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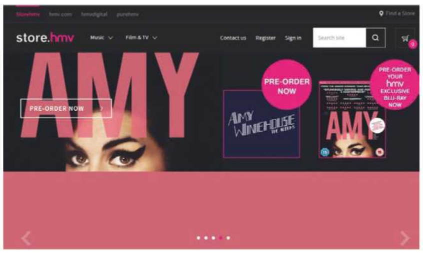

Editor's comment

LAST YEAR, the number of mobile phones on the planet exceeded the number of people and the figure is increasing five times faster than the human population. In the UK, the average home now has 7.4 internet-enabled devices with smartphones being the most common. More than half of homes also have a tablet device with almost a quarter of those without one when questioned in February saying that they'd have one by the end of the year. No wonder then that mobile shopping is on the increase, having overtaken purchases from desktops as the growth area for retail.

"We don't see mobile slowing down," commented Sarah Baillie, Head of Multichannel Business Development, House of Fraser in an interview on InternetRetailing.net with Chloe Rigby. "In fact, we don't really talk about mobile now, but about touch interfaces," she said after House of Fraser won the InternetRetailing Award not just for Mobile but also the Innovation Award and the Judges' Award.

"The pace and range of development has to continue, and again, I think the online business has really progressed in leaps and bounds and now we're trying to make sure the offline environment is also using all the great interactions and products that have been developed online," she said.

Over at John Lewis, its 'How we shop, look and live' report highlights how today's 'expert shoppers' have no issue with multi-screening and interchanging their phones, tablets and PCs to suit their needs. Mobile accounted for 60% of traffic to johnlewis.com in the past year with mobile revenue growing by 68%. "This channel has not yet reached peak usage and ongoing developments will make the experience even more engaging," the company said.

So, what do retailers need to put in place to maximise these changes in shopper behaviour? As Paul Skeldon reports further on in this issue, the technology sector tells us that we live in a mobile-first era. Wrong. Retailers live and operate in a customer-first world where the shoppers they want to bag arrive through all sorts of channels, on all sorts of devices, at all sorts of times – and they are driven to that point of purchase in myriad combinations of ways. He then goes on to look at how you design online, mobile and app strategies to fit, and, more importantly, how you make the experience seamless across them all.

He also looks at the issues surrounding marketing to these shoppers' mobile devices and asks whether probabilistic or deterministic matching is best.

Simon Howship, Managing Director of Common Agency, shares his thoughts on what's happening in the constantly-changing app space and helps to clear the water distinguishing between meaningless marketing stunts and apps which are "an act of pure retail genius". He warns though that now is the time to get on board with an app, in readiness for when mobile spend really rockets. A warning that's backed up by research on Q3 2015 from Criteo which states that brands that make their app experience a priority generate nearly 60% of mobile revenue from the app, up from 50% in Q2. For travel brands that make their apps a priority, about 50% of mobile revenue comes from the app.

Digital wallets have also been much in the news of recent time and offer a wealth of opportunities for retailers, while driving value for customers, making in-store payments more efficient, convenient and secure. However, they also bring challenges of which retailers need to be aware. Rupert Blackham, Innovation Consultant at global commerce consultancy Salmon, explains further.

Mobile can also be used to collect data about customers with services added to help customers in store. The early promise of beacons for retailers was in their ability to trigger marketing messages to customers, but, as I investigate, is their value more in the data collected rather than the offers pushed?

Closing off the issue is a round up of the insights shared by retailers at the recent InternetRetailing Conference. If you weren't able to join us on the day, the presentations are available to view online at internetretailingconference.com.

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.*

SPARKS FOR MARKS

Marks & Spencer unveiled its new Sparks members club in October. However, a "technical issue "which showed members someone else's account details resulted in the site being taken down for two hours while the problem was resolved.

Its new loyalty club has brought gamification to bear with members earning 'sparks' when they shop or engage online or in store. Customers receive 10 sparks for every purchase, 10 for every £1 spent, 25 sparks for a product review and 50 for Shwopping. Those who reach 3,000 sparks unlock priority access, and those who get to 5,000 sparks get a 24-hour head start on the sale at M&S.com. At the top end, those with 14,000 sparks are invited to masterclasses and special events, while those with 17,000 sparks can be entered into draws to visit, for example, an M&S vineyard in South Africa, or to win Christmas Day on M&S. M&S also donates a penny to each customer's chosen charity every time they buy.

Some 100,000 members road tested the concept over a three-month live trial phase online and in store in the Wales and West region.

The members club is enabled by insights supplied through the 360° view customer analytics that were introduced with M&S' ecommerce platform last year. The retailer says that by taking ownership of its web platform it now has greater flexibility to respond quickly to emerging trends, and to evolve both its site and the Sparks offer.

Patrick Bousquet-Chavanne, Executive Director at M&S said the club was a "two-way relationship; members tell us what they enjoy, select their own tailored offers and are rewarded for sharing their views."

RESULTS ROUND UP

Asos reported fast sales growth for the year to 31 August. While mobile and social helped fuel "exceptionally strong" customer engagement, investment in warehousing and staff meant profits grew by a modest 1%. Revenues of £1.15bn, were up 18% on the same time last year. Retail sales were 17% up at £1.2bn with pre-tax profits ahead 1% at £47.5m. It is to launch a new points and rewards-based loyalty scheme, initially in the UK, in the next six months.

Game's pre-tax profits reached £25.8m in the year to 25 July, up 253.4%. Revenue was also up 0.6% reaching £866.6m. The year saw the retailer upgrade its website, introduce click and collect and sign up a million more people to its loyalty programmes in the UK and Spain – they now have more than 17m members. App users doubled to more than 1.5m. An upgrade to its mobile website and apps, to support omnichannel growth and to futureproof its business are planned for this year.

DFS reported 17% growth in online sales, with 40% of upholstery sector traffic attracted to its site in its maiden full-year results as a listed company. Gross sales of £913.1m for the 52 weeks to 1 August were up 7% on the same time last year. Group revenue of £706.1m was 7.5% up on last time, while pre-tax profits of £10.7m were 197% ahead of the £3.6m reported previously. The sofa to beds multichannel retailer built bridges between the store and online enabling customers to book in-store appointments online and by trialling in-store virtual reality representations of customers' orders on in-store displays. A live chat team can be contacted via video around the clock.

Meanwhile, Sainsbury's reported 15% online grocery growth and a good start for the Tu website with pre-tax profits for the year likely to come in "moderately" ahead of expectations.

Ted Baker has unveiled a 63.6% jump in ecommerce sales to £22.9m following the launch of local websites in Canada and Australia. Retail sales grew 20.1% to £168.2m in H1. Ecommerce sales in the US were lifted by 140.9%.

AMAZON UK GETS CHILLY & ALDI MOVES ONLINE

Amazon has taken another step towards the launch in the UK of its much anticipated Amazon Fresh online grocery service, with the addition of chilled and frozen foods to its one hour Prime Now delivery offer.

The service already includes some grocery items and is available to members of its Prime delivery and video subscription scheme. The new lines are being offered in Birmingham with London being the second place to test the service.

Amazon said in a statement: "Prime Now customers already benefit from ultra-fast delivery on everything from essentials like bottled water, coffee and nappies to must-have products like the latest video games and devices. We are excited to be adding a range of chilled and frozen items to this selection as we continue to expand the number and variety of products that can be ordered for delivery within 60 minutes."

Nick Miller, Head of FMCG at global supply chain consultancy Crimson & Co said: "looking at the US could shine a light on the company's plan. Amazon is employing drivers in Seattle as part of its 'Amazon Flex' programme, able to make same-hour deliveries for Amazon Prime Now customers. If this service is incorporated into Amazon Fresh in the UK, the retail giant will have significant advantages over current supermarket delivery services."

Meanwhile, Aldi has announced it will start to sell online from next spring. The discount supermarket said it would first launch the sale of wine by the case, and follow that with sales of non-food items. Deliveries will be made to the home or can be collected from third-party locations.

The news came as Aldi reported sales of £6.9bn in the year to 31 December 2014, up by 31% on the £5.3bn reported the previous year. Operating profits fell though to £260.3m from £271.4m following investment in staffing and in cutting prices.

ARGOS FAST TRACKS HOME DELIVERY

Argos has unveiled a Fast Track home delivery service that it believes will make it the first retailer to offer same-day delivery up to 10pm, seven days a week, 364 days a year, across the UK.

The general merchandise retailer will deliver a range of about 20,000 products through the new scheme. When customers place an order by 6pm for a product marked Fast Track, they can pay £3.95 to have it delivered by 10pm that night. Orders placed before midnight can be delivered as early as between 7am to 10am, or 10am to 1pm the next day. Customers can also choose deliveries in slots from 2pm to 6pm and 7pm to 10pm.

Some 3,300 new drivers are staffing the same-day delivery service, based at local stores. Argos says it has hired people who like being out and about in the community to focus on offering customer service right up to the doorstep.

Fast Track Collection in store will continue as a free service enabling customers to be in and out of the store within 60 seconds.

Meanwhile, Home Retail Group warned profits could well be lower than previously expected, and said that Black Friday and Christmas trading seemed “less predictable” than usual, when it reported revenue of £2.62bn in the 26 weeks to August 29, 2% down on last year’s £2.66bn. Argos now has 148 digital format stores, up from 32 a year ago. Some 45% of sales took place online, while mobile commerce grew by 13% to represent 25% of total sales.

BLACK FRIDAY TO REACH £1BN ONLINE

UK shoppers are set to spend more than £1bn in a single day for the first time this Black Friday – and retailers must be prepared, IMRG and Experian have warned.

They predict that Christmas shoppers will collectively spend £1.07bn during the course of the day, which this year falls on 27 November. That represents a rise of 32% from £810m at the same time last year.

Also forecasted are a range of peak days that are likely to see fast growth on last year, from Cyber Monday (November 30, £943m, +31%) and Manic Monday (December 7, £733m, +10%) to Christmas Day (£728m, +11%), Boxing Day (£856m, +22%) and New Year’s Day (£638m, +33%).

This means, says the IMRG and Experian, that retailers must be well prepared to avoid another ‘retail tsunami’ such as that which led to carrier and retailer operations alike being overwhelmed by demand on Black Friday 2014.

Justin Opie, Managing Director at IMRG said that Black Friday is expected to become the ‘Black Friday period’ for some retailers, who will run campaigns over several days or even weeks. Last year, anticipation of Black Friday led to a slow start to the Christmas shopping season and panic-discounting by some, which impacted on profit margins. The availability and rate of discounts will need to be rationalised this year for it to be sustainable.

THE NEW CONSUMER RIGHTS ACT 2015

Rafi Azim-Khan, Partner, and Steven Farmer, Counsel, Pillsbury Law took a look at the new Consumer Rights Act (CRA) to inform retailers of what it all means. The CRA came into force on 1 October 2015 with the aim of clarifying the law and allowing consumers to buy and businesses to sell with more confidence. The CRA’s key aims can be summarised in three words: “consolidate”, “modernise” and “clarify”.

In terms of consolidation, the CRA has essentially merged a number of key consumer statutes and regulations into a single document. For example, the bulk of the provisions previously found in the Sale of Goods Act 1979 and the Unfair Terms in Consumer Contracts Regulations 1999 have been carried across into the CRA, making this a “one stop shop” for consumers and removing the need to navigate numerous, often complex and overlapping sources of law.

The CRA also looks to modernise the law too. Some of the rules it replaces are several decades old now and drafted at a time when the internet was very much in its infancy. The new law now deals with digital concepts including consumer downloads and streaming (e.g. what are consumers’ rights when downloads are faulty?) and so has caught up significantly in light of technological advancements in recent years.

Finally, a key cornerstone of the CRA is that it has gone a long way towards clarifying ambiguous concepts. For example, instead of obliging consumers to return goods within “reasonable periods”, the new law prescribes set periods for returns. It also provides clear rules as to what happens if services aren’t provided with reasonable skill and care, and regarding who is responsible if goods are damaged in transit.

Some key points will need to be addressed in light of these changes. These include:

- Hardwiring some of the new consumer rights into sales terms and conditions (this is because many of the rights must be spelt out to consumers up front);
- Making sure that key terms are made clear to consumers from the outset when sales are made (and are not buried in website terms);
- Training sales staff so they are equipped to deal with consumer disputes in light of these changes;
- Being prepared for audits by Trading Standards in the event of disputes.

Making these changes now will significantly reduce the potential of regulator action, not to mention the risk of social media scrutiny should an incidence of non-compliance be highlighted by a consumer which can be equally if not more damaging reputationally.

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

MOBILE INCREASES LUXURY SALES

The luxury market has outperformed other retail sectors and experienced double-digit growth in orders over the last year, largely due to the rapid adoption of mobile commerce, according to the latest Luxury Shopping Focus report from Demandware.

The study, which measures the activity of more than 20 million shoppers transacting across luxury digital commerce sites between Q2 2014 and Q2 2015, shows that there has been a 12% increase in online orders year-on-year. The analysis reveals that average orders have increased by 8% and that there has been a 29% increase in shoppers.

Fuelling growth in the luxury sector is the rise of cross device shoppers. In total, 28% of all multi-visit shoppers in Q2 2015 used multiple devices with mobile, tablets and desktop emerging as the preferred device pairing. Mobile also continued to steal order share to become the favoured shopping device. Mobiles now account for 39% of all traffic to websites and 19% of the orders that are placed.

As shoppers visit websites across multiple devices, the frequency of visits to luxury websites is up 24% with brands becoming a destination for shoppers and more accessible online. However, the average time per visit has fallen by 35% to 8.5 minutes on computers and decreased 41% to 7.9 minutes on phones. Increasingly, retailers need to inspire shoppers and direct the brand experience by using embedded content and tools that carry the brand message and set a clear call to action.

'APPY BIRTHDAY EBAY

As part of eBay's 20th birthday celebrations, the platform has released eBay 4.0, a new app for iOS and Android that creates an easier, more personalised way to shop and sell, and enables eBay's community to discover things that inspire them, anytime, anywhere. Some 59% of purchases made on eBay are touched now by mobile.

The new app is synchronised over iOS and Android to enable a unified shopping experience across channels. In addition, the interface includes three accessible at-a-click channels:

- Activity – lets users review items they are buying or selling in one location. While also allowing users to create a 'watch list' in which to keep an eye on products and those the user follows.
- Shop – The new design aesthetic makes it easier to browse, access items and shop, says eBay.
- Sell – the new app provides price recommendations, photo editing tools and product description feature processes to make selling easier.

"Our new mobile app reflects our commitment to creating great experiences for our buyers and enabling continued success for our sellers. Looking ahead to the next 20 years, our vision is for the world to shop on eBay first because we offer the best choice and most relevance, powered by the simplest and most profitable selling platform," said Devin Wenig, Chief Executive Officer, eBay.

DIGITAL RECEIPTS FOR MOTHERCARE

Mothercare has tweaked its already very successful app to offer a range of customer service functions led by digital receipts, but also including a baby namer, kick/contraction counters, a pregnancy week-by-week guide, a collection of lullabies, baby tunes and essentials lists.

Working with its app developer, NN4M, Mothercare has incorporated digital receipt technology from yReceipts that allows receipts from purchases made in store to be stored in the Mothercare app. The custom-designed receipts include product images that link to the product details within the app. Customers also have the option to send eGift Receipts to friends and family directly from the app and sales assistants will be able to scan in a customer's email address rather than having to manually enter it, eliminating the margin for human error.

The integration of yReceipts adds another layer of convenience to Mothercare's apps, allowing customers to access all of their in-store purchase history in one location at the tap of a button, rather than having to dig through their email inbox.

"Bridging the gap between online and in store is a huge focus for us as a business and we see mobile as playing a major part in this," said Chris Bertin, Group Mobile Commerce Manager, Mothercare.

Peter Williams: **A chairman's view**

Peter Williams has been on the board of many great retail names. Now chairman and non-executive director of a number of European pureplays, he shared his experience and views on the direction of travel for UK retail with delegates at the InternetRetailing Conference. *Emma Herrod* **caught up with him afterwards.**

WAY BACK in time, retail meant a market or bazaar that occupied one section of a town square alongside the church, school and government building. From these mainly niche stalls grew department stores but when these lost their appeal consumers started to turn back to niche outlets. These niche retailers have gone on to expand internationally.

The consumer experience has also evolved. In the past, if you were wealthy enough you would send your servants to do the shopping for you. The advent of department stores meant that for the first time people were able to browse many types of products all under one roof. They heralded the start of mass-produced ready-to-wear clothing rather than low-volume made-to-measure fashion.

Opening hours have progressed, too. When Peter Williams first arrived in London 40 years ago, shops in central London opened until 6pm, late night shopping was on Thursdays till 8pm and none opened for business on Sundays. John Lewis even used to close at lunchtime on a Saturday casting hundreds of people out onto the streets to go somewhere else to shop, explains Williams, something he was grateful for when CEO of Selfridges.

He adds: "Up until 10 years ago, the retailer was in control, dictating how and when consumers shopped. It's all changed now."

Today, the internet allows you to buy anything at anytime from anywhere. Consumers have choice and plenty of it. With multiple channels and multiple delivery points they don't care where the DC is located. "They want everything that's in the store and more besides," he says. "Consumers are now demanding the service that they want, such as John Lewis delivering their order to the local Waitrose rather than driving up to Oxford Street."

There's more of this to come, he believes, mentioning InPost locker boxes. "There are numerous numbers of these things evolving and the consumer likes having all this choice."

With time will come the ability to compare price on a wider basis. "Why should I pay £85 for something in Selfridges when it's $60 in Macy's and made in Vietnam," he asks. He thinks consumers will find the lowest price point and this will continue to evolve.

> "High street stores are having to pull out all the stops to attract people"

CHANGING HIGH STREETS

It presents a fantastic opportunity for internet pureplay retailers, like Amazon, Asos and Mister Spex and Boohoo.com, which Williams chairs. "For the rest of retail it's been a bit of a headache," he says. Retailers might be seeing pretty strong growth in their internet businesses year-on-year, but a lot of that is cannibalisation: "It's coming from their stores."

If you are a mature retailer it might still be quite difficult. If you were a fashion retailer wanting a nationwide presence 10 years ago, you probably would have thought you needed about 200 to 250 stores around the country and that would pretty well be it. Now you probably need only 100 or 150, plus an internet site, he explains. He adds that retail is fantastic when you're adding stores but if you have to cut them it's an extremely painful process: you have leases you're committed to, lots of employees and the infrastructure to support a 250-store chain when actually you need only 150. That's proving quite a headache for retailers.

The market is polarising. The top 1-100 retail locations nationwide are getting better but those ranked 101-250 are struggling to a certain extent. In these secondary areas the rents will have to come down or shops will remain vacant. That effect may encourage more people to start up their own business, thinks Williams. He adds: "It may also result in some stores changing use, to residential or leisure, because we simply don't need the physical retail space that we had 10 years ago – it's just not necessary."

He also believes that competition is increasing in these top 100 locations and the high street stores are having to pull out all the stops to attract people and give them a reason to visit them rather than buy online. Williams explains: "For those who do go to store, you have to up your game, make it a more interesting experience so that consumers choose your stores." This isn't anything new; what has changed is that people have massive choice as they can buy everything online and that is an added pressure on retailers to improve.

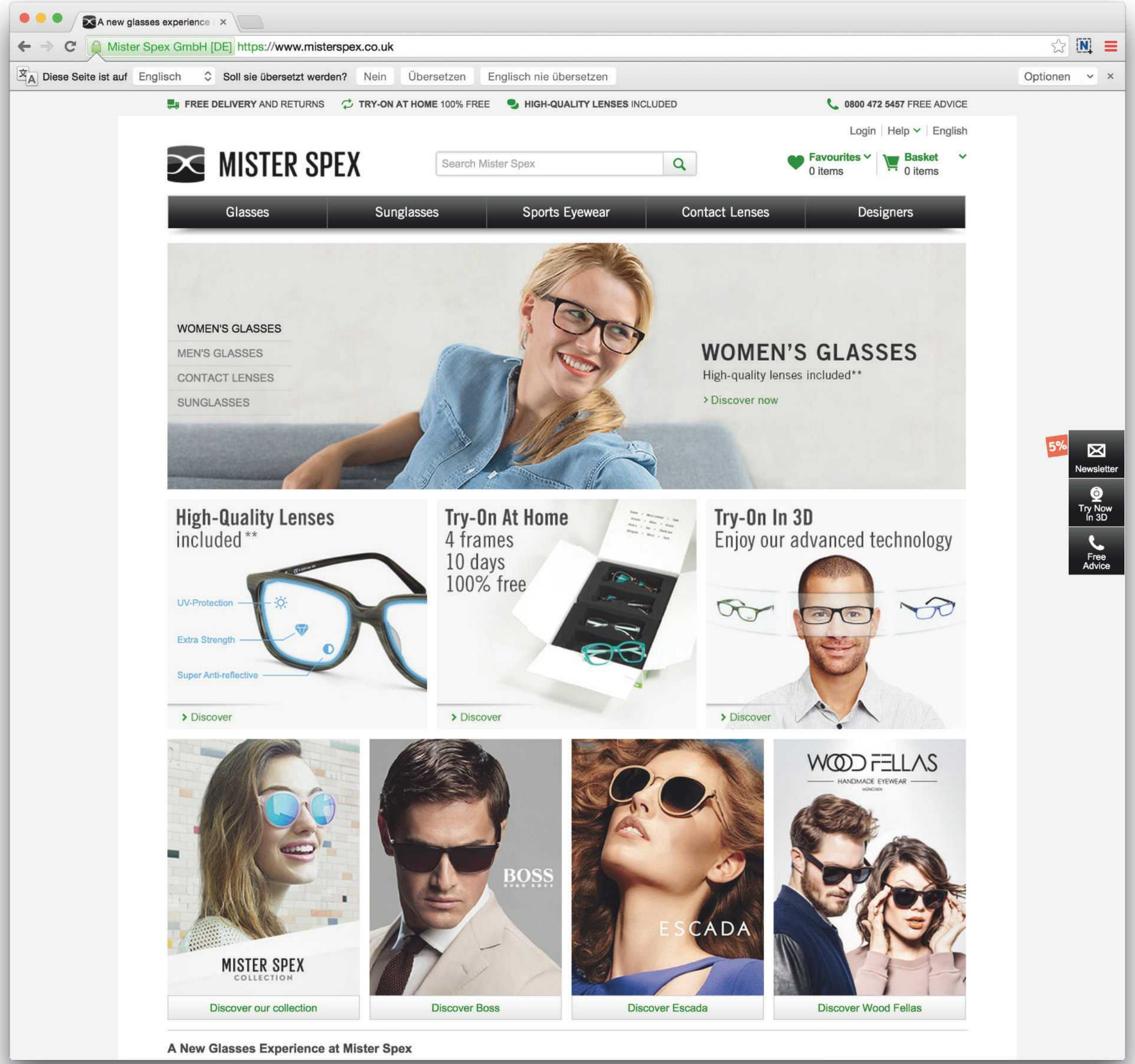
Consumers can also quickly work out why a retailer is failing: the store doesn't have a clear proposition, the place feels a bit dowdy, the products aren't interesting and there is no pizzazz. He says consumers get that message within the first 30 seconds of entering a shop and walk out never to return unless they know it's changed. He adds: "It's the hardest thing to do to keep that constant level of interest going and there's been some famous cases of companies losing the plot."

It's usually clear that the retailer doesn't know what differentiates it from others on the high street. "Once you become part of the back drop that's a recipe for disaster," he warns.

The top 100 locations – which include the capital's Oxford Street, Bond Street and Westfield London – remain pretty strong and vibrant.

Williams recommends retailers differentiate themselves from each other with a combination of pizzazz and technology, linking the physical store with the digital world, because stores often don't have a full range of stock. "That's annoying for the customer if they have to go home to order it," he says.

So, the answer can be to offer advice and online ordering in store via shop assistants with tablets, though Williams cautions against ▶



A New Glasses Experience at Mister Spex

relying on technological gimmicks that don't work. "People have to be realistic about the degree to which they use technology – use it in a sensible way," he advises. In addition, staff have to be completely at ease with using the technology so they can offer the maximum customer support. He also comments that store merchandising is like looking at a new flat; you want customers to be attracted by the space they can see around them. "That's a great opportunity for the store," he adds.

When it comes to monitoring customers' every move to mirror the analytics of online, he warns that retailers need to pick certain themes as it can be quite dangerous to be over-analytical. For example, it's great online to be able to show items that people may be interested in if they've already bought a certain product but people and their tastes change. If retailers make too many assumptions about the consumer in-store then that's dangerous too, he warns. For example, they may be buying a gift for someone or their circumstances may have changed.

THE BOARD

Retail is moving so fast and has moved so quickly, Williams says that retail boards "have to have a constant refresh". Even the digital skills of today will be out of date in 5 or 10 years.

In the past, the marketing director didn't need to be good with numbers and the financial director didn't need to be creative but now everyone needs to be in tune with digital, Williams says. In addition, he says the board needs to understand "the blackbox stuff, the analytics. You need the creative as well as the data as you know all of this stuff about people who are shopping with you and you need someone who can dissect this information and pull out the insights to maximise the opportunity. Data scientists are good but you also need people who can tell whether you have a good data scientist or not."

He comments that digital is a bit like a racehorse and the board has to loosen the reins a bit. "A lot of people are making the decisions and signing off on things. In the old bricks and mortar world, most of us moved up through the ranks so we knew how everything worked." Nowadays, Williams says you have to recognise the good people with the skills and fit for the business. Today's multichannel leaders are the CEOs of tomorrow.

His advice to them is "to be open to new ideas, listen to the customer a lot, make sure you go out and see things and try things yourself. You can travel to any part of the world to see stores and via the web you can look at anyone's website. You need that open mindedness because you're not going to think of everything yourself and a lot of what gets done is pulled from the inspiration that comes from the other places."

According to Williams, the key to success for all retailers – whether they are pureplay or bricks and clicks – is to have a clear and distinct proposition and focus on that and then "work like hell at it". He advises retailers not to get distracted by too many non-core things as they'll find they can't do everything all at once and they'll risk the proposition being blurred, and at that point they'll lose the consumer. He adds: "Be focused on what you stand for, what the customer gets when they land on your website and keep that to the fore."

When it comes to hiring a non-exec director, he comments that it's very important that the board has a mix of people with different backgrounds and attitudes and a broad range of views. It's then the chairman's role to bring them all together in a cohesive way.

MANAGING EXPECTATIONS

Peter Williams finds internet retailing exciting and says he feels privileged to be part of the new generation of companies doing groundbreaking things. "I like being around businesses like that which have a positive outlook on life and not having to deal with closing stores," he says.

He joined Boohoo as it floated in March 2014. The atmosphere both inside and around the company was very positive and it delivered dramatic growth which was forecast to continue. However, the company posted a profit warning in January 2015 before announcing 25% growth for the year to 28 February 2015. It had been forecast by the market to achieve 40% growth. "Relatively speaking, to most retailers 25% is a pretty good number but compared to what the market had been led to expect – the 40% number – that's a big disappointment," says Williams.

"It then takes time to build the confidence back up in the market and to get the share price back up. We're making steady progress on that; in September boohoo.com reported H1 figures up 35%.

Williams explains that this last set of results "were very good and if that continues we'll get back to the numbers that we promised but it'll take a bit longer to get there than we originally anticipated. The business is in good health, has its differentiated position and we're continuing to grow."

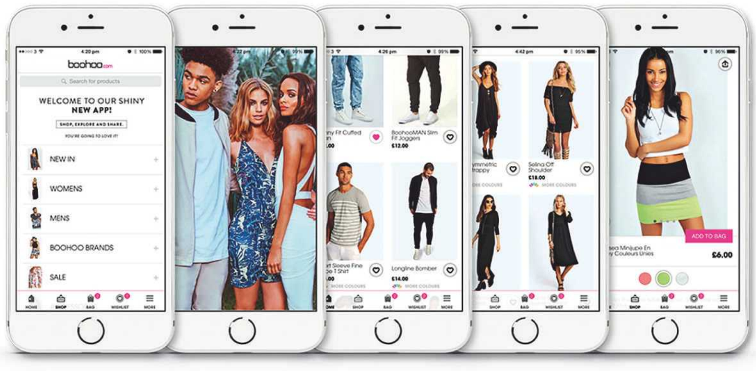
This is where the experience of a long-standing retailer such as Williams shows. In the case of lots of pureplay start-ups, boohoo being no exception, many of the ▶

> "Retailers differentiate themselves from each other with a combination of pizzazz and technology"

RETAIL CREDENTIALS

Peter Williams is Chairman of 2 online retailers – boohoo.com, a UK-quoted company selling young fashion, and Mister Spex, selling eyewear from its base in Berlin – plus the fashion brand Jaeger. He is a non-executive director at Rightmove, the UK's largest property portal; Cineworld Group, one of Europe's leading chains of cinemas; Sportech, owner of the Football Pools and an operator of gaming totes; and a trustee of the Design Council.

During his executive career he was Chief Executive at both Selfridges and Alpha Airports. He has also served on the boards of ASOS, Blacks Leisure Group, JJB Sports, the EMI Group, Silverstone, OfficeTeam, Erno Laszlo, Capital Radio and GCap Media.



people who run them have never been part of a public company and haven't had to manage expectations apart from their own. The only people who'd be disappointed if growth didn't continue apace would be themselves. "Once you become a public company it's a very different world," he says, advising: "Don't promise the earth. Always over-deliver if you possibly can and always keep your powder dry about how you are trading for as long as you can so you don't end up in this horrible situation where you disappoint the market."

He adds that it's always better to under promise and over deliver: if boohoo had told the market it would deliver 20% growth and achieved 25% they'd have been heroes. He says: "It's about using your experience to calm everyone down, saying business is doing well and managing the expectation down so that you overshoot them, rather than having a problem where you undershoot so that you don't get your name in lights but attract negative publicity."

When it comes to an IPO, Williams says it is important to make sure you have good advisors, including a carefully chosen advising bank: "Having good quality advice is really, really important."

> "You have to keep infrastructure up to the same speed and in line with growth"

He's been involved in a number of business transformations where balancing daily trading is key. He says: "It depends on what the situation is overall that the company is in. Pureplays started out life with fast growth and an ever-changing back drop and they are young enough and fleet of foot enough to be able to cope with change. What they have to watch out for – and it's something that we were conscious of at Asos and is true at boohoo as well – is that you have to keep infrastructure up to the same speed and in line with growth. What I mean by that is, in the old days, if you have 100 stores and open another ten you know roughly what the economic size of the new entity of 110 stores will be. On the web, though, if you open up a dotcom you do not know how much business you'll do or the degree of traffic you'll attract. Some days traffic will be up 100% and on others it could be 10%. What's important is that you don't upset the customer when they first come to you."

Williams also comments that everything has to work well at the front end so it's attractive to the customer; the back end needs to work well so that it's easy for customers to pay and their order arrives in a reasonable time frame. When you're dealing with a fast growth business where you can't actually predict precisely what that growth will be, making sure that the warehouse is the right size, that the payments system works smoothly enough, all these sorts of things have to keep pace with what's happening at the front end. He concludes: "You don't want to restrict the opportunity for the business simply because the infrastructure isn't keeping up with demand."

Cloud Commerce:
The Future of Retail?

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59%
BELIEVE IT WOULD DRAMATICALLY INFLUENCE THE DEVELOPMENT OF THEIR BUSINESS

75%
SAY THEIR MAIN DEVELOPMENT AIM IS TO KEEP UP WITH THE LIKES OF AMAZON

59%
THINK THE CLOUD LEVELS THE FIELD BETWEEN ECOMMERCE TITANS AND EVERYONE ELSE

Cloud commerce is changing how retailers do business - introducing business advantages that allows smaller retailers to better compete with their larger peers without the previous cost, time and infrastructure challenges they previously faced in doing so

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Bronto
Commerce Marketing Automation

Get Savvy About Mobile in 2016

By Saima Alibhai, Client Services Manager, Bronto Software

IT WASN'T that long ago that you either shopped online or you shopped in a store, but mobile devices are obliterating those boundaries. Shoppers visit the store and check out the same product online, they park items in a shopping basket from their desktop and check the purchases on their phone while they commute to work. But they aren't just browsing. Consumers are increasingly buying via mobile devices – 24% of UK online order share comes from a phone.

This means a couple of things. Obviously, retailers need to get mobile right. They also need to understand how mobile changes the shopping experience. And multi-channel retailers need to pay particular attention to other ways of engaging mobile.

As you get ready for 2016, ask yourself these questions:

Is my site mobile-enabled? This is not just about search engines that favour mobile-friendly sites in rankings. The prime reason is to make shopping on a mobile device easy. This starts with having emails that can be easily read on a mobile device and extends to ease of payment via a smartphone. And this isn't about investing in an app, unless you sell something that people order repeats of daily or weekly, such as coffee or pizza.

Do I understand basket recovery? Many shoppers use baskets as tools to transition between devices or to view saved items whilst in a store. Baskets per shopper increased 13% in Q1 2015 year-over-year, and the overall number of baskets created was up 22% globally. You need a plan for emailing customers that park items in a basket. Basket recovery techniques don't necessarily require some sort of discount offer – the email can be a personalised reminder or one that suggests similar items.

Can I sell to Millennials without responsive mobile design? If your product mix is designed to attract Millennials and you aren't making headway in gaining budget for mobile enhancements, try Googling Millennials and smartphones. Last year, 90% said their phones never leave their side. A Zogby Analytics survey showed that only 41% of Millennials continued to pursue a purchase when they couldn't do it via their mobile device.

Is it time to use a social "buy button"? YouGov and Bronto Software commissioned a survey on this topic in 2015 and found one-third of UK consumers (32%) polled said they're ready to buy via social media. While younger age groups are eager to buy, households with children and those aged 35-44 years old also show keen interest in shopping via social media. Men are more enthusiastic than women. The items that launched the ecommerce buying trend – books, DVDs and CDs – are the items that respondents said they are most likely to buy via social media.

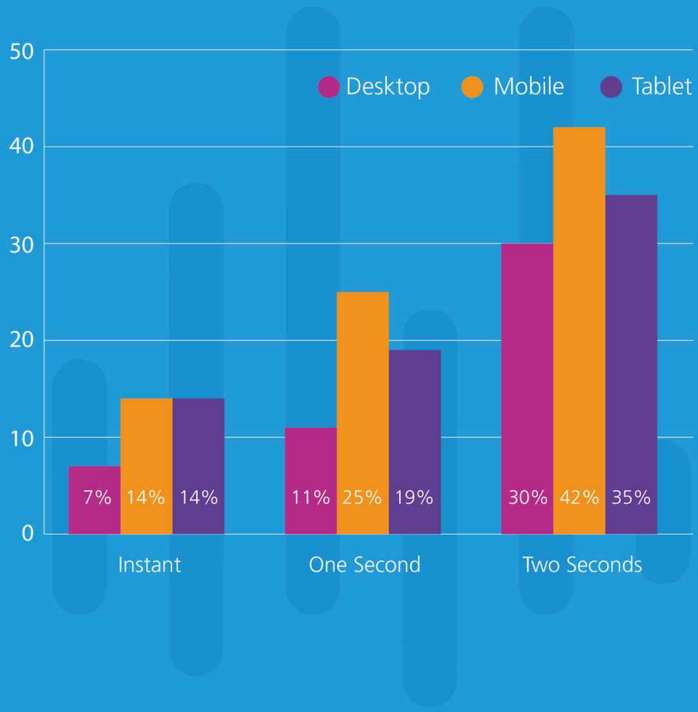
Multi-channel retailers have some additional items on their mobile to-do list, starting with whether to invest in beacon technology, devices used in a store to communicate with nearby smartphones via Bluetooth. While retailers have mulled how to use it, from pinging customers with an offer as they get near a store to studying shopper behaviour in stores, compelling use cases are rare. At this stage, beacons are more hype than reality. Will it always be this way? No. But they aren't a must-have for 2016.

What multi-channel retailers should focus more energy on is using mobile to enhance the in-store shopping experience while connecting it to the online one. Do your sales associates have tablets that can quickly and effortlessly find an item in a different color or size for customers and figure out the fastest way to get it to them? And is the data from such an encounter used to personalise email messages? That is worth investing in.

M-commerce round up

Akamai, Criteo, John Lewis, OC&C and Twenga have all released research recently into mobile shopping behaviour. ***Emma Herrod*** **shares some of their findings.**

E-COMMERCE CONSUMERS PAGE LOAD EXPECTATION BY DEVICE



Source: Akamai

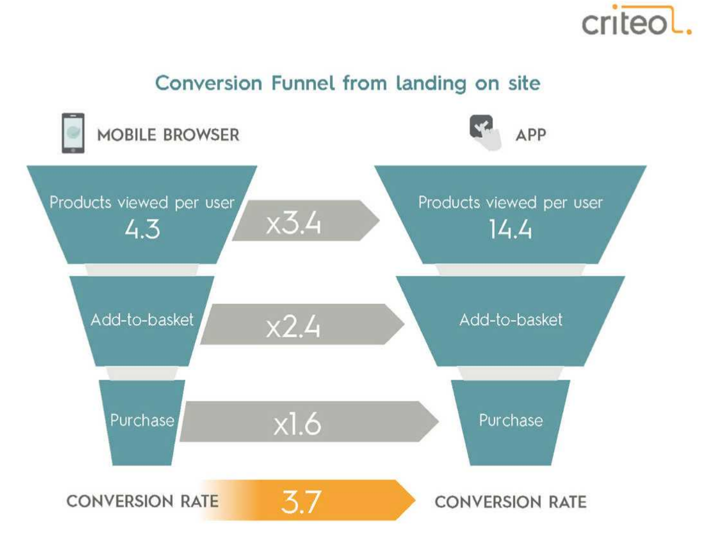
THE WORLD'S largest ecommerce markets – the UK, US, China and Germany – are expected to double in size by 2018 to £645bn, adding £320bn to the ecommerce economy, according to research by OC&C Strategy Consultants, PayPal and Google. This doubling in trade will be driven largely by the rise of mobile shopping which is growing fast in Germany, the US, and particularly in China, where many consumers are skipping the desktop phase entirely and leapfrogging straight to mobile. Consumer research undertaken as part of the study revealed that 75% of Chinese consumers shop on mobile. Meanwhile, PayPal data shows that in the US 45% of online fashion transactions now take place on mobile, up from 29% in 2013.

The report also highlights the level of cross-border trading with Britain revealed as the most popular online overseas destination for German shoppers, and the second most popular in both China and the US. What's more, when shopping for UK goods online, Chinese and German shoppers are more valuable than their British counterparts, spending on average 2.7 and 1.7 times more in each transaction. In fact, Chinese shoppers purchase from UK retailers online almost as frequently as domestic shoppers do.

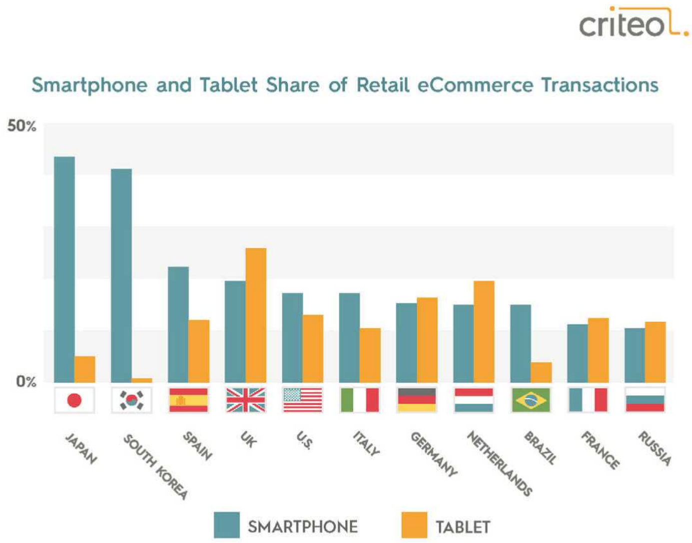
Martijn Bertisen, Sales Director at Google UK comments: "A mobile-first or even mobile-only strategy is now imperative to international success in retail. UK retailers should be well positioned to lead this growth internationally, as UK consumers are already amongst the most mobile of all."

One such retailer is John Lewis which reported that today's 'expert shoppers' have no issue with multi-screening and interchanging their phones, tablets and PCs to suit their needs. Mobile accounted for 60% of traffic to johnlewis.com in the past year with mobile revenue growing by 68%. "This channel has not yet reached peak usage and ongoing developments will make the experience even more engaging," according to its 2015 'How we shop, look and live' report.

Highlighting UK shoppers' love of mobile, mobile users buy the most frequently by a significant margin, double the frequency of desktop users and 10% more than tablet users, according to research by Akamai. Its 'Performance Matters' report found that nearly half of UK mobile users purchase a product weekly. This represents a higher mobile buying frequency than the US, France, Germany and Japan.



* Definition: Retailers that have over 25% of eCommerce transactions on mobile. Of those mobile transactions, more than 10% are from mobile apps.



"We have seen that UK consumers are quick and decisive in their buying habits, and that mobile and tablet users have high web performance expectations, even higher than users on desktop," says Alex Keith, UK & Ireland Regional Sales Manager at Akamai. "Despite the convenience of mobile and tablets, they are still disappointed with performance on these devices and 'prefer' the performance and functionality of desktops. It is a clear message to ecommerce retailers to deliver fast, secure, reliable web experiences regardless of device or location."

Meanwhile, Criteo's '2015 Q3 mCommerce Report' shows that mobile commerce activity overall is growing worldwide with mobile devices now accounting for 35% of ecommerce transactions globally. Japan, the UK and South Korea are the largest markets.

It also reports that early investment in apps is generating significant payback for companies that prioritised the platform. In the worldwide retail category, brands that make their app experience a priority generate nearly 60% of mobile revenue from the app, up from 50% in Q2 and heavily outperforming desktops. For travel brands that make their apps a priority, about 50% of mobile revenue comes from the app.

Of the 1.4 billion online transactions analysed by Criteo, some 50% of purchases worldwide now involve multiple devices throughout the buying journey.

Looking specifically at Europe, a quarter of all ecommerce traffic is now coming from mobile devices, believes Twenga. Its analysis of traffic data from 4,000 retailers across smartphones, tablets and desktops in the UK, France, Germany, Spain, Italy, Poland and the Netherlands found that while the UK has the highest share of mobile traffic, Spain has the largest percentage of clicks from smartphones, with the Netherlands having the highest percentage for tablets.

'Kids & Baby clothing and equipment' is the top category on smartphones, representing an average mobile traffic share of 31% across all seven countries, while tablet devices are used to shop for items for the home. 'Furniture' is the most popular category on tablets, where an average of 17% of traffic in this product category is on tablet devices. Desktops, however, are used to compare technical products with 72% of traffic for 'Supplies' 'Garden and DIY' and 'Computers', taking the top three rankings for traffic from desktops.

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 HMV.

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
Tesco	76.5/100
Argos	75/100
IKEA	75/100
Topshop	70/100
Very Exclusive	70/100
Fortnum & Mason	70/100
Oasis	66/100
Google Play	60/100
Boots	59/100
Majestic Wines	56/100
HMV	51/100
J Crew	50/100
Morrisons	27/100

RETAIL STRATEGY 15/25

JOE TARRAGANO, DIRECTOR, TRANSFORM

Few would have been surprised when in 2013 HMV went into administration. It was a business with a big, under-performing store estate operating in a category that was being structurally assaulted by digital, the grocers and Amazon. However, 18 months later it's profitable, has proudly restored its place on Oxford Street and has overtaken Amazon to become the UK's #1 retailer of physical music.

Prior to its collapse, the HMV team had a vision of what success could be. It pictured a diversified business where music sat at the heart of an experience proposition; a visit to a concert would trigger an exclusive emailed preview of the band's new single and a promotion code ahead of its general release. A vision built on being an authority in entertainment categories, where a curated, broad range is delivered online but more importantly through an experiential retail environment, feels credible. Now that HMV is operating from a more robust store estate and is strengthening its authenticity, we may see it continue to build its sales growth. That would be music to the ears of its rescuers Hilco.

WEB EFFECTIVENESS 13/25

NICOLA DUNLOP, USER EXPERIENCE ANALYST, USER VISION

HMV has much to improve on, especially around the information architecture and navigation across the site. Although it has caught up with the notion of downloading music, it is still within a separate section and needs to be further embedded.

Over and above this recommendation, HMV must recognize the power of music streaming. One only has to look at the success of sites such as Spotify, Last FM, Tidal and Apple Music to notice that these services are now dominating the market. Therefore, to ensure that HMV's history does not repeat itself and that it remains a key contender within the music retail space, the next logical step for the brand should be to develop its own streaming service. This should be present within its sites and stores to create a seamless service experience that matches growing user behaviour and expectation.

MOBILE 9/25

ROB THURNER, MANAGING PARTNER, BURN THE SKY

Three months after HMV went into administration, restructuring company Hilco bought 144 of the shops. The entertainment brand went on to record £16.7m in operating profit between January 29 and December 28, 2013. More recently, HMV regained its crown as the UK's top music retailer from Amazon.

From a digital perspective, since its restructuring the entertainment retailer has:

- Overhauled the editorial-led HMV.com responsive website, including loyalty scheme purehmv;
- Launched music download service HMVDigital.com and accompanying app HMV Music in a bid to go toe-to-toe with iTunes;
- Relaunched its ecommerce site Store.HMV.com following a two-year hiatus.

Today there's integration between HMV's various digital offerings – though a ropey user experience makes it feel like a work in progress. Given the retailer's other achievements over the last three years, perhaps that's unsurprising.

HMV has done an admirable job in turning its fortunes around since its early-2013 troubles, but the chain's various mobile offerings have a way to go before troubling the digital big boys. Just for starters, our priority list would include additional integration, a UX rethink, design continuity and some ecommerce TLC.

INTERNET RETAILING IN STORE 14/25

MARK O'HANLON, SENIOR MANAGER, AND PETE BROWN, BUSINESS ANALYST, KURT SALMON

Given HMV's success in regaining the number one position in the UK's physical music market earlier this year, the store experience is slightly overwhelming. It's surprising also that there is no opportunity to interact with online while in store. Yes, customers can try out multiplayer gaming but the whole experience could be lifted through a personalised mobile app or the utilisation of large scale interactive kiosks. If an item is out of stock in store, it is possible to place an order via a member of staff, for collection, but only from the store. A few adjustments to the mobile experience, such as redesigning the app with in-store personalisation, could easily reinforce HMV as the standalone multimedia player on the UK high street.

Digital Age(ism)

As our industry matures so, obviously, do many of the people working in it. How do we protect the digital age from 'digital ageism'? A 'mature' Ian Jindal considers.

AT THE recent InternetRetailing Conference we reflected upon the growth of our industry and the transformations in retail driven by ecommerce – and upon the transformations to come. I was struck that the language of change and disruption had in many areas started equating youth with change. Several eminent speakers – when talking of their drive to embed digital thinking within their executive boards – were focused on bringing in "young people" to lead the transformation.

Now, it's a long while since I've been called 'young' (without sarcasm) and so perhaps I'm sensitive to age-related matters. However, I've long written in this column about the digital attitudes and skills needed throughout the organisation. I have not previously considered these skills through an age-based filter.

There's no inherent benefit of youth that is not also a benefit of age (energy, vitality, skin elasticity, daring); and no benefit of age that doesn't also enhance youth (experience, wisdom, expertise, practice, perspective). Even listing these attributes shows how trivial is their allocation to life-span.

Where a board seeks a "young person" to "be digital" then it's a sign that the existing members feel themselves not to have understood or embraced digital working and opportunity and they're 'in-sourcing' it to a colleague. As I mentioned last issue, it's inconceivable that a Marketing Director would eschew numeracy, and boggling were a CFO to claim not to understand customers. All senior people need to embrace and deploy expertise across many domains simultaneously.

It's true that many of the disruptive changes we see in our business apply to younger customer segments: those millennials whose life has been post-digital and whose peers reinforce and amplify digitally-enhanced experiences and expectations. Theirs is an important voice economically, now and for the future (until the next disruption, of course). That behaviours are 'observable' in an age group does not make that group the best interpreters of those behaviours. Equally, no one member of a cohort should have to carry the weight of representation – that way lies sexism, racism and other corrosive forms of thinking, generalisations and false equivalences.

A modern, multichannel board needs to be as blind to age as it is to gender, race, ethnicity and gender identification. This is not a liberal point, but a rational one. A person's worth needs to be judged on performance and contribution, not the attributes above.

The digital skills – of experimentation, flexibility of perspective, test and optimise, responsiveness and creativity – need to be found in your CMO, CFO, CEO, Brand Director and Chair irrespective of the age or gender of each. Equally, the ability to synthesise and build on experience, the ability to change position in response to facts not prejudice, to develop deep expertise in multiple areas, are useful skills after a lifetime of experience or in one's second job.

Some skill areas are new. When I trained as a Chartered Accountant many years ago (a bit of a shock after an English degree) there was no role of Ecommerce Director, no CIO, no Digital Marketing Director. Role-holders in these new skills are often younger since they've created the role and the capabilities based upon new digital technologies. Their young age should be no bar to Board membership. Equally, older age should not preclude a flexible, learning, curious embrace of digital (after all, consider how many revolutions and transformations an older Board member will have survived and exploited). There are two dangers of having a 'board member responsible for new stuff': the first danger is that the board as a whole shirks its responsibility to acquire skills; the second is that the tenure of the new board member is limited by the period their colleagues remain clueless.

As we seek to embed digital capability, thinking and performance throughout the organisation we must do so in a fashion that is rigorous, open and performance-focused. This requires us to develop clear performance metrics and development plans for the new digital skills, as well as focusing upon the transfer, adaptation and development of existing 'traditional' skills.

As the digital age matures, so too must our adoption of the required skills and behaviours. There is no place for 'isms' within the leadership of our multichannel businesses, just 'ility' - ability, flexibility, agility. Winning organisations will show that the only basis for discrimination is talent and capability within a structure that's open to all to succeed.

What do you think on the topic of board-level talent and leadership? We'd love to hear your views. Contact ian@internetretailing.net

Thriving through innovation

For retailers who want to thrive and grow digital innovation has to be at the heart of their business, but embracing digital innovation both online and in store and blending the two seamlessly is crucial for success. Research Editor *Liz Morrell* shares the findings of InternetRetailing's latest research report, sponsored by Delphix.

THROUGH A combination of retailer and consumer surveys and in-depth interviews we sought to understand and analyse leading retailers' attitudes and actions in the field of digital innovation to find out what it means, what its challenges are and how retailers are using digital innovation to embrace the changing needs of consumers.

Retailers realise its value since an overwhelming 92% of retail businesses told us it was either vital or very important to them in our survey with nearly two thirds (64%) rating it as vital.

For consumers it's a subtler approach. Although many of our interviewees said that they didn't think their customers were interested in innovation per se – preferring an easy shopping experience to bells and whistle technology – our UK wide survey, which surveyed more than 200 consumers aged from 18 to 65 years, found that more than half (53%) of consumers said that they would be put off by shopping with a retailer that appeared to be slow to innovate.

They cited ease of payment, navigation and delivery as their key priorities with two thirds (66%) of consumers saying that innovation when shopping online for them meant that payment was quick and easy. The second biggest priority for consumers was ease of browsing and searching for products, followed by delivery tracking and communications.

Defining digital innovation for retailers however can be tough since for some retailers they define their approach to innovation as to whether they have yet adopted technology or practices that nearly everyone is currently using – such as click and collect.

Yet, it's about a more intrinsic change to business than that. Jack Smith, Digital Director at New Look, comments: "It's around rethinking what we do today but in a way that works better and is smarter – it's not necessarily about introducing new things".

Tom Murrell, Web Development Manager at online tile retailer Walls and Floors, says it can have huge benefits in winning customers. "It's something that sets you apart from the crowd online, captivates your audience and makes them stick around or come back wanting more," he says.

Retailers generally realise the benefits this can bring since the most popular reason given by retailers for their investment in digital innovation was to drive revenue growth (71%) with customer demand the second most popular reason at 60%. Retailers are reacting to changes in customer behaviour by focussing their digital innovation efforts most heavily on web and mobile (both at 77%).

CHALLENGES

The report showed that retailers were confident of their position as innovators too. Just over one in five (21%) claimed to be leaders in innovation whilst just over one in four (26%) said that they were part of the leading pack of retailers in terms of innovation. More than a third (35%) said that they were fast followers.

More efforts and resources are being put into digital innovation although budgets remain a major headache with nearly two thirds of those surveyed in our report (64%) saying that budget is the biggest IT barrier that they faced in terms of digital innovation.

Retailers want to invest with nearly a third (32%) significantly increasing investment and more than half (55%) increasing investment cautiously. Investment is going on new tools for 58%, internal staff for 55% and infrastructure modernisation for 53%.

Unsurprisingly, it is the challenges of infrastructure that hamper the ability of many companies to innovate. The difficulties of dealing with legacy systems remains one of the biggest headaches when looking to digitally innovate and has to be coupled with a cultural and process change at businesses too, which makes it an even harder challenge to overcome.

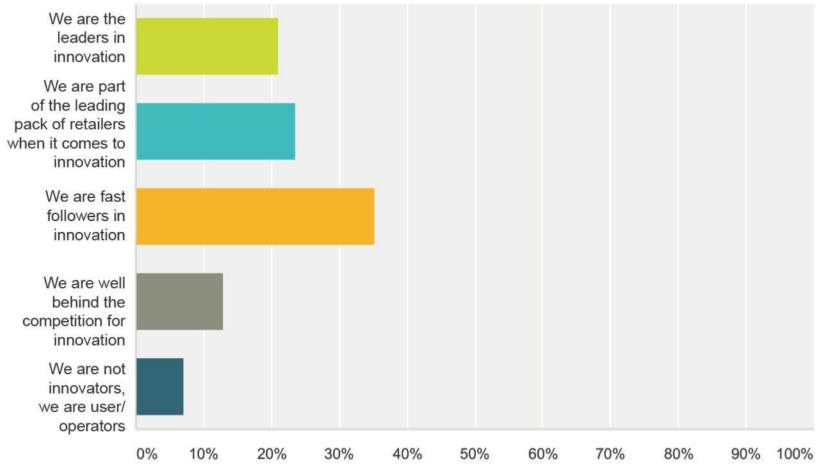
The report looked at the move towards agile environments, continuous development and a DevOps approach to IT that is helping to generate faster, more effective change than ever as retailers look to speed up their development cycles. Half of retailers said that they operated on a monthly release/update cycle whilst just under a third (31%) worked on a once a quarter or less update cycle. Only 8% were managing weekly updates and 6% daily. This is something that needs to change – especially as retailers ramp up the number of platforms that they are developing for as well as negotiating a move to a smoother, cross-device experience for customers.

"It doesn't matter if you are a traditional retailer or a new one, the need to provide continuous delivery on key customer facing applications is becoming the norm. Once a quarter or even once a month are no longer the desired state… daily and weekly are the new industry benchmark," says James Spafford, Director of Northern Europe at Delphix.

Some retailers are realising the value of a DevOps strategy, where the development and operations teams work more closely than ever, with 20% of respondents already using the DevOps philosophy in some specific projects and 15% using it across their organisations. Nearly a quarter (23%) were investigating the potential of DevOps.

"IT methodologies designed to increase the efficiency of software development such as Agile, DevOps and Continuous Delivery are helping retailers speed up the development process, but getting the right data into the right hands at the right time is a major bottleneck to agility and speed, and of course innovation," says Spafford.

How would you assess your own organisation compared to the competition?



> "Just one in five retailers claim to be leaders in innovation"

As well as relooking at how they manage their data and IT strategies many retailers are also investing in innovation labs – from Argos to Boots, John Lewis and M&S – as they seek to reinvent how they do business. Their strategies are investigated more fully in the report. Such labs – whether part of the retailers' business or a partnership approach – allow retailers to isolate resource and introduce change at a far faster pace than the rest of the business is traditionally used to whilst also ensuring that focus does not shift from the core day-to-day business of retailing.

Others are rethinking their structures at a more fundamental level however. The adoption of a "radical agility" focus at Zalando for example, has seen a complete shift in how the company's technology team operates with increased individual ownership driving innovation and change faster than ever. It's an approach not without its challenges but six months into its adoption it is providing good results and a hunger and passion for digital innovation now that its tech team have been given greater responsibility for it. You can read more about the retailer's radical agility approach in the case studies section of the report.

The 2015 Digital Innovation report proves just how important digital innovation is to retail success today. It's an area that is changing fast and retailers have to keep up – not only in terms of the practicalities of what they are doing but also their ability both as a business and culturally to adopt change. The 2015 Digital Innovation report also includes more than 15 in-depth retailer case studies – including the likes of New Look, Shoes of Prey, Shop Direct, John Lewis and Starbucks.

The customer dimension

The customer has InternetRetailing's full attention in the latest IRUK 500 Performance Dimension Report. In this, we're in tune with the retail zeitgeist as we consider whether there's a gap between retailers' good intentions and what's actually being achieved here. Customers, after all, don't judge retailers on what companies are trying to do, customers just want great service.

IRUK findings for

CUSTOMER SERVICE

IRUK researchers asked retailers a series of simple questions via a variety of channels:

1 SOCIAL IS FASTER

Faster responses represent better service, and 28% of IRUK 500 retailers respond on Twitter within an hour, compared to just 15% via email

2 EMAIL IS MORE RELIABLE

Three quarters of IRUK retailers respond to emails, but if a question over Twitter isn't answered quickly, it's rarely answered at all

3 PHONE CALLS ARE SUCCESSFUL

Of all the channels tested, phone calls to retailers led to the highest rate of resolution, with an 83% success rate

Retailers trying to encourage customers to use less costly contact points than call centres would do well to address the speed and helpfulness of social and email channels

THE CUSTOMER Dimension report is largely focused on measuring retailers by what they do. We've assessed whether site speed meets customers' expectations. We've measured how efficiently customer service operatives respond to shoppers' questions and concerns. Our findings so far are largely encouraging. We've found some remarkable individual performances and, on the whole, we've found the performance of IRUK 500 retailers meets or exceeds expectations. However, it's worth noting that some retailers are even now performing well below the standard required.

This is crucial because the new emphasis within the industry on customer-centred retail isn't going to go away. Instead, as digitally driven cross-channel retail becomes embedded, the new normal, customers will expect to be served in ways that suit them. Retailers that fail to meet the required standards will not survive in a world where customers have almost infinite choice.

When retailers build businesses around their customers' wants and needs, traders find that new priorities begin to emerge. It becomes important to find out both what customers expect, and how customers behave when they shop. Thinking about consumers in this way means that traders start to meet expectations of speed and efficiency, delivering response times across all areas of customer service that not only keep existing consumers loyal but impress new and potential shoppers.

In this IRUK 500 Dimension Report about The Customer, we've kept our focus sharply on the customer, mapping how leading retailers currently understand and serve shoppers, as well as how service is adapting and changing in response to buyers' behaviour. The influences of new technologies, new kinds of retail services and wider social changes all play in here.

The idea that putting the customer at the centre of retail shouldn't be revolutionary. Leading retailers have long done this. Your local corner shop owner, who takes careful note of which of his regulars buys what, has long done this. So why has this simple and apparently long-established idea proved to be such a recurring theme in this Dimension Report?

One reason is that, in an era of instant digital communication and social media, customers have become less patient. To a customer who has grown up with the world wide web as a part of day-to-day life,

7 out of 10

consumers are satisfied with live chat interactions — the highest of any channel

But just 42% of retailers support live chat*

Source: IRUK 500 research combined with the *Customer Service Benchmark* (Nov 2013) by eDigitalResearch
*Study included the largest 150 IRUK retailers

24 hours waiting for a reply to an enquiry seems like an eternity. Despite the best intentions, some retailers have failed to catch up with this new reality.

Retailers really can't afford to get left behind here. Mike Petrook of The Customer Service Institute's ideas, as shared in the report, about retail models where there's much more of a flow of information between businesses and customers is compelling. If companies can't even reply to a tweet in a timely fashion, how can they expect to compete in an omnichannel future where companies make use of data in more and more sophisticated ways?

If that seems negative, let's end on a positive note. As the Dimension Report notes, the IRUK 500 is made up of retailers operating desktop websites that are faster, slicker and more responsive than 10 years ago. Looking a decade down the road again, who's to say the 2025 IRUK 500 won't be filled with retailers that put the customer at the heart of what they do, and which do this in ways that are only just beginning to emerge now? Will today's 'Elite' retailers – Burberry and Schuh – still be in the same class and what of Amazon UK, Ebuyer, Majestic Wine, Morrisons and Moss Bross who are 2015's 'Leaders'?

> "In an era of instant digital communication customers have become less patient"

Going forward, we will continue to monitor and assess the customer service offered by top retailers, adding new measurements as customer behaviour changes, and as new technologies and channels emerge. Integral to our research will be to see whether retailers effectively scale customer service and customer experience initiatives. These assessments will be objective, based on original work and hard data, but we will also seek to present our research in the context of wider developments within the retail sector.

We would particularly welcome the input of industry professionals here. What are the measures that you most value in assessing customer experience and customer service? What new developments will be important here? Are there interlopers ready to shake up the established order here? Please do get in touch with your ideas and thoughts as we turn our attention towards 2016.

The following guest article has been written for InternetRetailing by Guy Chiswick, Managing Director for Webloyalty, Northern Europe. Webloyalty is a leading online savings programme provider, working with over 200 retail and travel businesses internationally to help them build stronger, more profitable relationships with their customers.

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The new world of m-commerce

Conlumino and Webloyalty recently conducted research into the beliefs and behaviours of the mobile consumer. *Guy Chiswick*, **Managing Director of Webloyalty Northern Europe, shares the findings.**

THE GROWTH of mobile devices has been one of the most important developments in retail over recent years. With almost two thirds of the population now owning a smartphone, it's never been easier to browse, compare or buy with a mere click of a button or swipe of a screen.

Webloyalty, worked with retail analysts Conlumino to examine current consumer behaviour and attitudes to mobile shopping and we discuss some of our findings here.

The new mobile culture has had a dramatic impact on the retail industry and whilst we are no longer at the beginning of the mobile age, the landscape is continually evolving. In 2014 alone it was estimated that approximately 3% of all retail sales by value were made via a mobile device. That figure is set to rise to 9.1% by 2019, representing sales of just under £32bn. This, when compared against an overall retail sales growth of 8.1% over the same period and predicted online growth of 44.5%, make mobile the fastest growing retail segment.

In fact, 90.2% of smartphone owners have used their devices for at least one aspect of the shopping process. With device penetration soaring to new heights, forecasts predict that by 2019 the mobile channel will take the equivalent of over thirty thousand physical stores. Inevitably, retailers are going to have to evolve their in-store offering to cater for this new breed of shopper.

> "By 2019 the mobile channel will take the equivalent of over 30,000 physical stores"

So, who is this new online consumer and what shapes their purchasing decisions? The younger generation who have grown up in a mobile era are certainly leading the way when it comes to spend – consumers aged 25-44 accounted for almost 51% of all spend made via mobile last year. This is set to grow to 58% by 2019, driven primarily by growth in the 35-44 age group.

The 65+ segment, who historically have been reluctant to adopt the latest mobile technologies, are also now beginning to embrace it more readily, with penetration rates up over the past decade. However, they are still some way behind other age groups and account for just 4.1% of all mobile spending in 2014.

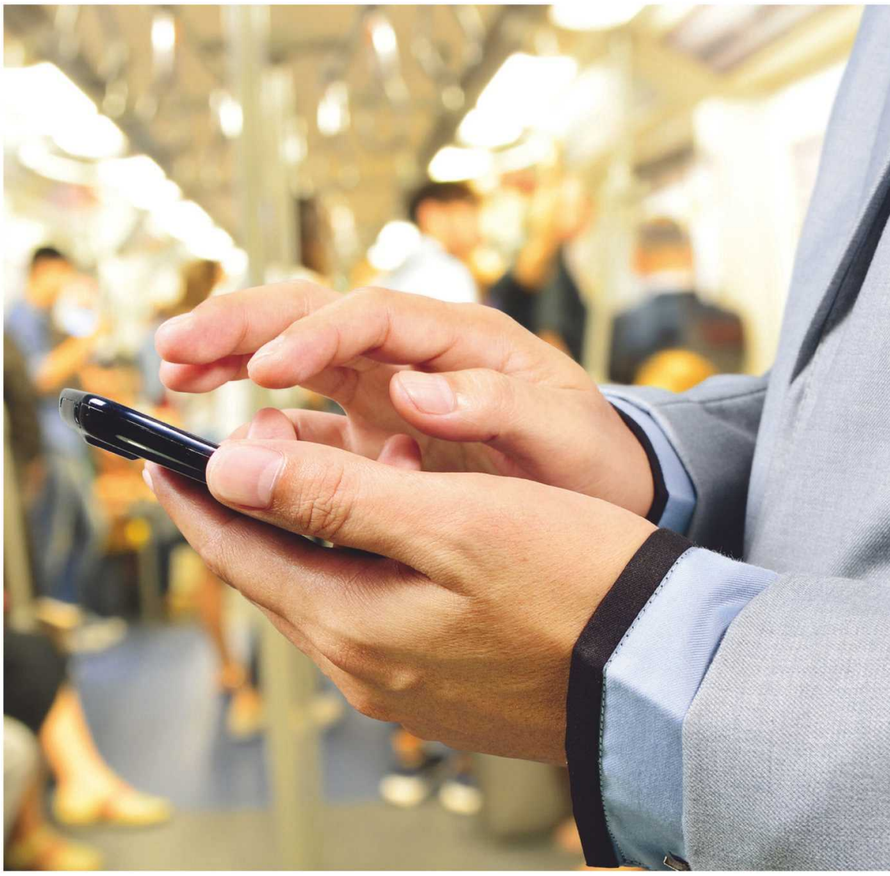
MOBILE AT HOME

Despite the growing popularity for mobile shopping there is, ironically, still a notable lack of enthusiasm for shopping while 'on the go'. This is compounded by the fact that most consumers who browse whilst on the move and find something they wish to purchase, choose to make the purchase at a later time. This is mainly due to slow connection speeds, screen sizes and poorly optimised websites, which make it difficult to complete transactions.

In stark contrast, 1 in 8 shoppers prefer to shop on their mobile device while at home. Some 59.6% admitting to doing it in front of the TV – many during the peak viewing hours between 8pm and 9.59pm. Frequent weekly purchases tend to be groceries, where consumers can shop on the go and build and edit their orders; and entertainment where consumers can click and download instant films and music etc. which they can play there and then. Typical transactions made via tablets tend to be less than £39 (57.8%).

Mobile has also proven a popular platform for spontaneous purchases with 43% of people having made a purchase on a mobile device as a result of seeing some type of marketing. Unsurprisingly, TV advertising (16.7%) is one of the most popular drivers to purchase, along with online adverts (11.2%).

The majority of consumers that have admitted to making spontaneous purchases have done so via the retailer's website, enforcing the notion that retailers really do need to think about the overall shopper journey from marketing to online purchase and the functionality of their websites.



CHECKING OUT

Despite the overwhelming popularity of mobile shopping there are still a number of barriers surrounding how secure the process is, with 22% of consumers admitting to not liking paying for products via mobile and a further 22% not feeling secure when shopping via mobile.

The process in itself is also perceived as being 'fiddly', with concerns over devices or websites allowing consumers to see the products clearly (15.5%) and providing a true feel for what they are purchasing (12.8%). Mobile technology also lacks the engagement that an instore experience provides with 11% of consumers wishing to have personal contact when they shop. Ironically, 11.6% of consumers also feel that shopping via mobile takes too long, with a further 9% complaining that entering information details can be a rather arduous task.

While mobile shopping still faces its issues, there is little doubt that it is here to stay and plays a key role in direct and indirect sales, bringing with it a wide variety of opportunities for retailers. The development of Click and Collect has demonstrated that online can help to support the survival and facilitate the growth of shops. Indeed, with almost three-quarters of consumers using their mobile while out and about, there are a number of ways that mobile can be used to enhance the in-store experience.

Increasingly retailers are looking to be more targeted with their promotions to help them stand out from the crowd. Location-based marketing is one way of doing this and is a relatively low cost way for retailers to reach consumers directly while they are on the move. It can be used to increase the efficiency of the multichannel process in-store by triggering the picking of click and collect orders and speeding up in-store fulfilment.

The rise of mobile payment brought about by PayPal and, most recently, Apple Pay is also set to revolutionise the way consumers pay for goods, reducing queues and time spent at cash tills. The PayPal app is already accepted in around 8,000 UK shops and Shell recently announced that customers will now be able to use it to pay for fuel without leaving the car. Some three quarters of consumers would be more inclined to purchase via a mobile if easier ways to pay, for example one click payments, were available.

This advancement in mobile payment could also help to free up square footage in store to make way for other features to help enhance the customer journey. As more consumers become habitual mobile shoppers, the pressure for stores to deliver engaging customer service will be key to the future of the high street.

Opportunities exist for retailers to marry the two worlds and create a truly unique shopper experience through channels such as Augmented Reality, which allow retailers to create seamless customer journeys between stores, online and mobile in a fun and dynamic way.

Similarly, the use of social media to encourage and entice consumers to share their experiences with their friends also helps to drive advocacy and promotion amongst their personal network. Social media sites with a strong visual element such as Pinterest and Instagram are already playing a significant role within retail marketing, acting as a showcase and wish list generator for products.

Ultimately, the rise of online shopping is forcing and will continue to force retailers into re-evaluating the role of stores in their business proposition. Increasingly, mobile will be driving customer purchases, demonstrating that stores must evolve their offer in order to service this demand.

Look to the clouds

InternetRetailing's Mobile Editor, *Paul Skeldon*, investigates the issues around mobile first, customer first and being adaptive-responsive.

THE TECHNOLOGY sector tells us that we live in a mobile-first era. Wrong. Retailers live and operate in a customer-first world where the shoppers they want to bag arrive through all sorts of channels, on all sorts of devices, at all sorts of times – and they are driven to that point of purchase in myriad combinations of ways. So, how do you design online, mobile and app strategies to fit? And, more importantly, how do you make the experience seamless across them all?

This is where the idea of 'mobile first' is often mooted, but in reality what is actually called for is an adaptive-responsive philosophy. Now, before you yawn and think you know what that means, listen up. These days it is about adapting and responding not in terms of design, but to the full gamut of sensory information that you have about the customer: their location, their device, their network connection and, increasingly, any context you can also glean.

The conundrum facing retailers is this: shopping basket creation in the UK on mobile is up 45% on last year – accounting for 25% of all online transactions, according to the Q2 2015 Shopping Index from Demandware. However, there are the other 75% of transactions, which are clearly happening on something other than a mobile. What this means is that shoppers are browsing on mobile, with the occasional purchase, but mainly converting elsewhere.

The big challenge for retailers is that consumers are starting to demand different things from all their different devices that they use in the shopping process.

PERFORMANCE MATTERS

Research by Akamai suggests that UK consumers on mobile and tablet spend an average of £500-£700 more per year than desktop-only shoppers and are twice as likely to make a purchase of £200 or more.

The research also shows that these same consumers expect pages to load really fast on mobile, quite fast on tablets and are slightly more tolerant of slower web pages.

"Only 11% expect a one second load time on desktop, but 14% expect near instant on mobile and tablet," says Jason Miller, Chief Strategist, Commerce at Akamai. "The problem is that, even though desktop is the fastest device, the more engaged, active and decisive consumers are found on mobile and tablet. These consumers, being more likely to participate in ecommerce represent a more discerning audience and expect a higher level of website performance."

> "Shoppers are browsing on mobile, with the occasional purchase, but mainly converting elsewhere"

Things get more complicated still when you consider that the same study also finds that seven in ten consumers in the UK prefer the richness of the desktop experience for actual shopping.

"This is against a backdrop of there being a two fold increase in making an online purchase on mobile since 2009," says Miller. "Clearly they want the richness of desktop, with the instant load times of super fast broadband – but all on a mobile."

Apps go some way to making this possible, offering the rich experience and often some form of offline or low bandwidth mode. In fact a study by Criteo finds that, worldwide, retail brands that make their app experience a priority generate nearly 60% of mobile revenue from the app, up from 50% in Q2 and heavily outperforming desktops.

"Brands that prioritise apps as a key revenue driver see profits surge," says the report author and Criteo's Chief Product Officer, Jonathan Wolf. "Ensuring that the app experience is seamless, intuitive and engaging is central to boosting engagement and conversions. Globally, for retailers who have prioritised their app experience, 58% of all mobile revenue is generated through the app; travel is at 49%. Also, apps convert at a rate 3.7 times higher than mobile browsers and two times more than desktop in terms of adding to basket and buying."

FLUID & RELEVANT

Apps only go part of the way to solving the problem of needing to offer a fast and rich experience on a mobile device – while making sure that online also works well. What is really needed is a combination of adaptive responsive design and a move to cloud based ERM and POS systems to offer a truly versatile solution to the problem.

Of course, adaptive responsive design is important – as are all the other aspects of making sure that you service all devices and network types, such as image sizes and page wireframes and so on – but delivering it all from a single platform, ideally in the cloud but not necessarily so, allows for the real-time integration needed to deliver what customers want to see based on where they are and what they are doing.

Today's highly connected consumers expect fluid and relevant interactions where their information with the brand is never lost across channels. Unfortunately, too many retailers still treat the in-store experience as completely separate from the online experience – and vice versa – as well as often treating the mobile experience as separate from the desktop experience. Most treat the app as separate to the m-web and there are even differences between the m-web on phone and tablet.

All of this frustrates customers and prevents retailers from capitalizing on opportunities for cross-sell, upsell and improved customer loyalty.

For many retailers there is the issue of bringing in-store into the digital realm too. A study by RSR Research on behalf of cloud based ERP provider NetSuite found that 95% of retailers agree that the store and the digital experience must be brought together for a continuous, seamless experience.

However, as many as 77% believe that legacy systems and lack of knowledge as to how to actually make it all happen is what is really holding them back from proper cross and omnichannel retailing, rather than whether to go mobile first or not.

Many retailers are unsure of how to address these challenges. Replacing point systems like ecommerce or POS does not solve the underlying problem of a lack of visibility across the enterprise into customers, orders and inventory that is required to unify the customer experience between online, mobile and in-store.

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

"When it comes to how to support the convergence of digital and the full shopping journey, retailers are stuck – waiting for something better to come along than the disparate systems they have," says Steve Rowan, Managing Partner of RSR Research and an author of the NetSuite report. "The reality is there are options out there, but even better-performing retailers are cautious in approaching them, fearing both the cost and the pain of making the change."

The answer to the in-store conundrum lies in a combination of the adaptive-responsive and app strategy that all online retailers need to embrace and the cloud.

Rowan believes that by providing services on the cloud, the retailer can combine their ecommerce platform and their in-store and ERP tech into one place – making it much easier to create an experience across all channels, including the store.

One company that has done it is Lovesac, a fast-growing designer and retailer of high-end sectional furniture and accessories, which has opted for handling e- and m-commerce in the cloud and integrate it with its ERP and POS to offer a seamless solution.

The pain of not knowing in real time what inventory it had in store and online caused many problems. "The Tuesday after cyber Monday used to see the office full of people in tears dealing with refunds and all sorts of problems," says Ryan Johnson, Lovesac COO. "Running a unified ecommerce platform in the cloud has taken this pain away. This year there were no tears."

Johnson also points to how this cloud-based approach has seen a rethink in how they understand how their customers shop. "We can see that they are using the website on their mobile while in store and where the pain points are," he says. "It has made us rethink our customer service, rather than redesign our website, as we can now see them calling us while looking at the website in the store. That has been crucial."

Designing for these customers will also come into its own in the coming months though, when the company goes for a totally mobile first POS policy, again based in the cloud, to make sure that consumers get a seamless experience across all channels when they check out.

The following guest article has been written for InternetRetailing by Rupert Blackham, Innovation Consultant at Salmon. Salmon is a global digital commerce consultancy that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

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The hidden challenges of the mobile wallet

Digital wallets offer a wealth of opportunities for retailers and drive value for customers, making in-store payments more efficient, convenient and secure. However, they also bring challenges of which retailers need to be aware. *Rupert Blackham*, **Innovation Consultant at global commerce consultancy Salmon, explains.**

AS WE rapidly advance in the golden age of digital, it has never been more important for retailers to keep up with consumer demand. A 'digital-first' world means consumers demand service to be better and faster, expecting to shop at the pace, time and location of their choosing. Mobile technology is swiftly evolving and with it new and more advanced payment options are being made available with the rise of digital wallets. These have impacted both retailers and consumers over the past year with the launch of Apple Pay and pending launch of Google's Android wallet and Samsung Pay taking centre stage.

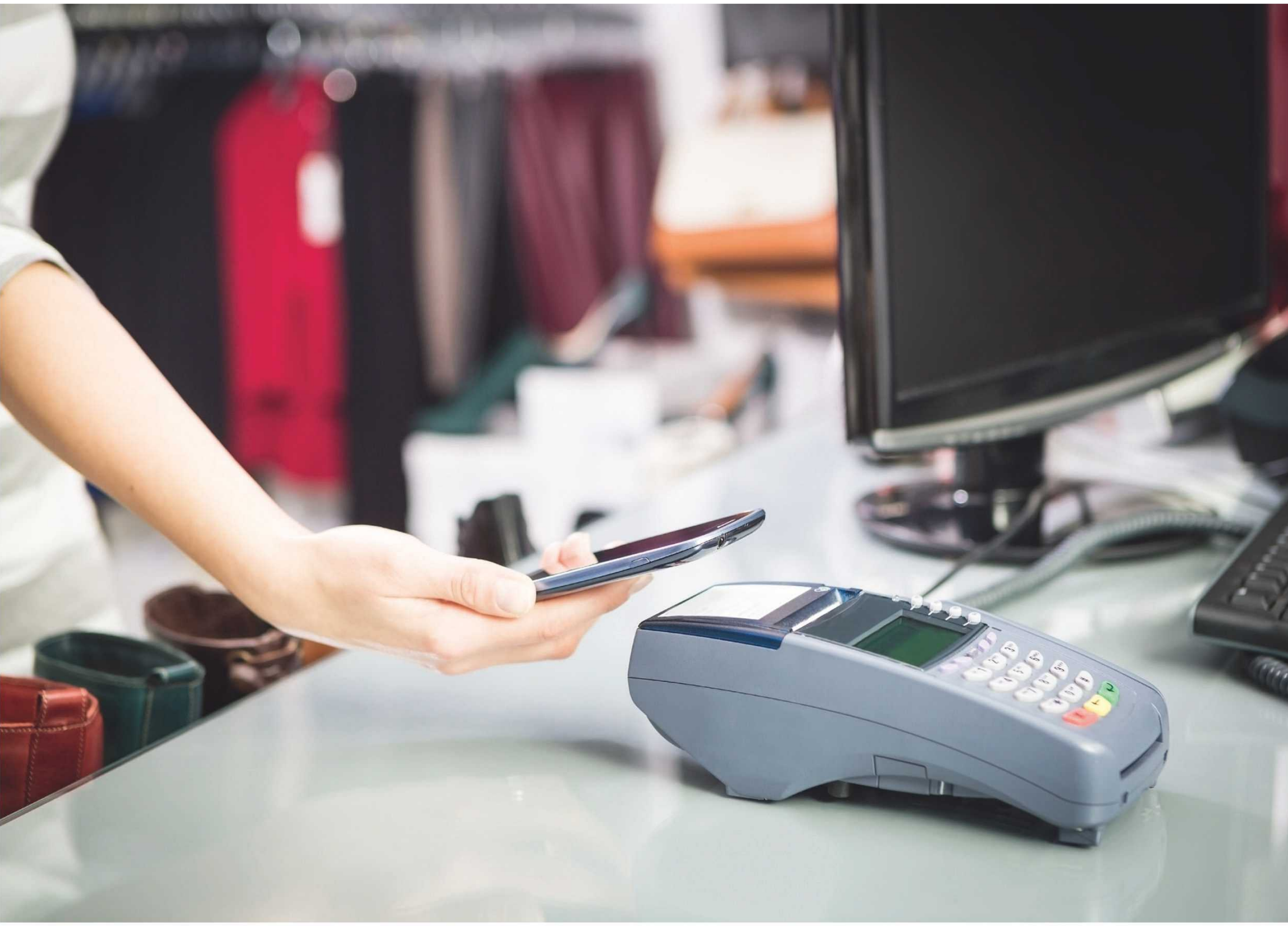
The launch of such services emphasises the need for retailers to keep up with the changing customer journey. With approximately two thirds of UK adults now owning a smartphone, retailers must seamlessly integrate customer experiences across multiple channels to meet customer demand.

There is no doubt that digital wallets offer a wealth of opportunities for retailers and drive value for customers. Not only do they make in-store payments more efficient and convenient, they are also more secure through the added protection of biometric authentication technology. From the practicalities surrounding underground travel with TFL, to in-app single click purchases, to buying morning coffees with the tap of a phone, retailers will be required to prepare for new customer expectations. For retailers however, the opportunity comes with concern for the preparedness of existing payment processes.

Harnessing invaluable customer insight and data: Firstly, data capture is not automatically possible through mobile payment systems such as ApplePay. With mobile wallets, customer details and data are not exposed. Consequently, retailers will need to look at other means to harness data that offers them the invaluable customer insight to drive personalisation. For example, retailers can use reward and loyalty programmes to track multichannel purchase behaviours using mobile devices to connect the steps. These reward and loyalty cards can be exposed through the digital wallet and acknowledge presence through NFC. This will help improve customer service and loyalty whilst giving brands invaluable data for shaping their future marketing strategies.

Rethinking returns and refunds: With the evolution of the mobile wallet retailers need to consider the returns and refund process as mobile payments utilise a unique device number instead of the sixteen digit card number. Retailers will need to review this process to accommodate the change in technology and educate their staff with regards to the new mobile wallet technology to ensure that they are equipped with the right skills to continue providing a high level of customer service.

Maximising purchases: Due to the change in consumer behaviour, we have seen a growing consumer shift to contactless payments and as a result a rising demand for mobile and contactless payment options. As of September this year, the limit for contactless and mobile payments was increased to £30 which reflects this changing consumer behaviour. However, this cap still limits the amount of return retailers can expect from mobile payments. Consequently, retailers will need to take into account that mobile payments are best fit for smaller transactions. Currently the average spend on a contactless/mobile payment is £6.98, highlighting that consumers are more likely to purchase smaller and lower cost



products rather than big ticket items. As a result retailers need to think about whether mobile payments are a viable option in terms of return on investment.

WILL MOBILE PAYMENTS SEE SUCCESS?

The launch of mobile payments such as Apple and Android Pay could indeed revolutionise the retail landscape and is another step forward for the mobile wallet and contactless agenda. However, how successful it becomes will depend on how retailers respond to the challenges that it poses.

Consumers respect and return to brands that deliver an outstanding level of service and make their busy lives easier, fitting in rather than adding on, which is where mobile payments can make for an even more seamless customer journey. Retailers who wish to succeed will ensure that they are aware of the challenges and develop new ways of working. It is expected that mobile payments will see traction with consumers, with implementation by the likes of TfL and new in-app purchases such as Starbucks helping to drive the adoption.

> "Currently the average spend on a contactless/mobile payment is £6.98"

In order to see a smooth embrace of mobile payments with retailers however, businesses in the sector need to work with technology partners to ensure they utilise the benefits mobile payments bring, but are most importantly ready and prepared to do so. Retailers who fail to see the opportunity with the mobile wallet are at risk of placing a barrier at the point-of-sale for their customers. Inevitably, the more payment options retailers make available to customers, the more customers will be able to make transactions and as a result, retailers will see an increase in sales.

I'll be watching you

The early promise of beacons for retailers was in their ability to trigger marketing messages to customers, but is their value more in the data collected rather than the offers pushed? *Emma Herrod* investigates.

CONSUMERS ARE gradually coming round to the idea of retailers tracking their location and sending relevant messages direct to their phone. However, studies have shown that the people who are comfortable with this are still in the minority. While consumers know that their phones can be tracked, most find it too akin to Big Brother if they're trailed as they walk around a store or sent a coupon as they pass a participating shop.

This does happen online, though. The analytics industry has expanded to keep pace with the growth in online shopping enabling retailers to garner valuable information from the behaviour of individual shoppers as they browse and shop their ecommerce sites across devices. Being followed around online by an advert for a recently viewed jumper is something that some find annoying but most accept as being part of the online experience.

Technology is available to do the same thing in the real world. Though where the line is drawn between tracking, engaging and being spooky must come down to what you know about your customers' preferences. Loyal customers will give up some of their privacy in exchange for being able to logon to free Wi-Fi or receive relevant offers through an app. However, all customers can be tracked in physical shops and the information gathered can drive further purchases and enhance their experience – and all can be done unobtrusively.

So, how are retailers analysing customer behaviour in store and how is it helping to improve the experience, increase sales and enrich cross-channel retailing?

TRACKING IN STORE

Click counters have been used for years to count people as they enter a shop. This information is then used to work out the conversion rate for each store. "If you see that there's a store with great potential but it isn't able to convert that into sales, that's very valuable information to have," says Cyril Houri, CEO, Accuware.

CCTV cameras allow more information to be gathered about footfall and traffic around a store but legal issues make routinely identifying individual shoppers out of bounds.

The introduction of Wi-Fi into stores gave a new way to identify shoppers: through the MAC address on their mobile phones. If they have Wi-Fi switched on – which 80% of people do – the Wi-Fi access points can see them coming into a retail premises and track them via their mobiles anonymously around the store.

Wi-Fi is effectively radio signals and they are measured on length, explains Adrian James, UK Managing Director, Walkbase. By monitoring the handshake between phone and Wi-Fi access point, each phone can be tracked, including those that come within a set range of a shop entrance. Smartphones are constantly looking for networks and Wi-Fi access points are looking for those phones. Those same 'handshakes' give one positional co-ordinate for the phone, while by polling another access point which is also trying to do the handshake with the phone, another co-ordinate is recorded and a position can be ascertained.

Similar to web analytics in the early 2000s, retailers can now tell whether someone is a new or a repeat customer, their dwell time in different zones in the store (the equivalent of category pages), and the journey to checkout or abandonment. "It's Google Analytics for the real world," says Houri. He adds that if a retailer is running a promotion in a certain area of the store, it can see how many people have gathered around that promotion and how successful it is.

Indoor positioning – to give the technology its correct name – is trying to do for the physical store what Google Analytics does for ecommerce. As James explains: "We can understand whether the store is set up in the correct way to aid conversion; how many people go to jeans and jumpers, the changing room and then to the till."

He cites a multivariate test that TopShop ran, which during the test phase resulted in "a considerable amount of money" being taken as call bells and extra assistants in the changing rooms removed the need for customers to leave the changing room themselves to hunt for different sizes or styles.

> "The business application is inordinate just by knowing an x and y coordinate"

OPTING IN

Shoppers don't necessarily have to be logged into the Wi-Fi in order to be tracked. However, encouraging them to do so increases the amount of information that can be gathered about them, especially if social login is used. Also, by logging in, they can be asked for information such as their name and mobile phone number and to opt in to receive marketing messages such as banner ads while they are browsing online in store. This opens up all sorts of marketing potential as the person moves from being an anonymous mobile phone into an identifiable shopper whose mobile data and browsing behaviour and purchases in store can all be amalgamated into a single view with the rest of their CRM file, including online behaviour.

The Wi-Fi data can also help to monetise space in a shop, explains James, citing an example of Samsung TVs showing advertising. With indoor positioning, you can tell how many people have seen the advert shown on these TVs, how many passed them and how long they stopped for.

The next stage is to show them something to look up online and this can be measured, too. Alternatively, with beacons or identified shoppers who have signed up to receive messages, a url, coupon, offer or other marketing message can be sent. For example: 'This is your fifth visit to the store without buying anything, will this discount entice you to make a purchase?' Offers or messages can also be sent after the store visit since it's now known which areas of a shop a customer spent time in. This is where the line starts to blur between what consumers currently accept and what becomes too much like being spied upon.

BEACONS

The main advantage of beacons over Wi-Fi analytics is that shoppers are known to the brand because they have to opt in to receive messages by downloading the retailers' app. ▶

It is also one of their big disadvantages. As Houri explains: "The consumer downloads an app and once they've downloaded the app for your brand they then need to accept push notifications – which they don't always do – and then they need to be in the proximity of your store, which again is a smaller set of consumers." They also need to have Bluetooth activated on their phone when they walk past a beacon.

Beacons, however, are smaller and cheaper, so more of them can be deployed around a store for the same cost. In addition, rather than needing a number of them to triangulate a shopper's position they can accurately pinpoint a customer as they walk past. This then triggers a set event.

As part of a trial of Apple's iBeacons at a Tesco store in Chelmsford, messages were sent to customers when they arrived in store to pick up orders, explains Louise Garvin, Consulting Manager, Javelin Group. "It stopped short of sending targeted trading messages," she says. "Dynamic advertising is also being trialled in the Hammersmith store to support F&F with weather-related messaging as Tesco seeks to find the subtle balance of the relevant marketing message."

Ikea is another company testing the functionality of beacons and how its customers react to push messages. In a trial at its store in Graz, Austria, shoppers who have downloaded the company's Family app onto their iPhone are sent messages at various locations around the outlet. Some 28 beacons have been installed so messages can be sent as shoppers enter the store and when they reach the checkout, where they were reminded to show their loyalty card stored on their phone. The firm uses Wi-Fi analytics to monitor shopper behaviour in store as well.

ENHANCING THE EXPERIENCE

The beauty of indoor positioning and beacon technology is that they don't always have to be used to trigger specific customer behaviour. However, if you can increase shoppers' dwell time to 15 minutes in store they will spend on average 20% more. Messages don't necessarily have to be promotional. For example, they could be ones that enhance the shopping experience, such as reminding customers of their store pick-up reference, or notifying staff to have an online order ready at the Click & Collect point as the customer is in store and moving towards the collection desk.

Real-time alerting can be used to notify a store manager when more checkouts need to be opened or if extra staff are required to help customers gathering in a certain area of the shop. Beacons can also notify staff that a particular high value customer or someone who has contacted customer services about a problem the previous day has entered the store.

> "The customer service side will be far more engaging than pushing vouchers at the moment"

"Beacons are about bringing the experience to life," says Daren Ward, Partner at Glue Reply.

He believes that the industry hasn't yet really delivered on the promise of beacons. He explains: "We've been focused on pushing discounts, coupons and discounts to customers, but one of the beauties is that it can help you develop the whole customer journey: how you engage in the last 50m and how to improve the customer experience in stores."

While data collected in store can help with merchandising, shop layout and staff roles, real-time analysis can provide answers that may have an immediate impact on revenue. A retailer can better understand how customers are behaving inside their store and how they can quickly fix problems such as queues and other barriers to purchases. Communications and engagement are being enabled by the proliferation of smartphones, and understanding where the line not to be crossed is at any time is imperative if retailers don't want to put off loyal shoppers.

Much of the focus has been on pushing something that's relevant and Ward says that the retail industry "is still missing the whole 'let's engage the customer in conversation'". He adds: "The customer service side will be far more engaging than pushing vouchers at the moment. If you have that personal element you can do it in a more personal way – preferences, how they want to be marketed to – and build up the relationship, which builds a far more personalised service that the customer is wanting. And this is where beacons can really play a part."

A Greenlight study has found that one in four marketers think beacons cannot live up to the hype, but Walker believes that technology is far from dead and will become more prevalent. While the journey to widespread adoption is still a 3- to 5-year strategy, Dan Thornton, Head of Solution Development at Hughes Europe, explains that along the way there's the opportunity to make additional revenue as well as enhancing the experience every time customers enter a store.

Ultimately, it's not about the channel, it's about building the relationship.

The following guest article has been written exclusively for InternetRetailing by Simon Howship. An experienced 'shopkeeper' by trade, Simon once managed Dixons PC World stores throughout the country. However, a self-confessed technology aficionado he has also worked as Head of E-Commerce at Freeserve, and run a venture capital technology business in Canary Wharf. Amalgamating his experience from the last 20 years, he now spearheads native mobile app projects for retailers throughout the UK and internationally, in his role as Managing Director of Common Agency.

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What's 'appening?

There can be no disputing the power of native mobile apps in the retail space, but when it comes to best practice, which brands are excelling and where is more strategic thinking required? Experienced retailer and passionate technology aficionado *Simon Howship*, Managing Director of Common Agency, shares his thoughts.

IN THE fast paced world of m-commerce, the app space is constantly changing. It can therefore become difficult to distinguish between what is a meaningless marketing stunt and what is an act of pure retail genius.

Consumer-centric initiatives of any kind will usually add some value to an m-commerce strategy, even if only on a brand recognition and enhancement level. However, in such cases, the return may be harder to quantify, which lessens the staying power of mobile within the multichannel mix. If seen purely as a 'nice to have', rather than an integral revenue generator, the app will soon lose the attention, and investment, of the board.

When it comes to best practice apps, retailers should therefore stick to the business of retailing and the focus should be ROI.

If an app is intrinsically linked to the opportunity to acquire, transact with and retain customers, every ounce of design, development and iteration effort is justified, as is the expenditure. Achieve an ROI and budgets will no longer paralyse decision making. Streamline the payment process and the benefits are magnified further still.

Amazon has pioneered the '1 click' checkout process in retail, which echoes the benefits of purchasing from the iTunes store – customers' details are securely stored meaning a password input will complete the transaction. Alleviating the need for shoppers to repeatedly enter private details on a small screen undoubtedly goes a long way to overcoming the much-quoted 75% basket abandonment rate.

> When it comes to best practice apps, retailers should stick to the business of retailing and the focus should be ROI

The advent of Apple Pay and the evolution of the mobile wallet presents further opportunity, something which pure play Etsy – in my opinion a brilliant marketplace app for artisan designers – capitalised on virtually instantly. However, whilst Apple Pay has dominated the headlines, in truth a number of retailers are lagging behind when it comes to embracing its full potential. Longer term this will create a barrier at the point-of-sale, surely something no brand can afford.

STUNT VS SUBSTANCE

In highlighting the need for a revenue-focused strategy, this is not to say apps cannot be fun or novel, app development should be underpinned by a considered, strategic decision rather than using technology for technology's sake.

Years ago, the industry became abuzz with talk of augmented reality for example, but grappling with it just to show off reaped little reward. CSL (now Sofaworks) used it quite practically, enabling customers to see different sofas, virtually, in their own home environment. This USP enhanced the buying experience, and encouraged store visits, to some degree. But still the feature has been dropped.

The 2015 equivalent of augmented reality is beacon technology – equally not a new concept, but a 'hot topic' that brands will only benefit from if they define how it adds value to their retail proposition and utilise an app to tie everything together. Bombarding consumers with beacon fuelled messaging, or landing them in an app with a poor UX, on the other hand, will be nothing but a turn off.

We see other examples of seemingly marketing-led app initiatives working well. Again, the key to them being a success, rather than just a stunt, is the extent to which they can support the retailer's bottom line. Argos' My Christmas Wishlist, for instance, is a fun, well-executed and child-focused app, with the addition of more toys and a photo booth selfie game for 2015. But it's not just a great idea because it is a hit with kids. It also helps alleviate parents' Christmas shopping stress levels. So, armed with a rundown of

their children's favourite products, they are encouraged to buy from the brand that helped them pull the list together. Argos really has, without a doubt, earned its place among the Rolls Royce of successful multichannel retailers this year.

ITERATE AND EVOLVE

It should be recognised however, that even the most successful brands would be naïve in thinking they have their m-commerce strategy nailed. The world of mobile is moving at such a pace, that regular iteration is essential. Not only does this ensure apps remain fully up-to-date and bug free, it also plays a major part in app discovery whilst encouraging reengagement on a user's device.

Once again Etsy deserves some recognition here. The savvy retailer has moved to a formulated fortnightly native app update schedule, vocally demonstrating the brand's commitment to optimum UX. Whilst this update frequency is not necessary for all, continued iteration, on some level, is crucial.

It boils down to having a roadmap. There's nothing wrong with starting small and focusing on key inventory lines within one native app. This minimises risk and keeps the investment manageable. It would be a fantastic way for Debenhams to re-enter the app space, perhaps with a dedicated flower or perfume store, for example. IOS would be the best place to start, given how its figures dwarf Android when it comes to customers' propensity to purchase.

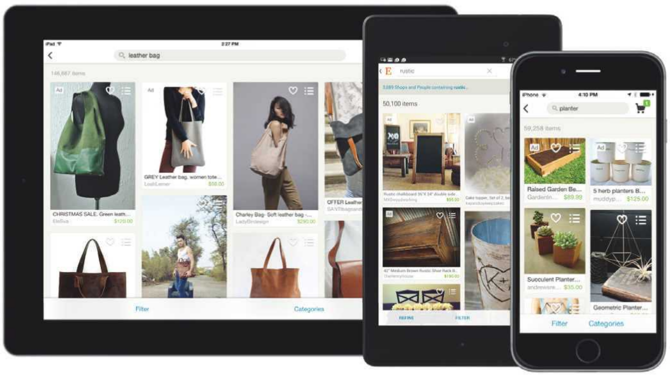
Over time, more product lines can be added, personalisation options introduced and native apps engineered for different devices and operating systems. The retailer thus takes customers on a journey, building relationships and loyalty over time and acquiring new users along the way.

This is how the PhotoBox app has evolved, since its inception in 2012. Fast forward to the present day and the gifting retailer has native apps for iPhone, iPad and Android available in 16 countries and in more than 10 different languages. Elsewhere, the Starbucks app has really matured, progressing from a social, loyalty-driven app, that successfully communicated with a captive audience via targeted push notifications, to one that now also facilitates hassle-free payment at the point-of-sale. The progression has been gradual, strategic and successful.

MANAGING BLOAT & MEASUREMENT

Whilst evolution is paramount, obsolete products and features should be cleansed along the way, to avoid unnecessary bloat. A growing product or feature set inflates an app's size, and increases the likelihood of it being deleted from a user's device.

One brand that has successfully presented a much wider product range, however, is Screwfix. They've harnessed the potential to have content canned in their native app, enabling users to quickly and easily access their entire catalogue without the need for constant connectivity. This is a fantastic product research mechanism, which will have greatly contributed to Screwfix securing the highest overall review rating for ▶



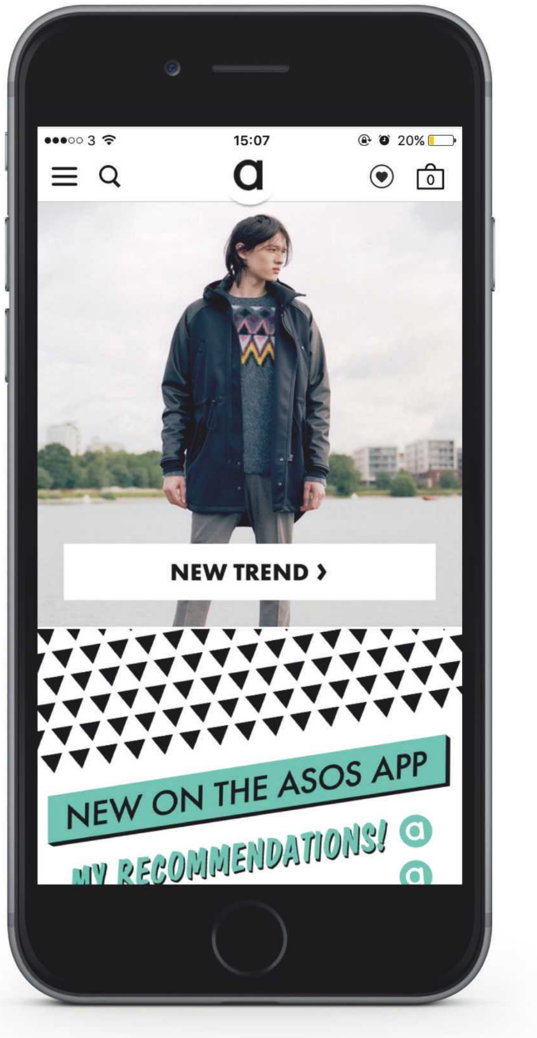
a FTSE100 app in 2014, far outstripping the app performance of sister-brand B&Q.

The power of native apps does not end there. The richer UX and ability to use gestures, swipes and pinches to facilitate better navigation, is proven to secure greater engagement and conversion levels. ASOS – very much a marketplace disruptor – was one of the first brands to take full advantage of native app UX. As a result, they've driven loyalty and customer stickiness, and maintained their position at the forefront of the fashion app space.

As with any business exercise – in the retail sector and beyond – measuring performance against initial objectives is key. This analysis should begin at the outset of an app's journey, with user group prototype testing at the design stage, and A-B testing during development. Once successfully launched, in-app analytics showcase user behaviour too, which helps to shape the app's future iteration and engagement mechanisms. It will also fuel personalisation, as we've seen with Amazon.

However, we cannot forget that customers lie at the heart of our decision-making process. To a certain extent they dictate the decisions we make. That's why retailers who are afraid of the pace of change risk being left behind. Many bricks and mortar brands still frown on showrooming, for example, but armed with trusted supercomputers in their pockets, consumers will increasingly adopt such in-store behaviour. Rather than fearing this trend, French cosmetics company Sephora actively promotes it. Customers can scan items in store, via the brand's app, to access product reviews and make an informed decision based on price and peer opinion. This empowering strategy ensures happy, engaged, trusting customers, conducive to longer-term loyalty.

There's no 'one size fits all' advice of course – examples of best practice should be reviewed and tailored according to a retailer's own proposition but brands have to be 'located' where their customers go looking, and increasingly, this is in the app store. Now is the time to get them on board with an app in readiness for when mobile spend really rockets.



Crossed lines

Paul Skeldon, **Mobile Editor, InternetRetailing investigates the issues around marketing to shoppers via their mobile phones.**

MOBILE HAS long been vaunted as the ideal, personal, instant and inspirational marketing device. It is with the user when they are doing pretty much everything – even using the toilet and when they are in bed – let alone when they are out shopping or at home watching TV.

That was the theory. In practice, mobile has become just one of many channels through which consumers engage with brands and retailers and this has seen the retail business model not fragment into channels, but has seen it become a multichannel affair.

While mobile leads the charge and is often likened to the 'glue' that holds all these channels together, the challenge for marketing now is to do it across these channels and, more importantly, track it and the resultant behaviour it induces across all these channels and devices.

All the devices that consumers use – on average five, according to research in 2014 by Digitas – generate a wealth of data about the user and the context and location of where they are being used and why: this after all is the era of big data. But all this data is of limited value if you don't know what to do with it.

PCs offer a vast amount of data through cookies – but they still don't tell you who is actually using what is often a family or household-wide device. Mobile devices give even more information, down to where the device is being used and, through the unique MSISDN – or the phone's number – who owns the phone.

Each of these traditional tracking and attribution models has its advantages – and some drawbacks – but what none of them do is talk to each other. So, how do you track users across devices?

There are now two schools of thought that drive cross-channel marketing and analysis: to be probabilistic or deterministic, that is the question.

PROBABILISTIC MATCHING

The basic idea of probabilistic matching is that you can use algorithms to try and spot patterns and work out who is using what device and gain some understanding of who people are on their different devices and match them together that way. This kind of approach doesn't necessarily know that, say, I am the same person that looked online at Argos's website for storage boxes then bought them on my mobile on Amazon – ironically while in Argos – but they will know that the two things are connected so that I am suitable for some kind of marketing related to storage boxes (or Argos).

Probabilistic matching of devices – and behaviour – is thus a prediction of matches (and non-matches) in device use and the assumption that they are being used by the same kind of person.

This can be taken further to offer a deeper insight into whether the match is the same person or not by looking at other data – from cookies and MSISDNs and so on – which can then yield some greater degree of personalisation, but it is not foolproof.

DETERMINISTIC MATCHING

Which brings us to deterministic matching. This is the only way to truly match devices and users and create a single view of the customer but requires one vital – and hard to achieve – step: the customer has to log in.

This is how the likes of Google and Facebook make their money: they get the user to log in with a unique ID and so they know who is on which device, doing what, when and where.

This 'walled garden' approach offers a very accurate view of users as it can track them on sites and apps for a specific brand and know what they are doing at those properties at any given moment. It also lets the brand or its agency build up a view of what that consumer does over time.

While it is the most accurate way of tracking what a consumer is doing, it can offer something of a narrow view of the consumer. Sure, it can show you what someone is doing on your site and apps, but it doesn't give a broader picture of that consumer and the context within which they are looking at your services.

If we go back to the example of me buying from Amazon while standing in Argos: Argos knows I was looking for storage boxes on its site earlier that day. It has no idea me and my phone were in its shop and that I then went to Amazon. Alone, deterministic tracking is not enough.

> "To be probabilistic or deterministic, that is the question?"

A BIT OF BOTH

The other way to do it is to do a bit of probabilistic and deterministic matching, as well as some deep data mining, to create a cross-referenced view of who is doing what on which device.

Increasingly, this is also taking into account wifi usage and location data and other purchasing history – the probabilistic view – as well as log ins to sites and apps – the deterministic view – that is then referenced against other data in data mines. All a bit Big Brother, if you ask me, but it is increasingly the only way that brands and retailers have to track long term, cross device behaviour and market to it accordingly.

In the US, there are a growing number of companies that are trying to make it more accurate, with companies such as 4Info that takes data from all sorts of sources about consumers and cross references it. It claims that it can link 95% of mobile users to their address and their other devices this way.

Is all this legal? Well, yes, but tracking what people do and selling to them based on it – especially when you are also using data of their interaction with brands other than yours – is a creepy thought. Apple's decision to let ad-blocking apps appear on the App Store and integrate with their devices shows that even the tech sector is unsure as to how, and if, they should be doing more to protect consumers from tracking and advertising.

The general consensus is that consumers should be allowed to opt in to mobile marketing – and the inherent tracking – if they want to be marketed to in this way. A straw poll among my friends indicates that they just don't want to be marketed to at all and that there is a growing backlash against websites, brands and devices seemingly making choices for them.

So, while there is still a growing need to 'see' the customer across devices to improve the customer experience, doing it and using it for marketing is not necessarily the way forward.

Insight around the world

CHLOE MCKENNA, INTERNATIONAL DIGITAL STRATEGIST & RAFAEL RIBEIRO, GLOBAL DATA ANALYST, OBAN DIGITAL

Mexico is one of the fastest-growing markets for B2C ecommerce. It has expanded over 400% in the past five years with Euromonitor predicting that online shopping sales will increase 150% by 2018. Oban Digital took a closer look at Mexico in its recent expert report – Mexico: Undressing the Spanish Mexican fashion retail market. Like any new market there are particular cultural nuances of doing business online in Mexico that should inform your strategy.

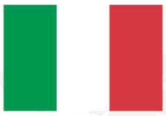
Spanglish is key to product searches. Modern Mexican users searching online use a blend of American and Spanish languages. Even in a country, where only 12.9% of the population speak English, English terms hold a great deal of search influence for Mexicans. Spanglish terms though – which have higher search volume – can actually demand a lower cost-per-click cost than less-widely used English or Spanish equivalents

When it comes to onsite localisation, retailers need to ensure that sizes and measurements are all correctly converted. Mexico, for example, uses the same dress sizes as the US, but different shoe sizes.

Less experienced Mexican online consumers have secure payment concerns and can be discouraged from buying online. Payment options which don't require the user to input their credit card details are therefore important to offer.

Mexico has the second largest proportion of social media account holders in Latin America, behind Brazil.

The following three key Mexican events should be in your campaign diary: 29 May to 1 June Hot Sale event – this internet shopping event is a recent invention which sees participation from the majority of Mexico's major e-retailers; 13 to 16 November is the time for El Buen Fin sales – 'the good end' is an annual nationwide shopping event introduced in 2011, coinciding with Mexico's Revolution Day holiday; 31 October to 2 November is Día de Muertos – Day of the Dead is associated with a wider holiday in Mexico that celebrates the memory of departed loved-ones. The Mexican Confederation of National Chambers of Commerce and Tourism Services reported sales of approximately $1,500m in 2012.



EMMA HERROD, EDITOR, INTERNETRETAILING

I caught up recently with two Italian retailers working to create an omnichannel experience for their customers. Speaking at the Oracle Retail Industry Forum (ORIF), they shared an interesting perspective of where the market currently stands.

The Italian ecommerce market is worth €13bn and saw 17% growth last year but Italian shoppers do not yet "get the power of the internet," says Roberto Merlini, Group Marketing & eCommerce Director of maternity and baby goods retailer Prénatal. While the number of orders placed online is increasing (+34%), with physical products driving the market growth, the average basket value has dropped 4% as shoppers seek out low prices and promotions. Prénatal's Italian ecommerce site has a turnover of €10m with an average basket value of €70 as shoppers research items such as pushchairs in store and then purchase them online.

Mobile commerce is also on the rise in Italy with 9% of online orders coming from smartphones. In 2013, it was responsible for just €610m so has seen a 100% growth rate. Prénatal's own traffic has swapped from 16% of site visitors using tablet, 47% on desktop and 37% on smartphones in 2014 to 16% on tablets, 32% from desktop and 53% from smartphones in 2015. The company has witnessed a faster transition from desktop to mobile than anticipated with "customers moving faster than the company."

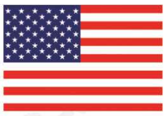
Prénatal, which operates mobile and desktop sites in three other European countries, will be launching a new responsive site in November.

Matteo Molon, Head of eCommerce, Calzedonia Group, which owns the Intimissimi lingerie brand, told delegates that it too is seeing an increasing number of visits from mobile devices not just in Italy but across Europe; mobile phones account for half of its traffic with site visits increasing by 124% and mobile sales up 397%.

The Pick and Pay cash-on-delivery service, which Intimissimi operates in Italy, still accounts for "above 30%" of orders.

All of the Group's brands will be fully online in Q1 2016 with the company working towards omnichannel integration across its 4,000 stores worldwide, the majority of which are franchised.

For retailers looking to move into the Italian market, Merlini advises that they get to know the customer and then re-run all of the data again because of the pace of change in the country. For those in the fast fashion market he warns that Primark will be opening shops in Italy in 2016 and he believes "they will wreck whoever is around them."



MONICA EATON-CARDONE, CO-FOUNDER AND CIO, GLOBAL RISK TECHNOLOGIES

1 October 2015 was the date for the EMV liability shift in the United States. Commonly known as chip and PIN, it is designed to improve card-present security. However, it is likely to cause a major shift in credit card fraud to card-not-present (CNP) transactions for large and small internet retailers in the UK and Europe.

Countries adopting EMV technology for physical card security all put considerable dents in the rates of lost, stolen and counterfeit card fraud. However, its adoption in the UK wasn't the total fraud cure that some industry insiders had hoped. Figures from the UK Card Association show how the UK experienced a 79% rise in CNP fraud in the first 3 years of EMV introduction. Fraudsters turned online to exploit the surge of ecommerce, instigating an equally booming CNP crime wave that sidestepped many of the security benefits of EMV.

With the USA slow to adopt EMV, the recent rollout means it's still too early to measure the global repercussions on ecommerce fraud. However, as the last major market to adopt EMV, fraudsters have fewer places to turn for 'easy' fraud wins and will target lucrative, established online markets in Europe with renewed vigour. Larger online retailers will likely be a top target, but are more likely to have the resources to employ capable defence. Smaller ecommerce merchants could suffer if they don't implement best practice processes and monitor their transactions closely.

Fraud prevention technologies are essential to fighting this rising threat especially with European ecommerce expected to continue to grow with rates approaching 20% per year. With so much commerce now online, CNP fraud will not just be a problem for newly on-board US retailers. Identifying global trends and following best practice strategies is the most effective way for online retailers to keep their losses to a minimum and prevent renewed threats in the months and years ahead.

STEVEN FARMER, COUNSEL, PILLSBURY LAW

Most online retailers invest a great deal of time and effort into drafting their web terms, ensuring that they are robust and that they protect the retailer as far as possible within the boundaries of the law.

However, even when retailers have the most beautifully crafted web terms going, the outcome of a recent case before the European courts may mean that all the good work will come undone if the terms are not presented in a particular way.

The case of Jaouad v CarsOnTheWeb before the European Court of Justice (ECJ) considered the issue of whether a clause in a standard online "click wrap" agreement was effective on the basis that the retailer's web terms did not open automatically when a purchaser accepted them by clicking the relevant acceptance box before making a purchase. The terms were only visible to the purchaser (who was buying a car) by clicking through to another window. A dispute regarding the purchase then arose and the ECJ had to decide whether these web terms constituted a "communication by electronic means which produces a durable record of the agreement".

The claimant argued that the web page containing the retailer's terms did not open automatically. Instead, a box with the indication "click here to open the conditions of delivery and payment in a new window" had to be clicked on and, therefore, this did not constitute the aforementioned "communication by electronic means which produces a durable record of the agreement".

In a nutshell, the ECJ essentially held that web terms will be valid where a method is used which makes it possible for customers to print and save the text of those terms before the conclusion of the contract.

Although this appears a minor point on the face of it, by not taking a relatively small but important step, e-tailers could quite easily find that their terms are invalid (e.g. finding themselves litigating in foreign and unfamiliar courts if things go wrong following a sale).

A key take-away in light of this recent case is, therefore, for e-tailers to re-visit the mechanics by which their web terms are accepted, making tweaks as necessary to avoid arguments over enforceability.

A decade of change

Strategy. Curation. Transformation. Stores. Testing. These were central concepts for keynote speakers at InternetRetailing Conference 2015 as they considered the directions in which retail has travelled and will travel over coming years. *Emma Herrod* **reports.**

PETER WILLIAMS, Chairman of Boohoo.com and Mister Spex and a former Selfridges Chief Executive, opened the keynote session at the InternetRetailing 2015 Conference by considering how retail had developed up to this point, while Patrick Bousquet-Chavanne, member of the board and Executive Director Marketing and International, Marks & Spencer and Dan Rubel, Strategy Director at Shop Direct told of current transformations and expectations for the future.

Williams – who appears on the cover of this issue of InternetRetailing – reminded the audience of how retail had evolved from market stalls to department stores to the internet. "There's been a generational shift in behaviour: members of the younger generation always research online before buying. We don't know where this is going to end: younger generations all use the web for everything – but it's not the end of the physical stores," he said.

Bousquet-Chavanne explained how M&S, an Elite trader in InternetRetailing's IRUK research, was changing in line with customer behaviour. "Over the last 4-5 years M&S has probably been on one of the most transformative journeys it has ever been on," he said. "Consumers are shifting, quickly and they are smarter, faster, empowered and we have to respond to it. As a retailer, you have to move at scale, at speed every day."

He said being a brand with "meaning in life" and the effective use of content was now essential in commerce as retailers look to differentiate themselves in a saturated market. "Curation is essential," he said, adding: "If something is trending on social and online, we'll be ready to have the right content for the consumer. Brands need to have that capability."

Asked about M&S's approach to innovation in a large business, he said: "We bring in new ideas, and we see the customer response. It is about being very flexible, try them now, fail fast, try at a small scale and move on."

Rubel told delegates how Shop Direct has gone about transforming itself from an unprofitable catalogue company with hundreds of stores to a profitable digital-only business. The decision to sell the stores to Primark in 2005, he said, had been a "liberating" one, creating a company that is able to obsess about the digital experience. But, he said, the work was not yet finished. "We don't view ourselves as successful in terms of the finished article," he said. "We very much think that we're a work in progress and that there's a huge amount to do. Nice list of what we're good at – much longer list of future opportunities, things we'd like to improve."

He singled out learnings from that 'work in progress', explaining how it was important to define a clear strategy, something that is ▶

"about choosing where to focus and where not to focus: if there aren't some smart things that you're choosing not to do, then it's not a proper strategy in my mind."

Investing in people, testing, personalisation and discipline had all been important, he said. Transformation could be tough, especially when investment is taken away from some areas and channelled to others in the light of changing customer behaviour. But above all, he said, "People are the rocket fuel behind our success and, of all our learnings, they're the underlying reason why our transformation has been a success."

The Conference later split into three, intense parallel streams that investigated, analysed and debated the learnings, experiences, ideas and strategic directions in the three focus areas of multichannel – the customer, the product and the order. Speakers included Tariq Slim, Head of Telco and Tech, Twitter UK; Jack Smith, Group Digital Director, New Look; Paul Coby, CIO, John Lewis; Sarah Baillie, Head of Multichannel Business Development, House of Fraser; Andrew Towers, Head of Mobile, eBay and Martin Harbech, Head of Ecommerce & Retail, Facebook.

Data, innovation and talent investment were at the forefront of the presentations highlighting the importance of understanding and listening to the customer to deliver a seamless multichannel experience.

In her presentation, Sarah Baillie gave insight into how the product teams at House of Fraser have been reorganised to reflect the customer journey of find/inspire, decide and purchase.

Robin Phillips, Multichannel Director at Boots, showed delegates how the company is transforming to become shoppers first call for both health and beauty. He told delegates that Boots UK is "a crucible for innovation in retail" which will be available to other companies within the wider group and by its partners Apple and IBM.

The company is also investing in easing the Click & Collect process for customers and staff, expanding the collection tie-in with Asos and freeing up its pharmacists' time: "Appointment booking, electronic stock management, automatic prescriptions, mobile text reminders, refill by mobile scan, patient health record. To me this is truly fundamental change in the way we run the business. Innovation allows it to come to life really quickly," said Phillips.

When asked about innovation, Andrew Towers, Head of Mobile at eBay, told delegates that if eBay can't do the things that are pushing the edges, he doesn't know who can – except perhaps leaving it to the start ups. "There are some things that will never see the light of day," he said.

> "If there aren't some smart things that you're choosing not to do, then it's not a proper strategy in my mind"

Helen Colclough, Ecommerce Development Manager at River Island confessed that the company breaks stuff every day. "Technology is not always the solution it's an enabler," she said. "As a fast fashion retailer your customers are on the edge of what's happening. You have to be an innovator, try things out and have that culture," she said.

She also commented that site speed and performance would be key success factors for mobile commerce in the coming year.

Phillips also told delegates that Click & Collect would be a key investment focus for Boots next year. He commented that it is an important channel, which because of the proximity to people's homes, sees three quarters of online orders collected in store.

Away from the conference, 6 workshops were run for visitors wanting to go more in depth into a number of subjects and 50 exhibitors were on hand to discuss how their solution could benefit retail delegates. Mobify launched onsite its new Web Engagement Messaging in partnership with Google which allows push messages to be sent direct to Android mobile phones without the need for a separate app to be downloaded, while Azoya presented its solutions to trade in China and InRiver spoke to visitors about its product information management solution.

IRC 2015, has proven once again to be the hotspot for retailers to share their achievements and consider the direction that retail has travelled to drive results. Retailers, delegates and visitors buzzed on the conference's Twitter with excitement and were pleased to see how the conference continues to provide edgy angles, showcase innovations and identify new trends.

Justin Lodge, Head of Developing Markets at Wiggle.com, shared his enjoyment: "Every time I come here I learn something, either from an exhibitor or colleagues in the industry so it's always a great occasion to get together and talk about the challenges we are facing, share good ideas and see what else is out there in the market that may help to improve our business".

The videos from the presentations as well as the slides used by the speakers will be shared at internetretailingconference.com where visitors can also register their interest for the eleventh Internet Retailing Conference on 12 October 2016.

Peter McLachlan

Chief Product Officer and Co-Founder

Mobify

What is Mobify Web Engagement Messaging and what's the business use case?
Push technology for the mobile app user has been around since 2009 but with Google's Chrome browser for Android you can reach customers right on their phones without the requirement to build an app or ask a shopper to download one. Google only launched the technology in May, so Mobify's Web Engagement Messaging is the first enterprise retail solution to leverage their 'push notifications'. The solution provides a new channel for retailers that want to reach customers where email or an app may not be the right tool.

It's also a great new channel for retailers who already have an app but want to use mobile for timely notifications such as flash sales, exclusive offers, retargeting, localisation or other time-sensitive marketing programs.

Right now it works in Safari and Chrome on desktop and Chrome for mobile so gives a 55% potential reach across all users regardless of device. The limitation is that Apple iOS does not yet support web push, although we'll be there when it does.

What results have retailers been achieving?
Long-time Mobify customer Beyond the Rack runs private sales events online for its 14 million members worldwide. Typically, the company sends emails, but with sales events that might last just 48 hours, they couldn't rely on members to check their mail. With Mobify Web Engagement Messaging, Beyond the Rack can reach customers with gentle, opt-in reminders that appear at the front of a their mobile phone. Beyond the Rack is seeing a 20% click thru rate with the new solution and a 26% average increase in spend by customers who visit via web push.

Customers in other areas of retail, including books, groceries, household products, travel companies and department stores, are using the solution for sales, new items and exclusives, retargeting, renewals and discounts, as well as items back in stock. Messages related to abandoned carts, such as "complete your purchase, get 10% off," are compelling too. In fact, we're seeing 55% more revenue generated through web engagement messages than via retargeting efforts. The main litmus test is: "Is this the right message, to the right customer, at the right time?"

Customers are starting to show their engagement when using web push by spending an average 72% longer on a site per visit. More importantly, they're showing their love through higher conversion rates and average order values.

What is going on in mobile commerce that is driving the need for engagement tools like this?
Shoppers are looking for contextually relevant, real-time information about the brands and retailers they do business with. They want to know about today's flash sale today, not the day after it ended because the message was placed in the 'promotions' tab of their Gmail box.

Retailers' goal is to give an exceptional experience end-to-end, from awareness and search to browse and purchase. They want to reach each customer touchpoint in the most effective manner, wherever the customer is.

How should retailers be thinking about new engagement channels?
I think the key is to be thinking about what you are going to do once customers discover you through mobile web. After the initial interaction, what is your strategy for making mobile more than just a platform for discovery? How can you better engage customers in a way that is personal and spurs them to action? How can you make your pushes timely? Then, think about what information you can provide: is it a sale; new item; services like package tracking, loyalty points or returns? Having push notifications available as a tool right from your dashboard makes launching this capability even easier to deploy and track than running an email campaign.

How should retailers engage with shoppers on mobile without annoying them?
That is a great question. We use a 'double opt-in' approach. So, for example, you might send a message saying, "we can send you notifications when our auction goes live". That's the first opt-in opportunity and customers can say yes or no. Customers like it because they do not have to download an app or give personal info. The double opt-in approach offers an optimal user experience and ensures that users really want to hear from your brand. This creates a dialogue with engaged customers, so they are less likely to opt out of receiving messages.

For more information about Mobify's products and services please visit www.mobify.com or get in touch directly via emea@mobify.com.

ECOMMERCE

OPERATIONS, LOGISTICS & ORDER MANAGEMENT

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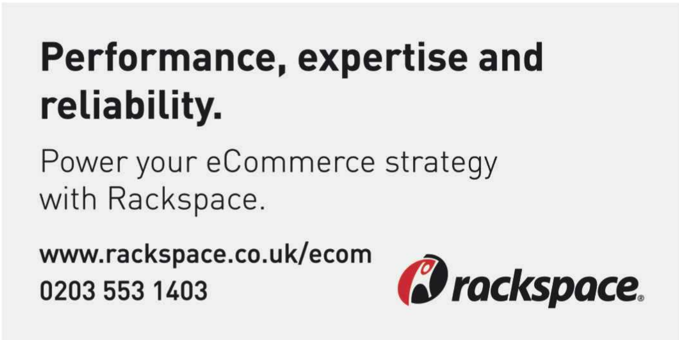

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CUSTOMER EXPERIENCE

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CUSTOMER EXPERIENCE

AQUISITION MARKETING

CUSTOMER EXPERIENCE

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MARKETING

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