# Internet Retailing

## SCHUH: WHERE PEOPLE AND METRICS FIT

Sean McKee, Director of Ecommerce, Schuh on how metrics, efficiency and people combine to deliver brand consistency
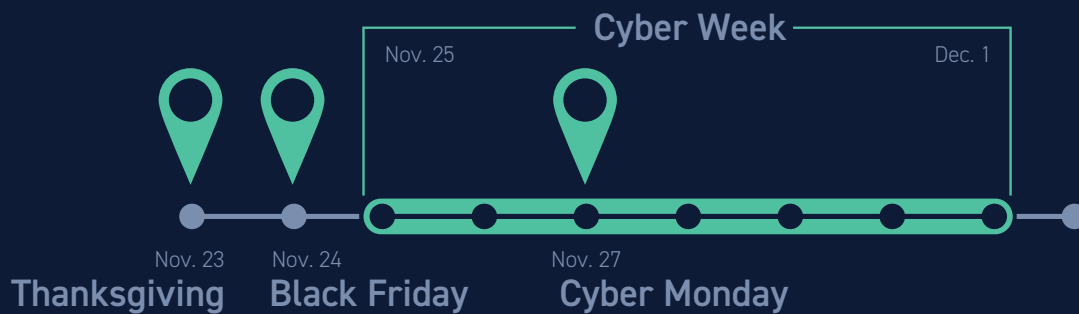
**INSIDE OUR 'MOBILE' EDITION:**

- INCREASING MOBILE CONVERSION P34
- REDUCING FRICTION IN-STORE P48
- IS THE FUTURE CONTROLLED BY VOICE? P50
- THE EDELIVERY PAGES P54

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- How to reduce dependence on discounting

- 14 Proven tactics for boosting performance during peak

# Contents

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# Editor's comment

As InternetRetailing magazine goes to print, retailers are rolling out their Christmas adverts and it looks like delivery is the big theme for 2017 – along with the usual flutter of cute and kindness.

Amazon's Christmas television advert shows the journey of a Christmas present, ordered on a bus from an Amazon warehouse, to a delighted recipient in a remote part of the world. Argos' advert, launched the same week, has delivery as the hero too.

In this issue of InternetRetailing, the eDelivery section includes the latest news from the logistics industry and an interview with Peter Ward, Chairman of the UK Warehousing Association. He discusses how the retail and logistics industries are intrinsically linked. However, he questions whether the relationship is sustainable.

Before we get to the busy Black Friday and Christmas period, InternetRetailing examines all things mobile, the latest developments in around phones and mobility effecting retailers and customers.

"Mobile conversion rates are on an upward trend but they are still lower than desktop," says Andy Mulcahy, Strategy and Insight Director at IMRG. In a feature on mobile conversion and optimisation he adds that the average conversion rate for desktops was 4.6% in 2016, compared with 4% for tablets and 2.3% for smartphones. This year, they are running at 4.7%, 4% and 2.4%, respectively. In 2015, the average smartphone conversion rate was just 1.8%.

So, conversion rates on smartphones across the retail industry are increasing, but it is taking a whole host of factors – from the customer journey and simplifying navigation and product pages, to testing for the right colour, location and size of every button and reducing friction from the checkout pages – to do it.

In another feature, Paul Skeldon, Mobile Editor, InternetRetailing, investigates the link between mobile, social and sales. As he says, "Social media and mobile are made for each other – and increasingly, they are made for retail too. In fact, some 6% of mobile traffic to UK retailers' websites is driven by social apps such as Snapchat and Instagram – more than any other country globally."

One technology – which is very well suited to mobile – is Augmented Reality (AR). It has been on the periphery of retailing for more than a decade with retailers and brands occasionally dipping into testing and using it in marketing campaigns and product catalogues.

Famously, Ikea used it as a visualisation aid enabling shoppers to place a virtual item of furniture in their home to see how the actual item would look in situ. In 2009, Lego used the technology in an in-store kiosk to show shoppers what the contents of particular kits would look like once the model was made up.

Apple and Google have both launched development kits to make AR easier to trial – I look forward to seeing what retailers make of it.

Another technology on the rise in 2017 has been voice-activation as shoppers turn to voice-controlled personal devices such as a Google Home, Amazon's Echo and Alexa and Apple's Siri-enabled HomePod. One study claims that 43% of US millennials have made a purchase via one of these devices. Paul Skeldon investigates how they are impacting retail and how voice control can be implemented.

As he says, "Where it gets interesting is that voice control is going to not only be the preserve of these devices, but also of all devices: it will be the way we interrogate the web. This means that voice control in retail is not just a matter of building out platforms that can handle voice inputs from these 'home' devices, but also to voice enable websites and apps."

Back to today's retailing and mobile is increasingly being used to reduce friction in store and to increase transparency and communications post-purchase. Guest articles from Qmatic and Paragon Software Systems examine these areas as they share their expertise with IR readers.

I hope you have your mobile sites in order as yet again the run up to Christmas is expected to be huge for mobile. Salmon predicts that £10bn of the £20bn spent online in November will be made via mobile while another forecast says that 30% of UK shoppers plan to use their smartphone to go bargain hunting. I suspect that most of us at InternetRetailing will be among them.

InternetRetailing magazine will be back after Christmas but you can keep up-to-date with all the news over the busy Black Friday and Christmas period online at internetretailing.net – and don't forget to keep an eye on matters impacting logistics at edelivery.net.

*Emma Herrod*
*Editor*

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# ASOS PLANS £4BN TURNOVER

Pureplay Asos has set out how it plans to more than double its sales to £4bn a year, after a year in which revenue reached £1.9bn.

Fast-fashion trader Asos, a Leading retailer in IRUK Top500 research, said that group revenues of £1.9bn for the year to August 31 were 33% up on the same time last year, or 27% once currency fluctuations were discounted. Retail sales of £1.88bn were 34% ahead. UK sales of £698.2m were up by 16%, while international sales of £1.2bn were 47% up on last time. Pre-tax profits of £80m were up by 145% – or 26% before exceptional items.

Chief Executive Nick Beighton said: "It's been a great year for Asos, with continued growth in sales and profits. Our international performance was excellent, as we reinvested FX tailwinds and benefitted from our continually improving customer proposition. In a competitive UK market, we achieved strong full price performance whilst further increasing market share.

"At the same time, we ramped up our investment in building the increasingly strong and differentiated Asos proposition. Our new agile technology platform is allowing us to accelerate our pace of innovation with great benefits for our customers, including new payment methods and additional language sites to come. The investments we are making will see us add 1,000 new heads and will lay the foundations for a c.60% increase in unit capacity and c.£4 billion of net sales."

Here's what Asos said about how it plans to get there:

Boosting capacity through technology: Asos' new technology platform gives it micro-service architecture with a native mobile experience through both Android and iOS apps, as well an improved checkout. "The platform allows for significantly greater transaction volume at enhanced levels of stability," the retailer said in its financial statement. It pointed to the increased ability to deliver technical change and innovation at speed.

During the last year alone it counted 1,300 technology releases, up from 490 the year before. Among them were the roll out of Apple Pay, a reworked My Account section, and new image search capability. In the year ahead it plans still more improvements, including new payment methods, new language sites and stronger customer engagement. Currently it has seven country-specific sites and it plans a further six over the coming year, with an ultimate target of reaching all of its more than 200 markets.

Boosting capacity through warehousing and logistics: Asos is working to double the capacity of its Eurohub 2 fulfilment centre, and is also opening a new fulfilment centre in the US, expected to be up and running by next autumn. It says its investments in logistics will lay the foundations for a 60% increase in capacity and for net sales of £4bn a year.

It has now taken its click and collect service into markets including Italy and the US, where it has a total of 11,000 collection points across the two markets. In the UK it now offers collection from a choice of 9,000 pick-up points. Expansion will continue in France, Germany, the Netherlands, Sweden and Australia over the coming year.

Delivery has also seen improvements, with order tracking now standard in 61 markets, same-day delivery in London, and, to come, evening next-day delivery in Germany.

Boosting sales: Asos says that it still has a "relatively modest" share of online sales, especially in its international markets, and will continue to grow the business "at pace" to take advantage of the global opportunity. In addition, it says that the shift towards online retail will gather pace, and that it is well placed to benefit from that. Already, the online apparel market has, it says, grown at more than twice the rate of the overall apparel market.

Asos is also continuing to develop its own brand clothing, which currently accounts for 41% of its sales. Students are a particular focus for marketing in territories from the UK and the US to Italy and Germany.

Improving customer service: Asos ended its financial year with 15.4m customers – a 24% rise on the previous year. Visits were also up by 24%.

# THIRD PARTY LOYALTY AT RAKUTEN

RAKUTEN HAS EXPANDED its loyalty programme to third party retailers, with the effect that Rakuten Super Points can now be earned at partners including Waterstones, Zavvi, TK Maxx, Asos and more than 200 other retailers when shopping through Rakuten.co.uk.

Customers in the UK and Spain will be able to collect and use points towards purchases at third-party retailers. UK shoppers can then use those points to buy credit to use both online and offline at retailers including Tesco, M&S and Currys. Up until now, points could be redeemed against Rakuten services including Rakuten TV, Rakuten Kobo and Rakuten Viber.

Rakuten first introduced its global loyalty rewards programme, Rakuten Super Points, 15 years ago it has proven a success in its Japanese home market, where it has become the most used loyalty point scheme.

"Rakuten is a membership company and Rakuten Super Points are at its centre. Each Rakuten service owes a large part of its success to being part of the bigger Rakuten ecosystem and its over 1 billion members," said Arjen van de Vall, President Europe at Rakuten. "In Europe, this ecosystem will also be our key to success, and by opening up our loyalty scheme to third party retailers, we are taking a major step towards that."

# JOHN LEWIS REINVENTS THE STORE

John Lewis has unveiled its latest take on the 21st century customer experience at a new store that puts services at the heart of retail. Services and experiences, from eye tests and nail bars to car fitting advice and technology training, will take up a fifth of the floor space at the new store in Oxford.

Service staff working at a central "experience desk" led by a "brand experience manager" will take a concierge-style role as they help customers plan their day, book them into a workshop, match them with a style or home design adviser, or find them a table in the rooftop restaurant.

Staff from Oxford Playhouse were drafted in to train all the 322 staff at the new store in voice and body language skills. Their new approach to customer service will include hotel-style tours of the store, while staff uniforms will be based on pieces in John Lewis' own-brand Kin clothing range.

Paula Nickolds, Managing Director at John Lewis, an Elite retailer in IRUK Top500 research, said: "As part of our plans to differentiate the John Lewis brand and to reinvent the department store for the 21st century, our shops continue to be a place where customers come and experience our brand – the physical manifestation of what we stand for.

"More than a route to selling things, our Oxford shop is a place that aims to inspire and delight our customers and is entirely focused on customer experience with Partners and finishing details at the heart of that."

# NEW HIGH FOR SHOP DIRECT

MORE THAN HALF of Shop Direct sales were made via smartphones for the first time in its latest financial year. The home shopping group behind brands including Very, a Top50 retailer in IRUK Top500 research, Littlewoods.com, a Top100 retailer and VeryExclusive.co.uk, said that 53% of sales were via smartphone, and 69% via mobile devices – smartphone plus tablet – in the year to July 1. A third (32%) of all mobile sales at Very came via its MyVery app, up from 21% a year earlier.

The retail group turned over £1.93bn in the year, up by 3.7% in total, or 5.6% on a like-for-like basis, while pre-tax profits of £160.4m were up by 10.2% on last time.

Shop Direct said its investment in mobile personalisation before, during and after customer journeys drove smartphone sales. Measures included working with Google and Facebook to identify users who look like Shop Direct's most valuable customers and serving them relevant and timely ads and recommendations. It also applied machine learning to identify customers who are showing signs of lapsing. Those customers were then contacted with an incentive to buy. Machine learning also helped it to predict when a customer would run out of a product by sending a reminder for them to stock up. That approach, it said, had generated "strong results" across beauty products and scented candles.

Alex Baldock, Group Chief Executive at Shop Direct said: "Artificial intelligence is already driving results for us and we'll soon launch one of UK retail's first AI-powered chatbots for customer service. Longer term, we believe AI will bring scale to personalisation so digital retailers like us can be every bit as personal as stores. Very Assistant 2.0 will be another step closer to us democratising the personal shopper."

# MAPLIN EXTENDS EXPERIENCE ONLINE

MAPLIN IS WORKING to take its in-store service online by improving its flexibility and customer choice. The technology business, a Top100 retailer in IRUK Top500 research, is working with Ensono on a new digital offering, which includes both moving all appropriate applications to the SAP Hybris commerce platform while also moving mission-critical services to Amazon Web Services (AWS).

The move represents a shift to the cloud for Maplin and one that it is expecting to make it more agile in responding to the changing demands of the retail market, helping deliver better customer service. That should also help it to meet spikes in demand in the Halloween to Boxing Day quarter.

Omnichannel retailer Maplin sells 30,000 products across 800 technology categories and prides itself on the advice and information it can offer its customers in the store. Ensono was selected to help take this experience online. Since the work started, Maplin has achieved its aim of shortening its release cycle.

Alan Kay, Director of IT at Maplin said: "This is the first time we are moving mission critical applications into AWS, which made it necessary to work with a partner that not only has the technical knowledge and experience but really understands our goals in the hyper-competitive retail market. We needed a partner that can help us truly deliver the best customer experience. Ensono proved itself to be just that partner, and we have been extremely impressed with their speed of delivery and how the Ensono team has integrated with ours."

Paul Morris, Europe Managing Director, Ensono, says: "We're pleased to be working with Maplin on realising its vision to provide its signature instore first-class customer experience to today's multichannel retail environment."

# APP STRATEGY AIDS TESCO GROWTH

Tesco has announced its interim results for H1 2017/18, delivering 3.3% sales growth for the Group, with UK like-for-like sales up 2.2%. Part of its improved performance lies with its app. According to analysts, Tesco is ahead of the game in the UK with apps and the work it has done on mobile is likely to see it continue to perform well and bring the fight to other grocery retailers.

Derya Yildiz, Senior Analyst, Kantar Retail, explains: "Speed is the new loyalty in grocery and Tesco is making the right moves to secure a bigger share of shopper wallet. While Sainsbury's tests a checkout-free payment app and Costcutter trials fingerprint payment, Tesco's new Tesco Pay+ is a much simpler yet effective move."

Tesco replaced the PayQwiq app with Tesco Pay+, which combines payment and loyalty in one app for quick shopping. Many grocers have apps, but few combine these two functions. Tesco can easily roll out the new app with a short testing phase, winning the basket here and now.

This Yildiz sees as a winner for the retailer, bringing slicker checkout and mobilising its already powerful loyalty scheme in one simple move.

Tesco Chief Executive Dave Lewis said: "We are continuing to make strong progress. Sales are up, profits are up, cash generation continues to strengthen and net debt levels are less than half what they were when we started our turnaround three years ago. All of this is possible because of the focus we have placed on serving shoppers a little better every day. Our offer is more competitive and more customers are shopping at Tesco."

# CHECKOUT AT SAINSBURY'S

SAINSBURY'S IS TRIALLING a checkout-less system which enables customers to pay for goods on their mobile phone in the retailer's Euston store. Customers can use the Sainsbury's app to scan items with their mobile phone, payment is then taken automatically and they can leave the store without going through a checkout. The move comes as high-end fashion retailer Ted Baker has also adopted a mobile-based, low-friction payment service in its stores.

The use of a mobile app to remove potential friction points in the customer journey, such as the checkout, appears to reflect a growing consumer trend of mobile technology integrated into the shopping experience.

Meanwhile, Sainsbury's is also pushing ahead with its trial of same-day, one-hour deliveries within London. Its Chop Chop service, which sees customers ordering up to 25 items via an app, was initially piloted in its Pimlico and Wandsworth stores. It has now been rolled out to five more London boroughs, with more than 70,000 more postcodes added from Barnet to Westminster and beyond. This, says Sainsbury's, extends the service to more than 1.7m potential customers, giving it the biggest reach of any UK supermarket offering one-hour delivery.

Clodagh Moriarty, Director of Online at Sainsbury's said: "We're delighted the trial of our Chop Chop delivery service in Wandsworth and Pimlico has proven to be such a success. Our ambition is to help our customers live well for less and saving them time by offering one-hour delivery is one way we're doing just that."

Since its launch in September last year, the service has proved particularly popular with customers looking to purchase weekend brunch ingredients and baby emergency products as well as 'dinner for tonight' items and post party celebration remedies.

# DEBENHAMS' PWA SITE LAUNCHES

DEBENHAMS IS STRENGTHENING its multichannel offering with the launch of a new mobile site based around progressive web app (PWA) technology – giving UK customers the best features of mobile apps with the broad reach of mobile web.

The Progressive Web App, which uses Google-backed technology, is a key development in Debenhams' digital and multichannel strategy. It creates a smooth and streamlined app-like shopping experience on the web, without needing an app store download. It also means that customers will be able to browse twice as fast as before.

Delivered by SapientRazorfish and Mobify, the new site went live in early October after less than four months of development.

Ross Clemmow, Managing Director Retail, Digital, Food & Events at Debenhams explains: "The new site will transform our customers' experience of shopping with Debenhams on their mobiles. We now have technology that not only delivers a better, faster experience but allows us to keep pace with shoppers' expectations whilst on the move."

The move is part of Debenhams' ongoing multichannel transformation project 'Debenhams Redesigned'. The strategy centres on mobile and comes after research back in April by digital performance intelligence company Catchpoint found that the then current Debenhams website was slow and old fashioned and featured way too many items per page. That all now seems to have been addressed – and then some – in the new app.

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# Schuh: Where people and metrics fit

*Sean McKee*, **Director of Ecommerce at Schuh, spoke to Emma Herrod about how metrics, efficiency and people combine to deliver brand consistency.**

Consistently doing things well is a compliment in ecommerce. It's one of the main reasons why so many keep buying from Amazon; they know that what they order is going to be delivered and if there's a problem it will be resolved easily and swiftly. Shoe retailer Schuh aims to do things well for its customers, too, giving them the best experience and choice of services whether that's across channels, on mobile, online or in one of its 118 shops in the UK.

As Sean McKee, Schuh's Director of Ecommerce, explains, the firm's consistency is based on an empirical approach to business combined with a genuine commitment to being better and delivering volume and success in what it does. "We're a business that's motivated by efficiency."

He says the company is also "very considered" and "very risk adverse".

The omnichannel services it offers — including reserve online/collect in store and click and collect — are all designed to be used by enough customers and with a sufficient order volume to enable performance to be measured. These measurements include service performance, customer journey and outliers such as when things didn't work out as intended. "We're very

empirically driven. We will measure and measure," explains McKee.

Everything the retailer does aims to increase conversions or micro-conversions, since anything that enhances the overall journey and not just the turnover is counted as important, too.

McKee explains that having full ownership of the customer journey and the CX function in-house enables Schuh to have good visibility and the ability to measure what it's doing. For example, it has full visibility of stock across its distribution centre and stores, which has enabled it to offer omnichannel services to customers that are profitable, according to McKee.

> " Schuh's consistency is based on an empirical approach to business combined with a genuine commitment to being better and delivering volume and success in what it does "

"We're an extremely product-centric business and our systems are built around that product-centricity," McKee says. "We major very much on inventory control, near real-time visibility, and we're very, very focused on efficiency. That's our strength and we've tended to play to that strategic strength sensibly."

He points out that the sector in which Schuh operates is a fairly promiscuous environment and the firm needs to continue to carve out a point of difference. That point of difference is efficiency, along with a casual, friendly brand positioning which it conveys to customers via its website and the assisted-service model it operates in stores, where McKee says staff are the best equity.

He says Schuh is still expanding its store estate, and services such as click and collect are becoming increasingly important to the website. "It gives us the opportunity to continue to be efficient because we have stock in situ that can be deployed through more than one channel which is very good," McKee explains. "Also, we're at our best in store with a member of staff with a good attitude assisting the customer in a live scenario. That's us at our best; that is the brand experience."

### STOCK VISIBILITY
Schuh moves a large amount of stock around the business every day in order to replenish stores. Ecommerce is able to piggy-back on these movements, which makes sending stock to stores for collection by a customer next day a relatively cheap option. It can also fulfil orders from store stock so customers can reserve something online and pick it up in store just 20 minutes

later. Orders can also be fulfilled for home delivery directly from store stock.

This assortment of services means that staff in stores pick half of the ecommerce orders every day; picking 4 times a day for orders which will be fulfilled from stores. As McKee points out, this does result in questions about which channel sales and costs should be attributed to across the business.

Because Schuh aims to measure every aspect of the business, it has set KPIs that focus on the speed and accuracy of fulfilment in store, customer sentiment and NPS at branch level, as well as insight from traditional mystery shopping journeys.

It measures online sentiment too, along with traffic and conversion rates, evidence of friction, and checkout and basket abandonment. Openness, transparency and honesty are conveyed on the site via product reviews, service scoring and customer satisfaction – as an amalgamation of NES and NPS scores on view. Schuh knows that it needs to convey the same brand openness across all of the platforms on which its customers want to interact, including social media.

In the past, the firm focused on customer behaviour, looking at whether they visited shops and what they bought. Latterly, it has turned its sights on customer sentiment. Customers are asked about their experience, the number of reviews generated is recorded, and the NPS is measured each week as well as the number of customers giving a 5 out of 5 for their experience. ▶



Schuh's customers can pay and collect their order from store in 20 minutes

"We've become less behaviour focused and more sentiment focused over time," says McKee, and this informs actions, bug fixes, design changes on the site and feedback to colleagues. It doesn't detract from the fact that the business still measures everything "from what should have happened against what did happen".

A major review of customers and non-customers is conducted every couple of years and this helps the development of both new and existing services, while online is continually monitored. Every change on the site is A/B tested against a robust segment of customers. "We're wedded to letting the numbers tell us what to do and we do a substantial number of tests," explains McKee. He's quick to point out, however, that an accumulation of tested elements does not necessarily deliver a better result.

### REPLATFORMING

The Schuh site is being replatformed to future proof it, with individual sites moving to a single, bespoke platform. This will enable different fascias and iterations across the retailer's UK, Ireland, EU and German sites as well as allowing Schuh to maintain efficiency and consistency.

It has chosen a bespoke model for ecommerce because of the bespoke nature of its business. As McKee explains, the merchandising system gives an efficient single view of product across the whole business and integration with that system is inherent to Schuh's offer.

"We want to have very good visibility of the customer journey, be free to change that customer journey or enhance that customer journey in ways that we see fit, " he says. "We don't want to wait on iterations of a platform. It's about control; it's about visibility of the journey and integration with some very bespoke systems that have been excellent in terms of delivering success for the business."



Schuh has become less focused on customer behaviour over time and more focused on sentiment
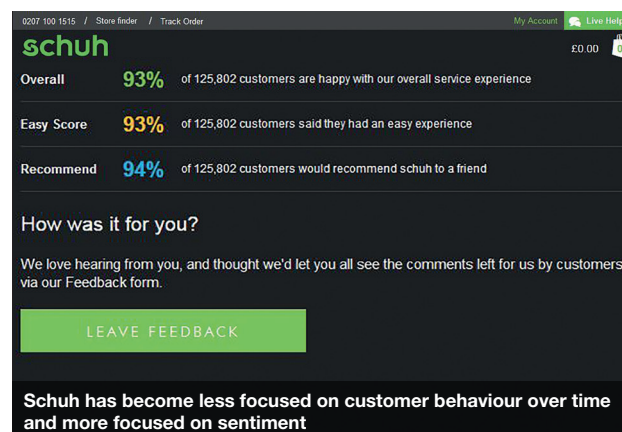
The platform, which has been developed in-house by its ecommerce, IT and marketing teams, is currently being rolled out to UK customers. The UK site will be refreshed with a new look and feel in 2018.

"Most of what we are busy with is slightly unglamorous; it's the behind-the-scenes operational efficiency stuff," says McKee. This includes implementing a CX roadmap to improve what is put in front of the customer as well as automating back-end systems and processes where possible and in ways that make sense to the customer journey.

"There's a plan in place for automating processes where the process and the customer is best served by a faster, machine-learned outcome," he says. But all automation, bots and machine learning will be analysed first from a business process or customer-friction point of view. Schuh will also look at any point of differentiation it gives the company. It says its differentiation is its people and they will continue to be the main point of interaction with customers. A bot, for example, could handle customers tracking their order or give someone a student discount code, but if a shopper ▶

### REDUCING FRICTION

Schuh is achieving year-on-year increases in its mobile conversion rate. This is partly because phones have larger screens and consumers are more confident about mobile as a channel, as well as the UI work conducted by Schuh to reduce friction in the customer journey. "The average visit is about 3 minutes," says McKee "so we're very much about friction removal."

He adds: "99.9% of the time we're in the job of removing friction to move customers down the funnel and this is more important in the mobile environment." However, Schuh does not remove all friction from the mobile or desktop experience as some of it is seen as beneficial to the company because it provides business insight about customers that has a broader application.

One of the things being considered is asking customers to go through more steps in order to select their shoe size so the retailer has more insight into the sizes and looking at availability of that size in real time and aligning fulfilment stats and size statistics in that moment and seeing what happened in between.

McKee finds this fragment of insight fascinating since it can deliver very meaningful data, but everything else needs to be clean, simple and quick – especially where the checkout on mobile is concerned.

He explains that typical customers go to the site via search so they land on a product page rather than first hitting the home page and then browsing. These customers "may have a warm sentiment for Schuh" according to McKee but if the particular brand or line isn't available they are quick to shop elsewhere.
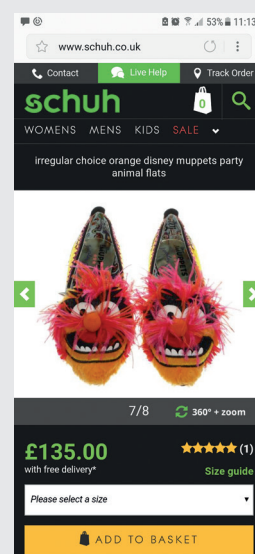
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Metrics and people are the main contributors to Schuh's success

wants to say why they bought a certain pair of boots "that will never be handled by a bot".

### PEOPLE

However, as McKee points out, ecommerce and digital are just parts of the retail business and he cites metrics and people as the main contributors to the company's success. While it's easy to be process driven or operationally focused, personal interaction is important both to the brand and its customers.

Staff at Schuh are recruited against a specific profile which includes being cheery and friendly; this profile also applies to recruitment at the company's contact centre. It is through the contact centre – specifically the use of live chat – that shoppers on digital channels can get the personal brand experience. Contact centre staff can use live chat to co-browse with a shopper, add an item to their basket or interact with them via video or text. It allows the company to help a customer at the moment they need it. Everybody in the contact centre is able to help shoppers via text but 22 desks are specifically set up for video interaction. Schuh has been operating these desks from Vee24 for 4 years.

These personal interactions result in "substantial sums" being made from customers who contact the company using live chat and interact via text or video. McKee says video accounts for "a meaningful slice", while text is a very convenient way for shoppers on

mobile devices to interact. In fact, live chat delivers conversion rates that are 4 times greater than the site average and basket sizes that are 10-12% bigger, and it will deliver a "very substantial" 7-digit sales figure this year. "We wouldn't want to have to live without it," adds McKee. He explains that the profitability of every desk has been assessed and that the firm has made sure that

> " The Schuh site is being replatformed to future proof it, with individual country sites moving to a single, bespoke platform to maintain efficiency and consistency "

it's a service that makes sense from a business as well as from a service point of view.

Schuh is looking at how a till or mobile payment device can be utilised for text-based interaction for internal business uses too. A move to mobile payments also presents an opportunity to free up till areas.

Some 70% of the company's online traffic is via mobile devices and shoppers initiate the chat themselves rather than being nudged toward it, because the retailer does not want to be seen to be intruding on a customer's personal space.

Personal interaction is important to the brand whether that's in a store or via video to customer services

Schuh is looking at the skill sets required by the business to ensure that it can provide employees with training and career opportunities "that are fit for purpose" for its medium and long-term plans. A key element of this is ensuring that the ecommerce team is upskilled where necessary in line with the company's 5-year plan.

To this end, a 2-year training development programme has been put in place that provides a set career path within ecommerce which could be followed whether someone is working on the trading side of the team or predominantly site optimisation. Some of the modules are mandatory while others are optional, enabling staff to customise their training. Monetary incentives are given upon completion. Six of the ecommerce team are going through the programme currently and a further dozen will be put forward over the next six months.

"It will make a difference to the quality of the people in the jobs and the quality of the jobs themselves. Its attractive to be able to articulate a career path for millennials who aren't going to hang on for ten years waiting for a career break," says McKee.

Schuh is not a business to sit back and wait for suppliers or other retailers to provide solutions. It understands that there is a balance between iterating at speed and the pressures of daily trading. "It's more about baby steps than big bangs," says McKee.

While he's always looking for "big potential moves of the needle," these are increasingly difficult to find and not always possible with everyone understanding optimisation. As he points out, ecommerce won't change what's at the core of retailing, which is having the right product, at the right time and delivered very efficiently.

> " Live chat delivers conversion rates that are 4 times greater than the site average and basket sizes that are 10-12% bigger "

Schuh does what is best for its own customers as fast as possible and as efficiently as possible, measuring everything but keeping people and transparency at the front of the interaction where and when the customer chooses. The result is customers with a connection to the brand that is "warm and fuzzy" and a product that's delivered consistently as expected. This is achieved in the current business climate with the real-cost pressures that all retailers have to operate under. This calls for efficiency and careful consideration and application of its metrics in order to make the best business choices possible.
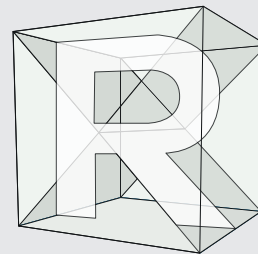
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# Peak ecommerce times

*Verto Analytics* examines the reality of how people shop online throughout the day on different devices.

A study, which explored the online shopping habits of 5,000 UK adults across PCs, smartphones and tablets, conducted by Verto Analytics, reveals a marked difference in when age groups are most likely to shop online.

"Retailers and online shopping platforms who want to acquire traffic on their properties need to be aware of when different demographics are most likely to be receptive to shopping online and the likelihood of buying," says Mike Read, Verto's UK Managing Director. "Different media buying and traffic acquisitions strategies, and programmatic buying plans, should be driven with these demographic insights in mind."

The number of people shopping online rises steadily from 3am to 1pm and then fluctuates (although broadly rising) until 7pm before dropping off for the rest of the night. The amount of time people spend shopping (engagement) during the day follows a similar pattern to popularity. However, the average amount of time an online shopper spends peaks between 6-9pm. In short, the most popular time of day for online shopping is 6-7pm but actual activity is heaviest between 6-9pm.

However, there is quite a difference in the most popular times between demographics. For example, 35-44 year olds are most likely to shop online between 10-11am while for 45-54 year olds it's 5-9pm.

In terms of the times of day when online shopping is heaviest (i.e. how much time is being spent) there's also a large difference – ranging from 11am-noon among 25-34 year olds to 8-9pm among 18-24s and 35-44 year olds. Furthermore, women tend to account for a disproportionately high share of online shopping activity between 5-10am (62%+) and 8-10pm (68%+).

> "People are spending more time on shopping-related activities between 6-9pm even though the actual numbers doing so tails off after 7pm"

Read says that understanding these differences is "particularly important from an advertising point of view as it reduces the chances of ineffective campaigns and wasted budgets by tailoring your activity around when it's most likely to hit your desired audience."

The research also delved into how people use different devices to shop online, with the majority of time (57%) still happening on a PC versus 32% on mobiles and 11%

## WHEN IS THE BEST TIME TO REACH YOU TARGET CONSUMER?

| | | All | Male | Female | 18-24 | 25-34 | 35-44 | 45-54 | 55+ |
|---|---|---|---|---|---|---|---|---|---|
| Primary Peak | # of users | 6-7pm | 6-8pm | 12-1pm | 7-8pm | 11am-noon | 10-11am | 5-9pm | 3-5pm |
| | Time Spent | 6-9pm | | 6-10pm | 8-9pm | | 8-9pm | 6-8pm | 6-9pm |
| Secondary Peak | # of users | 3-4pm | 3-4pm | 4-5pm | 3-4pm | 6-7pm | 5-6pm | 10-11am | 8-9am |
| | Time Spent | 4-5pm | 4-5pm | 10-11am | 9-10pm | | 10-11am | 11am-noon | 9-10am |

*verto analytics

on tablets. Initially Verto's data may seem at odds with IMRG sales data which shows PCs accounting for 46% of ecommerce sales, with mobile at 28% and tablets at 25%. However, Read points out that Verto's data incorporates all browsing and research behaviour in addition to actual purchasing whilst IMRG is focused purely on the latter. "It's a reminder that PC still plays a major role in shopping and shouldn't be completely ignored in the rush to mobile."

Men are more reliant on PCs for shopping – it accounts for 71% of their time compared to 46% among women. Among women, 43% of their online shopping is done on mobile - compared to just 19% among men. Consequently, women account for a staggering 75% of mobile ecommerce time.

Different age groups are also more reliant on mobiles for shopping. Adults under 35, for example, spend 56% of their online shopping time on a mobile and, consequently, account for nearly half of all mobile shopping time. Mobiles play a much more important role in online shopping for the new generation of online shoppers and their disposable income. They're more comfortable with the mobile channel and using it to journey through the different online shopping stages.

The reliance on PCs increases as people get older. For instance, PCs account for just 38% of online shopping time among 18-24s compared to 82% among people 55+. Read also warns the industry about its "fixation" on shopping apps which still only account for 15% of shopping activity. The more 'traditional' behaviour of visiting websites accounts for the other 85%.

PC usage peaks between 7-9pm and 10am-noon, whilst mobile shopping peaks from 4-10pm (excluding a lull between 5-6pm) and tablet shopping 5-8pm.

Consequently, PCs account for the highest share of shopping time between 8-12am (63% share). Mobile's share of shopping time is highest between 6-7am and

9-10pm (both 43%). Tablet's share is greatest between 6-7pm when it accounts for 21% of shopping activity – nearly twice as much as the average 11% share it holds throughout the day.
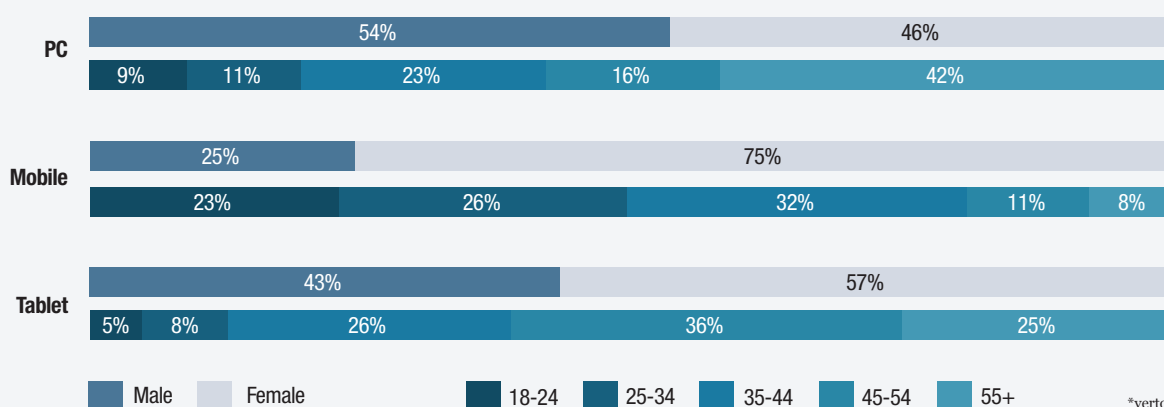
Mobile provides a more stable, across-the-day type of presence to interact with consumers, while PCs peak in the morning and evenings.

> " PCs still play a major role in shopping and shouldn't be completely ignored in the rush to mobile. Moible apps account for 15% of shopping activity "

"It sounds obvious, but if manufacturers and retailers want to be more successful at targeting online shoppers, they need a much better understanding of how people's ecommerce behaviour changes throughout the day, particularly across different devices," notes Read.

"Likewise, the platform on which to advertise, and the plans for cross-device campaigns, should take into account the fact that online shopping is still more PC-centric than many other sectors – such as search, restaurants, gaming and messaging. People likely feel safer to go into further research and consideration on online shopping properties using their PCs and bigger screens. If you want to optimise and drive for conversions, it might be interesting to try to spark interest and trigger intentions via mobile-centric campaigns and content, but when it goes down to conversions and purchase behaviours, bigger screens might well be the platform of choice for your targeting." ᴿ

## SHARE OF UK ONLINE SHOPPING TIME-BY-DEMOGRAPHIC



PC: 54% | 46%
9% | 11% | 23% | 16% | 42%

Mobile: 25% | 75%
23% | 26% | 32% | 11% | 8%

Tablet: 43% | 57%
5% | 8% | 26% | 36% | 25%

Male | Female | 18-24 | 25-34 | 35-44 | 45-54 | 55+

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# The ABC of blockchain's arrival in retail

Blockchain is a new paradigm for retailers, and while it is a linear development from the ecommerce stream, it also offers a radical reshaping of our relationship to customers and suppliers. In preparation for his White Paper on Blockchain next year, *Ian Jindal* limbers up with the ABC..

**B**lockchain is the *phrase du jour* in digital circles, although most people associate it with the cryptocurrency 'BitCoin'. Blockchain is not a technology, but rather an approach. Blockchain as a ledger or a set of record books in which units of information (blocks) are linked together via ledger entries (the 'chain'). In a traditional ledger like a banking record, the ledger is a single, managed record where the bank's authority determines what's correct. Blockchain, conversely, makes every participant in the ledger system responsible for recording each transaction. This means that in case of any discrepancy untold thousands of peer-to-peer record keepers spot the mistake and re-create a pristine, agreed ledger

Blockchain's birth in 2008 is linked to the maturing capabilities of the interoperating Web, sometimes called Web2.0, whose characteristics include the access to data and the ability to process and present the increased information. Blockchain is built on that new, distributed capability – but with a radical twist.

What then is the ABC of Blockchain?

**A** is for APIs (Application Programming Interfaces). Put simply, this is 'politeness for computers'. If I ask you nicely for information, and I have the rights to access that data, you will give it to me in an agreed format. This is what allows Citymapper or The Trainline to tell you the best train times for a journey – the Government made public information,

including train timetables, available to commercial bodies in real time, to bake into their mapping, travel and commercial applications.

**B** is for Big Data. By 'big' I mean 'ginormous'. Hand in hand with the API we want an increased scope of data. Staying with train travel, data from mobile phones and customer feedback can tell me which carriage of a given train has most seats available. Data from buses and SatNav devices can link with data from the Highways Agency to give me improved journey time. With smart cities, smart devices and smart customers combined, there will be even more data to use.

**C** is for Computation. All of this data would be for naught if we didn't all hold supercomputers in our hands and mega computers in the cloud… all linked by high, always-on bandwidth.

So, the A, B and C all seem like the direction of travel we're used to: more, better, faster…

However, Blockchain has two more letters…

**D** is for Decentralised. No longer is there a single power or authority figure, but rather it is the combined view of the network that is the 'truth'. In a blockchain world you might not need a bank to 'promise to pay the bearer on demand', since the transactions are verified by the whole population. In the field of customer feedback it won't be just one software supplier or a minority

who choose to give feedback, but rather an opening up of fact about delivery time, returns, satisfaction levels, refunds and repurchase. The combined factual, recorded experiences, validated by the customers themselves. This decentralisation and democracy will mean that empty authority falls away and reputation based on behaviour will hold sway.

**E** is for Ethics. This isn't to assert that one form of behaviour is objectively better than another, but simply to observe that transparency will render our actions subject to ethical review. We'll know with certainty the provenance of meat; the fertiliser used on vegetables; whether the Fair Trade premium actually made its way to benefit the intended farmers. No more notes sewn into clothing to cry for wages, since we'll know in advance whether the standards were met. In marketing, we'll see which clicks on paid ads are falsified or bots… all transactions will be verifiable.

Retailers may use data, insight and participation in blockchain-enabled retail to cement their place within a savvy, capable society. Customers will have access to full disclosure, and those retailers who thrive under this scrutiny can indeed be said truly to have created a brand.

*Over the coming months we'll be focusing more on the first tangible signs of blockchain in retail, and charting adoption and adaptation in our sector. If you'd like to chat with Ian or contribute to the research please contact him – ian@internetretailing.net.*

# How to Turn Abandoned Baskets into Sales

By *Saima Alibhai* (**Managing Principal Consultant, Europe, at Oracle + Bronto**)

Imagine two women shopping for a new pair of high heels at a store on Regent Street. At checkout, both realise they aren't certain the shoes will match the colour of the dress they plan to wear them with. They explain to the salesperson that they'll need to return with the dress and leave their phone number – as neither wants her chosen heels scooped up by someone else.

The next day, the first shopper receives a call from the store letting her know that they're holding the shoes for her and offer free next-day delivery as well as a hassle-free 90 days return policy. And, by the way, the store just received a shipment of handbags and hair accessories that match the selected high heels perfectly.

The second shopper gets a very different call. The salesperson tells her that men's footwear has just gone on sale.

### THE BASICS OF BASKET RECOVERY

Such a disconnect is not something a retailer wants to create, but it often happens in the ecommerce world with automated emails. Shoppers abandon shopping baskets for a variety of reasons. They know they have more options now than ever before and can find a good deal when they're ready to buy.

For a shopper, making the leap from browsing to buying can come with uncertainty and indecision. Sometimes, abandonment is caused by a simple reason: The baby is crying, the train has arrived at the station or a text message interrupts the shopping journey. Shoppers may want to complete the order in a store, read more reviews before they buy or discuss the order with their partner. They may abandon the basket with no plan to return, or they may be using the basket as a wish list.

With all those possibilities, it's no wonder then that basket abandonment is incredibly common. Forrester Research estimates that 87% of baskets get abandoned, resulting in GBP 14 billion of lost revenue annually. A well thought out recovery message or series of messages can help save some of that money.

### THE PITFALLS OF MANY METHODS

Efforts to reclaim revenue lost from basket abandonment often suffer from a one-size-fits-all approach. That's why the best basket recovery programmes aren't locked into pre-set business rules with pre-built templates that confine the timing, wording and structure of messages. Sophisticated merchants understand that consumer behaviour differs based on a variety of factors, including demographics, products and season.

Consider a customer who's browsing for a refrigerator at a website that sells more than just appliances. When the customer carts a refrigerator, sending a basket recovery email offering free click and collect doesn't make sense. Being able to segment on price or type of product so that the message offers a relevant incentive, such as waiving a delivery or installation fee, would work better.

### DEPLOYING A MORE ROBUST CAMPAIGN

So what makes a basket recovery campaign especially effective? The ability to A/B test messages and filter by basket totals to determine the best approach are two examples of deeper functionality that increases the level of personalisation.

Having the ability to test is incredibly important in determining an email's effectiveness. An app designed

specifically for basket recovery allows more flexibility within the work flow than a manual function available in an ecommerce platform or through a third-party vendor. It gives more control to not only test the message, but also your incentives and timing.

Take the example of the carted refrigerator. Filtering on product description or SKU would have led to a much more relevant basket recovery email. These factors can make a world of difference when attempting to regain revenue from abandoned baskets and help bring customers back to the checkout line.

Personalisation plays a key role in an effective email marketing campaign. One highly useful incentive in basket recovery campaigns is the coupon offer. But it doesn't always make sense to offer a coupon on the first abandon trigger – or in some cases, on any message.

This is where filtering can be especially important. If you filter out SKUs with low profit margins, you can avoid offering promotions that will sink profit. Another filtering option is based on purchase threshold. For instance, you could offer free shipping or a percentage off when a customer's purchase reaches a certain amount.

### CONVERTING MORE SHOPPERS INTO BUYERS
Let's look at an example of basket recovery in action. Initially, the abandoned basket email programme of luxury furniture, home accessories and gifts retailer OKA was underperforming and undersending – click throughs were low, revenue was low. The retailer decided to fix this by A/B testing when to send, switched to a mobile-friendly template and included recommendations. The overhaul increased cart recovery email sends by 297%, and conversions skyrocket.

"The conversion rate of cart recovery is 218% higher, despite sending so many more reminder emails. And we've generated more revenue in the first six months of 2017 than the whole of last year," says OKA's email marketing executive Andrew Lothian.

Pairing browse reminder messages with recommendations has made them even more relevant and timely and also yielded great results. OKA sends more emails but conversions are up 7% and revenue is up 5%.

### DON'T LIMIT REVENUE WITH LIMITED CAMPAIGNS
Engage with a basket recovery app that allows you to create the most effective campaign for your customer base and the products you sell. Using an app to recover lost baskets and adding a touch of personalisation for the consumer allows for a flexible campaign that gives you options and resources to create the recovery series that is right for your company.

"We've always provided recommendations to some extent but Bronto has allowed us to be far more relevant with the products we display."

**Andrew Lothian**

Email Marketing Executive

OKA

The Bronto Marketing Platform is the ultimate solution for retailers to drive revenue through email and cross-channel marketing. With Bronto, it's easy for OKA to analyse, target and reach their audience with highly-tailored, personalised messages that get noticed, generate clicks and orders.

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# IREU Top500: Brand Engagement

InternetRetailing's latest IREU Top500 Performance Dimension Report focuses on brand engagement. *Emma Herrod* reports on the findings.

In this brave new world of joined-up retail, customers come upon brands, retailers and products anyplace, anytime anywhere. Customers might be browsing a retail website in search of an item from their mobile phones, but equally they might be looking at products on Instagram or catching up with friends on Facebook when inspiration strikes. Enabling shoppers both to act upon their inspiration, and to communicate with retailers through the channel that's most convenient to them is what successful retailers now do.

European retailers at the cutting edge in the IREU Top500 Brand Engagement Performance Dimension Report are working hard to reach out and engage with existing and potential customers across Europe. In this IREU Top500 Performance Dimension Report, produced in partnership with Oracle+Bronto, the InternetRetailing researchers analysed how they're doing that. They focused both on the cutting edge, where leading retailers are setting a direction of travel, and on the mainstream, looking at how the 'average' retailer is responding to a world in which shoppers are more willing to use a variety of devices to shop, and to shop across geographical borders in search of the right item.

The reality that this uncovers is that average retailers lag far behind the cutting edge, and that many retailers have yet to move beyond their own markets and benefit from the opportunities that a joined-up European market has to offer. That should be exciting, since it shows how much is to be gained by taking the initiative in this area.

How retailers are engaging with shoppers and the channels being used to communicate with their customers, be that email, social media, telephone or blogs, are all examined. The InternetRetailing research team also looked at the ways that retailers enable customers to share feedback publicly, whether that's via product reviews, star ratings or social media.

Schuh, for example, is regularly cited as an example of a retailer that 'gets it'. In the Report's lead interview, Sean Fleming writes that "it knows who its customers are, it knows what they want, and it works hard on making sure they get it."

As Schuh's Director of Ecommerce Sean McKee comments: "If you want to ensure the best customer engagement, the key things to focus on are look, feel and tone of voice. They have to be consistent so that regardless of whether it's in-store, online, or in a live chat session, the customer feels like they're talking to the same people, that they're getting the same kind of experience and the same quality of experience."

Case studies from Amazon, Currys, The Body Shop and Clarks highlight other approaches to brand engagement. After analysing sales data and shopper behaviour, The Body Shop is putting more emphasis on producing content that customers find genuinely useful.

A move to a mobile-first strategy and a new platform for its 30 brand sites shows how the health and beauty retailer is investing, not just to maximise sales, but for greater customer engagement too.

The researchers highlighted 12 approaches that retailers are taking. These included:

▌ Make regions and multilingual choices obvious;
▌ Encourage input and feedback through techniques such as product ratings and reviews;
▌ Persuade them to like you on Facebook;
▌ Allow social sharing: It is most popular in Finland, Portugal, Italy and UK but less common on sites in Belgium, Sweden and Hungary;
▌ Flaunt your green credentials;
▌ Keep them coming back: True brand enthusiasts visit their favourite sites not just to buy, but to see what is new or to look for information;
▌ Promote your channels;
▌ Encourage affiliates;
▌ Create a community;
▌ Reward loyalty in novel ways: The traditional "points for prizes" approach is being replaced by access to special events, birthday treats or discounts on purchases when total spend reaches a certain figure;
▌ Add charity appeal: Giving customers an opportunity to help others by shopping with a retailer can not only enhance brand image, but increase engagement;
▌ Expand your offer with a marketplace.

Insights contributed by InternetRetailing Knowledge Partner Hitwise showed the proportion of visitors that come to Top500 websites via search engines and the importance of both SEO and paid search to Brand Engagement.

In the coming years, InternetRetailing will continue to assess the way that retailers trade in what's likely to be a highly volatile retail environment by putting the hard data of InternetRetailing research into a wider, and practical, context. As always, the research team is interested to hear from readers about how they think they should judge and understand retail strategies – do share your thoughts.

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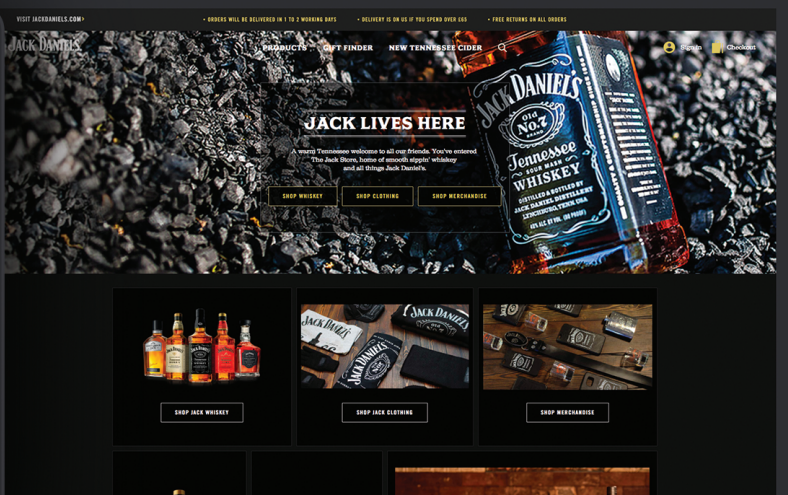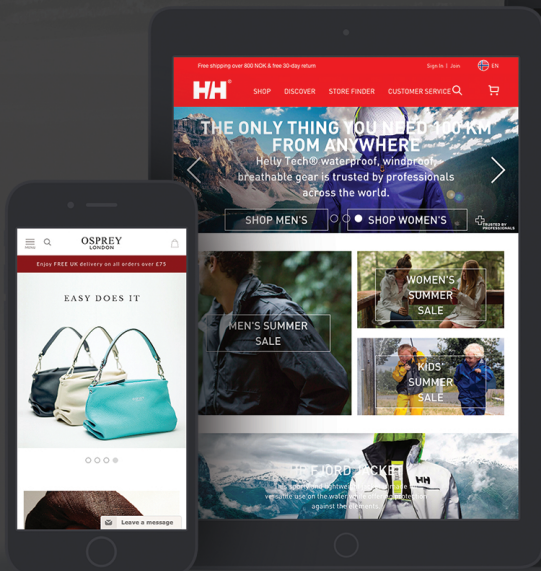
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# The Customer

The latest IRUK Top500 Performance Dimension Report focuses on customer experience. *Emma Herrod* shares some of the findings.

The IRUK Top500 The Customer Performance Dimension Report, produced in partnership with RedEye, aims to understand the service that retailers are currently giving their customers and, by doing so, to understand how retailers of all sizes can improve their offering to compete with the leaders in the field.

InternetRetailing's researchers run the measure over the shopper's experience of a brand, from the speed at which their desktop or mobile website loads, to the time taken to respond to an email or social media message, to the ease with which they can find products, and find out about products, and with which, if necessary, they can return unwanted orders. Through that research, they aim to understand what puts leading retailers ahead of the wider Top500, and what are the most strategic steps for traders of all sizes to take to improve their performance.

Customer expectations are already well ahead of the service they often receive and pushing retailers of all sizes continuously to improve. The service the retail sector offers has already developed fast over the years but now we see it moving forward very quickly. As well as looking at where the retail industry is now in terms of customer service and experience, this IRUK Top500 Performance Dimension Report also looks ahead to how customer experience may develop in the future.

The report's authors do that in several ways. First, they set out the context for this report in the Strategic Overview. They then look at new approaches that are coming to the fore in a section on Emerging Practice, which focuses on how retailers are using in-store events, services and experiences to give a new lease of life to the store at a time when more business is moving online.

As Chloe Rigby, writes "as retailers put the customer front and centre of their operations in an increasingly competitive retail environment, new data-powered insights are helping them do it." Being able to understand what a customer wants to buy, how they want to buy and how they might buy in the future – this is the information that enables traders to give their shoppers an experience that works for them, whether they're searching for a product, contacting a retailer or returning an item they no longer want. But at the moment, there's still a gap between the aspiration to use data to improve customer service and the customer experience itself.

Alastair Sterling, Industry Head, Retail at Google UK, showed the scale of the challenge – and the opportunities – when he spoke at InternetRetailing Conference (IRC 2017) this autumn. "Every two days, we produce more

## 12 APPROACHES TO CUSTOMER-CENTRIC RETAILING

Designing retail services from the customer's point of view makes it more likely that shoppers will buy once, then return in the future. Chloe Rigby shares some practical approaches from Top500 retailers.

1. Use new technology to improve the customer experience
2. Get to know your customers
3. Join up the data
4. Show the customer the most relevant items
5. Enable shoppers to speak their orders
6. Customer-centric logistics
7. Encourage loyalty
8. Offer customers choice over how to get in touch
9. Bring ideas to life
10. New ways of searching
11. Enable the customer to subscribe
12. Track using KPIs

data than mankind produced up to 2003," he said. "For businesses, that's mind-blowing. On one side of the fence this is scary but on the other, if I can make sense of that data, I'm probably going to be able to engage with my consumers, my audience, better than ever before, and give them new experiences as well."

Following this, the researchers explain and share the research. In the Analysing the Numbers feature, Martin Shaw, Head of Research at InternetRetailing, explores in detail the metrics that underpin this report, while in the New Research feature, he looks at how successful Top500 websites are in attracting customers from different demographics.

The final step is to provide hands-on, practical examples of how leading retailers are developing their strategies. This is done through an interview with Stuart Ramage, Ecommerce Director at Dixons Carphone, that focuses on how the retailer manages and develops the customer experience at Currys PC World.

Both Currys and PC World rank highly in The Customer Dimension. The brands (rated separately) perform particularly well in response times for dealing with a customer query and how satisfactorily an issue was resolved. The quality of PC World's customer service when contacted via Facebook was near the top of the ranking, while Currys performed well in the time it took to process refunds.

"We believe our role is to be the customer's trusted guide and navigator for all of their technology needs and

our customers expect their shopping experience with us to be seamless," says Stuart Ramage, Ecommerce Director at Dixons Carphone. "They also expect nothing less than top-rate customer service whatever their questions or problems. Offering a seamless experience if and when they want to cross our channels is also vital and we have an extensive programme of work in that space."

A wide range of products, competitively priced, is obviously a base-line expectation for customers but to highlight its strength in this area, the retailer recently introduced a 'compare prices' app so that customers can see how prices fare against the competition. Customers are also able to compare collection/delivery options – which include same-day delivery, same-day collection and next-day collection in Currys PC World – against their main competitors. In the UK, the retailer currently makes more than 50,000 deliveries every week.

The retailer goes to great lengths to make sure it is aware of its customers' priorities, says Ramage. "Our Marketing Insight team conducts extensive customer research to discover what our customers want," he says. "This, in combination with our web and store surveys helps us stay on top of customer priorities, as well as identifying areas for improvement. We also work on auditing our UX and benchmarking versus market expectations regularly, to keep on top of the market and ensure we're focusing in the right areas."

Other retailers included in the case study section include Topps Tiles, Boots, Debenhams and Marks & Spencer. In its 2017 annual report published in June 2017, food-to-clothing retailer Marks & Spencer boldly stated, "Everything we do as a company is filtered through the lens of what we know about our customers and every decision starts with them."

Debenhams, meanwhile, is trialling a new customer shopping experience through two new stores that are acting as test labs for new ideas. Those ideas include choosing in-store stock in line with online demand in the catchment area. This has worked particularly well, it says, in its womenswear and home departments. New
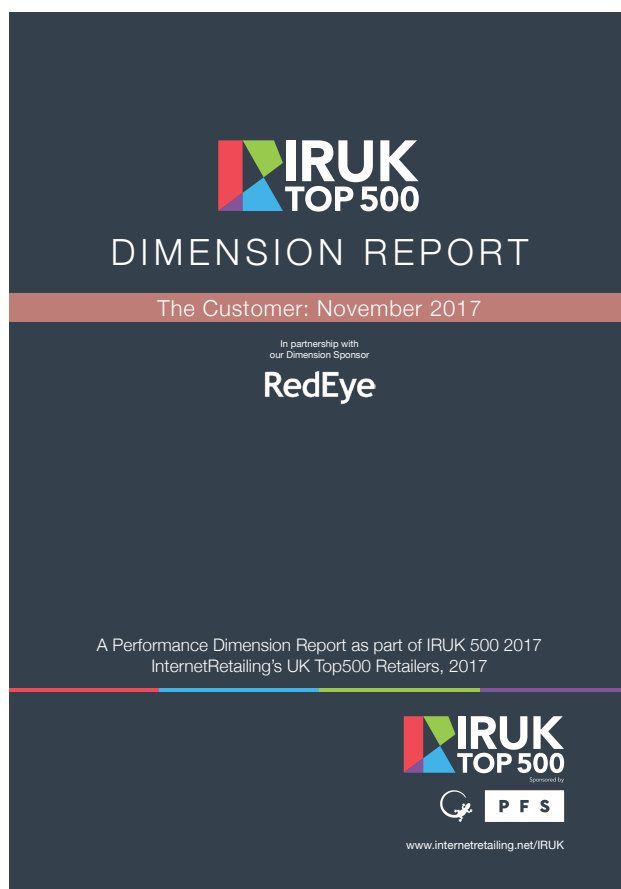
approaches to layout and merchandising are also being tested.

The Customer Performance Dimension Report flows from IRUK Top500 2017 research, in which InternetRetailing benefitted from the valued input of its skilled Knowledge Partners. As always, InternetRetailing would like to hear what readers think, whether you have views on the metrics we've used, and how they could be improved, or on an innovative approach that's working for you as a retailer – please do share your thoughts via research@internetretailing.net.

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# DIRECT LINK

GLOBAL DELIVERIES, THE NORDIC WAY.

# Anita Liu Harvey

## Vice President, Strategy and Innovation, Barclaycard

**barclaycard**

### WHAT DOES YOUR PART OF THE COMPANY DO?

Barclaycard Business Solutions provides omnichannel payment solutions to businesses of all sizes across different sectors including retail. The division provides everything from payment terminals and technology through to merchant services to enable retailers to take payments from shoppers wherever they are, be that in a physical store or via digital channels.

Barclaycard Business Solutions is a pioneer in terms of launching new forms of payment, having been at the forefront of developing and launching contactless and new mobile payment solutions.

### HOW IS MOBILE CHANGING RETAILING?

Mobile phones have become the remote controls for our lives, with many shopping journeys starting and finishing on mobiles. Mobile interactions range from initial inspiration on social media channels to browsing and research, receiving mobile marketing offers to encourage shoppers to make a purchase, reserving or paying for goods and using click and collect – all before even entering a store.

> "Recent research suggests that by 2020 two thirds of online payments will be made through smartphones"

The mobile's impact on shopping doesn't stop there. Once the person is in the store they can use their phone to showroom or complete a purchase digitally on their phone or at a checkout using ApplePay or Android Pay.

The majority of web traffic now goes through mobile devices rather than desktop with mobile-equipped consumers expecting the websites that they are browsing, the retail spaces they visit and the marketing messages they encounter to be automatically optimised for mobile. This mobile optimisation doesn't apply to just marketing, branding and engagement but includes payments too.

### BARCLAYCARD IN BRIEF

**Company founded:** 1966, the same year Barclaycard introduced the UK's first credit card.

**Global reach:** Barclaycard is an international payments business with offices in Europe and the USA. In 2015 we processed more than £293bn in transactions globally. Barclaycard is a pioneer of new forms of payment, and is at the forefront of developing viable contactless and mobile payment schemes for today and cutting-edge forms of payment for the future.

**Contact:** To find out about how your business can get ahead of the game, visit our website: www.barclaycard.co.uk/business or call us on 0800 096 8237.

Recent research suggests that by 2020, two thirds of online payments will be made through smartphones, meaning that the majority of ecommerce payments will be through phones, not desktops nor iPads (OC&C Strategy – Google and PayPal). Retailers, if they are not already, have to prioritise the mobile customer experience over the desktop experience when they are thinking about digital touchpoints.

### WHAT OPPORTUNITIES DOES THIS RAISE FOR RETAILERS?

Mobile is bringing together the on- and offline shopping worlds and driving the omnichannel experience. Gone are the days when you could consider different channels as separate businesses. Mobile means that shoppers are constantly connected and always have access to the digital touchpoints. They want to constantly engage throughout the shopping experience, whether that's showrooming in store or click and collecting their order. Consumers are not thinking about the different channels they are using; they are simply shopping.

Mobile is driving footfall into store as marketing sends offers that can be redeemed in store and click and collect becomes the third most popular digital service in the UK.

Once the consumer is in store they are a captive market for the retailer. Mobile can then be used to create an immersive shopping experience in store with apps and QR codes opening up additional product data and allowing additional inventory to be viewed online through virtual aisles and magic mirrors. Retailing is now about using the digital and physical touchpoints together to create, enhance and enrich shopping experiences.

### WHAT CHALLENGES DOES THIS PRESENT?

Omnichannel raises challenges for retailers though as they strive to create a seamless experience for consumers. Retailers need to bring together their front and back office systems to gain a single view of the consumer in order to understand their behaviour in every channel.

However, around two thirds of companies still have their data in silos and that's preventing them from being as effective as they could be in serving customers in the way that they want to be served today.

While retailers are working towards a long-term omnichannel vision many have to cope with short-term solutions, which see systems stitched together and inventory management and payments still in silos with manual processes holding things together.

Barclaycard is working with retailers to advise on what payments will look like in 5 – 10 years' time and what they can do to future-proof their business. Barclaycard's payment gateway, for example, is a single payments platform, which enables consumers to pay in physical stores and through digital channels and gives retailers a single view of payments – and the customer.

### WHAT DOES THE FUTURE OF M-RETAILING LOOK LIKE?

Online retailers are pushing a seamless and personalised experience, but there will still be a role for physical stores in the future with mobile touchpoints helping with brand engagement along the shopping journey and making payments in-store invisible. Stores will become less about the transaction and more about the experience. For example, showroom-only stores are emerging, in which consumers can try on items but make their purchase through a mobile app or kiosk and have the item delivered to their home. This means that the stores don't need a stock room and tills, so sales associates can be on the shop floor engaging with shoppers and taking payments on a tablet or phone thus making the transaction seamless.

Stores in which the shopper can only pay with mobile are emerging too. Starbucks Mobile Order & Pay app, for example, is probably the most successful mobile wallet in use at the moment. Some 25% of all of Starbucks coffee in the US is paid for by mobile. The coffee chain has recently opened a store at its Seattle HQ in which shoppers can only order and pay with their mobile phone.

### WHAT PLANS DOES BARCLAYCARD HAVE FOR THE FUTURE?

Barclaycard is focused on making payments as integrated and invisible as possible for retailers so that consumers can just enjoy the shopping experience. The company has begun trialling Grab+Go, a brand new payment concept that streamlines the way the consumers buy low-value goods by allowing them to scan and pay for their shopping using their smartphone, without the need to visit a physical checkout.

Our payments integration business unit will continue to work with retailers to integrate and embed payments into their wider business eco systems, using our omnichannel

## GRAB+GO

Barclaycard has been at the forefront of payments innovation since it introduced the UK's first credit card in 1966. The company begun trialling its Grab+Go payments concept in May 2017 as it continues to make purchasing and paying quicker and easier for both consumers and merchants.

Grab+Go streamlines the way consumers buy low-value goods by allowing them to scan and pay for their shopping using their smartphone, without the need to visit a physical checkout. In essence, transforming their smartphone into a 'pocket checkout' with a transaction completed with a single click.

Users download the Grab+Go app, create an account and pre-load their payment details, and then use their smartphone camera to scan the barcode on items as they go. When finished, they click 'I'm done' and walk out; payment is taken seamlessly and invisibly in the background and the receipt is stored in the app. There's no need to enter card details, a PIN, or even swipe or tap for every transaction.

The concept is currently being trialled by Barclays and Barclaycard staff in its restaurant in London and plans are in place to expand the tests to its offices in Northampton, Teesside and Wilmington in the US ahead of a planned public roll out.

"The way in which people shop and pay has evolved significantly over the past decade, and as the use of mobile and wearable payments grows, we are constantly looking at how we can use technology to make our customers' lives easier," says Usman Sheikh, Director of Design & Experimentation, Barclaycard.

He continues: "An important part of this trial will be getting feedback from colleagues, as well as the operators in the staff restaurants, to further develop the product and proposal. Once the final version is complete, it will be available to our clients to help revolutionise payments in their own businesses."
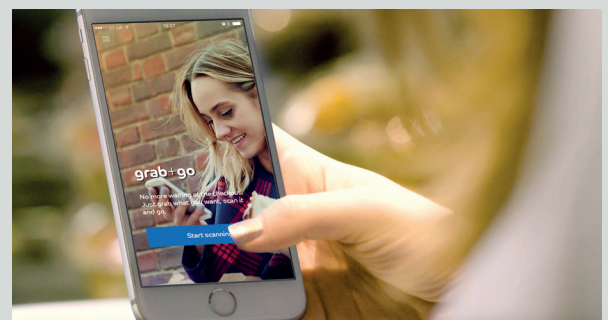


expertise to integrate solutions in a way that will be seamless for the consumer and retailer.

Barclaycard's omnichannel payment gateway, which is used by some of the largest retailers in the UK, will continue to evolve in alignment with the direction of the market to meet the future needs of retailers and consumers.

*This Company Spotlight was produced by InternetRetailing and sponsored by Barclaycard. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.*

# Apeksha Mishra
## Head of Product, Rakuten Fits Me

**RakutenFits*Me*®**

### WHAT DOES YOUR COMPANY DO & WHAT IS YOUR USP?

Rakuten Fits Me offers a suite of personalisation software centred around fit which works to remove barriers to conversion, giving shoppers confidence that garments they are purchasing will fit them well. With clothing sizes differing across fashion retailers and brands and even across ranges, a size Medium in one product line may not be the same as a Medium size in a different range.

Also, two people who are the same clothes size may be completely different heights with different body shapes. Unlike other providers in this space, Rakuten Fits Me helps retailers offer personalised experiences by matching garment data with shopper data. It provides unique recommendations to each shopper based on information about their body size and shape, making online shopping quicker, easier and more fun.

> " Rakuten Fits Me gives a true one-to-one personalised experience for the shopper which makes online shopping quicker, easier and more fun "

### HOW DOES YOUR SOLUTION WORK?

The core Rakuten Fits Me fit recommendation engine, Fit Origin, combines expertise gathered from categorising garment types, attribute mapping, data science algorithms and historical consumer data to create a deep understanding of body shapes, measurements and preferences. It also supports global differences in shopper shape, preference and build, with data collected from over 30 million data points to generate accurate recommendations.

When a shopper enters their personal measurements into one of the Rakuten Fits Me solutions, the algorithm analyses the customer's unique information and matches it against the actual measurements of garments sold

by the retailer to give personal recommendations and advise the shopper on what size will give them the best fit. Data collected from the shopper includes age, height, weight and, depending on gender, bra size or neck measurement. The solution also asks them to identify their body shape. This helps shoppers to find the styles they love and feel great in - and also streamlines the steps-to-purchase for retailers.
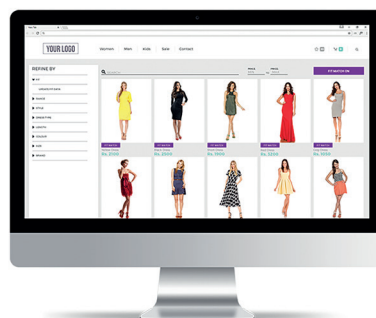
### WHAT'S NEXT

The company's latest solution is Fit Match, a search add-on that when activated shows the shopper only products that will fit them and are in stock in their recommended size. By enabling Fit Match, all the shopper has to do is ask themselves whether they like the item, rather than worry about whether it will fit them or if its even in stock. Enterprise clients get more control and flexibility with the fit ranking. Fit ranking allows them to define what 'fit' means and what degree of fit should be found for it to show

in the search results. It also allows the retailer to boost best-fitting products to the top of the page for a even better user experience.

Fit Match seamlessly integrates with a retailers existing search functionality, meaning shoppers can use the Fit Match filter in conjunction with other existing filters such as style, length or price.

Fit Match, like Rakuten Fits Me's other products, remembers the data the shopper inputs so they don't have to do it again the next time they shop. The ease of integration is a massive benefit to retailers and it looks and acts like it is part of the search bar, giving shoppers a completely native experience; increasing shopper confidence and therefore the propensity to click 'buy'.

### WHY IS FIT DATA VITAL FOR RETAILERS?

Uncertainty about whether they will get the right fit is a key barrier for shoppers when purchasing clothing online and can be of huge influence on conversion rates and brand loyalty. In converse, sending out a garment which won't fit can lose a retailer customers since 80% of consumers won't shop with a retailer again if they return their first order.

Rakuten Fits Me also helps retailers to gain a better understanding of their customers. While retailers track their customer behaviour they don't know what consumers actually look like and they cannot be sure about fit satisfaction and how happy an individual shopper is with their purchase. All they know is that the garment wasn't returned. Rakuten Fits Me shows what a brands core customer demographic look like and this insight can inform conversations with manufacturers around fit, sizing and how actual garments fit with the core customer base or consumers browsing a retail or brand site.

For global retailers, Rakuten Fits Me analytics also help with information on shoppers in different regions providing insight into body shapes, fit and style preferences. The Fashion IQ dashboard, for example, overlays this insight with conversion data and garment attributes to provide actionable insights to improve design and decisions around stock and sizing.

### WHO ARE YOUR CUSTOMERS?

Rakuten Fits Me's solutions are available to fashion retailers globally.

As the company's IP is rooted in garment technology and data science, Rakuten Fits Me has excellent garment categorisation capablities meaning it can serve a broad range of retailers.

Current clients include J. Lindeberg, Peak Performance, G-Star, Mud Jeans, Billabong and QVC.

### WHAT PLANS DO YOU HAVE FOR THE FUTURE?

The next few months Rakuten Fits Me will be focused on further rolling out the Fit Match solution across clients and brands that want to give their shoppers a personalised

### CUSTOMER CASE STUDY

Rhone is a premium, men's active wear brand which was founded in 2014. Its success led to its customer service team soon being overwhelmed with size and fit related queries, particularly through online chat.

"It was clear that our customers needed more support than our size chart to find the right fit online," says Adam Bridegan, SVP of Advertising, Digital and eCommerce, Rhone.

In order to help its shoppers make the right decisions when choosing what products to buy online, and in what size, Rhone started researching the various size and fit technology options available to retailers in 2015. Accuracy of the size recommendation and fit advice was a top priority, and the company wanted to work with a vendor which would use their own product data rather than inferring a recommendation based on purchase and/or returns data (the latter is known as collaborative filtering).

In the first month of implementing Rakuten's Fits Me Fit Origin, the solution was able to prove its value. The conversion rate of Rakuten Fits Me users on Rhone's website was 9.8% versus non-users who converted at just 3.7%.

A year later, Rakuten Fits Me user conversion rates were still triple and some months even quadruple to non-user conversions. Additionally, analytics show that Fit Origin has delivered an impressive +20.4% in incremental revenue to Rhone's website. This is a natural testament to the confidence Fit Origin gives shoppers to convert and buy with the brand. Not only do conversions increase, Rakuten Fits Me's solutions have been proven to increase average order size – rather than having to buy two of the same item in different sizes (with the knowledge they'd have to return one), shoppers can simply buy more.

Rhone is now upgrading to Fits Me's new Fit Match solution.



on-site search experience. The company has an exciting roadmap planned for 2018 as it seeks to provide retailers and shoppers with tools that will further reduce barriers to shopping online. Watch this space...

*This Company Spotlight was produced by InternetRetailing and sponsored by Rakuten Fits Me. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.*

# Klarna: Optimising the online experience

## Luke Griffiths, General Manager, Klarna UK

### WHAT DOES KLARNA DO & WHAT IS YOUR USP?

At Klarna, our mission is to make online payments simple, smooth and safe for retailers and shoppers. Retailers who partner with us can offer their customers our frictionless payment methods – Pay now, Pay later and Slice it. Our services translate into direct benefits for merchants – helping to boost loyalty, customer retention and, crucially, sales.

Pay now facilitates straightforward online payment purchases. It lets customers pay in full via Klarna's speedy online checkout and gateway services using card or APM. It's an attractive option for many of our merchant partners, as our checkout is proven to reduce abandoned baskets and provide a better user experience for shoppers.

Pay later is completely unique in the UK market and allows shoppers to "try before they buy". Customers have either 14 or 30 days to pay for their goods after delivery,

> ❝ Pay later is completely unique in the UK market and allows shoppers to 'try before they buy' ❞

with no interest or fees – or they can return the items if they're not what they expected. The merchant however is paid immediately. Pay later is a real differentiator for merchants and those that offer the payment method have seen an average increase of 15% in basket value and 20% increase in basket size. It also has the potential to dramatically reduce a merchant's customer service enquiries, from customers chasing refund payments or adjustments to returned goods, as no money leaves their account.

Finally, Slice it allows customers to spread the cost of their purchases into equal monthly instalments, giving them flexibility and increased purchasing power right when they need it – at the point of sale. Klarna's approach to online consumer finance is very different from that of traditional providers – we have no redirects, a simple 4-step application process and real-time decisioning – which means it's easier and more accessible to shoppers.

### WHAT OPPORTUNITIES HAVE COME FROM CHANGES IN CONSUMER BEHAVIOUR?

Fuelled by the boom in technology and the way we use the internet, people's shopping habits have changed dramatically over the past decade. This has led to the UK ecommerce market now being worth over £133bn, according to the January 2017 IMRG Capgemini eRetail Sales Index.

Gone are the days when shopping was a 9 to 5 activity done on the high street. Shoppers today can visit their favourite brands 24 hours a day, and make their purchases from the comfort of their own homes – offering a huge range of opportunities for retailers across all sectors.

To make the most of it, retailers need to ensure they are providing channel responsive messaging and functionality for customers shopping on mobile – whether by offering mobile optimised design, tailored offers or punchier content. It's also crucial that they make both the buying and paying experience as painless as possible. After all, the more hoops a customer has to jump through, the less likely they are to make it to the confirmation page.

### WHAT CHALLENGES DOES IT RAISE AND HOW HAVE THESE LED TO A MARKET OPENING FOR KLARNA?

As well as having many benefits, the 'always on' nature of ecommerce has put a huge amount of additional pressure on retailers to keep up with the competition as demand for user-friendly websites and cross-device accessibility continues to grow.

One of the problems plaguing online retailers is the dropped basket dilemma, where consumers drop out of

the buying or checkout process before completing their purchase.

Research by Klarna found that over 68% of consumers have abandoned an online shopping basket – costing each British e-tailer an average total value of £37,062 per year. Many of these dropped baskets occur at the checkout, as consumers lose patience over lengthy checkout processes and being redirected – so perfecting and simplifying the payment process is a key way to combat lost sales.

Our research has also showed that 41% of UK online shoppers say that they order multiple items to try on at home. With Klarna's Pay later, it's easy for consumers to turn their sitting rooms into fitting rooms.

Key, then, is also offering a seamless way to manage returns. One of the biggest hassles around returns is the effect it has on customers' cash flow – introducing Pay later is an easy way to counteract this –no more worries about refunds – and build customer loyalty.

### WHAT PART DOES EMOTION PLAY IN THE CHECKOUT PROCESS?

Emotions play a huge role in the entire consumer journey – from browsing to moment of purchase. Factors ranging from excitement and impulsiveness to anxiety and guilt all influence the customer journey.

Frustration is felt particularly keenly at the checkout. Recent research we conducted showed that one in four are frustrated when the checkout doesn't remember their details, and one in four millennials say they are more likely to complete a purchase if one-click payments are in place. These extremes of emotion must be navigated carefully so retailers can effectively guide shoppers through the purchase process.

### WHAT DOES THE FUTURE LOOK LIKE FOR RETAILERS AND KLARNA?

By reinventing customer service and user experience, the emergence of fintech companies has had an important role to play in the changing retail environment. As more and more e-tailers look to boost their customers' shopping experience, we can expect closer collaboration between the two sectors to further perfect and adapt the payments process.

Until recently, our main focus has been helping retailers and consumers in the fashion space with our flexible portfolio of payment solutions. Fashion remains at the heart of the business, but in 2018 we'll be expanding into other sectors – to help merchants in the consumer electronics, sports, and home sectors offer more flexible payment and financing options on bigger ticket purchases.

### WHO IS THE TYPICAL KLARNA SHOPPER IN THE UK?

We've seen the Pay later proposition really resonate with fashion-conscious millennials. As digital natives, shopping online is second nature for them. But the beauty of our range of payment solutions is that they are designed to suit everyone and every situation.

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### CUSTOMER CASE STUDY

As one of the world's leading fashion retailers – both online and in-store – Arcadia constantly pushes the boundaries of innovation and consumer convenience. The group includes several high street brands, including Topshop, Topman, Miss Selfridge, Dorothy Perkins and Evans.

But the group is plagued with the same issue as all other merchants: how can it reduce the rate of dropped baskets, and make sure its consumers enjoy an efficient and speedy payment experience across all its online offerings?

Klarna came in to help solve this dilemma, and their partnership was launched in September 2016. In fact, Arcadia Group was the first retailer in the UK to introduce online consumer finance through Klarna. This allows online shoppers to quickly and securely move from checkout to purchase, and be offered the option of instant credit. That means shoppers have the freedom and control to buy immediately while spreading payments over time, interest free. And unlike other consumer financing applications, Klarna is streamlined to only a few steps, with minimal information gathered from the shopper.

With an easy IT integration into the existing Arcadia payment flow, Klarna was able to help boost business in just a few months. As a result, Arcadia has been able to improve consumer purchasing power and increased AOV by 80% when compared to other payment types. Klarna also handles the customer risk, so Arcadia always gets paid immediately for goods purchased.

Based on this success, Arcadia recently expanded their partnership with Klarna to offer Pay later across all their brands. This allows shoppers to try goods before they pay, and they have 30 days interest-free to pay for whatever items they'd like to keep.

Both the Pay later and Slice it options allow shoppers to place an order entering only a few personal details, and data is saved so shoppers can experience an entirely frictionless checkout when they make repeat purchases. By offering such payment options, Arcadia is able to appeal to their key millennial audience – and offering Klarna payments cements the fashion giant's position as a leader in the ecommerce space.

Klarna and Arcadia Group recently won Payments Partnership of the Year at the Retail Systems Awards 2017.

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*This Company Spotlight was produced by InternetRetailing and sponsored by Klarna. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.*

Zalando orders via smartphones have increased 90% year-on-year

# Running to stand still?

Mobile is continuing its upwards trajectory in terms of online traffic and sales, but are conversion rates increasing too? *Emma Herrod* investigates.

Mobile's reach is apparent for all to see, and the rise of the mobile Christmas is expected to continue in 2017 when smartphones are predicted to account for half of November's online sales in the UK. Ecommerce consultancy Salmon predicts that £10bn of the £20bn spent online will be made via mobile in this record-breaking month as shoppers reach for their phones to do their Christmas shopping.

Last year saw a strong penetration of smartphones, although desktops still accounted for around half of ecommerce traffic, according to Andy Mulcahy, Strategy and Insight Director at IMRG. But he says there are times when the different devices "come into their own". Desktops, for instance, were the predominant online channel for sales in the week running up to Christmas 2016, while smartphones accounted for higher sales on Christmas Day, when people were supposed to be talking to their families.

"Mobile conversion rates are on an upward trend but they are still lower than desktop," says Mulcahy. In 2016, the average conversion rate for desktops for the retail industry was 4.6%, compared with 4% for tablets and 2.3% for smartphones. This year, they are running at 4.7%, 4% and 2.4%, respectively. In 2015, the average smartphone conversion rate was just 1.8%.

Checkout abandonment on smartphones is also moving in the right direction for retailers. The Q2 2017/18 IMRG Capgemini Quarterly Benchmark Figures for May to July 2017 shows it at 36%, down from 45% at the beginning of 2016. However, as Mulcahy points out, checkout abandonment is inherent to the online shopping experience with studies showing 'I changed my mind' as the top reason given by shoppers for not completing the checkout process.

Checking out on mobile remains harder than on desktop, although larger smartphones did make it easier in the early

days of mobile commerce for those shoppers who found it fiddly because of 'fat fingers'.

As Anita Liu Harvey, Vice President, Strategy and Innovation at Barclaycard, explains, payments is one area in which there have been improvements in recent years but more are needed to make it easier by mobile. "It's not so easy to pay on mobile at the moment so unless the retailer has one-touch payments, such as one-touch PayPal or ApplePay, the seamless experience is not there," she says.

Retailers, though, have spent a lot of time optimising their sites for mobile shoppers, or taking a mobile-first approach to design. Every aspect of a customer journey is optimised for small screens, fat fingers, smartphone keyboards and 4G download speeds.

> "Altering the colour of the mobile 'add-to-basket' button to green increased Graham & Brown's AOV by 4% and the conversion rate by 2%"

What is harder to optimise for is the ease with which people can be distracted from completing a purchase on a mobile phone, since they could be out and about or interrupted by a call or a message.

### REDUCING FRICTION

Among those reaping the rewards of optimising for mobile is Shop Direct, which operates digital department stores Very.co.uk, Littlewoods.com, VeryExclusive.co.uk and LittlewoodsIreland.ie. It has reported its fifth successive year of record sales and underlying profits. "Once again, Very and m-commerce were the big drivers of our growth," says Group CEO Alex Baldock.

More than half its online sales – 53% – are now made via smartphone, a milestone it passed for the first time during its financial year to 1 July, and a 10% increase on 2016.

Interior design brand Graham & Brown has recently updated its mobile site to improve its appeal to younger, tech-savvy shoppers. One significant change it has made is to reduce the length of the product pages, hiding alternative product images from the main view but making them available by scrolling via the main image. This has increased the conversion rate by 36% and the average order value by 5%.

It has also tested altering the colour of the mobile 'add-to-basket' button. For UK shoppers, a simple change to green has increased AOV by 4% and the conversion rate by 2%. In the US, the company has seen even better results with AOV boosted by 42% and the conversion rate by 11%.
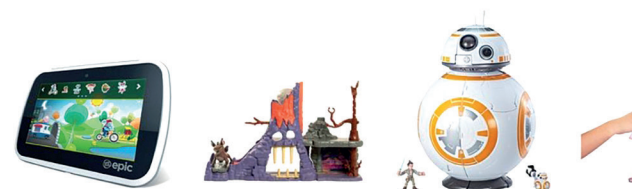
Simon Farthing, Global Director Strategy and Insights at Monetate, which worked on the site with Graham & Brown, comments: "Graham & Brown is an example

### Home

### THE APP EXPERIENCE

MY ACCOUNT

BRAND BOUTIQUE

SHOP NOW
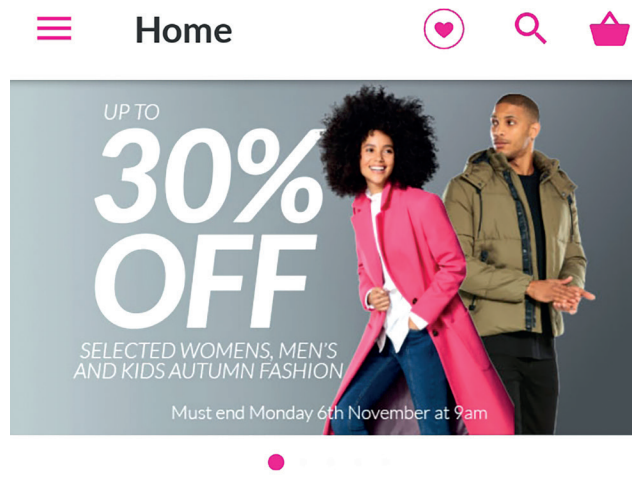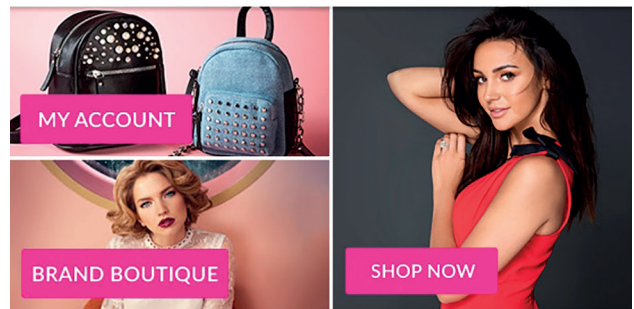
### WHAT'S HOT

Very and m-commerce continue to be big drivers of Shop Direct's growth

of a popular, prominent British retailer who truly understands how even the smallest amount of testing can reap massive results."

### COLOUR CHANGE

But it's not just the large retailers that are working on their mobile offering. More than half of retailers are currently investing in a frictionless mobile experience and 40% plan to do so in the next two years, according to the 'Impact of innovation in the mobile customer journey' White Paper by InternetRetailing in conjunction with Ingenico. It found that 75% of retailers believe that a frictionless experience is an essential part of the commercial offering and a further 22% say that it is a nice to have. However, only 39% describe themselves as being mobile first with 57% of ▶

respondents saying their main focus is a responsive website for both desktop and mobile. One respondent comments: "You must be fit for purpose for a smartphone user – UX, services, speed – or choose to kill your business."

As interiors company Graham & Brown discovered, green seems to be most effective colour for the 'add to basket' button at the moment. A study by IMRG has found this to be common on the mobile sites of the best-performing retailers. The button also needs to be large and on its own line, explains Mulcahy. The IMRG's customer funnel study also suggests:

- Keeping the checkout process to 3-4 pages, with unfolding data input boxes on a clean, white background;
- Placing a floating, itemised basket on the site so the customer can see their items as they scroll.

Observations from the worst performing retailers show the following should be avoided:

- A poor mobile experience relative to desktop;
- Asking for unnecessary information;
- Displaying cramped text or small buttons.

Speed, too, is an issue with mobile performance. According to Google research, retailers have, on average, the slowest mobile sites of the 11 industries measured – with a load speed chugging in at 10.29 seconds. Some 53% of visits are abandoned if a mobile site takes three seconds or more to load and, if mobile users are kept waiting just 1-5 seconds too long, the probability of them bouncing spikes by 90%. Add just another second, and that figures rises to 106%.

With one in three online purchases being made via mobile, that means many sales are being lost needlessly, says Google.

### SPEED TO PLEASE

 "As one of the most mature ecommerce markets, the fact that the UK lags behind in terms of mobile speeds is a serious issue for brands, advertisers and publishers alike," says Raja Saggi, Head of SMB Marketing at Google UK and IE. "As most consumers are ready to abandon a site that takes over three seconds to load, the average UK speed of 8.9 seconds is a sure way to lose potential revenue. Almost a third of online shopping takes place over mobile, and we can only expect that to increase, so it's important to address this as soon as possible. Optimising your site for mobile and addressing these speed issues can be relatively simple, and a crucial step for businesses looking to provide a good online experience."

Electricals retailer AO.com agrees. When it sponsored TV show 'Britain's Got Talent' earlier this year, it knew that its mobile site would have to cope with a significant uplift in traffic during the advert breaks, although it wouldn't know exactly how much. "It would be peaky and very fast," says Adam Warne, Group IT Director at AO.com.

Understanding that it would only get one chance to impress a new customer who was second screening in front of the television, Warne knew that if the website didn't

| | Overall market average conversion rate | Average smartphone conversion rate | Average tablet conversion rate |
|---|---|---|---|
| 2015 | 4.8% | 1.8% | 3.6% |
| 2016 | 4.6% | 2.3% | 4.0% |
| 2017 (YTD) | 4.7% | 2.4% | 4.0% |

*Source: IMRG

> "You must be fit for purpose for a smartphone user – UX, services, speed – or choose to kill your business"

handle the traffic it we could dissuade a potential customer from returning. He explains that speeding up the mobile site was "fundamentally for the customer", helping to build trust in the brand and reduce friction.

In the longer term, speed is also a factor in converting customers. As Jason Miller, Chief Strategist Commerce at Akamai points out, there's a direct correlation between load times and conversion. Even one tenth of a second reduces conversion by 7% on mobile. When the delay increases to one second it plummets by 18%, he explains.

"Optimising for the customer is key," says Warne. He recommends:

- Have the right metrics in place. This is critical as you have to constantly disprove your own theories;
- Optimise the right pages for your customers. Just pick a page that most of your customers see and try to influence some metrics that matter;
- Be sensible with your resources and people. Don't use your team for something technology can do. They are better used elsewhere;
- Ensure you system is robust. This is vital as your customers won't give you a second chance.

"If you do the right thing for the customer all the other good things will come as a result," he adds.

So, conversion rates on smartphones across the retail industry are increasing, but it is taking a whole host of factors – from the customer journey and simplifying navigation and product pages, to testing for the right colour, location and size of every button and reducing friction from the checkout pages – to do it. Every percentage point in the right direction is a big win for retailers as traffic to mobile phones continues to rise. The retailers that are focusing resources and investment on mobile channels are reaping the rewards. Now, if they can just be engaging enough to stop shoppers from being distracted... ooh, what's that I've just seen from the bus window?

# whitepaper.

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# GDPR: An opportunity for digital transformation

The following guest article has been written for InternetRetailing by Chris Combemale, CEO of the DMA Group. The DMA is a UK trade association representing 1,000+ organisations from the one-to-one marketing industry – those companies that speak directly to their customers and those companies that help them achieve this.

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*Chris Combemale*, **CEO, DMA Group shares his thoughts on the opportunities from GDPR.**

The new European General Data Protection Regulation (GDPR) comes into effect in May 2018. Its implementation is taking place in the wider context of dramatic change that retailers are both embracing and having to come to terms with.

First, we have truly entered the fourth industrial revolution, powered by data, potent new technologies, augmented intelligence and machine learning. A new world of possibility is opening up to retailers. It's one in which big data analytics can be deployed to tackle some of their greatest challenges. However, this also throws up huge challenges for both businesses and consumers, not to mention governments and citizens.

Second, Britain's role in the world is changing, following the decision to leave the European Union last year, as the UK looks outward towards a global approach to free trade, with the free movement of data at its heart. Britain is the leading digital economy in the world and has great potential to be the global centre of innovation, skill sets and competencies that will drive economic growth globally.

Third, all of this is taking place while retailers are having to come to grips with the implementation of GDPR. Updates to the ePrivacy Regulation are on the horizon too. Many retailers have already invested heavily in their ability to collect, process and action insights from customer data. Indeed this data increasingly informs every aspect of business strategy.

Recent media stories and speculation have led to concerns that some businesses will have to simply delete significant portions of customer and business intelligence ahead of May 2018. For example, the recent headlines garnered by Wetherspoons when it announced it was going to shut down and delete its entire customer email database, citing concerns about the possible risk of data breaches.

However, this response to the new laws is drastic and overlooks the opportunity they offer to start a new relationship with customers, based on trust and transparency when it comes to their data. The GDPR is a watershed moment for retailers and other businesses to make data protection a core brand value.

In recent years, we've seen from our own consumer research that people expect companies to be a trusted custodian of their personal data and are increasingly looking at the way a company treats their personal data as a brand differentiator. In fact, 59% of respondents to our Customer Engagement 2017 study said that a brand using their personal data responsibly is important in their decision whether or not to use them.

In this light, GDPR should be viewed as a positive change and one that retailers must embrace by placing respect for privacy at the heart of their brand proposition. Brands should use the new rules as a catalyst to transform their businesses into human-centric ones, building trusted, authentic and

> "All employees need to be aware of the obligations around data security and the need to consider a customer's right to privacy when making business and marketing decisions"

transparent relationships with their customers. Transparency means telling your customer how you are going to use their data and what benefits they will get.

### ACCOUNTABILITY IS KEY
At its core, GDPR is clearly about data and the information that businesses have on their customers. It asks retailers to be accountable for their decisions on how they collect and use personal data. This means having a full understanding of the data the business has across the multiple systems it may currently be using. Yet this sort of single customer view is also something many in retail have been wanting for years.

Companies also need to be clear about why they need the data, what they are going to use it for, how they are going to keep it secure and the legal basis they are using to process the data. With customer data under GDPR ▶

The General Data Protection Regulation will apply in the UK from 25 May 2018

encompassing a much wider variety of information than just contact details, it's imperative that retailers have the right data management technologies in place to not only hold and protect the data, but also record information like how consent has been collected or the details of a legitimate interest assessment.

This level of accountability is not just something for the lawyers either, it should be driven at board level and filtered down throughout a business. Ensuring an organisation builds a culture of accountability, transparency and trust is the responsibility of the CEO down – as well as the data protection officer that will need to be appointed by any company that works with significant amounts of personal data.

Alongside the need for new tools to help track data, it's also vitally important that people working within businesses are trained as to what their responsibilities are. All employees need to be aware of the obligations around data security and the need to consider a customer's right to privacy when making business and marketing decisions.

Every retailer will need to make its own assessment and take privacy into account when developing plans for the coming year, ensuring that training around data privacy goes beyond those employees in the legal and compliance teams. It is everyone's responsibility. Transparency means telling the customer what you are going to do with their data and the benefits they get in return, such as offers or news of relevant products and services. So your teams all need to understand this too, whether they're in head office, in a call centre or on the high street.

It's important that we continue to build consumer trust in the digital economy. The alternative is a scenario where customers don't trust transacting via ecommerce or engaging with other digital channels because they don't trust companies to keep their data secure. This would lead to the disappearance of foundational customer data and the collapse of the modern digital economy.

In the era of augmented intelligence and machine learning, the technology at the disposal of retailers today, as well as their customers, is more powerful than ever. With this power comes greater responsibility though. Brands are responsible for training both staff and technology to create great experiences for customers within the ethical framework underpinning the rules in the GDPR.

Being open, honest and transparent about what you are going to do with customers' data is the only way to truly develop loyal and sustainable relationships. New products and services, such as Amazon Alexa and Google Home, are just the start of the data-driven opportunity. These have to be designed and developed to bear in mind the customers' right to privacy and not take it for granted that they want to do all the things that will be possible.

Retailers must not see the GDPR as an obstacle to innovation, but rather an opportunity to build new processes and systems that will benefit both the customer and the business in the long term. Building new relationships with customers around their data, based on trust and transparency. Those retail businesses that grasp this opportunity with both hands will set themselves up to not just be complaint with the laws, but be ready to continue to innovate as the fourth industrial revolution continues to reshape how retailers engage and interact with customers.
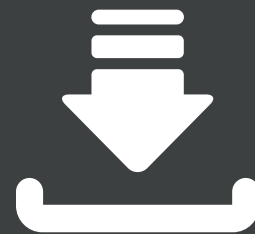
# Social influence: where mobile commerce really begins

*Paul Skeldon*, Mobile Editor, Internet Retailing, investigates the link between mobile, social and sales.

Social media and mobile are made for each other – and increasingly, they are made for retail too. In fact, some 6% of mobile traffic to UK retailers' websites is driven by social apps such as Snapchat and Instagram – more than any other country globally. So says the Q2 17 Shopping Index – a report on the activities of more than 500 million shoppers worldwide, to identify trends and changes in ecommerce – from Salesforce.

The report goes on to show that mobile is quickly becoming the most disruptive force to retail since the arrival of ecommerce. For the first time, mobile phones showed the biggest increase in buying intent in the UK, with 48% year-on-year growth. Globally, mobile traffic share jumped to 57%, a 23% increase year-on-year. In the UK, mobile phones saw the biggest increase in buying intent with growth of 48% YoY.

It is the growing influence of mobile and social networks that is most interesting. According to the report, social traffic is up 42% YoY and fast becoming the face of brands. In fact, social media is playing a key role in driving traffic to ecommerce sites, highlighting the importance for a unified commerce strategy which is seamless and consistent across all channels.

Jamie Merrick, Director of Strategic Solutions at Salesforce Commerce Cloud explains: "The days when we would wait to log onto a laptop or computer to buy a new shirt are far behind us. Mobile is quickly becoming the most disruptive force to retail since the arrival of ecommerce. Our latest Shopping Index shows mobile phones saw the biggest increase in buying intent with growth of 48% year-on-year. Retailers that have a mobile-first approach are the ones that are winning, especially those that have quick payment options like Apple Pay and Android Pay."

He continues: "Social apps like Snapchat and Instagram are also playing a part in the increase in mobile traffic. In the UK, 6% of mobile traffic is driven by social – more than any other country globally. This trend highlights the importance of unified commerce across all channels – whether a customer shops in-store or is scrolling through Instagram and purchases on mobile, the experience should be consistent and easy for the customer."

### ALL ABOUT GENERATION Y

Taken together, mobile and social media apps are producing ultra-connected shoppers, and these are reshaping how online and mobile retail work. "The rapid rise of the connected shopper reflects the enormous influence technology now has in our lives as shoppers – digital media inspirers us, is our go to place for product research and, in many cases, is where we buy products," says Alastair Lockhart, Insight Director at Savvy Marketing. Shopper behaviour is evolving more quickly than ever before, and the onus is now firmly on retailers and brands to keep up and be fit for the future."

The growing influence of tech-savvy Generation Y shoppers is the main reason that brands and retailers need to change the way they think and be more social. Once viewed as the shoppers of tomorrow, Generation Y is fast becoming the bullseye shopper of today. While this group currently represents around a third of shoppers, by 2022 they will account for 47% of shoppers.

They are constantly connected. Their smartphones sit at the centre of their lives, with 80% of Generation Y saying they look at their phones multiple times an hour. They are also highly active on social media – 97% having ▶

accessed social media in the past month. 95% have used messaging services like Whatsapp and Facebook Messenger. In perspective, only 55% of this group had read a printed newspaper (including free papers) during the past month. 66% of Generation Y shoppers say they regularly use their smartphone to buy products and nearly half (49%) regularly use their smartphones while in the supermarket.

Lockhart adds: "Retailers and brands need to think outside of the confines of stores and retail websites to unlock the full spending potential of Generation Y. Retailers and brands need to go where there shoppers are – and that place is mainly social media, especially Facebook.

It's not only about providing inspiration on social media, more and more it is about converting a sale. Younger shoppers seek ultimate convenience, so if they see something they want on Facebook, they want the option to buy there and then. Social media platforms like Facebook and Instagram now have 'Shop Now' buttons which retailers and brands can feature on their posts. Buttons like these provide a powerful means to convert sales at the point when shoppers have been inspired."

### USING SOCIAL INFLUENCE TO SELL

Understanding how to use social media to influence is also key – and that increasingly involves looking at how to use social content, social networks and social influencers to promote the messages you want. While engaging them through social channels is how many brands choose to leverage social media right now, the clever ones are looking at how to use social to create content that they can then use in 'social campaigns' – effectively using their social media fans' own content to market back to them and beyond.

"User-generated content campaigns are particularly interesting because the campaigns don't end when the promotion ends," says Sumari MacLeod, a blogger at Hootsuite. "A successful UGC campaign will leave you with tons of new content that you can then use to continue to market your brand. The extra value provided by these campaigns is also something you should be testing, in order to ensure you're making the most of all of the content at your disposal."

There are effectively three things you can do with UGC and social media marketing that will benefit your business. First up, you can simply use it to engage with your customers. Running social media campaigns with a dedicated hashtag asking for photos, videos and posts about something to do with your company – for example, Starbucks got people to doodle on their coffee cups and send in photos of the result: they received millions – is a nice way to let your customers feel involved with your brand. And happy, involved and engaged customers come back for more and tell their friends.

The other side to using social generated content is that you take all this great content and use it to sell.

Putting your actual customers and their experiences of your products into advertising – that is then either shared socially or pushed out through more traditional means – links together the warm fuzzy feelings of being loved by the brand, while also helping other Gen Y-ers see that people like them like your products. According to ComScore, brand engagement rises nearly 30% when consumers are exposed to both UGC and professional content. This is because they trust the views of their peers and like the look of the pro content. And it works particularly well with millennials.

UGC also delivers another perk: better SEO. According to Kissmetrics, "25% of search results for the World's Top 20 largest brands are links to user generated content". Positive customer reviews can raise your SEO ranking and analysing the most frequently used words and phrases your audience uses can improve your keyword optimization research.

> A successful UGC campaign will leave you with tons of new content that you can then use to continue to market your brand

While social is the place to engage and be seen, it is also the place to see what is happening with your products and, increasingly, to help shape your product lines and business. For starters, you can start to see which products are most popular. But it goes way beyond that. Look at the pictures; does the lighting or other clues show when people tend to like to use your product? Can the surroundings tell you where and how they use them? Maybe there is even a timestamp. This information is vital as it can help you target your marketing better, but it can also help you understand your users, tailor your products better to their needs and launch new products.

One example is cheese. Hootsuite ran a photo contest with a Canadian cheese company where they asked fans to take a picture of their favourite recipe using the company's cheddar. Not only did the cheesemonger get hundreds of UGC photographs, but they also learned exactly what their fans liked to do with their cheese. This information can be used not only to drive future campaigns, but to drive future business partnerships.

Reviews too can tell you an awful lot about your business.

The power of mobile and social together can't be underestimated. For many Gen-Y and millennials, the two are synonymous and social is how they use mobile to do everything – even shop. One of the many challenges retailers face in the mobile age is how to understand this link between business, mobile, social and sales. Crack this, and the future of retail is yours.

Augmented reality enables shoppers to place any of 2,000 Ikea products in their home

# Painting a thousand words

A flurry of activity around Augmented Reality has brought it to the foreground of retail again. *Emma Herrod* examines whether the time has come for retailers to take a serious look at the technology.

Augmented Reality (AR) has been on the periphery of retailing for more than a decade with retailers and brands occasionally dipping into testing and using the technology in marketing campaigns and product catalogues. Famously, Ikea used it as a visualisation aid enabling shoppers to place a virtual item of furniture in their home to see how the actual item would look in situ. In 2009, Lego used the technology in an in-store kiosk to show shoppers what the contents of particular kits would look like once the model was made up.

Other retailers and brands have also tested AR, using it in marketing campaigns and apps in which shoppers gather virtual Easter eggs in Asda supermarkets or interact with Pez packaging – which then informs the confectionery company of the best time to run TV advertising – as well as showing someone what a customised or bespoke item would look like in their home. Kitchen design, as with the Ikea implementation, is an obvious business application. "Over a third of people will not go ahead with an interior design or

decor project because they cannot see what it will look like in their own living space," says David Levine, CEO of computer vision and machine learning company Digital Bridge.

AR is also very good at helping consumers understand how electronics and technology work, explains Darren Savage, Chief Strategy Officer at digital agency Tribal Worldwide London. Sony, for instance, trialled an AR app which virtually placed a smart television on the wall in its customers' homes in Germany. Shoppers simply swiped left or right through different sizes until they found the right one for their room. They could then double tap the virtual TV they'd selected for an explanation of its features.

This 'rehearsal of ownership' reduced the buying process from 2 months to a couple of weeks, according to Savage. Shoppers who used the app also bought a larger television than they otherwise would have. However, the cost of AR at the time meant the app was discontinued after a year.

The technology could replace brochures and AR screen shots can also be shared to add the social experience, explains Savage.

"It can dramatise why a product is interesting," he says explaining how in a vehicle brochure, the manufacturer could use AR to show underneath a car's bodywork and explain visually aspects, functionality or new technology – as well as changing the colour or material of extras or customisable areas. "An AR brochure could allow the car to tell the story of itself; it could pull apart, with videos, animation and voice-overs explaining why the car is particularly interesting." He adds that it could also demonstrate how certain parts of the engine reduce emissions or how a new clutch or braking system works.

### APPLE

As with so many other technologies, it's not until a high profile company such as Apple starts using it that it really take off. That may be what's about to happen following its launch of iOS 11 and the iPhone X.

Apple put AR technology front of stage when it unveiled its latest iPhone, using it to demonstrate a competitive AR game called 'The Machine'. It is also making it easier for retailers to bring the technology to consumers with its ARKit software development kit, which takes the hard work out of AR app development. The firm says: "With ARKit, iOS developers can take advantage of the TrueDepth camera and the rear cameras to create games and apps offering fantastically immersive and fluid experiences that go far beyond the screen."

To place an item of furniture in a room, rotate a virtual product in a store or look around a car or sofa in the correct colour, ARKit uses the camera on the iPhone or iPad. It analyses lighting levels and searches for horizontal lines, such as where the floor meets a wall or where a coffee table is located in a room, so when virtual content is put in a room it is correctly lit and placed.

### IKEA

The first retailer to use ARKit is Ikea, which in September launched Ikea Place, a mobile app that lets people experience, experiment and share how different products will look in a space, such as their home or office. The app focuses on larger furniture for the living room that can be hard to scale, such as sofas, armchairs, footstools, coffee tables and the company's best-selling storage products. In all, 2,000 products are included, all in a 3D format which is true to scale so customers can choose items that are the right size, design and function.

The company says the app will automatically scale products – based on room dimensions – with 98% accuracy and the AR technology is so precise that users can see the texture of the fabric, as well as how light and shadows are rendered on furnishings.

In addition to digitally placing Ikea products in a room, the app allows people to capture the setting and share an image or video to get a second opinion. Customers can then purchase the products directly through the Ikea website or in the app.

The company says that the app will also play a key role in the launch of new product lines.

"Ikea Place makes it easier than ever before to make buying decisions in your own space, to get inspiration and try out many different products, styles and colours in real-life settings – all with a swipe of a finger. Augmented reality and virtual reality will be a total game changer for retail in the same way as the internet. Only this time, much faster," says Michael Valdsgaard, Leader, Digital Transformation at Inter Ikea Systems. "It is our mission to create a better everyday life for everyone, everywhere, and now that technology has caught up with our ambition, through AR, we will redefine the customer experience in the furniture retail space once more."

### GOOGLE

Apple's ARKit enables agencies and retailers to work on the UX side of AR without having to develop the underlying AR technology, and Google is aiming to do the same for Android with the launch of its ARCore SDK. Announced at the end of August, ARCore is designed to work on Android devices running 7.0 Nougat and above, such as the Google Pixel XL and Samsung's Galaxy S8, with other manufacturers likely to adopt it.

> "AR may really take off following the high profile launch of Apple's iOS 11 and the iPhone X"

According to Google, ARCore works with Java/OpenGL, Unity and Unreal and focuses on three things: motion tracking to ensure that virtual items are placed correctly; environmental understanding, so ARCore can detect horizontal surfaces that can be used as reference points for motion tracking; and light estimation enabling virtual objects to be lit to match their surroundings.

The firm is also releasing prototype browsers to developers so they can create and test AR-enhanced websites and run them on both Android/ARCore and iOS/ARKit.

### PERFECT STORM

AR technology has certainly moved on, integration has become easier and internet speeds have increased to make it more viable. Developers believe that there's now a perfect storm of technology, cost and market readiness.

"AR has been exceptionally niche, execution has been poor. The hardware requirements have constrained the ability of retailers to do much and the compelling use cases have not been there," says Levine. "What ARKit and ARCore have done is democratised the hard technology bit to make it easier for developers to build those AR experiences." ▶

Lego used AR in an in-store kiosk to show what the contents of a box would look like when the model was made up

He explains that ARKit and ARCore enable applications to be developed quickly and tested with consumers "to see what sticks". However, there's still UI, UX, experiments, measurements and use cases to be developed, too.

Savage says: "There's a nice convergence of technologies becoming cheaper, more sophisticated and easier to integrate with other technologies. From an overall user experience point of view, it's simpler for someone to play around with an AR tool or a visualiser, while for retailers it's easier to develop these technologies and test them and develop an ROI model."

Levine believes, though, that AR is still in its early stages. He expects there to be an initial flurry of tests, experiments and gimmicky AR apps, but it is likely to be a year to 18 months before there are any real innovations. This is partly down to having to wait for people to upgrade their phones to devices that support ARKit and ARCore.

It will also take time for retailers to incorporate AR into their apps in ways that appeal to consumers, ensure engagement and serve as a real business use case. Richard Corps, CEO of AR company Ads Reality, agrees: "AR is not the solution to everything; it needs to be part of an overall mobile strategy."

Not only does there need to be a real call to action and a reason for a shopper to use AR, there also needs to be clear communication about how to use it, he explains. He adds that personalisation has worked well with AR, and the data collected enables retailers and brands to see what's happening, what's working and what isn't, so the

retailer can keep testing the AR element and content can be updated.

While AR has been around for a long time, Apple and Google have developed a brilliant sandbox for the developer community to play around with which will lead to further experiments amongst retailers. Those

> "AR experiments may involve making things appear in a shopper's home, educating people about a product, using the technology as a marketing tool or just dramatising in-store retail"

experiments may involve making things appear in a shopper's home, educating people about a product, using the technology as a marketing tool or just dramatising in-store retail. Or it could be used for as yet unthought-of applications. AR can really solve some problems for retail by linking digital and stores in fun and practical ways. I look forward to seeing how the industry works to develop interesting use cases and to create retail theatre while increasing emotional connections with shoppers through visualisation.

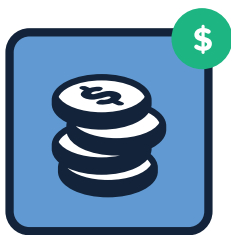# App Annie

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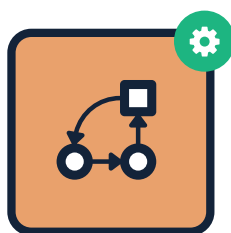App Annie provides granular estimates
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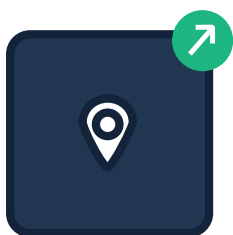
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App Annie

# Mobile: the smart way to reduce friction in-store?

*Vanessa Walmsley*, **Managing Director, Qmatic UK shows how mobile can help to reduce friction for shoppers in-store.**

The following guest article has been written by Vanessa Walmsley, Managing Director at Qmatic UK Ltd.

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Brick-and-mortar retailers may have felt their spirits lift on reading the latest figures from the Office of National Statistics. As the shift towards online sales continues, mobile technology offers a way for high street retailers to unite the online and brick-and-mortar experience and create a genuinely omnichannel retail offering, improving the customer experience, reducing in-store friction and ultimately increasing sales.

In-store friction such as queues, product, staff and service availability is one of the factors driving shoppers to online alternatives. Retailers are starting to make efforts to reduce friction in their stores by implementing solutions such as self-service checkouts. The checkout experience can be a source of significant frustration for consumers, either forcing them to wait for a long time to be served manually, or the dreaded "unexpected item in bagging area" issues with self-service checkouts.

Major retailers such as Sainsbury's and Tesco have recently announced that they are trialling technology which will enable customers to scan items with their mobile phones and pay automatically. This enables customers to leave the store without going through a traditional checkout process.

Mobile technology may be a fantastic option for customers happy to use a smartphone, but there may be other customers who prefer to use manned or self-service checkouts.

Older shoppers, for example, may prefer human interaction when they reach the checkout. After all, a five-star customer experience means different things to different people. Retailers aiming to reduce friction and improve the customer experience should focus on giving people the opportunity to shop as they like, integrating mobile technology as part of a holistic checkout offering that caters to the preferences of customers and gives them the choice of how to proceed with their shopping.

Checkouts are just one area where mobile technology can be used as part of a broader customer journey management strategy to reduce friction and improve the customer experience.

Qmatic conducted research with 100 major UK retailers that reveals that 70% of retailers are seeing a growth in the trend of customers researching a product online before buying it in store. The opposite is also the case, with 87% of retailers frequently seeing customers trying or researching items in-store before buying them online. Clearly, the in-store environment forms a crucial element of the omnichannel experience, however, there is an imbalance in the investment dedicated to certain channels and this counteracts an agnostic approach across all channels. Qmatic's research revealed that more than half of retailers (53%) agree that there's a disconnect between the online and in-store customer experience.

Retailers need to focus on using mobile technology to create extreme cross-channel convenience through services such as on-demand appointment booking for expert help, click and collect services, and the reduction of waiting times for services. Dedicated mobile apps can even provide access to vouchers and special deals, and way-finding to help customers locate a product in larger stores.

Retailers should also be optimising the in-store environment for today's mobile user and leveraging data to improve the experience. Mobile technology enables customers and employees to move around the retail environment, either while they await their service interaction or as they are engaged in the interaction itself. Retailers can offer a personalised experience – via a mobile app on a tablet for example – understanding and processing the customers' needs as they walk in the door.

Mobile technology also enables store staff to better serve their customers. As staff are relieved from being tied to the checkout, retail staff can be equipped with tablets to meet customers at the door, triaging their needs and walk the floor of the store, making them better able to assist customers with their enquiries and give them full product details. Advanced customer journey management technology can enable these "floor walkers" to guide customers through the complete sales process, from understanding their specific needs, finding products that suit these needs and then enabling customers to either pay them directly or continue browsing and pay at a checkout.

Customers are increasingly demanding a seamless experience across a retailer's physical stores and online platforms. Mobile technology can help to create this connected experience, and offer a wide range of other benefits such as the ability to access expert advice and the convenience of checkout-less technology. Integrating mobile technology into an innovative customer journey management strategy, supported by a core solution to connect customer touchpoints, can help retailers to offer a better, more personalised service to their customers, ultimately increasing brand loyalty and sales.

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# "Alexa, do I need a voice controlled shopping app?"

It's good to talk – and it's going to be really good for retailers to let customer talk to them. *Paul Skeldon*, Mobile Editor, InternetRetailing, investigates how voice is changing customer interaction.

A fifth of US shoppers have made a purchase with a voice-controlled personal device, such as a Google Home, Amazon's Echo and Alexa, or, if they have deep pockets, Apple's Siri-enabled HomePod this year, according to research by Walker Sand. This number goes up to 43% amongst millennials.

Investment firm Mizuho, goes further, predicting that revenue generated by the Amazon Echo and Amazon Alexa services could exceed £8.37bn ($11bn) by 2020. The firm also predicts that £3.04bn ($4bn) of that would come from the sales of the Echo device itself (including the Tap and Dot), while the other £5.33bn ($7bn) would come from all the commerce transactions derived from those devices to Amazon.com.

This has serious implications for retail. Not only are shoppers wanting these devices in their home to help them do all manner of things from play music to finding recipes to shopping, but they are also starting to expect retail apps and retail websites – especially on mobile – to also be voice controlled.

Some of the forward-thinking retailers are already starting to exploit these home devices, but for the majority who are still struggling to deliver a good mobile user experience, it is simply seen as a bridge too far. But they ignore voice at their peril. Voice is calling, and retailers need to answer.

## FOOD FOR THOUGHT

Amazon Echo users are already well-used to asking Alexa to 'order dog food', through Amazon Prime. This is obviously good news for Amazon, but bad news for other sellers. But third-party stores can literally upskill to ensure they don't miss out.

Companies such as Just Eat have created app-like 'Skills' for the Echo to re-order takeaways. ShopSavvy even tells shoppers if a particular product is on sale at a particular

> A fifth of US shoppers have made a purchase with a voice-controlled personal device this year. This number goes up to 43% amongst millennials.

store. That means if Echo users ever leave their couch again; they at least won't have a wasted journey.

"Alexa is changing the way we search for goods and services," says Lorna Crowley, Head of Marketing at Engage Hub. "Through one simple command Alexa can order you a

pizza right to your door or tell you where to buy that dress you have your eye on for your summer holiday (most likely Amazon). But, the real question for businesses is how do they respond to this? How can they ensure they prepare for the voice evolution and adapt to the way their customers want to interact with them? Are some industries adapting faster than others or have they all already woken up to the reality that the customer communications landscape is being modified; and that the likes of Siri, Cortana and Alexa are responsible for this change?"

One of the leaders in this space in the UK is Tesco, which has teamed up with Google Home to allow Home users to add things to their Tesco shopping basket via voice.

According to Paul Wilkinson, Head of Technology Research at Tesco Labs, the system not only listens to what you say, but can refine the list by referring also to your 'Favourites' and 'Most frequently purchased items' in the Tesco grocery app. "It prioritises these in the search results and so can be very specific on the products it adds to their basket," he says.

These moves to voice control do more, though, than just add a new channel to market for retailers, they also mark a fundamental shift in the grocery business. The move by Tesco to use voice not only taps into the growing move towards how these smart devices play a role in retail, but also it marks a cultural shift in retail: Tesco is now allowing its customer to access it through Google.

### REAL RETAIL GAME CHANGER

Amazon's Echo already allows users to add things to their Amazon Prime accounts, but the move by Tesco is the first time that a major retailer has used someone else's interface to buy – and it could have an unwanted downside.

According to Hugh Fletcher, Global Head of Consultancy and Innovation at global digital consultancy Salmon: "The fact that Tesco is now promoting its sales through another retailer – Google – is a clear paradigm shift. Customers ▶

of Tesco are now accessing Tesco via Google. One thing that retailers and brands need to be wary of in a world of many interfaces is that branding and experience become less evident. As a result, this could pose a risk to existing customer loyalty and brand equity that they possess with customers. While Tesco is undoubtedly right to get into this space and get in there early, for the sake of its future, we must hope that Tesco has also considered its strategy for customer ownership, data ownership and Tesco brand loyalty, or face becoming a tier two retailer accessed via an interface which isn't owned by them."

The move also marks the growth of the 'virtual ecosystem' for retail, believes Fletcher. "As we see these virtual ecosystems grow and become more widespread, we are likely to see a battle commence between the digital assistants such as Google Home, Amazon Echo and the imminent Apple Home, as retailers and brands affiliate themselves with one or the other. Tesco is one of the first of what will inevitably be a long line of retailers making the decision to offer its customers a voice controlled service, removing the need for a cumbersome, physical interface and allow consumers to slot digital services into their lives with less disruption.

### GOING MOBILE

Where it gets interesting is that voice control is going to not only be the preserve of these devices, but also of all devices: it will be the way we interrogate the web. This means that voice control in retail is not just a matter of building out platforms that can handle voice inputs from these 'home' devices, but also to voice enable websites and apps.

This isn't just fanciful thinking inspired by another Apple hoopla-laden developer conference, but something driven by the other big game in retail: engagement.

It has become accepted wisdom that, in the age of abundance, consumers want more of an experience from retailers. This has become so over-powering that now the majority of execs in retail boardrooms rate customer experience as more important than marketing and even sales as a priority.

Voice control, as it gains acceptance in the home, is going to become the driver of much of this experience on mobile when out and about and it is what is going to shape how retail in store and on the web works.

Research shows that people are willing to spend more and keep coming back for more if they get a meaningful experience. Voice interaction is likely to be one of the key drivers therein.

Right now, one of the most compelling reasons for adding voice control is that it puts anyone offering voice control in their apps way out in front of the competition, makes their app look more modern and garners a lot more attention. But it delivers so much more.

Adding voice control leads to better apps and interesting new ways for consumers to interact. There are voice controlled apps to talk you through your morning run, there are ones that can help you take a better selfie, you

can even order a Domino's in the US using voice. More interestingly, iTranslate will translate conversations in real time, taking the voice activated app into the realms of what was once science fiction.

> ❝ The fact that Tesco is now promoting its sales through another retailer – Google – is a clear paradigm shift ❞

But can the technology and retailers make this happen? While Apple entering the fray with HomePod in June came as no surprise – apart from perhaps its dreadful name and the fact that it looks a bit like some sort of elaborate air freshener – it does beg the question that to be truly useful – and for me and many others to even contemplate buying one – Siri and the voice recognition tech in all these devices needs to really up its game. Until that part of the process works, the rest of the points here are moot. And while consumer demand is there, the tech is lagging.

For instance, I asked "Siri, what is your impact on retail going to be?" and she coquettishly replied: "I'd rather talk about your calendar and dinner plans, Paul"

Quite.

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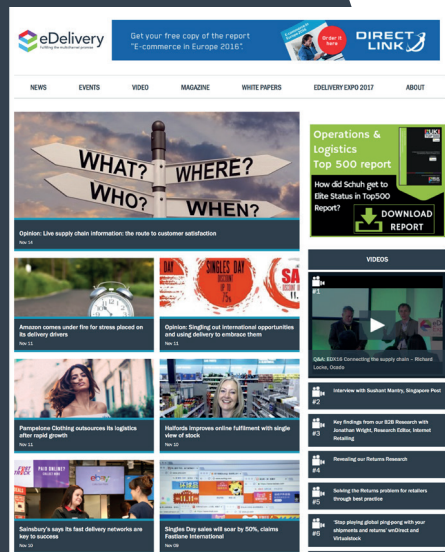
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# Logistics is the new retail

*Peter Ward*, Chairman, UK Warehousing Association (UKWA), spoke to Emma Herrod about the challenges that the logistics industry is facing and how they impact on retailing.

Peter Ward, Chairman, UKWA

Changes to retail store estates and how and where people shop is impacting on the logistics industry. Gone are the days of lorries delivering palletised goods every day into the back of a London store, or once a week to Glasgow from a distribution centre (DC) in the Midlands. Retail logistics networks now extend across the UK with product moved from smaller, regional DCs as well as centralised National DCs. Store replenishment – especially for the convenience market – calls for retailers, third party logistics providers (3PLs) and carriers to deliver roll cages from the kerb side outside of the shop. Product then goes straight onto the shelves to replenish items that have been sold in the past hour.

"You can't do that from Lutterworth," says Peter Ward, Chairman, UKWA, explaining the prevalence of DCs around Lutterworth and the Midlands. "Warehousing space needs to be within an hour of where the stores are located," he says.

Technology-enabled customers seeking instant gratification are adding pressure with the need for lots of small fulfilment centres able to pick, pack and deliver a parcel to a shopper within one hour, if not sooner. This is putting pressure on the urban infrastructure both in terms of the number of vehicles on the roads and in the amount and type of space available for warehousing and fulfilment facilities.

Looking at the extremes of the issue, UKWA investigated the challenges of the grocery supply chain in London. Its 'Feeding London 2030' study points out that the UK population is on the rise with 45% of people wanting to live

> **Warehousing space needs to be within an hour of where the stores are located**

in or around a major city or town. The population of London, for example, is predicted to swell from 8.6m currently to 11m by 2050. On top of that are the number of people commuting into the city each day.

All of these people are looking for convenience – grocery shops for small, frequent purchases rather than a weekly visit to an out-of-town supermarket, coffee shops, food on the hoof – or delivered to home – or the latest meal for 2 deal from Marks & Spencer. The food supply chain is only good for 48 hours, so disruption to deliveries such as was seen at the

Calais Jungle or from petrol tanker drivers striking lead to panic buying and no bread on supermarket shelves.

This urbanisation of the population and rise of convenience culture driving the increased pressure on infrastructure is not unique to London. It's already being seen in major cities around the world. Ward believes that it won't be too long before other UK cities start to feel the impact too.

As an association, UKWA lobbies for consideration of logistics when planning is agreed for major new housing initiatives. As Ward explains, homeowners will add online purchases and food deliveries to an already overstretched road network.

The infrastructure in London is creaking now. Solutions such as night time deliveries to stores and the use of consolidation centres will help alleviate issues in the short term, but "it's not sustainable so we have to look more radically," he says.

One way is to look at examples of warehousing in other urban areas. In Hong Kong where space is at a premium, for example, two buildings indicate the direction in which the industry is going – straight up. The ATL Logistics Centre which, over 2 buildings has 20 floors of warehousing and office space, encompasses almost 6m sqft of leasable space. It has 1,730 loading bays and is visited by 8,000 vehicles a day. The

The 24-storey Goodman Interlink facility in Hong Kong

24-storey Goodman Interlink facility is predominantly occupied by logistics companies wanting to be close to the sea port and airport.

Driving up 1.6km to reach the top floor of tall warehousing facilities, as is the case with the Interlink building, may be the answer to London's warehousing problem. An alternative is to build in fresh air such as in the space above the approach to railway stations. If the facility is mixed use, incorporating residential, entertainment and retail, this would subsidise the lower yield from warehouse space for the developer, explains Ward. It could also mean goods could be transported by train rather than on the road network.

### LABOUR FORCE

In the past, the prime location for warehouse facilities was within an 8-hour drive of retail stores. However, a shortage of staff in the logistics industry means that the most suitable location from a space or road network point-of-view has to be balanced with availability of work force. The shortage of staff is being exacerbated by the devaluation of the pound and companies are having to increase wages in a bid to attract and retain staff who are easily poached by other agencies and retailers. The migrant nature of many of the lower-paid roles in the logistics industry also means that many people are returning to their home country as the cost of living in the UK increases.

A quarter of the lower skilled jobs in the industry are filled by immigrant labour, many of whom are from the EU, explains Ward. "We need this labour," he says. He goes on to warn that it may lead to a national crisis post Brexit since the government's non-EU migrant policy requires workers to be degree educated and entering the country at a higher salary band. UKWA – along with the healthcare, hospitality and construction industries – is lobbying the government on this point.

Automation, robotics and technology offer opportunities to alleviate some of the labour shortage, but there is no silver bullet. These technologies take major investment and there are issues here too. "To enable some of this to happen and to avoid the crisis situation, the logistics industry needs to get a better margin and better return on what it provides for the retail sector," says Ward.

The two industries are intrinsically linked. Some 75% of logistics activity relates to the consumer which is effectively retail. There has been a 'race-to-the-bottom' in terms of cost for logistics and ecommerce services have resulted in margin erosion for retailers. "This cannot be sustained," he warns.

Retailers are starting to think about the cost of logistics and the impact on margins whereas previously for many it was a case of driving down prices in a low-margin industry. Wards explains that one of the positives of the lines being blurred between retail and logistics is that it's bringing retailers closer to understanding that there has to be a margin in the logistics business. Everyone has to strive to understand the importance for both industries of building sustainable models – especially with the upcoming issues around land use, planning and labour.

# NEW INNOVATIONS AT ASOS

Fashion brand Asos has announced Try Before You Buy – a new service that will allow its customers to order goods and pay for them after delivery and after they have decided what they want to keep and what they want to return. The retailer has also launched a same-day delivery service for customers in London.

Customers of its Try Before You Buy service are able to return items and pay for what they keep within 30 days – with no interest or fees charged. The service is powered by Klarna's Pay Later service and is available for Asos' UK app customers.

"We are constantly looking for new ways to improve the Asos experience for our 15.4 million customers around the world," said Nicola Thompson, Global Trading Director, Asos. "We know people love the option of paying later only for the things they keep, and are excited to introduce this for customers shopping on our app in the UK," she said.

The news follows on from the launch of a number of new initiatives, including Asos Instant, a same-day delivery service for London customers. Provided that customers order before 10am Sunday to Friday they can have the goods in their hands between 6pm and 10pm that evening.

The new service is being handled by On the dot and costs £12.95 for the same-day delivery option. The retailer says that same-day delivery in other major cities around the UK will follow "in the coming months".

Matt Rogers, Delivery Solutions and Returns Director at ASOS comments: "ASOS has a history of innovation – in our use of technology, our trend-setting fashion, and in the best-in-class delivery and service propositions we offer our customers. We are excited about the introduction of ASOS Instant and will continue to explore new options that add convenience and choice for ASOS shoppers" The new service adds to the company's next day delivery service – which offers a midnight cut-off deadline during the week and is free with an annual Asos Premier Subscription, as well as click and collect and one-hour delivery slots of choice, the latter a service introduced earlier this year.

# INTERNATIONAL DEAL AT M&S

MARKS & Spencer has signed a deal with P2P Mailing which will provide tracked international mail and parcel services for the retailer. Goods will be processed via P2P Mailing's Trakpak service – a solution that P2P Mailing claims is the first global tracked delivery service designed specifically to support ecommerce.

James Doyle, Clothing and Home Logistics Manager, Marks & Spencer, said the retailer had been impressed by the new service. "We have selected P2P to support with our tracked international mail and parcel services based on their strength of service and innovation."

Gary Tervit, International Services Director, P2P Mailing, said that the Marks & Spencer appointment followed a strong year for the company. "Our Trakpak solution has really captured the imagination of ecommerce businesses. Trakpak brings high quality, transparent and cost-effective tracked delivery to over 200 countries and we are absolutely thrilled to add such a prestigious brand as Marks and Spencer to our portfolio of clients."

# C&C FROM HABITAT

HABITAT HAS launched a click and collect service enabling customers to order online and collect from more than 2,000 locations across the country. Pickup locations include Habitat's own stores and 2,300 DPD Pickup collection sites, which includes more than 200 Sainsbury's supermarkets.

The launch of the service follows a major upgrade of the habitat.co.uk website 18 months ago. Over 60% of Habitat's sales originate online and the retailer is evolving its multichannel strategy to ensure it offers customers great products and service whenever and wherever they want to shop.

The Habitat Click & Collect service will cover over 3,000 products from the Habitat collection such as lighting, small flat-pack furniture, textiles, tableware and decorative accessories.

Clare Askem, Managing Director, Habitat comments: "The way our customers want to shop with us is changing and we've worked hard at evolving our digital offer at pace to meet this demand. Over 60% of our sales are now generated online so giving customers the choice of fast delivery to a collection point close to where they live or work at a time that's convenient makes sound business sense."

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# ONE HOUR FROM PLANET ORGANIC

Organic and speciality food store Planet Organic has partnered with courier Street Stream to offer on-demand, same-day delivery in precise one-hour time slots across London.

Using the service shoppers are able to order from more than 5,000 products as late as 6.30pm for delivery by 10pm on weekends. At the weekends the cut-off is 4.30pm for delivery by 8pm. Orders are handpicked from the company's Westbourne Grove store with a fixed rate for delivery of £9.50 or £15 depending on how close to the store shoppers are. Alternatively, goods can be collected from a shopper's nearest Planet Organic store for free.

Street Stream has been dubbed the delivery industry's answer to Uber, with independent couriers servicing their nearest delivery requests by bicycle, motorbike or van. Planet Organic automatically gives preference to bicycle couriers in order to keep the environmental impact of deliveries to a minimum.

"Since the first Planet Organic store opened in 1995 we've worked hard to offer the best and widest range of organic foods available – but this commitment also extends to ensuring we offer the very best service to our customers both in-store and online," said Peter Marsh, CEO, Planet Organic.

"More than half of all our online orders come from within London postcodes and so being able to offer convenient delivery of delicious and healthy organic food is something we are delighted to bring to our customers through our partnership with Street Stream."

# PEAK BRINGS DEMANDING CONSUMERS

THIS YEAR'S peak is likely to see greater expectations around delivery from customers than ever, according to new research from MetaPack. The company believes that this year customers will be more demanding in how, when and where they get their peak purchases delivered. "We think there will be less tolerance for longer or imprecise delivery time-frames and an expectation that retailers will still be able to fulfil options such as try-before-you-buy, delivery to neighbour and in-flight changes," says Bruce Fair, Chief Revenue Officer, MetaPack.

Based on previous trends, as well as delivery volumes the company is already seeing, MetaPack said it expects a growth of around 20% from now until the end of the first week in January.

Recent research by MetaPack indicates that for at least 42% of consumers in the UK, Europe and the US, expectations and behaviour are different during Peak. This is particularly so for buyers aged between 18 and 38. While free delivery is likely to encourage more consumers to purchase during peak than any other factor, low cost and fast delivery are also important, and many consumers also want multiple delivery options and prices.

Retailers have to be careful though since customers may well try new options during peak, according to Fair. "There's a balance to be struck between managing capacity and taking advantage of increased consumer spending. Consumers are more, not less, likely to try new delivery options during peak in order to ensure they get their parcels when and where they want them. This requires retailers to offer a broad choice of delivery options to ensure conversion at this highly competitive time, and ensure they are supported by their carriers. It also means that retailers have an opportunity to impress customers with new options that they wouldn't ordinarily choose."

# ROBOTIC C&C AT ZARA

FASHION GROUP Inditex is piloting a new click and collect solution in its Zara store in A Coruna, Spain which aims to improve the parcel pickup experience for customers.

The CleverFlex solution, which looks like a kiosk with a hands-free, smartphone reading device, has been developed by Estonia-based company Cleveron. The robotics-based parcel terminal can be integrated into a store environment and can accommodate more than 2,000 parcels. The company claims it is also capable of learning from past usages to ensure it optimises its workflow to make the parcel pickup experience as smooth as possible.

Cleveron's Chairman Arno Kutt said his company and Inditex shared the same ultimate goal: "We have a common interest – to enhance customers' omnichannel shopping experiences and develop cost-effective click and collect pickup solutions. First results show that we can set high expectations," he said.

# Insight around the world

**RICHARD GURNEY, GENERAL MANAGER FOR LATIN AMERICA, CRIMSON & CO**

Supply chain operations in Brazil, which have felt the impact of the major political and economic turmoil in the country, could start to see ground-breaking improvements over the next few years. This is mostly thanks to internet retail giants such as Amazon finally making it to the country.

We are seeing more multinational online retailers, such as Amazon, investing heavily into South America, driven by expectations to replicate the same successes as seen in the likes of the US, Canada and Europe. In turn, this has acted as a massive wake-up call for how Brazilian businesses manage their supply chain and logistics.

These expansion strategies amongst global internet retailers is forcing smaller firms to think smarter as to how they bring products to markets, which in turn is having a positive impact on Brazil's economy. In practice, this accounts for not only how products and materials are moved throughout their business, but also helping firms to understand how an effective supply chain can contribute towards shaping the long-term focus and ultimately help contribute towards healthier profits.

The supply chain function within local businesses in Latin America is often treated as a cost analysis exercise. In crude terms, it is often looking at how to get products or materials from point A to point B, in the cheapest way possible. Amazon's arrival has forced a change in this mind-set and has forced Brazilian businesses to take notice as to how larger ecommerce businesses conduct themselves.

Notably, we are starting to see organisation's employ designated supply chain and operations teams to improve how products reach customers quicker and more efficiently. Additionally, we are also seeing greater investment into training and learning mechanisms to improve the quality of supply chain personnel. This has massively improved the competitive retail landscape within the region. Firms are now much leaner and agile to market changes and as more and more retailers come into the region we only expect this to improve further, as firms start to recognise the significant benefits which can be gleaned from a fully optimised supply chain.

**CHRIS VINCENT, GLOBAL CEO, PRACTICOLOGY**

Many businesses today are looking at their China strategy in isolation to the rest of the global portfolio. I've recently talked to several tier one UK retailers as well as a few global players and a clear trend is emerging. China is almost always treated as a distinct business and disconnected from other operations. The China teams rarely travel and are only visited by a few senior western managers. Also, in many cases the teams are almost wholly outsourced and this feels wrong.

China should be connected to the rest of your portfolio and if it is not then as a business strategist I am concerned and here are a few reasons why:

China marketplaces are expanding ever westwards. Tmall and JD.com are both aggressively targeting the rest of South East Asia (SEA) as well as Europe and other western markets. This is for two reasons:

first to combat Amazon's growing influence and second, to continue to grow their customer base as the China marketplace sales look to plateau in future. As the marketplaces expand outwards so will the innovation, brands and ways of shopping proliferate with them. For those businesses that understand these platforms and the culture this will be a key asset to exploit in future.

Innovation is happening at pace in China ecommerce today, but there is very little western understanding and knowledge of how the market works. As China continues to grow its influence over the region and globally through tourist dollars, brands and also culturally this information should be understood throughout the business, not just in the China team.

Having a very separate China team also doesn't help your China business. The vast majority of resources in China have a very limited understanding of what good looks like outside China generally and sales and performance suffer as a result. A better understanding of your brand and ways of working outside China can only be a good thing.

China feels a long way away from Europe but as its influence continues to spread any business that is forward thinking will only benefit.

**EMMA HERROD, EDITOR, INTERNETRETAILING**

Geographic differences around how consumers expect to interact with brands online are disappearing, according to research by Oracle. Its global study into consumer attitudes, discovered that generally consumer

expectations and the experience that consumers want with a brand are very consistent on a global level. There are some small regional differences but the most surprising insight from the study was the consistency of response between geographic areas, explains Jeff Warren, VP, Solution Management, Oracle Retail.

More than 15,000 consumers across EMEA, North America, Latin America, Australia and China, were interviewed for the 'Retail in 4 Dimensions: Understanding Consumer Behaviour in an Age of Relativity' report.

The numbers reveal that 42% of respondents are shopping online and in store every week, 55% want to be able to reserve online for same day pick-up, 87% are happy to share their personal email in exchange for offers and 52% want personalised offers based on their account data held by the retailer.

From the findings, Oracle Research has identified three shopper profiles that consumers switch between depending on what they're buying, how much time they have and the amount of money they want to spend. These shopper types, it says, are more than personas, they are mindsets.

The three profiles are:

▮ The Nomad – a nimble shopper who is not loyal to a brand nor a channel and will examine multiple options for researching and locating products before making a purchase;

▮ The Player uses technology to fuel and guide their shopping experience and look for brands that re-invent the customer journey;

▮ The Dealer - the thrill of the win and discount drives their shopping behaviour.

And thus we all move between being a fully omnichannel consumer taking advantage of a mix of digital and physical engagement points; a savvy shopper looking for new, innovative and technology-driven retail experiences; and a price conscious hunter always searching for the greatest value for money.

It's one thing talking to shoppers and gauging how they prefer to shop and interact with retailers but that knowledge and insight needs to be turned into action, so Oracle has translated its research into three key takeaways for retailers: know your customer better; achieve omnichannel excellence; create capacity for innovation.

More than half of consumers are willing to share their personal email (87%), purchase history (82%), personal mobile number (72%), online browsing history (67%), social media profile (62%), so retailers need to leverage information gained in one channel and use it in another. That starts with a customer engagement platform in the cloud, according to Warren. Information about the customer and the engagement can be made available to the marketing cloud and to the website, commerce platform, in store solution etc.

The research shows that enterprise discipline is required in order to achieve the omnichannel excellence called for by consumers: 82% of customers want to return online for free, 73% buy online and return to store and 48% believe that automatic replenishment would be important to their experience in the future. "It's where the industry is heading," says Warren, but a third of respondents still think it would be 'creepy' for supermarkets to ship grocery items based on purchase, social and environmental data. However, 40% think it would be 'awesome' if supermarkets use technology to 'suggest' a shopping list without automatically charging for it

Along with the rise of personalisation and the Internet of Things, other trends highlighted by the study include:

▮ Faster, smarter payments and self-service – 60% want mobile payment options in-store with millennials and pre-millennials recording a stronger preference.

▮ Simplifying the returns process – 82% want the ability to return an online purchase with free shipping.

▮ Opportunities for emerging technology – 48% of consumers want to use virtual reality at home to navigate a personalised in-store experience and receive home delivery and 48% would use virtual reality to prepare a curated wardrobe to be picked up in-store. Some 39% think robot assistance would be 'creepy' and the sentiment is shared across age groups. Millennials (42%) and families (43%) showed the greatest interest in delivery by driverless car or drone.

However, what makes the difference around the world is retailers' ability to respond to these consumer expectations and that's what varies on a regional basis according to Warren. The similarities in consumer sentiment across the globe can be a catalyst for change. Retailers can run their online operations with a high level, global view regionalising as necessary. A standardised platform ensures a consistent experience for the consumer wherever in the world they shop with the brand.

This standard platform – be it ecommerce or POS – also simplifies operations. This, is a necessary step towards what Warren concludes retailers must do, which is "free up capacity to best serve customers on their terms".

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# Internet Retailng Conference 2017

The InternetRetailing Conference took place in London on 5 October. *Emma Herrod* reports on some of the insights shared at the event.

Senior executives from leading businesses within retail including Google, John Lewis, Asda, Lastminute, Trainline, Canon and Conrad Electronics gave presentations at the recent InternetRetailing and eDelivery Conferences in London. Highlighting the current state of retailing and the challenges ahead Ian Jindal, InternetRetailing's Editor-in-Chief opened the event with the thought that "mediocre multichannel retailers no longer exist."

He continued: "The world has become a little bit tougher than it has been for a while. Retailers are looking for the path to stand out from other such good retailers."

Amongst those retailers trying to stand out from others is German electronics company Conrad Electronics. The company's VP B2C Daniel Infanger shared how the company has gone through a process of "getting deeper into its customers minds" to gain a better understanding of its customers, their behaviours and journeys in order to segment more precisely. "Statistics are not enough anymore," he said.

He explained how the company had learnt the importance of business intelligence and talking to its customers. "No tool will solve all problems," he said.

He also talked about how organisation structure must follow business strategy and attribution and KPIs need to balance short and long term business plans as well as strategic and operational processes.

With digital enabling new models as well as different ways of shopping, consumers sometimes need educating. This was the case for dress hire company Girl Meets Dress which had to explain to shoppers that they could hire a dress rather than having to buy it. As Anna Bance, the company's Founder explains: "The main challenge was to get customers to hire – to try it. So express checkout was necessary".

Girl Meets Dress had to be adaptive with the shopping experience as customers gained an understanding of the process and reacted in different ways. It has had to create a balance between being a retailer and a booking service, explained Bance. Some customers talk to customer services before hiring an outfit while others look

for items from a specific designer. "Every customer has a specific event date and knows where they are going. Therefore, customers put in their event date and then browse," she said.

This has led to a lot of backend programming and a calendar for every single dress since the system needs to know when each dress is available. Dates are blocked out around a hire period for it to be logged in and out of the business and cleaned between hires.

The company has had to be adaptive with products and its own model too since frequent customers have wanted a membership option so that they could have hassle free hires every month. "Without adapting we wouldn't have grown as much as we have," she said. She also warns that all retailers need to adapt, to try new things.

### EMOTIONAL COMMERCE

The effect of making an emotional connection with potential customers was under discussion in the plenary panel discussion. Philip Driver, Head of Ecommerce EMEA at imaging specialist Canon Europe, says his brand has focused on sharing stories as part of ▶
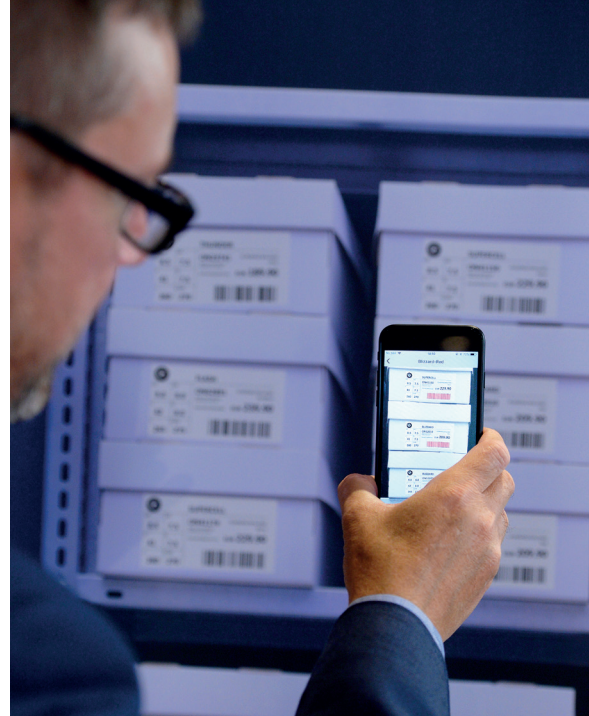
its focus on offering a premium brand experience. "You tell us what your stories are and we will help you live your stories, providing a whole ecosystem around that, and the tools and services to help you do that," he said. "Data is really important for that, since it helps us to fill those gaps."

Sean McKee, Director of Ecommerce at Schuh, says the footwear retailer measures customer sentiment with every transaction, and is working to develop a positive, feel good, and trusted position. "It's not just about today's sale but it is about being where the customer trusts you." That said, negative emotions, such as anxiety, can help to spur the sale. McKee said features such as countdown clock or showing the number of other people looking at an item can help to close the sale. It's important that these figures are based in fact and that retailers don't play too heavily on the negative. "It has to be better than that," he said.

Simon Bell, Founder and Managing Director of Diligent Commerce said the "emotional triggers" that nudge people towards a sale are important – depending on the item being sold. "If you're selling widgets, emotion is not too important," but, "If you are in luxury the fundamental benefit is less about utility and more about what it says about you. Those sectors must really go for it."

Canon's Driver added: "Ink is a panic purchase but when you come through the ecommerce store, we're still presenting you with high end brand values, irrespective of what you're buying. Next time you may be looking for something more upmarket. You want

the journey to say we know why you're here, you want it quickly, but it still has to be that same seamless experience."

Highlighting the event's themes of 'Energising Retail,' Alastair Sterling, Industry Head, Retail at Google, warned "The pace of change and technological adoption is only going to get faster" – and the retail response must keep pace.

He pulled out key trends in his presentation including the "always connected consumer", the growing access to hugely powerful supercomputers, such as those now at work at Google, and the massive datasets that are now commonplace. "We have access to more and more data than ever before," he said. "Every two days we produce more data than mankind produced up to 2003. For businesses that's mind-blowing. On one side of the fence this is scary, on the other, if I can make sense of the data I'm probably going to be able to engage with my consumers and my audience better than ever before."

Voice, assistance, and cross-device digital experiences and journeys will all be important – as will emotional commerce. He summed up his advice in three points: help me faster, know me better, wow me everywhere.

Katie Baron, Head of Retail, Innovation and Insights, Stylus took delegates on a tour of the world to show how retail is changing. Examples included conversational commerce, chat bots, online personal styling and Johnnie Walkers' Alexa Skill which educates shoppers on whisky types and allows them to make a purchase using their voice. Membership schemes were also

discussed and how they can help brands to see consumers' long-term behaviours.

"One of the biggest game changers is going to be the Internet of Things," said Baron. One study she cited says that 2024 will be the tipping point for IoT when more than 50% of traffic will be to home devices and services.

The InternetRetailing Conference was also the place for product announcements. YotPo and Pitney Bowes both released research studies while Bazaarvoice launched Brand Edge, a solution for brands to collect consumer-generated content quickly and share it with retailers that sell their products online. The content that can be collected and syndicated by Brand Edge includes traditional ratings and reviews and questions and answers as well as visual content such as unboxing videos. The combination of reviews and visual content really helps consumers come to a decision, explained Olav Bus, Head of Product Marketing EMEA, Bazaarvoice.

"A recent study on visual content showed that 65% of consumers feel more confident to make a decision when there's content from other consumers there rather than content that's provided by the brand or other retailers," he said.

Brand Edge works for brands that do not sell online as well as those that do and can help with new product launches since feedback can be collected from brand advocates and others during sampling campaigns.

*Some of the presentations from the InternetRetailng Conference 2017 are available to view online now at internetretailingconference.com*

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