



## NEW HORIZONS: INTERNATIONAL, MOBILE & MARKETPLACES

IRC keynote speakers – from Urban Outfitters, Halfords and Airbnb – share their thoughts on opportunities for retail growth and differentiation.

### INSIDE OUR 'MOBILE' EDITION:

- RETAIL REVIEW: BHS P21
- EXPLOITING MOBILE P28
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### NEXT FROM INTERNET RETAILING



25th January 2017  
Berlin, Germany

In partnership with  


Further details at [internetretailingsummit.com](http://internetretailingsummit.com)



**Re-Purchase Rate**  
in the last 90 days

**Retention Rate**  
in the last 90 days

**Win-Back Rate**  
in the last 90 days

**High-Performing Campaigns**  
3 campaign(s) converted 63 contacts in the last 30 days.

**LIFETIMEVALUE:** \$212  
**PREDICTED PURCHASE:** Adaptive Trainers  
**CONVERSION PROBABILITY:** 28%  
**PURCHASE INTERVAL:** 42 Days

**VOUCHER**  
**50% OFF**  
for a limited time only  
**Redeem**

**PURCHASE HISTORY**  
Trainers  
Books  
Backpacks  
Wearables

1,028 first-time buyers defected in the last 30 days  
€1.7M  
23  
1,676 active customers purchased in the last 30 days  
€208.8  
1,798 active customers defected in the last 30 days  
1,304 defecting customers

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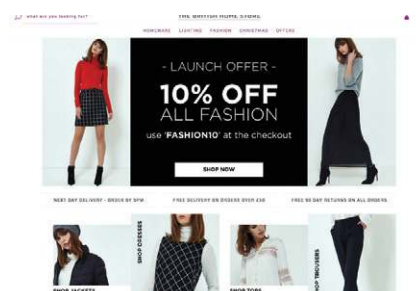
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# Editor's comment

**I**TIS THE season of boxer dogs, Christmas discos, spoof adverts and 2-weeks of Black Friday. Ready or not, Christmas is on its way – but will it bring mobile merriment for retailers?

Online retail sales for 2016 are expected to grow at more than 15%, driven in a large part by mobile according to IMRG and Capgemini. Salmon, meanwhile, predicts that over £5bn will be spent during the 'Black Fiveday' week of 24 – 28 November with over half (£2.55bn) being spent on mobile devices.

2016 has seen mobile reach a tipping point as transactions on mobile devices have passed desktop as more retailers adopt consumer-friendly mobile sites and transaction-driving apps. For the first time, claims a report from Criteo, all retailers in the UK saw half of their sales from mobile, on average. The leading 25% of mobile retailers' share of mobile went further and crossed the 60% mark.

In this issue of InternetRetailing, we take a four-way look at mobile: a review of 'old mobile' (on-device experience and capabilities); new mobile (customer behaviour, insight, data-gathering, apps and trends); in-store – mobile and mobility; and mobile futures – what are the new areas in mobile to consider and master?

Paul Skeldon, InternetRetailing's Mobile Editor, kicks things off with an investigation into how retailers are leveraging different parts of the mobile phone. The camera, GPS and location, accelerometer and microphone are all analysed – along with mobile's use as a simple telephone.

"The typical smartphone is a veritable Swiss Army knife of a device and there is much that retailers can do to leverage these functions and tools to create the kind of rich and personalised experience that customers crave," he says.

Taking it further, the article also looks at how Apple, Amazon and Google are all slowly trying to perfect audio recognition – through Siri, Echo and Google Cloud Speech API respectively – and are looking to arrive at a point where you can search and shop and buy simply by talking to your device. A review of Amazon Echo explains more.

And do not forget SMS. It has the potential to enable retailers to leverage unparalleled communication opportunities with consumers, writes Adam Oldfield, Managing Director of Force24, in his guest article. He looks at the role of SMS in a modern multichannel marketing strategy, before evaluating where some brands are still going wrong.

At a time when 67% of businesses still cite delivering a reliable and consistent digital experience across channels as a challenge, Eran Kinsbruner, Mobile Technical Evangelist at Perfecto, explains how retailers can optimise apps for ecommerce success.

Still with a view of consumer behaviour, we take a look at the state of mobile payments and consumer take up. As Paul Skeldon writes: "why would anyone bother with a range of other wallets accepted in different places when there is one built into the phone?"

In China, meanwhile, mobile

payments are predicted to account for three quarters of all online retail transactions in 2018. Don Zhao, Co-founder, Azoya explains what UK retailers could learn and bring home from this expanding market – not just in terms of payments but other areas of mobile commerce too.

Mobile devices are increasingly being placed in the hands of store associates – whether for taking payments away from a fixed checkout area, to help browsing customers with further details of a particular product or to check stock availability across the store estate. They are also being used to help optimise click and collect – which for some retailers is the most profitable part of the store. The busiest Marks and Spencer stores, for example, handed over 1,000 parcels a day to shoppers who had bought online in the run up to Christmas 2015. Two features look at different aspects of the staff/mobile issue.

So, whether your sales are up or down this festive season remember what an exciting time it is to be in retail and relax before hitting the 2017 digital to-do list.

I'll be back in the New Year looking at trends, emerging themes and innovations so feel free to share your thoughts and challenges with me at [editor@internetretailing.net](mailto:editor@internetretailing.net).

In the meantime, you can keep up with what's happening in the industry over Black Friday and the Christmas peak at [InternetRetailing.net](http://InternetRetailing.net).

*Emma Herrod*  
Editor



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Chloe Rigby highlights recent industry changes but to keep up to date with the news and her insight between issues visit [www.internetretailing.net](http://www.internetretailing.net).

## GROWTH AT DEBENHAMS

Debenhams says its investment in improving its multichannel service through a mobile-first strategy has helped it to grow online sales by 9.3% in its latest financial year. The retailer has brought the management of store and online operations together under retail director Ross Clemmow, as it looks to deliver a seamless shopping experience to customers.

The department store group, a Leading retailer in IRUK Top500 research, says online has become more profitable as more customers use it and opt for premium delivery options. Ecommerce earnings before interest, tax and asset depreciation are 14% ahead of last time.

Mobile accounted for more than 50% of online orders during the year. More than half the traffic to the Debenhams website came via smartphones. A simpler checkout process, coupled with improved brand communication has helped drive smartphone conversion rates up by a fifth (22%).

Click and collect was used for 32% of online orders last year, peaking at 46% in the week before Christmas.

The retailer also identified customer 'pain points' that it plans to tackle in the year ahead. These include simplifying returns and refunds, and speeding up till service through contactless tills and mobile payments. 'Queue Buster' mobile payment points operate in particularly busy departments at peak shopping times.

The update came as Debenhams reported group revenue of £2.3bn in the year to September 3. That's 0.5% down on the same time last year. UK sales of £1.9bn were down by 0.8%, and international sales of £409.8m were up by 0.9%. Top-line pre-tax profits of £118.2m were 0.5% ahead of last year, but after exceptional costs of £12.4m related largely to restructuring costs, bottom-line pre-tax profits came in at £105.8m, 10.4% down on last time.

## ONLINE CHRISTMAS TO REACH £24.3BN

Black Friday will be the biggest single online shopping day in the UK in the run up to Christmas – a period in which consumers will this year spend £24.3bn online, forecasts new research.

That total is 10% ahead of the £21.8bn spent last year according to the latest Adobe Digital Insights (ADI) study, which forecasts that online revenues on Black Friday alone are set to reach £901m this year, thanks to a move towards aggressive sales promotions as well as the nearness of the date to the final pay day before Christmas.

The study, which analyses past shopping data across 13 countries, finds mobile has become increasingly important over the last three years. Some 20% of online Christmas shopping is expected to take place via m-commerce this year. Meanwhile, it also forecasts that mobile shopping will peak on Christmas Day, which is expected to account for 58% more mobile revenue than Cyber Monday and 34% more than Black Friday.

Other findings include the insight that UK retailers see higher rates of international traffic – one in five (19.7%) of visitors to British ecommerce sites in the run up to Christmas are from outside the UK, whereas European retail websites see nine out of 10 visitors from their own country during holiday season. UK shoppers buy online in search of lower prices, although price sensitivity has fallen by 11% since 2015.

When it comes to grabbing consumer attention around shopping deals, marketers can continue to expect search advertising to be UK shoppers' most likely source for bargains, with 27% ranking it as their top source for price deals and bargains during the holiday season. Email, however, remains an important source of information, ranking second in the UK at 23%, and first in the US.

## DELIVERY REACHES TIPPING POINT

For the first time, more shoppers are opting for next-day delivery than economy, new figures suggest. The IMRG MetaPack UK Delivery Index found that 36.7% opted for the premium service, while 33.8% opted for the less expensive but slower economy option.

Andrew Starkey, Head of E-logistics, IMRG, says there are a number of potential reasons for this change, which follows a general and gradual increase in the percentage of next-day orders. "Some retailers see delivery as a differentiator and are offering next-day as standard, others offer it if the customer's basket value is above a specific threshold and for others the charge for next day is smaller than it has been on average in previous years. A move toward faster delivery is not unexpected and, for carriers, it doesn't represent a capacity issue during most of the year – but during peaks such as the Black Friday period, promotion of next-day delivery should be handled more cautiously."

The news came as online orders grew by 18.2% in August, compared to the previous month, reflecting, says the IMRG, resilience in shopper confidence following the Brexit decision.

There has also been an increase in the proportion of orders being sent to other countries, with 27.8% of UK orders now going to international destinations.

Kees de Vos, Chief Product Officer, MetaPack said: "Despite our concerns about the effects of the European Referendum, overseas shoppers are taking advantage of the strength of Sterling which is boosting overseas deliveries with the added bonus that we are seeing a rise in order values from cross-border shopping. With requests for next-day deliveries moving ahead of economy deliveries we are also witnessing a strengthening in the trend towards speed over cost."



## SAINSBURY'S EXPANDS ARGOS

Sainsbury's has moved quickly to capitalise on its acquisition of Argos and says 30 Argos digital stores will be open in its supermarkets by Christmas 2016. That's double the 15 that are already open. It is also using the expertise behind those stores, which feature screens where shoppers can order online for collection or delivery as fast as same-day, to open its own in-store digital collection points in branches. It aims to open 200 by the end of the year, where customers will be able to collect their Tu clothing, Argos products, eBay buys and DPD parcels while they are doing their supermarket shop.

At the same time, Sainsbury's said it was also trialling same-day online grocery deliveries in eight stores, part of its strategic mission to be there for its customers, saving them time, money and effort. It is fulfilling online grocery orders in London from a new dedicated fulfilment centre in the east of the capital.

The update comes as Sainsbury's reported total retail sales down by 0.4% in its second quarter. Like-for-like sales, which strip out the effect of store openings and closures – and the Argos acquisition – fell by 1.1%. Meanwhile, Argos sales grew by 3% over the period, the 13 weeks to August 2, with like-for-like sales up by 2.3%. Sainsbury's online grocery sales grew by 8%, and customer orders by 12%.

Group Chief Executive Mike Coupe said that while like-for-like sales were down by 1.1% – potentially reflecting price cuts across the grocery sector – volumes and transactions grew across all channels.

## JOHN LEWIS INVESTS IN STARTUPS

John Lewis is investing in retail tech startups working in areas from machine learning to social media following the completion of its latest JLAB accelerator programme.

The retailer, an Elite trader in IRUK Top500 research, and its innovation partner L Marks will together put £100,000 into DigitalBridge, a technology company that uses computer vision and machine learning technology to enable customers to see how new home furnishings will look within their homes.

Wedding Planner, which enables couples to plan their wedding over their phones and online, and Link Big, whose technology turns Instagram into a social checkout, enabling customers to buy products seamlessly from their Instagram feed shop, both receive £50,000.

The John Lewis Buying teams will continue working with the two other startups on JLAB 2016, Ding Labs and Robotical, with a view of helping to bring their products to market.

The five startups were part of JLAB 2016, a ten week programme working within John Lewis operations to put their technology to practical use.

Paul Coby, CIO, John Lewis Partnership, said: "JLAB was inspired by our founder Spedan Lewis' ideas about bringing innovation to the retail industry. The three startups we have invested in have the potential and the technology to really excite John Lewis shoppers. We are delighted to continue working with every one of the startups on JLAB 2016. This has been JLAB's most successful year so far."

## ASOS INVESTMENTS DRIVE GROWTH

Asos has reported that investment in product, delivery and price have driven a 26% rise in retail sales during its latest financial year. It said resources would continue to go into both logistics and technology – with a doubling of spending on m-commerce – as it focuses on improving the customer experience, while growing sales and profits.

Asos, a leading retailer in the IRUK Top500 research reported group revenues of £1.44bn in the year to August 31 – 26% up on the same time last year. Retail sales of £1.4bn were 26% ahead, with UK retail sales up by 27% and international sales by 25%. But pre-tax profits of £32.7m were 31% down on the £47.5m it reported a year ago as the losses and costs connected to its now discontinued China operation reached £10.1m. Before exceptional items, which also included the £20.9m settlement of trademark infringement disputes, pre-tax profits came in at 37% ahead at £63.7m.

Customer engagement was strong, said Asos, with active

customer numbers up by 25%, average basket values up by 3% and average order frequency up by 4%. Social media followers grew in number by 54% during the year.

The retailer said that 66% of online traffic now comes from mobile devices, with 51% of orders coming via its mobile platforms. Asos shoppers that buy via its app, now used by more than 10m active customers, do so up to eight times a month, spending more than 70 minutes online during that time. A new iOS mobile app now features spotlight search and 3D touch. A new mobile checkout has been introduced across its markets on both Android and iOS. Asos now plans to double its investment in mobile.

In logistics, the retailer introduced a four-hour estimated delivery window for standard delivery and returns collections and extended order deadlines for click and collect and next day delivery. Using a new 'Precise Delivery' service, customers can select a one-hour delivery window.

“Bronto has enabled us to attract customers both online and in-store and engage with them throughout their entire lifecycle.”

**Paul McDermott**

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Head of Ecommerce

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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](http://www.internetretailing.net).

# TESCO INTRODUCES PAPERLESS RECEIPTS

Tesco is testing contactless, paperless receipts in two stores in Harlow, Essex, sending them to the user's Tesco app instead, as the retailer looks to make its whole check out process more digital.

Once the customer has paid, they tap their contactless debit or credit card on a new terminal on the checkout and the receipt appears on the specially downloaded version of the store's app. A shorter paper-based receipt is also printed out.

If the three-month trial is deemed a success, the system will be rolled out across the retailer's network of stores in 2017. Tesco is working currently with tech company Tag Retail Systems.

Tesco isn't the first major High Street retailer to bring in digital receipts though. According to Andrew Carroll, CEO of digital receipt supplier Yocuda: "Tesco's trial of digital receipts comes

more than four years after the high street started to adopt digital receipts, with major household names like Argos, Debenhams, Halfords, Booths and Monsoon Accessorize already running successful programmes."

Carroll continues: "It's surprising that Tesco is adopting a hardware solution and requiring customers to use an additional NFC tag, when ideally they should be able to use software on their existing systems connected to a customer's Club Card account. This solution appears to be adding a secondary and potentially unnecessary step for customers, when the whole point of digital receipts is to make life simpler."

The move also comes hot on the heels of Tesco launching its PayQwiq mobile payment app, which itself was Tesco's attempt to connect the analogue world, the traditional check out and the digital payments world.

## SOARING SALES FOR MOTHERCARE APP

Mothercare has removed many of the barriers to mobile check-out with a new API-based app and is already starting to reap the rewards.

While still fully native, the app's checkout previously relied on other web channels, reducing purchase speed and the potential to provide customers with the best possible app experience. Moving the majority of the app to being driven through APIs has re-defined app purchasing by creating a journey that is faster, easier, more fluid and personal to app customer behaviour.

More importantly, the move reduces the reliance on the website platform and creates a mobile sales channel that is independent and resilient to any changes and issues in other channels.

Since the latest update, orders placed via the iPhone app have increased by 25% and revenue has increased by 42%. Astoundingly, Android orders are 73% higher and revenue has increased by 113%. The time taken to complete purchases is also 20% faster.

The move to an API checkout is only the beginning for Mothercare as it plans to continue to enhance customer experience using mobile.

"The app is all about creating the best experiences for our most loyal customers and creating an easy checkout journey is a key part of this," says Gary Kibble, Global Brand and Marketing Director at Mothercare. "It is not enough to simply mimic the mobile site, an app needs to stand alone and our new checkout combined with our app features such as Baby Tunes is a great way to become part of our customers' lives and daily routines."

## MENTION ME TO MISSGUIDED

Fashion brand Missguided, which has been a leading proponent of personalisation through mobile, is now offering a new refer-a-friend programme. With an engaged customer base who are prolific users of social media, Missguided is looking to give customers a platform where users can share their positive experiences of the brand to drive new customer acquisition.

Partnering with Mention Me and using its leading SaaS technology to capitalise on these word of mouth referrals, Missguided is adding to work it did earlier this year that increased conversion rates by 34% through implementing a personalisation and optimisation strategy, which allowed the retailer to target customers with specific, tailored experiences.

It also follows the highly successful launch of a new app that seeks to gamify the Missguided user experience and sees Missguided join a growing list of companies that are reaping the rewards of personalisation, including The Entertainer and JD Williams.

According to Nicola Fox, Head of CRM at the retailer: "We are constantly looking at how we can engage with our customers in their online journey. Having recently launched online reviews, referrals is the obvious next step to capitalise on our positive brand sentiment. The Mention Me solution enabled us to get up and running quickly and we love the "refer by name" functionality which makes it easy for referrals to become part of a natural conversation".

This means that when Missguided's customers chat about their latest purchase they can just tell their friends to enter their name at the checkout to receive an offer.

# New horizons: marketplaces, mobile and international

Ecommerce professionals, for more than a decade at the vanguard of innovation and radical change, are themselves now having to adapt as ecommerce is no longer a mere channel but an equal partner with stores. The three keynote speakers at the recent InternetRetailing Conference – from Airbnb, Urban Outfitters and Halfords – shared their thoughts with *Emma Herrod* on how new horizons in marketplaces, international and mobile are providing new opportunities for retail growth and differentiation.

ONLINE RETAILING has changed from the days when ecommerce professionals were just happy that their site was working; today, ecommerce is so intrinsic a part of multichannel that maybe it's time to drop the term itself in favour of simply, 'retailing'.

Retailers, regardless of their size, are now being judged by consumers against extremely high standards. These standards are being set by innovators such as Airbnb – which has a business model that couldn't have existed pre-digital – by entrepreneurs and by elite companies which are connecting with customers in new ways. Urban Outfitters, for example, builds its communities around consumer lifestyles, music, flash events and giving stores the autonomy to morph the global brand to fit the local customer.

Nowadays, every digital interaction, regardless of sector, is training retail customers to be demanding and unforgiving. Shoppers want retailers to be as slick and as capable as Amazon, as exciting as Airbnb and as trustworthy as Boots. The demands are high and that affects not only the people, processes and technologies that need to adapt to the changing customer, but also the brands themselves and the values they bring to the market and to their customers.

Airbnb, for example, has kept its core brand values and culture as the company has expanded from its inception in 2008 to 2,500 employees today. In fact, it had written its core values before it had even hired its first

employee. Its six core values embrace its ethos of being a hospitality company making people feel at home wherever they are: Champion the mission (of belong anywhere); Be a host (Airbnb is a hospitality company); Every frame matters (so look at the end-to-end experience of everything); Simplify; Be a cereal entrepreneur; Embrace the adventure (having that youthful spirit regardless of age, being open minded and adaptable).

Every candidate is rated against the 6 values as part of the performance review process. James McClure, General Manager Northern Europe, Airbnb, points out that the feel of its offices around the world is different as employees "pay homage to the greater culture", but it becomes localised as everyone remains true to who they are as well as who they work for.

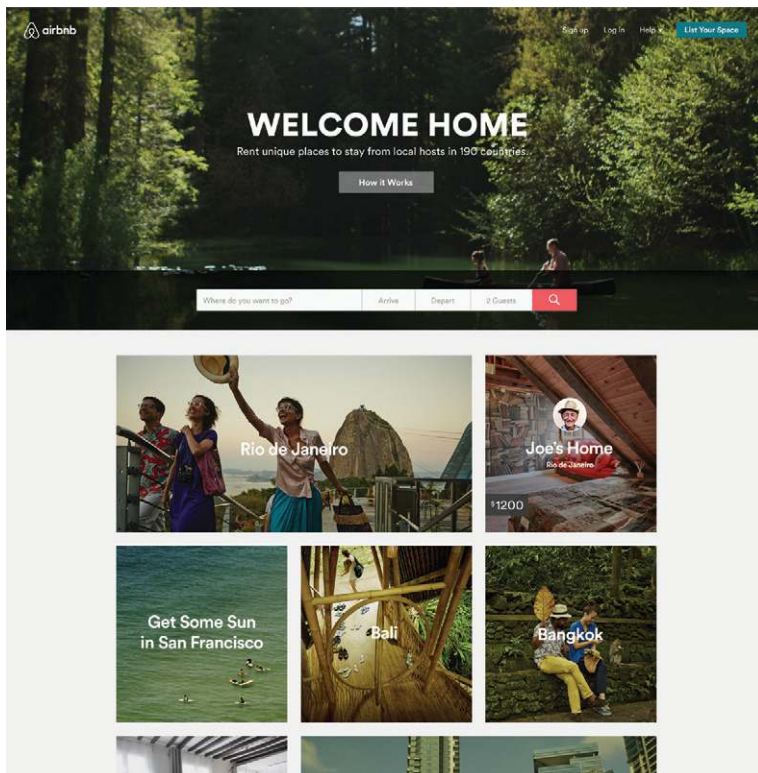
Being a hospitality company, it puts great store in the customer experience, and this extends from the staff through to hosts, too, with guest reviews rating their helpfulness and friendliness. "You can't get more than four stars for just features; you need interaction to get a 5-star review," says McClure. And these five-star reviews are as good as a personal recommendation from a friend.

## COMMUNITY

As the hosts listen and interact with the end customer, so Airbnb listens to the hosts. It holds an annual conference for hosts which last year attracted 5,000 from 100 countries. The event helps the business to improve its

“Urban Outfitters  
uses test  
and learn  
“to survive”,  
throwing out  
lots of ideas,  
aggregating  
them and looking  
for what's  
winning”





**Airbnb believes in the power of community and its hosts telling their story**

understanding of why people become hosts and how they can work with them better. Engineers also attend the event, evaluating ideas and making changes to the site during the conference. “Last year, there were 50 tweaks made during the three-day event,” says McClure.

The power of the community also comes to the fore with marketing campaigns. In 2014, Airbnb gave 100,000 hosts \$10 each and asked them to do something that makes #onelessstranger in the world. One host on holiday in Israel, for example, asked anyone who was in Tel Aviv to join them for dinner. “If you give creativity to people who know you best, you get creative ideas that an agency wouldn’t come up with,” says McClure.

It is this sense of community, openness and trust that has built up with the sharing economy that’s helping to build loyalty for longer-established brands and retailers.

At Urban Outfitters, whose mission is to become the pre-eminent global lifestyle community for twentysomethings, this is created through store events and spontaneous happenings beyond the store environment.

The 45-year old fashion business has remained focused on the customer and has tapped into the community of its target 18- to 28-year-old demographic as it expands into new markets and categories. Products and services have changed as the brand has moved into beauty, intimates, shoes and homewares, and it has brought new experiences into the stores, including food and beverages and live music. “We increase the reason for people to go to stores. We create a real community,” says Andrew McLean, Chief Operating Officer, Urban Outfitters, and “that means moving with our customer, in channels and in stores”.

Its use of music highlights how the brand is building a community and working across channels. It has bands playing in stores, sells vinyl and gives users of its mobile app access to new music, interviews and enables them to create playlists. McLean says that the brand wanted to share customers’ in-store music experience across other channels.

“Digital is part of our world and connects all of our world,” he says. It also forms one of the major ways in which the brand serves individual countries, localising the

## NEW HORIZONS: MARKETPLACES

Airbnb was started with the simple objective of enabling the San-Francisco-based founders to pay their rent. They rented out an airbed in their front room, gave the traveller breakfast and told them about the local area. Airbnb has since expanded its network to 2.5 million places to stay and operates from 20 offices. “When people are travelling, they still want to get the local experience,” says James McClure, General Manager Northern Europe, Airbnb.

The sharing economy, which connects a distributed network of people and tangible or intangible assets, would not have been possible before the internet. While making use of the idling capacity of those assets, the sharing economy encourages meaningful interactions and trust while embracing openness and inclusivity. While it was retailers who started reviews online, they now underpin peer-to-peer networks. Twenty 5-star reviews on a flat in London is as good as a friend recommendation.

McClure shares learnings that:

- Experience rates higher than services – interaction with the host to make the person feel at home ranks higher than a hotel-type experience;
- Culture and core values – the core culture was written before the first employee was hired;
- The power of community – the hosts are where the marketing stories are and they can tell the story better than we can.



Halfords has a click and collect rate of 90%

experience but in an omnichannel way – which encompasses wholesale, retail and concessions. In one category, the company is helping customers to put together an outfit, while homewares is connecting all the channels as customers click and collect or use the stores as a showroom.

But at its core is high-impact imagery which can be customised to change the look of the brand in different markets. “This is backed up with great products,” says McLean. By staying focused on the customer, and using lots of pictures rather than words, Urban Outfitters can connect with customers across all channels while supporting the brand story.

#### BRAND VALUES

The brand has to remain focused on the customer over time, too, and always be ready for the next generation. “You don’t do that with a bunch of 40-year-olds,” says McLean, explaining how a youthful culture, intellectual curiosity and a belief in the customer has meant hiring people in their 20s and early 30s who are able to connect with its target customer. “I now have a bunch of 20-year-old employees who tell me what we should invest in and we test and learn,” he says. In fact, Urban Outfitters uses test and learn

“Retailers need to find the value add that will be delivered through mobile devices”

“to survive”, throwing out lots of ideas, aggregating them and looking for the winner. He explains that it’s like an ongoing A/B test that happens to be across channels rather than just on a website. He warns: “If you don’t have that curiosity, I don’t know how you’ll be successful.”

Tony Rivenell, Chief Digital Officer at Halfords, agrees that retaining the essence of the brand is essential, and says companies need to look at how they support customers and staff. As the firm transforms its big box image into a brand that’s focused on supporting customers through life’s journeys, from car seat, to bicycle to learning to drive and so on, it is “embedding service into its dna and enabling colleagues through support”.

Halfords has a click and collect rate of 90% and that, explains Rivenell, is because it sells bikes which have to be built. It also give customers a connection with shops, so even if their expectation is that they want things quicker and delivered wherever, the flip side for Halfords is that by building their bike the company will always have a personal relationship when the customer goes into store to collect. “So, as the mobile channel grows, the fulfilment of that will be a service that we offer,” explains Rivenell. “It’s how we



deliver that in a seamless, joined-up way that cuts across the channels, rather than simply ordering from a shop.”

Shop colleagues are allowed to be experts in their area and are given extensive support and training, as well as access to a range of digital solutions being tested by the company. “We can’t simply put devices in shops and expect people to pick them up,” says Rivenell.

One trial has been looking at how smart watches can be used to support staff to do their job better, improve services and free up their time to serve customers. They also reduce the amount of paperwork required to pick an order in-store and prepare it for customer collection. By generating a pick list, the devices enable staff to pick orders while they walk around the shop doing other tasks, an important factor when 90% of online orders are collected in store.

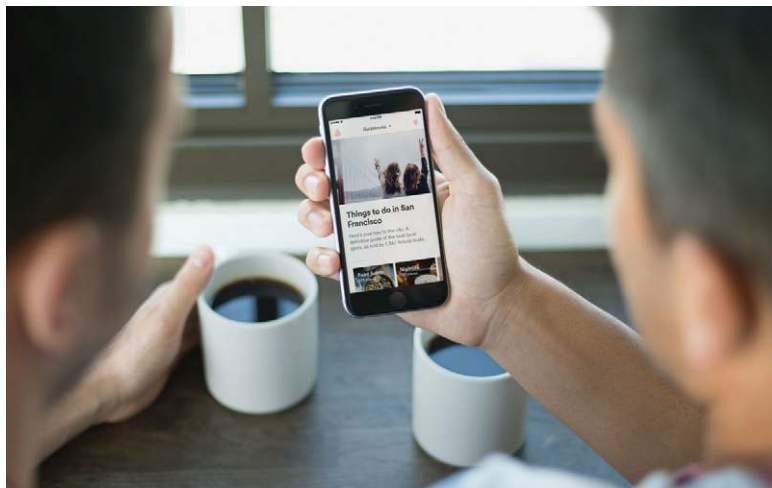
Technology is also empowering customers. For example, Halfords has trialled touchscreen kiosks at the front of its shops, allowing customers to confirm their order and page a staff member to bring it to the collection point. The technology has also helped increase collections by 1%.

Rivenell points out that Halfords is considering what digital support it will give to colleagues on the back of the trial.

### CHANGING CUSTOMER BEHAVIOUR

What McLean finds interesting about the way in which consumer behaviour is changing, apart from the move to ecommerce, is the

**Airbnb has built up guide books full of crowd-sourced recommendations from its hosts**



### NEW HORIZONS: MOBILE

**Halfords was founded in Birmingham in 1892 and is now the UK's leading retailer of motoring and cycling products, with stores across the country and multichannel capabilities. Some 90% of its online orders are collected in store.**

Talking about how the company has expanded through mobile, Tony Rivenell, its Chief Digital Officer, explains that mobile has to be developed in a way that's right for the customer, gives them value and is relevant to the brand. “What is the value add that will be delivered through these devices?” he asks.

**Fitting a wiper blade on a car isn't a digital task – there are many physical steps that need to happen too – but booking the appointment online could be part of the solution and part of the transformation that mobile brings to the company.**

amount of research that takes place online before customers go into a store. This not only requires the company to act in a seamless way, with the same offers and focus applied to every touchpoint, but has also led to it making sure that it has created a great mobile experience for its customers so they can get the information they want.

He explains that if the customer is spending more time researching before they come into store, you have to think about how to present information in a way that relates to the overall experience, such as how the shop on their mobile relates to the overall store experience.

Rivenell agrees that consumer behaviour is constantly evolving. “The www of whenever wherever still exists but how do you make that work for your business in a way that's also profitable, sustainable and works for both sides?” he asks.

While Halfords and Urban Outfitters have stores and a pre-digital heritage, Airbnb is a recent entrant to the market, and one which couldn't have operated before digital made the widespread sharing economy possible. McClure highlights the importance of providing customers with engaging information when you don't know when they are travelling or even if they are going to travel to the location they are researching. It's about the brand as a credible content provider. Airbnb, for example, has built up guide books full of crowd-sourced recommendations from its hosts. The important point, believes McClure, is to be engaging so that when it's time to buy, it has built up your credibility either for that trip or the next one, he explains. “That content is really important and you have more chance of getting that transaction at a later date.”

## NEW HORIZONS: INTERNATIONAL

Urban Outfitters is a 45-year-old brand which started in Philadelphia in 1971 selling fashion apparel to the 18 – 28 age group. The brand's philosophy is to keep track and stay a little ahead of its customers, adding stores, mail order, online, concessions and wholesale as part of its journey to becoming a global brand. It has also expanded into a lifestyle brand selling beauty, intimates, shoes and homewares.

"We use the channels where they matter," says the firm's Chief Operating Officer, Andrew McLean, as the brand moves to engage with customers anytime, anywhere. Some of its growth internationally has been spearheaded by its mix of channels and its ability to engage the customer in one channel, such as social or email, and interact before they walk into a store.

McLean says that they've had to move with customers through the introduction of the 'new', whether that's new product categories or how they are experienced across channels, such as selling vinyl and the music experience in store and how that's taken into other channels.

Urban Outfitters has also created immersive experiences wherever it sells, be that web, wholesale or concessions, producing captivating content and imagery in a story that the customer can live through. "It's about other brands, too, and sub-brands as they become relevant to the customers." These are then localised to different countries.

Airbnb wants travellers to feel at home wherever they are

## DISRUPTORS

Looking to the future, McClure believes that augmented and virtual reality could redefine how travel is bought, since travellers would be able to get a real sense of a place, the room, sights and sounds before they make a booking. "It would ease the choice between whether they go to the South of France, Greece or Dubai," he adds. Although there are many applications for other businesses, particularly travel agents, it will "change how people consider and dream about the options they have". As far as the timeline is concerned, he draws comparisons with mobile, which took from 2007, when people were talking about what it could do, till 2012, when the conversation had moved to what mobile is.

"Social commerce will make a return, too," believes Urban Outfitters' McLean. He talks about China and the amount of commerce undertaken by the early adopters on WeChat and Weibo. He cites Burberry and Tommy Hilfiger as brands leading the way. Although f-commerce didn't come to fruition in the West 8 or 9 years ago, McLean thinks "it will start to find its way back into our dna over the next few years as some of the Chinese retailers expand further into Europe and America".

He explains that Chinese retailers treat the commercial element as the final point in a very long chain of a relationship.

You can't get more than four stars for just features; you need interaction to get a 5-star review



Pic credit: David Elliot, Airbnb

Retailers still have a lot to do around personalisation to individualise the experience across channels, believes Rivenell, saying: "There's still a huge opportunity for us in that space. We are playing catch-up with the disruptor start-ups." But he does feel as if the industry is discounting individual experiences before they've become a reality because, he says: "it's difficult to get there. In some ways we've gone, 'this is tricky, let's move to the next thing', but there's still room to grow in that area and that quite excites me."

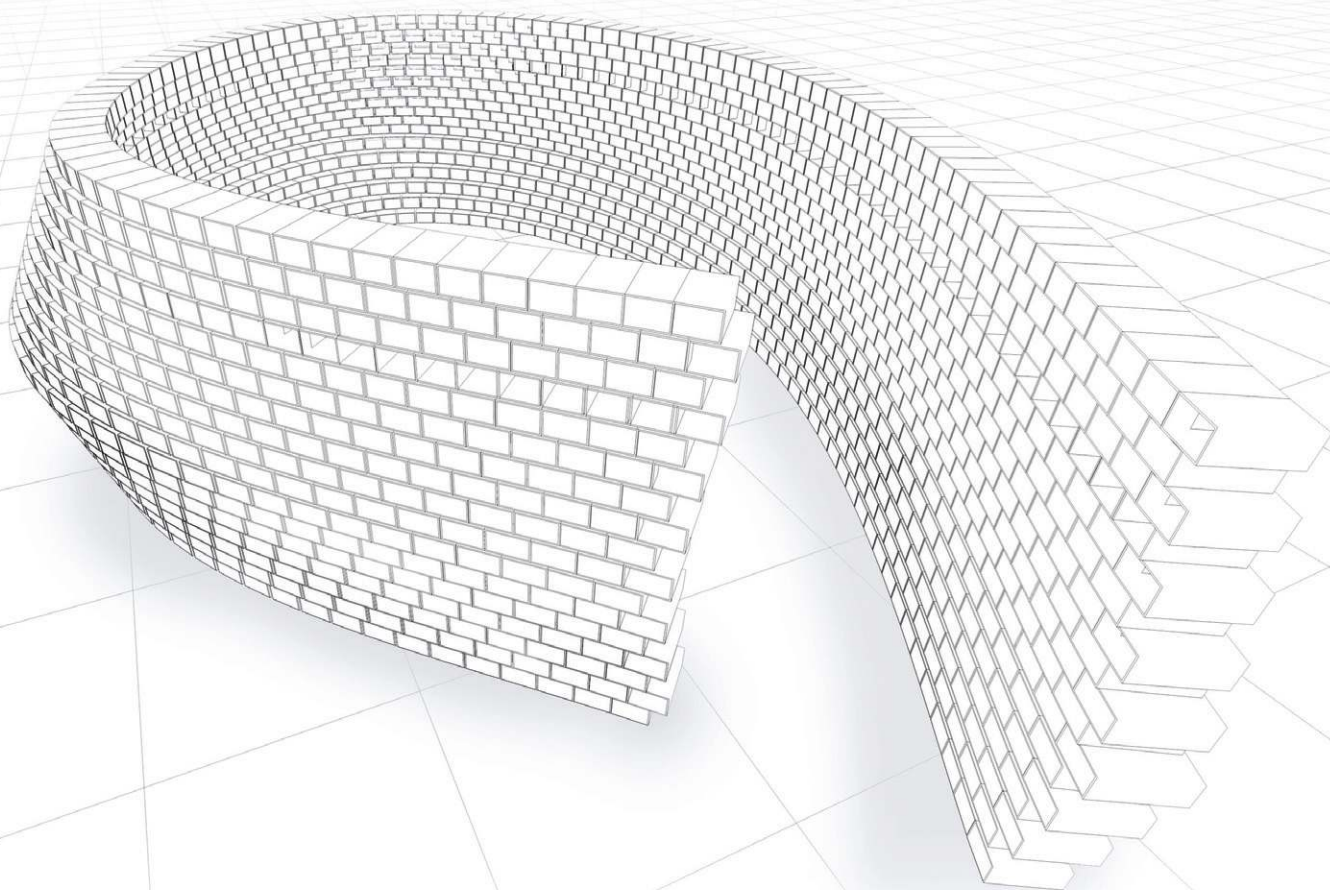
He understands, though, that culture change doesn't happen overnight. Retailers need to be creators, strategists, technologists, futurologists and collaborators. It isn't an exact science and everyone's growth journey needs to be in line with their business. And whatever role people are in at the business, it's still about the bottom line and how growth is delivered, because, at the end of the day, everyone is there to improve the firm and the brand that they represent.

Whether expanding through marketplaces, mobile or across borders, changes have to be managed in a way that remains true to the brand, mixing channels and putting the customer first. 🇬🇧



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EXHIBITORS

# Research roundup

At InternetRetailing we receive research on a diverse range of topics. Three that have stood out cover Sunday deliveries, mobile reaching 50% of online transactions and research into email habits and how consumers are checking email on smartphones but opening fewer than before.

*Emma Herrod reports.*

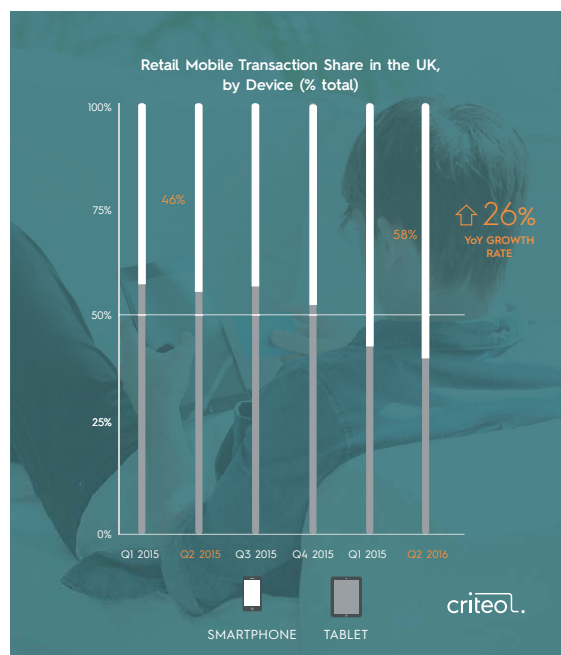
**T**WO THIRDS of consumers want their online orders delivered on a Sunday but they expect the convenience to come at a standard price, finds a whitepaper commissioned by Electio. The main influences on consumers' expectations are the immediacy of social media and the Amazon "I want it now" phenomenon. Retailers are reacting fast, says the paper, with 81% of them already offering, or planning to implement, a Sunday delivery strategy to keep up with demand.

The most popular reason cited for wanting a Sunday delivery is because people are likely to be at home. In terms of the types of products customers are most likely to be expecting, large white goods and high value items lead the way.

The whitepaper also reveals that while retailers can see the value in Sunday delivery to improve the customer experience, boost sales and gain a competitive advantage, they also face significant challenges. Arranging for staff to work weekends, navigating carrier service availability and updating websites to show Sunday options, were found to be some of the top challenges.

Retailers also stated that they are struggling to get customers to pay a premium for the service which costs more to provide.

A number of solutions are highlighted, including urging carriers and retailers to work together to provide the convenience that shoppers demand. Others include: changing operational patterns and staffing structures; pre-sorting on Friday to facilitate Saturday



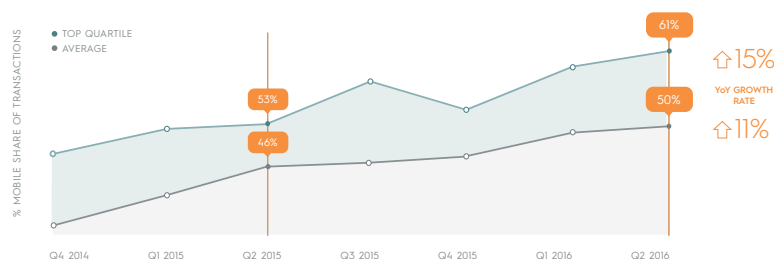
and Sunday delivery in the current system; marketing campaigns to generate the volume necessary to provide Sunday delivery at the cost customers are willing to pay, i.e. for free; considering Sunday delivery as a way to relieve the traditional delivery/operational bottlenecks that occur on Mondays and Tuesdays.

"Delivery in 2016 is at a new place," says Andrew Hill, Commercial Director at Electio. "Customers are deciding when and how they want to pick up a parcel. They want the option of delivery within one hour slots every day of the week, including Sunday. We can't bury our heads in the sand when it comes to Sundays. If retailers don't address some of these challenges head on and find a solution, then Sunday delivery will become the preserve of an elite minority of retailers."

## MOBILE REACHES 50% OF ECOMMERCE

Another report, this time from Criteo, reveals that mobile has reached a tipping point as transactions on mobile have passed desktop as more retailers adopt consumer-friendly mobile sites and transaction-driving apps. For the first time, claims the report, all retailers in

Mobile Share of Retail eCommerce Transactions in the UK



STATE OF MOBILE COMMERCE H1 2016

criteo



the UK saw half of their sales from mobile, on average. The leading 25% of mobile retailers' share of mobile went farther and crossed the 60% mark.

Fashion brands continue to lead the way in mobile commerce and seem to be extending that lead over other sectors, with over half of their sales now occurring on mobile.

Home, a slow performing category in previous Criteo 'State of Mobile Commerce' research, showed a strong growth of 53% in its H1 2016 report to move ahead of the Health & Beauty and Sporting Goods sectors.

Significantly, apps remain the most efficient channel for retailers, driving a larger percentage of shoppers down the purchase funnel and converting at 3x the rate of mobile web.

#### ADDICTED TO EMAIL

Meanwhile, a report from Adobe, has found that office workers are spending over a third of their waking day reading, writing and replying to emails. While we're spending so much time on email only 21% of branded email offers to personal email accounts are deemed interesting enough to open (and that's only 15% for those received at work). This is down across both work and personal emails by 10% from 2015, claims Adobe.

The lines between work and personal time continue to blur as European professionals check their email around the clock, with the majority (88%) checking their personal email accounts while at work, and 79% engaging with work email outside of office hours. Some 61% of those surveyed read emails while on holiday, 59% admit to reading their emails when watching TV, and 42% check them whilst in bed.

Respondents also indicated that their use of email is evolving alongside growing smartphone use, with email styles increasingly resembling those of text messages. Over one-third (36%) of European office workers observe a trend toward less formal emails. 32% find that the written quality of emails is decreasing, and 30% think that emails are getting shorter.

Also, as the use of smartphones continues to grow, so more of us are checking emails on such devices. Nearly three quarters (74%) of Europeans are now regularly checking emails using a smartphone. In the UK in particular, smartphones have overtaken desktops as the preferred device upon which to check emails.

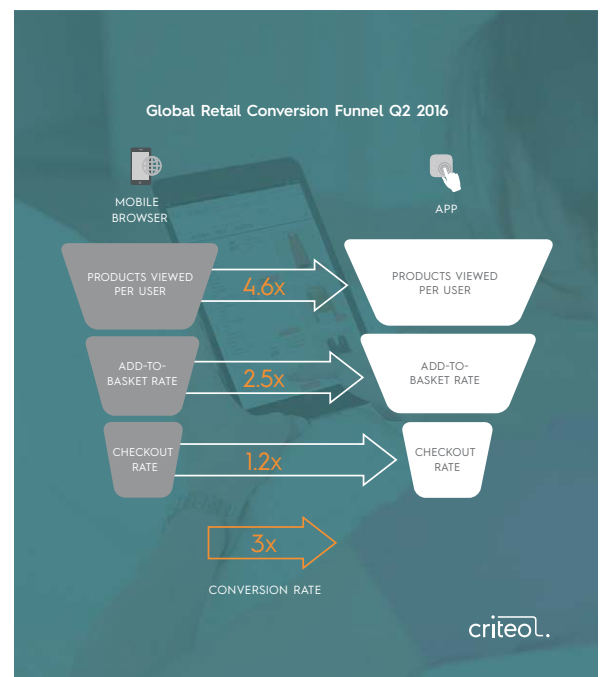
In the UK in particular, smartphones have overtaken desktops as the preferred device upon which to check emails

Workers in France and Germany regularly check their email on smartphones too.

This increase in mobile use puts a spotlight on how marketers optimise email marketing campaigns, with 22% of respondents saying their biggest annoyance is that the layout is not optimised for their smartphone. Having to scroll beyond one page was an annoyance for 23% of users, and images that didn't load is considered a further irritation for 18% of respondents.

Nearly half (46%) of respondents cite the frequency of emails from brands as the biggest turn-off, followed by poorly-written messages (29%) and offers based on clearly inaccurate profile data (22%). While emojis are now commonplace in peoples' own communications – nearly three quarters (73%) use them in personal emails, and one-third (33%) in the workplace – brands should exercise caution, as 72% of office workers find them to be ineffective or only slightly effective in getting them to read an email offer.

As these three reports show, consumers are becoming increasingly reliant on their smartphones, using them for communication, shopping and organisers to life. It's hardly surprising that the immediacy they bring to all matters – the always on capability – is influencing delivery. It's only a matter of time until delivery choice will extend to 24/7, 365 days a year. If you can buy it in a convenience store, why not have someone deliver it for you? 



# How new technology & content formats are driving creative inspiration

**F**ROM SNAPCHAT, to Instagram Stories, to our Facebook newsfeeds filled with endless amounts of video posts, it's clear where the market is headed in 2017. And it's no wonder why, when as of April 2016 Snapchat saw 10 billion views per day on their videos! Brands are, of course, eager to capitalise on this trend.

According to Cisco's Visual Networking Index, video will made up 82 percent of consumer internet traffic by 2020. Given this, marketers and creatives alike are beginning to recognise the level of importance that motion graphics, animations, and video for consumer engagement have outside of their typical applications. The type of ephemeral content created in Snapchat or Instagram Stories, where masses of viewers gobble up condensed clips in near real-time, after which the content is all but discarded, has usage and value beyond its obvious home in channels like paid media, paid social, YouTube pre-rolls, organic social posts, and more.

With these new content formats and the consumption of this content increasingly on mobile devices, marketers are recognising the need for a nuanced strategy to reach their customers. Brands that are willing to adjust to the implications that come with these changes; namely, more disposable, short-form animated content, will be likely to find success in their omnichannel marketing strategies. That said, how will creatives keep up with producing the short, dynamic content that consumers,



and in turn, brands, now crave? Additionally, what does this drive for shorter, metrics-driven content do to the creative process? Is there still room for true creativity? We've gathered some converging trends that we think should help alleviate the challenges of this changing landscape, while allowing brands and their creative teams to create and utilise high-quality content at scale.

## **PROLIFERATION OF CONSUMER-GENERATED CONTENT**

Over the past several years, mobile devices have become equipped with more powerful cameras, allowing everyday consumers to take high-quality photos. Combining this imagery with platforms like Instagram has led to an incredible amount of relevant and valuable imagery taken on behalf of brands by their consumers. With the number of channels, and more emerging, in today's ecosystem, marketers and creatives have

faced an issue we now know as the content crunch — the inability to keep up with the production of engaging content to deploy across the increasing number of dynamic channels. The content crunch can especially be a problem for creatives because of high costs and the amount of time it takes to produce on-brand assets. Through using a balance of brand-owned content combined with user-generated content, creative teams can keep up with the content needed to fill the growing number of marketing channels, while also providing consumer imagery that is proven to have better engagement and conversion metrics.

Although we have come a long way with user-generated imagery, one area that has been lagging behind in this category is users' video content. That said, in the coming years we believe consumer-generated video content, not just on mobile devices but with more accessible cameras, like those made



by GoPro, will continue to get better. As a result, brands can tap into this content and utilise it in their marketing experiences, both online and offline.

### EMERGING CONTENT FORMATS

Another trend we predict will help brands solve the challenge of scaling the type of content consumers crave is the emergence of new formats. Traditionally, visual content has been thought about in a binary context: static images or videos. However, exploring the grey area between these content types opens up another layer of engaging and creative media that is easier and more affordable to scale. Still, creative teams certainly don't need the added cost, time, and effort associated with additional asset types. Olapic, a visual marketing technology, recently developed a technology called, Content in Motion (CiM), which allows brands to turn static images into dynamic animations. This allows consumer brands to use their wealth of photos, whether those shared by fans on social platforms or brand assets created in-house, and scale that content in a more dynamic and affordable capacity.

NotOnTheHighStreet.com,

a curated marketplace of the UK's best creative independent businesses, used the CiM technology on its social channels and realised a 33% post engagement lift and a 93% lift of completed video views on Instagram. While this is just one example of many, it exemplifies the importance of exploring the grey area between images and video as a source of creativity and inspiration for marketers, as well as an avenue for consumer engagement.

### MARRYING TECHNOLOGY & CREATIVITY

Technology has been both a friend and an enemy to creative professionals, as it has enabled better creative processes but also put a greater emphasis on performance over true creativity. However, now, with increased capabilities and the proliferation of automated technology over the near term, there is greater ability for brands to scale both creative marketing and advertising efforts. The pendulum has swung back to the middle, and brands can achieve both creativity and performance.

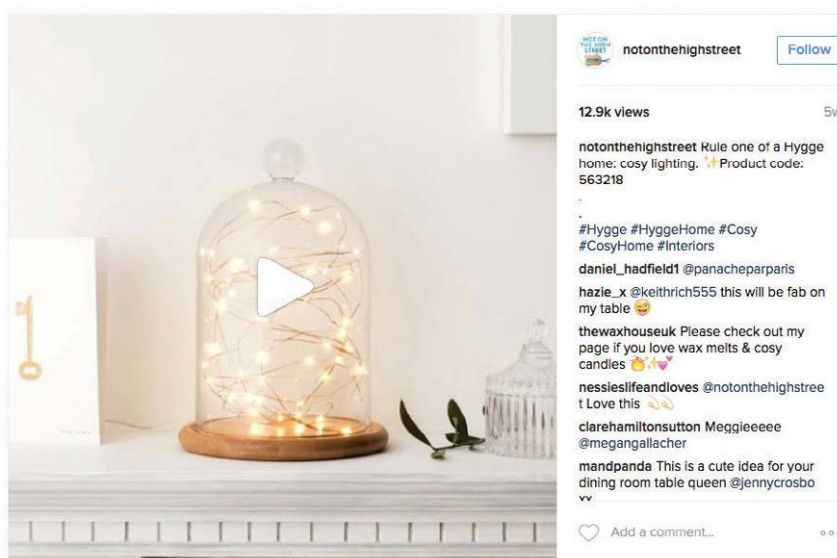
For example, programmatic buying is already automating the process of distributing video across the web, and as it becomes more sophisticated, this will free



up resources for brands to think more strategically about their content creation efforts. According to AOL's "2015 US State of the Video Industry Report," by the end of 2016, 38% of all digital video ad spend will be bought programmatically, totaling \$5.37 billion, nearly an 86% growth in dollars year-over-year. This is a trend that goes hand-in-hand with scaled content, as programmatic enables content testing and optimisation at a volume that allows for maximised results.

Specifically, as buyer personalisation becomes an increasing priority for marketers, the ability to create quick, customised, and dynamic content to distribute programmatically will be a mandate. It will be interesting to see how brands tackle the challenge of short-form motion-based content over the next several years. One thing is clear, for creatives and marketers that are able to create more dynamic and customised experiences at scale, consumers will reward them with more engagement, conversion, and loyalty.

*More information on Content in Motion at [www.olapic.com/cim-internet-retailing/](http://www.olapic.com/cim-internet-retailing/)*





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Grace, Payment Gateway Analyst



# 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 can be viewed online at [www.internetretailing.net](http://www.internetretailing.net). This issue our reviewers examine BHS.com.

## RETAIL STRATEGY

**PETE BROWN, CONSULTANT, KURT SALMON**

BHS is hoping for a comeback as a new pureplay online retailer. This is a highly competitive market and it is entering at a time when department stores are in a decline in the UK, which could prove a bold step.

Other successful department stores in the UK tend to have a luxury focus that is cemented with a strong store presence. Without this it will be interesting to see how well the new BHS can position itself in the market. With Selfridges showing a 1.9% dip in operating profit after investing £300m in their flagship Oxford Street store, it's a brave move to act as a standalone in the pureplay market.

The new BHS has launched its website in an agile way, starting with lighting and homeware and pushing towards the fashion markets. The aim is to launch 80% of the old BHS product offering, an ambitious target.

The website is clear and well laid out. It has moved to a much more user-friendly platform than previously. The simplistic and modern approach is completely different and supports a strategy to attract a younger consumer.

With this in mind, it seems in a hurry to differentiate from before and is aiming to launch its new fashion focus to a more trend-minded consumer. The sales process is integrated with multiple opportunities to provide real-time feedback through reviews and sharing opportunities via social media. In order to stay ahead of the digital curve in a market super-saturated with online retailers, it is vital that BHS keeps listening to its customers to avoid the pitfalls of other department stores. The key method of choice it uses to communicate is Twitter. This offers a

more efficient line to resolve issues for younger customers.

It is very early days for the new pureplay BHS so it will be interesting to see in the coming months where the next steps take the business but for now it looks to have positioned itself in a much better place to move forward.

## WEB EFFECTIVENESS

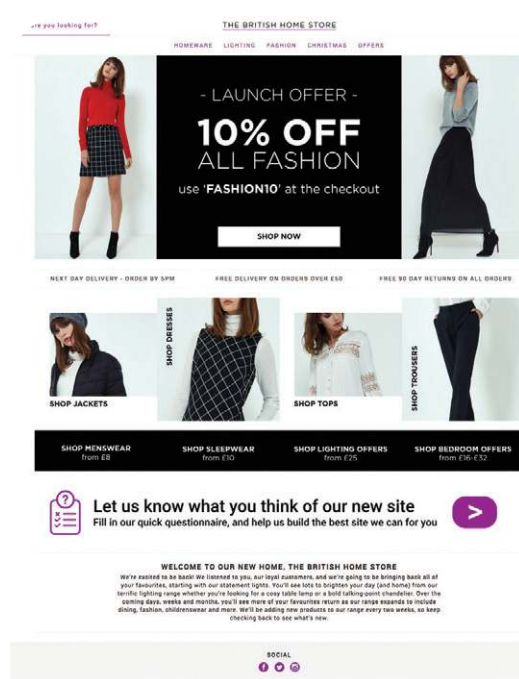
**JESSICA CAMERON, USER EXPERIENCE CONSULTANT, USER VISION**

BHS's new website feels like a work in progress. While features like the search and checkout work well, the product pages and filter options seem incomplete. As they add more items to their site, BHS should attend to their content management, making sure that descriptions are informative and product categories and filters are helpful. As it stands, loyal customers may not persevere to find the items they know and love, and new customers are unlikely to find inspiration from single images and unclear copy. Overall, BHS.com scores 16/25 for web effectiveness.

## MOBILE

**ROB THURNER, MANAGING PARTNER, BURN THE SKY**

Overall, the BHS website works well on mobile, achieving a score of 16 out of a possible 25 and 5/5 for a smooth and efficient payment and checkout process. Page load time is pretty good and the site is generally easy to navigate, providing a mostly effective and efficient customer journey. Good use of paid search promotes 30% and 20% discounts, taking me to the relevant landing pages. The social media links all direct to BHS sites quickly, as does the click to call link to customer service.



A few areas could do with improving, including the 'refine button' on search results which brings up the wrong colour images for black jackets – this will be an issue for customers expecting speed of service and ease of use and possibly lost sales for the company.

While BHS is active on all large social media platforms with accounts well managed by the BHS team, there is a lot of visually rich and well-presented editorial content in categories which only appear available on the social media accounts, e.g. Instagram but not on the website. Better co-ordinating the company website with their social media presence should be a key priority for BHS, both in terms of displayed content, but also as a market intelligence source. 

# IREU Top500: Mobile and Cross-Channel

The second IREU Top500 Performance Dimension Report focuses on mobile and cross-channel, an area of retail that has confounded expectations in recent years.

**W**HERE ONCE retailers waited impatiently for the year of the mobile to arrive, mobile, and particularly the smartphone, now plays a vital part in digital commerce. However, while traffic to retailer websites – and apps – is coming from mobile, it doesn't mean that the sale always takes place there. For many European retailers mobile is part of a more complex purchase path with cross-channel integration a priority with mobile often used as the 'glue' to hold things together. It enables a shopper to search the retail store from their home or look from the store for online information. Coupled with cross-channel services, such as click and collect or in-store returns, this sales channel has become a driver of growth that is felt across the industry, and, increasingly, across Europe.

This has been reflected in the research findings in the InternetRetailing EU Top500 research. Retailers have responded to this consumer move towards mobile with the development of mobile website and apps. In many cases, retailers are also starting to integrate this work into a cross-channel strategy, yet results in Europe have been mixed. Top50 retailers in the InternetRetailing EU Top 500 research – such as the Czech general merchandiser Alza, computer and phone giant Apple, and UK department store and fashion retailer House of Fraser – all have highly functional apps which operate across borders and are transactional. Many others don't offer this functionality, with only 30% of all the apps assessed in our research being transactional. So what else are the top performers getting right?

## THE NEED FOR SPEED

The top retailers across the EU in the IREU500 research all have one thing in common: they have a fast web presence on mobile. Across the body of retailers analysed, the average webpage load speed (out of 100) was 82.5. Retailers in Denmark clocked up an impressive 86, Dutch retailers 85 and

brands in Sweden, Belgium, Austria and Switzerland came in at 84 apiece. Working with Knowledge Partner BuiltWith, the study finds that most top-ranking retailers adhere to the fastest web standards and offer the best download speeds. BonPrix's Swiss and German sites logged a speed score of 93 – the retailer's overall average dragged back to 79 by slower times in Lithuania and Estonia. Albert Heijn in the Netherlands scored the fastest of all in Europe, however, with a mighty 95 out of 100 and the site loading in 7.6 seconds.

Top-flight retailers also offered speed on the app front, although it was in functionality and design where they score highly, separating elite retailers from the rest. Alza offers a good insight into what makes a top tier pan-European mobile retailer. It runs dedicated iOS and Android apps in the UK, Czech Republic, Slovakia, Germany and Austria. Its pan-European Alzashop app is available in 23 EEA countries and offers product ratings, customer reviews and the ability to share products on social media. The Alza app also offers advanced 'searchandising' through predictive search.

Apple, as you might expect, comes out strongly, with highly interactive and transactional app functionality that works across borders. Available in 14 European languages in the EEA region, the Apple Store app is transactional and native, offers daily deals, displays store finder information, multiple product images and offers the ability to zoom, as well as allowing users to leave product ratings and reviews. It also features a wishlist and a range of interesting app features, including EasyPay receipts and appointment reminders. Customers can return their unwanted goods within 14 days via drop-off at the store in 19 countries within the EEA region.

The UK's House of Fraser – already an Elite retailer in the InternetRetailing UK Top500 – also performs well across the EU. House of Fraser allows customers to order via an iOS app, pick their order from the store and return

“Alza offers a good insight into what makes a top tier pan-European mobile retailer”




any unwanted goods to stores within 28 days. House of Fraser's iOS app secured top marks for app functionality with rare features, including the ability to enter and scan loyalty cards, a barcode scanner and a store finder available on the app. It achieved top marks on both 'searchandising' and personalisation, and offered augmented reality – the ability to scan pages from the House of Fraser magazine in order to find out more about featured products.

"We expect to see continued growth in the European online retail market, with mobile devices being a real driving force of this growth," Andy Harding, former-Chief Customer Officer at House of Fraser, has noted. "The key to success is having a

consistent customer-centric approach that gives a personalised shopping experience. We do this by linking all our channels to market together.

"Being a multichannel retailer in Europe means having a seamless offline and online proposition that engages with customers through mobile and this will continue to be an essential part of what we do."

As Harding points out, the key to being a successful mobile and cross-channel retailer lies in offering what consumers want. Top-rated retailers in the study have gone out of their way to offer not only a basic transactional app, but also one that improves the shopping process, whether that's online, in-store, or both. 

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**The Top50 retailers of  
the IREU 2016 Mobile &  
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## Mobile & Cross-channel Top50

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Alza  
Apple Store  
Argos  
Asda  
Blue Inc  
BonPrix  
Darty  
Decathlon  
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Delhaize.be  
Douglas  
E-shop.gr  
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Fnac  
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H&M

Halfords  
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House of Fraser  
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John Lewis  
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Massimo Dutti  
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Smyths  
Stradivarius  
Tape À L'Oeil  
Tchibo  
Thalia  
Topshop  
Wallis  
We Fashion  
Zara

# Bounding across borders

**F**OR SOME reason there has been a lot of discussion in the UK about international trade recently but it is not a new topic of debate. We began trading internationally in ancient times when the domestication of the camel allowed Arabian nomads to control long distance trade in spices and silk from the Far East. Overtime, camels have been replaced by state of the art logistics which use land sea and air, supported with the very latest technology to deliver goods to the door step.

For many SMEs the opportunity to trade internationally does seem a distant dream due to the complications of VAT, customs, border control, duty, tracking...but it does not have to be that way.

There need be no bounds beyond your UK customer base and there are so many potential customers from Germany to Australia who are itching for more choice and getting their hands on UK designed clothes, shoes and goods.

The most common countries that online buyers are from include: USA, Australia, France, Germany and Eire, which has meant that the price points have been driven down to equal UK domestic prices because of demand and volume.

However, as retailers search for more opportunities, it means they are always looking to expand their potential client base - such as

Russia, Brazil, China and Japan. These countries are more complex to deal with and therefore can command higher distribution rates but at Whistl we love a bit of complexity so it's our job to make things simple for you!

Here are some tips if you are considering expanding your customer base internationally:

Know your customers' expectations, not just the law in those countries, and it is essential to know what they culturally like to do. Don't assume that overseas buyers like things done in the same way as UK buyers. For example, a German buying in Germany will expect a returns policy. If they buy from the UK we don't 'legally' have to offer a returns policy but if you don't meet this expectation, another company/competitor will.

Be upfront and keep it simple. If you put on your website that delivery is within 10 days because this time allows you as the seller more scope and delivery will be guaranteed in this time this is far better than offering shorter delivery times but the customer is not at home to receive it..In this scenario a shorter delivery time could lead to more hassle for the customer having to drive to collect their parcel. Customers want to 'enjoy' the experience of receiving something they have purchased. Think customer.

Know a countries duty threshold.

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If you're looking to generate more cross-border trade, Whistl can help.

Not just with all the delivery options you and your international customers want, but expert support on customs, duty and stuff like that.

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**Since 2010, overseas shoppers searching online for UK websites have increased by an average of 46% every year.**

**In 2015, the UK's 238,000 online retailers exported more than the rest of Europe's e-retailers put together.**

**By 2020, it's forecast 40% of all trade with UK e-retailers will be international.**

[FIND OUT MORE](#)

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It's £16 for Norway but in the States it is higher at \$800 making it more appealing to sell to American consumers.

Think about the buyer! In Russia and Sweden they have no home delivery but collection points. This is the service they like.

At Whistl we care about finding you new buyers in new markets and if you thought it wasn't practical or cost effective think again! We may not be experts in camels but we are in helping SMEs trade their products internationally.

**If you want to know more contact  
Paul Smith Paulsmith@whistl.co.uk**



# The empty, successful restaurant



The rise in home-delivery from restaurants has created a new phenomenon – a popular restaurant that’s thriving, yet has few diners. Whether progress or a blip, Ian Jindal pauses his pork bao and tea eggs order to query whether retail can be split so readily into product and delivery.

**A**S WINTER nights draw in it’s only human to hunker in front of a computer and order food. Services like Deliveroo, Just Eat and Hungry House have brought ordering takeaways into the Uber age. The modern delivery service aggregates many cuisines and restaurants, consolidates payment, tracks orders and then makes daily suggestions. It’s the new standard-bearer of frictionless commerce. Oh, did I mention Uber? Well, they’ve launched UberEATS with no sense of irony and Amazon has donned a *toque blanche* with Amazon Restaurants.

Whether in retail or hospitality, there are three levers of differentiation to manipulate, namely: customer connection; product integrity; operational capability.

If you know what a customer wants, how to inspire them, and how to satisfy their needs, address their attitudes and respond to their behaviours, you have a competitive advantage. If you have a qualitatively better product, with clear value, integrity and *terroir* then you will stand out against poor substitutes or weaker alternatives. If you can deliver repeatedly, consistently and at scale then you have an advantage over those who are unable to execute well.

As with brands who supply retailers, so the impact on take-away restaurants has been an opportunity as well as a challenge. Many restaurants have seen an increase in custom, with a wider distribution

now that they are not dependent upon footfall in their physical store.


An interesting phenomenon is the empty, successful restaurant. A popular local, casual restaurant is now only 20% full on a weekday evening – yet the kitchen is busier than ever, feeding happy regulars who have decided to eat at home. The benefit is that the restaurant’s takings and margins are up, however they increasingly will live or die on the quality of the last meal delivered. Furthermore, the friendly and unique experience that forged loyalty in the diners in the first place is now diluted as dining space is converted into enlarged, more efficient kitchens. Customers are tempted to trial a restaurant based on how busy it seems – a herd, social proof approach that’s part of our psyche – and this will become increasingly difficult if the restaurant is empty... Perhaps the new sign will be a buzzing fleet of Deliveroo mopeds at the kitchen door? Much as retailers depend less upon the primacy of physical real estate and more upon being ‘front of mind’ via social marketing and search engine visibility.

The quality of the food and the success of the business now has different signifiers: location, customer footfall and ambience are replaced by readiness of unprompted recall, availability of service and the experience memory. The levers of customer, product and operations are consistent, but the interface and

instantiation change with the market capabilities.

Coke’s Robert Woodruff’s aim was to put a bottle of Coke “within arm’s reach of desire”, and he set out to create both the global desire and the global delivery. Since many retailers don’t have product exclusivity, nor unique logistical capabilities, the key to sustained success is to create that desire in the customer’s mind: to make their ‘restaurant’ a desirable, destination experience, where spending time in your company is part of the fun.

We need to engineer, hone and cherish the time with our customers so that the experience we create is more like the best dinner out with friends, or catchup with a mate over lunch, or a landmark dinner with our significant other. If we are to avoid the solo-dining, tv-dinner purgatory of price-war and promotion, we need to re-tool our businesses to tackle the questions of experience and desire, not just of transactions. While there may be successful, empty restaurants in the future, few retailers would relish becoming no more than a gleaming distribution centre.

Retail is a social, engaged, interactive industry and our role is at the heart of it: initiating, orchestrating and interacting. While we may offer take-away, we are still keen to keep the dining rooms buzzing – for they, afterall, form the foundations of our sustained relationship with the customer. 



# All eyes on Berlin for latest InternetRetailing Summit

The InternetRetailing Summit series is set to return to Berlin in 2017 for a unique B2B event

**F**OLLOWING THE success of the inaugural InternetRetailing Summit, held in Berlin this year, the event is set to return to the city in January for an exclusive audience of B2B organisations.

The invitation-only event is produced by InternetRetailing Events and will be held on January 25. Attended by senior executives from the B2B sphere, it brings together leaders, thinkers and doers in the sector from across Europe to discuss and debate the opportunities and challenges facing businesses as they prepare for a digital future. It is held under the Chatham House Rule to enable frank sharing of opinions and learnings from leaders in the sector in a dynamic and informative conversation.

The event is run in conjunction with InternetRetailing's IREU Top500 research and its unique format differs from the traditional conference. Instead it encourages the peer-to-peer exchange of knowledge and practical experience to benefit businesses.

The InternetRetailing B2B Summit has come out of the success of the InternetRetailing Summit 2016 which attracted leading retailers from across the multichannel world. Those taking part hailed from businesses as diverse as Argos, Zalando, Alibaba, Adidas Group, eBay and Boots. Over the course of two days they exchanged ideas for the future of European retail, while the event established itself as a key forum for discussions around the future of the industry.



## Internet Retailing Summit-B2B

25th January 2017  
Berlin, Germany

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[internetretailingsummit.com](http://internetretailingsummit.com)



**ABOUT THE B2B SUMMIT**

The day will be chaired by Ian Jindal, the widely respected founder and editor-in-chief of InternetRetailing. He will lead a range of sessions designed to vary the pace and interaction of the one-day event.

Speakers already confirmed for the event come from B2B organisations as varied as Medi, Ralph Lauren, Siemens Building Technologies, Office Depot and Paier Liebl. Jonathan Newman, International CIO and VP Ecommerce and Marketing Operations at Office Depot will be part of a leadership panel on the pain points of sales model reinvention and digital transformation, while Marcus Birkel, Head of IT at Media GmbH and Co will host a roundtable on digital transformation in the B2B environment.

**LEADERSHIP PANELS:**

In these fast-paced sessions the chair, Ian Jindal, will fire questions at panelists to dive deep into the issue and expose differing views. Be ready to contribute, as the panel will also engage the audience! The panels, featuring leading B2B speakers, will look in depth at areas from changing customer demand to the challenges of digital transformation.

**PERFORMANCE DIMENSION DISCUSSIONS:**

These sessions will spotlight on specific key B2B challenges thrown over to the delegates to debate openly with their peers. This is a unique setting for delegates to share real


“  
Speakers  
confirmed  
include Medi,  
Ralph Lauren,  
Siemens Building  
Technologies,  
Office Depot and  
Paier Liebl”

issues they face, discover how their peers find solutions and benefit from wider feedback in the audience discussion and debate. These focus on areas where key B2B challenges intersect the InternetRetailing IREU Top500 Performance Dimensions of strategy & innovation, merchandising, operations and logistics, mobile & multichannel, the customer, and brand engagement.

**ROUNDTABLES:**

Designed for open and intimate discussions with a specific focus on one of the chosen topics, the Roundtable groups will encompass 10 senior level directors led by a moderator to encourage open and frank discussions on the subject matter, which ranges from digital transformation, and what B2B organisations can learn from the B2C experience, through to strategies in areas as varied as order management and transparency.

**NEXT GENERATION TECHNOLOGY SOLUTION WORKSHOPS:**

These short sessions will be held in breakout rooms and led by providers of solutions in areas from personalisation to commerce platforms, and beyond. 

**Contact Lee Price**

([Lee.Price@internetretailingevents.com](mailto:Lee.Price@internetretailingevents.com))

if you're interested in applying to attend.

**The InternetRetailing B2B Summit is a collaborative forum for senior executives from leading B2B organisations across Europe who are seeking to improve their digital commerce, and accelerate the transformation of their businesses into the digital age.**

- Industry leaders from leading retail companies who have already implemented and have successful ecommerce strategies.
- An audience compiled of high calibre preferred delegates chosen to be able to contribute at an authoritative level.
- A platform for businesses to share best practice and insight with other businesses. It is aimed at businesses and industries that sell to businesses.
- An unique setting for delegates to discover how their peers are overcoming issues by sharing different approaches to the same market challenges and opportunities.

# Exploiting mobile

*Paul Skeldon, Mobile Editor, InternetRetailing takes his mobile phone to pieces and dissects just what retailers can do with all the bits that make up the device*

**T**HE MOBILE phone is an everyday object to most people, but deconstruct one and you realise just how amazing they actually are. They contain an array of 20 or more micro radio transceivers, several cameras, accelerometers, GPS tracking devices, processors more powerful than those used on the space shuttle, a battery that powers all this for 12 hours and a glass screen that not only responds to touch, but also which, given that it is glass, is pretty hard to break. All these pieces work together to give the user a handheld device that connects them to everyone they know, all the data and information in the world and let's them navigate, listen to music, take photos and share things. It is the remote control for their lives and they rarely give it a second thought.

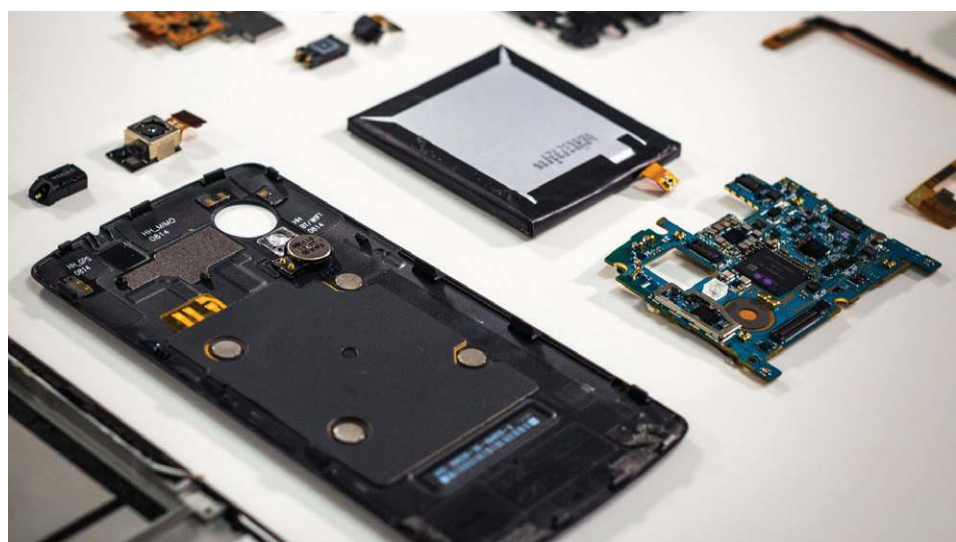
But these many components also offer a massive – and often missed – opportunity for retailers. Each of the major building blocks of a mobile device allow the development of ever-more engaging and personalised services that help retailers sell more.

So let's dissect a smartphone and see what retailers can do with some of the bits.

## THE CAMERA

Each smartphone comes with a high resolution camera that can be accessed by a wide range of apps and can be used to create a variety of experiences that can transform the retail experience.

The use of the camera as a barcode and QR scanner is well documented, but this can be used to enhance real-world experiences with more data from the web and can shorten search times. WhatsApp uses a QR code to link the phone to the computer to fire up the desktop app version of its product. It is quick



“The typical smartphone is a veritable Swiss Army knife of a device and there is much that retailers can do to leverage these functions and tools”

and easy and just what retailers should be thinking of when QR coding everything.

The camera increasingly is going to play a role in visual search too, where shoppers can find what they are looking for using images or scans. Furniture retailer – and IRUK Top500 retailer – Made.com is one of the first mainstream brands to use visual search. Working with a tech company called Hullabalook, which claims to revolutionise the search process by reading product descriptions, to analyse product images on behalf of shoppers, transforming them into a visual product discovery experience.

Jonathan Howell, Chief Technology Officer at Made.com, explains: “Technology innovation is core to our thinking at Made.com and we’re always looking for ways to provide the best customer experience. As our range grows, we are particularly interested in making sure customers can find the right product for them as quickly and easily as possible.

### GPS AND LOCATION

Where the phone is at any given time is one of its greatest strengths to retailers. The likes of Uber have turned this to their advantage and built a whole business model around connecting driver location with customer location. This is harder for standard retailers to achieve, as you have to have the tacit buy in of the customer to know where they are and what they are doing.

That doesn't mean that you can't start to assess the context of where they might be based on the knowledge you do have. Are they on home wifi, are they in the store, are they in the high street?

"Retailers need to use their data to ensure they are delivering the right content to the right people at the right time," says Mike Harris, VP EMEA at Monetate. "In comparison to physical retail, where the shop assistant needs to discover whether the consumer is in researching, browsing or buying mode, savvy retailers can use the data they have to help them identify where consumers are on the purchase journey."

According to Harris, one in five shoppers complete purchases more than seven hours after first visiting a site, which frequently start on mobile and end on a desktop, so brands must offer experiences accordingly and create a consistent path across all channels through understanding the context and location of the user.

### ACCELEROMETER

All smartphones have a series of accelerometers in them that measure movement in 3D of the phone – it's what tells the phone to switch from portrait to landscape when you flip it and what is used to deliver the necessary information to fitness apps to calculate your calorie burn.

## SHOPPING WITH ALEXA

Mike Clark, Director, NFC World

Amazon's Echo is the greatest combined cooking timer and kitchen radio ever invented, make no mistake. But this silky-voiced overgrown can of beans can do more – quite a lot more – than "Alexa, play Radio 2" or "Alexa, set a timer for 12 minutes", including lending a hand with the shopping.

As a stereotypical male, I do retail in the spear fishing style; I know exactly what I want and I go in and grab it. I'm not much of a browser. The voice-activated Echo works brilliantly for this.

Today I want an adapter for the upstairs TV. I'd bought one just a few weeks ago, so when I asked the Echo "Alexa, order me a three-way HDMI splitter," she instantly found a matching item in my order history. Just to be sure, she read out a description of the product, and told me the price.

"Would you like to buy it?" she asked.

"Yes," I reply. It's hard not to add a thank you but, well, it doesn't seem right to be polite to a robot.

"What's your voice code?" This is a handy feature designed to stop witty guests and small children ordering up little surprises for you every time you turn your back. I say the four-digit PIN that I'd chosen during the set-up process.

"Thanks, order placed," she replies. And it's as simple as that. Checking on the website later, I can see that the order has been processed on Amazon like any placed by more conventional methods, and the item will arrive in the post tomorrow.

On another search, this time for a product I hadn't bought before, Alexa wasn't sure she had found the right item and said she couldn't order it for me but instead offered to pop it in my basket so I could green light the purchase next time I was on Amazon. Meanwhile "Alexa, order me a Dash button" saw her inform me that the top search result for "Dash button" was the Andrex variant at £4.99, and asking if I'd like to buy one.

She's really pretty sharp, that lady. As I leave the kitchen I mumble over the mellow tones of Radio 2, "Alexa, off."

"I've put tofu on your shopping list."





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GLOBAL DELIVERIES, THE NORDIC WAY.

Understanding the pace the shopper is moving around can help you understand more fully the context in which they are shopping, where they are dwelling and so on and you could, in theory, pop a location specific message to them.

Perhaps more importantly it can be used to differentiate between those shoppers that are browsing and those that are not – so that you can market to those that are in shopping mode, not those that are rushing to the toilet or to the car park.

Retailers can also use these to create really interesting and interactive marketing. Working alongside the vibro-motor (the small, off-centre electric motor that makes the phone vibrate when you set it to vibrate), the accelerometer can be used to make adverts that offer sensations of touch and which can be interacted with by shaking the device.

Tech company Adludio has already tried out this haptic advertising technology with brands such as Sony Music, Heinz, Sky and Unilever. It is in its infancy, but this technology is set to shake up (if you pardon the pun) the way mobile is used in marketing and how consumers interact with the device.

Back in the day Bump pioneered phone-to-phone sharing by bumping the devices together. Soon this deceleration could be used to make payments, change what is being done or how the shopper interacts with real-world shop displays.

#### MICROPHONE

Lest we forget, the smartphone was born out of a device known as the telephone, a name that literally means transport voice – this means the smartphone has a microphone.

While you could use this to make marketing creepily personal by phoning them up, the microphone that enables the phone also has some interesting uses.

Apple, Amazon and Google are all slowly trying to perfect audio recognition – through Siri, Echo and Google Cloud Speech API respectively – and are looking to arrive at a point where you can search and shop and buy simply by talking to your device.

Anyone with any of these offerings knows that they aren't perhaps as good as they could be, but their potential is enormous. The ability to ask your device to find 'a pair of boots like the ones the guy on Suits is wearing' is huge.

25% of product searches could start on Amazon Echo by 2019

The technology has already been proven with music, with Shazam's audio recognition software coming built into phones: hold it up to a tune and it will tell you what it is and, if you are on an iPhone, try and sell it to you through iTunes.

Shazam has also been used to fire up extra content around adverts on TV and the web in the same way. Getting to the point where you can talk to your device and simply ask it to do things, find things and buy things is going to be huge.

#### THE PHONE

While I may have said it was creepy to phone people up, that doesn't mean that they won't call you. In fact some retailers are banking on it – as is Facebook messenger – and are investing in chatbots to handle FAQ calls more personally and effectively.


Mastercard is now launching an artificial intelligence (AI) bot platform that allows consumers to transact, manage finances, and shop via messaging platforms.

According to research firm Gartner, nearly \$2bn (£1.6bn) in online sales will be performed exclusively through mobile digital assistants by the end of 2016. Mastercard will develop bots for both its merchant and bank partners, which will use chat, messaging and natural language interfaces to communicate with consumers.

With the Mastercard bot, partners will be able to have a true dialogue with consumers and provide personalised service, seamless user experience and contextual offers and rewards.

In the US, fast food giant Tacobell has already started to use chatbots to handle enquiries about its menu: the robots are coming.

As you can see, there is more to mobile retail than just trying to sell things on a small screen. There are many other facets to the device that can be exploited and, taken together, these can revolutionise not just the sales process, but marketing and the on-going interaction with consumers that is all part of that all-important personalisation play.

Many of these things may look fanciful right now, but retailers are doing them and now is the time to start looking at how you can use them, because these things will be standard this time next year. 



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The following article has been written for InternetRetailing by Adam Oldfield, Managing Director of Force24. Established in 2010, Force24 is an independent, cross-channel marketing automation provider which generates £35m of revenue for clients each month. Built and managed in the UK, the solution is used by world-renowned brands including WorldPay, Npower and JML, to name just a few.

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# Can retailers still get excited about SMS marketing?

**SMS has the potential to enable retailers to leverage unparalleled communication opportunities with consumers, yet still a number of marketers are failing to embrace the true potential of the humble SMS. Here, Adam Oldfield, Managing Director of Force24 and an eCRM specialist, looks at the role of SMS in a modern multichannel marketing strategy, before evaluating where some brands are still going wrong.**

**O**N AVERAGE, an individual is subjected to 5,000 marketing messages per day, and in that same 24 hour period, a typical professional will also send and receive 131 emails. That's an incredible amount of 'noise' for marketers to try and cut through when communicating with a target consumer. So how do retailers ensure they are heard?

It would be foolish to suggest that the day of the email is dead. But it is becoming harder to generate a meaningful return from this channel. Email service providers are becoming increasingly stringent too, which makes it harder for a retailer's email – even if legitimate – to reach a recipient's inbox. Marketers are therefore being urged to improve their email practices and deliverability profiles as they prepare for their

2017 campaigns. There can no longer be a disregard for what goes on behind the 'send' button, if retailers want to navigate the ever-changing email landscape.

Ecommerce marketers must also look beyond email. Yes it has proven fruitful to date. In fact, the success of such consumer dialogue has long meant that email has dominated marketing strategies. It isn't the only way to engage consumers and convert sales. Has the true concept of multichannel marketing been forgotten?

Whilst it isn't appropriate to suggest a 'one size fits all' multichannel strategy for all internet retailers, there needs to be greater appreciation for the role of SMS. It is predicted that, by next year, 4.77 billion people will have a mobile phone – that's more than two thirds of the world's population. Add to that the fact that 63% of smartphone owners keep their devices with them for all but one hour of their waking day, even on a weekend, and mobile marketing has huge potential – IF it is executed correctly.

The technology underpinning SMS has never been so sophisticated, yet marketers' understanding of effective SMS techniques remains in its infancy.

To a certain degree, this may be because there is a reticence to use SMS, given a text costs more to send than an email. There is also the perception that recipients are more likely to have a strong opinion about receiving a marketing SMS, moreso than they are an email. Brands can use SMS to boost revenues though without damaging customer rapport.

## **A TOOL THROUGHOUT THE BUYING CYCLE**

This is definitely a 'right message, via the right channel, at the right time' moment. SMS should not be thought of as an acquisition tool. Instead it should be respected as a powerful medium to amplify a brand's voice and drive customer satisfaction, loyalty, advocacy and retention – all crucial factors in an age of cost-conscious, savvy shoppers. ▶



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## InternetRetailing **Brand Index 2017**

A broad, performance-based review of the best retailing brands in Europe. Over 32 pages, receive in-depth analysis on how they have made the move to selling direct to customers, what their strategies are, and how you can emulate their successes.



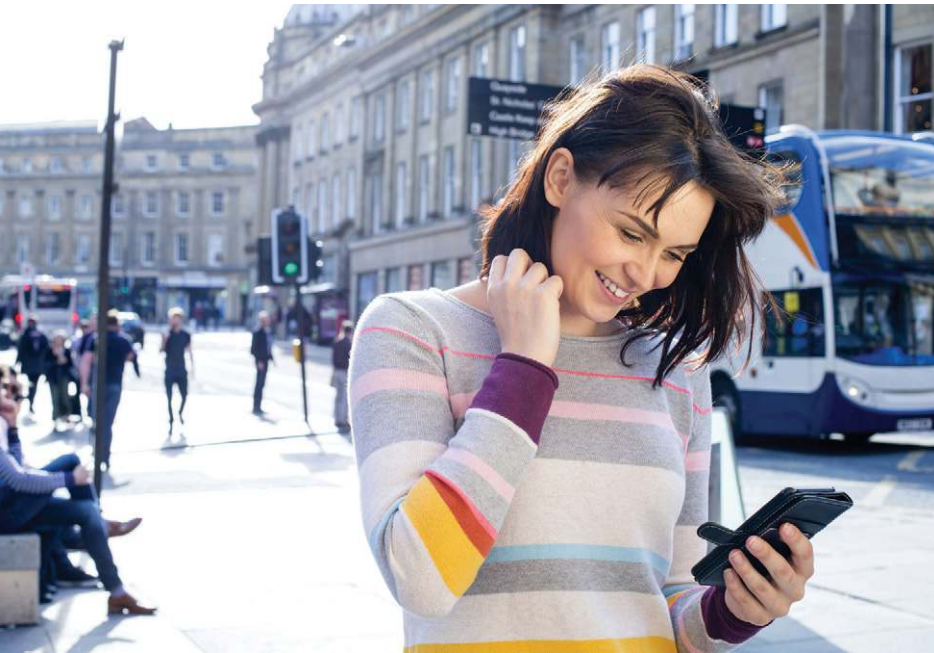
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However, it is important to note that the aforementioned benefits will only be achieved from SMS, if the communication is timely and relevant. Bombarding customers with ad hoc, impersonal and uninteresting messages will be purely viewed as spam. Used effectively within an eCRM strategy, SMS will nurture the retail funnel and ensure customers feel loved by a brand that is by their side.

The content therefore needs to mimic that of human conversation, whilst working at an acceptable speed. Force24 research has found that consumers are more likely to keep replying to SMS messages if the response takes into account information already known about the individual, and is received within 10 seconds.

As a guide, an informal, friendly but succinct tone should be used. However, marketers should stay true to the character of the brand to remain consistent with what customers would usually expect. The content should also be personalised. A talented retail marketer wouldn't dream of sending an email out without addressing the recipient by name and considering data such as their previous purchase history. SMS is no different. The text should therefore include the receiver's name and information such as order details, status or next steps to increase relevancy.

SMS should not, however, be exploited as an opportunity to sell. Instead it should primarily be adopted for service-related communication that enhances the buying experience. Reminders, confirmations and updates are

**SMS should be respected as a powerful medium to amplify a brand's voice**

“Shortening services should also be considered to hide tracking information that will prove key to analysis of an SMS campaign”


generally well-received as are contextual surveys that drive reviews. Questions should be sent, in order of importance, to encourage dialogue, with the majority of responses kept closed if possible. If the SMS has to be used for sales, there should be an added incentive for using this channel to buy.

### **AN OPPORTUNITY FOR CREATIVITY**

Whilst the channel has obvious limitations due to character counts and a lack of formatting, SMS does actually pose a significant opportunity for marketers to be creative. They may not be able to devise eye-catching artwork that they would usually deploy in email, for example, but they can think carefully and cleverly about the timeliness of SMS communications and the content of the messages sent. Shortening services should also be considered to hide tracking information that will prove key to analysis of an SMS campaign.

The administration of SMS campaigns also needs careful management. Numbers must be continually cleansed as part of a data strategy and opt-in permissions must also be obtained before the imminent tightening of data regulations.

Such intelligent use of SMS is not restricted solely to retailers such as high street fashion brands. We've seen fantastic examples of service-focused texts incorporated into the multichannel communication campaigns of incredibly varied retailers from online car auctions and bespoke kitchen outlets, to e-travel operators and household appliance firms. It has even been proven to improve post-purchase cognitive dissonance. It's not about who you are, but what you say and how you do it. That's the key to reaping a return from SMS.

It's understandable for marketers' heads to be turned by technologies that are seen to boost store footfall or online basket completions, but often too much attention is wrongly paid to tools that are perceived as novel. Innovations such as virtual reality, beacon technology and proximity sensors, for example, may be nothing more than expensive gimmicks, unless the retailer has an extremely sophisticated app real estate in place. SMS therefore shouldn't be overlooked. There are still plenty of reasons to get excited by texts. 

# 3 reasons that closing the customer experience gap is a top retail priority

Antonio Rossetti, Head Go To Market Marketing Europe, IBM Cognitive Engagement



## WHAT IS THE TOP DRIVER FOR PEAK 2017?

As we approach Peak 2017, competition between retailers is fierce in a battleground where customer loyalty is dwindling. There is no doubt that retailers and marketers alike are at the mercy of consumer expectation, and this is influenced by one key driver: experience.

Looking into 2017, delivering the ultimate customer experience at the right time, in the right channel, to the right person in the right context, is crucial to meeting rising expectations and fosters not only brand loyalty, but advocacy too.

## ARE RETAILERS NOT MEETING CUSTOMERS' EXPECTATIONS?

A striking finding of a recent Econsultancy report states that over 80% of companies think that they have a holistic view of their customers, but little over 30% of consumers claim that their favourite retailer understands them. This stark difference shows that experience could stand to be a key competitive differentiator.

The key to this is a full, 360 degree profile not only of an individual consumer but also their context, their ecosystem and their customer journey at any given time. To understand abandoned purchases, or conversely to increase conversion, retailers need to be able to decipher rafts of customer-generated data in context. We're not just talking transactional information here, or

even interactional, but beyond that. We want to know sentiment, intent, behaviour and emotion in order to understand the emotional drivers behind each customers' decision-making process.

## WHY HAS THE CUSTOMER EXPERIENCE GAP DEVELOPED?

There are three key reasons why the customer experience gap has developed: hyperabandonment, breaking the brand promise and customer experience disillusionment. Their importance to the customer experience make them top priorities for retailers to address.

**1. Hyperabandonment:** Forrester stated this year that a significant hype factor is hyperadoption, which basically means that today's digital-savvy consumers are fast to adopt new technologies like apps or other kinds of tools that offer digital experiences. However, since they carry no or little cost to the consumer they do not feel beholden or loyal to the associated business. This leads to hyperabandonment whereby consumers are only too ready to drop a piece of technology or stage of their transactional journey if it is not working in the way that they desire.

Brands with a strong ability to understand customer journeys have a 104% higher conversion rate compared to other brands according to a recent Econsultancy report. Delivering the right customer experience means that retailers need to tackle every touchpoint

and develop a truly insightful understanding of where a consumer may struggle. Imagine being able to understand the end-to-end view of a customer's journey with contextual and actionable intelligence at every level – from company-wide aggregates all the way down to a single user's experience. What happens to the struggle points then?

## 2. Breaking the brand

**promise:** A key facet to customer engagement is trust and the 'last mile' is debatably the most important in terms of its impact on conversion. Everything from providing transparency in the payment process to easing security concerns foster loyalty and return visits as does delivering on the brand promise when goods and services arrive on time. According to our studies, 59% of consumers actually choose a retailer because of their omnichannel delivery and returns capabilities. With shopping figures forecast to rise by 10% this year, retailers need to streamline their order management process to achieve omnichannel growth, but in an environment of eroding margins, this needs to be done in an economically viable way too.

At London Fashion Week, brands such as Burberry made it possible for consumers to buy almost as soon as the model had left the runway. With the right data, leading retailers are now able to consolidate their inventory, maximise efficiency, minimise their cost to serve and balance their fulfilment capacity to profitably fulfil across channels.

When brands can combine historical business metrics with external data, they can derive insight from a predictive environment, allowing more effective forecasting. Teams can optimise based on cost of shipping,

Cognitive systems turn a business into one which thinks. They are able to put things into context, something which normal systems aren't able to do. They can build knowledge, to learn and understand natural language, reason and interact with human beings. Continually learning, over time they become even more savvy and better able to provide recommendations accordingly.

capacity and inventory to make more informed fulfilment decisions and drive down costs. External sources could include the weather, global events, economic conditions and breaking news to maximise order fulfilment whilst reducing shipping costs, thereby boosting profit. Cognitive capabilities are equally powerful in this 'last mile', continually learning and honing decisions made about how to fulfil orders to meet customer delivery expectations in an economically sustainable way.

**3. Customer experience disillusionment:** There are almost as many analogies of the amount of data being created today as there is data itself, but this only goes to demonstrate the importance of the resource. Successful retailers are embracing the notion that although customers are offering up a wealth of information, in terms of social media and ecommerce interactions, deciphering it is a formidable task.

Further, it is a matter of value exchange. Consumers need to perceive a benefit in offering up their information. There are also the dark data channels to consider. Often, the most valuable forms of data are unstructured and so to develop a completely contextual understanding of consumer preference it can serve to be the most disruptive differentiator.

On the flipside, consumers are easily deterred and often irritated by irrelevant or misinformed communications and so retailers must focus on optimising every touchpoint to truly foster brand engagement. This requires the ability to visualise marketing channels across the entire journey and understand how activity in one channel impacts conversion in another. And to the first point, to identify where customers struggle.

## CUSTOMER CASE STUDY

Founded in 1982, US multichannel retailer Performance Bicycle operates over 100 stores across 20 states, as well as an ecommerce website with over 10,000 cycling products. When customers visit Performance Bicycle stores, they are welcomed by a staff comprised of avid cyclists who help



guide their shopping experiences. Unfortunately, visitors to the Performance Bicycle website weren't getting the same experience and online sales were suffering as a result. Visitors complained that the site was difficult to navigate, and too many were abandoning their carts before completing their purchases. The business wanted to improve its approach to ecommerce by finding ways to make the online experience just as welcoming as its physical shops and make the online store mirror its retail stores.

The retailer adopted IBM Customer Experience Analytics software to analyse its ecommerce website, scrutinising the places where visitors pause or abandon their carts to obtain a single view of customer journeys across multiple experiences and channels. The new insights were used to guide a website redesign and to formulate a plan for optimising the online experience. The newly redesigned website now guides customers through the shopping experience much as employees in the physical shops guide customers through the store. The website's Learning Center provides detailed information about products and repairs attracting more customers because the content is customised with insights gained from visual paths of activity.

Within four months of launching the redesigned site, web traffic tripled and visitors to its Learning Center are now 20% more likely to make a purchase than visitors referred from elsewhere. Performance Bicycle is now referring more than 40% of its sales to direct online sales.

"This solution is enabling us to share information inside and outside of the business more easily than ever before. We can deliver positive social experiences that convert casual visitors into committed customers," says Mike Starkey, VP of Information Systems, Performance Bicycle.

## WHAT WOULD YOU RECOMMEND AS KEY TO SUCCESS?

Retailers need to be able to tell a story in the space of a swipe on an informed and seamless basis to truly foster a personalised and memorable buying experience. Practitioners must be armed with true insights from customer experience analytics – not just heaps of data and reports – to design effective omnichannel interactions. Individual insight is not enough here – retailers are sitting on a goldmine of information waiting to be understood and built into campaigns. Beyond this, retailers also need to be able to link the operational silos that most

businesses struggle to connect – from marketing to merchandising, to fulfilment, in a store, in the field, or in a call centre.

Successful brands will find that it is the combination of tapping into trends and behaviours, executing with speed and flexibility and delivering powerful omnichannel customer experiences that will ultimately drive long-term success.

## HOW TO CONTACT ME

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The following guest article has been written for InternetRetailing by Eran Kinsbruner, Mobile Technical Evangelist at Perfecto. Perfecto is a market leader in app development testing products that help brands strengthen every digital interaction, utilising a quality-first approach to creating web and native apps through a cloud-based test environment called the Continuous Quality Lab. The CQL is comprised of real devices and real end-user conditions.

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# Optimising for app-i-ness

*Eran Kinsbruner, Mobile Technical Evangelist, Perfecto explains how retailers can optimise apps for ecommerce success.*

**I**N TODAY'S mobile world, digital apps are more prevalent than ever. The experience that a consumer has using an app can make or break their desire to make a purchase, and in turn have a huge impact on the overall success of the brand.

In order to ensure that your app is generating profit through sales while also building brand engagement and product recognition, the burning question facing organisations today is this: "how can I deliver a high-quality digital experience to my end-users?"

With 4 out of 10 digital purchases now involving more than one device, the purpose of digital must be to unite web and mobile assets and deliver a memorable, consistent user experience across channels. A recent Perfecto study showed that 76% of businesses have a digital presence across both web and mobile, but 67% still cite delivering a reliable and consistent digital experience across these channels as a major challenge. The biggest hurdles to be aware of in ensuring that your app is profitable and successful are having extensive knowledge of the customer, choosing the correct pricing model, creating close communication between the business team and the developers, and testing the app for real-world success.

At the core of your digital app strategy needs to be a deep understanding of your user. This means anticipating their needs, most desired

“67% of businesses still cite delivering a reliable and consistent digital experience across channels as a major challenge”

functions, preferred forms of engagements, most commonly used devices, and more. Luckily, this doesn't have to be guess work.

Businesses now know more about their customers than they have at any other time. With the sheer amount of data being generated, collected and analysed, leaders have far deeper insights into the behaviours of their target users. CVS, one of the giants of retail pharmacy, is a great example of a game-changer success story in this space.

The company recognised a customer need for coupons and incentives while shopping, and has begun using Google's 'nearby beacons program' in its mobile app. CVS is among the first to include this feature, leveraging the technology in its app to not only track customer movements while shopping, but to improve their experiences in the store and alert them when they are nearby. This has been a very successful venture for CVS, creating a high-quality digital customer experience.

Customer expectations, however, can also stem from the wider market and from device manufacturers. It is particularly important to make your apps as easily accessible and fast to use as devices allow. Many phone models are now able to scan fingerprints so consumers increasingly expect that even highly-secure apps, such as financial and banking ones, can be quickly accessed with a single touch instead of a lengthy password.

## CHOOSING THE RIGHT PRICING MODEL

Gartner recently reported that consumers are increasingly preferring to make payments while in an app that was free, rather than paying for an app upfront. The study found that the revenues from in-app transactions were about 24% higher than those on pre-download payments, and only those pieces of software with the most value in the eyes of the user will be used for such purposes. Explaining this trend, the report emphasises that once users are confident an app delivers the expected value without having to pay upfront, they then find it easier to spend on in-app transactions.

Even within these direct revenue models, there are different options for app providers ►

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**CVS Pharmacy is one of the first retailers to use Google's Nearby beacons program in its mobile app**

to consider, from recurring in-app transaction options to all-encompassing one-off upgrades to a premium version of the app. An in-between that offers consumers greater flexibility and choice can also be to have extra features available throughout the life cycle of an app, while also offering customers the option to purchase the full premium package in one go.

Regardless of the business model chosen for an app, however, testing will always play a major role in revenue generation, and quality assurance (QA) teams need to be especially focused on the establishment of optimal user experiences before trying to cash in on in-app transactions. As Stephanie Baghdassarian, Research Director at Gartner, advises in the report: “A great customer experience leads to users advocating a product or service; it also keeps the user a loyal and returning consumer of the service.”

Knowing your customer and their expectations, as well as the optimal pricing model for your app, helps to envision a high-quality customer experience – and once it is envisioned, it can be developed. This process requires the business and app development teams to be in sync.

The two worlds – technical teams that build and release great digital products and marketing teams that measure the leads and conversion rates that come from digital engagement – must collaborate at every step.


Some 77% of organisations feel as though siloed information and processes are

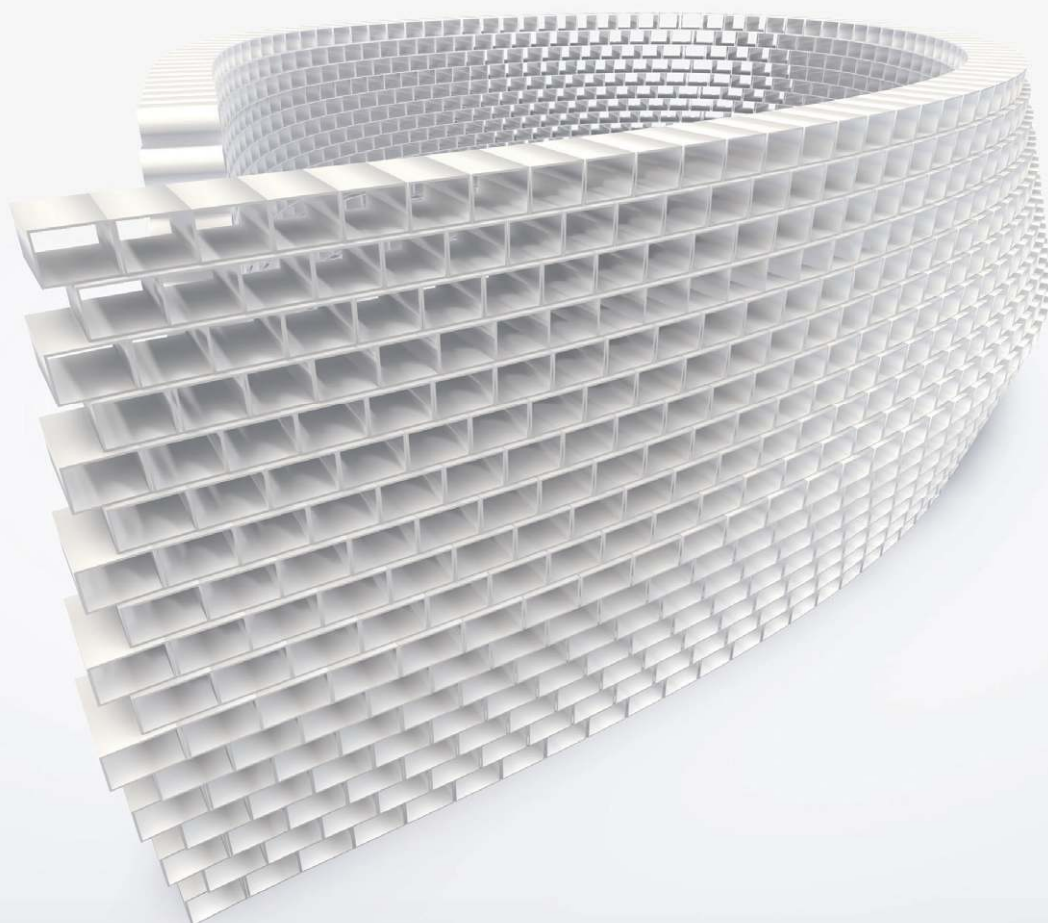
hindering them from achieving optimal performances and they don't have the solutions necessary to break down those barriers. The necessary solutions – building a human bridge, having a mutual goal between the two teams, and making quality the priority – are available to assist in fruitful collaboration and to produce the customer experience that your organisation hopes to create but feels is out of reach.

Most businesses' app testing and quality assurance (QA) teams carefully test the 'functional' aspects of their apps, i.e. make sure that critical functions such as downloading to payment processing, and everything in between is working. This testing is important, but it is becoming critical to look deeper.

By their nature, mobile apps will be used from different locations and under different conditions, forcing your teams to consider various factors and user conditions. This in turn requires the ability to test in environments that accurately mimic real user conditions. And although 79% of developers are testing in these environments, nearly all view it as a challenge to some degree.

Testing for unique usage patterns, environments and real-user conditions that your customers experience every day is critical to improving mobile quality and preventing user churn. The growth of the digital landscape, and the industry's continuous development, make it difficult for businesses to keep up and ensure a high-quality experience across devices.

In a world in which an increasing number of consumers are making purchases on their mobile devices, creating the web and mobile applications that meet customer needs has never been more important to your business. Keeping users engaged, visiting on a regular basis, and avoiding having your apps resigned to the discarded pile will require the ability to test and deploy quickly and continuously. If retail businesses can ensure that apps are constantly improving and any bugs are fixed quickly at the speed required, they can truly realise the opportunities available in today's mobile ecommerce market. 



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# Mobilising the point-of-sale

Paul Skeldon, Mobile Editor, InternetRetailing examines the rise of the mobile POS in store

**W**E LIVE in a mobile world and there is no getting around it. Mobile accounts for around 50% of all ecommerce traffic in the UK and recently mobile usage for general browsing at home tipped the balance against desktop. Visit a store though and you could be forgiven for thinking that mobile hasn't been invented yet.

While shoppers have embraced the technology wholeheartedly, retailers themselves have been slow to leverage mobile as a tool that they can use in store to not only streamline how they do business, but to revolutionise the shopping experience.

On the face of it, there are distinct advantages to bringing mobile into the store. For starters, the customers and most of the staff are mobile savvy and, thanks to the rise in online shopping, most people now expect a more 'online' experience even in the real world.

Secondly, mobile offers retailers a way to be more engaging with shoppers, bust queues, check stock, up and cross-sell from the shopfloor and convert even those out-of-stock hunters to sales.

This latter area is the one where there is most to gain and where the balance between outlay and ROI is most strong for retailers. And it all starts at the POS.

One of the biggest bugbears of the shopping experience is the queue. On a busy Saturday afternoon you can literally queue for hours in some stores, which costs millions in lost revenue when many shoppers give up. Changing how this works is not only a mobile issue but a business imperative.

"Many retailers are increasingly choosing to offer in-store mobile devices to run their point of sales systems," says Mehdi Daoudi, CEO and Co-founder of Catchpoint Systems, a digital performance management company. "Cash registers can be replaced by tablets that run POS software and can complete credit card transactions. This enables the shopping assistants to complete credit card transactions from anywhere in the store, which downsizes the queue to cash-only buyers and makes the shopping experience more efficient."



**The BYOD culture makes it harder for retailers to turn the roving, device-armed shop assistant into an actual point-of-sale**

Many retailers believe that they already have a mobile POS system: a card machine that can work handheld anywhere in the store. They'd be right, but what true mobile POS brings is a tool that can link not only the way people pay, but also how consumers and shop assistants interact and how loyalty and more play into one process.

## MORE THAN A TILL

Many retailers who are upgrading are switching to using tablets as a 'till' at the checkout, but like the untethered card readers, these too don't amount to mobile checkout, either. Like many things in the 'digital' world they form a mere carapace over an old technology.

Instead, what is needed is to mobilise the workforce on the shopfloor, arming them with tablets that can take payments, but also which can keep them abreast of what is in stock, which loyalty options are available to that customer and how they can perhaps upsell them.

Taking payments is the hardest part of the in-store mobile process. Card processors such as Mastercard and Visa view transactions completed in store on tablets as 'customer present' and so they need chip and PIN back up to approve the transaction. ►



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“This is usually achieved by connecting a PIN pad to a tablet wirelessly by Bluetooth,” says Martin Ryan, Director of Technology Consulting at Javelin Group. “To maintain customer and staff confidence, it is important that the overall user experience is straightforward. This approach has been adopted by Marks & Spencer on its estate of 1,500 iPads.”

There are also plug in devices such as iZettle and Square that can turn any mobile device into a chip and PIN payment machine, but their uptake has been relatively slow. When did you last see one in a store?

“However, PoS vendors are actively investing in mobility for their solutions and this area is in rapid change, including the rise of new services such as Apple Pay and tablet-based PoS such as Revel,” says Ryan.

To date most retailers that have done this have seen staff using their own devices, which brings its own raft of problems.

According to research in the US by Syntonic and Information Solutions Group, 64% of respondents use their personal smartphone for work. However, there is a huge lack awareness about the rules of engagement, with almost half (43%) unaware of their company’s BYOD (Bring Your Own Device) policy and only 29% receiving reimbursement.

Compensation here is key, as 60% of employees said fair reimbursement for BYOD changes how they use their device. Without it, there is a growing reluctance to dip into personal data plans, potentially delaying the completion of tasks and negatively impacting productivity.

This BYOD culture also makes it much harder for retailers to turn the roving, device-armed shop assistant into an actual point-of-sale, as you then cross the line between payments and staff.

The issues don’t end there. “Yet while in-store devices can have a large impact on the productivity of your sales assistants, it also leaves your business exposed to performance issues,” says Catchpoint’s Daoudi. “For example, if a sales associate announces that they can take customers who wish to pay with a credit card out of line to complete their purchase faster by using the mobile purchase order systems

“With many retailers now having thousands of devices tablets cannot be maintained on an ad hoc basis”

this will initially leave the buyers happy. Yet the checkout process is at risk of being greatly slowed down if that mobile POS device begins to experience performance issues. This would ultimately cause frustration amongst customers, many of whom would walk away and would be less likely to return to your store.”

In order to avoid this and to make sure that the in-store mobile devices improve your customers’ shopping experience, on-premise monitoring of these more diverse digital systems and how they engender great retail customer experiences is key. If done right, the blending of in-store and mobile shopping will enable your business to succeed.

But perhaps the biggest issue with the proliferation of mobile devices as a means of extending POS out on to the shopfloor is managing them all. Where BYOD falls down most is that the retailer has little or no control over it. As mobile instore becomes more common, retailers are going to have to have a much more rigorous device management policy and system and even their own tablet ecosystem if they are to thrive.

“In the same way that personal desktop and laptop computers need to be managed and maintained centrally, tablets also need to be supported,” says Ryan. “Required functions include an internal ‘app store’ to add and maintain applications, security management, asset register and removal of unwanted features. With many retailers now having thousands of devices tablets cannot be maintained on an ad hoc basis.”

Retailers also need to consider the operating system that is used, how that works with its other systems and how that displays its own website. There are also issues of device ruggedness, battery life, charging, security and more. Not to mention the kind of functionality that the device should make use of: what can you do with the camera, the barcode scanner and so on.

All these issues are going to face all bricks and mortar retailers in the coming years as they inevitably have to embrace mobile in the store as a POS system and replace the old ways of doing things with the new. 

# Drowning in parcels

Putting technology in the hands of store associates is not only a way to help customers and to sell more but also enables staff to work more efficiently and have the tools and information to do their job better. *Emma Herrod* investigates how mobile is helping to optimise click and collect in store.

**T**HE NUMBER of orders placed online being collected in store is on the increase. The service has saved Christmases past as carriers and retailers struggled with the volume of sales over Black Friday. It has also enabled shoppers to collect last-minute presents on Christmas Eve with certainty. John Lewis labelled the 2015 peak as an “omnichannel Christmas” with click and collect proving to be the delivery option of choice and 56% of online orders being collected in its shops. At the same time, the busiest M&S stores were handing over 1,000 parcels a day to shoppers who had bought online.

As online has grown to become retailers’ biggest outlet, so collection desks in store have become the area recording the highest sales. Retailers, therefore, have to make sure that this works efficiently, not only to give customers a great experience at even the busiest times, but also to ensure that staff are able to carry out other parts of their role during quieter periods.

The growth of click and collect has led M&S to analyse footfall around the in-store collection area, using cctv and heat maps to understand how customers move and congregate so they can redesign it as necessary. This has resulted in the retailer locating changing rooms in the area since people have been picking up their order, trying on the clothes and returning anything that they don’t want.

Staff have been issued with mobile devices which they can use to look up customer orders. This means that neither the desktop system nor the desk is now needed. Ricky Wilson, Head of Operations, M&S, explains that parcels were originally stored in alphabetical order by customer surname but since the growth in volume they are now stored using the last three digits of the order number. Of course, customers are still asked for their name and staff can look up the order number. This has increased the speed at which parcels are found – especially in Scotland, where lots of parcels were stored under the

letter ‘M’. The introduction of mobile devices also means that staff can be doing other tasks rather than waiting behind a desk in case a customer arrives.

At Asda – which has its customer collection area at the front of each store and stores parcels in different locations, from a cupboard at the customer service desk to a back room – the number of parcels for collection has increased with the launch of its toyou service. Toyou allows other retailers to use Asda as a drop-off and pick-up point for orders and returns using the supermarket’s logistics network to shift parcels between the stores and each retailer’s warehouse. Knowing that it was launching the service and that there would be an accompanying increase in parcel movements, Asda examined how it was handling its own click and collect operation in store for general merchandise and George.com clothing orders.

Paul Anastasiou, Senior Director – Business Development, Asda Logistics and Supply Chain, says in-store staff have been issued with rugged Motorola TC55 PDAs which run a bespoke Android app to manage and track parcels into and out of the stores. The same app runs on customer kiosks in store and in drive-through locations. When a customer or staff member enters the parcel details at a kiosk, wireless paging technology notifies someone close to the parcel storage area to bring the parcel from its slot location. The average collection takes 4 minutes.

The app speeds up the collection process and allows Asda to receive deliveries effectively as each store operates a mini warehouse management system. The system will evolve to drive further efficiencies and increase the customer experience as the take-up of the toyou service increases.

Asda is also experimenting with technology which will allow customers to notify a member of staff that they have entered the store so their parcel is brought forward to the collection area. Anastasiou understands that technology, such as Wi-Fi positioning and iBeacons, will allow this to be done automatically, but he is





**Wireless paging technology notifies store staff to bring the parcel from its slot location**

interested in simpler mechanisms, such as email links, texts or a link in Apple Passbook. Since July, customers have been able to add their collection to Passbook so a QR code will show on the lock screen which can be scanned when they get to the collection point, rather than having to search through emails to find the details.

He believes that the future for returns also lies with mobile, since a customer could start the journey on their own phone, print a returns label in store and have the bar code scanned.

#### **MULTIPURPOSE TABLETS**

Other retailers have gone down the route of adding collection functionality to the iPads already used by staff for clientelling purposes. Store staff in Boots, for example, are able to use the same iPads as those that run the Sales Assist clientelling app, to help customers with collecting their order.

This move to mobility, with staff having access to stock data, has seen Manhattan Associates, which is better known for its warehouse and order management systems, expanding its platform to including clientelling and in-store staff services. The first customer for its Customer Engagement Platform is designer Tory Burch's European stores. "We want to build the single application that the store associate is using continuously," says Brian Kinsella, Director of Product Management at Manhattan Associates.

Mobile devices are also helping to optimise other areas of the store. For example, they are being used to add value and functionality over other higher costing scanners and desktop systems by putting scanning functionality and real-time data at the fingertips of the relevant people in store. Even the process of accepting parcels into the store and storing them can be speeded up by the right technology. Scandit, a supplier of mobile data capture devices to carriers, reports that the average time to capture proof of delivery with a paper-based form is almost a minute longer than using a mobile device. Multiply that by 1,000 parcels into store and then factor in reporting to customers that items are ready for collection and the time savings become obvious.

Jacob Gascoine-Becker, Associate Director at Pragma, thinks that arming store associates with wearables is a better option than iPads or phones because they are less of a distraction when dealing with customers. The optimum click and collect experience is for the store greeter to know when a person has come to the store to collect an order and to unobtrusively notify the back room that they are on their way to the collection area. The parcel can then be picked and ready for them. With the right data structure in place, the customer could be greeted by name and the store associate would know about their past purchasing behaviour and the location of different items of stock and so be able to handle the interaction appropriately.

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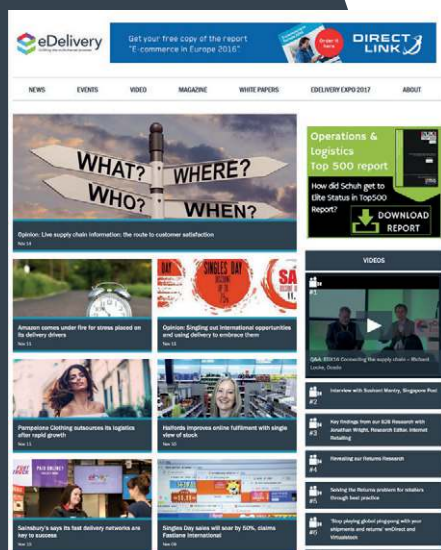
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Halfords, which sees more than 90% of online orders collected in store, improved collection rates by 1% and cut paperwork from three sheets per click and collect order to one by issuing mobile devices to staff. The company trialled a range of in-store tablets for customer use as well as phones and smartwatches to help staff pick click and collect orders.

Staff were automatically notified of incoming customers and their orders on the screens and watches. They then used their phone or smartwatch to generate a pick list, allowing them to put new orders together while they walked around the store.

Customers checked in at a touchscreen kiosk at the front of the store, confirmed their order, and were shown any relevant upsell products and told where to collect their order. They could also use the kiosk to ask for help, which paged a staff member on their phone or smartwatch. Tony Rivenell, Chief Digital Officer at Halfords, says that the company is now “using the learnings of the localised trial to inform our future strategy”.

#### HEADS-UP AND HANDS-FREE


US retailer The Container Store discovered that communication between staff and connecting with company systems doesn't even have to be as obtrusive as a smartwatch. Its employees are using ear pieces from wearables company Theatro to talk to each

“The busiest Marks & Spencer stores handed over 1,000 parcels a day to shoppers who had bought online in the run up to Christmas”

other and connect with company systems to do things such as finding out about stock availability. The ear pieces also have an advantage over the walkie-talkies previously used, in that store associates can now talk only to the person they need to communicate with rather than their messages being heard by everyone.

The Container Store believes this system will reduce costs for in-store operations and boost employee efficiency. Staff will also remain “heads-up and hands-free,” comments John Thrailkill, its VP of Store Systems and Business Development.

Technology is the enabler linking data, customers and store associates, but it's still down to the individual store associates to carry out different tasks and interact with customers. How they interact is what affects the quality of the customer experience. The helpful store associate will always be remembered over the ones chatting amongst themselves for two minutes before serving the customer, even if they manage to hand over the correct parcel.

For the retail industry as a whole, there is still a way to go before everyone is offering a click and collect or reserve and collect service, let alone making their stock and customer data available to store associates in real time. The leaders, though, are bringing the day ever closer when the parcel is ready and waiting for the customer, rather than the other way around. 

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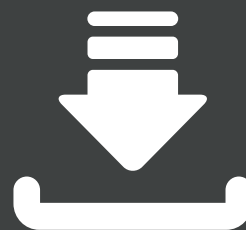
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# Show me the money

Paul Skeldon, Mobile Editor, InternetRetailing investigates the state of mobile payments and consumer take up.

**A**CROSS EUROPE 54% of shoppers are using mobile devices – be they smartphones, tablets or wearables – to make purchases on a regular basis. This number has tripled since last year, when just 18% said they were doing it.

Perhaps more interestingly, just 12% of shoppers have never used mobile to even try and make a payment nor plan to.

These figures come from a study carried out each year by Visa. This year it surveyed 36,000 online consumers in 19 European countries, and the findings show just how embedded mobile payments is becoming among consumers.

In the UK, nearly three-quarters (74%) of the people surveyed are mobile payments users. More than half of these users use their device to transfer money to friends and family (59%) and just under half use it to buy take-away meals (45%). It is this on-demand culture which is driving early adoption of m-payments across the continent.

The numbers are backed up by Visa rival Mastercard, which has also found that 40% of UK consumers now view the mobile phone as their preferred alternative to a payment card.

However, this is changing. While Hungry House and Deliveroo are at the vanguard of m-payments, the Visa study shows that many mobile payment users are as comfortable making more expensive purchases on mobile devices as they are with everyday payments. In the UK, over two-fifths (43%) purchase high-value items such as holidays and electronics on a mobile device as well as regular transactions such as paying household bills (42%) and buying bus or train tickets (41%).

Mastercard believes that the role of mobile goes deeper than mere payments. “We see the smartphone as the ‘remote control’ for consumers’ financial lives,” says Elliott Goldenberg, Head of Digital Payments for Mastercard UK & Ireland. It will be essential for authenticating transactions, controlling your account, managing payment card functions and more. “It is an incredibly powerful and practical tool for payments.”

So what does this mean for retailers and etailers? “This data is a confirmation that the

future of digital payments has arrived, with consumers across the length and breadth of the UK and Europe embracing a variety of new ways to pay,” says Kevin Jenkins, UK & Ireland Managing Director at Visa. He sees smartphones and wearables as the beginning of a broader trend, with millions of new connected devices making it simple, safe and secure to integrate daily commerce transactions into almost any technology. Retailers have to be ready.

However, many aren’t entirely sure as to what they should be ready for. Mobile payments is an oft-banded about term but what does it really mean? In essence, most mobile payment technologies involve a way to link a card or a bank account to a device with a mobile operating system. The device then acts as the card or bank account and is used to pay, often using contactless technology.

In most senses it is no different to a contactless card and the growing familiarity with this technology is helping drive the uptake of mobile payments, says Jenkins. “The uptake of contactless cards has made a significant impact on normalising digital payments in the minds of British consumers, regardless of age. The near-ubiquity of contactless card usage is gradually helping everyone engage with newer ways to pay, including mobile banking.”

## WHERE IS MOBILE REALLY GOING?

There are a wealth of mobile wallets and payment services out there – from Vodafone and O2 wallets, to PayPal to bespoke bank account linked products such as Zapp, Paym and Pingit – and it is a confusing place for consumers and retailers.

Retailers face the prospect of having to rejig – at often great expense – their payments platforms to handle all of these if they are to offer a broad reach: and this is, to many, a bridge too far, so they aren’t adopting any.

That is all likely to change however thanks to Apple, Google and Samsung. Apple Pay – the inbuilt wallet system in Apple devices – garners a lot of headlines, but it is likely to be the way that Apple users pay for things in the years ahead. Similarly, Google’s Android Pay ►

“Why would anyone bother with a range of other wallets accepted in different places when there is one built into the phone?”



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and Samsung's Samsung Pay equally offer a simple, account agnostic, device-centric wallet system that is integrated into the phone.

It sounds glib, but why would anyone bother with a range of other wallets accepted in different places when there is one built into the phone?

More crucially, Apple and Google's wallets will work online too, using the device as an authentication method for the payment. It looks pretty sewn up from where I am sitting.

"In Europe, we've recently seen Apple Pay launched in the UK, France and Switzerland, Samsung Pay has launched in Spain and Android Pay in the UK," says Jenkins. "We've also seen a new era of wearable payments: smartwatches, wristbands and even clothing. It's clear that this trend will continue to accelerate, enabling consumers to choose the connected device that fits with their lifestyle."

That isn't to say that other forms of mobile payments are dead. In Europe both Carrefour and COOP are rolling out their own mobile wallet/payment apps to consumers using the lure of loyalty schemes to make them fly.

Denmark's COOP has been trialling a combined mobile payment and loyalty app for some months and rolled it out across all its stores in September. It decided to add payments to its already successful loyalty app to make life easier for shoppers.

"The promotional aspect of the COOP app is creating a loyal and engaged customer-base for COOP Denmark, one that is rewarded with targeted and personalised bonuses," says Mel Taylor, CEO of Omnico, the software company that sits behind the offering. "Customers no longer want to rummage for cards to pay, or keep paper coupons remembering to use them at the till. They require fast, convenient and efficient omnichannel retailing options."

Carrefour in France has taken a different approach. Sensing the encroachment of Apple and Android, leading French m-wallets Wa! and Fivory – run by Carrefour and the bank BNP Paribas respectively – have merged to create, in their words, a "single secure, multiservice, app-based mobile payment solution" for retail.

The new unified app will enable the customer to pay, with just a single method for their purchases both in-store and on the internet – and automatically getting their loyalty points and coupons, special offers and more in one app.




**54% of shoppers are using mobile devices to make purchases on a regular basis**

Since the two initiatives were launched, they have received the support and affiliation of a number of leading retail groups, including Auchan, Carrefour and Total, plus independent traders and other partners such as direct sales firms, events specialists and charity organisations.

"We're seeing growing interest in the market for such a solution and it's now vital that the complementary players work together to build and make available a solution able to meet new customer expectations in this changing world," says BNP Paribas Group CEO Jean-Laurent Bonnafé.

Georges Plassat, Chairman and Chief Executive of Carrefour, adds: "The new opportunities opened up by digital technology have the advantage of placing the customer at the centre of all our thinking and all our concerns. We're extremely keen to find solutions that enable us to anticipate our customers' needs and expectations and improve both the purchasing experience and the service we provide – before, during and after the shopping expedition. This is absolutely indispensable if we're going to do our job properly."

Consumers are clearly voting with their thumbs when it comes to mobile payments, but for retailers the picture is still unclear as to how to actually implement the technology. Who should they back and who should they leave out? What are the challenges to doing it? And what are the pitfalls of getting it wrong?

While much has changed in a year in mobile payments, where to go with it still remains unclear. 

The following article has been written for InternetRetailing by Don Zhao, Co-founder, Azoya. Azoya helps overseas retailers break into China via cross-border ecommerce. The company works with more than 35 brands in 11 countries, including La Redoute and Feelunique. Based In China, Azoya's specialist team offers a turnkey ecommerce service. [www.linkedin.com/in/don-zhao-094b253a](http://www.linkedin.com/in/don-zhao-094b253a) [www.azoyagroup.com](http://www.azoyagroup.com) @AzoyaGroup



# Learning from Chinese chat

Don Zhao, Co-founder, Azoya examines the mobile commerce landscape in China and explains what UK retailers could learn and bring home from this expanding market.

**T**HE SUCCESS of mobile commerce in China is due to a combination of advanced digital technology and cultural trends. The country's most popular messaging app, WeChat, has been described as 'life' – with 700 million users shopping, paying and searching over 10 million internal apps. With estimates for mobile commerce in China in 2016 accounting for 55.5% of online sales compared with 37% in the UK, what are British retailers missing?

While the key to selling internationally is to 'think local', different territories can offer inspiration to others' own domestic operations, particularly when a country excels in retailing via a specific channel or uses technology resulting in huge commercial success. Despite being a fiercely competitive market dominated by commerce giant Alibaba, other retailers – both from China and overseas – are successfully fighting for market share by creating mobile products that are both dynamic and agile. As a result, mobile commerce in China is booming.

External factors have played a crucial role in the meteoric rise of mobile commerce. Smartphones are becoming cheaper and better and account for 92.4% of new phone sales, contributing to China's position as the world's largest smartphone market. Chinese consumers are also drawn to the convenience of mobile shopping, which allows them to buy anytime and anywhere – commuting is a particularly popular time. Major state

investment in telecoms infrastructure and the availability of 4G are also significant factors.

Large scale ecommerce is newer in China, meaning there isn't a tradition of using a PC to order online, plus its youthful demographic is willing to use the latest technology. Research has shown that half of China's mobile shoppers are aged between 24 and 30. China's physical retail sector is relatively underdeveloped compared to the UK, and in rural areas online is the only option, especially when purchasing non-Chinese products.

## WECHAT IS LIFE

While having the necessary technology and consumer demand provides a solid basis for China's mobile commerce success, it has been the impact of WeChat, the country's most popular messaging app that has transformed mobile commerce. Launched in 2011 by Chinese investment company Tencent, it has developed into an all-encompassing browser for mobile websites – with retailers from banks to fashion brands and pharmacists making the app home of their official online stores. Even Dior has signed up, recently becoming the first luxury brand to sell handbags on WeChat.

The figures are overwhelming for domestic and international retailers. 94% of users will log in to WeChat every day, with 61% using it more than 10 times a day and 36% logging in more than 30 times.

With such a powerful tool, the best approach for retailers has been to adapt to the platform rather than create a new one and use it to optimise the shopping experience; implementing tailored marketing and social media campaigns.

For consumers, following a retailer via its WeChat 'official account' is the main way to receive information, news, promotions and recommendations. Content is pushed to subscribers to enable sales, and a large number of APIs allow brands to customise their account interface.

Standing out is a major challenge as there are now so many businesses trading on WeChat. Converting buyers into loyal customers requires finding an alternative approach – being original and creative in front of people with an appetite for innovation.



Feelunique.com rewards players for inviting friends to play its game on WeChat

WeChat takes social media to a new level. Although brands adapt content for different social networks in the UK, they must rely on limited parameters and users are confined to liking, favouriting, commenting on or sharing posts – with WeChat brands are offered more options for interacting with their users, such as incentivising brand activities. For example, online cosmetics retailer Feelunique runs games and rewards users with coupons. If you invite your friends to play, you receive more rewards.

#### QR CODES – AHEAD OF THEIR TIME?

China is ahead of the world in its application of QR codes. While old news in the UK, with retailers trialling them since 2011 and seeing varying levels of success, in China they are ubiquitous and used by all retailers from street vendors to high-profile brands.

Five years of mobile commerce progress in any country is a lifetime, and during that time a whole new generation of people shopping primarily on their smartphones will also appear. With technology developing fast it's easy to bypass earlier ideas – some of which may simply have been more advanced than their time; impeded by hardware or software constraints and not able to achieve critical mass.

Retailers in China are successfully marrying offline and online channels, most notably with the use of QR codes. A customer scans a QR code found on print marketing, product labels, packaging, shop windows or till receipts, and the information is stored on their phone. They can continue shopping from the same store on the phone and will typically share their experience on social media. Purchases can also be paid for via a QR code.

German online pharmacist Bodyguard Apotheke produced an offline advertising campaign using banners and postcards carrying an offer which could be taken up if shoppers scanned the QR codes and became WeChat fans. A simple and effective way of driving custom, the brand saw traffic from WeChat account for 18.8% of total sales during the campaign with an average basket value of £72.

Existing functionality within WeChat allows shoppers to scan QR codes without downloading a reader. In the UK, embedded QR code readers are slowly being introduced across mobile phone operating systems, such as within the iPhone's Wallet app.

Effectively engaging people by using QR codes in the most compelling way to


increase awareness and sales will help elevate multichannel shopping culture, and become ingrained in this new generation of mobile-first consumers' behaviour. Loyalty is a differentiator and QR codes offer a vehicle to reach customers on a personal level.

Ultimately, it's the payment function on WeChat that has revolutionised mobile commerce. Customers create a 'wallet' by linking to a bank or credit card and can then shop with all official WeChat apps, known as accounts. Since June 2010, the People's Bank of China has issued over 200 licenses to non-financial institutions to provide third-party payment services and declared a national mobile payment standard. This has led to an explosive growth in Chinese mobile payments. Some 364 million people in China now shop via mobile, a growth rate of almost 25% compared to last year. Some predict that mobile payments will account for three quarters of all online retail transactions in 2018.

So what lessons can UK retailers learn from China's mobile commerce success and how can they be applied to the UK marketplace? While a mobile-friendly presence is imperative, and many retailers have built impressive sites over the past couple of years, an app will add layers of functionality and engagement. Apps embrace technology. They personalise the shopping experience and streamline the path to purchase, driving conversion and revenue.

Simplify mobile payment methods – they need to be convenient. Provide instant rewards, offers and location-based messaging. Social media and mobile marketing strategies must be dynamic and engaging. There may not yet be a UK equivalent to WeChat, which offers seamless integration under one virtual roof, but there are plenty of standalone options. Facebook's 'Shop Now', Pinterest's 'Buy it' pins and Instagram's click-to-buy functionality can be just as effective tools for social shopping.

Don't underestimate the power of QR codes, which with increasing investment from software manufacturers, higher retailer adoption and consumer awareness could see them become a sturdy foundation of modern retail.

A considered approach to selling via mobile, acknowledging learnings from past successes and failures, taking relevant inspiration from global influencers doing things well, observing consumer culture and where mobile industry investment is headed, will see UK retailers comfortably evolve. 

“Mobile payments are predicted to account for three quarters of all online retail transactions in China in 2018”





# Insight around the world

## **EMMA HERROD, EDITOR, INTERNETRETAILING**

South America offers a booming ecommerce environment for retailers, according to a panel of retailers from the region speaking at the recent InternetRetailing Conference.

Juan Romero, VP-Marketing at white goods and consumer electronics retailer Fravega Argentina told delegates that Latin America is expected to be one of the fastest growing markets with sales online over the next couple of years predicted to increase from R\$65bn (£16.8bn) to R\$85bn (£21.97bn). Some 400 million people are connected to the internet across the region, mainly through mobile devices and 100 million people shop online.

Brazil is the largest market accounting for almost half of all ecommerce revenue in the region. Mexico, Argentina, Chile and Columbia follow. Although Argentina accounts for 9% of ecommerce in the region, it is expected to be the country with the fastest growth potential over the next few years to account for 13% of the region's ecommerce.

Cláudia Elisa, CEO, FNAC Brasil pointed out that while there are big distances to be covered to fulfil online orders in Brazil – and regional taxes may mean it's more profitable to hold stock away from where the majority of orders are coming from, there is also huge potential since the market is growing at almost 16% year-on-year. Physical stores are growing at just 1-2%. In the electronics sector in Brazil, for example, about 30% of purchases are made online and of those purchases 12% are from mobile devices. "3.3% of the total retail sales is ecommerce," she told delegates. The population is growing and "we understand that the economy will get better and online will grow faster," she said.

Debit and credit card penetration is low and up to 40% of online transactions are paid for in cash. Even Amazon accepts pre-paid cards. The set up with credit is different to many countries with the banks and retailers taking on the interest rather than passing it to the shopper. This makes retailing in the country more of a "mercantile business plus financing."

Romero explained that there are no free trading agreements across the region; only 1% of cross-border business is conducted within Latin America, more is done with the US and China. Retailers therefore must have a trading strategy

for each country and every one comes with its own complexity, restrictions and import duties. He suggested that if a foreign retailer wants to operate in Latin America it should work within each country or with local partners.

Melanie Frutig, Ecommerce Manager, Electrolux told delegates that ecommerce accounts for between 5 and 6% of its income in Brazil.

At Fravega, ecommerce accounts for over 12% of its business.

As Frutig concludes, anything that's not made in Brazil will be loved by people in the country. An iPhone, for example, cost \$500 more in Brazil than in the US and perfume is 3 or 4 times more expensive than in the UK.

If the panellists were starting again from scratch Romero points out the importance of mobile in Latin America. In Mexico, Argentina and Brazil mobile has a deeper penetration than desktop. "Still conversion on smartphones is low so there's a huge opportunity," he says. "There is lots of research online but buying from stores".

Elisa believes that omnichannel is a must, while Luciano Xavier de Miranda, Director of E-commerce, Grupo Boticário says that investment is needed in different delivery services as fulfilment has moved from 10 days from order to the speeds of pick up from store, cycle deliveries and Uber trucks.

Frutig suggests working with a marketplace such as MercadoLibre (which is the big ecommerce player rather than Amazon which is "not that strong yet") as a way to get into and test the Brazilian market.

*To hear more insights from the panel on the different country markets in Latin America, payments, marketing and warehousing see the full panel discussion at [www.internetretailingconference.com](http://www.internetretailingconference.com).*

## **ALON FEIT, CEO, SPLITIT**

The US offers a huge opportunity for online merchants – with online sales stateside totaling \$350bn (£287bn) in 2015. Naturally, it's one of the most competitive markets, as well, with e-retailers worldwide vying for a slice of the lucrative American online pie.

Here's a tip: If you want to stand out, don't follow the well-trod sales incentive path of coupons,

“special discounts,” or even free shipping; instead, offer the option of monthly payments. Of all the shopping incentives offered – discounts, free shipping, etc – the possibility of paying in pre-determined, interest-free installments was the most attractive, according to our recent study. The study was based on the responses of a representative sample of over 1,000 US credit card holders about their online buying habits.

According to the study, more than half (54%) of credit card users preferred installments over free shipping, while 53% favored installments over a 10% discount. And the groups that preferred installment options the most – millennials and high-earners (\$100,000 and up) – are the groups online merchants compete the most for, with about 60% of each preferring installments where available. Even better: 40% of those polled said that they would be likely to increase their purchases by at least 10% if they could make purchases using interest-free installments.

Installments aren't news; they have long been a payment option in countries including Brazil, Greece and Turkey. What is new is that Americans are being slowly introduced to the idea, and really like it. For UK e-retailers who want to stand out, installment payment options could provide a major competitive edge. Done right, it can be a lucrative source of new customers – and help “new immigrants” to the American ecommerce scene make their mark.

**MELANIE SHREFFLER, SENIOR INSIGHTS DIRECTOR, CASSANDRA**


Young consumers crave shopping experiences that provide them with a sense of community. It's one of the biggest insights my team at Cassandra found when we recently explored the purchasing trends and behaviours of young consumers in the US and the UK.

Where previous generations all but lived at the mall, today's teens now favour innovation-rich online experiences – an affinity that has dramatically increased as more and more e-retailers enhance the online shopping experience. This significant shift in shopping preference has opened the door to endless opportunities, many of which brands still aren't using to their advantage.

Today's youth aren't simply turning to brands to browse and buy. They now regard brands as facilitators, platforms and places to connect with like-minded people and create togetherness. Smart e-retailers can connect with young consumers by creating more community centres or hubs for social engagement.

For teens, shopping today has become an opportunity to uncover something unique, special or cool by which to stand out. They exhibit a strong preference for limited-edition items: 34% like it when brands create limited-edition packaging and 30% would like to see more limited-edition items in stores. This is a case of when teens want stores to mirror online retailers who have blazed the trail of limited edition and one-of-a-kind products. The latter is even more coveted among teens and online retailers have proven to be the best at delivering on such exclusivity.

Brands have operated under the premise that “the customer is always right” for decades, but youth are challenging this notion. Teens believe brands have the responsibility to stand up for social progress and feel brands should turn away customers who openly speak out against causes and brand champions.

We're in the midst of a retail revolution where the biggest group of current and future shoppers are shaping the way forward. Brands who can stay ahead of the curve by not only listening to their consumers, but implementing services to retain their loyalty, will thrive. 



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# InternetRetailing Conference roundup

 **Internet Retailing Conference**  
Sponsored by   
12 October 2016, Novotel West, London

The 11th annual InternetRetailing Conference took place in London in mid-October. *Emma Herrod* reports on some of the insight shared by retailers at the event.

AN JINDAL, InternetRetailing's Editor-in-Chief opened the conference by introducing the theme of New Horizons: Ecommerce professionals, for over a decade at the vanguard of innovation and radical change, are themselves now having to adapt and change as ecommerce is no longer a channel but an equal partner with stores. He introduced the keynote speakers – from Airbnb, Urban Outfitters and Halfords – and they shared their thoughts on how new horizons in marketplaces, international and mobile are shifting and providing new opportunities for retail growth and differentiation.

You can read more of their insight and learnings in this issue's main interview on page 10.

Following the keynote presentations, the conference split into three simultaneously-running streams examining engagement, growth and transformation.

Leif Bode Neilsen, Head of Omni-Channel EMEA, Lego, talked to delegates about how the Lego credo of “only the best is good enough”, doesn't fit well with a fail fast approach. Omnichannel, for Lego, has meant getting to know the customer and what works for the brand. The company wants customers to interact with people in store and not glass screens.

A lot of mockups were built inhouse before the ecommerce and omnichannel platform was built so that issues could be overcome beforehand. “When we built it we immediately understood there were tons of things we could use it for. We wanted to be sure we were doing the right thing,” he said. The solutions also had to be scalable and not overengineered.

David Williams, eCommerce Director,



Deckers Brands, speaking in the growth stream, shared insight into how the company is organised for international ecommerce success not just across its different brands, which include Ugg, Teva and Hokka One One, but also across channels of wholesale and retail.

He spoke about the challenges of legacy systems (now overcome by a “hassle-free” cloud SaaS ebusiness platform), getting the business through the cultural change of understanding the speed that consumers want rather than concessions and wholesale business and the challenges of using assets internationally. He cites photography of quarterback Tom Brady modelling for Ugg working in the US where he is well-known but he’s virtually unknown in Europe.

This raises questions such as how much is centralised in the US, in Europe or localised at a regional level. “Do we have people in Europe, in London only and how do we integrate and share information with China and Japan,” he questioned.

He explained to delegates that brands looking to international markets can use their brand equity and introduce international shipping as an easy place to start. “When you’re ready localisation leads to huge growth,” he said. He also said that you learn as you go every time you enter a new market.

Key takeaways from his presentation were: international business maturity brings new challenges around scale; learn from your mistakes and those of others; Technology is getting better, keep on in top of it; Glocalise; Structure your team around products not just functions; Digital agility is essential for maturing internationally.

He said that he now feels comfortable that the structure is in place for Deckers Brands to manage launches in other countries.

Following a doom and gloom presentation about doing business in Europe post-Brexit by Professor John Ryan, Visiting Fellow at the London School of Economics, four retailers from South America gave insight into their booming ecommerce markets. Brazil is the largest market for ecommerce growing at almost 16% year-on-year in 2015. It is also the biggest in terms of distances for fulfilment of orders and the level of internet penetration. It has reached the point where if companies in Brazil don’t have a strong ecommerce presence they will fail, warned Cláudia Elisa, CEO, FNAC Brasil.

Closing the ‘Transform’ stream, Neil

Dulake, Industry Head – Retail, Google showed delegates how “no-one goes online anymore, we live online”. The world is moving from mobile first to an AI first world with developments including virtual reality (Google will launch its Daydream device in November), Google Home (again launching in November, Home is Google’s AI-within-a-speaker answer to Amazon Echo) and of course the Google Assistant on its Pixel phone.

Dulake believes that “machine learning will be the next generation of search”.

He gave the audience three trends to think about:

**■ Show up:** Retailers need to show up in the moments that matter – 76% of mobile searches result in a same-day store visit. If shoppers are staying at home, then they are watching videos and the big trend here are videos showing someone taking a new product out of the box. “Put your products next to the video of a person unboxing the product so they can click through to buy,” he offered.

**■ Wise up:** Searches for “near me” have doubled in the past 2 years and they peak at Christmas, especially during the week of 13-19 December when people click on an advert and then appear in store. Google has engineers who will wander around the store tracking wifi signals.

**■ Speed up:** Dulake told delegates that every millisecond speed increase drives revenue by 5%. Linking that to a Google product he said that the FASTER cable which links the US and Japan is now live. The six-fiber pair cable will deliver a bandwidth of up to 60 Terabits per second. Speed is also down to how fast retailers react, such as Audi’s spoof video of John Lewis’ Christmas advert. Last Christmas there was twice as much video created by brands as the year before driving 70% more views. A more recent example is the social media-led campaign to call vegan dairy-free cheese at Sainsbury’s Gary is, (because it’s not cheese).

Ultimately though, he warned that retailers need to wise up since 54% of time spent online with any retailer in the US is spent with Amazon. “So you need to know where Amazon is,” he concluded.

*Videos of the conference sessions are now available to view on IRTV at [youtube.com/user/internetretailing](https://youtube.com/user/internetretailing) or via [internetretailingconference.com](http://internetretailingconference.com).*



# InternetRetailing Conference roundup

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Following the keynote presentations, the conference split into three simultaneously-running streams examining engagement, growth and transformation.

Leif Bode Neilsen, Head of Omni-Channel EMEA, Lego, talked to delegates about how the Lego credo of “only the best is good enough”, doesn't fit well with a fail fast approach. Omnichannel, for Lego, has meant getting to know the customer and what works for the brand. The company wants customers to interact with people in store and not glass screens.

A lot of mockups were built inhouse before the ecommerce and omnichannel platform was built so that issues could be overcome beforehand. “When we built it we immediately understood there were tons of things we could use it for. We wanted to be sure we were doing the right thing,” he said. The solutions also had to be scalable and not overengineered.

David Williams, eCommerce Director,





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Deckers Brands, speaking in the growth stream, shared insight into how the company is organised for international ecommerce success not just across its different brands, which include Ugg, Teva and Hokka One One, but also across channels of wholesale and retail.

He spoke about the challenges of legacy systems (now overcome by a “hassle-free” cloud SaaS ebusiness platform), getting the business through the cultural change of understanding the speed that consumers want rather than concessions and wholesale business and the challenges of using assets internationally. He cites photography of quarterback Tom Brady modelling for Ugg working in the US where he is well-known but he’s virtually unknown in Europe.

This raises questions such as how much is centralised in the US, in Europe or localised at a regional level. “Do we have people in Europe, in London only and how do we integrate and share information with China and Japan,” he questioned.

He explained to delegates that brands looking to international markets can use their brand equity and introduce international shipping as an easy place to start. “When you’re ready localisation leads to huge growth,” he said. He also said that you learn as you go every time you enter a new market.

Key takeaways from his presentation were: international business maturity brings new challenges around scale; learn from your mistakes and those of others; Technology is getting better, keep on in top of it; Glocalise; Structure your team around products not just functions; Digital agility is essential for maturing internationally.

He said that he now feels comfortable that the structure is in place for Deckers Brands to manage launches in other countries.

Following a doom and gloom presentation about doing business in Europe post-Brexit by Professor John Ryan, Visiting Fellow at the London School of Economics, four retailers from South America gave insight into their booming ecommerce markets. Brazil is the largest market for ecommerce growing at almost 16% year-on-year in 2015. It is also the biggest in terms of distances for fulfilment of orders and the level of internet penetration. It has reached the point where if companies in Brazil don’t have a strong ecommerce presence they will fail, warned Cláudia Elisa, CEO, FNAC Brasil.

Closing the ‘Transform’ stream, Neil

Dulake, Industry Head – Retail, Google showed delegates how “no-one goes online anymore, we live online”. The world is moving from mobile first to an AI first world with developments including virtual reality (Google will launch its Daydream device in November), Google Home (again launching in November, Home is Google’s AI-within-a-speaker answer to Amazon Echo) and of course the Google Assistant on its Pixel phone.

Dulake believes that “machine learning will be the next generation of search”.

He gave the audience three trends to think about:

**■ Show up:** Retailers need to show up in the moments that matter – 76% of mobile searches result in a same-day store visit. If shoppers are staying at home, then they are watching videos and the big trend here are videos showing someone taking a new product out of the box. “Put your products next to the video of a person unboxing the product so they can click through to buy,” he offered.

**■ Wise up:** Searches for “near me” have doubled in the past 2 years and they peak at Christmas, especially during the week of 13-19 December when people click on an advert and then appear in store. Google has engineers who will wander around the store tracking wifi signals.

**■ Speed up:** Dulake told delegates that every millisecond speed increase drives revenue by 5%. Linking that to a Google product he said that the FASTER cable which links the US and Japan is now live. The six-fiber pair cable will deliver a bandwidth of up to 60 Terabits per second. Speed is also down to how fast retailers react, such as Audi’s spoof video of John Lewis’ Christmas advert. Last Christmas there was twice as much video created by brands as the year before driving 70% more views. A more recent example is the social media-led campaign to call vegan dairy-free cheese at Sainsbury’s Gary (because it’s not cheese).

Ultimately though, he warned that retailers need to wise up since 54% of time spent online with any retailer in the US is spent with Amazon. “So you need to know where Amazon is,” he concluded.

*Videos of the conference sessions are now available to view on IRTV at [youtube.com/user/internetretailing](https://youtube.com/user/internetretailing) or via [internetretailingconference.com](http://internetretailingconference.com).*



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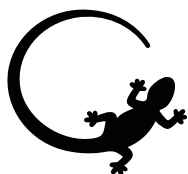
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