% of brands analysed achieved a score of 80. (To date, no brand has achieved the perfect 100). Unsurprisingly perhaps, brands in the top 4% were German car manufacturer Audi, US technology firm Bose and Johnnie Walker, the Diageo owned Scottish whisky brand.

All of these brands are built on a profound understanding of consumer needs and have scrutinised and applied the drivers of their own irresistibility. These traits have been deliberately and determinedly engineered over time, to make the brand an instinctive choice.

It is clear, therefore, that becoming irresistible to your consumers does not happen by accident nor overnight. It needs careful planning and management over time.

A brand doesn't need to be big or have access to mountains of financial investment to become a world leader or irresistible to consumers. It simply needs to apply the brand framework of irresistibility.

“Becoming irresistible to your consumers does not happen by accident nor overnight”

THE KEY DRIVERS

According to the experts at TNS, there are 8 key drivers that need to be measured, managed and maintained consistently in order to achieve irresistibility. Many brands analysed as part of the study scored highly on some of the drivers but unless the score was consistently high across all 8, irresistibility would remain beyond reach.

The first two drivers, Know-how and Momentum are hygiene factors. Without these your brand won't even get past the first rung on the ladder to irresistibility.

Know-how. Is your brand a credible expert? Your brand must have the proof that it knows exactly what it is doing in its category. Bang & Olufsen's credibility comes from its product excellence, Nike from its sports celebrity endorsement.

Momentum. Is your brand constantly evolving? Irresistible brands need to constantly evolve to keep consumers engaged and interested. Coca-Cola has kept momentum for over a century and recently Samsung has started to really create momentum in its category built up by recent investment in innovation.

The next three drivers, Differentiation, Emotion and Symbolism combine to create the real magic of irresistible brands.

Differentiation. Does your brand have the



courage to stand for something? Irresistible brands need a point of difference that really matters to consumers and one that's leveraged through every aspect of the brand. Take the example of Dove and how its Real Beauty campaign instantly differentiated the brand from the competition.

Emotion. Does your brand know what its emotive meaning is? Emotion gives irresistible brands inner meaning in the eyes of consumers. It gives the brand the unique spirit that is so hard to compete with. This is typical of iconic brands such as McDonalds, Nike, Singapore Airlines and BMW.

Symbolism. Does your brand use compelling emotive language? Symbolic meaning is present in everything from your digital presence, retail environment, product design and packaging to tone of voice, music, logos and service delivery. Every brand sends messages through its symbolism but irresistible brands manage symbolism to its full effect.

The final three drivers, Nexus, Alignment and Unity bring cohesion to every aspect of an irresistible brand.

Nexus. Does your functional offer evoke exactly the emotion you want in your brand? Brands have a high nexus when they build strong connections from the emotive through to the functional. Consumers visiting the Red Bull website immediately see that the bold, adventurous brand promise ladders

through all layers of the brand. The social identity is young and cool, the product has many active ingredients and promises to vitalise body and mind by giving you wings.

Alignment. Does every one of your touch points express the same feeling? The great challenge for a brand is to align look, message and emotion across all touch points. Brands that can do so can increase their irresistibility. Look at Audi whose strongly unwavering brand promise touches every aspect of the brand.

Unity. Is your brand recognisable across different products and categories? Irresistible brands can successfully embrace master brands, sub-brands and variants, retaining an inherent family brand feel. Johnnie Walker excels in Unity, maintaining an impressive brand architecture


across price points

What is evident is that every single touch-point in your customer's journey needs to be monitored, managed within the framework and adapted over time to ensure the brand is delivering its promise across the 8 key drivers, every time.

Your digital presence must not be viewed as a separate function but as an integral element in the wider marketing ecosystem, working in harmony with the other elements to create a cohesive whole.

And everything you do, every action you take online needs to reflect the bigger brand promise. There needs to be absolute consistency across every single aspect of the experience in order to build a truly irresistible brand from the conversations you have across your social media channels, to the individual delivering the groceries, to the landing page on your site, to the experience in-store, to the search functions, paid for ads and online communities.

Sweat the small stuff, the devil is in the detail. Every little action your brand takes matters and has an impact. Be obsessive, invest heavily in proper brand planning frameworks and brand management tools to truly understand your brand's positioning, the emotional drivers and where the opportunities lie. Base your decisions on real research, never lose sight of the promise and never second guess.

Your customers will be delighted, your CEO even more so. 

Who's telling your customers what to buy?

When it comes to rich media to enhance customer connectivity catwalk videos and magazine-style editorial are just the start. Today's shoppers want expert advice, interactive imagery, and peer group support – and they're likely to look for it well beyond the retail website. *Penelope Ody* investigates.

AS ANYONE of a certain age – or lacking teenage daughters – will have discovered if they watched a Channel 4 news item last month, customer connection doesn't get much more intent than from the fans of YouTubers such as Tanya Burr, Pixiwoo or Lily Pebbles.

With their millions of followers and multimillion page views these self-appointed fashion and make-up gurus are being paid thousands of pounds by major consumer brands to feature products on their regular YouTube videos. Perceived as “cool”, “expert” and “independent,” the digital generation would rather take the advice of such gurus than refer to a corporate website or store assistant, and many multichannel retailers will already be realising that you ignore such phenomena at your peril.

Companies such as Channel Flip and Gleam Futures act as agents for many of these new generation celebrities, liaising with retailers and brands to place products where it counts most. As Russell Goldsmith, Digital Director and Co-founder of HowTo.tv says: “These guys have so much influence it is unbelievable and they drive more click-throughs than any other type of web promotion.” Persuade the likes of Pixiwoo to say she loves your product and sales will probably soar.



The days when brand loyalty could be achieved by issuing points for prizes are long gone. Today's multichannel customers not only expect instant recognition at whichever touchpoint they choose to shop, but they also want advice and information that is perceived as expert and preferably independent, if they are to form a long-term connection with a particular retailer. For a generation more attuned to visual imagery than written text, video is also far more powerful than those neatly typed reviews and recommendations the more elderly of us have become accustomed to reading.

"I can easily think of eight different edits for any piece of video a brand might want to produce," says Goldsmith, "and that is just the start." The list includes six second clips for Vine, up to 15 seconds for Instagram, maybe two or three minutes for YouTube, something longer for the retail website, alternatives to send to bloggers...and so it goes on. "A food retailer might create a commercial recipe video for their own site," he adds, "but they'll need to maximise the content: send it out to foodie bloggers or women's interest sites and that version needs to be less overtly promotional, then there are the social channels where the attention span is shorter." As with the teenage gurus, each of these channels will have their own loyal followers who may connect more closely with the retail brand if they perceive that their favourite "expert" is a supporter.

TWO-WAY CONNECTION

Connection is also a two-way process: not only are retailers reaching out to consumers, but the shoppers want a piece of the action as well. Enter Olapic which is already working with more than 100 brands in the US and has just launched in Europe. "We believe that there is a visual revolution underway," says Chief Operations Officer and Co-founder Jose de Cabo. "Everyone today has a camera in their pocket and Instagram makes us all amazing photographers. Visual is a huge trend and brands need to create visual impact."

Max Childs, Marketing Director at Amplience agrees: "Retailers have been more focused on driving product," he says, "but we're starting to see greater use of interactive video from brands which focus more on lifestyle – such as Charlotte Olympia, Tom Ford or Sweaty Betty."

As Jose de Cabo points out, more than a billion pictures, both still images or video, are



shared every day across the web and Olapic aims to make the best and most relevant of these – generally of people wearing a retailer's garments and clearly looking cool or having a great time – available to retailers and

consumer brands to enhance their marketing collateral. The vast majority of consumers are also more than happy to see their photographs used in this way. “Consumers want to be part of the brand,” adds de Cabo. “When we started we thought that if 5% - 10% of people said ‘yes’ we would be able to access plenty of material, but we find that 70% - 80% of the people we approach readily agree to the image being used.”

In the US, store staff are also taking photographs of customers wearing an item to send to Olapic and this can then be posted to all channels to give consistent imagery. Typically conversion rates can be increased by on average 5% by showing real people wearing particular merchandise. “If a brand can connect with its customers then they become greater advocates of that brand,” says de Cabo, “and showing real people in the merchandise is a powerful tool to encourage purchase.”

In the UK, Asos is one of the first to adopt the Olapic system which it is using to help organise the images it collects as part of its #AsSeenOnMe campaign. This already encourages customers to share photos on social media of themselves wearing the retailer’s fashion ranges.

RECOMMENDATION

While images and video can enhance customer engagement, expert advice can also aid connection. “Recommendation has been with us for quite some time,” says Max Childs, “but it has to be authoritative and independent – or something from an acknowledged ‘expert’.” Wine experts extolling the virtues of their choices, for example, are a major feature of the new WaitroseCellar site with short clips of wine buyers promoting different wines and suggesting the foods they could accompany. In the fashion sector, systems such as Virtusize and Dressipi are also helping to increase conversion rates.

“Only around 15% of women are really confident about their fashion choices,” says Sarah McVittie, who – with Donna Kelly – started Dressipi at the end of 2011. With

this system women can create a “fashion fingerprint” giving details of their shape, colouring, lifestyle etc and then the system comes up with recommendations of garments that will flatter their figure or complement existing items in their wardrobe. “People want to know that their purchase will be good,” says McVittie, “and this system helps provide the necessary confidence that they are making the right choice.”

Dressipi has built up a file of some 288 body shapes while every garment on the retail sites it works with – including Marks & Spencer and Littlewoods – is tagged by the company’s team of stylists with up to 50 data points, so that the various shapes can be matched to relevant pieces. Currently, more than one million fashion fingerprints have been created by women using the system; these generally start with a customer on a retail fashion site clicking through to the Dressipi tool, which is co-branded with the retailer. “Retailers licence our system,” says McVittie, “and they see it as an added service for customers but it also has a quantifiable benefit.” Typically when shoppers apply the Dressipi tool to their fashion choices there is a 30% increase in average order value and a 25% reduction in return rates. “We’re also starting to see women printing off the recommendations and taking them into stores,” adds McVittie, “as they are seen as good independent advice which can be trusted.”

On many retail websites video is still focused on showing product detail, but many consumers want more than that: they want confirmation that the product is right for them with expert, independent opinion to – as Sarah McVittie argues – “boost their confidence”. That advice might be available via a retail website but increasingly will come from a complex network of sources including bloggers, special interest sites and the growing plethora of YouTube channels with their myriad followers.

Enhancing customer connection today clearly involves a great deal more than emailed newsletters, clientelling or a loyalty card. 🌈

Typically conversion rates can be increased by on average 5% by showing real people wearing particular merchandise



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Maximising every space

Digital screens in stores are becoming a central part of the customer experience, marketing and store design strategy, rather than mere substitutes for posters, writes Barnaby Page, Editor of Screenmediamag.com.

IN-STORE SCREENS have come a long way in the decade-plus since they were dubbed “digital signage” and served as little more than replacements for printed posters, or – for a few courageous retailers – showed loops of supposedly mood-enhancing, but often pointless, video (mountain brooks for the outdoor store, celebrity chefs in the pasta aisle, that kind of thing).

The term “digital signage” may have stuck, but it is less apt by the year, for today’s retail digital displays are much, much more than fancy signs. Perhaps the biggest change in terms of their functionality has been the development of interactivity, both through touchscreens and through the multifarious ways they can connect with consumers’ mobile phones – SMS, Bluetooth, QR codes, wi-fi, and now social media and near field communication (NFC). It could persuasively be argued that very often, the on-screen content itself is no longer the object of the digital signage exercise: instead, it is the lure for the consumer to begin a one-to-one digital interaction, which is where the really valuable engagement takes place, and where it can continue long after they have left the screen’s vicinity.

At the same time, there have been equally far-reaching – if less immediately obvious – changes in the way that retail management perceive digital signage, and the ways that its practitioners devise screen installations for shops. For instance, in-store video has become more astutely comprehended as a medium in its own right, one that is not print, not the Web, and definitely not TV: perhaps the most visible example of this is the understanding that in many retail contexts the on-screen content must grab, inform and engage the consumer in a matter of seconds, far shorter even than a television commercial.

Retailers have also learned what to expect from their screens. They can certainly achieve a respectable ROI, but they will get this in sales uplift on promoted products or – less tangibly but in the long term more importantly – through closer customer

relationships, not from selling advertising as some early adopters hoped. Defining the route to ROI, and then designing essential elements of the screen deployment (such as the content, and the specific in-store screen locations) to achieve this, is the crucial decision. Simply filling a large number of shopper eyeballs with any old content because they are there to be filled, or rolling out a screen network because the other guy is, are well-established routes to failure.





INITIATE A CONNECTION

Retailers are also seeing in-store digital displays as part of a larger picture of shopper marketing and customer relationships. The way that screens are often employed to initiate a connection then carried on via mobile or online – for instance, by encouraging a shopper to text an SMS shortcode in order to receive an instant discount on the product adjacent to the screen – is a good example of this. The growing presence of tablets in stores is providing further means for interaction with the display.

It is becoming apparent, too, that media work to enhance one another: the combination of an in-store screen promotion, a TV campaign in customers' living rooms, outdoor posters as they walk through the retailer's car park, and mobile messaging (wherever they are) may be more effective than the sum total of the four approaches would be if they were taken individually.

Indeed, this holistic approach to digital screens as part of the overall marketing presentation and overall shopping experience goes further. For the most forward-thinking retailers, the public screen can be seen as an extension of the store itself, similar but different to the way that the online screen is an extension of the bricks-and-mortar store. With this philosophy, digital signage (or digital out-of-home, as it's increasingly commonly,

and better, called) has moved far beyond its old, niche in-store marketing role as a digital replacement for printed POS.

Certainly, in-store displays still usefully perform many of their relatively straightforward old functions: promoting special offers, generating sales uplift by advertising individual products, providing customer information, reducing perceived wait times by distracting queuers at the checkout, and so on. They also continue to have the advantage that, being networked, their content can be subject to a high level of centralised control by marketing or other departments, ensuring consistent messaging across a retailer's estate (while also leaving discretion over some content to local management where desired).

EXTENDING THE STORE

However, like ecommerce, screens can also create new kinds of presence for the retailer and new kinds of interactions, and like other digital investments they can be more cost-effective than ploughing money into stores and store sites.

For instance, screens can be used to extend the store's stock through interactive catalogues, creating the "endless aisle" which offers far more SKUs than the building ever could – a familiar concept from ecommerce, of course, but done in-store. ►



Or they can extend the retailer's brand to new physical locations where it would be impractical, too expensive, or just physically impossible to operate a conventional store. Interesting experiments have been conducted with virtual screen-based stores of this kind in public transport hubs, in both Europe and Asia; the broad idea is that commuters can order their shopping while waiting for their train, then collect it from a bricks-and-mortar store or dedicated pick-up point at their destination, or have it delivered to their home.

You may well observe at this point that this is no different to what any online grocer does, and you'd be nearly right; but the difference is that the public screens in high-footfall areas are pushing the retail brand toward the consumer in a much more visible way than can be achieved purely online. Again, the screen is not the *raison d'être* of the project: the goal is customer engagement, and the screen is a means of enabling that (or, if you prefer, the screen is effectively an advertisement for the possibility of engagement with the retail brand).

Screens can extend retailers' physical presence in other ways, too. Displays in windows – especially interactive ones – ensure that retail premises continue to work hard for the brand even out of opening hours, whether by handling actual transactions or whetting the consumer appetite for a visit tomorrow. Outside-facing screens, often large ones on the walls, can also be used to highlight the store's presence in crowded locations such as malls, or major shopping hubs like Times Square; the neon sign concept, but with all the benefits of full-motion video and potential interactivity.

At the other end of the scale, screens can provide the retailer with flexibility and agility when creating short-term outlets, for example at festivals. For visual merchandising in these environments, they can be less complex and costly to install than sophisticated store fittings, and again they bring all the promotional and interactive benefits that they deliver in permanent premises.

Where is all this leading? Further and further away from the screen as sign, that's for sure, and closer toward the integration of digital media with every aspect of store design and the shopper's visit. We'll know that digital displays for retail are truly fulfilling their potential when they stop being thought of as a distinct medium, and start being seen – as they already are by insightful retailers – as an integral part of the store and the customer relationship.

For now, however, it needs to be remembered that as public screens grow more common and cease to be any kind of novelty, user expectations of their functionality and relevance are growing, and so is the need to stand out from the digital crowd; doing it right is more important than ever. Forget signs, think about business goals and customer engagement, and you'll be a long way toward achieving that. 🌈



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Creating omnichannel bridges

Loyalty is moving on from discounts and points to services that create value for retailer and customer alike. *Glenn Shoosmith, CEO and founder of BookingBug* explains further.



THE ONLINE and offline worlds are finally reaching a new equilibrium. It's crystal clear now that online shopping hasn't come to eradicate our high streets, it has simply created an ultra efficient environment for when people want to save money and time. And that has exposed opportunities for offline retail to adapt and develop in ways that simply can't be achieved online.

Technology has been core to this on all fronts. Mobile, cloud, SaaS, search, social, iBeacons, tablets, new POS systems, big data – the rush of innovations that can now complement the average shopping experience shows no sign of slowing. The perennial challenge remains: how do you use these tools to simplify and enhance shoppers' experience rather than just add more barriers?

We spoke to some of the UK's leading

retailers (some we work with, some we don't) about key areas of omnichannel innovation and their motivations and experience pursuing such strategies. Here's what we found.

CONTENT BRIDGES ONLINE AND OFFLINE

The world is besotted with the idea of using content online to capture and hold customer interest and, in many ways, rightly so. By generating articles and videos that help people get to grips with your subject area, you make them interested in your business by creating genuine value for them. This is at stark contrast to more traditional methods like online advertising, which can feel intrusive, interruptive and a burden to the web user.

Attracting customers in the offline world has most closely resembled that old-fashioned, interruptive advertising approach. However, by using technology to help create new added value experiences and services in store, you can start to generate similar benefits to an online content strategy in the offline world and reap similar benefits in areas from loyalty to increasing footfall, more conversions and growing lifetime value.

For example, Pets At Home now offers free consultation sessions where anyone can book a free appointment to bring in their pet, with experts using details provided in the booking notes to give advice on nutrition and care. The offer here, publicised everywhere from TV ads to the Pets At Home website, promises real value for pet-owners whether they buy or not -- and puts them in a position where they can make better informed purchases.

Similarly, Debenhams goes a step further with its #knowyoursize bra-fitting campaign, naturally providing the opportunity to book this service in stores but extending the conversation to online chats, Facebook content and more. It's an interaction that goes beyond the simple transactional level, and as a result can generate a new and more valuable kind of loyalty that's rooted in the store experience itself.

Technology is the workhorse of this strategy behind the scenes, making it easy to book an appointment whether they're on their mobile in store, catching the ad at home on the sofa with a tablet or searching for more information on Facebook and other channels. In every case, there has to be a single persistent platform in tying everything together - with many windows into the same world - and accompanied by a consistent authentic message across channels.

A 2013 Accenture report revealed 54%

of shoppers admitted to Webrooming (previewing products online before buying them in store) and 48% to showrooming (previewing in store before buying online). These trends that blur the lines between online and offline are only accelerating, especially given the sophistication of the smartphones we now carry and their ability to bridge the two worlds.

At the same time, it raises questions about how to design a shopping experience that matches and complements this human behaviour. Is the traditional browsing setup really the best way to wow a showrooming customer? Meanwhile, webrooming demonstrates consumers' growing investment in learning as much as possible to make the right buying decision. How can you use technology and in-store resources to help achieve these goals?

What if the in-store experience was designed more and more around the opportunity to educate customers in store about your products, regardless of where they make the final purchase? What if you match that with a transaction experience that's as effortless as online shopping.

Examples such as Apple Stores have shown glimpses of a future where you pick up a product, scan it with your smartphone and pay directly in the app. Everyone in retail is now aware of the success from these shrines to the showroom of 'the Apple experience'. It's often forgotten though that the services on offer go far beyond being able to check your Facebook on a spare machine.

The Apple showroom experience includes lessons on using your devices properly, Q&A sessions with movie directors or authors and the Genius Bar, which shows off more than just any one product: it creates a sensation of buyer confidence. It's not just for technology companies. Even heritage brands like Hobbycraft are capably exploring how to engage with the community that surrounds their products.

Using technology strategically to rethink these opportunities is a crystal clear opportunity -- but it takes an open mind and an appetite for risk to really embrace it successfully.

MODERN LOYALTY

The origins of loyalty between retailers and customers has traditionally been organic. In the old days, the retailer's growing personal familiarity with their customer allowed them to identify the most important and

“What's the source of real growing loyalty today?”


treat them accordingly. Indeed, there was as much impetus on the retailer to recognise their customer's loyalty, or risk them heading elsewhere.

This started to disappear as businesses scaled up and retailers could no longer have the same level of understanding about their customers. Gradually, technology has made it possible again to learn from the data around your shoppers and not only restore this feeling of rewarding loyalty – but go beyond it. The whole customer experience can now be rooted in an incredibly strong understanding of who your audience is and what makes them tick.

It also raises questions about the nature of what a reward is to your customer. Is a small discount really meaningful? Does it achieve true increasing loyalty or is there something more you can provide your most important customers? What's the source of real growing loyalty today?

American Golf has recently placed its bet on using customer loyalty to not just offer discounts but give both participants a reason to come together and spend more time together. Its relaunched AG Club loyalty scheme now offers over one million members the opportunity to come in store and receive a free PGA lesson. Or an “MOT” for all their golfing equipment. It's bringing customers in to experience the quality of the store first hand and planting the seeds for more meaningful relationships.

This, of course, requires a confidence in the quality, knowledge and passion of your staff. It requires real dedication to establishing a high water mark for every element of what happens when they walk through your doors. These things have often been too easy to ignore and neglect over the years. A whole swathe of long-established businesses have suffered the consequences of not being sensitive enough to the changing market, new technologies and changing requirements of customers.

It doesn't have to be like that. If you consider your customers more than just revenue in the spreadsheet, if you start to seriously think about how technology cannot just increase efficiency but add value to the customer journey, you can start taking steps toward real and increasing value. You can start to develop customer loyalty that's rooted firmly in the real world, in familiarity, in gratitude, and you can start to gain an asset that gives you a real edge on the competition. 

Delivering the customer service goods



Retailers are having to work harder to make sure that the positive experience their customers have online can continue in store. Staff are the crux of success, and their ability to represent your brand depends on giving them the right tools. *Mike Eaton*, Product Strategist at retail business process expert Retail Answers explains.

THE GROWTH of customer-centric shopping has challenged the retail industry as a whole, but nowhere has it been more strongly felt than within bricks and mortar stores. Keeping up with the convenience, immediacy and responsive capabilities of ecommerce has increased the need to deliver compelling in-store experiences, and this pressure is being felt from a strategic level through to customer-facing staff.

For omnichannel retailers, driving profit from physical as well as virtual presences relies on bridging the gap between consumers' online and offline experiences, to unite the benefits of online shopping with the ability to see, touch and try products; the unique hallmark of the store.

Consistency across all consumer touchpoints is key to successful omnichannel retail and, as obvious as it sounds, aligning in-store and ecommerce activities is only possible if you have impeccable internal

communications around promotions, product ranges, merchandising and pricing data. Without clarity, transparency and hierarchy of messages, the priorities and timescales for these core activities are set by individual retail outlets, and can easily become disconnected from your overall business objectives.

Connecting staff for practical tasks, such as rolling out price changes and seasonal displays, involves much greater time and co-ordination across store networks compared to online, and historically many retailers have found it difficult to centrally control these projects. Strong communications is the heartbeat of good execution in-store, and this can only be achieved if messaging is consolidated into a single channel. Distilling the plethora of phone calls, emails, faxes and post into an online system ensures that the information all employees require to do their job is contained in one place, and senior management can send streamlined instructions to each location, in line with

activities taking place in other channels.

Digitising the communications process saves cost and reduces confusion, but it also empowers customer-facing staff to carry out administrative and logistical jobs more effectively, so their time is focused on sales and consumer experience. For instance, uploading new planograms will enable store managers to execute promotions quicker, and ensure they adhere to a consistent merchandising layout across the store network.

By responding swiftly and efficiently to fast-moving trends, the store maintains pace with online activities, but the crucial challenge for omnichannel retailers is getting consumers to buy once they're on the shop floor. Here more than anywhere else in the business, connecting and communicating with store managers and their team plays a crucial role, so they know who's in the store and how to serve them.

Unless you've been hiding under a rock these past few years, you'll be well aware that technology is changing consumer behaviour within the store. For example, webrooming – looking up products online before purchasing in-store – is on the rise. Despite lucrative opportunities such as this, however, many retailers are not equipping their personnel with the right information and tools they need to interact with increasingly complex and sophisticated consumer purchasing patterns.

FACE-TO-FACE

No matter how positive a consumer's interaction with a retailer is online, the number one 'make or break' influence when they reach the store is their face-to-face encounter with sales personnel; according to the Institute of Customer Services, 58% of shoppers who experience poor customer service won't return to the same retailer again.

Manners aside, customer-facing staff can only serve people to the best of their knowledge. This in itself is nothing new, but the growth of webrooming has resulted in shoppers often being incredibly clued-up about products by the time they enter the store, which leads them to ask detailed and complex questions. The development of mobile technologies has revolutionised the way that retailers can transmit and collect data through the store network, empowering their staff to offer greater consumer satisfaction by arming them with more information than the customer.


For instance, a customer enters the store in search of a particular garment, but their size isn't available on the rack, so they approach a

member of staff. In the past, that member of staff would have needed to manually check if further stock was available, perhaps phoning a neighbouring store if it wasn't, at a cost to the retailer. However, if that member of staff was equipped with a network-enabled device, they could use inventory data to see whether the item was in the store, available at a neighbouring store or - if the first two options were unsuccessful - order the garment online for home delivery or in-store collection, without having to leave the customer at any point.

Using staff to bring digital experiences to the customer in-store is particularly useful for retailers who want to incorporate mobile technology such as iPads into their physical shopping environment, but don't have the infrastructure to install self-service devices. Through an application and Wi-Fi, sales personnel can act as the driving force to bring data, processes and network capabilities together, in order to meet consumer needs.

Incorporating personal into the digital can also allay retailers' concerns about showrooming. As I have already noted, webrooming is a growing trend, but despite this, many businesses worry that the store is becoming a glorified viewing gallery for consumers, who may even choose to purchase the item from a rival brand if they buy online. By wrapping up all the information the customer requires in a convenient service, with a polite and friendly member of staff on-hand to carry out their transaction, shoppers will need a compelling reason not to purchase from the store!

Rather than reducing the store's importance, the proliferation of new technologies – particularly mobile – is giving retail enterprises the capacity to deliver an engaging and innovative customer experience on the high street. By sharing data behind the scenes, retail staff are able to carry out strategic and administrative activities faster and more effectively, providing more time to focus on the consumer; by giving them portable access to this information on the shop floor, they can increase sales conversions and overall customer satisfaction.

Every connected device in the world is irrelevant, though, if core communications between head office and the store network are messy and confusing. Ultimately, data is only as effective as the actions it generates, and these actions must be clearly outlined across the business for omnichannel retailers to progress in a consistent direction. 

“58% of shoppers who experience poor customer service won't return to the same retailer again”

Are some responsive design websites unresponsive?

Mobile-friendly responsive design websites can deliver an excellent visual experience for visitors but as *Ted Verani*, SVP Sales & Marketing, Trilibis explains image-rich websites need to pay special attention to image weight and its effect on page-load times.

GLOBAL MOBILE internet usage increased from 14% to 25% between May 2013 and May 2014, according to a recent report by influential KPCB analyst Mary Meeker. That increase was most pronounced in Europe, where mobile internet usage as percentage of total web page views jumped from 8% to 16% (compared with growth of 11% to 19% in North America).

For online retailers, one very interesting mobile factoid in her report concerns tablets: unit growth was 52% over last year, a massive jump that is surely reflected in this year's server logs of any marketer. This mirrors the findings of comScore, which reported that one-third of online shoppers at the top 10 retailers shop only on mobile devices. Your own website analytics are likely showing similar or even higher mobile traffic numbers.

ONE-WEB ARCHITECTURE

Until recently, for many companies, a mobile website meant deploying an “m-dot” experience that was distinctly separate from the desktop version of their website. While this approach ensured an optimized experience for mobile users, its disadvantages were significant: a separate code base (development and maintenance costs); two websites to manage (content synchronization issues); and associated SEO issues. Consequently, many companies re-examined the “segmented web” strategy, leading to a major shift toward responsive web design.

With responsive design, a website can configure its presentation to fit all screen sizes, ranging from a high-res desktop display to the smallest smartphone. Responsive sites are created from a single codebase and use a set of techniques that adapt the content to various screen sizes of tablets and smartphones.

The result is impressive: a website that smoothly adjusts its layout to any device, especially smartphones and tablets. It's

no surprise that marketers and e-business managers have embraced responsive design as a scalable way to deliver an excellent mobile experience from a single website code base.

There is a wealth of excellent guidance on designing websites that deliver a superior user experience on mobile devices. Using responsive techniques is generally considered a best practice for ensuring a consistent, “one web” experience across all devices. But online retailers should be aware that the ‘one size fits all’ approach – that is so appealing for website designers – also has some significant downsides.

Development time: Responsive design typically requires a large-scale rebuild of a company's web presence. From UI/UX design to the final testing phase, there are many things that go into the development of a good responsive site that ensures the experience is optimized for a wide variety of devices.

Contextual challenge: While it addresses layout problems, and elegantly expands and contracts according to a screen's width, responsive design is a one-size-fits-all approach that makes it difficult to optimize for special design considerations or differentiated use-cases, such as offering the customer a mobile-specific shopping experience.

Performance: Responsive design forces the browser to handle the bulk of the processing work so that content is rendered appropriately on the device. The client is sent all elements of a web page, irrespective of local device capabilities, and the client must determine which layout and assets to present. For mobile devices, the result can be longer load times and web pages that perform poorly.

DO IMAGES IMPACT PERFORMANCE?

We decided to take a hard look at how responsive design affects a mobile website's performance, since load time directly affects user experience and ultimately whether a sale is made or not. Radware recently tested

the load times of the Internet Retailer ‘Top 500’ retail web sites and found that pages are heavier (measured in bytes) and slower than they were just one year ago. This correlates with our own experiences. Moreover, through our work with online brands to eliminate performance issues on their websites, we noticed that the design attributes of responsive techniques were frequently the reason for slow page-load times on mobile devices.

While a number of factors can determine the overall weight of a web page, images are generally the principle contributor. This is particularly true for responsive websites, which generally serve the same content to all devices. This can lead to overly large images being served to mobile devices.

To see whether poor performance is often associated with responsive design, Trilibis conducted a survey to measure the image weight of the top responsive websites. We wanted to know: how much do images contribute to page weight on responsive websites; how much does this affect load time for different types of users; is it possible to automatically reduce page weight (and, therefore, load time) while maintaining an excellent user experience?

The study showed that: 69% of the responsive sites we sampled were image-heavy, with images contributing to more than 50% of overall page weight; the responsive sites we looked at generally loaded slowly on mobile phones: only 32 out of the 155 responsive sites (21%) responded with acceptable load times of less than 4 seconds; 48% performed poorly with load times of between 4 and 8 seconds; 32% took anywhere from 8 to 48 seconds to load, which is unacceptable for most users.

We then evaluated a technique to automatically reduce image size for responsive websites. Our goal: improve the overall user experience for some real-world examples, and achieve the target load time for RWD sites on mobile devices of no more than 3-4 seconds. We selected three RWD websites: **boldandnoble.com**, **engadget.com** and **starbucks.com**. For each site, we replicated each site’s content on our own webserver. We then optimized all the images used on the home page of each website, calculated the image weight savings for both desktop and mobile devices, and then calculated load times both before and after optimization. The results were noteworthy:

BoldandNoble.com – Images accounted

for 2.2MB (49%) of the total 4.5MB home page weight. Optimization results: reduced mobile page weight from 2.2MB to 212KB (90% savings); shortened load time from 6.63 seconds to 3.912 seconds (41% reduction).

Engadget.com – Images accounted for 0.9MB (53%) of the total 1.7MB home page weight. Optimization results: reduced mobile page weight from 861KB to 362KB (58% savings); shortened load time from 11.814 seconds to 5.45 seconds (54% reduction).


Starbucks.com – Images accounted for 0.9MB (53%) of the total 1.7MB home page weight. Optimization results: reduced mobile page weight from 892KB to 90KB (91% savings); shortened load time from 4.454 seconds to 3.206 seconds (28% reduction).

Our research shows that delivering a truly exceptional user experience on the web requires more than simply redefining layout and styling for the screen width of a particular device; it’s crucial to keep the overall page weight low. In the case of images, designers have several options:

1. When designing a responsive website, ensure images are of an appropriate size for mobile devices.
2. If using a web content management system, design different templates that address the wide range of devices that might access the website.
3. Automate the image-sizing process using server-side processing techniques.

To deliver an excellent website experience for mobile users, server-side technologies can be used in conjunction with responsive design techniques. This approach enables detection of the device characteristics of the smartphone or tablet that the visitor is using, and then fine-tuning of the user experience for that visitor.

Server-side logic enables a complete swap of crucial page elements and enables custom functionality based on local device characteristics. For example, a retailer can ensure fast presentation of a product catalogue with images optimized for the accessing device. Or a content-heavy site can deliver entirely different ad placement based on device and user context.

These server-side technologies are simple to implement and use abundant server-side computing resources to optimize the image size for the accessing device before it is sent to the client. As our research shows, this approach can deliver much faster load times – and a far better experience for the user. 

“The design attributes of responsive techniques were frequently the reason for slow page-load times on mobile devices”



Moments matter

With its always on capability to answer any question, the mobile phone is changing retailing but timing and location are just as important.

Paul Skeldon investigates their importance on the customer experience.

MOST PEOPLE these days turn to their mobile to solve problems at any given moment during their day. “Do I need a coat today?”; “Is my train on time?”; “Who won the football last night?”; “What’s that song playing on the radio?”; “Who is the voice of Lucy Wild in Despicable Me 2?”. These are five things I myself asked of my mobile phone this morning at various moments while getting ready for work and school.

This collection of moments – and the way mobile is often the first port of call when needing information – is something that is not only changing how we live our lives (and how well informed my kids think I am), but it is also having a massive impact on retailers. This same need for instant, spur-of-the-moment answers is increasingly driving how people shop.

Consumers now rely on mobile to enhance the moment that they are in and to satisfy their whims and desires in the right here, right now. Consumers are also using mobile to research and delve into brands and products, searching for solutions to immediate shopping needs, then shopping around for deals. This they are then doing in-store, at home and across devices over a long period of time.

LOCATION

So, how can you tap into these mobile moments? The primary driver of mobile moments is often location. While the consumer is out and about, inspiration often strikes – either because they have seen a billboard, been pinged a marketing message by you or have seen someone wearing or eating or doing something they want to have or do too.

Here location-based services come to the fore and they are being driven by networks in the high street or mall, or in the stores themselves.

Consumers again are way ahead of the retailers here. A study by public WiFi provider Purple Wifi found that 48% of people use public WiFi at least once a week, 18% use Public WiFi at least once a day, and 25% at least once a month. Some 75% of the 2,500 consumers surveyed said that they are more likely to stay in a location longer if it offers WiFi, and 63% are more likely to spend additional money in a venue that offers WiFi.

Beacon technology is making even bigger inroads, with technology companies and some forward thinking retailers really starting to get into the idea. London shopping thoroughfare Regent Street is to become a beacon hotspot, with every store along its mile length – including Apple, Hamleys, Longchamp, Burberry, Banana Republic, Hugo Boss and Anthropologie – expected to install beacons to broadcast offers to shoppers as they walk past the shop front. About 100 stores have already been fitted with the technology.

The street will get its own app that will then receive offers and information from retailers and restaurants along the length of the world famous street. The mobile retail initiative, which is part of an on-going £1 billion Regent Street modernisation programme, will be advertised on double-decker buses and on signs along the shopping area.

“We want Regent Street to continue to evolve as the world’s most successful shopping destination, which means bringing together online, physical and mobile retailing and using the latest technology to create

an experience which delivers across all of the platforms that appeal to 21st century shoppers,” said David Shaw, head of The Crown Estate’s Regent Street Portfolio.

Paul Lorraine, UK general manager of Longchamp, which has gone live with the technology, adds: “Success in retail in the 21st century is strongly linked to how you engage your customers in store and online. Regent Street already has a reputation as being the place to be for brands like ours and the new mobile app will bring the digital and physical together, providing an exciting new way for us to speak to our customers.”

INSTANT GRATIFICATION

Many retailers have grown wise to this and have started to use mobile as a personalised marketing channel to target shoppers, hoping to tap into this idea of getting shoppers ‘in the moment’. However, this has in turn made consumers ever more demanding.

This degree of desire for instant gratification is making consumers more demanding than ever and they will not tolerate shoddy service. It is one of the little expected downsides of personalised mobile marketing that consumers now demand a seamless, personalised service in return.

Research by eConsultancy in 2013 found that 75% of online adults believe there is no reason why a mobile transaction cannot be completed on the first try.

In addition, the research found that customers are intolerant of any faults. If they do encounter problems, 16% admit they would become more likely to buy from a competitor, while 13% would abandon the transaction altogether and try a competitor’s website or app instead.

This surge in customer expectations creates an opportunity for businesses to transform their customer’s perception of their brand, by identifying crucial instants – “mobile moments” – where a customer uses their mobile device to access instant service or information.

The key thing to do is to identify the moments in the customer journey and adapt the technology to fit, suggests Bill Loller, Vice President, Product Management, Mobile at Tealeaf Technology – an IBM company. “You have to make mobile customer experience the priority and deliver what people need, not what they think they want – move from doing things because they are cool to doing things that help customers buy on mobile devices,” he suggests.

“It is best to now build for mobile, not adapt for mobile”

This is backed up by eConsultancy’s research, which finds that 60% of companies said their customers typically research products on mobile devices for later purchase online. Almost half (48%) of respondents said their customers purchase products directly using a mobile device, up by 5% since last year.

A similar proportion report that customers research products for later purchase offline, while 17% say their customers use their mobile devices for research in-store. Businesses must understand the context in which their customers use mobile devices, and adapt their sites and apps to reflect these.


The second tier of trying to meet consumers in these moments is to look at how best to deploy your assets across channels. Loller believes that it is best to now build for mobile, not adapt for mobile. At the most basic level a customer wants to search for something and then complete a transaction. If the search function is not easy to find and use, the experience is seriously flawed.

“Work to understand where customers are struggling on your mobile channel; one bad experience with your brand via mobile can cause a customer to abandon the transaction entirely across all channels,” says Loller.

The final piece of the puzzle for retailers is to analyse and refine. Your mobile engagement initiative is not complete if you’re flying blind: you have to capture, track, analyse, and act on the data to improve the engagement.

As a business you should already be analyzing site and app performance, but you need to also look at how easily consumers find your site navigation, zoom functions and even how big the buttons are. With mobile less is usually more – and the fold is no longer an issue.

These are all significant questions to ask when really analysing the mobile customer experience. Ideally, a business must be able to replay the customer experience through the eyes of the customer to get a real feel for any challenges they came across.

Also, you have to keep refining what you do – not just as the technology such as beacons and WiFi changes, but as customer habits change. Mobile has the power to make your business so much more engaging and therefore much more profitable, but it comes at a price. It is an increasingly complex task to get it to work well across all channels for all customers. It may only be a moment to each consumer, but it is many hours of work for your business to make it look easy. 



Insight around the world



ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

What do a bus shelter, a waiting room or a Parisien taxi have in common? All these places recently became ephemeral shops. The famous, French fashion retailer, Comptoir des Cotonniers launched a system of temporary boutiques around the city. Those “boutiques” are, in fact, based on posters equipped with flash code to cause impulse buying among its clients.

Launched on 28 May, the concept of “fast shopping” is based on large posters representing photos of different products of the brand (clothes, shoes...) deployed in various places where consumers can take the time to look at them: Metro stations, building facades, bags and t-shirts are now designated stores. The brand has even placed one “boutique” on the Champs-Élysées avenue. Posters will be accompanied by QR codes that consumers can capture with their phone, after having previously downloaded the Powatag application, to place an order which can be delivered to their home within 48 hours. This fast shopping experiment is based on Tesco’s approach, which enabled people in Seoul to shop on posters in the subway.

“We are delighted to offer the unique experience – The Fast Shopping – to our clients. This is a true revolution in the world of retail and marketing, and even urban display, which becomes a distributor. Like many other digital innovations, it will transform our world,” said Valérie Dassier, ecommerce, CRM & Customer Director at Comptoir des Cotonniers and Princesse Tam Tam.

The project launch was supported by a national media plan. From 28 May to 17 June, thousands of posters bloomed in Paris and in other French cities. Fast Shopping shops also opened on the web, in women’s fashion press and in the Uber cars (private taxi). In total, more than 10,000 of the new store concept have been deployed throughout the country.



PIETER VAN HERPEN, CEO, SYNDICATEPLUS

The global online food retail market is in the infancy of its existence. Countries like the UK and the US have produced impressive examples of successful e-grocery formats like Ocado and FreshDirect but at the same time, most grocers across the globe are still in the midst of figuring out how to build their online channels.

In the EU, less than 8% of all consumers buy their groceries online. The UK and France are the two countries with the most developed e-grocery markets in Europe, valued at €7.8bn and €6.7bn respectively. The Netherlands and Germany are the two smallest online grocery markets covered in our ‘State of Online Grocery Retail in Europe’ study. They are valued at €0.29bn and €1.45bn respectively.

While the Netherlands is held back by the existence of one dominant player (Albert.nl), the German market overall lacks players with well-developed e-grocery business concepts. This is expected to change in the near future with the launch of Amazon’s grocery format AmazonFresh in the second half of 2014. This makes Germany the first market in Europe for AmazonFresh.

It has already established several distribution centres and prepared a fleet of delivery trucks to roll out its online operations. IGD argues that Amazon is interested in gaining a large market share in a strategic European country, which it will do by scaling up its activities and obtaining proof of concept. For now, profits will be less of a focus for the company enabling it to offer competitive prices as it moves towards becoming a key player in the online grocery market.

Amazon has already shaken up the US e-grocery market, which, with a value of over \$15.4bn, is by far the largest market in the world. The AmazonFresh subsidiary was launched in 2007 and by 2012, it generated \$60m in sales, operating in Seattle alone. In 2013, it opened its operations in Los Angeles and San Francisco; it has already announced its plans for further expansion in 20 cities across the US. Walmart entered the e-grocery business in 2011 using its stores as warehouses to supply consumers that ordered groceries online. Given their access to vast resources, industry experience and their competitive nature, both AmazonFresh and Walmart are expected to disturb the e-grocery market in the US as well as in Europe.

**DAVID TUCK, HEAD OF SALES, THOUGHTWORKS**

Turkey is fast becoming an important part of the ecommerce world, now ranking among the world leaders in B2C ecommerce. Although the country has undergone unprecedented times, the economy is really showing signs of recovery, much of which is due to Turkey's thriving retail industry and high levels of disposable income. This growth is only expected to continue as Hepsiburada, the country's largest online retailer, takes on the big global online retail brands to put Turkey on the retail map. Working with ThoughtWorks, Hepsiburada is building a new marketplace with an engaging store-front for its seven million regular members and 19 million visitors a month.

The new marketplace will give online customers instant access to more than 600,000 products, ranging from computer and sports accessories to the latest books and cosmetics. It's also open to other smaller merchants, which means that there are opportunities for other retailers within Turkey. Based on user feedback, the Hepsiburada marketplace will deliver real value to customers by offering higher selection and availability of stock across the company's extensive portfolio of products.

"Thanks to ThoughtWorks we will soon have a marketplace that Turkey's consumers will want, and more importantly, will return to on a regular basis. No doubt this can only further contribute to our thriving retail economy and our nation's overall success over the coming years," says Emre Ekmekçi, President of Business Development, Hepsiburada. Behind the project is a small team, running one of Europe's fastest growing ecommerce sites that contributes enormously to the nation's wealth and retail success. Hepsiburada is making a strong improvement to the economy and consumers' lives, meaning that Turkey's future within retail looks very positive.

A mobile marketplace is also in development to accompany the desktop experience, with Hepsiburada also focusing resources on securing partnerships with leading brands, suppliers and manufacturers to further enhance the online experience and the number of products available to customers.

**SARAH TAYLOR, SENIOR DIRECTOR, ORACLE RETAIL**

The balance of power between consumers and retailers has irrevocably changed. Today's digitally empowered consumer requires retailers to provide commerce anywhere: the ability to browse, compare, purchase and return goods when they want and through whichever touch point - store, online, via mobile - they choose, no matter where their shopping journey starts, reveals Oracle's recent global study into the 'New Retail Democracy'.

Chinese responses to the study provide insight into shopping experiences in the country with the highest consumer sentiment globally and retail sales growth expected to reach 13.4% in 2014.

Access to knowledge is becoming a priority with 53% of Chinese respondents acknowledging that access to product location and availability information is key to providing a better shopping experience. A further 51% identify with access as a connected shopping journey that ties touch points including stores with returns and service as providing the most value to their shopping experience.

Availability matters to Chinese consumers. 96% want to understand it when they shop, while 82% think availability is more important than price. A further 49% of respondents are more likely to be loyal to a retailer that demonstrates product availability, while 32% are inclined to spend more. If a product is not available, 91% will source an item elsewhere.

Some 89% of respondents want retailers to individualise interactions and are willing to share personal information with retailers to help them to better target promotions, offer more valuable product suggestions and deliver content relevant to their interests.

Chinese consumers have a voracious appetite for technology with 97% stating it is important for retailers to adopt new technologies to improve their shopping experiences. In the last year, for the first time, 64% made purchases on a PC or tablet, 64% on a smartphone, 60% used click and collect, 30% purchased through a social networking site and 18% via a link in an online magazine, with all responses higher than global averages.

These findings reveal retailers must focus on three key strategies to provide commerce anywhere. Firstly, access is key to empowering consumers and retail assistants with information to manage their experience. Secondly, investing wisely in technology helps retailers to deliver commerce anywhere more effectively. Finally, retailers must utilise every touch point to encourage consumers to share information and use this to individualise their interaction appropriately.

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