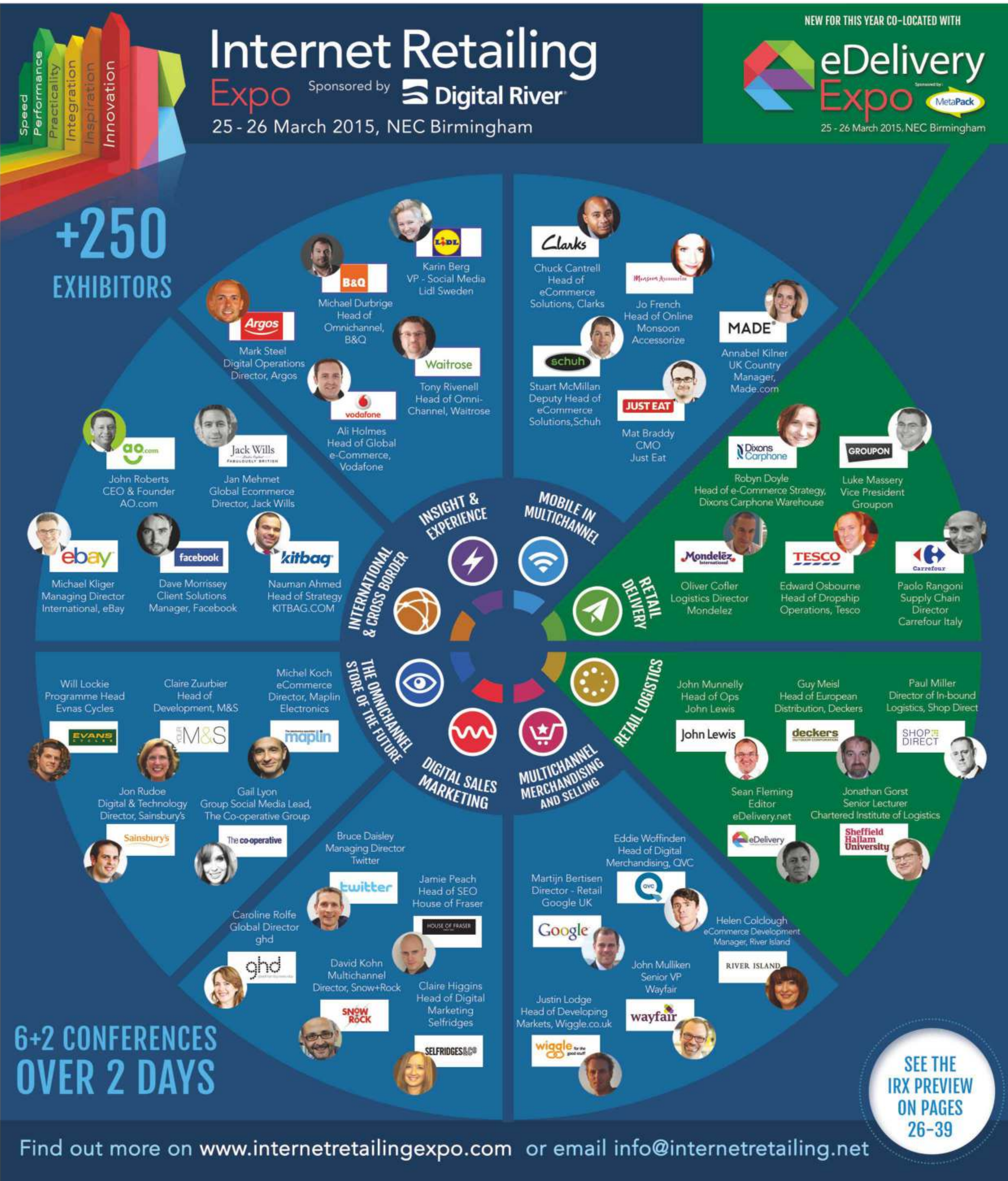
Internet Retailing



WELCOME

The ongoing rise of multichannel, along with the gravity-defying growth within leading pureplay ecommerce businesses, is testament to the vibrant state of our industry. This growth puts new pressure on the leaders and followers: leaders have more competitors, more ideas, more opportunities to assess.

Followers have to catch up by yesterday and overlap the achievements of the best.

At **InternetRetailing Expo (IRX)** we are reflecting this growth with our biggest ever and most wide-ranging show. The importance of delivery in multichannel has increased so much in the last few years that it requires its own focus.

Highlighting the importance of the final mile and how it has moved from being 'simply' a fulfilment mechanism to being a game changer and point of differentiation for retailers, the fifth annual InternetRetailing Expo is being joined by the brand new co-located **eDelivery Expo (EDX)**, the UK's only event serving the **multichannel logistics and operations professional**.

At EDX we consider the opportunities for supply chain professionals to increase their contribution to the multichannel business and bring more capabilities from the back office into new services for consumers.

At IRX and EDX 2015 not only will we hear from over **80 of the industry's leading retailers** and commentators sharing their insights and learning across **8 conference streams**, but visitors will be able to take that inspiration straight to action by visiting with over **250 of the suppliers who 'power' the best**.

IRX is the meeting space for the multichannel industry – the suppliers, retailers and people who together drive the growth and innovation.

We know time is precious but building your business is even more so. No other event in the calendar crams more inspiring, informative and interactive commercial relevance under one roof. Whether our eight conferences, our free-to-attend **Workshops**, **eCommerce Expert Clinics**, the **TOP500 Lounge**, the **Digital Payments Village**, **Direct Brands Marketplaces**, the **Jiagnsu Pavilion**, the **IMRG Lounge**, the **Innovation Pavilion** or the **+250 suppliers**, we've worked to ensure that this day out of the office will be time well spent for you and your team.

On behalf of the whole team at IR Towers I look forward to welcoming you to the NEC for IRX – EDX 2015.

Ian Jindal
Editor in Cheif

Internet Retailing

ISSUE 51 | MARCH 2015

SAINSBURY'S: BRINGING PEOPLE INTO DIGITAL

Jon Rudoe, Digital & Technology Director, Sainsbury's on transformation, digital and why IT is now about people.

INSIDE OUR 'PRODUCT' EDITION:

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ISSUE 51 | MARCH 2015

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Internet Retailing
SJP Business Media Ltd,
52-54 Gracechurch Street, London, EC3V 0EJ
Printed in Great Britain.
ISSN 1759-0582

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NEXT FROM INTERNET RETAILING

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Full details at internetretailingconference.com

Editor's comment

THE LAST thing I bought online was a box of hoover bags. Not very exciting but a necessity since after visiting the same shop twice in the past week and being told that they were expecting a delivery in the next day, I was let down by the fact that they weren't actually part of the delivery. I'd have been happy to buy the item at full price, or even a bit more if I'd known they would be there, no discount code, promotional price or loyalty points were necessary to entice me in. Why didn't I click and collect? The second visit was a "while I'm passing" impulse because I hadn't got around to ordering them online. Now I have – but with someone else – offering them at a lower price with free delivery. Yet another purchase the high street has missed out on, simply because of an empty peg, no stock and the store not knowing what would be on the delivery.

Luckily most purchases are more exciting than hoover bags: the Black Friday TV, the post-Christmas sales shoes and the January-booked summer holiday. While I'm racking up the discounts, some retailers are licking their wounds and worrying about margin decreases over Black Friday and a drop in sales in January as shoppers bagged the bargains in December instead. But, as long as retailers have products that customers want, and shoppers are happy to buy then isn't that the aim of all this?

This issue of InternetRetailing takes a look at product; the product lifecycle may start with design, range planning and launch and, in an ideal world, ends with satisfied customers, no returns and minimal clearance stock, but in between may come a raft of promotional and pricing tactics aimed at achieving this perfect sell through – and for multichannel retailers those tactics can be increasingly complex. In a time when consumers may claim to want consistent prices and promotions across channels, Penelope Ody investigates why that doesn't mean those offers have to be the same for everyone.

Taking that personalisation further, Niklas Hedin, CEO, Centiro, provides comment on linking delivery management with CRM to personalise online returns.

However, with a new product launching every three minutes around the globe, the world is now more competitive than ever. Whether you are selling through retailers or direct to consumers, understanding customer behaviour and predicting sales before they happen gives a competitive advantage that most businesses can only dream of. In his guest feature, Ben Latham of online marketing specialists Summit asks whether the past is a good indication of the future.

Peter Charness, Chief Marketing Officer, TXT takes us through range and assortment planning in an omnichannel era, while Mark Collin, Head of European Retail, ThoughtWorks explains why delivery – rather than product – is becoming the differentiator within retail.

On the high street though, it's technology that is making the difference and there can be no doubt that technology, especially mobile, is going to play a key role in in-store merchandising. "While mobile and online shopping continue to grow," says Paul Skeldon, "the draw of the High Street remains strong. Consumers don't want an 'either/or' choice when it comes to being sold to, they want both. They want technology and they want the High Street. So how do you make that happen?"

The digital high street is just one of the conference themes at the InternetRetailing Expo (IRX) which is taking place on 25 and 26 March. More than 7,000 visitors are expected to make their way to Birmingham's NEC to hear from the keynote speakers at the six conferences which are being held across the two days and join in the panel discussions and explore the exhibition hall. Peter Burn, Online Marketing Manager, Waitrose, said of the 2014 event: "What always amazes me about IRX is there are always some new suppliers with some really interesting new technology. I really enjoy talking to them because potentially they could be the supplier that could help us to drive our ecommerce business in the future".

The six conference tracks at IRX will focus on the key issues for pureplay and multichannel retailers with keynote presentations from John Roberts, Founder and Chief Executive of AO.com, Gareth Jones, Deputy Chief Executive of Shop Direct, Lisa Hardy, Chief Marketing Officer at NBTY Europe, Andrew Murphy, Retail Director at John Lewis, Jon Rudoe, Digital and Technology Director at Sainsbury's, Martijn Bertisen, Director, Retail, at Google UK.

John Munnelly, Head of Operations at the Magna Park Campus at John Lewis Partnership will keynote the conference track at the first eDelivery Expo which is running alongside IRX. A full preview of both events is included in this issue of InternetRetailing and online at www.internetretailingexpo.com. The team at IR Towers look forward to meeting you there.

Emma Herrod
Editor

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

DOES PRIME PAY OFF?

Amazon's bet that customers would continue to sign up to its 'all you can eat' Prime membership programme even when its price went up has paid off, reports its Chief Executive Jeff Bezos.

In the US, the cost of Prime membership rose from $79 to $99. But in the UK, the company renamed its Lovefilm subsidiary Amazon Prime Instant Video, rolled use of it in with the Prime membership that previously covered downloads and Kindle lending library membership, and raised the annual price from £49 to £79 last spring.

However, Amazon confounded those who questioned the approach by reporting a 20% rise in net sales, to $88.99bn (£58.99bn) in 2014, and 53% growth in Prime membership. That, however, did not equate to profitability. The retailer turned in a net loss of $241m (£159.85m) in the year to December 31 2014, 187% down on net income of $274m (£181.74m) in 2013.

That's likely to be, to some extent, a result of investment: the Prime programme has cost the company "billions" in shipping fees, Bezos said as he reported fourth quarter and full-year figures.

"When we raised the price of Prime membership last year, we were confident that customers would continue to find it the best bargain in the history of shopping," he said. "The data is in and customers agree – on a base of tens of millions, worldwide paid membership grew 53% last year – 50% in the US and even a bit faster outside the US. Prime is a one-of-a-kind, all-you-can-eat, physical-digital hybrid – in 2014 alone we paid billions of dollars for Prime shipping and invested $1.3bn (£0.86bn) in Prime Instant Video. We'll continue to work hard for our Prime members."

In the fourth quarter of the year, the retailer said, net sales increased by 15% to $29.33bn (£19.44bn) while net income of $214m (£141.87m) was 10% down from $239m (£158.44m) in the same period in the preceding year.

Amazon is known for its innovations and during the last quarter of the year they included the launch of its Prime Now one and two-hour delivery service accessed via a mobile app, launched its eighth generation fulfilment centre, complete with robotics and vision systems (more than 15,000 robots were at work in 10 US fulfilment centres in the peak pre-Christmas shopping season), and presided over 65% growth in the number of sellers outsourcing their picking, packing and shipping to Amazon through Fulfillment by Amazon. In 2014 Amazon.in became India's largest online store, in its second year of operation. In the UK, the company saw Sunday deliveries grow by more than four times during 2014, and is to open a fashion photography studio in London for its European fashion business.

WAITROSE EXPANDS

Waitrose is in expansion mode as it takes its omnichannel strategy forward, announcing plans to create 2,000 jobs in 14 new stores and an ecommerce grocery depot in 2015.

The supermarket said the jobs would come as it opens 14 stores across the UK this year. Its ecommerce grocery depot, previously announced, will open in Coulsdon, South London, on March 3. The purpose-built facility will more than double the capacity of its Acton fulfilment centre.

"Our expansion story continues as we take the brand to more customers and invest in our omnichannel approach," said Nigel Keen, Waitrose Director of Development.

"Last year many of our new branches received more than 10 applications for every vacancy so we're delighted to be able to create an additional 2,000 roles in 2015."

The new stores will include seven new supermarkets and seven new little Waitrose convenience stores. The openings mirror omnichannel strategies across the supermarket sector, aimed at enabling shoppers to buy wherever, whenever and however they want to.

EBAY TO CUT WORKFORCE

eBay plans to cut its global workforce by 7% – or 2,400 jobs – in the first quarter of this year. The move, revealed as the online commerce and payments company reported a 9% rise in sales in 2014, will affect eBay Marketplaces, PayPal and eBay Enterprise around the world, including, potentially, the UK. eBay said the move was intended to "simplify organisational structures" and "ensure that we are set-up to compete and win" ahead of eBay's split with PayPal.

The commerce platform and payments company, which trades in the UK as ebay.co.uk, said mobile and cross-border trading had both grown significantly. Mobile commerce volumes rose by 30% in the fourth quarter to take revenue for the year to $27.9bn, or 34% of total sales. In the fourth quarter alone, cross-border trade grew by 20% to account for 21% of transactions. Revenue rose by 9%, or 12% on a non-GAAP basis, during the year, while profit in the fourth quarter rose to $936m on $4.9bn on revenue.

"In a year of unexpected events and distractions, we ended 2014 with double-digit revenue growth, solid earnings growth and strong cash flow, reflecting the fundamental strengths of our company," said John Donahoe, President and CEO of eBay Inc.

PARTNER PROGRAMME FOR ZALANDO

Zalando is inviting British retailers and brands to sell through its platform as it looks to become more relevant to local shoppers.

The shoe and fashion retailer's partner programme, which launched in the UK in January, comes after similar launches in eight European countries including Germany and France. Across Europe more than 170 brands already sell through its website in a model similar to the marketplaces run by retailers such as Amazon.

The launch also comes two months after Gap said it would start selling its goods from summer 2015 on a shop within a shop on the Zalando website.

Zalando says local partners from the UK will help it to make its website more relevant to a British audience.

"The focus is always on the consumer," said Robert Schütze, Country Manager for the UK at Zalando. "We aim to increase local relevance by attracting more brands from the UK, whilst at the same time maintaining our high standards to create the best shopping experience for our customers. The first partner has just been launched in the UK and we want to continue working with more brands and retailers who fit our portfolio, fulfil our standards and bring something new to the Zalando website."

Partners signing up to sell through the Zalando site must meet criteria around the quality and relevance of their products and be able to meet the Zalando customer promise, which includes free delivery and free returns within 100 days.

Zalando says they will benefit by selling to its broad customer base as well as from its ecommerce expertise: it will handle ordering, payments, returns and customer care while partners need only ship the item. In the third quarter of 2014, it had 14.1 million active customers, and attracts more than 100 million visits per month. In that quarter, 43% of visits came from mobile devices.

PROFIT FOR OCADO

Ocado has unveiled the first full-year profit in its history, reported just over a year after the company helped launch Morrisons' online grocery service.

The online grocer reported pre-tax profits of £7.2m in the year to the end of November 2014, up from a loss of £12.5m in the previous year. Gross sales of £972.4m were 15.3% ahead of the £843m recorded the previous year, while revenue was up by 19.8% at £948.9m.

The milestone move into profit came after a year that saw Ocado set up a joint venture to supply the technology and fulfilment centres that underpin Morrisons' online grocery service. Some £45.1m of revenue came from the 25-year Morrisons agreement, with £2.4m of profit attributable to its joint venture.

During the year, Ocado also launched its own new venture, dedicated kitchen and dining shop Sizzle, launched after the success of its pet store Fetch. It also said that it would help to launch a new Marie Claire online beauty store this year with the magazine of the same name.

All the while, Ocado grew its customer numbers. Active customers rose to 453,000 from 385,000 last year. Each spent a little less during the year, as small orders on Fetch and Sizzle brought down average basket sizes to £112.25 from £113.53.

Tim Steiner, Chief Executive of Ocado, said that the business had been encouraged by the successful launch of Morrisons.com, which, he said, "paves the way for future agreements to commercialise the value of our intellectual property." He added: "The development of Ocado Smart Platform, enabled by our IT replatforming and fulfilment solutions projects, positions us well to take advantage of future opportunities as the demand for online grocery shopping increases internationally." Talks, said the company, are already underway with several companies who may use it to launch or grow their online businesses, and it hopes to sign up the first user in 2015. The company said it would spend up to £5m in 2015 in order to negotiate platform service agreements and develop the capabilities of the platform still further.

DELIVERY LAUNCHES

Parcelforce Worldwide has moved to make its delivery services more responsive to the needs of online shoppers with the launch its Parcelforce Select service. Customers will be able to choose up to the day of delivery where that delivery will be made, whether that's at home, a specific neighbour, a local Post Office branch or a safe place on their own property.

The service will be backed up by more notifications from Parcelforce about when delivery is attempted, which neighbour has accepted a parcel, or which Post Office to visit to pick up an item. Customers will also receive communications when they return items, whether that's a new booking, or reminding of or confirming a collection.

Gary Simpson, Managing Director, Parcelforce Worldwide, said the new service represented a "new experience" for online delivery. "It enables online retailers and other businesses to give their customers the ability to better manage their parcels after ordering and even change their mind on the day of delivery".

Meanwhile, parcel delivery company DPD is to open its own parcel shop network in June, rivalling competitors including myHermes, Collect+ and UPS Access Points.

DPD plans to establish its own network of 2,500 outlets, promising a DPD PickUp point within ten minutes of most people in the UK. It has named the Numark Pharmacists chain as the first member of the new network.

Customers will be offered the option to deliver to the nearest DPD PickUp point, as an alternative to home delivery, when they buy from a participating retailer's website.

A DPD PickUp delivery will also be one of the 'in-flight' options available in DPD's text and email notifications ahead of a scheduled home delivery. If customers aren't going to be at home they can divert their delivery to a DPD PickUp point at any time before the delivery is made. Customers will also be able to manage returns via their local DPD PickUp point.

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.*

INCREASE INTERACTION WITH ANDROID

The vexing question of how Android and iOS user behaviour differs – and what it means to retailers – has been thrown into the spotlight by research from Poq Studio which finds that Android users are much more App-happy than their iOS counterparts – and that those with high end Droid devices spend as much as Apple heads.

On average, Android users spent a whole minute longer than iOS users each time they browsed through one of Poq's client's apps (Android: 4:47min, iOS: 3:48min). They also viewed 5.2 more pages than iOS users each time they used an app (Android: 14 pages, iOS: 8.8 pages). Poq also discovered the same pattern when it looked at traffic to its clients' mobile sites.

The data also revealed that users of most Android devices, high- or low-end, spent longer discovering products on Poq clients' apps than iOS users did. Users of the Samsung Galaxy S Mini spent on average 1:05 minutes longer per time they visited their apps than iOS users did.

An exception was the Nokia Lumia, whose average users spent a quarter of a minute less browsing their apps than iOS users did. This was also the case for average amount of pages viewed per use of an app.

Customers browsing on high-end and low-end Android devices visited more pages on average than iOS users did. Google Nexus users viewed the most pages per visit, followed by Samsung Galaxy S and Samsung Galaxy S Mini users.

But it is in the value of these customers where the research really turns conventional wisdom on its head. At first glance, the findings support the notion that users shopping on iPhones and iPads have higher budgets to spend from their mobile devices than Android users. In December 2014, the average iOS user's order value (£60.43) was around 1.4 times higher than the average Android user's order value (£43.13) on the Poq Studio platform.

iOS users also carried out the vast majority (91.3%) of all app transactions. They contributed to 93.6% of the revenue generated through apps on the platform. It should be noted that Android apps had only been live for two months on the platform at this point.

The average iOS conversion rate was 2.3% – about 1.4 times higher than the average Android conversion rate (1.6%).

However, a closer look at the data revealed that users who own a high-end Android device actually rival iOS users in terms of conversion. On average, Google Nexus owners showed conversion rates that were 1.4 times higher than iPhone user conversion rates. Lower priced Android devices showed considerably lower conversion rates than iOS devices: the average iPhone user conversion rate was five times higher than the average Sony Xperia user conversion rates.

VIRTUAL COSMETIC COUNTER

Shoppers may soon be able to avoid the make-up counter in stores, testing products over their own phone instead, using new face-tracking technology. Face by Holition, which launched on 6 February, aims to provide a virtual cosmetic experience, enabling shoppers to use their smartphone or tablet as a mirror to try on and experiment with colours, shades and textures of makeup.

"Trying out cosmetic products in a shop can be frustrating – wrong colour, wrong look and a hand smothered with endless lipsticks and powder," said Holition, a creative agency that uses emerging technologies and whose female developers have led development of the new technology. "The virtual makeup application allows the user to try before they buy. As it is real time, users can be as playful and creative as they like trying out the different makeup combinations: it's not a selfie but a real-time video feed from a phone or iPad."

Face by Holition uses face tracking technology to 'see' the features on a face. Virtual makeup, promises Holition, stays in place even when the user smiles, talks or nods.

Retailers can see how shoppers search for, try on and buy new products. Meanwhile, the shoppers themselves can save the results and share them with friends.

TRANSACTIONAL APP FOR VERY

Multi-brand digital retailer Shop Direct has launched a new Very.co.uk iPhone app to give its customers an easier, more engaging user experience and marks the company's first foray into transactional apps.

The app includes cutting-edge – and increasingly popular – image recognition technology that allows shoppers to take snaps of clothes they covet and search for similar patterns across Very.co.uk's vast product range. Search and browse has also been optimised to enable smoother and faster navigation of the 946 brands currently sold on Very.co.uk. Customers can also track their orders in just one tap and make payments on-the-go.

The launch marks the start of an increased investment in apps to further boost Shop Direct's mobile artillery. Mobile is now its largest sales channel and accounted for 58% of online sales at flagship brand Very.co.uk over Christmas. Feedback from shoppers indicates that they find apps a more secure environment to manage their accounts; they can now check their balance and available funds and pay their statement in just a couple of clicks.

Shop Direct has initially launched the app on iOS, which accounts for more than 50% of traffic to its websites, but plans to launch on Android later this year. The retailer has begun promoting the launch to users of Very's existing app and will kickstart a campaign to attract new customers in the next few months.

Sainsbury's: Bringing people into digital

Jon Rudoe, Digital & Technology Director, Sainsbury's, spoke to Emma Herrod about transformation, digital and technology, and why IT is now about people.

OVER THE next few months, Sainsbury's plans to launch its online clothing offering UK wide, install WiFi in its supermarkets, continue the test and rollout of a mobile app which will take store customers from compiling a shopping list to paying for their shopping on their mobile phone, and expanding its Digital Team – which works across the business – from 100 to 400.

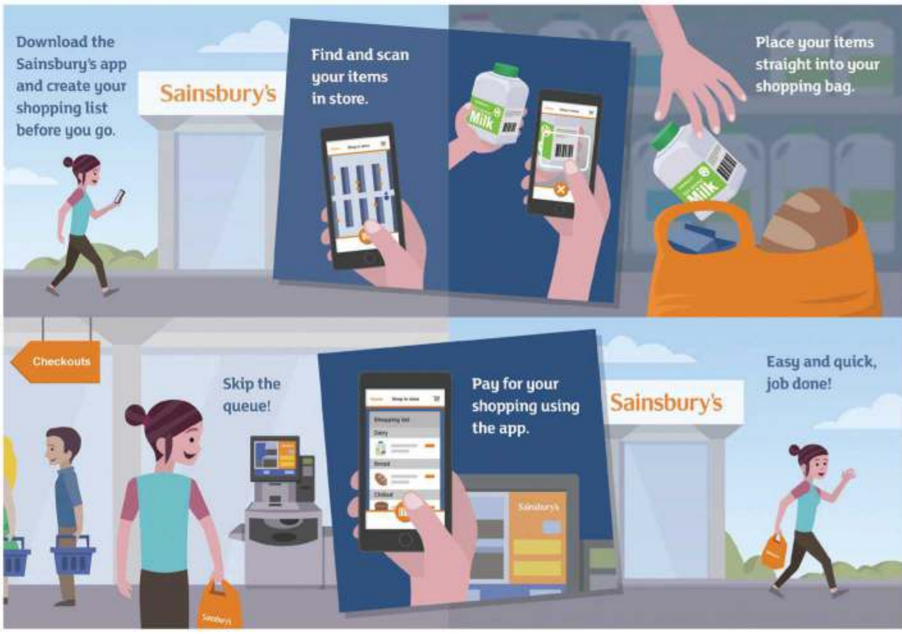
This is all part of Sainsbury's evolving strategy to enable its customers to shop whenever and wherever they want.

CLOTHING

The retailer has been engaging online with customers of its Tu clothing range since launching a standalone regional pilot site in August 2014. Operating in the Midlands only, the pilot has been "very successful," says Jon Rudoe, Digital & Technology Director, Sainsbury's. He adds that the company is building on sales of its men's, women's and children's clothing ranges in store which have made it the seventh biggest clothing line in the UK by volume and eleventh by value. More than 7.5 million customers buy the range and, in the 2013/14 financial year, it generated annual sales of approximately £750m. "It's been growing at more than double the rate of grocery retailing," adds Rudoe.

"Clothing is a different mission online than in store," he says. Consequently, the company has been moving customers on from regarding clothing as a complementary purchase while they are doing their grocery shop in store to seeing it as a dedicated clothing purchase online.

The standalone clothing site is being rolled out, store by store, across the country during the first half of 2015. This is so each one is ready to accept click and collect orders as the site goes live in their area. Customers can also choose to have their order delivered to their home. All orders are fulfilled from Sainsbury's central clothing depot in Bedford, which also handles replenishment for the 400 stores stocking the clothing range.



MOBILE SCAN & GO

Following a more iterative process with roll-out later this year is the Mobile Shopping App. This takes store customers all the way from compiling their shopping list through to paying and checking out in-store. Another version simply gave customers a running total of what they were putting into their basket or trolley in the supermarket, explains Rudoe, while Mobile Scan & Go, tested since 2012, took customers from scanning items as they shopped through to paying at a dedicated area in-store. This has been trialled at supermarkets in Tadley in Hampshire, London Colney Superstore in Hertfordshire and Leicester North.

The latest version of the mobile shopping app is being tested by staff at a store in south London and Rudoe says that with the app changing almost weekly, roll-out will be happening throughout 2015. "When it's ready we'll start to do it," he says.

The app enables customers to build a virtual basket of their favourite products from anywhere, before they shop. It then helps them to navigate around the store and find the items they want faster, allowing them to scan items at the shelf and then pay via their mobile without going to a physical till.

"95% of Sainsbury's customers shop in-store and over 60% of them write a shopping list before visiting, so Scan & Go is digitising a real customer need," says Rudoe.

Developing the app has been challenging. The Digital Team has had to make sure that it's ready for colleagues and customers and that the technology and processes are robust, since the items that customers are looking for have to be in the correct location in-store as indicated by the map on the app. The checkout and payments method also has to be secure, and Sainsbury's has already announced that it will work with mobile payments facilitator Zapp. Rudoe says the company will "probably build that into our shopping app" as well.

It is also about to launch another version of its on-demand film, television and music ▶

STRATEGY

In November 2014, Sainsbury's set out how it plans to evolve to win in a "once in a generation" time of change for the industry. Customers, it said, are turning online and to convenience stores and away from out-of-town stores as they shop more often, and supermarkets must adapt.

It concluded from a six-month review of the business that supermarket sales will continue to fall in coming years. It said it would prioritise investment in online and multichannel as well as convenience stores. That investment includes opening its first dark store in 2016 at Bromley-by-Bow, as well as focusing expansion plans on convenience stores, which will make up more than half of its new openings in the years to come.

Entertainment site on the unified platform. The grocery site continues to evolve with small changes since the company's migration to IBM WebSphere. The Delivery Pass and green delivery times, which show online customers when a van will be in their area, are two recent innovations.

CULTURE & CAPABILITY

Combining digital with technology in one role, rather than having a 'traditional' IT director, is how Sainsbury's is keeping everything it does with IT customer-centric. In the same way that systems have evolved from simple product to warehouse to store to customer, so digital now pervades every part of the business, enabling customers to buy what they want via whichever channels they prefer, explains Rudoe. Product is moving around the business from warehouse to store or direct to customers. Product information is needed by many different parts of the business from the web and mobile sites to the product size information being used for delivery.

"Complexity has grown out of all proportions," says Rudoe. If you go back 15 – 20 years, technology was present but not in the hands of customers. Systems were large and supply chain and IT were outsourced to Accenture. "Unless systems broke, the CEO didn't want to talk to you."

The company has been thinking very hard about architecture and services, and how it reuses components and platforms and makes data available across the business. In 2012, it purchased a Teradata Data Warehouse Appliance to accommodate its rapidly expanding requirements.

IT is now about reusability and scalability of architecture and not silos, explains Rudoe. It comes back to iterative processes. If you want rapid releases, you can't go back and test and change lots of core systems. They have to be able to evolve along with the businesses. "That gives us an interesting set of puzzles," he says.

Digital has moved from self-service checkouts in-store, to a device that staff or the customer carries with them, so Sainsbury's drive is to be customer-centric in the technology that's used as well as the developments. "It's a multi-year journey," says Rudoe, so the company is working on the most important things first that differentiate it, hence the Mobile Scan & Go app.

"The big thing for us is development iteration," explains Rudoe. The company has to think carefully about what it's developing; what drives competitive advantage and how it can be built in-house rather than using an off-the-shelf product – although "the back-end is plug in," he says.

"We want to be able to experiment, to change," adds Rudoe, which is why the company is now doing development in-house and expanding its digital team through a new Digital Lab space at its offices in Holborn, London. He's keen to point out that the Digital Lab has not been created for people

to experiment and play with technology, although there will be an element of that. The focus of the team's development effort will be on things which will differentiate the retailer and make a difference to its customers – such as the mobile app which is digitising a customer problem. "That's a key point," he says, since the Digital Lab – which he is "recruiting heavily" for at the moment – will be run around modern, iterative approaches to development.

Sainsbury's purchase of the Entertainment business was the beginning of its shift towards in-house development as it provided a seed capability for innovation. The Digital Lab comprises a team of around 100 with plans to recruit a further 300.

CUSTOMER AT THE HEART

Uptime is no longer the key measure for digital, says Rudoe, as the drivers have changed to how something works, whether customers can use it, their experience, and whether it is cost effective and scalable.

As an omnichannel business there are products that each customer buys regularly and there are multiple ways that they can buy them from the company. Sainsbury's aim is to show customers what they have bought, when they need to buy more and for them to buy those items in any channel. Past purchases in-store are already shown online. Seeing customers in another touchpoint shows more about them so there's also a big CRM issue, he explains.

"We know our customers better than anyone else," Rudoe says. Twelve million of its customers have a Nectar card and the company processes 24 million transactions per week with customers increasingly purchasing little and often from convenience stores. Over £1bn is spent online through the grocery business – a figure which the new ecommerce platform has the capacity to double.

"So, not only do we know them personally – through store staff having conversations with them – but we also know them through the data of the longstanding Nectar loyalty scheme," he explains. "We have a long-term agreement with Nectar to do more." There is also a Sainsbury's-wide project not only to improve the single view of the customer across the business but also to join up each customer's identifications with the different parts of the brand, as it isn't just a grocery and clothing business. Rudoe's remit encompasses the digital component of the products the company sells such as the ebooks, films, videos and music sold by the Entertainment business, as well as banking and general merchandise.

Sainsbury's wants to be there for its customers wherever and whenever they want to shop, be that at a physical store or increasingly "where they are" using a device such as a mobile, Rudoe explains. "We're being there on devices as that's where customers are." Sainsbury's is also 'being where' its customers are away from its stores, ▶

THE MULTICHANNEL GROCERY PLATFORM

In an IT project completed in 2014, Sainsbury's worked with digital agency Salmon to replatform its online grocery site from Blue Martini to IBM WebSphere Commerce. An additional eight systems were also changed to deliver the enhanced and extended customer experience that it required. The new site was phased in by region and was fully operational by July 2014. Commenting at the time, Jon Rudoe said: "Much of the work by Salmon has focused on improvements behind the screen to allow us to build new and exciting functionality that will make the shopping experience better, faster and more efficient for our customers. Customers can look forward to some exciting developments on the horizon."

He continued: "It's taken Sainsbury's 14 years to reach £1bn annual sales online and this new platform gives us the capacity to double this. Salmon has been a key partner in helping us transform our digital offer, managing the overall programme and more than 10 third parties. With ongoing support from Salmon, we look forward to achieving this significant milestone."

Neil Stewart, CEO at Salmon, said: "This programme marks a landmark for Salmon; it's one of the first and largest grocery implementations on IBM WebSphere Commerce anywhere in the world. Technically challenging – taking into consideration the performance implications of the large number of items in the average shopping trolley, the sheer abundance and complexity of grocery promotions, tight coupling to legacy systems and data migration of 8 million customer accounts, 4 million credit cards and 12 million orders – by any standards the launch has been a resounding success."

The site includes support for thousands of simultaneous promotions (calculated real-time in the basket) and a single customer view for Grocery and General Merchandise.

In addition, Salmon developed a number of bespoke applications, 80-plus integration points to back-end systems, the supply chain to support reporting and Sainsbury's entire multichannel proposition.

too, as shown by the expansion of Click & Collect to London Underground stations.

Of course, technology is not just for customers and customer-facing operations; a key part of the business is getting the right technology into the hands of colleagues such as store managers. For example, information which in the past would have been printed out on paper can now be delivered digitally. Technology change is affecting staff in other ways, too. Those working in customer-facing roles are used to being asked by customers where something is in-store, but now they could be asked about how the mobile app works or how to access the store WiFi.

So, part of the transformation at Sainsbury's is about getting staff more comfortable with technology and "used to kit". Colleagues can talk digitally to each other via Microsoft's Yammer enterprise social-networking platform. They have also been partnered with a digital mentor as part of a two-way system. These digital mentors additionally act as a focus group for the business.

> "Culture and capability is a mantra that Rudoe uses with his team"

The retailer is operating in difficult times with the industry going through a "once in a generation change". It is evolving its strategy to address the continuing shifts in shopping patterns, something which CEO Mike Coupe believes will lead to a greater emphasis on product quality and ease of shopping, and an increase in multichannel shopping.

"The key word for our strategy is evolving," says Rudoe, explaining that most of what the company is doing is a continuation of what it has done in the past – with a change of emphasis. The digital experience is at the heart of what his team does and it is "getting going on technology inside the organisation and with customers".

With a new grocery platform, clothing soon to go live and internal data projects to link up customers across the brand running alongside looking at ways to differentiate through mobile, the plans for digital in 2015 are already looking busy – fortunately, the digital team is also about to get much bigger.

Knowledge Partner Comment

Kurt Salmon
Success for what's next

Siobhán Géhin, **Partner at Kurt Salmon, continues her reflections on the dimensions of the IRUK 500.**

TRADITIONAL STORE-BASED retailers might be forgiven for feeling that pureplay retailers have an intrinsic advantage. The online experience lends itself to being personal and unique through the introduction of simple cookie tracking and data caching. With the growth of mobile websites and applications, this personalised experience can be accessible anywhere. The success of online businesses is not solely attributable to their ease of use, their ability to leverage cross selling and up selling opportunities is critically important.

Amazon have previously declared that 35% of their sales come from their cross selling algorithm. Studies performed into upselling by Predictive Intent have revealed that 4.25% of customers are influenced at point of purchase to 'trade up', when shown a more expensive alternative. This may seem like a low percentage but it represents a highly profitable potential. Given the right conditions, certain customer groups can be influenced by an appropriate uptrade marketing message. American clothing retailer Nordstrom does this effectively by presenting trade up options to customers whilst browsing with reviews and offers clearly displayed to sway these customers; while research by Cisco shows that 52% of customers are influenced by online reviews and ratings. Store-based retailers face the challenge of matching the relevance, personalisation and service of the online environment.

However, "Bricks and mortar" operators have a distinct advantage Internet retailers cannot replicate; the face-to-face customer interaction. After all, sales associates have delivered personalised service and upselling for hundreds of years but it has always been dependent on the quality of the person serving. Integrating technology into the store environment provides the potential to level the playing field with the ecommerce environment and maybe even tilt the balance in favour of stores. Sebastian James, Dixons CEO has claimed "We are seven to 10 times more effective than Amazon at doing that [upselling]".

Cross channel leader Argos demonstrates how to merge the online, mobile and in-store experiences. Like Nordstrom and Amazon, they have used customer reviews and cross selling algorithms with their ecommerce platform to drive sales, but they go further with their omnichannel journey. Both the mobile app and online website have addressed one of the key requirements of general merchandise retailing - availability. Product availability within stores in an area and reservation of stock for pick up is made possible via the app or website. This has the potential to directly compete with the click and collect offers of rival competitors by offering instant same day collection for free.

The fashion industry in the US has also looked at omnichannel as more than just providing flexibility in fulfilment but flexibility of data. Macy's have utilized their digital assets through the customer's mobile - realising that customers will 'showroom' in competitors stores, they have developed an 'Image Search' application that will allow customers to photograph a competitor's product to find examples of similar products within the Macy's website. Macy's core application, however, seeks opportunities to directly interact with customers inside the Macy's stores, introducing elements such as QR codes that link to promotion videos and a built in barcode scanner to link any product to its website listing.

Luxury retailers have gone a different route and looked at introducing clienteling to target and serve their core customer groups more effectively. Brands such as Burberry have led the way, invested in solutions to empower the sales assistant with customer data during their shopping trip. Using tablet based applications sales assistants or personal shoppers can gain access to a wealth of customer sales history, style preferences, and communication history and customer lifetime value data. This information will help to customise every customer's sale experience within the store and provide the best opportunities to upsell with a continuing dialogue and feedback that is not possible online.

The new omnichannel challenge will be to be collective and distributive with data. To be truly omnichannel, a company must put customers' interests at its heart and seek to better understand their customers and create a seamless experience for them. This is achievable only if all customer and product data is fully transparent to all business channels so that all interactions are between one customer and one business.

UK shoppers to spend £52.25bn online in 2015

RetailMeNot shares the results of commissioned research into the predicted levels of online spend across Europe for 2015.

ONLINE SALES are forecast to grow by 16.2% in the UK, while sales across Europe are tipped to grow by 18.4% in 2015, finds research commissioned by RetailMeNot, which operates in the UK as VoucherCodes.co.uk.

Online sales are expected to account for 15.2% of all consumer retail sales in the UK in 2015, according to the international study conducted by the Centre for Retail Research. It reveals that online retailers in the UK can expect sales to grow by 16.2% in 2015, with total online sales set to reach £52.25bn, vs £44.97bn in 2014.

Brits are expected to shop online more often in 2015, making 21.2 purchases this year versus an average of 18.8 in 2014. Shoppers in the UK will spend an average of £55.36 per online transaction this year, compared to £57.08 last year and are expected to be the most frequent online shoppers in Europe. Shoppers in Sweden will spend the highest amount per transaction (£56.43, with an average of 10.4 online purchases per year).

European online shoppers are set to spend £820 online on average, vs £738 in 2014, an increase of 11.1%. In the UK, online shoppers are expected to splash out £1,174 online in 2015, growing by 9.6% compared to last year. British online shoppers are even ahead of those in the US where the average online shoppers are expected to spend £1,120 (+7.4% YoY). Other above average spenders are Germans (£1,023) and French (£847).

Giulio Montemagno, Senior Vice President of International at RetailMeNot, Inc, said: "Investment by retailers in improving the online shopping experience and more sophisticated consumer targeting is clearly paying dividends. In the UK, consumers are now shopping online more frequently and spending more overall, helping to increase

Internet sales per shopper 2014-2015

	Sales per shopper 2014	Sales per shopper 2015	Increase in sales per shopper
UK	£1,071	£1,174	9.6%
Germany	£890	£1,023	14.9%
France	£767	£847	10.4%
Spain	£458	£499	8.9%
Italy	£444	£485	9.2%
Netherlands	£613	£663	8.1%
Sweden	£539	£588	9.1%
Poland	£181	£206	14.2%
Europe*	£738	£820	11.1%
U.S.	£1,043	£1,120	7.4%
Canada	£731	£780	6.8%

Forecast Sales Growth and offline, 2015 (at current prices)

	Online sales growth	Store-based Sales Growth	All retail sales growth (online + store based)
UK	16.2%	-2.0%	3.5%
Germany	23.1%	-1.8%	2.0%
France	17.0%	-1.7%	1.2%
Spain	18.6%	-0.6%	1.2%
Italy	19.0%	-1.0%	0.3%
Netherlands	16.8%	-1.4%	1.0%
Sweden	15.5%	-1.2%	2.9%
Poland	21.0%	-0.6%	3.6%
Europe	18.4%	-1.4%	2.0%
U.S.	13.8%	-1.9%	3.6%
Canada	13.2%	-0.4%	2.4%

online retailers' market share. This is being bolstered by a growing number of online shoppers; 65.5% of Brits now shop on the web." Strong growth online is compensating for falling sales in-store in all markets surveyed. Across Europe, store-based sales are set to fall by 1.4% in 2015, however an 18.4% increase in online sales means that total retail sales across the continent will grow by an average of 2% this year.

The US and Poland are set to see the fastest rate of growth for total retail sales in 2015. Growth of 3.6% is forecast in both countries. Italy is expected to see the slowest rate of growth with 0.3%, followed by a rate of 1% in the Netherlands, and 1.2% in both France and Spain. In the UK, store-based sales are expected to fall by 1.9%, while overall retail is expected to grow by 3.5%.

"Although in-store sales appear to be falling, many retailers are bucking the trend by embracing technology to better engage consumers. In 2015, we expect to see even more retailers take advantage of mobile and further testing of beacon technology to target consumers while they are on the go, as well as in-store, by making the shopping experience more relevant," says Montemagno. "Despite online retail seeing the most rapid growth, the high street remains an integral part of the retail landscape. It's for this reason that we are seeing online-only retailers bridge the online and offline gap by opening brick-and-mortar stores and offering services such as click-and-collect to make the shopping experience more seamless, while increasing market share."

Europe's fast-growing ecommerce market expanded by 18.4% in 2014 and this strong rate of growth is likely to continue into 2015 and beyond. Forecasts suggest that online sales will rise by a further 18.4% in 2015 and 18.7% in 2016. Meanwhile, online sales in the US and Canada are predicted to rise by 13.8% and 13.2% respectively this year. Online sales are expected to grow by 16.2% in the UK in 2015 and 15.3% in 2016.

Once again, Germany is set to see the fastest increase in sales in Europe, with online spend forecast to reach £44.61bn this year. However, the rate of growth is slowing, suggesting that the German market is maturing; online sales increased by 25% in 2014 and 39.2% in 2013, but are only set to rise by 23.1% in 2015 and 22.4% in 2016. Next year will see Germany fall behind Poland to become the second fastest growing market in Europe; the Polish ecommerce market is expected to grow by 22.5% in 2016, as growth accelerates from 21% in 2015.

Sweden's ecommerce market is the slowest growing in Europe, however it is the most mature; 69.8% of Swedes shop on the web. Comparatively, 65.5% of people in the UK shop online, while the US average is 57.4% and the European average is just 46.7%.

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 Debenhams.

RETAIL LEADERBOARD

John Lewis	83/100
M&S	80/100
House of Fraser	78/100
Burberry	78/100
Debenhams	77/100
New Look	77/100
Argos	75/100
IKEA	75/100
Topshop	70/100
Oasis	66/100
Google Play	60/100
Boots	59/100
Majestic Wines	56/100
J Crew	50/100
Morrisons	27/100

RETAIL STRATEGY 25/25

JAMES TAYLOR, SENIOR CONSULTANT, KURT SALMON

Debenhams is showing signs of recovery after a tough 2 years of trading; their retail stores are showing a competitive edge in both omnichannel retailing and value adding customer services. Debenhams stores have in-store offerings such as personal shopping, affiliates such as Regis hair salons and food services to create a one-stop shop experience in their department stores and the 2013 redesign of the flagship store demonstrates the potential of the brand. Their online capabilities have blended into the store environment through large dedicated Click & Collect areas, multiple in-store kiosks supporting payment and large visual advertising prompting the customer towards the online mobile friendly websites. The challenge for Debenhams will be targeting the loyal customer base and differentiating their services, brand and fulfilment options from their direct competitors.

WEB EFFECTIVENESS 16/25

ALAN BLACKWOOD, USER EXPERIENCE CONSULTANT, USER VISION

Debenhams is a good example of an efficient ecommerce site. While it does very little wrong, it also lacks significant innovation in any area. This may appear to be a criticism but in fact is very likely to be what most visitors to the site need and expect. While it also lacks some of the striking imagery and other visual design elements present on the John Lewis and M&S websites, if you're motivated by discount offers and want a quick, painless user experience it's likely that you will find both here.

MOBILE 18/25

ROB THURNER, MANAGING PARTNER, BURNER MOBILE

Overall, the mobile site feels "bitty" – different size and colour text boxes, inconsistent design theme running throughout. But the content is varied and engaging, and it's dead easy to buy. Where most retailers fail in the check out, Debenhams delivers a great check out experience. Just a shame that the Debenhams app is unavailable. I look forward to reviewing the new version.

InternetRetailing asked Debenhams about the disappearance of its mobile app. A spokesperson responded: "Building our mobile offer is a key focus for Debenhams and sales from mobile channels make up an increasing proportion of our online sales. As part of our 2015 mobile strategy we have been working on optimising our mobile web presence for convenience and identifying the opportunities where we can use mobile to better serve our customers. We are currently working on a number of opportunities in the mobile space to ensure that our customers will have the best possible experience and enjoy the added value they deserve and expect. While we do this work, the apps are not available in the app store for new downloads but they will be re-listed when the improvements have been made."

INTERNET RETAILING IN STORE 18/25

REETA MCGINN, CONSULTING MANAGER, JAVELIN GROUP

The 'endless aisle', the ability for customers to order from the full range via in-store kiosks has been a long standing (and very successful) pillar of Debenhams' omnichannel strategy. Beyond the in-store kiosks however, the use of digital technology in-store is relatively limited. Product displays lacked interactive product information and the dynamic merchandising that other retailers are starting to implement, while mobile was noticeably missing from the experience. At the time of writing this review, the Debenhams app was unavailable from the App store despite being advertised on the website. The in-store WiFi was particularly weak and staff were also largely unaware about the app's functionality. It will be interesting to see what the next iteration of mobile looks like for Debenhams and how they plan to integrate it into the store environment.

Breaking 'the fourth wall' in retail

We regularly speak of 'Retail Theatre' – lifting the choosing and buying experience beyond the mundane. Theatre and drama is a construct that depends upon a suspension of disbelief on the part of the audience, and approaches that 'break the fourth wall' have disrupted accepted norms. Ian Jindal contests that 21st-Century retail has its own fourth and fifth walls to tear down.

THEATRE IS an odd yet uniquely human construct. We watch a pageant inside a box (the rear and two sides of a typical set) as if we, the audience, are the other side of an invisible wall. The 'fourth wall'. This requires a significant suspension of disbelief: an active adoption of conventions; a collusion in a shared, social pattern.

The actors pretend that the coughing, staring, fidgeting and beeping hordes aren't there; and we pretend it's normal for people to all face forward, talk to a wall and think aloud. In return we are helped and challenged through a range of emotions, ideas and experiences that both extend and shape our understanding of life.

Theatre can excite us, show new juxtapositions, render abstract thoughts and aspirations more real and create a sustaining narrative around character that is similar to the authentic resonance of a real brand.

Were we to take a child to the theatre however, their limited patience and clear view would cut through the pretence: "behind you!", they'd shout; or they'd loudly answer the actors' rhetorical questions!

Similarly, as adults we accept the conventions of stores: the enforced circulation, the retail adjacencies, the separation of similar products onto brand mats or different floors, queuing several times in the same store… yet the view of a digital native, used to being able to sort, filter, reshape and aggregate on their mobile would give us a different view on layout were we to start again.

In the middle of the 20th Century there was a move to 'break the fourth wall' and deconstruct the cosy conventions of theatre. While characters have always spoken to themselves (in soliloquies or *sotto voce* asides), the actors would increasingly speak to the audience, draw them into their secrets, thoughts and schemes or even engage them in the action. Thornton Wilder's play *Our Town* has the narrator chat with the audience, and modern TV series *House of Cards* has the main character bring the audience into his scheming confidence to great effect.

In retail, we are also having to break this fourth wall. These are the assumptions that staff know everything, the customers need to be satisfied with what's in front of them, that their voice has to wait in a queue to hear 'computer says no'.

Customers are full participants in our retail theatre. They have learned the words to the play before they arrive in store (via their research online, recommendations and discussions). In store they can converse as equals with our frontline staff (and indeed are highly disparaging whenever they feel they know more than our store colleagues). They are also able to drive our business operations – order, amendments, returns, stock queries… all via their mobile devices.

The fifth wall in theatre is seen as the invisible barrier between members of the audience – we sit nearby, but isolated – interacting with the play but not our peers. In retail we've already broken this wall inasmuch as our customers already speak with each other, share reviews and recommendations, via us as retailers or in communities where we are guests rather than in control. However, we are increasingly involving the customer in our business – previews, crowdsourcing, demand mapping, social sentiment and prediction. These early starts will take on more importance as our brands move to be less "what our marketing claims" and more "how we behave every day at every touchpoint".

The erosion or dismantling of these walls is the real story in modern retail. No longer merely a mini-distribution centre close to customers, where availability is the be-all and end-all, retail brands are now impresarios, stimulating demand, brokering services and managing experiences: before, during and post-purchase.

CONVERTING THE CUSTOMER

Conversion has always been at the heart of a retailer's business. After all if you aren't going to convince your customer to buy then no retailer will survive for long. Research Editor Liz Morrell investigates CRO.

FOR TOO long, the practise of Conversion Rate Optimisation (CRO) has meant one thing – the focus on optimising conversion online rather than looking at the practise business wide. With the research for InternetRetailing's first report in our new Connected Commerce series it was a misconception we aimed to put right. With more than six pages of the report dedicated to explaining what leading retailers are doing in this field there are lots of lessons to be learnt.

Our 'spotlight on' section of the report is the biggest section of our CRO report and provides great insight into exactly what the retailers we interviewed are doing within their business and how they are doing it. If you only read one part of the report then ensure it's this one since it includes valuable lessons and reading for those wanting to be inspired and who need to prove the importance of CRO to their business heads. If these case studies don't get you excited about the opportunities for CRO in your business then perhaps nothing will.

Our research showed that conversion rate optimisation mustn't stop at the door of online but instead be embraced across the business with everyone sharing in its goals, methods and results. Such projects must be led from the top – ideally at board level – and with a clear CRO lead. Most importantly it is something that should be examined across all channels rather than just online.

This is no easy task – the challenges of a single customer view, top level management buy in and a thorough understanding of the practise aren't easy to overcome. But our research shows that it is something that retailers are increasingly moving towards.

INSIGHT

We carried out in-depth qualitative interviews with more than twenty retailers for the report. These range from niche online businesses such as Country Attire, Walls and Floors and NotOnTheHighStreet.com to cross-channel retailers such as Bathstore and high street giants such as New Look, Schuh and Office. Huge thanks has to go to everyone who gave up their time to take part in the research and provided such great insight into their own strategies.

The interviews proved that CRO is a hot topic for retailers as they look at how they can increase the conversion of the traffic they already have rather than having to chase and invest in attracting new traffic.

Our report was supported by three great sponsors who are all experts in their field and help retailers to maximise their conversion efforts in different but complementary ways, again supporting our Connected Commerce approach.

PRWD works with a number of retailers on optimisation projects and usability and points out in the report the challenges – but necessity – of implementing the cultural change that truly allows a CRO strategy to work in the Connected Commerce environment.

Our second sponsor iAdvize helps to not only aid conversion but to ensure that purchase sticks with its customer service click to chat, click to call and click to video solutions. The company has reported some fantastic results from retailers using such functionality within their business.

And similar results have been found by Klarna who, by tipping the checkout process on its head to a buy now, pay later process has helped retailers see massive increase in conversion as it helps solve one of the most frustrating friction points of the customer journey.

As well as the wider focus across the business our research also found that retailers were consistently thinking wider than simply conversions – with an increased focus on analysing and measuring, where possible, the rate and value of micro conversion as well – such as Facebook likes.

Our retailers had some interesting views on CRO and much of this was around its definition. Our report showed that Shop Direct, for example, uses the term 'experimentation' to better define what it does in this area since it says that is what should lie at the heart of a CRO strategy. Others call it simply optimisation – of fine-tuning across the business to obtain the best results.

Our research showed that CRO was quite differently at some retailers and whilst definitions varied so did the practises. Testing obviously featured highly but our retailers warned that testing doesn't necessarily throw up the nuances of human behaviour, citing numerous instances where what had been suggested as a proof point in testing fell apart under real customer use. Because of this, retailers are increasingly using real life user observation to understand how and what a customer thinks with the likes of Shop Direct having an in-house lab dedicated to the process.

Problems faced included simply the scale of tests retailers often required and maintaining the momentum of CRO within a business once the initial enthusiasm and first low hanging fruit results had been delivered. However, our retailers pointed out that often the proof was in the pudding with the results – though perhaps less staggering as a CRO strategy develops – at least proving their importance and providing a business case for further investment.

The research revealed some great results – all of which are highlighted in the report – and which sometimes really can be the most simple but yet effective of steps.

Equally, the importance of our Connected Commerce report series is to also embrace the results of the IRUK Top500 research, revealed earlier this year.

We therefore looked at CRO not only through the eyes of a retail business in general but also by analysing the six key areas, or performance areas, identified in the Top500. These include Strategy and Innovation, Customer, Operations and Logistics, Merchandising, Brand and Engagement and Mobile and Cross Channel. This wider view picture allowed us to understand how retailers were pulling CRO into each strand of their businesses to deliver a truly optimal performance.

Finally, having examined the here and now of CRO we also asked our interviewees their strategies for CRO for 2015 and beyond. For almost all of the retailers involved this means a continued and strengthened focus on CRO – using successes already delivered to encourage further investment and adoption of the strategy across their portfolios and particularly across channels. Mobile and cross device and cross-channel optimisation is THE major focus for retailers currently. In truth it's something that no-one has yet cracked but it's one that retailers are putting a lot of effort into doing so.

Our research highlighted the challenges and opportunities offered by CRO but also showed the need for a hands-on approach day in and day out. It showed it is a strategy that can't be undertaken lightly or rushed. Effective CRO requires work, experimentation and an acceptance that there will be failures. The benefits though can be staggering returns on investment. Read or download the Connected Commerce CRO report from internetretailing.net to find out more.

More than 20 retailers interviewed in-depth on CRO

Conversion Rate Optimisation (CRO) has many definitions depending upon one's focus, but for more than half of our interviewed retailers 'conversion' meant "a visit that leads to a sale". Others cited micro conversion analysis along all customer actions, decision points and contacts, yet all agreed that optimisation techniques cover anything and everything that can be done to improve performance. It's a whole business, every-technique approach, and this is best brought to life by the expert practitioners themselves.

" I am responsible for CRO – it's something that has almost become an addiction - albeit a healthy one! "

Tom Murrell, web development manager at Walls and Floors

" It is always key to remind yourself of the aim of any test you run, i.e. what would I like to find out and will that make any difference to the business. So many things are just interesting but without any potential for real business impact. "

Seb Villien, director of ecommerce at Joe Browns

" Product availability and pricing are probably the two biggest influencers on conversion, so if those aren't right, you're wasting effort with complicated onsite optimising techniques. "

Robin Worthington, multichannel director at Office

" Having very clear call to actions – "shop here", "buy now" – these things are so important and without them a lot of time people won't actually become customers. "

Brian Mak, chief marketing officer at Wauwaa

“So far we have delivered a 7 figure return on our investment in optimisation, and for every £1 we have spent on optimisation we have made roughly £14 back. This has been a fantastic return on investment for us.”

Ollie Scheers, optimisation manager at NotOnTheHighStreet.com

“We have seen up to 68% conversion increase in Norway using Klarna Checkout.”

Simon Saneback, former CMO of Stylepit

“A lot of big companies that I have worked with are not even testing – they are going with their gut feeling or following their customers which is disastrous.”

A research interviewee

“We’ve moved away from making changes on the website because we ‘think’ it’s the right thing to do.”

Sam Barton, head of user experience at ShopDirect

“CRO is owned by everyone – and is a key KPI for myself, the digital director and our managing director.”

Sally Heath, head of ecommerce at New Look

“CRO is about improving business processes to reach the maximum number of potential customers at the lowest cost with the best possible service and experience.”

Stephen Green, online optimisation manager at Majestic Wine

“Livechat for us is not a nice to have it’s essential and we have used it for years.”

Jenny Parker, marketing director and cofounder at Country Attire

Internet Retailing Expo 25 - 26 March 2015 NEC, Birmingham

Let's meet at IRX

Retailers from around the world are expected to attend this year's InternetRetailing Expo. Emma Herrod looks at what's on offer.

SCORES OF expert speakers hailing from retailers as diverse as John Lewis, ao.com, Monsoon Accessorize and Selfridges are due to present and share their expertise at the fifth annual InternetRetailing Expo (IRX) which is taking place on 25 and 26 March.

More than 7,000 visitors are expected to make their way to Birmingham's NEC to hear from the keynote speakers at the six conferences which are being held across the two days and join in the panel discussions and explore the exhibition hall. With everything from email solutions to live chat, pricing and merchandising platforms and personalisation technology, the exhibition hall is expected to be a busy and buzzy environment in which to explore new techniques and technologies. Peter Burn, Online Marketing Manager Waitrose, said of the 2014 event: "What always amazes me about IRX is there are always some new suppliers with some really interesting new technology. I really enjoy talking to them because potentially they could be the supplier that could help us to drive our ecommerce business in the future".

The InternetRetailing Expo has grown every year since the first show in 2010 with 2014's event seeing a 28% increase in the number of exhibitors. The exhibition area has expanded to accommodate the growing number of companies wanting to show their wares and 2015's event is no exception with over 300 exhibitors having already signed up for March's event.

Highlighting the importance of the final mile and how it has moved from being 'simply' a

fulfilment mechanism to being a game changer and point of differentiation for retailers, the eDelivery Expo has been launched this year to run alongside InternetRetailing Expo.

The conference streams at IRX will focus on the key issues for pureplay and multichannel retailers: International and Cross-Border; Insight and Experience; Mobile in Multichannel; The Omnichannel Store of the Future; Digital Sales and Marketing; Multichannel Merchandising and Sales. Keynoting these conferences are John Roberts, Founder and Chief Executive of AO.com, Gareth Jones, Deputy Chief Executive of Shop Direct, Lisa Hardy, Chief Marketing Officer at NBTY Europe, Andrew Murphy, Retail Director at John Lewis, Jon Rudoe, Digital and Technology Director at Sainsbury's, Martijn Bertisen, Director, Retail, at Google UK.

John Munnelly, Head of Operations at the Magna Park Campus at John Lewis Partnership will keynote the conference track at the first eDelivery Expo which is taking place at the same time.

INTERNATIONAL & CROSS BORDER

Online has taken retail well beyond national borders. As digital opens up new markets for retailers around the world, the International and Cross-Border Conference at IRX 2015 takes a strategic view of how retailers can best tackle the challenges associated with planning, setting up and growing retail operations in markets around the world.

"Speakers from global brands," says conference director Lisa Ploude, "will share real insights regarding market and model selection, effective partnerships and localisation and branding challenges."

Opening the conference track at 10.30am on 25 March is John Roberts, Chief Executive of AO.com. Having gone through a £1bn IPO in 2014, AO.com has expanded its business into Germany a move which has given the company "confidence in our ability to replicate our model overseas," said John Roberts when reporting on financial results at the end of 2014. The company will continue its strategy to deliver a "market-leading proposition in new categories and countries".

Raising awareness of your brand is key when moving into new markets and Dave Morrissey, Client Solutions Manager for Retail and eCommerce at Facebook, considers how retailers can best engage consumers in an age of social media in his presentation at 11am. Stephanie Uhlig, UK Managing Director of eDreams ODIGEO, takes to the stage with her presentation, 'Cross cultural brand consistency', at 11.30am.

A panel discussion featuring speakers from Jack Wills, farfetch.com and Kitbag.com on 'Pinpointing success factors for market entry in key global retail hotspots' should be an interesting discussion since the speakers have many years of experience of taking brands into new markets. Farfetch.com brings together more than 300 independent designer boutiques, from Paris, New York and Milan to Bucharest, Helsinki and Honolulu, allowing customers to shop from around the world online.

Specialist online retail services provider Kitbag.com offers sports fans a broad range of products through both its own ecommerce store and over 25 on- and offline stores which it operates for leading sports brands including F1's Team McLaren.

Also on the panel is Jan Mehmet, Global Ecommerce Manager for Jack Wills. With 18 years in retail and ecommerce, Jan has launched businesses and developed international markets in the Music and Fashion Apparel / Footwear sectors for retailers including running global ecommerce for Urban Outfitters and Fitflop. At Fitflop his remit was globalising the online channel, opening up 28 countries initially and continuing to expand its international online portfolio. If you have questions about international markets then take the opportunity to ask your questions of the panel at 2.30pm.

The closing keynote presentation comes from eBay's Michael Kliger, Managing Director, International. He'll consider how fulfilment works across borders in his presentation, 'Delivering international success – overcoming logistical challenges'.

INSIGHT AND EXPERIENCE

Big data, personalisation and analytics. These are the tools that modern marketers are using

to measure the customer experience. Armed with new insights, retailers can understand the people who shop with them as, perhaps, never before, and respond to their needs, aspirations and demands quickly and efficiently.

The Insight and Experience conference is designed to help retailers learn from their customers, with seasoned retailers ready to share their experiences and best practice advice.

"Customer experience will explore key strategies for delivering winning multichannel customer experiences: harness big data and personalisation tools to drill deeper into customer mindsets, bridge the gap between bricks and clicks to offer seamless customer journey and experiences and harness the latest technologies as a route to forming deeper customer connections," says Lisa Ploude.

Keynote speaker in this conference is Gareth Jones, Deputy CEO, Shop Direct, explaining why investing in the customer experience makes financial sense. He'll open the conference at 10.30am, taking the topic 'Show me the money, the business case for better customer experiences'.

DIGITAL HIGH STREET

The digital high street area of the exhibition hall will showcase suppliers of new and innovative technologies that are driving the bricks meets clicks experience. Whether it is facial recognition software, contactless payment, smart labels, on-demand delivery, digital changing rooms, virtual stores, 3D printing shops or robotic assistants, the High Street is changing and the future looks set to include some interesting ideas and technologies. Some are already in use in retailers 'concept stores', 'digital stores' and 'stores of the future' but if you're interested in digital in-store display, interactive surfaces, shelf and product labelling, dynamic inventory tracking, personalisation and tracking, journey mapping, flow management or dynamic CRM and clientelling, then this is the area of the Expo for you.

PAYMENTS, MARKETPLACES & OVERSEES INSIGHT

Retailers will be able to visit the Digital Payments Village, and the Brands Direct Marketplace Theatre, where retailers, suppliers and marketplaces themselves will share expert insights on making the most of opportunities that marketplaces present.

IRX will also be a place where retailers can learn from international experience. There will be Chinese and Indian pavilions showcasing the cream of technology and expertise from those countries, alongside exhibitors from Brazil, North America and across Europe. Closer to home, more than 300 of the UK's leading multichannel suppliers will also be demonstrating what they can do.

MOBILE

Mobile's role in multichannel is another theme for the conferences. Not only is mobile at the front end of retail transformation, it is requiring a rapid response to the changing behaviour of a growing population of mobile shoppers. Speakers from NBTY Europe, Secretsales.com, made.com, Tesco, Schuh and Clarks will expand on how mobile is impacting the retail landscape, and how retailers can respond to stay ahead of the game. In this conference hear how they are generating sales on mobile and tablet devices and through transactional mobile sites and apps, how personalisation and mobile advertising are being used to increase footfall in physical and digital spaces and what's on the horizon for mobile retail. Mat Braddy, Chief Marketing Officer at Just Eat will close the stream with a look at what's on the horizon for mobile retail in terms of augmented and virtual realities and wearable technology.

OMNICHANNEL STORE OF THE FUTURE

Digital in store will also be covered across the conference streams. Andrew Murphy, Retail Director, John Lewis will be opening the Digital Sales & Marketing Conference with a presentation entitled 'Online and the rebirth of the High Street'. In the run up to Christmas, John Lewis saw Click & Collect orders up by 32% so Andrew's presentation on how John Lewis is marrying traditional and digital while continuing to win on customer experience and engagement should be one to catch.

Meanwhile, over in the Omnichannel Store of the Future conference stream, Jon Rudoe, Digital and Technology Director of Sainsbury's will share his top tips for delivering a winning multichannel shopping experience. Marks and Spencer's Head of Development, Digital Stores Claire Zuurbier will also talk about online and the rebirth of the high street when she takes to the stage at 11.30am on Thursday 26 March.

DIGITAL SALES AND MERCHANDISING

Digital marketing is increasingly complex but retailers keen to gain the competitive edge are fast realising that getting to grips with digital can offer seemingly endless opportunities to form more direct customer connections and deliver high impact results and ROI.

Presentations in this stream on the second day of the event – 26 March – include tips from House of Fraser's Head of SEO and Ford's Group Marketing and Ecommerce Director presenting on leveraging digital to help shape a customer-centric culture and deliver more compelling customer experiences.

The Digital Marketing track will close with

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a keynote address by Bruce Daisley, Twitter's Managing Director for the UK, when he'll present on 'Managing your corporate reputation in the digital today'.

The sheer scale of social media investment shows just how important Twitter, Facebook and others now are in retail. Forrester research suggests, marketers will spend €4.3bn (£3.4bn) on social media by 2019, up from €2.6bn (£2.1bn) this year, and a compound annual growth rate of 10.5%. Its Western European Social Media Marketing Forecast, 2014 to 2019 suggests that in five years 82% of spending will be on social mobile advertising. The study says Facebook dominates European consumers' social habits, with 60% of online adults in the top seven European economies visiting the site monthly, while 14% visit Twitter.

The Twitter-enabled Tweet to Donate in 2014's Children in Need BBC fundraising appeal, run in conjunction with the Post Office, opened up possibilities of social media as a payment channel.

MULTICHANNEL MERCHANDISING & SELLING

Meanwhile, presentations in the Multichannel Merchandising & Selling conference will try to answer questions around how easy is it for customers to logon, find what they want, purchase it, receive it on time and in perfect condition.

Retailers are winning the battle to stand out from the crowd by using clever merchandising to convert online browsers into buyers. Online Merchandising is designed for retailers who want to cash in on the benefits of connecting with online customers to win new business, with a focus on converting customers and boosting online sales. This conference will showcase a range of the latest tools and strategies available to create websites and display products in a way that is accessible and attractive to today's online shopper and will debate key challenges: How can deeper online connections result in increased sales and prompt buying decisions? What technologies are available to enhance experiences? What does a seamless and user-friendly experience look like? Where does fulfilment and delivery fit in?

Martijn Bertisen, Director- Retail, Google UK will open the session at 10.35am and he'll be followed by Valérie Eldenmalm, E-commerce Merchandising & Buying Director, Ralph Lauren on 'Cashing in on mobile merchandising'. QVC, River Island and Wiggle are all scheduled to speak on multichannel merchandising, design and usability and merchandising to conquer international markets.

Justin Lodge, Head of Developing Markets, Wiggle offers one piece of advice ahead of his presentation at 2.25pm on 26 March. "It is easy to approach markets thinking that they will respond similarly to, or differently from, the UK market but you have to listen to what customers are telling you. One of the great things about online retail is that data is much more readily available, so it's easy to try new ideas and get results very quickly".

Justin Lodge will also be part of a panel discussion 'Winning at customer-centric merchandising' in the same stream at 1.05pm.

As well as attending the conference stream, taking part in free practically-focused workshops and clinics run by suppliers including Amplience, Adestra, Search Laboratory, Globale, Monetate and Smart Focus, visitors will also be able to explore the exhibition hall and network in the Top500 Lounge.

The Lounge is the place for retailers in the UK Top500 rankings – and the new EU Top500 listing being unveiled at IRX – to meet, network and conduct important business meetings in a professional but relaxed atmosphere.

Further information is available at internetretailingexpo.com and registration is now open. The team at IR Towers look forward to greeting you at the NEC in March.

Speed Performance Practicality Integration Inspiration Innovation

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UP TO 16 DEDICATED WORKSHOPS

The IRX 2015 workshops are a complete programme of hands-on, practical, training focused sessions delivered by leading companies in the industry.

Workshop	Company	Session
WORKSHOP 1 25 MARCH: 10.30AM	Global e – Making eCommerce Glocal	**Act Local to Win Global** Efficiently overcoming the barriers for Cross-Border sales
WORKSHOP 2 25 MARCH: 10.30AM	adestra	**Walking before you run** Getting started with marketing automation
WORKSHOP 2 25 MARCH: 13.30PM	SMART FOCUS	**Go Context-Aware or Go Home** How marketing in 2015 is all about contextualisation
WORKSHOP 3 25 MARCH: 10.30AM	TAG COMMANDER	**Tag Management in the Era of Smart Data** The Yellow Pages of Canada case study
WORKSHOP 3 25 MARCH: 13.30PM	monetate®	**The Path to Personalisation** Taking Content Optimisation and Segmentation to the Next Level
WORKSHOP 4 25 MARCH: 10.30AM	Amplience™	**User Generated Content** Put customers at the heart of your content and commerce strategy
WORKSHOP 4 25 MARCH: 13.30PM	SEARCHLABORATORY – Global Search Engine Marketing	**2 Sessions:** "Display Advertising is Dead" *and* "Retail PPC Agency Secrets"
WORKSHOP 4 26 MARCH: 10.30AM	manthan – Analyze. Decide. Do.	**e-Commerce Analytics to boost growth in the Omni channel world**

Find out more on **www.internetretailingexpo.com**

20 ECOMMERCE EXPERT CLINICS

IRX visitors will be able to pre-book 30 minute clinics on a one-on-one basis with our experts. **Get the answers you need to grow your digital business and all for FREE!!!**

ECOMMERCE CLINICS RUN ALL DAY STARTING FROM 10:30

Improve Your Customer Engagement Through Mobile	Display Advertising – Top Tips for Success
Drive Online Traffic in Store With Effective Multichannel Strategies	Pay Per Click by RocketMill
e-Commerce Analytics	Review Your Pre-prepared Ecommerce Audit
Accelerate the Growth of Your eCommerce Business	Currency Tools to Boost Your Profits From International Marketplaces
Conversion Optimisation & SEO by RocketMill	Going Global Online – International SEO, PPC & RTB Secrets

or email info@internetretailing.net

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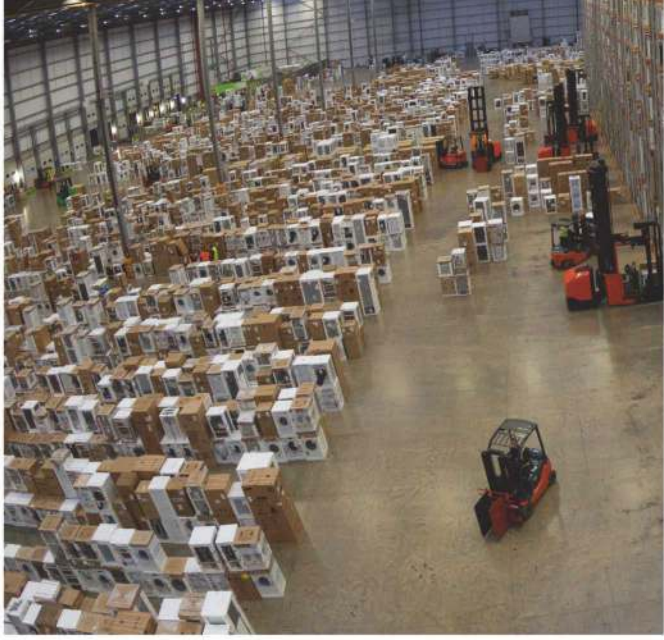

Delivering insights at eDelivery Expo

eDelivery Expo
25 - 26 March 2015, NEC Birmingham

Highlighting the importance of the final mile and how it has moved from being 'simply' a fulfilment mechanism to being a game changer and point of differentiation for retailers, the eDelivery Expo has been launched to run alongside InternetRetailing Expo on 25 & 26 March.

ONE KEY battleground stands out for retailers who trade online: delivery. They understand that little in multichannel retail matters more than getting the goods to the customer in the most convenient way. Shoppers, now used to ordering anyhow, anywhere, anytime, are keen to take delivery at the moment that suits them. Retailers are going out of their way to bring orders to where customers are, at times in their day that work for them – after all, who wants to spend lunchtime standing in a queue when collection could be the work of a moment on the way home.

Why should merchants bother? It's simple. Getting delivery right means traders win more sales, while those who don't, miss out. Below, we single out some of the latest innovations in retail delivery – and collection – and consider why they work.

> "7,000 people are expected to visit the InternetRetailing and eDelivery Expos on 25-26 March 2015"

HOME DELIVERY

It may sound an obvious point, but home delivery works best when customers are at home. That's why House of Fraser went to great lengths to develop a simple yet innovative delivery service in the autumn. Shoppers ordering online by 8pm can now specify delivery by 9am the next morning. Announcing the new service, at Internet Retailing Conference 2014, Andy Harding, Executive Director, Multichannel, at House of Fraser, said: "The voice of the customer is telling us that home delivery is not convenient. Most people work, and taking time off work, even when you know which 15-minute window it will arrive in, is still a pain."

He added: "This is a key battleground, we believe and [in 2015] we'll be launching even more options." The service adds to the seven delivery and collection options that already made House of Fraser one of the Elite performers in the logistics dimension of IRUK Top500, InternetRetailing's analysis of the UK's leading retailers.

CLICK AND COMMUTE

Where could be more convenient to take delivery than on the way to and from work? Collection points are now firmly on the transport network map in the capital and beyond, with grocers including Asda, Waitrose, Tesco, Ocado and Sainsbury's now giving shoppers the opportunity to pick up their internet orders in Transport for London stations. John Lewis, another Elite logistics performer in the IRUK Top500, this autumn opened its first Click and Commute store at St Pancras station, where workers on their way home to the east of England can pick up their online orders.

Argos recently opened its smallest store to date in Cannon Street tube station. It promises same-day, next day and fast collection for online orders from the 170 sq ft Argos Collect branch. Using a hub and spoke logistics model, it says it can get any of 20,000 products to the shop in superquick time. Unveiling the service, John Walden, Chief Executive of Argos' parent company the Home Retail Group, said: "Digital shoppers are increasingly demanding improved choice, convenience and speed in the fulfillment of their online orders, especially via click and collect; the collection of their online orders from a conveniently located shop."

ROUND THE CLOCK

Even the retailer with the longest opening hours can't match the round-the-clock availability of a locker bank. This alternative delivery method is now expanding quickly across the UK, and market leader InPost opened its 1,000th lockerbank in 2014, adding to a network that includes Victoria Coach Station and a number of Transport for London stations.

Retailers are now moving to open their own lockerbanks as well as using those operated by third parties. Waitrose, for example, has temperature-controlled lockers at London stations, while Amazon has opened its own lockerbanks at sites including Birmingham International Airport.

Asda is set to roll out a network of temperature-controlled 'intelligent' click and collect pods early in 2015 as it looks to take the lead in online retailing. Announcing this investment, Asda Chief Executive and president Andy Clarke said: "We know that a convenient and great value shopping experience is important to customers. Asda is already known as a market leader in value and we have set out a clear ambition to lead online as part of our five-year strategy. Our existing grocery home shopping offer is already growing at more than 20 per cent year on year and this exciting new click and collect technology will allow us to bring Asda value to even more customers – particularly in London and the South East."

AT THE LAST MINUTE

As shoppers grow accustomed to the idea of fast and convenient delivery, their expectations stretch still further. Same-day delivery is now a reality for a number of retailers. Traders such as Argos can fulfil orders from their stores: via the Shutl service it can deliver orders to nearby homes in as little as 15 minutes, or use its hub and spoke logistics to get a product into the right store

Mark Steel, Head of Digital Argos, will give the closing keynote address in the Insight stream at on 25 March.

On 25 March, Edward Osborne, Head of Dropship Operations, Tesco, will join a panel discussing customer expectations of final mile delivery in the Retail Logistics stream at eDelivery Expo, part of InternetRetailing Expo (IRX) 2015.

John Roberts, Chief Executive and Founder of AO.com, will be speaking in the International stream on 25 March.

On 26 March, John Munnelly, Head of Operations at John Lewis Partnership's Magna Park Campus will be keynote speaker in the Retail Logistics stream.

for same day collection.

But same day delivery presents more of a challenge to online-only retailers who don't have the benefit of store-held stock. By building smaller hubs close to large areas of population, pureplays such as Amazon and AO.com are able to offer delivery within just a few hours. Indeed, AO.com's same-day delivery of large household appliances ordered by noon won it top marks for delivery in the logistics section of the IRUK Top500.

EDELIVERY EXPO

Highlighting the importance of delivery, collection and returns, the fifth annual InternetRetailing Expo is being joined by eDelivery Expo, the UK's only event serving the multichannel logistics and operations professional.

eDelivery Expo combines more than 50 exhibitors, 4 workshops, 4 expert clinics and 2 conference streams and brings together the key issues and technologies for the sector. The Retail Delivery conference stream will probe how retailers are managing the strategic and day-to-day operational challenges associated with new customer demands: What are the key logistical issues impacting successful home delivery, click and collect, ship from store and locker collection? What are the implementation costs and challenges associated with various models? How can retailers win on both timing and profit margins?

The Logistics conference stream meanwhile will examine how the rapid growth of online retail is impacting traditional infrastructure revealing new approaches for achieving efficiency, responsiveness and agility. Leading retailers will share how they are getting to grips with new technologies and operational strategies designed to meet new customer demands and – in doing so – creating fit for future retail supply chains. John Munnelly, Head of Operations – Magna Park Campus, John Lewis Partnership will open the conference stream with a presentation on automation in a D2C, Omni-channel World.

Delivery, collection and supply chain issues will also be covered in the conference streams at the InternetRetailing Expo so take a look at the agendas for all eight conferences taking place on 25 and 26 March.

See edeliveryexpo.com for further information and to register. The team at IR Towers look forward to greeting you at the NEC in March.

Internet Retailing Expo

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DAY 1 – 25 MARCH

INTERNATIONAL & CROSS BORDER

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10.30 CHAIR'S INTRODUCTION

10.35 - 11.05
Opening Keynote Address
Lessons from an IPO
John Roberts, CEO & Founder, AO.com

11.10 - 11.40
Case Study
Reaching the Connected Consumer: Winning Strategies for Retail and eCommerce on Facebook
Dave Morrissey, Client Solutions Manager, Retail & e-Commerce, Facebook

11.45 - 12.15
Retailer Case Study
Cross Cultural Brand Consistency
Stephanie Uhlig, UK Managing Director, eDreams ODIGEO

12.15 LUNCH & NETWORKING

13.00 - 13.40
Panel Discussion
Pinpointing Success Factors for Market Entry in Key Global Retail Hotspots
Jan Mehmet, Global Ecommerce Director, Jack Wills
Nauman Ahmed, Head of Strategy, KITBAG.COM

13.45 - 14.15
Sponsor Case Study
Building a Trustworthy International Brand
Phillip Smith, Country Manager (UK) for International Markets, Trusted Shops

14.45 - 15.15
Retailer Case Study
E-commerce as a Growth Driver AND a Brand Builder
Jon Wragg, Director of eCommerce, SuperGroup

15.20 - 15.50
Retailer Case Study
Delivering International Success – Overcoming Logistical Challenges
Michael Kliger, Managing Director International, eBay

INSIGHT & EXPERIENCE

Sponsored by amazon payments

10.30 CHAIR'S INTRODUCTION

10.35 - 11.05
Opening Keynote Address
Show Me the Money – The Business Case for Better Customer Experiences
Dan Rubel, Group Strategy & Communications Director, Shop Direct

11.10 - 11.40
Retailer Case Study
Data and Insight to Build a Connected Customer Experience
Neil Sansom, eCommerce Director, Moss Bros Group Plc

11.45 - 12.15
Retailer Case Study
Journey Mapping to Transform Customer Experiences
Ali Holmes, Head of Global eCommerce, Vodafone

12.15 LUNCH & NETWORKING

12.20 - 12.50
Retailer Case Study
Big Data and Analytics in Retail: Gaining Customer Insight

13.00 - 13.40
Panel Discussion
Delivering the Omnichannel Promise
Michael Durbrige, Head of Omnichannel, B&Q
Tony Rivenell, Head of OmniChannel, Waitrose

13.45 - 14.15
Sponsor Case Study
Sponsor Case Study Presentation

14.45 - 15.15
Retailer Case Study
Social as A Gateway to Stronger Customer Connections
Karin Berg, VP - Social Media, Lidl Sweden

15.20 - 15.50
Retailer Case Study
Transcending Channels for a More Connected Customer Experience
Mark Steel, Digital Operations Director, Argos

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AGENDA AT A GLANCE

eDelivery Expo
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MOBILE IN MULTICHANNEL

Sponsored by Kount

10.30 CHAIR'S INTRODUCTION

10.35 - 11.05
Opening Keynote Address
Turning Mobile into Money – Key Challenges and Best Practices
Lysa Hardy, Chief Marketing Officer, NBTY Europe

11.10 - 11.40
Retailer Case Study
Converting Mobile Traffic into Sales
Nish Kukadia, CEO, Secretsales.com

11.45 - 12.15
Retailer Case Study
Harmonising Bricks and Clicks
Annabel Kilner, UK Country Manager, Made.com

12.15 LUNCH & NETWORKING

13.00 - 13.40
Panel Discussion
Mobile Technology - The Good, the Bad and the Ugly
Stuart McMillan, Deputy Head of eCommerce, Schuh
Chuck Cantrell, Head of eCommerce Solutions, Clarks
Joe Steele ,Chief Executive Officer, Bookatable

13.45 - 14.15
Retailer Case Study
Fraud in the Mobile Channel & How to Avoid It
Don Bush, VP Marketing, Kount Inc.

14.45 - 15.15
Retailer Case Study
Mobile as a Gateway to Increased Personalisation
Jo French, Head of Online, Monsoon Accessorize

15.20 - 15.50
Retailer Case Study
Wearable Tech, AR, and VR – What's on the Horizon for Mobile Retail
Mat Braddy, Chief Marketing Officer, Just Eat

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RETAIL DELIVERY

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10.30 CHAIR'S INTRODUCTION

10.35 - 11.05
Opening Keynote Address
Crystal Ball Gazing: Aligning your Corporate Strategy with New and Shifting Customer Demands
Luke Massery, Vice President GM Groupon Goods, Groupon

11.10 - 11.40
Sponsor Address
Winning on International Delivery
Senior Representative, WN Direct

11.45 - 12.15
Retailer Case Study
Meeting New Customer Expectations for Speedy, Flexible Delivery and Returns
Maxim Romain, General Manager, Wayfair Europe

12.15 LUNCH & NETWORKING

13.00 - 13.40
Retailer Case Study
Omni-channel Delivery - Winning on Customer Experience and ROI
Robyn Doyle, Head of e-Commerce Strategy & Planning, Dixons Carphone Warehouse

13.45 - 14.15
Panel Discussion
Fulfilling Customer Expectations in the Final Mile
Edward Osborne, Head of Dropship Operations, Tesco.com, Damian May, Senior Manager - Customer Delivery Technical Training, John Lewis
Stéphane Tomczak, Head of eLogistics, Fevad & eCommerce Europe

14.45 - 15.15
Retailer Case Study
Click and Collect – Delivering Online Shoppers In-store
Paolo Rangoni, Supply Chain Director, Carrefour Italy

15.20 - 15.50
Retailer Case Study
Bringing Supply Chain into the Board Room
Oliver Cofler, Customer Service and Logistics Director, Mondelez

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DAY 2 – 26 MARCH

THE OMNICHANNEL STORE OF THE FUTURE

10.30	**CHAIR'S INTRODUCTION**
10.35 – 11.05	Opening Keynote Address **Top Tips for Developing a Winning Multi-Channel Shopping Experience** Jon Rudoe, Digital and Technology Director, Sainsbury's
11.10 – 11.40	Retailer Case Study **Session and Speaker to be Confirmed**
11.45 – 12.15	Retailer Case Study **Online and the Rebirth of the High Street** Claire Zuurbier, Head of Development, Digital Stores, Marks and Spencer
12.15	**LUNCH & NETWORKING**
12.30 – 13.00	Retailer Case Study **Evaluating Consumer Trends in China** Ken Ardali, Director, International e-Commerce, Alibaba.com
13.05 – 13.45	Panel Discussion **The Omni-Channel Store of the Future** Michel Koch, eCommerce Director, Maplin Electronics Will Lockie, Programme Head – Multichannel, Evans Cycles
13.50 – 14.20	Retailer Case Study **Social Networking and Platforms to Drive Cross Channel Shopping Behaviours** Gail Lyon, Group Social Media Lead, The Co-operative Group
14.25 – 14.55	Retailer Case Study **Bridging Technology and Customer Experience to Win at Multichannel** Alison Lancaster, Interim Group Marketing Director at McArthurGlen Group

DIGITAL SALES MARKETING

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10.30	**CHAIR'S INTRODUCTION**
10.35 – 11.05	Opening Keynote Address **Online and the Rebirth of the High Street** Andrew Murphy, Retail Director, John Lewis
11.10 – 11.40	Retailer Case Study **Embracing the Digital Today By Bringing the Customer into Boardroom** Celia Pronto, Group Marketing and Ecommerce Director & Member of the Board, Ford Retail
11.45 – 12.15	Retailer Case Study **Social Media to Tap into Customer Mindsets and Drive Forward Business Strategies** Claire Higgins, Head of Digital Marketing, Selfridges
12.15	**LUNCH & NETWORKING**
12.30 – 13.00	Interview **Search to Enhance the Multichannel Experience, Maximise Engagement and Lift Conversions** Jamie Peach, Head of SEO, House of Fraser
13.05 – 13.45	Panel Discussion **Unlocking the Potential of Digital Marketing to Level the e-Tail Playing Field** Richard Clark, Marketing Director, Boohoo.com Caroline Rolfe, Global Director – Digital, ghd David Kohn, Multichannel Director, Snow + Rock
13.50 – 14.20	Sponsor Case Study **From Distraction to Dream** Skip Fidura, Client Services Director, dotmailer
14.25 – 14.55	Retailer Case Study **Managing your Corporate Reputation in the Digital Today** Bruce Daisley, Managing Director UK, Twitter

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AGENDA AT A GLANCE

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MULTICHANNEL MERCHANDISING AND SELLING

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10.30	CHAIR'S INTRODUCTION
10.35 – 11.05	**Opening Keynote Address** **The Future of Retail** Martijn Bertisen, Director- Retail, Google UK
11.10 – 11.40	**Sponsor Case Study** **Connecting Shoppers to Products to Accelerate E-commerce Revenues** Tim Callan, CMO, SLI Systems
11.45 – 12.15	**Retailer Case Study** **Personalisation to Breathe Life into Your Brand Story** John Mulliken, Senior Vice President - Strategic Initiatives, Wayfair
12.15	LUNCH & NETWORKING
12.30 – 13.00	**Retailer Case Study** **Multi-Channel Merchandising – Challenges and Learnings from a Different Type of Retailer** Eddie Woffinden, Head of Digital Merchandising, QVC UK
13.05 – 13.45	**Retailer Case Study** **Responsive Design** Stuart MacMillan, Deputy Head of eCommerce, Schuh
13.50 – 14.20	**Retailer Case Study** **Design and Usability for Satisfaction and Conversion** Helen Colclough, eCommerce Development Manager, River Island
14.25 – 14.55	**Retailer Case Study** **Merchandising to Conquer International Markets** Justin Lodge, Head of Developing Markets, Wiggle.co.uk

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RETAIL LOGISTICS

10.30	CHAIR'S INTRODUCTION
10.35 – 11.05	**Opening Keynote Address** **Automation in a D2C, Omni-Channel World** John Munnelly, Head of Operations – Magna Park Campus, John Lewis Partnership
11.10 – 11.40	**Retailer Case Study** **Flexing your Fulfillment and Delivery Systems to Prepare for Seasonal Peaks and Troughs** Guy Meisl, Head of European Distribution, Deckers
11.45 – 12.15	**Retailer Case Study** **Top Tips for Establishing Greater Transparency for an End-to-End Supply Chain** Paul Miller, Director of In-bound Logistics, Shop Direct
12.15	LUNCH & NETWORKING
12.30 – 13.00	**Sponsor Case Study** **Convenience Delivered: Exceeding the Demands of the Modern Consumer** Kees de Vos, Chief Commercial Officer, MetaPack Group
13.05 – 13.45	**Sponsor Case Study** **Session and Speaker to be Confirmed**
13.50 – 14.20	**Retailer Case Study** **Multi-Channel Returns Management – Turning a Logistical Challenge into a Commercial Opportunity** Jonathan Gorst, Senior Lecturer, Sheffield Business School & Vice Chair, Chartered Institute of Logistics
14.25 – 14.55	**Retailer Case Study** **Retailer Closing Presentation - Session and Speaker to be Confirmed**

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Looking back to go forward

Is the past a good indication of the future? It certainly is, believes Ben Latham, Client Services Director, at online marketing specialists Summit.

Developing an attractive product and proposition is only the start of retailing. Without a strong marketing strategy you cannot deliver a product successfully to market.

With a new product launching every three minutes around the globe, the world is now more competitive than ever. Whether you are selling through retailers or direct to consumers, understanding customer behaviour and predicting sales before they happen gives a competitive advantage that most businesses can only dream of.

"If you can't understand the uncertainties in your marketplace, you will lose out to those who do", says Professor David Wooff, Durham University.

Digital plays an increasingly important role in the overall channel mix for customer acquisition, especially as a 'direct to consumer' channel. However, the rising cost of digital means it's a more competitive landscape than ever before. The key challenge is determining how to create cut-through and raise awareness whilst delivering against tight product margins to bring profitability back into the business.

The evolution of digital marketing has created new expectations in terms of measurable return; businesses can work smarter with the data they collect and embrace new optimisation techniques to deliver efficiency and review return on investment.

Typically, digital marketers can effectively measure today what happened yesterday and, through robust and rigorous analysis, understand what interventions drove changes in performance. In a sense we're reliable historians. However, accurately predicting what will happen in the future, both tomorrow and longer term, largely remains the holy grail of marketing which is required to plan and optimise performance-based marketing campaigns effectively.

THE OPPORTUNITY

More and more digital 'fingerprints' indicating customer behaviour are available to digital marketers in the form of data. By understanding the relationships in this data it is possible to predict how customers are likely to behave and take advantage of this insight when planning marketing and deciding where and when to invest budget. The ability to identify patterns and relationships in the available data allows for the reliable prediction of what's likely to happen tomorrow, next week, next month and beyond.

From this knowledge, it's possible to understand not only how many people will search for a product, but also how many people will purchase that product. Decisions can be made about where to advertise and how much to pay.

Assessing the real impact of additional digital marketing spend using a traditional 'bottom up' forecasting method, using click through rate and conversion, always proved wildly inaccurate in the long run and were of little commercial value to businesses which operate on slender product margins and depend on 'certainty' from their investment.

However, the market has moved on. Accurate budgeting and forecasting requires sophisticated predictive analytical models to provide recommendations of marketing performance, both at a channel level (PPC, PLA and display) and keyword level.

Accurate forecasting relies on being able to make predictions about performance with certainty and understand the relationships between important factors that affect the way customers buy. External factors that impact marketing such as seasonality, weather, promotions or TV advertising have been found to impact demand in a profound way. No surprise there, you may say. However, it's more complex to understand the changing level of impact at a given time and dynamically adjust decision making accordingly.

Let's have a look at some specific impacts around the relationship of product sales with both weather and TV advertising.

How does temperature affect sales? When looking at the UK retail market as a whole against temperature variations, it doesn't show much noticeable change.

However, when looking at specific product types or categories, such as coats, shorts, electric blankets, lawn mowers, carpets, fans or paddling pools to name a few, there's a strong correlation with weather, as you might expect. This correlation exists outside of any common seasonal trends, but is directly related to specific changes in weather conditions regardless of season. However the real value lies in understanding the temperature and weather thresholds that trigger a distinct change in behaviour. For paddling pools in the UK it's 21°C that sends people out into the garden in Speedos, with a hosepipe and an inflatable swimming pool.

So, how can retailers capitalise on this knowledge to maximise product sales?

Let's take electric blankets as an example. In order to understand exactly what happens in different weather conditions, the sales performance of electric blankets over a 4 year period against historical weather data was analysed and what we found was commercially invaluable.

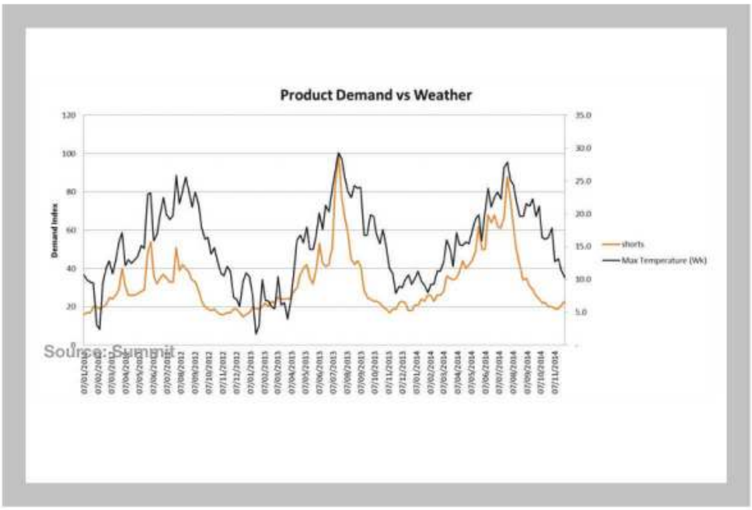
A five degree change in temperature against the average can affect the conversion rate of electric blankets by 100%. Using this insight, we are now able to better anticipate product sales by analysing a ten day weather forecast each day. Real-time adjustments can now be made to budgets and the optimisation strategy based on automated weather forecasts ensuring we respond and capitalise on changes in customer buying behaviour.

How does TV drive online behaviour? With the UK watching 455 billion hours of TV a year, it still plays a significant role in advertising. Add to this the phenomena of 'dual screening', a behaviour that's now become a normal activity in the home. Capitalising on this behaviour can also bring great rewards.

There is a clear uplift in online marketing activity during a product's TV advertising campaign. In fact, paid search and TV correlates stronger than any other online marketing channel when reviewing online channel KPIs against television ratings.

This is probably no surprise, however, being able to understand the impact a campaign has on product sales by mapping online uplift in terms of traffic and sales against time of day, ad length and programme content enables you to understand whether you are efficiently buying TV advertising or not.

This in itself isn't very actionable and doesn't allow you to react real time to what is happening. However, when analysing the campaign by minute against the TV ad to understand length of impact for any given advert, an understanding of how you need to react in the digital space is gained; the greatest uplift can be seen up to 15 minutes after the TV ad has aired.



Forecaster, Summit's performance marketing platform, is able to capitalise on this insight and customer behaviour by taking real-time inputs from all major television channels, looking for opportunities to launch and modify search marketing and display campaigns in real time synchronisation with television events such as adverts. Forecaster predicts the likely uplift from a TV advert slot and automatically responds to this event in seconds, uploading changes to Google in almost real time. New and modified search or display adverts are live before the advert has even finished. This gives businesses the chance to 'hijack' the uplift available from competitor TV advertising as well as brand advertising. In trials, Forecaster has delivered a 15-20% revenue uplift from keywords triggered against TV advertising. Of course this opens up a huge range of possibilities to synchronise a wider range of digital marketing channels with TV events.

Predictive analytics and understanding factors that influence consumer's buying behaviour offer businesses a significant competitive advantage over current methods used by the majority of digital marketers and agencies.

Using these techniques have seen consistent uplift in revenue (up to 900%) with the average increase at over 35%; results have shown that the greater the daily spend, the higher the opportunity for greater uplift.

The future of marketing optimisation is to predict future performance with certainty, the answers exist in the data, understanding external factors will make your predictions even more accurate.

Let's look to the future to understand the decisions we should make today.

A price that really is just for you

Consumers may claim to want consistent prices and promotions across channels, but that doesn't mean those offers have to be the same for everyone – thanks to big data. Penelope Ody investigates.

THE PRODUCT lifecycle may start with design, range planning and launch and, in an ideal world, ends with satisfied customers, no returns and minimal clearance stock, but in between may come a raft of promotional and pricing tactics aimed at achieving this perfect sell-through – and for multichannel retailers those tactics can be increasingly complex.

Online it's a world of personalised offers, real-time promotions, and the ability to instantly switch offers to match margin or volume targets. Until recently it's been rather different in-store with largely anonymous customers, lengthy promotional lead-times, and varying levels of compliance dependent on local stock and staff enthusiasm.

"Consistency across channels is vital," says James Lovell, Smarter Commerce Solutions Consultant Europe at IBM. "It is a key customer expectation; there may be a place for web-only offers, but stores need to be empowered to match that. Web only is a commercial decision – but head offices need to question if it is the right one." A consumer survey published by IBM last year put price consistency across channels at the head of a list of attributes shoppers expected; in fourth place was consistent product assortment across channels while the three other "wants" in the top five were all linked to delivery and returns.

"On Black Friday," says Lovell, "we saw 60 per cent of digital traffic coming from tablets and phones but only 47 per cent of actual transactions were made that way. So it seems people were researching on mobiles and then going to a store – so offers have to be consistent."

Offers may need to be consistent – but that 60 per cent figure well demonstrates that, thanks to mobile, in-store can be just as personal as online. If well-publicised promotions – such as Black Friday offers – need to be consistent across channels, highly personalised ones can be more flexible. "Many retailers are really starting to understand customer behaviour," says Lovell, "especially in the mobile world with apps relating to loyalty card data and purchasing patterns – you can start to understand an individual's price sensitivity and introduce personal pricing."

Mark O'Hanlon, Senior Manager with consultants Kurt Salmon, agrees: "Customers expect more personalised offers," he says. "As long as you can isolate the customer then you can reach out and talk to them on a one-to-one basis and make personal offers wherever they are." For customers who sign up for apps or permission marketing then, thanks to geolocation systems, those offers can be made whenever the shopper is in or near the store. Such systems have been available for some time but O'Hanlon believes growing numbers of retailers are now implementing them. "The US is more advanced," he adds, "with companies such as Macy's strategically targeting customers from when they are walking past the store right through to the changing room. You effectively can have multiple prices for every item dependent on the customer and locality."

PRODUCT & CUSTOMER

In the UK, the major supermarkets are already active in this space – as many consumers will have noticed: offers flashed on self-scanning devices, for example, that are not displayed on the shelf or similar personalised deals beamed ▶

to app users as they shop. For retailers who baulk at such high degrees of personalisation then segmentation is the answer. "Five years ago prices and promotions used to be the same across a retailer's estate," says Jason Shorrock, Retail Strategy Director at JDA. "Now we're seeing better segmentation by both geography and customer purchasing pattern. Retailers want more insight into their customers and heavier segmentation so that offers can be tailored more precisely across all channels." Whereas once a retailer might segment by store group, now they can focus on a myriad of customer types by locality.

While regional pricing is still less common in the UK it is rather different in the US, as Mark O'Hanlon points out. There, Amazon compares the prices of its grocery offerings with numerous relevant regional supermarket chains to make competitive offers at a highly local level. The company makes around 25 million price changes daily: such activity has seen Amazon's share of the US disposable nappy market, for example, increase from zero to 25 per cent in just two years. "It shows," says O'Hanlon, "just how powerful these tools can be."

Cheryl Sullivan, Senior Vice-President for Product Strategy at Revionics, talks of the need to focus on the "point of decision". "You need to bring both product lifecycle and customer lifecycle together," she says, "so that you know, for example, whether that customer will only buy if goods are on promotion or if they buy at other times. Online you know what brought them to your site: a generic search, a promotional offer, or maybe they came via social media – which is growing in importance. In store you have the loyalty card data and, increasingly, information from mobile apps."

Thanks to "big data" it is now possible to crunch this vast array of parameters about products, promotions, customers, social activity and competitors to model price sensitivity not just by product but also by individual customer. "You can also identify which products in your assortment drive traffic and which drive margin," says Sullivan, "and how individual customers respond. You can see what happens to your competitors' pricing when you change yours: no-one wants to create a race to the bottom, so understanding price sensitivity is important. Many retailers have no idea what promotional activity is doing to their bottom line."

Like Revionics, OrderDynamics is in the big data business. Its DynamicAction tool takes data from all online and offline channels to deliver recommended actions for products, customers, channels and marketing: a technology that Gartner now refers to as "prescriptive analytics". On average, retail users have been reporting profit increases of 21 per cent year-on-year by using the system.

> "With mobile you can start to understand an individual's price sensitivity and introduce personal pricing"

"Omnichannel retailing involves so many decisions that automated intelligent systems are essential," says Chief Marketing Officer Kevin Sterneckert. "It's not enough just to follow a set of business rules." A survey by the company last autumn found that 74 per cent of retailers promote irrelevant items by e-mail: such as offering discounts on women's wear to shoppers who only ever buy men's clothing. Without systems capable of applying intelligent decisions, retailers are left with generic offers sent to an entire mailing list.

IBM, too, finds that big data analytics are transforming price and promotions planning: "Data really is being seen as the 'new natural resource'," says James Lovell, "and pricing is becoming ever more scientific. In the digital world it is easy to respond rapidly in real time to customer behaviour, but digital technologies are also starting to enable that in store."

As well as electronic shelf-edge price labels, both digital signage and digital shelf-edge strips have the potential for flexible pricing and promotions in real-time. As such systems become fully interactive then the sort of personalised promotions seen online also become possible in-store. The Rebecca Minkoff store which opened in New York last November, for example, uses wall-size touch screens which allow customers to browse the range and select items which are then delivered directly to a changing room. Shoppers are alerted by text when the room is ready, where they find another interactive wall allowing them to order alternative garments, log preferences and confirm purchases with an instant digital receipt sent to their phones. Ultimately such technology, developed by eBay's retail innovation team, could be used to offer personalised discounts, home delivery for out-of-stock items or suggestions for additional lines – all at that vital "point of decision".

With such sophisticated personalisation, perhaps the mass-market rugger scrums witnessed on Black Friday might one day become a thing of the past.

The Cloud Provides Retailers with Powerful New Weapon – **Better Customer Service**

JAMES AND JAMES

ECOMMERCE RETAIL platforms are now very slick, and customers are accustomed to a high level of service and responsiveness when selecting goods and placing their order. After that however, things can start to slow down. After the 'confirmation of order' email has been received, any further updates may have to wait until the courier has a date for delivery of the goods.

Today's systems often fall short when it comes to answering customer queries about the status of an order. Customer service agents need to spend time calling the warehouse to ask for updates, and this typically can take from half an hour to several hours, during which time the end customer becomes increasingly frustrated. Many e-retailers will be familiar with the advantages of outsourcing their warehouse storage and fulfilment operations, typically delivering economic benefits while saving time and being more flexible for future growth needs.

A new Cloud-based e-fulfilment system from James and James Fulfilment has been developed specifically to meet the demands of ecommerce, and is making a big difference to the customer experience by delivering a fully joined-up approach, and reducing fulfilment hassles for the retailer.

Cloud-based technology is well known for enabling real-time access to potentially huge quantities of data, and being accessible from any location. What is less well known is that Cloud systems are now operating throughout the supply chain, connecting the end user with the manufacturer / supplier – without breaks for slow manual processes.

A Cloud system shares the live data of a transaction between all parties in the fulfilment chain, so rapid accurate tracking of orders is possible. James and James started with the architecture that underpins best-in-class ecommerce systems, and built the foundations of a fulfilment platform in the Cloud. The result is one single online approach that all users can access simultaneously – rather like Gmail compared with Outlook. Operators in the warehouses can work on the same underlying data as the clients and customer service agents around the world, and at the same time. By providing live reporting, order status updates and tracking information, Cloud systems mean that customer service queries can now typically be completed while the customer is on the phone.

While this is a great improvement, James and James continues to innovate to give retailers even more of a competitive advantage. Using a new ViewPort feature, the moment an order is placed by an end customer, a tracking page can be emailed to them. This page displays all the events in their order's journey through the warehouse, keeping the customer in the picture - from the moment they pay to the moment their order is delivered. No need to phone, all the information is shared securely and live in the Cloud. Information could include batch number or freshness dating information, as well as details such as the name of the person who picked and packed the consignment, the time at each step, and so on. All data is kept completely secure with the latest encryption techniques. As the Cloud system is located on servers in modern high performance data centres, high levels of uptime are guaranteed.

Early adopters of the Cloud approach include suppliers of cosmetic and skincare products, luxury goods such as watches and shoes, e-cigarette suppliers and healthcare product e-retailers.

Retailers now have a powerful new competitive advantage from the Cloud, providing superior customer service while cutting their service headaches.

Delivering the full circle

Niklas Hedin, CEO, Centiro, provides comment on linking delivery management with CRM to personalise online returns.

ONLINE RETURNS continue to be a major pain point for many retailers; in fact in some geographies they are as high as 60%. To date, many have simply managed the return of goods as a cost recovery exercise, rather than adapting their processes to take into account customers' ever-changing buying habits. In the same way that today's omnichannel environment is allowing consumers to buy items where and when they want, it is clear they would like the same flexibility when it comes to returns. For many retailers, product returns are a missed opportunity to enhance the customer experience and differentiate them from the competition.

Online retail has changed the way people shop. Consumers are now buying multiple items rather than one or two, with the intention of sending some back – especially in fashion retail where multiple sizes are often bought. These customers still expect a high level of service in the returns and, if they are dealt with in an effective and customer-friendly manner, they are more likely to spend again with that retailer.

In today's omnichannel environment, customers are making more demands on how they return products. This means returning a wider variety of goods from any number of locations determined by the customer, including but not limited to: the home, the office, the post office, drop off point, or local retail store. In order to meet this challenge and deliver the full circle brand experience, intelligent coordination between retailers and multiple carriers is needed. For example, a customer running late to meet a courier collecting a return from their home might decide to change the collection window to the following day using their mobile phone. They might also decide that they only want to return one item rather than all three that they originally purchased.

Through greater visibility of their carrier networks retailers can put customers at the heart of the returns process, allowing them to return goods in a way that best suits them. Furthermore, capturing this information can also allow retailers to improve the returns experience.

Through linking delivery management to Customer Relationship Management data, retailers can begin to offer a more personalised returns experience to their customers to foster brand loyalty. This could take the form of a certain number of free deliveries throughout the year, or more precise pick up windows. Retailers can also engage with customers by giving free returns to customers that spend more. Being flexible over return options can be a good way to demonstrate value and reward loyalty, especially over Christmas, when customers will purchase gifts weeks before they give them to the intended recipients.

Product returns can also form a valuable part of the customer journey. They provide a way for the retailer to re-engage with dissatisfied customers, by offering discounts and targeted offers to show the customer how valuable they are. Ensuring a consistent user experience can help meet the returns requirements of all customers locally and internationally, irrespective of geography or carriers used.

Looking into our crystal ball, Big Data and the Internet of Things mean we will inevitably see the delivery and returns process become more closely linked with purchasing history and determined by data from channels such as social media. In future, mobile and wearable devices may even help retailers deliver location-based services informed by a customer's individual habits and preferences. Regardless of the type of technology used, a customer-centric approach will be key.

Every touchpoint between a customer and a brand is now an opportunity for the retailer to champion its brand, and product returns are no different. Offering a greater range of options in returns targeted at the individual customer can allow retailers to maximise the opportunities of returns and apply this success to new international markets. If retailers embrace this opportunity they can ensure it is the customer that returns, time and time again.

Range and assortment planning in an omnichannel era

With so many new styles of shopping and technology to choose from, none of it really matters if you can't put the right products in front of the customer, says Peter Charness, Chief Marketing Officer, TXT.

IN THE not too distant past, the management of retail was a fairly straightforward discipline. In short, it required stocking goods and selling them at a profit to customers prepared to travel to stores and buy them. Today, there's an array of retail channels to choose from, numerous delivery options and lots of technology available to help meet the ever growing expectations for customer service.

Click and collect; same day deliveries; shipping everywhere from anywhere; and constant promotions, whether online or in an overseas store. These all form part of the current retail environment. There's also intense competition between the various shopping channels, with a constant drive to maximise profit. Every retailer wants a larger slice of profits and most are finding that online, mobile or overseas channels offer the best growth potential these days.

But none of this matters if you don't put the right products in front of the customer. Traditionally, this was the job of the merchandiser, for most retail operators. Planning what to stock on the shelves, sometimes many months in advance, has blossomed into a multi-disciplined field involving everyone from buyers to top management. And it's a discipline that's evolved. Now, technology for range and assortment planning across multiple channels has made a complex art an everyday reality.

COMPLEX PLANNING DECISIONS

The internet has caused a fundamental change in shopping behaviour resulting in greater complexity in retail operations. There are new challenges to create targeted price and product promotions where online and stores align. And, with it, new complexities in planning and managing inventory, and creating effective and compelling assortments wherever a customer chooses to research, place orders and shop. For retailers or brands also adding wholesale, franchise and international operations, this complexity escalates even further.

Ecommerce used to be a small team in the marketing or IT department. But now digital thinking, skills, processes and IT systems are required across the entire business including buyers and merchandisers.

Ecommerce directors want to know what's most likely to sell online, as well as get regular updates on top-sellers or depleting stock. While product designers (and suppliers) also value any added insights into what sales can tell them about future trends.

MULTIPLE CHANNELS

Getting all the requirements, quantities and timings together for every single order often requires collaboration and planning across a variety of players on a worldwide basis. So, simple, easy-to-use tools are essential.

The major goal of assortment planning remains putting the right product in front of the customer. But now there are many types of inventory that need to be planned. These might include stock for sale to customers who only shop in physical stores; or, stock for pick-up in-store based on online orders. Clearly, in this instance, the online customer is not even remotely the same demographic as the in-store customer and so requires a different assortment to the store. Likewise, for direct shipping to customers, it might be more profitable to offer a different assortment again.

The real challenge is: who is the customer, where do they shop, and how do we fulfil that particular customer's order?

The online shopper, even for a local store, may not be the same as the physical store shopper. Some retailers have found that the online customer is completely different from the physical - for instance, some households might share a credit card, although the children using the same card as their parents have completely different profiles.

Dealing with who plans and manages the inventory in this mixed mode environment can still present a challenge. Many retailers grapple with whether to have a single planner across all channels or a single pool of inventory for all channels. Others prefer using multiple planners; or even one planning tsar. However, there's no one-size-fits-all for retailers. The solution has to be adapted to the individual needs of the customer.

MONOPRIX

Monoprix, the French supermarket chain, part of the Casino Group, has increased merchandise and assortment planning accuracy on an international scale and across channels by implementing a merchandise planning platform.

The €4.3bn retailer serves 800,000 customers, offering a wide range of food, fashion, beauty and leisure products. Its 500 stores in France and 85 outlets abroad include different store formats and brands, ranging from stores located downtown and in train stations, to larger, city centre supermarkets. It also has an online shopping site.

With a growing company, a multichannel approach and thousands of different products to be managed, planning at Monoprix is not an easy task.

"Retailing - and especially so in fashion - requires great agility. It is essential for IT systems and planning tools to support such a dynamic scenario," explained Guillaume Delestre, Planning and Optimisation Director at Monoprix.

With Monoprix moving towards more multichannel formats - including recently implementing a mobile and online shopping solution - the IT solution is able to show which products are destined for each channel, as well as support simulation and analysis at all levels and dimensions. Before, this would have been done manually, and entered separately.

Other benefits from the project are the rationalisation of processes and harmonisation of planning practices across the business.

"We have recorded benefits in terms of accelerated times in the definition of our collections and greater control of the overall process," concluded Delestre.

PANDORA

PANDORA, one of the world's largest jewellery brands, is in the process of implementing a global planning platform to improve planning accuracy while integrating the merchandising process from strategy to customer. The global project rollout spans all markets and channels: the retail, wholesale and online channels, franchisee, distributors and all store types.

A vision to become the world's most recognised jewellery brand, PANDORA designs, manufactures and markets hand-finished and modern jewellery. In just a few years, the Group has made the exceptional journey from a local Danish jeweller's shop in 1982 to a world-leading jewellery company, present in more than 80 countries in 6 continents with 10,000 points of sale, including 1,200 concept stores.

"With our multichannel business growing so quickly, ever faster product innovation rates and vast assortment developments, integrated planning was a clear opportunity for us. Retail Planning allows for more accurate planning and end-to-end visibility across the business," said Jonathan DelFino, Vice President Merchandise Planning at PANDORA.

Nonetheless, the fundamental requirement today remains the same as last century: right stock, right place, right time. But the complexity of having multiple shopping channels means that those retailers most likely to survive the future will be those with the best planning systems.

Paul Smith Boosts E-Commerce Sales with Site Search from SLI Systems

Renowned retailer attains 39% increase in site search conversions, a 45% increase in visitors that use search box, and an 11% increase in overall site revenue while enhancing customers' online shopping experience.




RENOWNED BRITISH retailer Paul Smith deployed site search technology from SLI Systems, a worldwide e-commerce acceleration provider for mid-to-large Internet retailers and business-to-business sites worldwide, to ensure their online shoppers can readily find the products they are seeking in as few clicks as possible. Following the deployment of technology from SLI, Paul Smith has seen a 39% increase in site search conversions, a 45% increase in visitors that use the search box, and an 11% increase in overall site revenue.

Paul Smith, established over 40 years ago, today is recognised as a leading global fashion retailer with stores in 66 countries and a website boasting more than 2,000 products. The company's designer fashion includes men's and women's apparel, shoes and accessories, along with designer children's clothes. Paul Smith turned to SLI for flexible and accurate site search technology that can be used across personal computers and mobile devices. Also, the company wanted to offer a compelling online shopping experience that would entice shoppers to keep coming back.

When asked about the successful implementation, Simon Young, web development manager at Paul Smith said: "Implementing intelligent search technology from SLI has been key to our recent e-commerce growth. Having already seen positive results, we're looking forward to using the full suite of SLI tools across our websites."

Paul Smith implemented SLI Learning Search™, SLI Learning Search Connect™, SLI Rich Auto Complete™, and SLI Mobile. Young said the cost-effective deployment of SLI technology has proven to be the most successful third-party vendor implementation for Paul Smith since its inception. With the power of Learning Search™, shoppers find the items they want to buy faster. Learning Search Connect™ allowed Paul Smith to seamlessly integrate Learning Search with their existing Magento platform. Rich Auto Complete™ speeds shoppers' paths to the right products by automatically presenting relevant items as soon as visitors start typing into the search box. SLI Mobile has adapted features that make it especially easy for shoppers to find and buy products from their smartphones and other mobile devices.

With SLI Merchandising and Reporting Console, which comes with all SLI product offerings, Paul Smith can identify new opportunities and help predict trends. As the tools readily show top phrases shoppers type in to find particular items, Paul Smith gets insight regarding customers desires and how best to merchandise. The information is particularly valuable as it differs across the fashion company's sites in the UK, Europe, Australia and the U.S.

Marcus Law, head of EMEA marketing at SLI added, "We are enthusiastic that SLI was selected to help Paul Smith, one of the most recognised brands in the world, enhance their customers' online shopping experience while also helping to bolster the company's sales. Our partnership has been truly rewarding for both companies."

For more information visit www.sli-systems.co.uk

"Implementing intelligent search technology from SLI has been key to our recent e-commerce growth. Having already seen positive results, we're looking forward to using the full suite of SLI tools across our websites"

Simon Young, Web Development Manager at Paul Smith

39% increase in site search conversions
45% increase in visitors using search
11% increase in overall site revenue

Delivery 2.0

Mark Collin, Head of European Retail, ThoughtWorks explains why delivery – rather than product – is becoming the differentiator within retail.

RETAIL HAS already been transfigured as an industry. Since the early 2000s with the growth in online and ecommerce, to the current state-of-play with both online and offline now merging towards a seamless omnichannel experience, it's a new age of consumerism.

So what's next? Now, I'm no Doug Stephens, aka the Retail Prophet, but I have been noticing a trend worth sharing through my work with our clients and the global thought leaders in our retail practice. The new phenomenon that I predict will further shape this disrupted sector is Delivery 2.0, whereby delivery becomes retail. Where product is not the differentiator retailers have been searching for, but rather the customer experience is the real value they can add.

Some have chosen 'fidelity' and are doing incredibly well. Burberry Group, for example, recently posted an increase of sales in the region of 17% due to its digital activities, where it has made its stores a mind-blowing immersive digital extravaganza. Many have been pushing in the direction of 'convenience' whether that is a faster, discounted experience in-store or a much more convenient collection or delivery service.

We also saw UK-based Appliances Online switch from a B2B model (supporting some of the biggest online retailers with their electrical appliances offering) to a B2C model. I then watched with particular incredulity as AO.com became one of the biggest flotations in UK Retail.

John Roberts, CEO of AO.com, said, "I need to be able to explain to my Grandmother what I do and she needs to be able to order a washing machine for next-day delivery and installation without even noticing the technology part."

£1bn capitalisation and a stock market flotation later, AO.com has become a dominant force in a commodity-driven sector with beautiful simplicity and attention to detail on convenience.

AVOIDING THE TRAPS

When every retailer is able to offer same day, even next hour delivery, collection from a locker at a commuter train station (e.g. Amazon's deal with Transport for London) or specified next day delivery slots in 15-minute-periods what would differentiate one from another?

Whilst the various options open to customers born out of Delivery 2.0 are undoubtedly driving convenience, it is important not to confuse it with driving real added value for them. Whilst the top line performance (revenue) might be improving, this can deflect attention from the bottom line, where the customer experience could be irrevocably suffering.

There have been several highly respected retail stalwarts that have fallen into this very trap. Longstanding customers of one particular UK high street behemoth, some of whom have shopped at the store for 30 years, have been bombarding message boards to describe their experience of service levels in recent months with a mixture of shock and disappointment. There is talk of a worrying trend of washing machines dumped in gardens, non-existent or cancelled deliveries and repeatedly failed orders. I will not name and shame the retailer but in these increasingly fickle times where brand loyalty is becoming a rare commodity this issue is gaining extra resonance.

ThoughtWorks is working with SF Express, the largest logistics company in China, who is keen to combat this. The focus has been on improving the customer experience through digital (platform and touchpoints) so that a customer can self-serve online, or phone a call centre and be served face-to-face in a totally seamless way. SF Express is using this approach to change the game and reverse its business model from delivery service to retailer. It is acquiring physical presence in the form of 'Post Offices' which are both a delivery hub and a local convenience store.

However, it is not operating on a basis where these Heike stores have to be stocked full of goods. Instead it has a core range of products supplemented by an endless aisle concept facilitated by tablets and by pictures and QR codes on the walls. SF Express' Heike stores also work with retail partners giving customers access to their websites from the stores. They also offer services such as a changing room for customers to try on clothing that they've had delivered to the store, dry cleaning, flight booking ▶

and charging and payment for utilities. The company planned to open 4,000 Heike stores across China by the end of 2014.

SF Express now has the ability to sell thousands of products through digital kiosks, and customers can scan an image of a product in the store and then have it delivered next day to the store or to their home. Now its delivery network is so sophisticated and comprehensive all it needs to add are 'convenience services' (or products) to its assortment.

ADAPT OR DIE

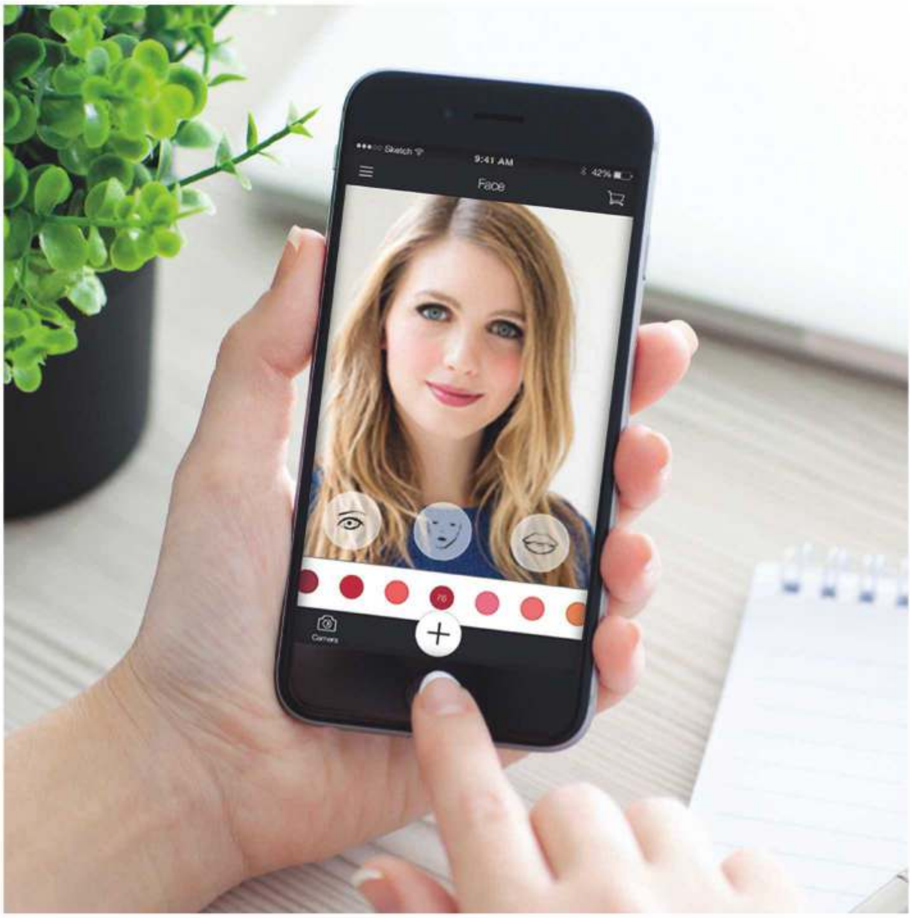
Adaptability and versatility are key. Retailers need to be concentrating on designing and building more responsive, faster retailing businesses than trying to predict the future, which seems to increase in uncertainty year-on-year. Analytics investment is increasing but the nature of predictive analytics is still unreliable. If the Met Office struggles to get a five day weather forecast correct, what chance does a retailer have of predicting whether we will have a soggy September or an Indian summer?

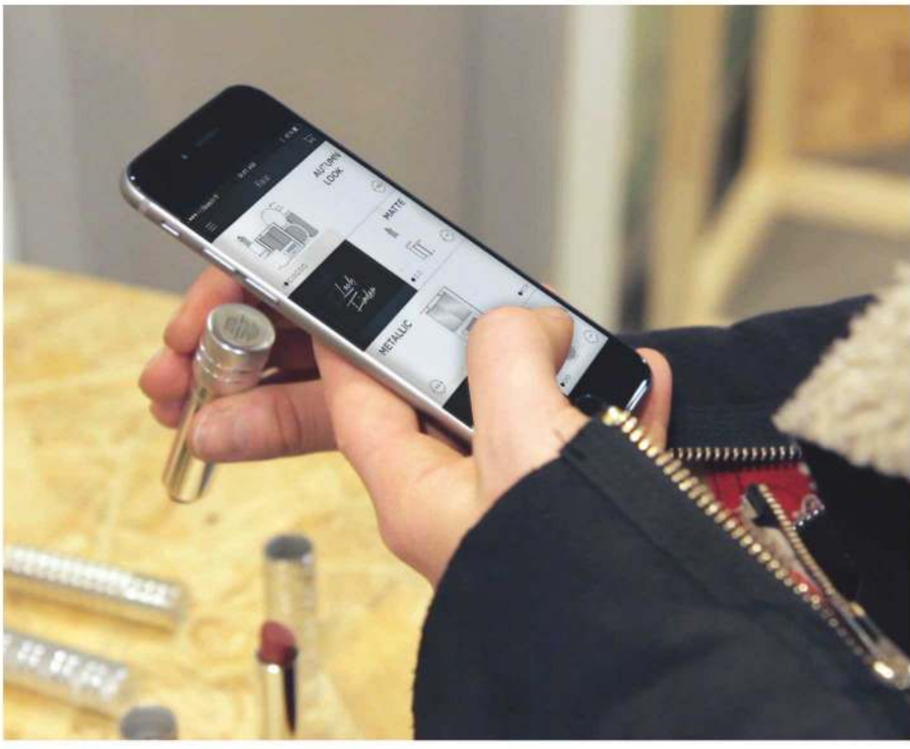
Most in our industry would agree that being customer focused is key. Yet, on the whole the industry is playing catch up, due to constant fire fighting, whilst pivoting hundreds of spreadsheets, and generally running around in a very labour intensive way to make their customers happy. Fundamentally, the systems and processes that most retailers are currently using are based on archaic retail approaches; and they are creaking.

Retail is an industry about to be transfigured all over again. We are in a state (and need) of continuous innovation in which retailers are employing a bolder 'start over strategy' to a more responsive model that properly supports 21st Century omnichannel retailing. Dragging business processes of old behind you is not a platform for a bright future that has the tills – virtual or otherwise – ringing for years to come.

Mobilising the merchandise

There can be no doubt that technology, especially mobile, is going to play a key role in in-store merchandising. While mobile and online shopping continue to grow, the draw of the High Street remains strong. Consumers don't want an 'either/or' choice when it comes to being sold to, they want both. They want technology and they want the High Street. So how do you make that happen? Paul Skeldon investigates.





ACROSS 2014, online shopping grew 14% to £104bn, according to IMRG and mobile, in some sectors, took 50% of this traffic. It seems, on paper at least, that 2014 was indeed an e- and m-commerce bonanza.

But the January sales tell another story. A recent study by VoucherCloud found that more than half of Britons (57%) chose to brave the high street to do the majority of their January sales shopping, rather than shop online. Clothing, furniture and technology items featured in the top five 2015 January sales purchases, with the average Briton spending a grand total of £295 on sale items.

Why? The majority (32%) told VoucherCloud's surveyors that they enjoyed the experience of high street shopping, while 27% said they didn't want to wait for delivery and 21% revealed that they wanted to see the products in person. A further 9% state that they enjoyed the chance to haggle face-to-face for extra discounts in-store.

All compelling reasons to not write off the high street and to perhaps assume that ecommerce is overhyped. But there is a very different story here. These shoppers may well be wanting to browse in the old fashioned way and finger the merchandise, but technology is playing a bigger and bigger role in what they do – perhaps even without them realising it.

MOBILE MERCHANDISING

Despite the fact that many retailers are now lagging behind where their omnichannel customers are, there are some notable examples of retailers who really are getting to grips with mobile merchandising – either as pure plays or as increasingly multi and omnichannel players.

On-demand t-shirt printing company Spreadshirt saw conversions via mobile double in December and basket size go up five-fold, showing that consumers are not just using their mobiles to browse, but can be converted into enthusiastic buyers.

The stand-out trend in Spreadshirt's Christmas sales data is the rise of conversions via mobile phones. Spreadshirt CEO, Philip Rooke, explains: "the unexpected news from our December mobile trading is that globally, purchases over a phone are at 58% (up from 47% for Christmas 2013), whereas the tablet share is 42%. We expected the tablet to be the most appropriate device for shopping, especially with our create-your-own t-shirt offering. Even in Europe however, where tablet sales were 53% of our December mobile orders, phone sales are on the rise, up to 47% from 35% in 2013".

Rooke continues: "We set out to make 2014 our year of the mobile experience, and we think these numbers prove that we got something right! During the year we discovered that the key to converting mobile visitors into buyers includes three things; visuals, features and payments. We simplified the user-interface and search facilities, to have less text and a stronger focus on design. We also added a wish list feature and created a responsive, single page check-out to make payments easier".

Taking a more omnichannel approach, shoppers may soon be able to avoid the make-up counter in stores, testing products over their own phone instead, using new face-tracking technology.

Face by Holition aims to provide a virtual cosmetic experience, enabling shoppers to use their smartphone or tablet as a mirror to try on and experiment with colours, shades and textures of makeup.

"Trying out cosmetic products in a shop can be frustrating – wrong colour, wrong look and a hand smothered with endless lipsticks and powder," said Holition, a creative agency that uses emerging technologies and whose female developers have led development of the new technology. "The virtual makeup application allows the user to try before they buy. As it is real time, users can be as playful and creative as they like trying out the different makeup combinations: it's not a selfie but a real-time video feed from a phone or iPad."

Face by Holition uses face tracking technology to 'see' the features on a face. Virtual makeup, promises Holition, stays in place even when the user smiles, talks or nods.

Retailers can see how shoppers search for, try on and buy new products. Meanwhile, the shoppers themselves can save the results and share them with friends.

The rise of technology is also seeing new retailers emerge from surprising quarters. Marie Claire UK, a magazine and part of the Time Inc group, is set to launch an ecommerce business in partnership with Ocado. The deal will see the Marie Claire-branded ecommerce business, led by Managing Director Amanda Scott, currently head of buying for beauty and accessories at John Lewis, run from Marie Claire's central London offices. Scott will work closely with Marie Claire Publishing Director Justine Southall.

Southall explains "This launch will be the perfect combination of content provider, consumer and commerce. Marie Claire's brand authority, Amanda's talent and the world-leading technology, logistics and ecommerce expertise of Ocado means I couldn't be more excited about the potential of this launch."

Scott adds: "Marie Claire has extensive knowledge and influence in the world of beauty that is widely respected; the trust consumers have in this brand gives it natural leverage to move into retail, particularly within this category."

This is the sort of play that retailers should be worried about. New entrants are starting to use technology to leverage opportunities in retail and as the stats show, technology is where the consumers are.

The British Retail Consortium has logged double-digit growth across ecommerce – fixed and mobile – for January, with the sales leading the way. A study by performance marketing company Criteo suggests that 2015 is going to see a huge push by bricks and mortar retailers to invest in online tech as webrooming and showrooming are increasingly impacting sales.

This, then, is the thing about m-commerce in 2015: it is no longer a thing, but more part of the overall shopping experience. Things are definitely multichannel with mobile as the linchpin.

According to Daryl Hughes, ecommerce head for the UK at Facebook, 50% of retail sales in store have at some point been influenced by digital technology. "This is a radical transformation of how all of us are increasingly discovering, connecting and engaging with the world," he says. "Our mobiles are the remote control for our lives and provide [retailers] with the opportunity to connect with the people who matter to you at a scale we haven't seen before."

He continues: "These points of access, through mobile, despite the fact they bring some challenges, provide an amazing opportunity to get closer to the consumer in-the-moment when real purchase decisions are being made. And we believe that mobile is now at the heart of the shopping experience."

However, the key is in making all this tech work together and giving a seamless experience. According to Criteo's COO Eric Eichmann, "Enhancing cross-device capabilities will be a major focus as 58% of retail executives rank the technology as the most important of their 2015 mobile marketing efforts."

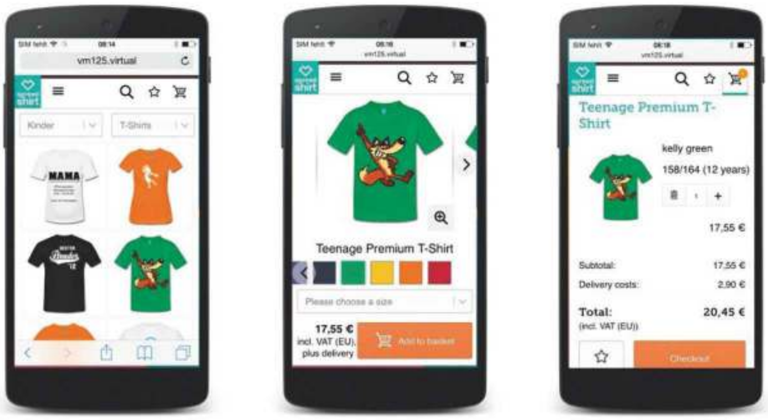
This is backed up by tech company Ampliance, which works with Shop Direct, Tesco, House of Fraser and more. CEO James Brooke is adamant that it is no longer about having a great website or even a great app: it has to all work together and this is the challenge for retailers in 2015.

"When consumers have a wealth of offers to shop from online, a shopping experience that is efficient and seamless can make or break a sale over peak sales times, and convert customers beyond just any discounted period," he says. "Retailers need to ensure that they can give shoppers adaptive user experiences, for example through content that automatically adjusts to different consumer devices, where a rapidly growing number of purchases are taking place. This helps retailers give shoppers the consistently good multichannel experience they are expecting in order to claim their market share of buyers."

GETTING IT RIGHT

Many still fall short though, trapped in the either/or world of e- and m-commerce. The latest IMRG Capgemini e-Retail Sales Index shows that online sales in 2014 exceeded £100bn in the UK alone, the first time it has passed such a landmark figure. Last year also saw mobile browsing overtaking the desktop for the first time. Even though IBM analytic reports and IMRG Capgemini benchmark figures are clearly demonstrating that mobile devices have taken the lead for retail browsing, companies are struggling to keep pace. Recently Google has also recognised the mobile phenomena by ranking websites as 'mobile friendly.'

According to figures from SciVisum, 70% of retailers' websites tested by the company were not 'mobile friendly', while 20% of retail sites served up desktop pages to mobile devices and to cap it all, on Black Friday 4 out of 10 retailers did little or nothing to speed up page delivery – despite unprecedented demand.



Search Results Detail View Basket

> Mobile provides an amazing opportunity to get closer to the consumer in-the-moment when real purchase decisions are being made

InternetRetailing's own IRUK Top 500 research has found that most retailers fall short on mobile: of the Top 500 only 169 have an app of those just 93 are transactional. Considering that mobile is the keystone to successful omnichannel retailing, the understanding of how to do it is woeful.

Getting it right is crucial as increasingly consumers are turning to their mobile devices to do everything from browsing to buying, research to reviewing and to check and amend deliveries. It is the key part of the whole retail process.

So, who is doing it right? According to our own Top 500 research the one to learn from is Argos. "Argos has clearly thought through its mobile and cross-channel operations," says InternetRetailing researcher – and the brains behind the IRUK Top 500 – Martin Shaw. "Retail experts sometimes talk about mobile as if it's not a separate channel anymore, their reasoning being that everyone uses their phones and tablets when it comes to researching and buying goods these days. Despite this, many retailers still have big gaps in their mobile offerings, or even no mobile offering at all, suggesting a big discrepancy between an understanding of best practice and implementation."

Within the Top 500, the Elite group is completed by plus-size clothing retailer Evans and trainers and sports retailer JD Sports. "It's significant that none of these retailers operates at the luxury end of the market, so often associated with state-of-the-art mobile offerings," says Shaw. "It's not just the well-to-do carrying the latest smartphones who are cross-channel shoppers, this is technology that's gone mainstream."

The evolution of search

The latest visual search technology is allowing shoppers to make increasingly sophisticated searches – and enabling retailers to capture valuable data about shopping trends. Emma Herrod takes a look at the tech providers and how their concepts are helping e-tailers to ensure customers don't leave their sites empty handed.

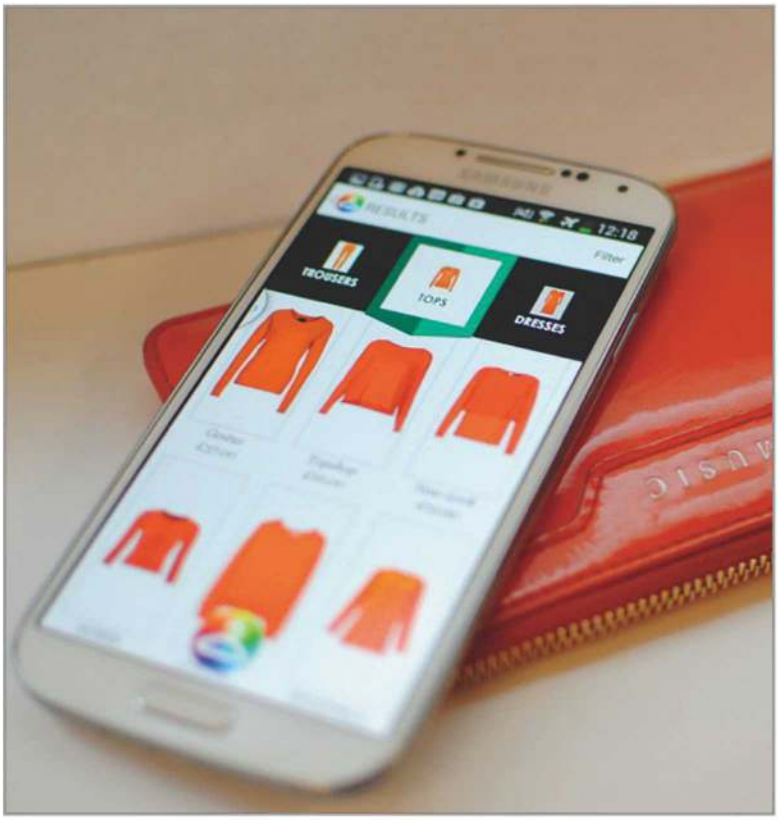
IMITATION IS said to be the sincerest form of flattery, so when someone asks where you bought your shoes/bag/coat/dress, it's nice to be able to tell them. But what if you could take a picture on your mobile phone of someone wearing those shoes/bag/coat/dress and do an instant search for them – or something similar – to find out where you can buy them? That's just the service being offered by Snap Fashion and fashion retailer Zalando, among others.

Oasis, for example, added the enabling visual search technology to its site in September 2014. The 'Snap for Similar' button allows its customers to browse online for garments which are similar in colour or texture.

The firm is using technology from Snap Fashion, which as well as working with retailers has its own affiliate site enabling people to search not only by colour and texture/pattern but also by garment shape. Shoppers are given the results in three separate lists, and while one list isn't more popular than the others, Jenny Griffiths, Snap Fashion's Founder and CEO, does say that its mobile app ColourPop ranks higher in the app store than the full Snap Fashion app. The colour match does seem to be the one that has the wow factor and offers instant gratification, she explains.

"Visual search democratises shopping," says Griffiths, "since shoppers are clicking on things they like the look of rather than just visiting the same retailers or brands that they always visit online. In this way, we can see which are the smaller, up and coming retailers, how many 18 year olds are clicking on a particular garment from Marks & Spencer or that a particular size dress is very popular."

When it comes to the company's mobile app, it enables shoppers to take a picture of what someone is wearing and search for something similar among the products on the Snap Fashion database. Some 35% of searches lead to a visit to retailers' sites. This is lower than the "more robust" desktop site, which sees 60% of shoppers clicking through. When Snap Fashion is implemented on a retailer's site, where shoppers already know the brand and are on its site, "conversion goes through the roof," according to Griffiths.



SAME OR SIMILAR

In the US, visual search is incorporated into the Neiman Marcus mobile app to help shoppers looking for the right handbag or shoes. The shopper takes a photograph of a pair of shoes or a handbag in an advert, magazine or someone wearing them and the app automatically finds the item on the website, if it's that season's stock, or matches the image to something similar amongst the current inventory, explains the company's VP of Corporate Comms, Ginger Reeder. ▶

The technology does have its limitations though, with better results from a close-up image with a clean background. The company plans to expand its use to other product categories.

Staff at Neiman Marcus stores are also using the app to help customers. Sometimes, it's not easy for customers to describe exactly what they are looking for, explains Reeder, so store associates can use the app on an iPhone to help them narrow down what they are looking for by colour, shape or style. "Customers are pleased with the app as it answers a problem they're facing then and there," explains Reeder.

Eric McCoy, founder and CEO of Heels.com, agrees that it can often be difficult for shoppers to find the right words to describe the precise shoe they're looking for. "For example, shoppers might say they want a red heel, but with almost infinite shades, it's all subjective," he says. Heels.com, in partnership with open innovation company Iterate Studio, has implemented pixel image-based technology from PCCSO to help customers find what they want.

It's the ability to flag up something similar, rather than returning no results, that can be skewed by retailers to make it less likely that a customer leaves a site empty handed. It's down to retailers to bring in business logic since search results can be weighted based on inventory or merchandising rules. For example, if a shopper is searching on handbags, the results can be weighted so they first show handbags that are in a sale.

"That's when the real power comes in," says John Safa, Chief Technology Officer of Cortexica, the company which powers apps for Macy's and Zalando. Retail websites now have an extra shop assistant functionality, effectively replicating the shop assistant's response of 'we don't have that one but how about these, which are similar in colour, pattern or shape'. "It's instant gratification for the Instagram generation," he says.

INSIGHT

Visual search, though, isn't just about matching product with the customer; it also gives retailers insight into what shoppers are looking for. As with any app on a mobile device, retailers are gathering data about the shopper, their device and their location. Search always gives data that goes beyond search, but "visual search gives customers more insight into what's going on," says Safa.

Rather than a text search which shows shoppers looking for a black dress, visual search will show what shape of black dress they are seeking.

"It's always interesting to see what's breaking the system," says Griffiths, since searches that return no matches are highlighting potential trends for the next season. "We're acquiring a lot of data for retailers based on visual product search that will help them to make merchandising decisions," says Mark Elfenbein, CEO of Slyce – the company behind the Neiman Marcus app. This real-time, regional data which shows what's trending in different areas in different time zones is what will turn visual search from a shop assistant or conversion tool into a data and analytics platform.

TESTING THE CAMERA

European fashion retailer Zalando is well known for developing its own technology in-house, so it's interesting that it is has been collaborating with Cortexica on visual search functionality for its mobile phone app. The Photo Search feature allows customers to take a picture of an item of clothing or a pattern and search for similar items being sold by the retailer.

However, as Daniel Schneider, Head of Onsite Customer Journey at Zalando explains, visual search is "more than just picture taking". For him, the Cortexica link-up is just the first step in its journey to find how to make the search for fashion more visual. "We're trying to understand what the customer is looking for," explains Schneider, "since they may not actually be looking for the item in the photograph but a recommendation of something to go with it, for example."

Feedback from customers has been mixed with the Photo Search not being used as often as text searches. But as Schneider points out, the functionality of the app is leading to what he calls "playful" searches. "Some people are taking multiple pictures," he says, as they see something they like and wonder if Zalando has something similar. Even when shoppers are browsing on a desktop site, he believes that they are searching visually because one click leads to another as they spot items they like the look of.

More significant, though, is the fact that visual search is the company's first foray into seeing how they can use the camera on a mobile phone. "Mobile is important,"

says Schneider as mobile phone and tablet makes up 43% of all traffic to Zalando, so location and the camera becomes part of that. What the future holds for the technology is something that Zalando – which sees itself as a technology company rather than a retailer – is investigating. It may be used for fashion advice or for picture sharing, but one thing Schneider is sure of is that it won't replace text-based search since in most text searches people are looking for specific brands. "It will be complementary and in addition to that though," he adds.

FUTURE

Is the future for visual search a 'Shazam for fashion'? The technology companies agree that it's close but still early days. "It will be driven by consumers," says Safa. In terms of where visual search could go, Elfenbein believes that the industry is where Google was with search in 2002. "People are communicating in pictures, searching by images, so quick image-based search will become common place in a couple of years," he says.

However, as the Tesco wine finder app showed back in 2009, visual search technology is not just for fashion. Amazon's Flow app tells users more about the items around them which are available to purchase on Amazon.com. By continuously scanning, the app can identify millions of products, including DVDs and books, and packaged household items such as a box of cereal or tissues. The functionality has been extended so users can now scan phone numbers, URLs and business cards and then quickly dial, open or add the information to their contacts.

Visual search is also being used by other retailers to identify items and add them to grocery lists or to create wish lists, add purchases to a loyalty scheme or even to digitise coupons.

The Shopper mobile shopping list application from Purchase Decision Network (PDN) uses visual search as a means for shoppers to add items to their grocery shopping list. Rather than having to scan a barcode, Snap2Add functionality enables more than 1.75 million users of the app to snap photos of grocery products around their home and have them recognised and immediately added to their mobile shopping lists. A catalogue of 20,000 of the most-listed items has been created and more products are being added weekly, explains CEO Sean Flynn. The items don't even need to be in packaging to be recognised, so along with fruit and vegetables, the visual search will recognise rice crispies in a bowl – although labelling them cereal and not by brand and product number. If something isn't recognised, the app reverts back to visual search company Slyce and Mechanical Turk with human intervention. "The identification rate is over 90%," says Flynn.

> "Visual search is used to add items to grocery lists, create wish lists, add purchases to a loyalty scheme and to digitise coupons"

Because the Slyce technology, as used by PDN, can understand and digitise the information on a receipt or coupon, the data these hold such as the date and price could be used to add the purchase to a loyalty scheme or to notify a shopper that their 20% discount scanned from a coupon will expire in 2 days time as they walk past a shop branch.

This digitising of coupons is something that Slyce will be working on with its acquisition of SnipSnap, the third largest mobile couponing company in the US. SnipSnap was the first company to develop image-recognition technology for scanning and interpreting coupons with a mobile device. The SnipSnap app launched in the US in 2012 and is now used by 4.5 million shoppers who photograph a coupon on their smartphone camera and then search, retrieve and share it with other SnipSnap users. Information such as the barcode and expiration date is captured and digitised so users simply need to present their phone at the in-store checkout to redeem the offer.

SnipSnap provides a white label platform for retailers, including Toys "R" Us, to create and target mobile coupons across email, web, mobile and SMS channels. It was also incorporated with beacons by Lord & Taylor, where "SnipSnap's location and behavioural targeting mixed with micro-location beacons served as the perfect offline to online marketing bridge for stores," explains Ryan Craver, former SVP Strategy for Lord & Taylor-owner Hudson's Bay Company.

Slyce's vision is to fold 3D visual search, instant couponing and one-click customer checkout into one application. As Slyce's applications show, the use case for visual search goes way beyond fashion retailing – and beyond just the retail industry. And the future for retailers? Well, while many are still getting their heads around location and using this smartphone functionality, Zalando has moved onto the camera. As a technology company, its ethos is: "if we discover and work on it, we'll be there in a year or two". Zalando doesn't want to be a follower, do you?

NOTHS And Bronto Team Up To Drive A 30% Open Rate On Re-Engagement Campaign

NOTONTHEHIGHSTREET.COM (NOTHS) is known as the UK's top destination for beautiful and bespoke items that can't be found anywhere else. That focus on uniqueness and customisation is reflected in their commerce marketing strategy. NOTHS has worked diligently to listen to what the customer wants and to craft marketing messages that give their shoppers the experience they desire.

This approach has paid off, in the form of a 93% year-over-year increase in overall email-generated revenue.

'You need the right software and the right partner to support your efforts. Bronto has helped make our marketing strategy a reality,' said Antony Lea, Head of CRM at NOTHS.

One of the many successes NOTHS had in 2014 was a reengagement campaign that garnered a 30% open rate and streamlined their approach to dealing with unengaged customers.

HERE IS HOW THEY DID IT.

Even a company with an approach to marketing as sophisticated as NOTHS isn't going to forge a connection with every single customer. Using Bronto's Clean Contacts tool, Antony Lea and his CRM team were able to determine how many of their subscribers had failed to respond to the last 10 marketing messages sent to them.

Then they set about trying to find out why.

NOTHS sent out a survey to these non-engagers, asking them to explain why they weren't interacting with the brand.

Right away the results were eye-opening: the open rate for the survey was around 30%. Approximately 10,000 of those who opened the email then took the time to fill out the survey.

'It had an amazing response rate', Antony said. 'That told us we were considering people non-engaged far too early. Not having opened the last 10 messages was too soon.'

The respondents gave a variety of reasons for why they hadn't been opening emails. Some simply weren't buying gifts for the particular occasions being promoted. Others didn't want or need to receive emails quite so frequently. Others were still shopping on the site, but simply weren't using the emails as part of their path to purchase.

In other words, they still wanted to interact with NOTHS, but they wanted to do it differently.

'It showed us there was a customer appetite for a preference centre', Antony said. 'They were saying, "I don't want to unsubscribe; there's just no way for me to say what emails I want to get from you."'

Now subscribers can choose to receive emails from NOTHS daily, weekly or monthly (or not at all.) They can also choose the product categories that interest them (home décor, jewellery, etc.), as well as the themes (weddings, children, anniversaries, etc.).

NOTHS also changed its definition of unengaged; they wait until a customer has failed to respond to the last 25 messages before putting them in that category.

'It really helps us formulate our thoughts around contacts strategy', Antony said of the re-engagement campaign. 'By getting that right, open rates went up, click rates went up... all the symptoms of sending the right message at the right time.'

Read the additional case studies that led to NOTHS 93% year-over-year overall in increase in email-generated revenue at bronto.co.uk/customers

Insight around the world

ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

According to the annual review of online sales by the French ecommerce association Fevad, internet sales continued to grow strongly in 2014 in France. Despite the strong slowdown in consumer spending, the French spent €57bn on the internet, an 11% growth in one year. These results are slightly better than expected thanks to good Christmas sales – they reached €11.4bn or 13% more than last year over the same period. E-retailers have taken advantage of this exceptional buying period as shown in an excellent 99% satisfaction rate measured in a study conducted by CSA just after the holidays.

France should therefore maintain its position as the third ecommerce market in Europe after the UK and just behind Germany (as ranked by E-Commerce Europe). The ecommerce market in France represents 9% of total non-food retail.

On the other hand, the average basket is still on the decline. It lost 4% in one year to €81." It is now in its fourth consecutive year of decline. Since 2011, it has dropped by 10%. This decrease is however offset by the arrival of new shoppers and increasing purchasing frequency: 20 online transactions are conducted each year per buyer against 18 a year ago. This purchase frequency also benefits from the increase of site launches which remains dynamic in 2014. 20,000 additional sites have emerged in a year, an increase of 14%. France currently has 157,300 active commercial sites.

Despite a difficult economic environment, 6 buyers out of 10 (61%) believe that it will not affect their consumption on the internet, according to Fevad's perspectives for 2015. The ecommerce market should therefore continue to grow this year and is expected to exceed €60bn in 2015. "I wish the traditional retail, which faces strong economic changes and technological changes, had easier access to ecommerce," said Carole Delga, French Minister for Commerce. "This is an opportunity to transform the store and adapt to these changes, particularly in rural areas. The added value of traditional retailers is their physical location and the relationship they have built with the customer in the store."

FRANK VAN DEN BERG, MANAGING DIRECTOR, SALESUPPLY UK

Throughout the past year, Spain has made significant steps towards economic recovery. Its current annual GDP growth rate of 1.6 outperforms those of Germany, France, Italy and The Netherlands. While consumer confidence and retailer sales have increased in the past year, the economic crisis has left the Spanish buyers very price conscious. When expanding to Spain, a solid competition analysis and a good pricing strategy are smart steps to winning over the customers.

With an online turnover of over €14bn, Spain is the largest ecommerce market in the Southern European region, ahead of Italy (€11.2bn) and Turkey (€8.9bn). Figures released by The National Observatory for Telecommunications and the Information Society ONTSI, 60.6% of the population shop online, up 5% year-on-year, equalling 17.2 million people. On average they spend €848 per year online, a value that is growing at an estimated annual rate of 4%.

However, logistics is an underdeveloped field in the country, and although increasing competition is positively influencing the performance of service providers, consumer expectation in this area are not as high as in other mature ecommerce markets. This means that the longer delivery times of a foreign website might not be an obstacle in the eye of the customer. In Spain, the acceptance of foreign websites is relatively high, especially when they sell popular brands.

63% of Spanish online shoppers buy from foreign websites, in 90% of the cases inside the EU. The favourite destinations include Germany, the UK, the US, China and France. In certain sectors, cross-border sales account for over half of the Spanish online transactions: Online fashion sales for example saw a 90% growth in 2014, amounting to a €180m turnover. According to the CNMC (Spanish Commission for Markets and Competition), 60% of these Spanish online fashion sales are cross-border ecommerce sales.

Furthermore, average costs for online marketing are much lower than in other European countries. A comparison of the search terms Nike, Asics and Head showed for instance that CPC (costs per click) are cheaper in Spain compared to for instance Germany, the UK and the Netherlands, sometimes even up to 10 times.

Close to 30% of ecommerce transactions in Spain are mobile so for foreign retailers, this means that offering a mobile site, App or even responsive design could considerably increase conversion. A very critical factor in m-commerce is payments, which should be convenient and secure.

Localizing for Spain also means an opportunity to test other markets. First of all, many Portuguese clients shop on Spanish language websites; over 21% of Portuguese cross-border online transactions are purchases in Spain. In addition, a Spanish language site may also drive traffic from Latin America where ecommerce turnover has grown 10-fold in the run of the past 10 years and reached €59.4bn in 2013.

YOMI KASTRO, FOUNDER AND CEO, INVEON AND INVENTURES

With its large and young population, fast adoption to new technologies and emerging economy, Turkey is one of the fastest growing markets for ecommerce globally. There are around 35 million internet users in Turkey and, according to 2013 research, 10 million of them use the internet for shopping purposes. High credit card penetration rate, solid logistics infrastructure and increasing use of mobile internet have been main triggers of an average of 40% yearly growth since 2010. In 2013, the Turkish ecommerce market volume was more than $6bn. The huge potential of the market also attracted both foreign and local investors such as eBay, Otto Group, Travas, Hummingbird Ventures, Atomico, Intel Capital, Naspers Group and General Atlantic.

A few years ago, the ecommerce market was driven by internet entrepreneurs. However, over the past 3 years, the big retailers have gained the technical know-how and with their existing experience in 'merchandising' they have started to set the rules of the game. In 2014, most of the ecommerce volume came from large retailers. The growth was so remarkable that some big Turkish retail brands expanded their online operations to Europe and the Middle East in 2014.

This year, in addition to conventional retailers' increasing interest, consumers will continue discovering new ways to use technologies. This trend will re-shape the market. Thanks to ibeacon technologies and the rise of mobile, the borders between online and offline will disappear. We will also see more e-tailers and retailers investing in the Internet of Things and omnichannel approach to enable a higher quality of customer experience in every channel. As many conventional retail brands embark on digital integration, Turkey will take a big step forward to reach global markets. Thus, there is a huge potential in the market for entrepreneurs and investors who are interested in these rather new areas.

Together with the regulation efforts in ecommerce and payment systems and the country's consistent economic growth, we believe that Turkey offers a profitable market to investors as long as they head out with the right partners.

Turkish ecommerce companies are very aspirational and are looking to expand internationally to become global players – and are thus open to speaking with investors.

On the other hand, Turkey has a large domestic economy which is helping ecommerce companies to prove their model and scalability before taking the short step to nearby economies such as the Gulf region.

JOHN WATTON, DIRECTOR, DIGITAL MARKETING EMEA, ADOBE

The festive period is well and truly over, so it's a good time to reflect on what turned out to be our biggest ecommerce rush to date, and how we can prepare for 2015.

The future is mobile: Ahead of the holiday season, the Adobe Digital Index Holiday Predictions Report forecast that mobile sales across Europe would increase by 38%, and this upswing proved to be accurate. In Germany 17% of purchases were made on mobile devices, while in the UK 25% of transactions came from mobile. Mobile is a key theme for this year and retailers will increasingly need to look to mobile as the foundation of the customer journey.

Black Friday is here to stay: 2014 saw the American export Black Friday grow in prominence across Europe, smashing sales predictions in the UK with a peak of €427m, beating the €356m spent on Cyber Monday. Whilst consumers got some great bargains, it cannot be ignored that major retailers were unconvinced by the heavy discounting and questioned its profitability. In 2015, Black Friday falls on Friday 27 November, so retailers have plenty of time to consider a strategy that will benefit both shoppers and retailers.

Brick-and-click retailers are ones to watch: In the US, brick-and-click retailers, or those with both physical and online stores, are driving most of the online sales growth. According to our data, the average B&C retailer grew 25% during the Black Friday weekend, compared to 10% for online-only retailers. In 2015, we expect to see a similar trend across Europe. Customers no longer differentiate between online and offline, and brands need to focus on ensuring all channels work seamlessly together.

In just a few years we have seen the ecommerce landscape completely shift and the trends we witnessed over Christmas 2014 tell us even more about what's to come.

TURNING THE BEST IDEAS IN MULTICHANNEL INTO ACTION

Internet Retailing Expo

Sponsored by Digital River

25 - 26 March 2015, NEC Birmingham

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The IRX 2015 workshops are a complete programme of hands-on, practical, training focused sessions delivered by leading companies in the industry including:

Global e	**Act Local to Win Global** Efficiently overcoming the barriers for Cross-Border sales
adestra	**Walking Before You Run** Getting started with marketing automation
SMART FOCUS	**Go Context-Aware or Go Home** How marketing in 2015 is all about contextualisation
TAG COMMANDER	**Tag Management in the Era of Smart Data** The Yellow Pages of Canada case study
monetate	**The Path to Personalisation** Taking Content Optimisation and Segmentation to the Next Level
Amplience	**User Generated Content** Put customers at the heart of your content and commerce strategy
SEARCHLABORATORY	**2 Sessions:** "Display Advertising is Dead" and "Retail PPC Agency Secrets"
manthan	**e-Commerce Analytics to boost growth in the Omni channel world**

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IRX visitors will be able to pre-book 30 minute clinics on a one-to-one basis with our experts. Get the answers you need to grow your digital business...and all for FREE!

App Annie	Improve Your Customer Engagement Through Mobile
quantcast	Display Advertising – Top Tips for Success
Solocal Group	Drive Online Traffic in Store With Effective Multichannel Strategies
RocketMill	Pay Per Click by RocketMill
manthan	eCommerce Analytics
anicca	Review Your Pre-prepared Ecommerce Audit
SellerPro	Accelerate the Growth of Your eCommerce Business
Currencies Direct	Currency Tools to Boost Your Profits From International Marketplaces
RocketMill	IRX CRO Content & SEO by RocketMill
SEARCHLABORATORY	Going Global Online – International SEO, PPC & RTB Secrets

8 CONFEREN

25 MARCH

INTERNATIONAL & CROSS BORDER	INSIGHT & EXPERIENCE
ao.com	Argos
eDreams ODIGEO	B&Q
facebook	LIDL
FARFETCH.COM	MOSS BROS.
Jack Wills	SHOP DIRECT
kitbag	SuperGroup Plc
ebay	vodafone
	Waitrose

THE OMNICHANNEL STORE OF THE FUTURE	DIGITAL SALES MARKETING
LEGO	Alibaba Group
M&S	boohoo.com
maplin	FordRetail
McArthurGlen Group	ghd
Sainsbury's	HOUSE OF FRASER
The co-operative	John Lewis
wayfair	SELFRIDGES&CO

CES OVER 2 DAYS

MOBILE IN MULTICHANNEL

RETAIL DELIVERY

Clarks, Carrefour, JUST EAT, Dixons Carphone, MADE.COM, GROUPON, Monsoon Accessorize, John Lewis, NBTY Europe, Mondelēz International, schuh, TESCO, SECRETSALES.com, wayfair, TESCO, ArrowDirect

MULTICHANNEL MERCHANDISING AND SELLING

RETAIL LOGISTICS

Google, John Lewis, QVC, deckers outdoor corporation, RALPH LAUREN, SHOP DIRECT, RIVER ISLAND, eDelivery, wiggle for the good stuff, Sheffield Hallam University

26 MARCH

Follow @etailexpo and join the conversation at #IRX15

Register free now: www.internetretailingexpo.com

BRANDS DIRECT MARKETPLACE

eBay, Alibaba and **Amazon** are some of the ways UK retailers are saving the obstacles to overcome cross border issues when selling internationally. Marketplaces growth has increased sophistication, new opportunities and trading models.

At IRX 2015 we're bringing to life the growing capabilities of marketplaces as commerce channels for brands, retailers and traders.

Brands direct marketplace will be an open theatre with **20 minutes presentation** where retailers and suppliers will showcase the many perspectives for our commercial, retail visitors

INNOVATION PAVILION

Innovation doesn't just come from the big players in the market who have plenty of money to invest in research and development.

It also comes from the small emerging start-ups that have seen a gap in the market and developed a product or service which could change the retail landscape. The Innovation Pavilion brings together some of the most innovative entrepreneurs in the retailing industry and will be showcasing their solutions at Internet Retailing Expo.

JIANGSU PAVILION

The Chinese market has 1.4 billion potential customers and year-on-year eCommerce sales growth is expected to reach 27.9% this year, taking the total for online shopping alone to 2.36 trillion Yuan (£240bn) . At IRX 2015 meet 10 TOP Chinese technology providers to help you overcome the challenges and expand your business into China. Come to the Jiagnsu pavilion and meet the technology experts of the biggest marketplace of the world.

DIGITAL PAYMENTS VILLAGE

Payments put the 'commerce' into 'eCommerce', yet we all-to-often consider payments as a 'solved problem' or an operational admin item.

The variety, capabilities and sales-effectiveness of the rapidly-developing payments scene offer new opportunities to retailers. Identity, smoothing checkout, cultural relevance, new markets, conversion rate optimisation, cross-channel, CRM and loyalty, mobile and tablet, clientelling and POS are just some of the new areas that supplement the expected topics of fraud control, speed, scale and cost. In this feature we will draw out the variety and commercial relevance of a broad swathe of new and enhanced areas, showing how even the most mature elements of our multichannel landscape can offer new opportunities to grow our business' scale and profitability. In the Digital Payments Village the topic becomes commercial and strategic - take advantage of these ready-to-deploy options before your competitors do!

imrg LOUNGE

IMRG will bring a group of advisors – available to answer your questions directly and provide you with the necessary guidance to ensure your business is well placed to thrive.

TOP 500

IRUK Top500 - Internet Retailing has mapped the UK multichannel industry listing the TOP500 retailers in the region. This guide offers an in-depth analysis based in six main dimensions.

IREU TOP500 foot print unveiling- Following the critically acclaimed IRUK Top500 Multichannel Performance Index, the IREU Top500 will continue its unique exploration and indexing of Europe's Top500. The footprint will be exclusively unveiled at EDX-IRX 2015. ***Who are the TOP500 retailers in Europe?***

Top500 Lounge - If you work in one of the UK TOP500 companies join us in the TOP500 lounge to meet and network with your peers and conduct important business meetings in a professional but relaxed atmosphere. Free train to The NEC, parking passes and onsite assistance are a few of the benefits of being a TOP500. Find out more at www.edeliveryexpo.com

CO-LOCATED WITH:

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eDelivery Expo is the only UK event serving the multichannel logistics and operations professionals – and in the home of the eDelivery industry. With two dedicated conferences, more than 50 logistics specialised service providers and an extensive range of workshops and clinics to help you improve your eDelivery performance.

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