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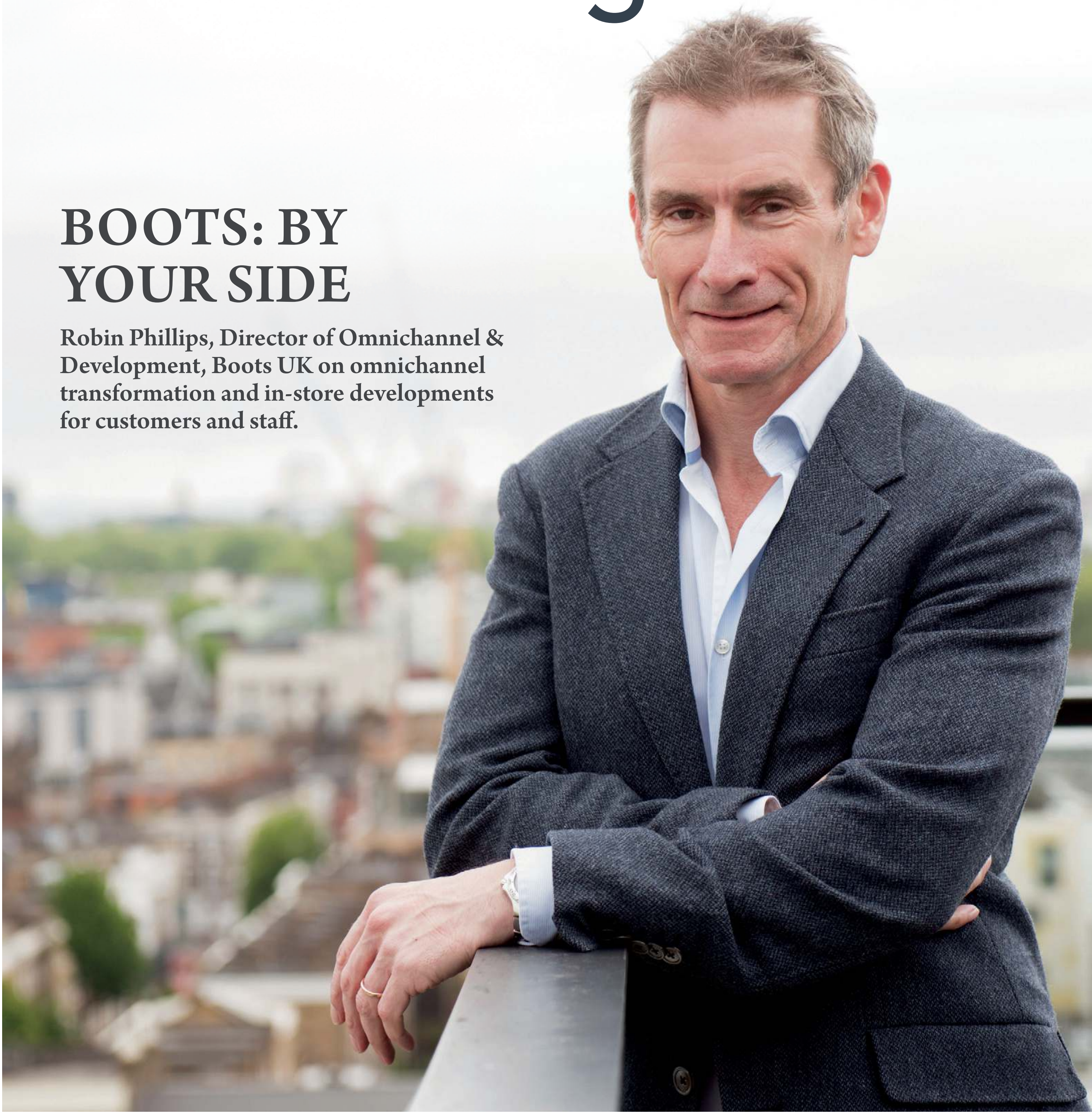

BOOTS: BY YOUR SIDE

Robin Phillips, Director of Omnichannel & Development, Boots UK on omnichannel transformation and in-store developments for customers and staff.

Contents

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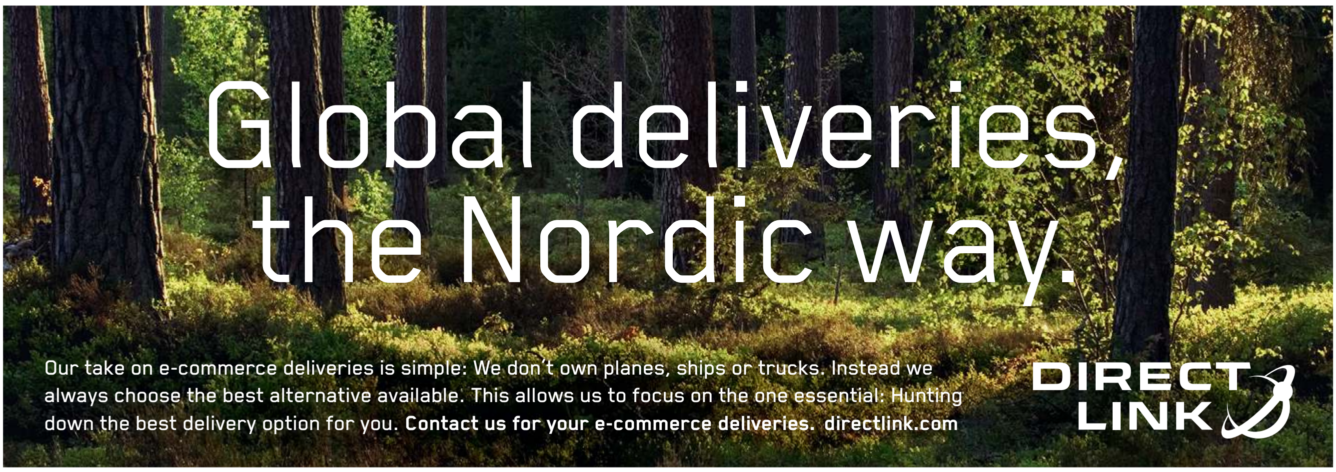

Editor's comment

THE UK'S vote to leave the EU came as a major shock to many in ecommerce as well as our counterparts in the EU. The catapult into the unknown revealed an industry – and indeed a country – unsure of how it will conduct business across the continent. The impact on trading laws at home is also unclear.

As the initial shock begins to wear off, it's becoming clear that there are opportunities as well as challenges ahead for UK-based internet retailers and many in the industry have shared their thoughts in a special feature in this issue.

The majority of this issue is given over to the theme of 'Peak Trading' and we look at it in a number of features covering online trading, in store and mobile.

As I write this, Amazon has just held its second Prime Day heralding 13 July as its "biggest day ever" with customer orders surpassing last year's inaugural event by more than 60% worldwide. As Doug Gurr, UK Country Manager, Amazon comments: "The day was our biggest day of the year so far, and by 6pm customers had already ordered more items than Prime Day last year."

While Amazon celebrates another peak trading day of its own manufacture, having introduced Black Friday to the UK in 2010, the rest of the industry has the peak of back-to-school summer, before going into the three-month run up to Christmas with all its peaks of Black Friday, Cyber Monday, 'Forgotten someone Christmas Eve' and 'Do I really have to talk to the parents Christmas Day'.

Digital commerce consultants Salmon is advising retailers to prepare for a five-day peak in what has already been dubbed 'Black Fiveday'. As John Beechen, Head of Managed Services at Salmon, comments in his article on preparing systems for peak, Black Friday 2015 saw a tipping point in peak trading. "In the UK, we witnessed our first £1bn online shopping day. While 2014 saw chaos in high street stores, with customers fighting over the best deals, in 2015 high street stores were far calmer. Customers were prepared and ready to purchase their bargains online; our data showed conversion rates were up by 66% on the day". Salmon predicts that £5bn will be spent online over the five days.

Others though wonder whether Black Friday is sustainable. There were the obvious nay-sayers – those retailers which opted out of the event altogether in 2015 – while others said they had to be part of the event otherwise their customers would just buy from their competitors. Penelope Ody takes a closer look at the event and whether it really brings extra revenue or simply spreads sales and reduces profit.

Aside from the increase in sales, Black Friday also brings a huge surge in parcel deliveries as orders are delivered to customers' homes and to click and collect pick-up locations. As Sean Fleming, Editor of eDelivery.net comments: "Click and collect saved Christmas 2014 – or it did at least save many retailers' ailing home delivery networks, which were struggling under the combined weight of Christmas and the biggest Black Friday the UK had ever seen. A year on, things took a different turn as customers started complaining that they were having to wait too long at in-store collection points, and were being served by over-burdened staff who couldn't always find their parcel. This was partly, if not almost entirely, caused by the enormous growth in the popularity of click and collect; more customers were using it than had been anticipated, and consequently capacity constraints were starting to show." He investigates whether click and collect will stand up to peak 2016, while I examine the other side of the final mile challenge – home delivery and carrier/retailer readiness.

Paul Skeldon meanwhile investigates the implications of peak trading on mobile and discovers that twice as many shoppers used an app than the associated m-web site on Black Friday 2015. Conversion rate on apps was 60% higher than on desktop too. Will apps be the answer to managing customers on Black Friday 2016?

While talking to Andy Gault, Director of e-Commerce at Screwfix, earlier this year, he offered to put his thoughts on mobile design into a self-penned article. In this issue, he shares the journey that Screwfix has been on and explains why a mobile-first approach may not always be the right answer.

If you'd like to do the same and share your expertise and experiences either through putting your own thoughts into an article – or as an in-depth interview with one of the InternetRetailing editorial team, then I'm always happy to chat through ideas. Contact me at editor@internetretailing.net.

Emma Herrod
Editor

SINGLE CUSTOMER VIEW

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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.*

AMAZONFRESH LAUNCHES IN LONDON

The AmazonFresh grocery delivery service launched in London in June enabling customers to choose the hour between 7am and 11pm in which they want their order delivered, seven days a week. Customers can opt for same-day delivery from 5pm for orders placed by 1pm. The service is initially available to Amazon Prime members who want their deliveries made to one of 69 postcodes in Central and East London. Orders are placed through the Amazon.co.uk website or mobile app.

Ajay Kavan, Vice President of AmazonFresh, says the launch in a relatively limited area will give the retailer, which is the UK's largest online trader, ranked Elite in the IRUK Top500 research, a chance to develop its service before rolling it out further in the UK.

"The bar in grocery retailing is exceptionally high," he said. "The supermarkets and grocers are amongst the very best retailers in the world. We believe that the key to the long-term success of AmazonFresh is to bring together the low prices, vast selection, fast delivery options and customer experience that Amazon customers know and love."

Shoppers can choose from 130,000 items that include well-known brands as well as products from local London food producers based in areas including Borough Market and Notting Hill, and ranges from fresh fruit and vegetables to meat, seafood, dairy and bakery to baby and health and beauty products. Perishable products have a guaranteed minimum shelf life. When items are not available, customer won't be charged for the free substitute product they receive instead. Notably, Morrisons is among Amazon's suppliers, having signed up to supply the retailer on a wholesale basis earlier this year.

Amazon has been selling grocery products in the UK since 2010 through its Grocery Store. In November 2015 it launched Amazon Pantry exclusively to Amazon Prime members. That enabled them to fill a standard size of pantry box, choosing from a range of 7,000 items, for a flat one-day delivery fee.

Our view: The service is set to challenge the UK's supermarkets, which, as a sector pioneered timed delivery slots and have honed their service over the years to offer click and collect, same-day deliveries and more. What the UK supermarkets have, on the whole, in common is the use of their own delivery fleets. Amazon has historically used third-party delivery companies and collection points – and Amazon Fresh will be no different, delivering via third-party carriers through Amazon Logistics.

DIXONS CARPHONE PLANS MULTICHANNEL IMPROVEMENT

Dixons Carphone plans improvements to its multichannel operations over the course of the coming year as it reports sales of £9.738bn in the year to April 30, slightly down on the £9.750bn reported in the previous year. Like-for-like sales, which strip out the effect of store openings and closures, as well as the acquisition and sales of subsidiary businesses, were 5% up on the same time last year. The company said this reflected strong growth in its UK and Ireland, Nordic and Greek businesses. In the UK, sales of £6.4bn were 1% up on last time, with growth in electricals sales. Pre-tax profits of £447m were 17% up on £381m in the previous year.

The company discussed business over the year just gone, in which it has largely completed tasks related to the merger of the former Dixons Retail and Carphone Warehouse businesses, as a momentous one. During its first year as a combined business it saw its biggest ever trading day on Black Friday.

In the year ahead it plans improvement including the introduction of same-day delivery, a new Carphone Warehouse ecommerce platform, and what it bills as "Europe's most modern distribution centre" in Sweden. It plans to make all former Dixons stores a three-in-one store, featuring the Currys, PC World and Carphone Warehouse brands. This, said the retailer, "will reduce the store estate by 134 but will significantly improve the store experience for our customers and colleagues, and we expect the impact on sales to be neutral or better."

Chief Executive Seb James said that despite inevitable volatility the company saw opportunities for additional growth in Brexit.

DATA-DRIVEN LABEL FOR VERY

Designers at Very.co.uk looked to their customers for inspiration, as they produced what's being billed as a data-driven own label brand.

The V by Very womenswear collection draws on customer insight to target women aged between 25 and 44 with relevant styles. Parent company Shop Direct is positioning this as a 'hero' brand. It aims to expand it quickly as part of plans to grow the £850m-turnover Very.co.uk business, a Top100 retailer in IRUK Top500 research.

Matt Dixon, Group Product Director at Shop Direct, said: "We're not only tracking the latest trends and catwalk styles, but everyday we're listening to our customers' views and looking at how they shop; creating a data-driven fashion brand that is truly relevant for them. It's this relentless focus on relevance that will help to create new opportunities to expand womenswear, menswear and childrenswear, and help V by Very become a success."

The new range will be formally unveiled to shoppers on September 5, alongside new menswear and childrenswear ranges – but it is already available on Very.co.uk and sister website Littlewoods.com. Alex Baldock, CEO at Shop Direct, said: "V by Very is the natural next step for Very.co.uk. We're building a world class online department store; now we have an own label fashion brand to match our ambition.

"We've created this new collection – and this new brand – alongside our customer. She's told us what she wants and by listening to her, V by Very can become a major force in British fashion. We're backing it big time."

M&S UNVEILS 23.4% RISE

Marks & Spencer unveiled a 23.4% rise in online sales, after a year in which a record 7.4m customers clicked to buy. But ecommerce growth came as overall sales showed more modest growth, and pre-tax profits fell by a fifth. Chief Executive Steve Rowe responded by setting out a plan to improve sales and profitability.

The clothing to homewares and food retailer, which sells online and through stores in the UK and Europe, said that mobile continued to be its fastest-growing sales channel, while shoppers increasingly use more than one device when they buy. But while online sales grew by 23.4% over the year, growth slowed to 8.2% in the fourth quarter, contrasting sharply with first-quarter growth of 38.7%.

That's a slowing in online sales that M&S, a Leading retailer in IRUK Top500 research, acknowledged in its full-year results statement. "We are operating in difficult and challenging times – consumer confidence has dipped, the clothing market is flat, online sales have slowed and there's deflation in the food market," it said. "Our customers are changing too as they become increasingly style and healthy conscious, shop around and expect more.

"Analysing the shopping habits and behaviours of the 32m customers who shop with us has shown that they carry a deep-rooted affection for M&S but, for some, M&S is no longer their first choice." The retailer said that by listening to its shoppers it had found common themes and insights that now form the basis of plans that aim to make "every moment special for our customers". That will include putting customers at the heart of M&S, while also taking action to improve clothing and home sales, improving products and the customer experience while cutting prices, and growing food sales through measures including building convenience.

BURBERRY'S OMNICHANNEL PLAN

Burberry has unveiled a three-year plan with omnichannel excellence at its heart as it looks to boost revenue and cut £100m in costs at a time of falling profits and a slowdown in the wider global luxury market.

The retailer, a Top250 retailer in IRUK Top500 research, unveiled revenue of £2.5bn in the year to March 31, down 1% on the previous year, and pre-tax profits of £415.6m, 7% down.

Omnichannel expertise will sit alongside a focus on retail productivity and a focus on key products as Burberry looks to reverse that downwards trend in a luxury market that it expects to see grow in single digits over the next five years. That growth will come largely as new and existing Chinese consumers spend while travelling and at home. Today's luxury customers, says Burberry, are looking for experiences, newness, authenticity and storytelling, which they want to see delivered through service-driven and personalised contact, with the greater use of technology – and particularly mobile.

Along with boosting brand awareness, it aims to cut its operating costs by 10%, or at least £100m, by simplifying processes. In omnichannel, the company aims to focus on local customers, using customer insight to boost loyalty, while focusing investment on selected cities.

It will relaunch its burberry.com website, introduce a customer app that will include mobile checkout and improve customer connectivity in its pursuit of omnichannel excellence. It aims to boost conversion, especially on mobile, while improving the customer experience across online and offline sales channels. It will actively foster its sales through third-party retailers, both online and offline, since it expects growth to come from that area, as well as through social commerce.

RESULTS ROUND UP

Superdrug reported online sales up by more than 50% in a year that saw it expand its online business to Ireland. Operating profits at parent A.S. Watson Group came in at £62.2m for the year to December 26 2015, 62.4% up on the £38.3m reported in 2014. Sales were 5.4% ahead, or 6.6% on a like-for-like basis.

Meanwhile, Majestic Wine has reported progress in its three-year transformation plan that emphasises the customer experience across sales channels and targets sales of £500m a year by 2019. Sales were up by 41.3% to £402.1m, but profits were down, following costs related to that transformation plan and to its acquisition of Naked Wines.

Through its transformation plan, Majestic envisages a best in class customer experience, a joined-up logistics strategy that ensures the right wine is in the right place, and investment in operations. It plans to migrate the Majestic Wine business onto Naked Wines' IT platform, which will also support improvements to the supply chain.

Luxury handbag brand Mulberry has unveiled fast growth in both digital sales and pre-tax profits after what it described as "significant investment" in new product design, new creative talent and omnichannel systems. It now plans to build on its omnichannel position in the UK and expand overseas through a clicks-and-bricks strategy, where digital and omnichannel services will support "well-situated stores".

White-goods-to-home-electricals pureplay AO World reported revenues up by a quarter in its latest financial year, and said it was growing as fast as was safe to do so. The company entered the Netherlands market in March and plans to extend to selling computing equipment later this year.

Fashion retailer New Look said its progress towards seamless cross-channel shopping was reflected in like-for-like sales growth of 3.6% during its latest financial year. At the same time, its own website sales grew by 27.9%, with third party ecommerce sales up by 41.8%. The company plans to upgrade its international websites during the summer.

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.*

55% MOBILE FOR OCADO

More than half of Ocado's orders were checked out using mobile devices over the 24 weeks to 15 May. The news that 55% of orders are checked out using a smartphone or tablet comes as the grocer reported double-digit sales growth in its latest half-year figures. Over the same period, sales of £582.9m were 13.9% up on the same time last year. Pre-tax profits climbed to £8.5m from £7.2m last time. However, the average Ocado.com basket reduced in value by 2.2% to £110.10, as a result of price deflation.

More than half of sales came from customers who have an Ocado Smart Pass – a membership scheme that includes free delivery. "Membership," said chief executive Tim Steiner in his statement, "helps to drive customer loyalty, shopping frequency and ultimately total spend per customer."

He has been encouraged by steady progress in the business, a Top100 company in IRUK Top500 research. "The market remains competitive with ongoing price deflation but our increasing scale and operational efficiencies meant that we still grew profits, albeit at a slower rate.

"We have been gaining share in the online grocery market and expect this to continue. The last few years have shown beyond doubt that British shoppers are choosing the benefits of grocery shopping online and we believe that the momentum of channel shift away from bricks and mortar stores will continue. The more opportunities customers have to try grocery shopping online, the more they will be attracted to Ocado's superior customer offer."

LOYALTY APPS LAUNCH

Fashion retailer Gap and Virgin Mobile have both rolled out new loyalty apps. The Gap app – called Gap+ – is an attempt to develop a much more personalised approach to marketing and discounting and to kick start its omnichannel strategy.

Soft-launched last month in the UK and Ireland, the Gap app offers users a more individualised feed of images and offers based on basic user information inputted at sign up. Shoppers using the app also receive a 5% discount on each purchase they make through the app and they will also get content from bloggers and other product imagery served to them based on past purchases.

As well as helping to fast track Gap into the age of personalization – and get away from the heavy and somewhat indiscriminate discounting it currently undertakes via email – the app is a first step into using digital to help drive footfall in to the chain's bricks and mortar stores, says the company.

Meanwhile, planes, trains and everything-in-between brand Virgin has rolled out a loyalty programme that is not only mobile first, but also gets increasingly personal as it learns how the user uses it.

Working closely with DMI, Virgin has developed a service that aims to reshape the user experience based on individual preferences identified using data collected through the app. To achieve this, DMI seamlessly integrates the app with Virgin's backend systems and back office functions as well as its CRM, and payment systems. As a result, the app delivers personalised and targeted products and discounts as well as enabling Virgin to gather consumer insights and trends as it goes.

N BROWN GROUP HITS 70% MOBILE

N Brown Group reported that almost 70% of its online traffic came from mobile devices in the latest quarter of its financial year as its retail business, once based around catalogues, moves ever further onto the internet.

The company, which owns brands from Simply Be to Jacamo and JD Williams, all Top250 companies in InternetRetailing research the IRUK Top500, said that online traffic as a whole grew by 11% in the 13 weeks to May 28, compared to the same time last year, with 69% of traffic from smartphones and tablet computers. That's five percentage points ahead of the previous year. But while online traffic was up, conversion, said the company was "broadly unchanged during the period".

Online revenue as a whole rose by 6% during the quarter, compared to last time, while online sales accounted for 67% of all sales – up by five percentage points on last time. N Brown Group said that 76% of new customer demand came online, up by eight percentage points, year-on-year. The company is testing a new web platform and is set to launch a new USA website in August. Revenue from the USA grew by 25% in the quarter, or 17% on a constant currency basis.

But while online revenue was up, group revenue fell by 0.2% on last time, with revenue from retail products down by 1.6%, but income from financial services revenue up by 3.4%.

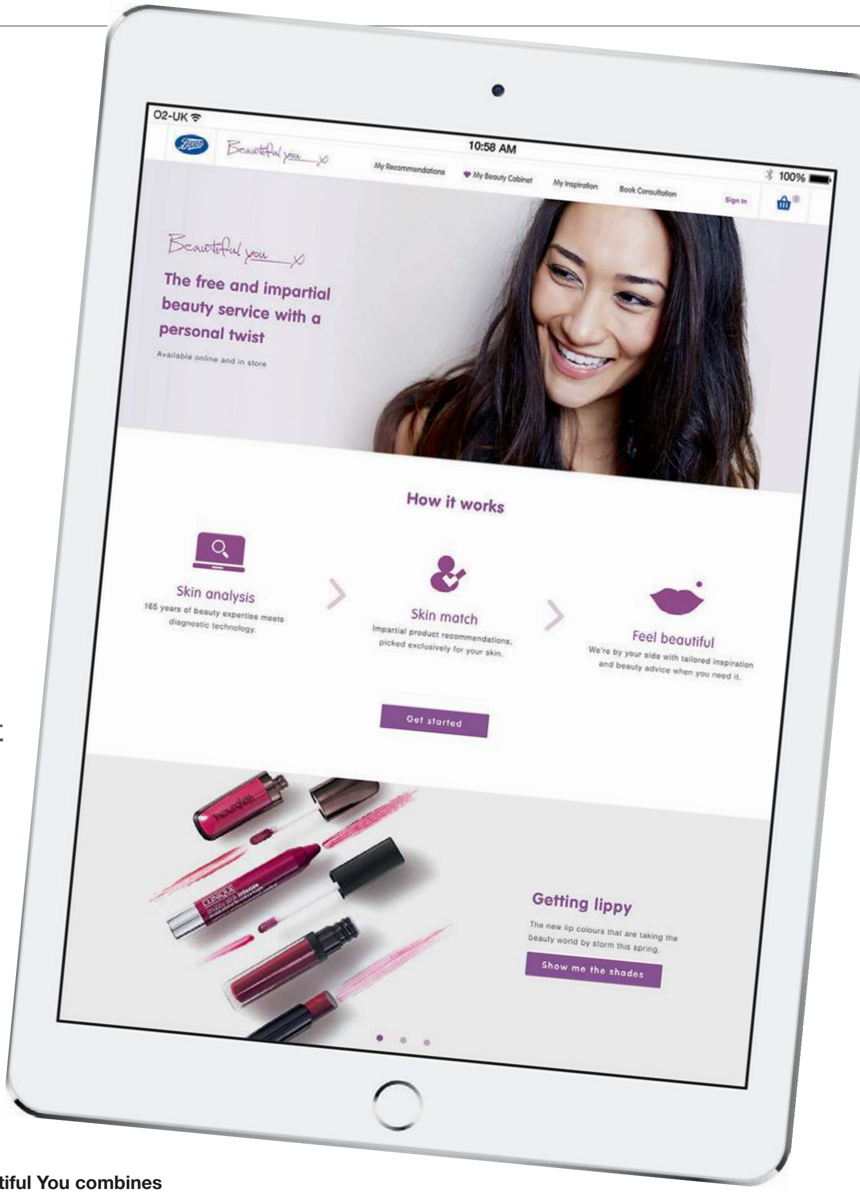
Chief executive Angela Spindler said trading in the quarter had been in line with expectations, with double digit growth for the JD Williams brand.

"Our three power brands, JD Williams, Simply Be and Jacamo, continue to outperform the wider group," she said. "Revenue from our traditional segment has continued to decline but remedial actions are now well underway.

"Our systems transformation programme, Fit 4 the Future, remains on track in all respects. Looking forward, our new systems will give us a strong platform to capitalise on the significant growth opportunities ahead."

Boots: being by your side

Robin Phillips, Director of Omnichannel & Development, Boots UK, spoke to Emma Herrod about the company's omnichannel transformation and the latest developments for customers and staff.



Beautiful You combines questions and technology to provide personalised skincare recommendations

OVER FIFTEEN million people in the UK have used their Boots Advantage card in the past six months collecting loyalty points in exchange for sharing their personal details and how they shop. That's an awful lot of data and insight that the company can use in its health and beauty business. But aren't the days gone of mailing out (electronically or otherwise) promotions, money-off coupons and incentives to purchase a certain product in exchange for extra points? Hasn't digital moved on further?

Robin Phillips, Director of Omnichannel & Development, Boots believes so. The time has come to move from targeted CRM to a "rifle shot" with advice, content and promotions getting increasingly granular. He believes that retailers also need to try and predict how to serve each shopper next. Those steps, of course, have to work seamlessly across devices and touchpoints, whether online or in store.

The customer journey is changing and brands need to change along with customers' digital and social behaviour. "We need to track, through analytics, which content shoppers consume and their every event through to purchase, what else they did around their mission and consider how to bring them around to purchase again," he explains. All this needs to be a slick experience regardless of digital or store touchpoints and easy for store colleagues, too.

Therefore, the amount of content which Boots creates is increasing and will be used along with product information to give customers an experience that's contextualised and relevant to the device they are using. "We know where you are and what you last did, and we should present you with what you need next," he says. Without it, he thinks shoppers will go elsewhere.

Technology is the enabler for the smooth experience all the way through, tracking and building data on customers so they don't get frustrated. It's also about being device agnostic so retailers have to think all the way through the journey how they deliver the best experience – and make it relevant at each stage – and through each stage of a customer's life, he explains.

BEAUTIFUL YOU

Boots wants to increase share of wallet and one way it can do that is to curate the huge range of products it stocks. Its new Beautiful You service is providing "a complete eco-system of beauty", using a questionnaire combined with technology to provide individual shoppers with a complete, personalised skincare and beauty regime. It's like expert beauty from your best friend, explains Ellen Borrowdale, Product Manager at Boots, who has been guiding the development of Beautiful You as the link between user experience, technology and business requirements.

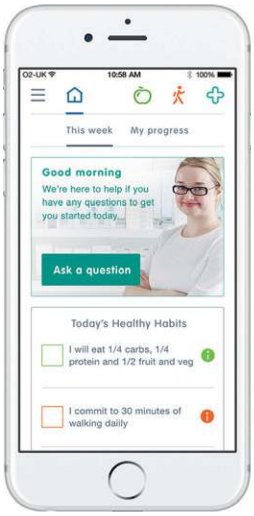
She explains that the service has been in testing since August 2015 and was prototyped in a small number of stores before being rolled out to its current 13 locations.

It has to work as a customer-facing app both in store and on the customer's own mobile or tablet device as well as being accessible and easy to use on a dedicated tablet by the member of store staff who has been trained to operate Beautiful You in a consultative setting. "It's adaptive to any device," she comments.

The questions which customers are asked about include their skin tone, size of pores, pigmentation, wrinkles and skin concerns all had to be easy for them to understand and answer. These are combined with questions about age and testing in store by the Beauty Insider consultant using a handheld skin analyser from South Korea which assesses how the person's skin age compares to their actual age. Boots looked to South Korea as it is at the cutting edge of beauty technology and chose an off-the-shelf device from Aram Huvis which is essentially an Android phone with a special lens to analyse moisture, sebum, U/T-Zone, pores, melanin, acne, wrinkles and sensitivity.

The culmination of the online or in-store consultation is a personalised Beauty Cabinet containing product recommendations from across the entire range stocked by Boots and not exclusively its own brands. Customer reviews of each of the products can be viewed, along with up to three other recommendations for each category recommended, such as cleanser and day moisturiser. The customer then needs to simply add to basket to purchase any of the recommendations.

Beautiful You looks likely to be rolled out to more Boots stores as the number of users going on to make a purchase has "beaten expectations". Of the 200,000 customers targeted to test Beautiful You, 77% of those who logged-in completed the assessment. The in-store conversion rate is running at 44% and online conversion is more than double that of boots.com.



Health Coach helps diabetics to track daily goals

> "The time has come to move from targeted CRM to a 'rifle shot' with advice, content and promotions getting increasingly granular"

HEALTH COACH

Boots is also a pharmacy and health business, running under regulatory guidelines and restrictions. Its pharmacists are highly skilled professionals and the company is trying to automate the processes that it can, such as developing a production line for repeat prescriptions at a central depot in Peterborough. The company also plays an important role in helping people who don't need to be seen by a primary or secondary healthcare professional – this country's GPs and A&Es.

Its pharmacists carry out customer consultations and help people to manage long-term health problems such as Type 2 diabetes. It is currently trialling a 12-week digital personalised omnichannel programme for people with the condition, which enhances the support they receive. The trackable programme includes content to help them manage how they exercise and what they eat as well and to maintain the correct blood sugar level.

It starts with a consultation in a private room in store during which various medical tests, such as blood pressure, are completed, questions answered and medications noted. This results in a set of goals – or three healthy habits – which is signed off by a pharmacist.

Each person is able to keep track of their progress and measure them against the goals on the Boots' site and also connect to a tracker such as a Fitbit. The programme is reviewed again with the individual after 12 weeks.

The app containing their goals can be accessed by the customer from a mobile, tablet or desktop device. It also contains their electronic prescription and a record of their over-the-counter drugs, thus making repeat prescriptions and purchases easier.

The app has been on trial in 9 stores since April and involves trained health advisors in store as well as pharmacists. Every part of the system had to be signed off by pharmacists before going live because of the medical information and recommendations being offered. Boots has also had to consider what would help customers as well as what they are likely to do. "It has behavioural psychology at the heart of it," says Phillips, explaining that if Boots can help customers to get fitter, adhere to their drugs regime and remain healthier they will also be reducing pressure on GP surgeries and hospitals. ▶

It also evolves the role of the pharmacist from being a checker and dispenser of drugs to a carer, keeping people out of hospital, Phillips adds. In addition, it ties in with the company's ambition to automate as many pharmacy processes as possible.

AGILE DEVELOPMENT

Both Beautiful You and Health Coach were developed by BetaLab, Boots' London-based digital laboratory, over a period of 5 to 6 months. They show how the company is personalising its services and product recommendations for individual shoppers, building up trust and providing a curated product range. These have both been developed in an agile environment and tested in a minimalised form, further developed based on feedback from customers and colleagues, before being rolled out for further testing.

It has therefore been important that the services don't impact on the main Boots systems, so where necessary the development teams have worked with copies of data. They are also set up to link back into those same systems, so when scaled for roll out or live installation this can be done easily. "We didn't link into the customer Advantage Card database, for example, but the system is set up to do that and any information gathered is in a format that it can be transferred across," says Borrowdale.

> "These applications are just the beginning of the news and roll out of customer-facing developments from Boots this year"

Boots' Beta Lab is a London-based digital development team

Boots also utilises existing systems wherever possible. For example, the in-store booking system for making appointments in real time is used by the Beautiful You and Health Coach services, as is the content management system (CMS) and product data. Customers don't want to go from one app to another and find that prices are different, explains Borrowdale.

In areas where the company doesn't need to differentiate or localise – such as stock control and finance data – it uses off-the-shelf systems such as SAP. "However, where differentiation is needed, we build our own IP," says Phillips.

The apps also give Boots the opportunity to further engage with shoppers in the future through a subscription service and inspirational content and how-to guides from experts and celebrities. A new CMS will allow the company to turn around articles quickly and easily link to associated products.

It will provide shoppers with an integrated experience since Boots can already identify browsers when they log on. The question, therefore, is how to make the most of the information that is known about them, such as offering them prompts like 'here's more information on the product categories you were looking at' or 'your order is now ready for collection'.

SALES ASSIST

Boots is also rolling out 3,700 iPads to staff across its 2,500 stores. A team from the company went out to Cupertino in the US to work closely with Apple and IBM on the development of its Sales Assist app, which gives store colleagues full details of products, stock levels and locations and orders.

Customers were coming into store, showing staff a product on the website on their phone and asking if it was in stock. Sales Assist gets around this, explains Phillips. It contains everything that's on the website – product data and images, customer reviews, prices and promotions and so on – along with recommendations on upsells and cross-sells and stock details. If it's not in stock in the

Boots' clientelling app has been rolled out to all of its 2,500 stores

store, the store colleague can click through to a map and see if it's available locally or easily add it to a basket and order it for delivery to store the next day. The customer is given a unique order number when this happens. The homepage contains products which are on promotion, new or being marketed to customers so staff can find them easily.

"It's all representative of what the new site will look like," comments Phillips. The new site will be based on IBM products and launch "in the summer". Boots' current site runs on IBM WebSphere.

Boots has also made a big investment in replacing back-end systems including its order management system, enterprise CMS and digital asset management. The company is about a third of the way through the transformation of its back-end systems required by its omnichannel transformation and half way through the transformation of the customer-facing front end.

> Sales Assist is representative of what Boots' new site will look like

The past 18 month have been spent combining design, proposition development – design and architectural understanding – to build digital things and omnichannel which are tied into the customer experience and powered by customer data both for beauty and healthcare.

These applications are just the beginning of the news and roll out of customer-facing developments from Boots this year, with Sales Assist just stage one. A lot more will be happening "particularly over the next 6 months," says Phillips.

ENABLING OMNICHANNEL

Boots has a long-established presence on the high street and 90% of the UK population lives within 10 minutes of one of its stores. ▶

Because of the medicines it stocks and its promise of being able to fulfil prescriptions, deliveries are made to every store twice a day. “They can deliver other things too,” says Phillips – and this extends to click and collect orders. He also points out that because Boots doesn’t have to rely on third parties, having its own DC in Nottingham and an online DC in Burton, it can, “guarantee on peak deliveries”.

Boots has its own brands and product laboratory, and customers trust its pharmacists. Its founder, Jesse Boot, set the business up to “give perfect service” and to “minister to the comfort of the community in a hundred ways”, and that is what Boots continues to strive to do today, providing customers with the right information, at the right time and the right location.

Our view: Boots can track customers through analytics, which content they consumed and its relevance to the eventual purchase, what else they did, such as collecting in store, and consider how to encourage them to purchase again. By introducing a greater amount of contextual content that’s relevant to the individual shopper and by personalising everything from their browsing to their purchasing and their wider lifestyle, Boots has the opportunity not only to curate and manage bathroom cabinets across the country but also to have an impact on the health of us all, while capturing a larger share of the growing healthcare market as it stretches from prescriptions and plasters to fitness aids and beauty treatments and from nappies and Calpol to incontinence pads and Gaviscon. We go out as we come in and Boots wants to be holding our hand throughout, whether our other one is holding a mobile phone, a wearable or an embedded chip.

If the manifestation of healthcare is a slick, cross-device experience where everyone and every device knows what we need before we know it, then Boots will continue to be “by your side” – but for only as long as it has your trust and a department to provide the digital innovations.

As InternetRetailing goes to print, a new Managing Director takes to the helm at Boots. Elizabeth Fagan has moved from managing Boots Opticians, to marketing, and international responsibilities before being promoted to Managing Director of the chain in the UK. Having been responsible for Boots’ ‘Here come the girls’ advertising, it will be interesting to watch how her marketing lead will impact on the customer insight needed to push forward the company’s trust, loyalty and personalisation agenda.

SALES ASSIST: A WORLD FIRST

The roll out of Sales Assist means Boots is the first retailer in the world to go live with IBM MobileFirst for iOS. The cloud-based suite is the culmination of IBM’s close working relationship with Apple, which has ensured that modules are not only future-proofed against the iOS roadmap but also integrate easily with other systems used by retailers and those used by other business sectors for which IBM has developed its MobileFirst cloud. “Integration is the biggest challenge out there but IBM has built standard adapters to the main platforms,” comments Shamayun Miah, Partner & VP, IBM Global Business Services.

He explains that the development of MobileFirst for retail involved first taking an outside-in view of the industry, finding out what best in class looked like and talking to analysts, the press and IBM customers. It picked Boots as a customer which shares its values, to transform and develop the roadmap, one which offers a high-service model. The project was co-funded.

“MobileFirst is defining great customer services and great usability, and with industry input from its customers is empowering them with real data and making it easy to implement,” explains Miah.

Boots, IBM and Apple have worked closely on the development of the Sales Assist app, the core of which forms IBM’s cloud-based suite of services for other retailers. IBM will continue to maintain the app.

We now deliver to over 190 countries worldwide.

To find out how you could benefit from our fully tracked International Service visit www.international-parcel-delivery.com

Hermes

Makes delivery easy.

CEOs not fit for purpose

Four out of ten retail CEOs wouldn't be qualified for the job if they were to reapply, according to a report by recruitment consultancy Green Park and the World Retail Congress.

THE FAST pace of customer-driven change within retailing along with the digital agenda are leaving retail CEOs behind in the skill set that's required for the job, according to analysis of survey responses and interviews with over 100 Chairs, CEOs and senior retail executives. Some 37% are not fit for purpose when it comes to the advancing technologies that retail now encompasses and many will not have the technical skills required of a CEO by 2020. 'The DNA of the Future Retail CEO' report, authored by recruitment consultancy Green Park and the World Retail Congress, maps out the necessary transition from today's skill sets among senior retailers to those required by the year 2020.

The report also assesses the major challenges facing the retail sector today, benchmarks the suitability of current and future CEOs to meet these challenges and concludes by prioritising, measuring and assessing what ambitious retailers and their boards need to do next to make sure that CEOs will be fit for the future.

Fronting the report, Sir Ian Cheshire, Chairman of Debenhams comments: "The two main findings from the research could make for uncomfortable reading for many. Firstly, it is clear from the research that, in the eyes of our global panel, many incumbent CEOs simply don't match up to their job description. It is clear that many retail CEOs are not seen as fit-for-purpose, particularly when it comes to their lack of mastery of digital and data-driven skills. This skills deficit – and question marks over the willingness of today's CEOs to adapt – is a major concern for the sector. This is a serious worldwide challenge for current leaders."

He continues: "The obvious follow up question therefore is will the new generation be better suited to the role by 2020, than their predecessors? The second finding of this report therefore is that, as things stand, aspiring retail CEOs will still face a substantial deficit of online, digital and data skills by 2020, as well as requiring a far stronger understanding of customer behaviour than had been previously envisaged."

So, what are the skill sets deficient in today's CEO and what are the requirements by 2020?

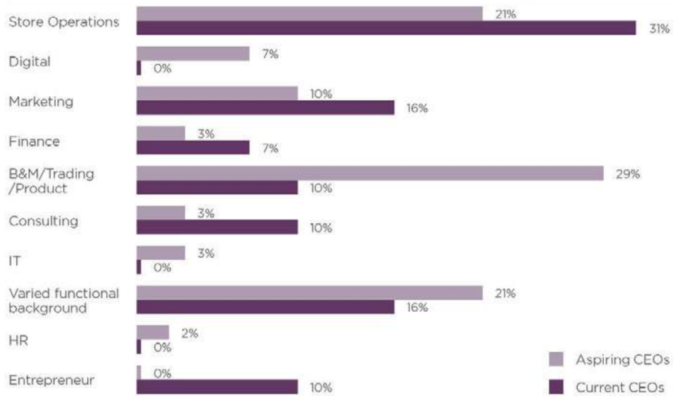
The report authors asked a global panel which key skills were needed if they were to choose a new CEO today. The requirements of the role emerged as a change agent with a clear vision, customer-led and a collaborative approach to leadership. Product knowledge, store operations and digital and data were also listed.

The report also looked at technical skills currently held by CEOs and those that would be necessary by 2020. Comparing the background of the CEOs of the UK's 32 largest retailers against the key skills outlined by the global panel, there was a clear gap.

But, are those aspiring to be CEOs in 2020 shaping up any better? The report authors identified 58 aspiring CEOs, currently at or one level below the operating board within one of the UK's largest retailers, and compared their background to the sample of current CEOs. While the percentage of aspiring CEOs who have predominantly store experience has fallen to 21%, down from 31%, only 7% have extensive digital experience. They may have broader experience than today's CEO, but it's still not seen as broad

Main functional background of aspiring CEO

Functional Background	Aspiring CEOs (%)	Current CEOs (%)
Store Operations	21	31
Digital	7	0
Marketing	10	16
Finance	3	7
B&M/Trading/Product	29	10
Consulting	3	10
IT	3	0
Varied functional background	21	16
HR	2	0
Entrepreneur	0	10



enough by the global panel which believes that having a limited set of experiences will not make for effective change agents. Echoing the thoughts of many, Justin Maltz, former Director of a leading UK private equity firm says, "A lot of current CEOs are from the shop floor but their potential successors need to be more rounded in [order to succeed]. They will need to get experience in different parts of the business; you have to be prepared to move them around".

So, what is the DNA of the perfect CEO for retail in 2020? According to the panel, the dominant leadership qualities remain as change agent, customer led and collaborative leadership with emotional intelligence ranked fourth.

Highlighting the central position of the customer in dictating the nature of change, the importance of the customer-led approach to retail leadership increases sharply; 42% of respondents ranked it as the most important 2020 trait, compared with only 20% for a 2016 CEO.

Looking closer at the top three attributes, the change agent's challenges will be in recognising that leading and developing people within current organisational structures may not be enough. The operating structure of retailing businesses must also change. To be a customer champion, CEOs must increase their understanding of the customer in 2020 and undertake a bottom-up approach to finding out what the customer wants. The customer champion CEO for the year 2020 must be prepared to triangulate information from multiple streams, including a mandatory personal engagement with both one's own retail proposition and those of competitors, across channels.

When it comes to collaborative leadership does the change mean the end of the merchant prince? The global panel reinforced the strong showing for a more collaborative approach among retail CEOs in 2020, with nearly seven in 10 (69%) believing a collaborative style of leadership will be a necessity for a fit-for-purpose CEO in 2020. Appointments will increasingly reflect a shift to a far broader set of skills among retail leadership teams and it will be virtually impossible for any single leader to have command over all the knowledge necessary to run a retail business in the future.

What is clear from the technical skills necessary for a CEO in 2020 is that they look radically different. Future skills called for include being highly digital with an understanding of omnichannel commerce. This was placed well ahead of any other skill, being ranked first by seven out of ten respondents and in the top three by nine out of ten. Future CEOs also need to be "data driven in the extreme," because the 2020 CEO will need to derive far greater insight from data than ever before. Even more remarkable is that the CEO experience of store operations, near the top of the priority list for current CEOs, becomes the lowest priority of the seven technical skills required of the perfect 2020 CEO.

So, are retailing's aspiring CEOs ready for the 2020 leadership challenge? Green Park believes that they are not. Benchmarking the aspiring CEOs against the 8 identified building blocks and its 'Leadership Index', Green Park found that the current leadership pool lacks the skills required for the 2020 CEO vision. Even though the CEOs of tomorrow have broader skill sets, they still lack some vital skills. Therefore, a far greater focus on leadership development and succession planning is now required across the industry.

Personal traits required of the 2020 CEO (% of total - 2016 retail CEO scores)

Personal Trait (in order of priority)*	% ranking this trait 1st	% ranking it in top 3
1. Clear vision / change agent	**32 (48)**	**81 (89)**
2. Customer-led approach	**42 (20)**	**64 (62)**
3. Collaborative approach to leadership	**15 (17)**	**41 (38)**
4. Emotional Intelligence	5 (3)	44 (42)
5. Active employee engagement and communication	2 (5)	22 (22)
6. Strong Personal Values	3 (5)	16 (22)
7. Bravery at pace	0 (3)	31 (26)

*Ordered by weighted ranking system

Technical skills required of the 2020 CEO (% of total - 2016 retail CEO scores in brackets)

Technical Skill (in order of priority)*	% ranking this trait 1st	% ranking it in top 3
1. Understanding of digital commerce and omni-channel	**63 (29)**	**94 (47)**
2. Data/insight driven approach	**25 (9)**	**86 (45)**
3. International market expertise	**2 (5)**	**50 (32)**
4. Specialist knowledge of the retail product	4 (20)	14 (60)
5. Understanding the supply chain	2 (5)	23 (47)
6. Technological prowess	2 (0)	12 (6)
7. Store operations experience	2 (31)	23 (62)

*Ordered by weighted ranking system


High-Performing Campaigns
3 campaign(s) converted 63 contacts in the last 30 days.
1,028 first-time buyers defected in the last 30 days
Re-Purchase Rate
in the last 90 days
47%
1,676 active customers purchased in the last
1,798 active customers defected in the
Retention Rate
in the last 90 days
1,304 defecting customers
25%
Win-Back Rate
LIFETIME VALUE: $212
PREDICTED PURCHASE: Adaptive Trainers
CONVERSION PROBABILITY: 28%
PURCHASE INTERVAL: 42 Days
PURCHASE HISTORY
Trainers
Books
Wearables
Backpacks
VOUCHER
50% OFF
for a limited time only
Redeem

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 Mothercare.

RETAIL LEADERBOARD

John Lewis	83/100
M&S	80/100
House of Fraser	78/100
Burberry	78/100
Mothercare	78/100
Debenhams	77/100
New Look	77/100
Tesco	76.5/100
Argos	75/100
IKEA	75/100
Topshop	70/100
Very Exclusive	70/100
Fortnum & Mason	70/100
Next	67/100
Oasis	66/100
Aldi Wine	62/100
Google Play	60/100
Boots	59/100
Majestic Wines	56/100
HMV	51/100
J Crew	50/100
Morrisons	27/100

RETAIL STRATEGY 25/25
EMMA ROBERTSON,
MANAGING DIRECTOR, TRANSFORM

Mothercare is emerging from a challenged period of trading and operating, and for a long time has been an example of a retailer that lost its way. Like many retailers, over the last decade Mothercare has faced the retail-trinity of problems: aggressive competition, unprofitable store estate and digital disruption. But if the figures released in May are anything to go by, it has also overcome them.

Stores designed to support a range of customer needs from social events to baby classes and coffee breaks have moved Mothercare out of commoditisation into a new value proposition. In addition, the digital first strategy has led to an omnichannel proposition that supports cross-channel customer journeys, as well as range extension in-store enabled by digital tools.

WEB EFFECTIVENESS 21/25
NICOLA DUNLOP,
USER EXPERIENCE ANALYST, USER VISION

Recent figures would suggest that UK retailer Mothercare is pioneering the delivery of a seamless service experience across digital platforms, yet from our recent online experience it would appear there are some aspects yet to be refined. There are few navigational issues such as the distracting quick link panels placed within the drop down menu and use of carousel content on both mobile and desktop platforms. The nature of the site encourages a product-based search and so assumes that users know what they are looking for. However, a more personable approach based on user need could not only quickly signpost users to appropriate content but support users in providing them with exactly what they require.

MOBILE 14/25
ELLE HANKINSON, BURN THE SKY

Mothercare's core market is made up of millennials so it's clear that digital needs to be a key focus for the company. The overarching impression on opening its app on an iPhone 6 is its ease of use – there are no glitches, which makes it an enjoyable and fast user experience – key for converting browsing into sales.

The UX design and user journey is clear and the ability to personalise the app's home screen will be appealing to its market of enthusiastic mothers. Mothercare cites personalisation as a key focus in its business strategy and these first steps are a great way towards that goal. It is also on-trend offering native content through its app.

However, while the Mothercare app is well designed in many ways, the fact that I can't register as a new user – and cannot complete my purchase without registering, is a fundamental flaw. Fortunately I can make a purchase as a guest.

INTERNET RETAILING IN STORE 18/25
PETE BROWN, CONSULTANT, KURT SALMON

Mothercare's vision and strategy statements refer to "the introduction of digital screens and video walls, iPads, customer Wi-Fi and click-and-collect to all our stores". While there is evidence that some of this technology has been put in place, this does not yet extend to digital screens.

In store, customers can browse, order and pay for items via store assistants' iPads – and if necessary return unwanted goods to any store. Mothercare also promotes the use of iPads within its personal shopping service, to support staff many of whom are skilled in specific product areas.

Since the company's target audience comprises digital natives, Mothercare will need to future proof by delivering and fulfilling its digital ambitions.

Beyond Brexit: Building retail in a new epoch

The ramifications of the British vote to leave the European Union are barely understood, but the radical implications cannot be underestimated. Ian Jindal considers some challenging lessons, and more-challenging opportunities to be seized, as we move from bemoaning or celebrating to the realities of building a new future.

THAT THE world had qualitatively changed was clear as I addressed our inaugural European Summit[1] in Berlin the week following the Brexit vote. The overwhelming messages from the gathering of the IREU Top500 retailers was that the UK's skills and expertise were valued, and that there is a bond between multichannel professionals that bridges national boundaries. This is clearly shown too in the first ranking of Europe's Top500 multichannel retailers, the IREU Top500 2016, which we're pleased to release this month[2]. Europe and trade are certainly the issue of our time.

We are witnessing an epochal change – of radical disruption. While the digital revolution caused disruption, there are few events in our time that have recast social relationships, rewritten the rules of politics, recast national relations, rejected the underpinning legal settlement of nationhood, trade and personal freedoms, while resetting people's expectations of the course of their families' lives. Short of war, this is the most wholesale disruption we may see in our lives and from this we need to create and seize opportunity.

The manner in which we act post-Brexit will test and set the character of the UK and Europe for the next generation.

Our industry could be characterised by a customer-focus, a bias for innovation and change, and a global perspective. All of these are fundamentally, radically challenged by the Brexit vote. The questions to consider are broader than retail alone, but as a major employer and generator of economic value we have to engage more broadly than solely our own bailiwicks. Areas of engagement include:

- How better to connect with our customers, many of whom have expressed an anti-urban, anti-establishment, anti-globalisation sentiment? If our customers are never wrong then we need to find a better narrative of inclusion and relevance, even as they seek out global brands at discounted prices... We need to consider how we communicate and live our values, not just our pricing and promotion policies.
- Our staff are simultaneously an asset to our business, our own customers, and the disaffected or disenfranchised voters. Skills development is needed both for our own performance and for our employees to have a stake in society and confidence about an improving future of employment, mobility and affluence. How can we connect with our staff to align our commercial progress with their lives and hopes?
- What needs to be done to retain competitive, open market access? Both for sales of our own goods and the purchase of goods for resale, consumables and infrastructure?
- As we have a chance to look afresh at our regulatory frameworks, what is necessary to ensure a level playing field? What regulation do we want to retain, remove, introduce?

Over the coming months we will be seeking, listening to and synthesising the voices in our industry as we look to create positive outcomes from this disruption. Our editorial approach at IR is to reflect the board-level, cross-disciplinary, commercial conversation and so we'll look at all areas in which we can make an impact.

What questions do you think need to be addressed? Where should our focus lie? Please let me know your thoughts. Over the coming year we will hold informal discussions across the UK and in key European cities, under the Chatham House Rule. The aim is to have an agenda, an approach and consideration points in time for the next European Summit in Berlin in June 2017. We have invites to Liverpool, Edinburgh, Manchester, London, Paris and Amsterdam, but we'll go where the conversation leads. If you have an office or venue that could host us, please do let me know. While the focus of the discussion will be amidst multichannel retailers, key suppliers to the sector have an important voice and we invite their contribution too.

For now, please drop me a note at ian@internetretailing.net if you'd like to contribute.

[1] The inaugural InternetRetailing Summit is reviewed in this issue.

[2] Distributed with this month's magazine and available digitally via www.internetretailing.net/ireu

IREU TOP500

InternetRetailing has built on the work of its UK Top500 ranking, in conjunction with our partner Emarsys, expanding the research across the European Economic Area. *Emma Herrod* **reports on the findings.**

TRADE ACROSS European borders offers huge rewards for the traders that overcome the unique challenges this continent presents. Brexit aside, challenges such as developing logistics strategies that are relevant in the varied markets of the European Economic Area (plus Switzerland) through to managing differing expectations around payment, currencies and, indeed, shopping behaviours, are, and will continue to be, a huge task for the pan-European retailers that InternetRetailing assessed in the InternetRetailing Europe Top500 (IREU Top500) ranking of the continent's leading traders.

The challenges are clear from the figures. This is an area of 32 countries, 26 official EEA languages and 13 currencies. The Euro is the leading currency in this region, adopted in 17 countries. Although a digital single market is starting to emerge across the area, the IREU Top500 illustrates that performance is uneven across individual markets.

Turnover from ecommerce across Europe grew to €455.3bn (£359.2bn) in 2015, and will reach €50bn (£402.3bn) in 2016, according to the European B2C Ecommerce Report from Ecommerce Europe. It analysed 48 European countries, including the 28 that are members of the European Union, and estimated that 296m online consumers from these markets spent an average of €1,540 (£1,173) over the internet last year.

The IREU Top500 research shows that, as a group, leading European retailers are often starting to foster cross-border trade, but have by no means completed the task. The average IREU Top500 trader sells not in 13 currencies but in two, and in three languages, rather than the 26 that are possible in the region. Indeed, many of those listed do not sell in other markets at all but enjoy a large enough footprint in one territory to win a place in this index. Some are well ahead of this, selling in many markets and languages. Spanish fashion brand Zara, for example, sells in 28 EEA countries, serving customers in 23 languages, while footwear retailer Deichmann sells in 19 countries and in 18 languages. But the average remains, for the moment, at a relatively low level.

FOOTPRINT & DIMENSIONS

Building on research that's been ongoing for more than two years, InternetRetailing set out to research and analyse the larger European market. The resulting IREU Top500 looks in-depth at 32 countries – the members of the European Economic Area plus Switzerland. We've examined the leading ecommerce and cross-channel retailers and how they trade in order to identify the characteristics of the traders that stand out in this wide and competitive pan-European market.

We started by identifying the Top500 European retailers, measuring first their Footprint for sheer heft in the market, before going onto assess them against six Performance Dimensions. Through this analysis of the leading European retailers, researchers aimed to understand how successful multichannel retailers go about competing with local indigenous traders through the use of country-specific strategies that take account of the language, culture and legalities of retail in each market.

First, footprint data, in terms of online and offline revenue, web engagement and the store estate of retailers' businesses gave the preliminary rank based on size and market impact from the customer's perspective. In-house research identified each retailer's physical presence and financial performance across the region. Where that information was not available, our algorithms inferred data based on researched metrics. This analysis was moderated and weighted in the following Dimensions:

1. The Customer: websites were tested for speed, as well as for the more subjective ease of navigation and search relevance, which were considered likely to contribute to customer satisfaction. Researchers charted whether retailers personalised customer communications channels or left them the same in different countries.

2. Operations and Logistics: measuring the service promise for deliveries, returns and collections.

3. Merchandising: considered whether retailers enabled customers to find the product quickly, and then understand it through relevant images, information and third-party review and ratings. Analysis of stock newness was integrated to capture the full picture of merchandising activities.

4. Brand Engagement: assessed how retailers

Congratulations to the IREU Top500, 2016

This is our 2016 ranking of the Top500 in Europe, based upon each retailer's performance across our six Performance Dimensions: Strategy and Innovation, The Customer, Operations and Logistics, Merchandising, Brand Engagement, and Mobile and Cross-channel.

EU 2016 ELITE

Apple
bonprix
next
Decathlon
H&M
ZARA

EU 2016 LEADING

Alza
Amazon
Argos
Asda
The Body Shop
Boots
Carrefour
Currys
Darty
Deichmann
Euronics
IKEA
Intersport
John Lewis
Lidl
M&S
Media Markt
Nike
Otto
Sainsbury's
Saturn
Screwfix
SportsDirect.com
Tesco
Zalando

EU 2016 TOP 50

Asos
Auchan
Bershka
Coop
Debenhams
Dorothy Perkins
eBay
Fnac
Halfords
Homebase
House of Fraser
Kiabi
Leroy Merlin
Mango
Massimo Dutti
Mothercare
New Look
PC World
Pimkie

connected brands with the customer, through social media and direct marketing engagement and through search visibility.

5. Mobile and Crosschannel: considered how mobile websites were optimised and the use of mobile apps. Crosschannel links were analysed through the availability of product collection and drop-off returns.

6. Strategy and Innovation: the extent to which the retailer is adapting for growth, international commerce and embracing innovative approaches.

The resulting understanding goes beyond which retailer has the highest turnover, ecommerce revenues or web traffic to learn which best-practice approaches are most commonly and widely used in this highly-diverse market, and which are still emerging as etail becomes ever-more sophisticated.

We go on to examine the seeds of radical change, extending our scope beyond traditional retailing to consider the international aspects of trading both within and across European borders; how brands, now themselves pan-European, are selling; and how marketplaces and retail groups are evolving in this new world of retail. These findings of what works in the European market will, we believe, in turn help others to build and hone their own performance through a measure that we define as RetailCraft – a striving for excellence at scale that, in responding to customers' needs, makes ecommerce and crosschannel retailing both more focused and more profitable.

To view the full list of the IREU Top500 and the in-depth analysis of which retailers excel in the six Performance Dimensions, visit internetretailing.net.

IRUK 2016: The merchandising dimension report

Bound in with this copy of InternetRetailing magazine is the latest in our series of InternetRetailing UK Top500 Dimension Reports on Merchandising, in conjunction with our sponsor IBM. *Ian Jindal* **previews the analysis.**

MERCHANDISING IS one of the six key themes through which we analyse the work of the InternetRetailing UK Top500 retailers because it goes to the heart of how retailers sell most effectively. Today's retailers are going beyond the store and deploying the power of digital to sell across the website, mobile devices, and through channels including social media and the call centre. Understanding and finding techniques that address the complexity of this task is key to success in modern retail.

Merchandising embodies the art and science of selling from a distance. The art is present in the way that merchandisers use expertise and experience to show products to their best advantage, developing and fostering the brand in ways calculated to delight shoppers. The science is now starting to come to the fore in a world of digital merchandising, in which shoppers' behaviour can be measured and understood more exactly.

> "Merchandising embodies the art and science of selling from a distance"

Here, it's about how retailers use data to understand their customers, and so deliver highly relevant information about products, whether in the form of search results, personalised pages or through offering shoppers the ability to share what they've found out about the brand via social media.

Bringing together the art and the science adds up to a level of highly informed merchandising that hasn't previously been possible. For all personalisation is key, this is about more than looking back to the personal retail service of the local shop, a world in which shopkeepers knew their customers' names and preferences. Rather, it's about giving shoppers service that reflects not just an acquaintance, but a real understanding of what makes them tick through insights gleaned from their behaviour. Through these data-driven insights, there's now the capacity to over-deliver on retail promises – and consumer expectations – delighting shoppers into the bargain.

In this Dimension Report, we analyse the work of retailers that are at the top of their game in this critically important area of merchandising; we critique the context in which they are operating; and we share best merchandising practices. Our aim is to understand and share the underlying reasons for success in this area.

Our Research Editors, Chloe Rigby and Jonathan Wright, set the context for our analysis of the market in the strategic overview which looks at the way merchandising approaches are developing in the UK, assessing the latest trends and more.

Our Analysing the Numbers feature looks at the varying approaches that both leading retailers and Top500 retailers take to merchandising, from their use of navigation and relevant search results through to the deployment of cross-selling, upselling and more.

Our case studies look in greater detail at the way fashion retailers in this Dimension manage stock, from how quickly items sell through to how effectively traders replenish stock, in research carried out in partnership with IRUK Knowledge Partner Edited, while our lead interview is with Sam Perkins, merchandising director of Shop Direct.

Magazine subscribers have a print copy of the Dimension Report with this issue. However, it's also available online at internetretailing.net/iruk as both a digital version and as HTML.

We welcome your thoughts on new areas of research as we add to our primary data and analysis. Please email your suggestions and ideas to research@internetretailing.net.

Paul Clarke,

Product Director, Barclaycard Global Payment Acceptance

WHAT DOES YOUR COMPANY DO?

Barclaycard Global Payment Acceptance's core business is providing customers large and small with the capability to take payments, whether online or face-to-face, and with a consistent experience through any number of new and emerging channels such as mobile and contactless.

Barclaycard celebrates its 50th birthday this year and the company has seen significant and pioneering changes in that time. In recent years our business has evolved from a traditional card acquirer to a business that offers sophisticated gateway solutions. This enables us to offer our customers a range of tools that help manage fraud and cyber security.

BARCLAYCARD IN BRIEF

Company founded: 1966. It also introduced the UK's first credit card in that year. It celebrated its 50th birthday in June 2016.

Global reach: Barclaycard is a broad international payments business with businesses in the UK, US and Germany.

Customers: 30 million customers and retailers around the world. 10,500 transactions are made with Barclaycard every minute of every day.

For more information about Barclaycard Global Payment Acceptance, please visit www.barclaycard.co.uk/business, telephone 0800 096 8199 or tweet @bcardbusiness

> "We have a clear vision of our future – to ensure we provide solutions that enable our customers to transact, no matter what device they are using, where they are located and whatever method of payment they want to accept, and to do this in a seamless and joined up way."

WHAT IS YOUR USP?

Our USP is our people. I believe our technology is leading edge, we have a strong history of innovation and when it comes to reliability and security, we have an excellent track record – but what makes the difference is the experience and depth of knowledge of our people.

The service our people provide based on experience, expertise and a desire to help our customers be more successful is what makes our customers join us and stay with us.

HOW WOULD YOU DESCRIBE YOUR BUSINESS AREA'S VISION?

We have a clear vision; we want to help make our clients more successful and help them make the sale every time. We do that by delivering the best technical capability we possibly can, being committed to reducing complexity that our clients face within the payments world and by constantly innovating the solution and services we provide.

WHAT ARE YOU DOING CURRENTLY IN THE ECOMM PAYMENTS MARKET?

There are quite a few things happening in the ecommerce space, and as ecommerce, mobile and other ways of paying start to merge this creates both new opportunities and issues for our customers to think about.

Top of the list for us is simplification; how we can bring all these emerging technologies and opportunities together in a way that makes it simple for our customers to use, in the UK, Europe and beyond. A large part of our investment is going into simplifying each piece of the ecommerce journey, from how our customers and partners can integrate and use our services, to simplifying the data and analytics we provide to help our customers understand more about their business.

Other things we are working on include payment optimisation (helping our customers to ensure that they stop bad transactions whilst increasing the number of good transactions that get processed); improved fraud solutions; looking at intelligent behavioural tools that will help our customers pin point fraudulent activity prior to checkout and, as ever, constantly looking to add new and emerging payment types, whether that is local international solutions or emerging capabilities such as Android Pay, Samsung Pay and Apple Pay.

HOW DOES THIS COMPARE TO WHAT YOUR COMPETITORS ARE DOING?

All of our products and services are market competitive and we are constantly gaining insight from our customers to evolve and enhance our solutions. We offer a breadth of products and services beyond payment acceptance and therefore our competitors are wide ranging and far reaching. Our approach to proposition development is to engage the customer as early on as possible to test, change and get the most fit for purpose product out to market. As a technology-led organisation with long standing heritage and expertise we are well positioned to become a single point for UK merchants looking for a range of products and services.

WHO ARE YOUR CUSTOMERS?

Our customers range from a corner shop to a major UK-wide supermarket. They have varied requirements and our products are developed to address their specific needs.

We have organised ourselves to address the needs of the different sectors our customers exist in, for example hospitality and travel, and have built specialist knowledge of the needs of these customers over time. We work really hard to engage with and understand our customers, getting them involved in initial product development and service ideas. We additionally support our customers' growth ambitions globally – enabling them to process different currencies.

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

The challenges ahead include continuing to simplify for our customers all of the regulatory and scheme changes that they are faced with in an ever-changing payment industry. Also to foresee any change as a result of the UK move to leave Europe and supporting our customers through any potential required change. Also, we'll continue our focus on fraud and security to ensure our customers and their customers are protected from any potential breach.

To meet these challenges, we are investing heavily in technology and people that will enable us to continue to deliver our strategy of simplifying the payments experience for our customers and enabling them to make a sale every time.

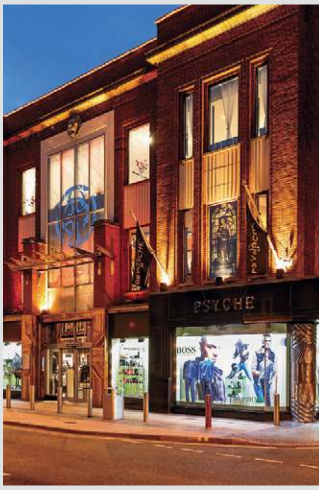
CUSTOMER CASE STUDY

Psyche is a unique business – a fashion department store with the look, feel and style of an independent boutique. First created by Steven Cochrane in 1982, Psyche has since grown to sell a range of high-end designer brands from a 35,000-square-foot premises in Middlesbrough.

With its philosophy of providing a captivating and enjoyable shopping experience, Psyche was one of the pioneers in online retail – launching Psyche.co.uk in 1997. Since then the company has always been keen to embrace the latest online innovations. When it was looking to refresh its ecommerce platform, the retailer partnered with web developer Visualsoft – one of Barclaycard's web developer partners.

Psyche wanted to find a new payment solution too since it was having ongoing problems with its previous payment provider. The new provider had to deliver: security checks, accurate and dependable service, simple invoicing, seamless integration and supportive customer service. As all of the above needs were met, Visualsoft recommended Barclaycard as a preferred partner.

Barclaycard's ecommerce payment solution offered a robust platform with vigilant security checking, which Psyche can depend on to minimise fraudulent transactions. What's more, the invoice process is simple, freeing up a lot of time for Psyche staff to concentrate on servicing their customers. Plus, Barclaycard's record of 99.99% uptime ensures the business is able to accept sales 24/7.



With UK-based support staff on hand to help, Barclaycard is constantly there to ensure the payment process runs smoothly. And as we are both the acquirer and the gateway provider, the integration process has been seamless.

The ecommerce solution was implemented in March 2015. In the first four weeks, £37,000 worth of transactions were processed – a figure that is expected to increase over time. Plus staff found they were saving 10 hours per week – meaning they could concentrate more on serving customers and less on solving problems. This relationship has led to improved staff morale and the decision to also implement Barclaycard's physical terminals in store.

"Our close collaboration with Visualsoft and Barclaycard has really boosted our confidence in our online offering. It has been a truly positive experience that has enabled team members to focus fully on our customers and we look forward to continuing such a successful partnership," says Steve Cochrane, Managing Director, Psyche.

The following article has been written for InternetRetailing by John Beechen, Head of Managed Services, Salmon. Salmon is a global digital commerce consultancy that defines and delivers market-changing ecommerce solutions and customer journeys for the world's leading brands. Founded in 1989, with offices in London, New York, Beijing and Melbourne, it has over 500 experts in multichannel commerce, shaping client platforms that drive $5bn in revenue annually across retail, distribution, manufacturing, FMCG and Direct-to-Consumer.

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Peak trading: the rise of Black Fiveday and how retailers must respond

John Beechen, Head of Managed Services, Salmon, examines 'Black Fiveday' and how retailers can take the stress out of their systems.

BLACK FRIDAY 2015 saw a tipping point in peak trading. In the UK, we witnessed our first £1 billion online shopping day. While 2014 saw chaos in high street stores, with customers fighting over the best deals, in 2015 high street stores were far calmer. Customers were prepared and ready to purchase their bargains online; our data showed conversion rates were up by 66% on the day. The growth of online trading was even more pronounced in the US where, for the first time, Black Friday online sales outstripped physical sales. What's clear is that Black Friday is moving to become an online-first phenomenon.

However, there were still reports of some retailers facing website outages due to the high volumes of traffic. On some sites, customers sat in online waiting rooms before they could make purchases, or found that when they reached the site the products they wanted were unavailable. As 2016 promises even more of an emphasis on the online offering, retailers must begin to plan their approach to peak trading now to ensure that they can cope with these new levels of online demand.

This year we at Salmon are advising retailers to start preparing for five days of peak trading in November, from Thursday 24 November through to Cyber Monday on the 28th. We are hearing from retailers that they are planning to start discounting even ahead of the Thursday, although this is when traffic will really build. In 2016, we predict that there will be £5bn spent online in five days. This is because we're seeing retailers increasingly prepared to spread out their deals over a longer time period, both to retain customer interest and to help systems to cope better with traffic. However, this will mean that retailers will be under pressure to 'get it right' across the whole week.

The stakes are high for retailers to deliver this year. Customer perceptions and relationships can be seriously damaged by poor experiences on Black Friday. Difficulty with slow load times and queuing on the website can cause real frustration, while poor fulfilment will create further annoyance. And this won't only damage the view point of the consumer affected. Social media means that as soon as users become aware of a problem affecting a brand or retailer, negative reports can spread rapidly and even start to trend, regardless of how accurate or fair that criticism may be.

Moreover, media interest in Black Friday remains high. Two years ago in 2014, stories about difficulties with Black Friday dominated the headlines, ranging from fights in-store to website crashes. This meant that in 2015 the media were particularly alert to any issues with retailers, and were quick to pounce on issues like slow website loading times as evidence that a particular retailer had 'failed' Black Friday. As such, retailers should be all the more aware of the wider difficulties that technical failures on Black Friday may cause, and take enough time to prepare their online offering.

First of all, retailers must take the time to align marketing and operational planning. Black Friday has become an extremely congested retail period, with discounts from almost every vendor. Retailers will have the opportunity to spread their deals out over a longer period, to ease traffic pressures on the site and avoid overwhelming the consumer. Customers are also aware of these timeframes, delaying purchases until the sale period commences. Retailers will clearly want to capture their potential share of sales as early as possible to mitigate this delay but there is also the risk that starting the offers too soon will dilute the sale period. Ultimately, it will be important to understand what will work best for particular customers and plan discounts accordingly, alongside clear communications to consumers about the deals and timings to expect. But, at the same time, retailers should allow enough contingency and agility to be able to adapt quickly if the landscape requires it.

> "In 2016, we predict that there will be £5bn spent online in five days"

TAKE THE STRESS OUT OF STRESS-TESTING

Retailers should absolutely begin their technical preparations now. Extended stress-testing is vital to identify and address potential areas of weakness on the site. In 2015, we saw that many IT teams focused their stress-testing on the front-end of sites, as the location of the customer's interface with the brand. However, the back-ends that process the transactional data were often not tested to the same degree to assess the impact of heightened activity; as a result, some back-end systems faltered under heavy traffic. Sometimes this was caused by the fact that the systems process groups of transactions in batches at set schedules. These systems were not designed or tested to deal with sudden, extreme upturns in volumes. Both front and back end systems must be incorporated into stress-testing, which must be undertaken with adequate time to go before the peak period, so that retailers know where their "break" points are, rather than simply thinking that they know.

Stress-testing and advanced planning can help in preparing important contingency measures, which will shore up performance during peak. Content caching is an excellent option for times of high traffic. Non-transactional and personalised content such as product images and descriptions may be cached using content delivery networks (CDNs), taking load off the transactional servers at peak times.

Similarly, limiting functionality on the site during peak period is a beneficial approach during peak, as the focus shifts from functionality and shopping experience to performance. Kill switches may be introduced to enable non-essential elements to be turned off during periods of high activity. This ensures that external sites and services, for example, can't negatively impact performance.

Queuing systems may also be a useful contingency; by limiting the peak load, these structures can help to avoid site crashes or slow down during periods of very high traffic. Some retailers make use of online waiting rooms, although in this case it is very important to communicate clearly with consumers so that they know what to expect.

As a general trend, many sites are being hosted on cloud-based platforms, which allow for elastic capacity. This can be beneficial during periods of peak demand, as businesses can increase their processing power and server space quickly and temporarily. However, this presents a potential area of weakness during times of extreme traffic levels. 'As a service' provisions are likely to be shared between many different businesses, making the services vulnerable to being flooded by requests and crashing.

This might have significant consequences – for example, if the cloud service is something critical such as payment processing, the retailer's ability to accept payments from customers may be limited. Ultimately, customers will lay the blame for these issues squarely with the retailer. Contingency planning, then, is vital here, to help to identify what on-site ecommerce applications will do in the event of a service crashing, and what remedial steps may be planned.

Retailers absolutely must begin to plan for Black Friday now. Peak trading is a time when retailers can make excellent gains, but the stakes are high too. A poor online offering during Black Friday can seriously damage a retailer's reputation, both in the media and with customers. Planning in advance and extensive stress testing will avoid any disasters and ensure the retailer is ready to take advantage of Black Fiveday.

The following guest article has been written for InternetRetailing by Mike Harris, VP EMEA, Monetate. Monetate is the industry leader in experience marketing with more clients in the IR 500 than any other company. Monetate makes it fast and easy for marketing and ecommerce teams to test, target, merchandise, synchronise and personalise, creating individual experiences across multiple devices and channels at each moment of interaction.

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Personalisation is for life, not just for Christmas

Mike Harris, **VP EMEA, Monetate, examines the place of personalisation at peak and how best to serve new and returning customers.**

HAVE YOU ever considered what personalisation and a dog have in common? My guess is that you probably haven't, as it's quite an unlikely comparison. However, they're a lot more similar than you may think. As the saying goes, a dog is for life, not just for Christmas, and this is exactly the same when it comes to adopting personalisation. Whilst peak trading season is a clear focus for retailers, those most successful with delivering a continuing relevant experience for consumers will be using personalisation the entire year round; not just during the festive season. Personalisation requires dedication, persistence and commitment.

While brands increasingly are able to match each other on price, delivery and service, the customer experience has quickly become a key differentiator for retailers to stand out from the competition. So what are the results of embracing personalisation and tailoring customer experiences? Some brands have found that using personalisation increases the spend of returning shoppers to nearly double online in comparison to new visitors. It's these customers that will be vital during peak shopping periods such as Christmas, and delivering an engaging, relevant experience throughout the entire year will ensure you're their retailer of choice when it comes to seasonal shopping.

One brand demonstrating the importance of a year-round personalised experience is Waitrose. It used last year's festive period to engage its audience through 'Turkey Targeting'. Using customer data collected from its MyWaitrose members, the grocer was able to swiftly identify those who had previously purchased a turkey with them, but had yet to do so that Christmas. Through personalisation, Waitrose then targeted one million shoppers with specific messaging to encourage them to buy their turkey that year. Not only was this a key chance to up-sell and maximise online sales, it also drove in-store visitors, with a £5 off incentive when collecting from a local store. The year-round personalisation approach meant Waitrose had the data from the previous year to target shoppers with relevant content at the right time.

However, targeting existing customers shouldn't come at the expense of enticing new ones. It's equally as important for retailers to ensure they are converting visitors from pay per click advertising to new customers throughout the year, in order to convert each shopper in the lead up to peak.

Be it new or returning customers, each individual will have their own specific shopping habits and preferences. While one shopper may leave their entire Christmas shopping until the last minute, with little or no idea of what they're actually looking for, others will have meticulously planned their Christmas purchases, down to the very last roll of gift wrap and many months in advance. This is an opportunity retailers cannot afford to miss and demonstrates exactly why personalisation is for life, and not just for peak trading.

So, how exactly can brands maximise on peak trading using personalised customer experiences?

Take Black Friday for example – look at some brands' Black Friday promotions and you may think it's a stock clearance, with a range of seemingly random items appearing on the homepage. Instead, brands can use personalisation to focus on targeting each shopper individually, taking into consideration previous buying, browsing and behavioural CRM data, to drive only the most relevant content. Cutting the clutter not only lets the customer focus on known products of interest, but means retailers will be more likely to

convert sales – turning those difficult browsers into buyers. For example, why would a retailer encourage a shopper to buy a black dress if the visitor is a male? Or why would persistent buyers of mountain-bike accessories from a cycling store receive road bike promotions? This is where personalisation comes into play.

CONTROLLING PEAK

Personalisation is the way to move from Black Friday madness, to an effective digital approach across all digital channels – and we don't just mean the basic 'Dear Bob' email marketing, but personalised 'in the moment' content. Retailers must understand shopper behaviour by considering real-time attributes, historic purchase data and even geographical location to get 'under the skin' of their customers, and create content that is unique and relevant to the individual. By using a year-round personalisation strategy, retailers can pull specifics from previously collected data and match it with real-time customer data to build a targeted customer experience.

Helly Hansen, the famed Scandinavian adventure clothier, did just that during Black Friday. By altering its merchandise with product badges, Helly Hansen saw an extra $22,270 incremental revenue taken from 15% of product badging during the Black Friday weekend. Personalisation gave Helly Hansen the power to control its peak season outcomes with a far more seamless and targeted approach. Retailers should implement a strategy that has the capabilities to add, delete and change campaigns to improve the customer shopping experience all year round.

> "Helly Hansen saw an extra $22,270 incremental revenue taken from 15% of product badging during the Black Friday weekend"

Enhancing your online experience is one step, but for a more seamless and effective peak trading shopping experience other devices should be factored in. Customers are turning increasingly to their mobile devices and this is unsurprising as mobile experiences continue to improve. Thanks to new mobile checkout solutions like Apple Pay and PayPal Mobile Express, mobile is increasingly the device of choice. With many customers now heading straight to their mobiles to shop; retailers should be investing time and effort in improving their mobile offering.

As mobile continues to grow against more traditional ecommerce channels, this presents marketers with a huge opportunity. The first step is to look at what mobile visitors want to do and enable them to do it easily and efficiently. Compared to desktop visits, bounce rates on mobile are 50% higher and add-to-cart rates are 30% lower. More personalised, frictionless mobile experiences will yield even bigger business results during peak periods.

Giving personalised, relevant content to customers throughout the year, sets any retailer ahead of the competition in the run-up to peak trading. By utilising their data and creating targeted customer experiences integrated seamlessly across devices, retailers will give consumers the experiences that, like a dog, they'll love for life, not just Christmas.

Beating Black Friday

In the past three years Black Friday in the UK has moved from being an American novelty to a "must-do" promotion. Penelope Ody examines whether it really brings extra revenue or simply spreads sales and reduces profits.

ASK MANY retailers about their views of Black Friday and, as Dan Murphy, Partner with consultants Kurt Salmon, puts it: "They would love it if it went away. It causes a huge peak in logistics demand and leads to website meltdown". A few – notably Dixons and John Lewis – have eulogised over the resulting boost to sales, but for many others it has simply moved the December pre-Christmas shopping peak into November and reduced sales in the following weeks – a trend that is even visible in Dixons' Q3 weekly sales graph.

Long ago and far away, retailers used to make the most of Christmas shopping demand by delaying discounting until Boxing Day – those with even longer memories may recall when the "clearance sales" never started before the New Year. To slash prices at a time of peak consumer demand does rather fly in the face of received retail wisdom. "[Black Friday] is an unnecessary evil to bring to these shores," says David McCorquodale, UK Head of Retail at KPMG, "for most people it coincides with the last pay cheque before Christmas so is a time when retailers would have expected full price sales."

In the US, Black Friday promotions make some sort of sense, coinciding with the Thanksgiving long weekend holiday. In the UK there is no such logic. Amazon started it in the UK back in 2010 with a "Black Friday Deals Week", followed in 2013 by Walmart subsidiary, Asda. Last year Asda eschewed the event: "The decision to step away from Black Friday is not about the event itself," said Asda President and CEO, Andy Clarke, at the time, "… this year customers have told us loud and clear that they don't want to be held hostage to a day or two of sales." In the event, Asda's sales continued to slide by 5.8% for the 13 weeks to January 1 2016, although only 0.4% of that was attributed to an absence of Black Friday offers.

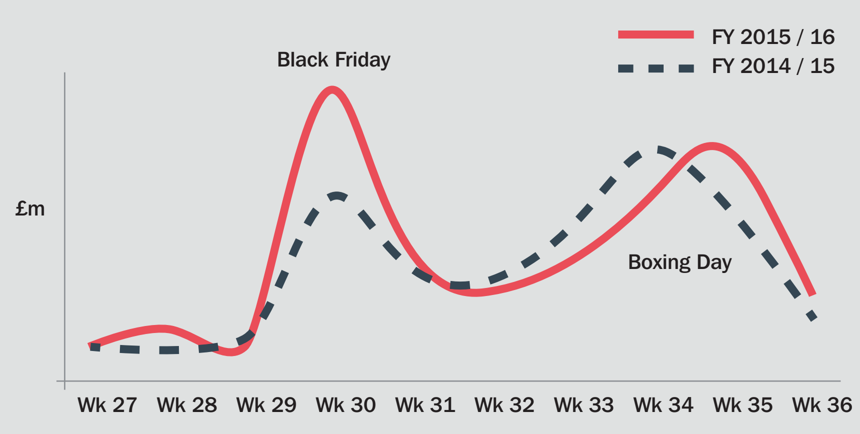
In 2015, of course, it was not a "day or two" of sales as many retailers chose to spread offers over the course of the week. Stores fared less well than online, and – unlike in 2014 – carriers coped reasonably well. Those who did participate generally claimed benefit: "…a new shape of peak trade was firmly established with Black Friday marking our busiest single day," declared John Lewis' annual report; Debenhams boasted a 20% increase in year-on-year online orders; while the BBC reported that Amazon had sold "7.4 million items" on the day. It wasn't all plain sailing: Marks & Spencer admitted its distribution centre had struggled to cope; Argos confirmed delays on its site after "extremely high levels of visits"; Tesco reportedly also had site problems; while John Lewis said that its website had been down "for a short time" – which is where some of the hidden expenses associated with Black Friday start to stack up.

DILUTING MARGINS

"No-one is measuring the cost," says Dan Murphy, "they're not looking at how much investment is going into generating that business. There may be a spike in sales but if you add in margin dilution, logistics costs for free delivery, and the fortunes spent on website improvements to avoid those high profile crashes, you soon start to destroy any benefit. You also don't hear about returns: maybe they did sell £45 million of goods on Black Friday – but perhaps £15 million's worth came back a week or two later."

Margin dilution was avoided by some retailers by planning those eye-watering deals early – negotiations for some started almost immediately after Black Friday 2014. As David McCorquodale points out, "...in 2015 the focus was on electricals. Retailers, like Dixons worked with their suppliers to create cut-price offers – but it was the suppliers who took a lot of pain as a result".

DIXONS CARPPHONE'S Q3 SALES (10 weeks ended 9 January 2016)



In contrast, Black Friday 2014 had been dominated by cut-price clothing, largely due to a mild autumn that left fashion retailers over-stocked with winter wear. In 2015, with more seasonal weather and better sales, Next and Fat Face were among those shunning Black Friday, while Jigsaw offered a token 10% discount. All turned in good Christmas sales figures of full-margin products, and as Peter Ruis, Chief Executive of Jigsaw, said at the time: sales were made at higher prices and the range was not decimated by the Black Friday stampede. "It's a double whammy," he said. "Being full price means you are fully in stock with two weeks to go [before Christmas]".

While the rationale for Black Friday promotions is debatable, many analysts suggest that it is here to stay because consumers expect it and because some retailers – no doubt including Amazon – will continue to focus on the event come what may. Rather more worrying, some even predict that the Asian "singles day" – already twice as big as Black Friday – could be introduced here once we get past 11 November 2018, and the significance of the date has less meaning for a younger generation of shoppers. Consumers certainly like bargains and many shop mainly by price, but no-one has suggested that Black Friday increases total spend – it simply creates a new peak, deeper troughs and year-on-year Q4 sales have continued to be broadly comparable, so Black Friday produces little change in total consumer spend.

Given typical November weather, it is hardly surprising that buying Black Friday bargains online is preferable to visiting the high street – a trend which Dan Murphy suggests will be even more noticeable in 2016, increasing both those hidden costs and concerns over

> "Black Friday is here to stay because consumers expect it and because some retailers will continue to focus on the event come what may"

the resulting margin erosion. "There has to be greater transparency over costs," says Murphy. "Too many retailers still use like-for-like sales as a measure of success, but they really need to look at profit. Earnings are being diluted and that is going to bring pressure from the City."

Some hope that offering click-and-collect or free returns to store could provide an opportunity to up- or cross-sell full-margin products, others, adds McCorquodale, are "... disaggregating the offer, so that while the item may be really cheap, additional services, add-on products or delivery are at a premium, so margin may be recovered that way."

Carriers, too, are raising alarm bells. As Dick Steed, Yodel's Executive Chairman said earlier this year: "Retailers haven't quite grasped you can't provide next day delivery at this rate, not this Black Friday, next year or the year after. Reserve next day delivery for people who really need it and for everyone else, for goodness sake, they've had the bargain of a lifetime, but it might take 3-5 days to deliver."

Is Black Friday sustainable? Possibly – if, as with Amazon, profit is not a priority and there are suppliers willing to make low-margin, bargain basement lines. Can retailers choose to ignore the event? Certainly – those who opted out of Black Friday in 2015 do not appear to have suffered, if anything their full-margin sales were helped by increased footfall on the high street. With growing awareness of the need to measure the true cost of online sales, we may also find CFOs pressing alarm bells.

It used to be said that if you couldn't sell products at full price in the run-up to Christmas you weren't much of a retailer. Judging from recent practice, Black Friday is a sad indictment on the current performance of many of our leading household names.

Collected works

In the wake of the 2014 year-end peak, click and collect was said by many to have saved Christmas. *Sean Fleming*, **Editor of eDelivery.net investigates whether it's ready for peak 2016.**

Click & collect accounts for 53% of all johnlewis.com deliveries with 70% of them collected in Waitrose branches

CLICK AND collect saved Christmas 2014 – or it did at least save many retailers' ailing home delivery networks, which were struggling under the combined weight of Christmas and the biggest Black Friday the UK had ever seen.

A year on from all the plaudits and praise, however, things took a different turn. During the following year's peak, customers started complaining that they were having to wait too long at in-store collection points, and were being served by over-burdened staff who couldn't always find their parcel. This was partly, if not almost entirely, caused by the enormous growth in the popularity of click and collect; more customers were using it than had been anticipated, and consequently capacity constraints were starting to show.

What does this mean for the future of in-store click and collect? It remains a popular option and there's no reason to expect that by the time Black Friday and Christmas 2016 get here it won't be even more widely used. One thing is certain though, and that's that customers won't continue to put up with poor service. With as many as 25% of click and collect orders never actually being collected, according to Liam Chennels, Head of Commercial at eBay-owned fast-delivery specialist Shutl, you can't gamble on shoppers' infinite forbearance. Long queues could mean people walking out and maybe looking elsewhere for the item they've already ordered from you, then cancelling their order.

"The reason click and collect went down so well in the first place was the choice it gave to customers. But people want more innovation," Chennells says.

Last year, Shutl helped River Island debut a 'click-and-don't-collect' service that means customers don't even need to go to pick up their purchases from the store, they can be collected and delivered by Shutl instead; a demand economy take on queue-busting.

LOCATION, LOCATION, LOCATION

There are plenty of examples of how click and collect is being handled on the high street, and they can tell you a lot about where retailers' priorities lie.

Waitrose is a firm favourite click and collect option for people shopping online with John Lewis. But while some Waitrose stores have well-staffed, well-positioned dedicated collection points, others rely on the general purpose customer service desk. Typically these are near the front of the store, meaning staff retrieving online parcels have to leave the desk, walk to the stock room – frequently at the opposite end of the store, find the parcel, and bring it back. That's ok at quiet times of day, but becomes challenging during busy weekend periods, when people waiting for parcels are jostling for space with customers who want coffee cups, or a Quick Check scanner check-out, or any one of a host of other reasons to queue up at the customer service desk. At Christmas it can feel unbearable.

Putting a dedicated collections desk in a grocery store means sacrificing a finite resource – shop floor space. Assessing when that becomes a necessity, or even just how to make it economically viable, is not a simple job.

Many Debenhams stores are blessed with their own dedicated collection desks. As, indeed, are an increasing number of John Lewis stores. But at a Debenhams collection desk you can only collect – you can't take your returns there. Meanwhile, at John Lewis you can do both. These disparities in the service experienced at different retailers' collection points demonstrates that not all are putting the customer at the heart of their fulfilment strategy.

If you put your collection desk in an out of the way part of the store, handy for the stock room, you're treating click and collect like a storage problem and you're expecting customers to fit in with a way of working that is mostly about you. Alternatively, those retailers that sacrifice prime shop floor space, making collections obviously part of their store's core business, and account for it not in the old yield-per-square-foot way but as part of the whole omnichannel customer journey, are making a clear statement about putting the customer first.

Footwear retailer Schuh is one of the IRUK Top 50, and has earned a great reputation through innovative delivery and collection options centred around customer expectations. Sean McKee is Head of Ecommerce and Customer Service at Schuh. His advice is clear: "Get it right for the customer and the rest of it should fall into place."

Around 20% of Schuh online orders are routed for in-store collection, and where possible it tries to fulfil those orders from store stock, McKee says, and collections are dealt with via stores' existing help points and order desks. "We use a part of the store that was already being used for serving and handling customer orders, so there's no consequential loss of space and it remains part of our broader fulfilment offer.

"It's not about yield - it's about how it affects footfall," he says.

KEEP IT SIMPLE

Footfall is a key consideration across the English Channel, for Carrefour. Its hypermarket sites typically host several other small retail outlets, as well as banks of collection lockers. Giving people lots of reasons to visit the store location is important. Carrefour's Maxime Taieb, Head of Methods, Solutions & Innovation for Grocery Ecommerce, feels that there is a simple rule to follow. "We're a retailer. We have to be focused on our customers. Things have to be convenient – you have to keep them happy."

> "Are you using 2D metrics to measure a 3D problem?"

Across France, Carrefour has 600 Drive outlets, for the collection of groceries ordered online, and it is the preferred option of online grocery shoppers. Assessing the relative success of a Drive facility, most of which are adjuncts to an existing store, means adopting a mix of old and new metrics, Taieb explains.

"With Drive, we use the same measures as with the stores but we've been able to add in some ecommerce metrics and perspectives too. This means we can appreciate the impact on customer behaviour of any changes or developments. The same goes for measuring the lifetime value of a customer, and we're even able to track the customer journey from the website to the store, and from Drive to the store.

"You start by looking at dwell time, number of clicks and so on. Then you apply that to a store and you start thinking about wait time in a new way, so that you set targets and evaluate success.

"Drive customers spend more than either pure online or those who only shop in-store."

DIMENSIONS IN SPACE

The degree with which the British shopping public took click and collect to their hearts has been nothing short of exceptional, and very few could have predicted its popularity. That it caught some retailers out is perhaps not surprising. That shoppers' took to social media to grumble about long wait times, missing parcels and so on, is only to be expected.

There is no contingency for withdrawal of a service customers have warmed to; the customer expectations bar only goes in one direction – upward. If you can't continue to delight customers with the service and experience they receive during an in-store collection, the chances are there's someone else out there who can.

All of which creates a tension at the heart of in-store click and collect that may even point toward the future of retail stores – when you start to ditch selling space and replace it with fulfilment space doesn't that change the very nature of your stores? Well, yes it probably does. The one thing it doesn't change though is your relationship with your customers, whose needs, wants, and expectations ought to be driving the strategic decisions.

The way customers interact with physical stores is already changing. You need to be part of that change, but if you're looking at everything on the shop floor through the lens of yield-per-square-foot, you're using 2D metrics to measure a 3D problem.

Are the logistics challenges of Black Friday 2014 a thing of the past?

Emma Herrod investigates the build up to peak 2016 and what retailers are doing to avoid the challenges of peak 2014.

THE VOLUME of sales over Black Friday 2014 was a shock for many. It heavily impacted retailers, as well as supply chains and delivery partners. In the two years since, many retailers have responded well, getting a better understanding of how to shape their offers, structure websites and develop the infrastructure and planning to drive value from it.

Shop Direct is one retailer that's a fan of the shopping event. "Black Friday is here to stay; shoppers have embraced it and we at Shop Direct love it," says Phil Hackney, Group Operations Director at the online fashion retailer. "Black Friday 2015 was our busiest trading day on record, with orders at Very.co.uk up 64% year-on-year, supported by 100% web stability."

Stuart Higgins, Retail Partner, LCP Consulting, believes that the logistics challenges of Black Friday 2014 are not necessarily a thing of the past. "The potential bottlenecks will shift," he says. "2014 was largely a carrier-based issue but in reality it was an issue with a failure to collaborate. 2015 showed us that retailers and carriers are collaborating much more closely around capacity but there are still potential issues with 2016 because any online offer, such as Black Friday, is unpredictable."

Higgins says retailers need the infrastructure to handle the level of demand; with online continuing to grow, those retailers that haven't invested in incremental capacity won't be able to cope. While retailers have become better at predicting the volumes at peak, there are still those that don't have the ability to forecast demand accurately. So they will promise at the front end and not have the back-end capability to back it up, he explains.

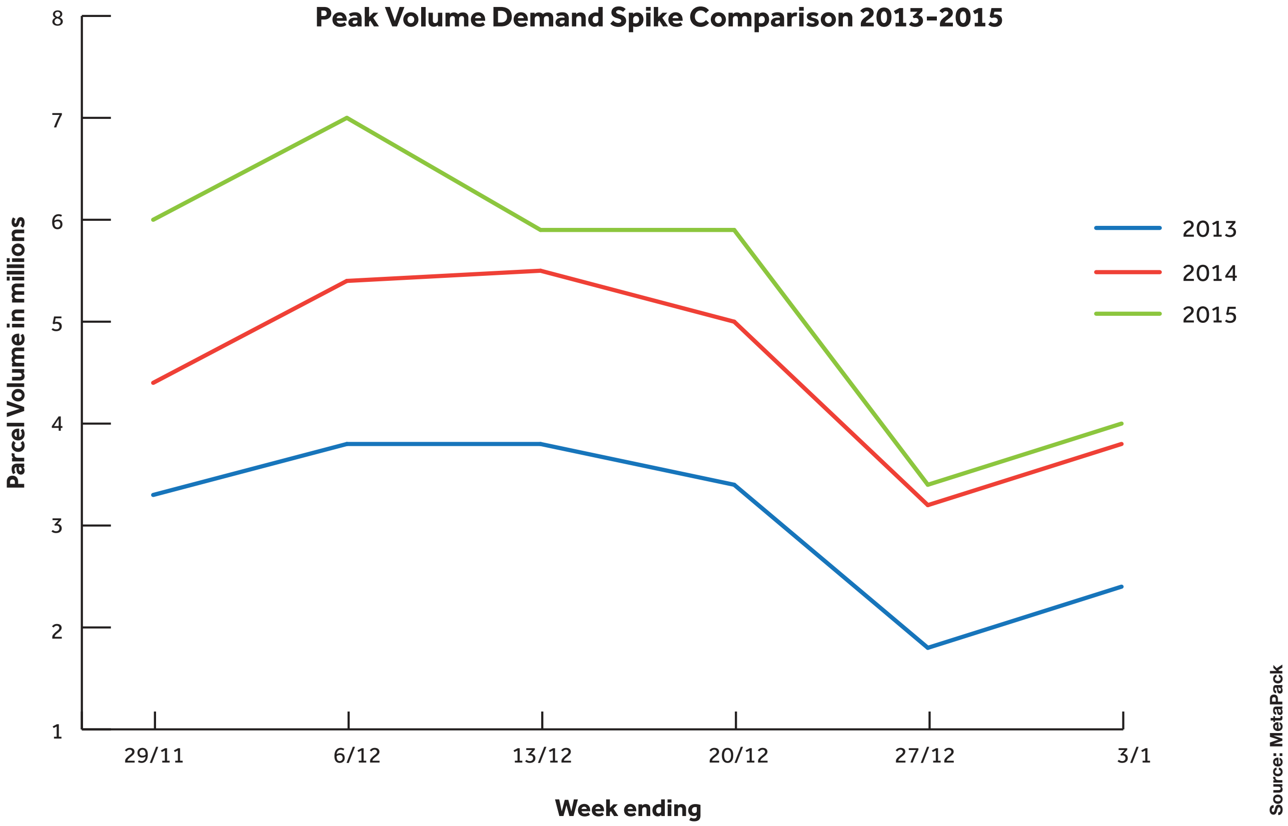
Retailers and carriers worked closer together in the run-up to peak 2015 to ensure that capacity was more accurately forecast and allocations booked. In his guest article in InternetRetailing's sister publication, eDelivery, Kees de Vos, Chief Product and Marketing Officer, MetaPack, looks at the lessons for peak 2016. He explains that the collective investment in planning and devising strategic communications started early in 2015, laying improved groundwork that put the cyber weekend and peak period under greater shared control. More open communications and data sharing across the entire fulfilment supply chain meant consumer demand was forecast more accurately, offers and discounts were spread more evenly to smooth out the peaks, and additional capacity and resources were put in place to cope with projected demand.

ANOTHER 3-MONTH PEAK?

Inevitably, 2016 will be the third year with a 3-month peak. These seasonal promotions have become a shopping norm, so consumers will shop early for Christmas. They are also getting savvier and waiting for last-minute discounts. However, as Judy Blackburn, Director at Kurt Salmon, points out, a customer is only going to buy one TV, so if they buy it at 50% off during Black Friday, they aren't going to go out and buy another or be foolish enough to wait to pay full price for a slightly newer model a few weeks later at Christmas.

Essentially, retailers are shooting themselves in the foot with Black Friday and early promotions unless the goods are bought specifically for these events or they are being used to shift outdated stock.

With some already offering to deliver goods within hours, consumer instinct will be to wait until the last possible moment to order, yet expect a speedy delivery; retailers are going to have to plan for this or make the cut-off dates and shipping charges very clear. A shipping survey by Kurt Salmon in October 2015 found a significant disparity between what was communicated with customers at each stage of the customer journey. "Providing better information on order status will improve the customer experience and should encourage repeat ordering at other times of the year too," says Blackburn.



The same survey found that 90% of retailers were offering free shipping. "But retailers are not just absorbing the cost of delivery, there are also the returns to be taken into consideration," she says. "Some 68% offered free returns and 33% refunded the delivery cost if customers returned the full order."

Servicing this proposition is costly for online retailers, particularly as the survey found most orders were delivered in several packages, with 37% of retailers delivering an average of 2.8 parcels for multiple orders and one retailer delivering six items in six separate parcels. Blackburn warns: "Retailers cannot afford to continue to carry these losses, which will only increase as more customers shop online."

There's also been a huge growth in click and collect, especially during peak trading, which creates significant in-store disruption. Sean Fleming, Editor of eDelivery.net, investigates elsewhere in this issue of InternetRetailing, whether click and collect at peak is reaching breaking point.

Everyone in the industry knows peak is coming, understands the challenges and is planning further in advance. "The challenge remains how to treat every customer as if it was a normal day's trading, because customer expectations don't drop," says Andy Oldham, Managing Director, Quidco.

Not only will 2016 continue with the extended peak but Black Friday is also expected to be even bigger. "We saw a 50% uplift on transactions in 2015 versus 2014 and I think we could see similar increases this year; however, its wholly dependent on the deals in the marketplace. I do think that retailers will be competitive this year in terms of pricing and product, which will drive take-up," says Oldham.

That increase in Black Friday trading is also expected to further move online from the high street with higher returns volumes being the inevitable consequence.

Despite the challenges for retailers during this period, customers still expect to be able to get online, order and have the product delivered, without question. They are also more sensitive to issues in the run-up to Christmas since they are buying online for other people. Consumers last year were also encouraged by their positive experience of Black Friday 2015. Good communications and the ability to change delivery address, time and day of receipt reinforced their belief in retailers' abilities to make the important deliveries and increased their confidence in purchasing online in the final few days before Christmas.

According to John Munnelly, Head of Operations at John Lewis's Magna Park Campus, "91% of the proposition was next day" on 21 December, which is above the level of orders for next-day delivery on Black Friday. In-store footfall was down 8% on Black Friday itself but at johnlewis.com it was up 6% year-on-year following a dip in trade in the preceding days, he told delegates at the eDelivery Expo.

Munnelly believes that Black Friday is here to stay; the customer will continue to demand more for less because of the idea that delivery is free. In the medium term, he says, there'll be more smoothing of demand. This, in turn, will lead to more collaboration across the industry and value-added services involving personalisation.

PLANNING FOR 2016

He told delegates that planning for peak at John Lewis is now supply chain led: "It was greatly collaborative and 12 months in the making." He explained how forecast accuracy leads to fulfilment capacity and carrier capacity for that period, but warned that mobile purchases can drive split shipments thus requiring more capability capacity to be added to the operation. "Supply chain is the new rock and roll," he added.

Shop Direct also believes that comprehensive preparations are necessary. "Even though confidence and capability are growing, peak season is vital, and those retailers that fail to plan accordingly will find it challenging and miss a massive opportunity," says Hackney.

"During the seven weeks to 25 December 2015, we grew sales by 6% year-on-year, whereas the non-food market grew only 0.3%. This growth was the result of tireless preparation across our business, including through the supply chain and, in particular, in mobile ecommerce, which saw significant growth. Mobile sales made up 63% of Very.co.uk's sales over Christmas."

He adds: "Throughout the industry, customer confidence is growing after two years of strong delivery service at peak, during which time delivery capability has improved. From a supply chain perspective, retailers need to work with their partners to build true end-to-end capacity. This should be based on robust and tested forecast models, and strong, considered and tested contingency plans."

Collaboration and communication are needed to match the customer offer to what you know you can deliver. "Don't jeopardise your demand forecast by using unplanned or unpredictable promotions, such as free, next day on Black Friday," says Higgins. He urges retailers to understand their daily capability and use in-flight management during the period to manage the offer and guarantee what they can fulfil against.

He believes that a separate challenge for 2016 is to what extent Black Friday will be the predictor of early volume for Christmas and how retailers will spread the promotions in the lead up to it. "That's the uncertain area at the moment," he says. "No-one could predict that Asda would not do Black Friday last year".

Many of the people I spoke to on the retailer, carrier and supply chain sides think that Black Friday is a permanent fixture, and many believe its popularity will continue to grow. Indeed, as Shop Direct's Hackney says "we're certainly planning with that in mind". More retailers will try and stretch Black Friday by running promotions over the week, extending the event so consumers will spread out their purchases.

To predict where they're going to shop and therefore which channel retail operations need to support is more difficult. "Like any period of demand, Black Friday presents challenges for retailers' systems, processes and partners," says Hackney. "For those that get it right, Black Friday can have massive rewards."

The 'winners' in 2015 were those retailers that worked in a true omnichannel way, the John Lewis's of this world. To succeed this year, retailers need to be truly joined up across all channels, internally and customer facing. Promotions cannot be available in a single channel, stock availability needs to be managed across online distribution centres, physical stores and high-volume click-and-collect locations, and nothing should be promised through any channel if the business can't fulfil delivery. Failure to do so will irritate consumers and cause logistical nightmares.

So, while logistics and operations are working closely with fulfilment and carrier partners and maintaining efficiencies and capacity during peak, trading teams need to communicate with them, switching on and off offers, messaging and delivery options before overpromising to customers.

It's the one time of year when retailers need to be more supply chain led. The supply and commercial teams need to work closely together, since getting orders to individual customers is a key part of delivering the customer experience. Black Friday 2016 will present its own unique challenges, but efficient communication and collaboration will once again be vital to success.

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

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Be More Than Just a Like

Saima Alibhai, Practice Manager – Professional Services at Bronto Software, explains how to combine email marketing with social media.

EMAIL IS still converting best for a variety of reasons, but you can improve user experience and revenue growth even further with cross-channel promotion. While the power of social media is immense, many marketers are unsure how to combine their email marketing and social media strategies. Let's look at how you can deploy social media to enhance your email efforts, effectively use your advertising pounds, build organic interest in your brand, secure followers as email subscribers and, most importantly, bring more shoppers to your website.

TARGET SOCIAL BASED ON EMAIL DATA

Use your email information to inform what segments you'll buy on social media. For instance, if female shoppers ages 25-34 in specific post codes are responding at high rates to a certain offer, buy a social ad targeting those same demographics. This will help you stretch your social media advertising budget much further. Then take the results from the social media ad, and use it to refine your email messaging and segmentation. Always be listening and looking at popular posts on your social sites. These are messages that clearly resonate well with your target audience, so turn them into emails.

REQUEST USER-GENERATED CONTENT

Finding ways to curate and integrate user-generated content into emails is probably the hottest social trend in email right now. Encourage customers to post selfies with your products, and then use those images in future emails. For example, enhance a promotional message with user-generated content as a kind of testimonial for the email's featured product. Many customers are honoured to have their content used by their favourite brands. Just be sure you have the usage rights. In addition to asking for selfies and content, consider including a social feed as secondary content in your emails if you have that capability. It works especially well for image-based sites, such as Instagram.

CONSIDER A CONTEST

Contests are a great way to integrate social in an email campaign. You might organize a social media scavenger hunt with clues hidden across your social channels. With this type of contest, be sure to include email as a part of the campaign, with one of the clues coming from this channel. It can be an effective way to promote your email sign-up via your social sites, as you can advertise the contest in advance on those channels in an effort to gain additional email subscribers.

Email and social media are distinct and different marketing channels that can both be effective for your business if you design your campaigns to leverage the strengths of each. Continue to find new ways to connect with your audience and integrate social into your email programme – there's so much more out there beyond the traditional "Like us" emails.

Bronto
Commerce Marketing Automation

The following guest article has been written for InternetRetailing by Andy Gault, Director of e-Commerce, Screwfix. Part of Kingfisher plc, Screwfix is recognised as being "where the trade buys", offering a straightforward and transparently-priced retail experience that enables busy tradesmen to shop 26,000 products online, via their mobile, over the phone or from over 450 stores.

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www.linkedin.com/in/andy-gault-4b81b42

Making your customer the lead designer

Andy Gault, **Director of e-Commerce, Screwfix explains why a mobile-first approach to design may not always be the right answer.**

THERE IS nothing more frustrating than going into a shop and finding it akin to the Crystal Maze so making it difficult to locate the product you are wanting to buy. It can feel like the shop has been designed to suit the business. Layouts tailored to the building and operational efficiencies, product adjacencies that probably make sense to the buying team's reporting hierarchies but not the customers' natural thought process. If shopping is a sport then this isn't a fun game and you end up weighing up the balance of how much effort you want to put in versus how much you want the product.

At heart the web shop is the same as any other but it is built with clicks rather than bricks. A retail website is an operational entity, a shop, often the biggest in a business and therefore shouldn't be viewed as something different bolted on to the side. So what approach can be taken when looking to improve it?

Devices and technology are important but not the starting point. They are enablers to allow customers to shop with us in the way that's most convenient for them. At Screwfix, the approach to web development has been through a customer first strategy. In every decision we take, the first question is 'how does it benefit the customer?' The methodology taken has 3 stages; as with building a physical store you first create a solid foundation, then erect the structure and improve the interior. Online this becomes:
1) Designing for behaviour;
2) Building for ease;
3) Optimising for relevance.

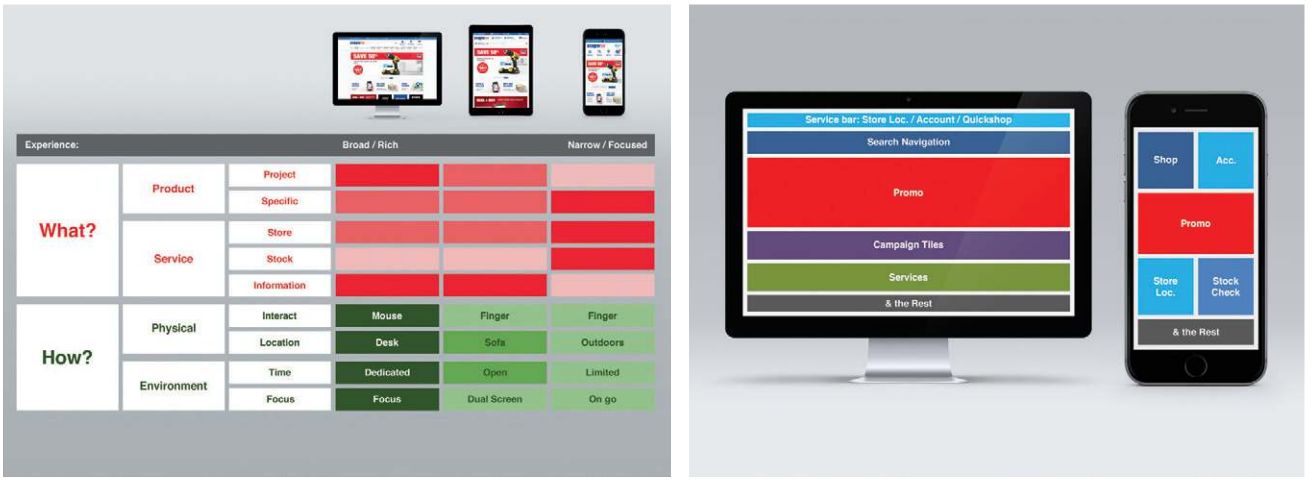
DESIGNING FOR BEHAVIOUR

Our start point is always the customer not the device. First, and foremost, the web is a shop and people's shopping behaviours are very similar online as they are traditionally, just faster and more unforgiving. To take a mobile first view is great due to the rise of mobile, but the danger is that this may create a disregard for the needs of customers who use desktop or tablet. Customers are not fixed to one device. Google research suggests average devices per person in UK used to access the net is 3.3. It is also increasingly difficult to define standards by device type due to the proliferation of different screen/browser/ OS configurations. The priority is to ensure that the journey and experience is consistent for customers at whichever point they are accessing your shop.

The device is the means to an end and that end is the web shop. Customers want the whole shop, in a single shop, served appropriately to their requirements at the time of access. At lunchtime, for example, desktop activity dips as desk-based tradesmen take a break whereas mobile spikes as site-based tradesmen click and collect. Therefore, device optimisation is more about serving the web content appropriately to the customer based on the context of their visit. Devices themselves are strongly indicative of the environment the customer is in at the time and this is at the forefront of our thoughts when designing what is rendered and when.

BUILDING FOR EASE

Therefore, if we are building a website for what the customer wants when they want it we need to understand what they do. We are clear that we are constructing a shop for the customer not the retailer. Our decisions, the ones that form the UX, are built on data – customer data. We have invested considerable time and resource in collecting and then collating taxonomic, customer and



Designing for behaviour: Customers want the whole shop, in a single shop, served appropriately to their requirements at the time of access

web analytic data. This serves to inform the decisions we make in building our shop – the hierarchies, ranges, content and filters. There is something there for all our customers and we endeavour to allow them to remove what isn't relevant as they so choose. Rather than building to established practices, like 'above the fold', we build on customer data and then test with our customers before moving to roll out.

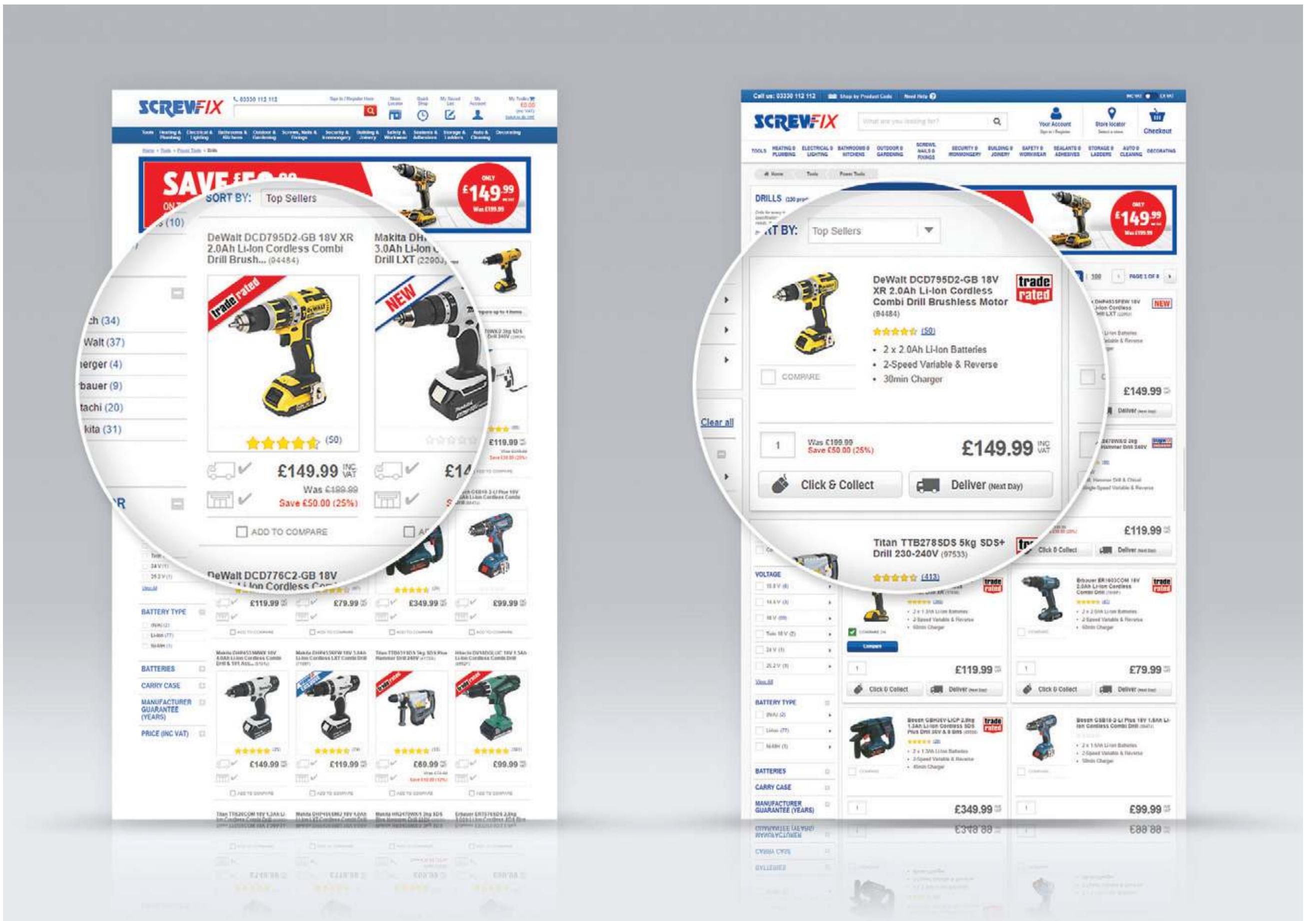
We don't have a single customer type so cannot create the single perfect experience. Our site is used by different customers for different journeys. 'Tradesman' is not a single type. The needs of the plumber are very different to those of the key account maintenance business. The data allows us to understand these needs. It can be seen in the metrics, for example time on site. The tradesman wants to be in and out of the shop as quickly as possible (time is money) whereas a serious DIY enthusiast has more time to indulge in their hobby. We have worked hard to use the data to make the journeys easier, to get customers to the right product quicker and this has led to a significant, controlled reduction in page views and a material increase in conversion rate.

This data is used to design a shop that is clear in layout but leaves the flex for customers to decide where they want to go for what they want to get. It is a simple principle that looks to clarify our propositions, making them easier for users to understand and then go onto purchase. The recently redesigned lister page is an example of this. An electrician buying a family of wiring accessories can shop directly from it, adding items to their basket, choosing the fulfilment route at the same time, without having to go in and out of product pages. A customer shopping for a power tool can get a quick view of the tool from the rendering of key bullet points before then going deeper into the favoured products. The shop is designed so that navigation is clear and inclusive while offering multiple relevancies.

OPTIMISING FOR RELEVANCE

A richness can be added to the customer journeys by optimising the interactions. In the first instance done for the customers by the customers. We utilise the real-life hits to refine the shape of the shop wherein customers create their own pages by following the hierarchy and then interacting with facets creating tailored pages. We're able to then use these, where there is volume, to create resolved pages that link back in with paid and natural search, landing search journeys in highly relevant places. It is good for customers – as can be seen from the conversion rate running double to the average – and it is good for Google too since it's creating a bank of highly relevant long tail pages.

You can take a single story, deliver it in the same way but with a different voice. In the case of outbound messages from the business relevancy can be increased. Using the example of broadcast email we have made it live at the point the customer opens it rather than when we send it. So, if a Wednesday send is opened by the customer on a Thursday they see the Thursday deal of the day. If we talk about workwear to our customers then everyone gets a workwear email but the deals rendered are contextualised to the weather at the location the email is opened or the type of customer who is opening it. ▶



Building for ease: Customers can get a quick view of the tool from the rendering of key bullet points before going deeper into the favoured products

There is an ever increasing urgency to act in the now. For the tradesman time is money, if they are shopping they are not working. Also customers are only ever one click away from leaving your site. Remove the pain points and react to the intentions displayed through behaviour at that point. Screwfix's click and collect journey is a prime example – the stock is live, it is accurate and at checkout is guaranteed. Furthermore it is available to collect in less than 5 minutes. Perfect for the tradesman ordering on his mobile from his van in the car park. Getting this right is important and pushing it to the fore on mobile is imperative when data suggests that in the UK 80% of conversions driven by mobile advertising occur in store.

Having the customer at the heart of the journey has given a clarity of purpose in our web development at Screwfix. The approach though isn't peculiar to our business or customer. The successes achieved and the expertise of the team are being transferred into a 'Brilliant Basics' programme in Kingfisher. The opportunity being to utilise the success of a customer approach built on data to create a unified digital model that meets the needs of customers improving their homes in other OpCos. The customers may be different types, with differing journeys but using the same approach built on content, search and analytics, a better platform can be built for the benefit of all and tailored to the local markets.

Using customers' behaviour as a base for decisions, building a structure that mirrors their needs and offering increased relevance through optimisation should mean your shop is the one where they feel they can win and one they chose to return to. There will always be more that can be done to improve the experience for customers and the key factor is to listen to customers. They are always telling you things. The beauty of the web is it allows you to see more of this than any other channel. Through data you can view customers' behaviours, you can learn what is important to them on and in the shop and you can see how they like to receive the response you have built to this. By reading the signals, key KPIs and core sales, you can continue to evolve and improve the delivery by putting the customer first.

Thomas Jeanjean,

Managing Director Europe, Mid Market

criteo

WHAT DOES YOUR COMPANY DO?

Criteo delivers personalised performance marketing to clients across the world. The company enables marketers to dynamically retarget shoppers with personalised adverts after they have browsed a website without purchasing.

With an unmatched network of global publishers, Criteo makes sense of digital user behaviour - across any device - to deliver relevant, personalised ads that drive online sales.

WHAT IS YOUR USP?

Digital advertising is highly appealing to marketers because of its ability to measure return on dollars spent. In the crowded ad tech market, what sets Criteo apart is the company's focus on performance, and not impressions. Unlike the majority of its competitors, Criteo uses a transparent cost-per-click model, measuring value purely on post-click sales. At its core is the Criteo Engine which is made up of four parts: recommendation, prediction, creative optimisation and bidding. The engine uses customer behaviour analysis to gauge each customer's purchasing intent before serving an advert showing specific products which they viewed or items from the same category. The advertising stops once a shopper clicks on the advert and returns to the retailer's website or once the engine detects that there is no interest.

> "Criteo is the leading performance marketing technology company working with publishers and brands in order to deliver personalised and relevant adverts to consumers across all devices, and platforms."

CRITEO IN BRIEF

Date launched: 2005

Global reach: Criteo has 31 offices in locations including New York, Boston, Chicago, Miami, San Francisco, Palo Alto, Los Angeles, Sau Paulo, London, Paris, Grenoble, Barcelona, Madrid, Milan, Munich, Amsterdam, Stockholm, Istanbul, Dubai, Moscow, Beijing, Singapore, Seoul, Tokyo, Osaka and Sydney.

Turnover: ex-TAC (Q1 2016) $162 million.

Customers: Over 11,000 including Secret Escapes, Bonmarché, Crew Clothing, Lakeland, Gforces, Beaverbrooks, Cotswold Outdoor.

Number of employees: 2,000

For more information about Criteo, please visit www.criteo.com, www.youtube.com/user/CriteoOfficial or call 0203 389 0168.

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When it comes to delivering these highly relevant, personalised ads, Criteo's extensive publisher relationships, the company has direct relationships with 16,000, and ad exchanges also means that it can swiftly reach an engaged and targeted audience. These relationships ensure that advertisers on the Criteo platform have access to the most sought after ad inventory with the world's leading publishers.

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

Today, nearly half of all ecommerce transactions take place on mobile and this figure is rising. Criteo has developed the leading performance marketing suite proven to boost sales online and particularly on mobile. Whether it's engaging shoppers wherever they are online with premium-placed ads across desktop, mobile and social; mobile app integration; turning casual website visitors into buyers with dynamic email campaigns or delivering the most relevant offers to Facebook users, Criteo has the scale to identify and understand online shopper behaviour and serve the most relevant ads, optimised for each moment and device.

WHO ARE YOUR CUSTOMERS?

Criteo's customers range from the world's largest retail and travel businesses to mid-sized and smaller brands. We work with brands like Bonmarché, Crew Clothing, Lakeland, Secret Escapes and Beaverbrooks just to name a few.

WHAT DO YOU SEE AS THE CHALLENGES FOR RETAILERS OVER THE COMING YEAR?

Multiple device journeys is one of the major challenges, and opportunities, for retailers today. Today, shoppers expect a seamless experience even when they use multiple devices – laptops, smartphones, tablets etc – in a single purchasing journey. In fact, according to Criteo's latest Mobile Commerce data (Q1 2016), four in ten UK ecommerce transactions now involve multiple devices along the path to purchase. As it gets more and more unusual for a shopper's decision-making process to involve just one device and one online touch point, there's a growing need for advertisers to have an effective cross-device strategy, pinpointing the advertising mix that works best for them.

Many marketers struggle to track and uniquely identify individual shoppers across devices and therefore can't tailor their experience accordingly. Consumers view a brand's websites, apps, and online ads as part of the same experience meaning that marketers need to implement an effective cross-device strategy to be able to meet customer expectations and to optimise their ROI on advertising. The key to cross-device success lies in a people-centric strategy. Brands need to activate their customer and device data to connect with people, not devices. Once they've done this, they need to ensure that there's an attribution model in place that's capable of measuring their return on investment accurately.

WHAT ARE THE CHALLENGES FOR TECHNOLOGY PROVIDERS AND HOW ARE YOU PREPARED TO MEET THEM?

The main priority for retailers and technology companies is understanding shoppers across multiple devices. Success today is all about joining up the customer experience across platforms in a relevant and non-intrusive manner. The ability to track users across multiple devices is giving advertisers more insight than ever before into how consumers are engaging with their brand at every level. It's up to technology providers to offer insight into this journey and show brands how they can capitalise on this insight. This is an exciting proposition for consumers too, who should be looking forward to personalised, relevant content, no matter what, or how many devices they're using.

CUSTOMER CASE STUDY

Footwear brand Clarks serves a broad customer mix with a very diverse portfolio of footwear options, so advertising the right shoe to the right customer at the right time is complex but essential. With Clarks shoes available from so many online stores, it's vital for the brand to sustain a brand conversation with consumers and be top-of-mind when it comes time to purchase. These factors make dynamic performance display well suited to the company's marketing strategy.

Working with Criteo's advanced bidding technology has helped Clarks drive a significant increase in its online campaign performance. After launching Criteo's enhanced engine, Clarks has seen an impressive 130% increase in conversion rates, and 44% uplift in sales.

Prior to implementing Criteo's advanced bidding technology, the ecommerce marketing team at Clarks had been focused on direct response tactics such as paid search and affiliate marketing with modest efforts at performance marketing. They knew they could be doing more to ramp up the scale and efficiency of their performance display strategy so in 2013, Clarks partnered with Criteo to help cut out ineffective ad placements and ad formats and focus only on the users with the highest potential based on conversions, not just clicks.

Criteo campaigns have delivered both the sales results and return on ad spend the Clarks team was looking for, enabling them to capture more of the demand they drive via other channels.

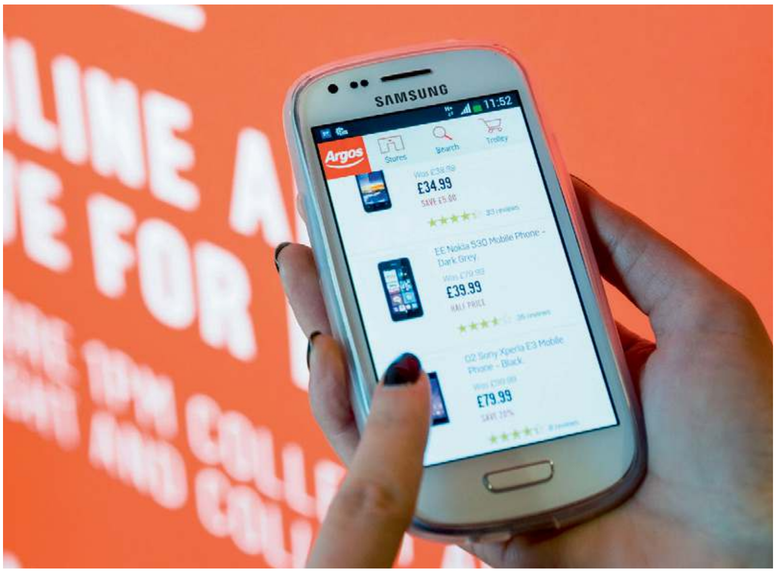
Highly personalised ads offer product recommendations driven directly from site-data and inventory. Each customer sees the right shoes at the time when they are most likely to buy – whether it's a pair they browsed on Clarks' site or a pair they've never seen but might love.

With Criteo's enhanced engine capabilities, Clarks can automatically determine which users are most likely to convert and focus bids on them, maximizing the impact and performance of their campaigns.

"The top three reasons we really value Criteo are scale, service and, of course, performance. They have exceeded our expectations in terms of both topline order volumes and return on ad spend," says Kylie Beals, eCommerce Marketing Manager, Clarks.

Why planning for peak means planning for apps

Paul Skeldon investigates the implications of peak trading on mobile and discovers how apps could be the answer to managing customers.



Digital participation accounted for 62% of total Argos sales in Black Friday week versus 52% in the previous year.

MOBILE IS a technology of unforeseen consequences. The rise of the selfie probably could have been predicted, but the fact that the selfie has pretty much killed off the autograph was unforeseen. Likewise, news reaches us from the US that mobile contactless payments is killing any sort of polite intercourse between customers and shop assistants. Again, quite unforeseen.

In retailing there are many unforeseen consequences of mobile. According to research by Tradedoubler, 49% of consumers say they rarely or never buy via their mobile devices. But the research shows that, while 80% prefer to buy on a desktop or laptop, 49% still use their mobile to research the products or services that they buy through other channels.

Shopping on mobile is booming – even if many consumers don't actually think that they are buying via mobile, they are. With 2.5 million Brits shopping (even if that just means researching) every day, as research by Criteo suggests, you can rest assured that your 'peak' is at least going to be spread across online, in-store and mobile platforms. This can help you logistically so long as your website and your mobile site are run on different servers: the traffic will be split.

These days, however, most retailers are opting for adaptive-responsive sites which are essentially served from the same source, so traffic peaks are still going to happen, just the channel is different.

But mobile offers something so much more compelling: apps. "Apps help peak planning by contributing to three main areas: increasing customer profitability, expanding exposure to new customer demographics and adding multichannel effects," explains Michael Langguth, Co-founder of Poq.

"We are seeing a strong trend of app revenue growth outpacing mobile website growth, indicating that apps are starting to drive a bigger chunk of revenue," Langguth continues. "When we analysed the 2015 peak trading period, we found that apps generated 2.6 times more revenue per user for a retailer than the mobile site did. This means that if you offer an app, many of your customers will start using it, and many will start spending more money with you than before."

Apps also have the unlikely extra benefit that they effectively split your traffic. While part of your peak planning revolves around getting your site and its servers ready to handle vast amounts of traffic, getting more consumers on to your app will help manage this traffic: it effectively gives you a whole other channel to divert traffic to.

However, there is another unforeseen consequence here too, as Langguth points out. "It isn't a question of making a customer choose between the mobile web and the app: both work together in unison. Many shoppers use all channels when shopping, switching between channels at different times of day and in different locations."

That said, it will help with traffic management at peak times, so long as you can get users to use the app.

APP ADVANTAGE

Another thing that apps bring to the peak trading table is that they widen your net. "An increasing number of shoppers today are app-only or store-and-app-only, meaning that if you don't offer an app, you simply don't have exposure to that customer demographic," says Langguth. "App store optimisation and improvements in web search for apps are starting to become hot topics because they help retailers get access to new, especially younger consumers."

Ultimately, offering an app means you are providing your customers with an additional channel to shop from. When shoppers can link their account on desktop, mobile web and app, they receive the best possible shopping experience across channels, and it becomes easier for them to spend money with you, rather than with another retailer.

"Especially during peak trading this is super important: additional benefits of apps such as push notifications reminding of discounts, or in-store app features such as barcode scanners, help to significantly improve peak trading results," says Langguth. "At the end of the day, in retail it's all about how many touchpoints you can offer a consumer and adding an app means adding a highly engaging and profitable touchpoint."

We have started to see this in action. Black Friday 2015 proved to be a boon for apps and was the turning point of the app where it moved from something people weren't really sure of to retail essential.

According to m-commerce platform provider GPShopper app usage and sales were at an all-time high over the 2015 holiday season with traffic, revenue and number of orders increasing up to 392% year-over-year. Furthermore, in-store app usage reached an all-time high, clocking in at five-times the amount of in-store visits typically reported during the holiday.

The figures were born out by Poq, which found that twice as many shoppers were using its apps than the associated m-web site on Black Friday 2015 and that conversion rate on apps was 60% higher than on desktop. At one point on Black Friday 2015, a Poq client was entertaining 12,000 simultaneous apps users.

The increase in app use can be attributed to better experience and to the fact that shoppers were 'ready to strike' on Black Friday having prepared the app in advance so they could get the best bargains.

App users were all about efficiency by relying on mobile apps for their in-store navigation tool and shopping checklist too. Popular behaviours included reviewing in-app wish and shopping lists, checking offers and local coupons, checking loyalty specific offers in store and using the app to validate local inventory and pricing with barcode scanning.

> "Twice as many shoppers used an app than the associated m-web site on Black Friday 2015 and conversion rate on apps was 60% higher than on desktop"

Black Friday visits to GPShopper's client apps increased 353% year-over-year while unique visits increased 172%. The number of orders placed in-app increased 270%, bringing revenue to a 309% increase over last Black Friday.

PEAK CHANNELS

What has begun to emerge though – and what we need to look at more closely this year – is that different peaks seem to invoke different channel usage patterns. While Black Friday 2015 marked the rebirth of the app as a force to be reckoned with, Cyber Monday 2015 belonged to m-web. Activity – while still experiencing year over year increases in visits, revenue and number of orders placed – was outshone by the app activity on Thanksgiving and Black Friday.

Maya Mikhailov, CMO and Co-Founder of GPShopper, explains what she thinks was going on in 2015: "Cyber Monday primarily draws in customers who are just searching for the best deals and will check multiple sites, from less frequently visited retailers, to achieve the most savings. They are driven in through social media and forwarded emails offering bargains. These transient deal-hungry shoppers are eager to buy Cyber Monday, but the challenge for retailers is retaining their loyalty after the mark-down."

So, what is in store for 2016? You can rest assured that there will be more mobile activity across the board in all the peaks in 2016 and beyond. Since 2015, mobile has largely crossed the 50% of ecomm traffic point for most retailers. We are also likely to see more app use around specific brands such as Amazon and eBay over Black Friday – and the many day run up to it – and Cyber Monday.

We are also likely to see many other retailers start to direct bargain hunters on these peaks to their apps, often with deals or simply the idea that it may actually work better than the web. This will form part of a move towards a greater use of apps for retail through 2017, but will also help many retailers mitigate the huge loads peak trading events have on their networks.

Brexit: opportunities and challenges

The UK's vote to leave the EU came as a major shock to many in ecommerce as well as our counterparts in the EU. The catapult into the unknown revealed an industry – and indeed a country – unsure of how it will conduct business across the continent. The impact on trading laws at home are also unclear.

AS THE shock begins to wear off, it's becoming clear that there are opportunities as well as challenges ahead for UK-based internet retailers. The fall of the pound against the dollar and the euro mean that products on UK websites have become cheaper for shoppers overseas, although for retailers sourcing elsewhere, local sourcing may become more of a priority. Funding could be a big issue too in the near-to-medium term as investors become more cautious but it looks likely that London will remain a tech hub with its close proximity to finance and media companies. The answer to cross-border trading may yet lie in 'de minimis' tax levels keeping online orders exempt from tax.

"Britain's products look better value than a week ago, so canny exporters will take advantage of this by being quick to market themselves aggressively to foreign customers," said Alex Littner, Managing Director of Boost Capital, soon after the referendum.

One luxury retail brand told InternetRetailing that it instantly saw the effect of the drop in sterling as sales over the three days following the referendum increased by 8% as customers in other countries rushed to make the most of the 'lower' prices of British goods.

Kantar Retail also noted that international customers started to buy online from UK websites as soon as the pound started to fall on Friday, 24 June. It points to tweets as social media users from elsewhere in the world ordered, and indeed set up, Amazon accounts. "Amazon is incredibly creative when it comes to working across borders so we expect Amazon to do very well in the short term," said Kantar Retail in its analysis.

It also says UK retailers will need to source goods locally in the face of the falling pound. Retailers such as pureplay grocery retailer Ocado would be hampered as they needed to cut back on imports, it said. Ocado, however, made no mention of the referendum in its first-half figures, out on 28 June.

Carpetright said in its full-year results on the same day that it was "cautious" about the effect of post-referendum uncertainty. Chief Executive Wilf Walsh said: "The outlook has been further complicated by the outcome of last week's referendum and we are cautious about the impact the associated uncertainty will have on consumer confidence."

Sports Direct has said the volatility of the pound, particularly against the dollar, is likely to affect its sourcing. "These factors are likely to impact purchases for which the company is not currently hedged for the full year 2017 period and beyond," it said.

Seb James, Chief Executive of Dixons Carphone believes there will be an upside to the decision, despite the uncertainty and the volatility in both markets and sterling that it has brought. "The nation has spoken and there has been a vote to exit the EU in due course," he said as he delivered full-year results at the end of June.

"As you can imagine we have been giving some thought to this. Our view is that, as the strongest player in our market and despite the volatility that is the inevitable consequence of such change, we expect to find opportunities for additional growth and further consolidate our position as the leader in the UK market," he said.

Meanwhile, speaking at the IR Summit in Berlin, Gareth Rees-Jones, Global Digital Director of Topman told InternetRetailing: "it's a disruptive time but I'm hopeful that great opportunities will come out of that. In times of disruption, great leaders emerge."

David Stoddart, analyst at Edison Investment Research warns that whether or not the pound remains permanently lower will depend on the policies that the UK adopts: were it to remain lower, gross margins would be squeezed to the extent that buyers could not re-source or that absence of the external tariff did not provide an offset. In the short term, a plunge in sterling would see sharp rises in fuel pump prices that would divert spending from other areas. That presumes that the Remain campaign's threats about the extent of the economic nuclear winter that would follow Brexit have been ignored and that consumers are still spending. If they are not, the prophecy will have become self-fulfilling and will have hastened the collapse of more retailers and more high streets.

Kantar Retail has some next steps for retailers. It says they now need to focus on areas where regulations are likely to change. Alongside food labelling and food packaging and social and environmental changes, it points to data as being a key area of focus – and one particularly relevant to ecommerce traders. "The European Union has spent extraordinary amounts of time setting rules on personal data privacy, corporate data security, policing of data and other issues related to cloud computing, data sharing and survey work," it said. "The types of data that retailers have access to, how they gain access to it, and how they protect it will change."

FUNDING INNOVATION

For companies seeking to raise funding or for those nearing a potential liquidity event, access to capital is likely to become more limited in the near-to-medium term. Investors are likely to be more cautious, resulting in lower valuations for those that can get funding, and the need for start-ups to manage cash more carefully under the assumption that funding will be harder to come by.

Daniel Murray, Co-founder and head of mobile at the mobile consultancy behind 'the tinder-for-fashion' app Grabble, believes that London will keep its tech hub status as tax breaks and the close proximity of the start up community to finance and media companies gives it an advantage over Germany with its Berlin tech centre but financial hub in Frankfurt.

But for those more established businesses with their European headquarters in London a move to the continent could be under serious consideration as the implications for harmonising their business activities across the EU become clearer. Oliver Prothmann, President of the Federal Association of Online Commerce BVOH hopes that Germany will benefit from any moves by these European and global companies looking elsewhere for their European headquarters.

The referendum also raises an issue of skills and talent and the recruitment marketplace being heavily impacted due to the potential lack of free movement that could be an immediate result of the UK leaving the EU. Within the IT and technology sectors, roles such as developers and engineers have been filled by qualified EU nationals, filling the skills void that we currently have within the UK with many companies already struggling to hire from the pool of experienced ecommerce professionals already. And, as Simon Crosby, CTO and co-founder of Bromium warns, "Over a third of research funding for universities in the UK comes from the EU. In the absence of new funding from the UK government, there will be a huge impact on universities' ability to deliver highly skilled tech workers to the UK economy."

So, what does the future look like? David Chau, Executive Director International Markets, Trusted Shops comments that should the UK follow a model of a bilateral treaty similar to Switzerland, shoppers purchasing from the UK from within the EU will be hit with customs tariffs and import duties. A level known as 'de minimis' is set at the value threshold below which duties do not need to be paid. There is the possibility that a high threshold could be set between the UK and the EU so that the majority of online orders are exempt.

However, as one Swiss retailer told InternetRetaling, tariffs make it prohibitive for goods which are returned from customers in the EU to be brought back to its warehouse in Switzerland. It's cheaper to destroy them than import them back into the country he explains.

In the best case scenario, according to Chau, the EU and the UK signs a free trade agreement – similar to that agreed between the EU and Norway which has remained in the EEA.

UK retailers are not unaccustomed to change and disruption as the combined forces of the recession, digital change and international expansion have shown. Change is also something upon which entrepreneurs and leaders thrive seeing it as a challenge and opportunity. As Orlando Martins, CEO and Founder of ORESA Executive Search comments: "Our hope is that as a nation and as consumer industries, we will make opportunity out of perceived adversity and use this as a platform for long-term growth". He adds: "What is certain is that the requirement for visionary leaders that innovate, collaborate, exercise empathy and have the intellectual horsepower to drive change will be essential to the survival and growth of our sectors".

NEXT STEPS

Kantar Retail has been encouraging FMCG suppliers to take the following steps:

1. **Update BREXIT risk analysis to include customer by customer assessments on both the profit & loss impact (cost of goods and operating costs) as well as balance sheet (cost of debt, ability to borrow, capital spending, and working capital costs)**
2. **Develop ways to unlock value from the supply chain**
3. **Stay close in touch with changing shopper values, particularly those that are exposed to Brexit concerns related to their finances and investments**
4. **Build top-to-top plans focused on helping leading retailers make a smooth transition and schedule the meetings as soon as the opportunity is right**
5. **Align trade terms length with retailers in the UK to the Brexit timetable(s)**
6. **Manage the transition away from European sourcing supply chains and integrated pricing platform planning platforms**
7. **Prepare a transition team to help manage and coordinate the transition**

InternetRetailing Europe Summit: event report

InternetRetailing's European Summit took place in Berlin in June. Although it was a Chatham House Rule event – with delegates feeding back their appreciation of the opportunity to hold off-the-record candid exchanges – we can report on the shared conversation.

BETTER WAYS of managing operations, engaging with customers and innovating were among the subjects under discussion when more than 140 retailers from across Europe gathered for the first InternetRetailing Europe Summit. The event, held in Berlin at the end of June – just days after the UK voted to leave the European Union – gave executives from countries including the UK, Germany, Holland, Russia, Poland and Norway, an opportunity to discuss with their peers both their business' current performance, and how strategies for the future will evolve to meet the changing behaviour and expectations of customers.

Discussions were held through a mixture of leadership panels and round tables that, through the application of the Chatham House Rule, which prevents the attribution of comments, encouraged openness and relaxed attitudes. Below we summarise some of the key ideas to come out of the sessions. Sessions were organised around the key themes of the IREU Top500 research, the first edition of which was launched at the Summit.

OPERATIONS AND LOGISTICS

Delegates saw both opportunities and challenges in the way customers' expectations are changing, both in relation to the delivery process, and the final mile.

One defined the delivery experience as a "route to market".

Future opportunities would be all about smart delivery, personalisation and convenience, and the increased availability of pick-up points. Increasingly, deliveries will be consolidated and the environment will become a guiding factor. "The influence of Uber will be felt in future custom deliveries: to you, where you are," they said.

But there was a warning on one key challenge. "Getting it right is important. If you mess up delivery, the customer won't come back."

STRATEGY AND INNOVATION

A leadership panel focused on how attitudes to strategy and innovation could be developed and fostered through the business. One speaker said that their business encouraged people in the business to work on anything they liked every now and then, whether that was redecorating an office or developing a new app. Encouraging a speak-up culture was important in dealing with failure.

Another speaker talked about expanding around the world, and said it was important to export the central principles of the business, which could then be evolved for different markets. "The world of trade is less about governments negotiating trade agreements and more about how do we enable individuals to trade across borders on the other side of the world and build businesses."

The final speaker said that an upcoming change to the business would be challenging, but would lead to "significant benefits" in due course.

One questioner asked about how important it was to localise. "It's a fragmented world," said one speaker, "and you need to offer cash on delivery in Italy to win any business." Payments methods, local courier choices and local teams all need to be adapted.

Rather than choosing a specific assortment for a market, personal feeds and customers' interests are driving a more personalised choice of goods.

Another speaker said that localising was also important within different parts of the UK market. "London behaves differently to the rest of the UK. Digital stores work in London and in city centres but there's less fast take-up regionally."

A questioner asked what challenges faced speakers' businesses in the future. One speaker replied that evolution wouldn't be online or offline, it would be omnichannel. That presented the challenge of developing interfaces between the two.

The Chinese market would be a challenge for one speaker. How consumers in China, where total retail floor space is a quarter of that in the US, experience brands would drive future innovation. Meanwhile, the safety of the supply chain would be a key factor in a market that is built on trust.

One speaker closed with a question: "Will we adapt as quickly as the consumer does?" Legacy systems, they said, made it difficult to keep up with changing shopper behaviour.

BRAND ENGAGEMENT

Content plays an important and growing role in engaging consumers, said the speaker in a session on brand engagement. They said that their technology email was one of their most opened, after those offering discounts. That gave the fashion brand an opportunity to engage with its core market of young men in a way that wasn't about selling. Content can come from a team of journalists and bloggers, or from users themselves.

Also worth remembering was that the home page is not necessarily the most trafficked page: fewer than 50% of visitors to one website discussed in the session now see the home page – a popular product listing page sees more traffic. That's down to search and navigation, which drive traffic towards different pages. "Products should reflect the search," said one delegate.

How important is user-generated content in this? "If customers engage, that's their picture of the brand and that's good," said one participant in the debate.

Another said products with reviews were more likely to convert. "Even one-star ratings can be fed back to the business to review the product."

CUSTOMER EXPERIENCE

Guiding shoppers through the process helps to narrow down the breadth of choice. Recommendations and personalisation help when it comes to selling to individual shoppers.

Technology is an enabler, but there needs to be an emotional connection underlying that. One brand spoke of using stores as a space for interest groups to meet with no link to retail. The end goal is an emotional connection to the consumer, and stores and online are just ways to achieve that.

It's a different sales pitch than 10 years ago, when product knowledge was firmly with the retailer, emphasised one speaker. Disruptions come daily. It's important to read and learn from the negatives, whether those are comments, reviews or stock failures.

Asked about external disruptors to business, one speaker said that consumers now take in fashion information so quickly that fashion cycles are shorter. There's a need to respond to that both through marketing and at the backend.

Overall, speakers concluded, a hassle-free experience is an imperative for the customer. It's important to think about trigger points – the micromoments when people think about purchases, one retailer suggested. "The true wow will come when the in-store fitting experience can be connected to the home."

Are online and the store still seen as in opposition to each other, asked one questioner. "We're seeing some people moving channels, but we're also seeing people who wouldn't go to the store," said one speaker. "People choose what's better for them."

And what is the most difficult thing about customer experience? "Bringing our people along," said another speaker. "Some of our staff have been here for 20 years or more and may not shop online themselves."

Another said the biggest challenge lay in data. "You can measure everything online and it's tempting to over-rely on this."

MOBILE

Some 3.7bn people have mobile phones, suggested the leader of this session. Mobile commerce is developing quickly – it will be possible to buy from Snapchat in the next year. However, other innovations such as beacons seem to be taken up less quickly.

Delegates discussed their ideas of what future developments were most likely in this area. One pointed to the emergence of virtual reality headsets and of augmented reality in showcasing products. Another suggested personalised billboards, as first seen in the cult film Minority Report, might soon become a reality. Payments will become invisible, suggested one speaker, while another said data would mean service was more personal.

While data was a strength in mobile, it was also a potential challenge. One speaker highlighted the difficulty in getting the data from this channel – "though," they added, "data can also show what trends are emerging." Another challenge lay in adapting mobile approaches to the behaviour of young people who were more likely to ask Siri out loud than to type a search enquiry into Google.

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RECRUITMENT


Cognitive inventory is here.
When a product is ‘hot’, how do you keep the right styles and sizes in stock and ready for customers to buy? To help reduce lost sales, major retailers can use cognitive technology to look at structured data like sales reports and unstructured data like tweets and weather feeds. When your business thinks, you can outthink out-of-stock.
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