



SCREWFIX: THE POWER OF CONVENIENCE

Andrew Livingston, CEO and Andy Gault, Director of e-Commerce, Screwfix on fast delivery to small businesses

INSIDE OUR 'CROSS-CHANNEL' EDITION:

- RETAIL REVIEW: TESCO P19
- FROM ETAIL TO RETAIL P28
- THE END OF FREE C&C? P38
- CREATING A MULTI-DEVICE EXPERIENCE P46

NEXT FROM INTERNET RETAILING
InternetRetailing Awards 24 September 2015

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Mandarin Oriental, London

Full details at internetretailingawards.net

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13 October 2015, Novotel, Hammersmith London



09.00 - Chairman's Introduction - Ian Jindal, Editor-in-Chief, InternetRetailing
 09.10 - Keynote: Peter Williams, Chair, Boohoo.com
 09.30 - Keynote: Patrick Bousquet-Chavanne, Member of the Board & Executive Director, Marketing & International, Marks and Spencer
 09.50 - Keynote: Gareth Jones, Deputy CEO and Group Chief Operating Officer, Shop Direct

Track 1 - The Customer

11.20 - 11.50 - **Future Ball Gazing - Using Social Networks to Understand and Connect with Your Customers**

Dara Nasr, Sales Director Twitter

11.55 - 12.25 - **Sponsor Session: Monetate The Power of Personalisation: Getting Started, Top Tips and Best Practice with Monetate**

Alex Henry, Client Solutions Director EMEA, Monetate

12.30 - 13.00 - **Digital to Drive Deeper Customer Connections**

Caroline Rolfe, Global Director - Digital, ghd

13.00 - 14.00 - LUNCH

14.00 - 14.30 - **Capturing the Pocket Books of Customer on the Go!**

Jack Smith, Group Digital Director, New Look

14.35 - 15.15 - **Panel Discussion: How is eCommerce Redefining the Rules of Customer Engagement?**

Kate Holt, Group Head of eCommerce, Jigsaw,
 Zia Zareem-Slade, Customer Experience Director, Fortnum & Mason
 Gracia Amico, CEO, PetsPyjamas.com

15.15 - 15.55 - BREAK

15.55 - 16.25 - **Sponsor Session: SDL - Making Customers Feel Unique**

Neil Landon, CTO, feelunique.com

16.30 - 17.00 - **Closing Keynote Address: Integrating the Old with the New for a Better, Omnichannel Customer Experience**

Paul Coby, CIO, John Lewis

Track 2 - Products & Services

11.20 - 11.50 - **Future Ball Gazing: Lessons from a Fashionista, Understanding the Relationship Between Fashion and Technology**

David Lindsay, Senior VP - Technology, Farfetch.com

11.55 - 12.25 - **Sponsor Session: Apptus The Next Phase of Retail Revolution - Data Driven, Personalised Customer Experiences**

Jon Asbury, Multichannel Director, GO Outdoors Ltd

12.30 - 13.00 - **Merchandising for the Tech-Savvy, Modern Shopper**

Mark Felix, Director - Online Trade, John Lewis

13.00 - 14.00 - LUNCH

14.00 - 14.30 - **Walking Your Customer Through Their Online Shopping Journey**

Sarah Baille, Head of Multichannel Business Development, House of Fraser

14.35 - 15.15 - **Panel Discussion: Driving Sales in an Always On, Anytime World**

Andrew Towers, Head of Mobile, eBay
 Richard Clark, Marketing Director, Boohoo.com
 Helen Colclough, E-commerce Development Manager, River Island

15.15 - 15.55 - BREAK

15.55 - 16.25 - **Sponsor Session: Klarna Checkout and the Conversion Conundrum, Isn't it About Time Things Change!**

Jonathan Sheard, Head of Enterprise Sales, Klarna UK

16.30 - 17.00 - **Closing Keynote Address: Connecting with Tomorrow's Customers**

Martin Harbeck, Head of Ecommerce & Retail, Facebook

Track 3 - The Order

11.20 - 11.50 - **Sponsor Session: Demandware Unified Commerce Large and Small - Embracing Change to Deliver Results**

Jonny Wooldridge, Chief Technology Officer, The Cambridge Satchel Company

11.55 - 12.25 - **Sponsor Session: Azoya Lifting the Barriers of Cross-Border to Cash in on China's eCommerce Boom**

Don Zhao, Co-Founder & Executive Director, Azoya

12.30 - 13.00 - **Beyond the Shopkeeper - Integrating Mobile and In-Store**

Robin Phillips, Multichannel Director, Boots

13.00 - 14.00 - LUNCH

14.00 - 14.30 - **Taking Your Brand Abroad - Globalisation, Localisation and Lessons to Learn**

Aaron Chatterley, Founder, Feelunique

14.35 - 15.15 - **Panel Discussion: Injecting Inspiration into Transactional Journeys**

Gaetano Sodo, General Manager, Global Ray-Ban Direct-to-Consumer, Luxottica Group
 Neil Samson, Omnichannel Director, Moss Bros
 Gail Lyon, Global Digital Group Social Media & Digital Engagement Lead, The Co-operative Group

15.15 - 16.25 - **Sponsor Session: Delphix Retail Digital Innovation Report - the Journey to Continuous Improvement**

James Spafford, Director of Northern Europe, Delphix

16.30 - 17.00 - **Closing Keynote Address: Technology to Futureproof your Business**

Martijn Bertsen, Director- Retail, Google UK



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09.00 – Chairman’s Introduction – Ian Jindal, Editor-in-Chief, InternetRetailing
 09.10 – 3 Keynote Address: Cross Functional Collaboration – Working Together to Do Things Better!
 Paul Miller, Director of Logistics, Shop Direct
 Jonathan Wall, Director – eCommerce, Shop Direct
 Dan Rubel, Group Strategy & Communications Director, Shop Direct

Track 1 – Growth (Organic & International)

Track 2 – Fashion & Apparel

Track 3 – The Non-Stop Sales Cycle

11.20 – 11.50 – **Survive vs Succeed: Moving Supply Chain from Back Room to Boardroom**
 Watch this space!

11.55 – 12.25 – **Sponsor Session: No More Bleak Fridays – Managing Supply, Demand and Capacity without Tears**
 Mikko Kärkkäinen, CEO, RELEX Solutions

12.30 – 13.00 – **The Carbon Impact of Multichannel as a Key Influencer**
 Benji Meyer, Head of New Channels, M&S

13.00 – 14.00 – LUNCH

14.00 – 14.30 – **Designing Operational Processes that Support and Enable Customer Needs in the Online Grocery Market**
 Rose Chaffé Head of Supply Chain, HelloFresh UK

14.35 – 15.15 – **Panel Discussion: Aligning Supply Chain, Delivery and Customer Experience**
 Craig Wheeler, Operations Director, feelunique.com
 Gary Winter, Business Development Director, UTL

15.15 – 15.55 – BREAK

15.55 – 16.25 – **Building a ‘Customer Driven’ Supply Chain**
 Calum Lewis, Operations Director, LEGO Company Limited

16.30 – 17.00 – **Closing Retailer Keynote: Future Ball Gazing, Lessons from a Trailblazer: Predicting New Pressures and Directions for Growth 2016+**
 Julien Callede, COO & Co-Founder, Made.com

11.20 – 11.50 – **Investing in Giving Customers the Best Service**
 Roger Morris, Head of Royal Mail Parcels, Royal Mail

11.55 – 12.25 – **Session Reserved for Track Sponsor**
 Watch This Space!

12.30 – 13.00 – **Empowering Your People to Ensure Supply Chain Effectiveness and Business Growth in the Omnichannel Today**
 Paula Gould, Supply Chain Programme & Training Manager, Vertu

13.00 – 14.00 – LUNCH

14.00 – 14.30 – **Why RFID?**
 Richard Jenkins, Head of RFID Strategic Development, M&S

14.35 – 15.15 – **Fulfilling New Omnichannel Demands**
 Alex Watson, Global Transport Manager, SuperGroup
 Nicola Wilson, eCommerce Development Manager, Joseph

15.15 – 15.55 – BREAK

15.55 – 16.25 – **It Isn’t Easy Being Trendy – Seasonal Merchandise, Short Cycles Fickle Consumers**
 Guy Meisl, Head Of European Distribution, Deckers Outdoor

16.30 – 17.00 – **Closing Retailer Keynote: Future Ball Gazing, Lessons from a Trailblazer- Fashioning the Supply Chain of Tomorrow**
 Xavier de Lecaros-Aquise, Co-Founder & COO, Girl Meets Dress

11.20 – 11.50 – **If Customer is King, Supply Chain is Queen!**
 Watch this space!

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 Florent Anon, UK Account Manager, ITinsell

12.30 – 13.00 – **Fulfilling New Customer Demands: Speed vs Convenience vs Flexibility?**
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13.00 – 14.00 – LUNCH

14.00 – 14.30 – **Better Together – Supplier Collaboration for Greater Efficiency and ROI**
 Maxim Romain, General Manager – Europe, Wayfair

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 Justin Lodge, Head of Developing Markets, Wiggle.com
 Ian Caminsky, CEO, InPost UK

15.15 – 15.55 – BREAK

15.55 – 16.25 – **Multi-Channel Returns Management – turning a logistical challenge into a commercial opportunity**
 Alistair Sercombe, Head of Customer Returns, Argos

16.30 – 17.00 – **Closing Retailer Keynote: Future Ball Gazing, Lessons from a Trailblazer**
 Andy Brown, Central Operations Director – Argos Stores



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Internet Retailing Conference in partnership with demandware
14th October 2015, Novotel, Hammersmith, London

eDelivery Conference
15 October 2015, Novotel, Hammersmith, London

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Editor's comment



CROSS-CHANNEL HAS moved beyond single retailers with shoppers able to collect their purchases from retailers both within the same retail group and from those outside. Shoppers can pick up their eBay purchases from Argos shops in the UK and, in China, Alibaba and consumer electronics retailer Suning are doing the same.

Some pureplay retailers are moving into the high street through concessions, pop ups and their own shops. Shopping centres too are getting closer to shoppers, running their own transactional sites featuring their tenant retail brands and incorporating click and collection points on their premises. Online, marketplaces continue their march with more than 50 companies now operating over 220 online marketplaces in Europe alone.

All of this movement of customers' orders results in parcel deliveries which are convenient for customers but don't come without a price for retailers. "Ask omnichannel CEOs about the profitability of their online orders and the answer is unlikely to be one of unremitting glee," says Penelope Ody in her article in this issue. According to the annual JDA and PwC CEO survey, fewer than two in 10 respondents could say that they were fulfilling omnichannel orders profitably: put another way it could mean that 81% of retailers cannot make a profit from omnichannel delivery.

Quote these figures to retail consultants and the response is disbelief: not surprise that so few are making profits on these orders, but incredulity that any of them actually are.

Andy Street, Managing Director

of John Lewis, has referred to free delivery services as "bonkers" and "unsustainable". It's no surprise, therefore, that the retailer has introduced a £30 threshold for free delivery of Click & Collect orders.

Has the time come then when the focus moves from IT to further developing the proposition into a model that is convenient for customers and sustainable for retailers? As Andy Gault, Director of e-Commerce, at Screwfix comments: "anyone can put technology in place to offer Click & Collect".

Andy Gault and Screwfix CEO Andrew Livingston, who feature on the cover and in this issue's main interview, shed light on the Screwfix proposition of offering click and collect from just 5 minutes after a customer places an order.

Screwfix is also one of the shortlisted nominees for InternetRetailing's B2B multichannel Award. With the awards ceremony taking place on 24 September there's still time to get your ticket.

Cross-channel retailing continues to alter the retail industry both in the transformation within the business and what the customer sees and experiences. Mobile has had a everlasting effect on cross-channel and is still seen as the glue between digital and physical channels. A decade ago, neither Apple's iPad nor the iPhone had been released and now retailers are having to personalise the experience across these devices, desktop and in store while also ensuring that their in-store technology is future proof. James Pepper, Technical Director of Vista Retail Support shares his expertise on planning and implementing mobile in store in this issue of InternetRetailing.

October 14 sees the tenth annual InternetRetailing Conference taking place in London. It takes a decadian theme as it looks to the fundamentals of multichannel retail, looking past the trends – which in this fast-changing industry every twitch, innovation and new opportunity can be hailed as a trend – to assess the longer term directions and currents.

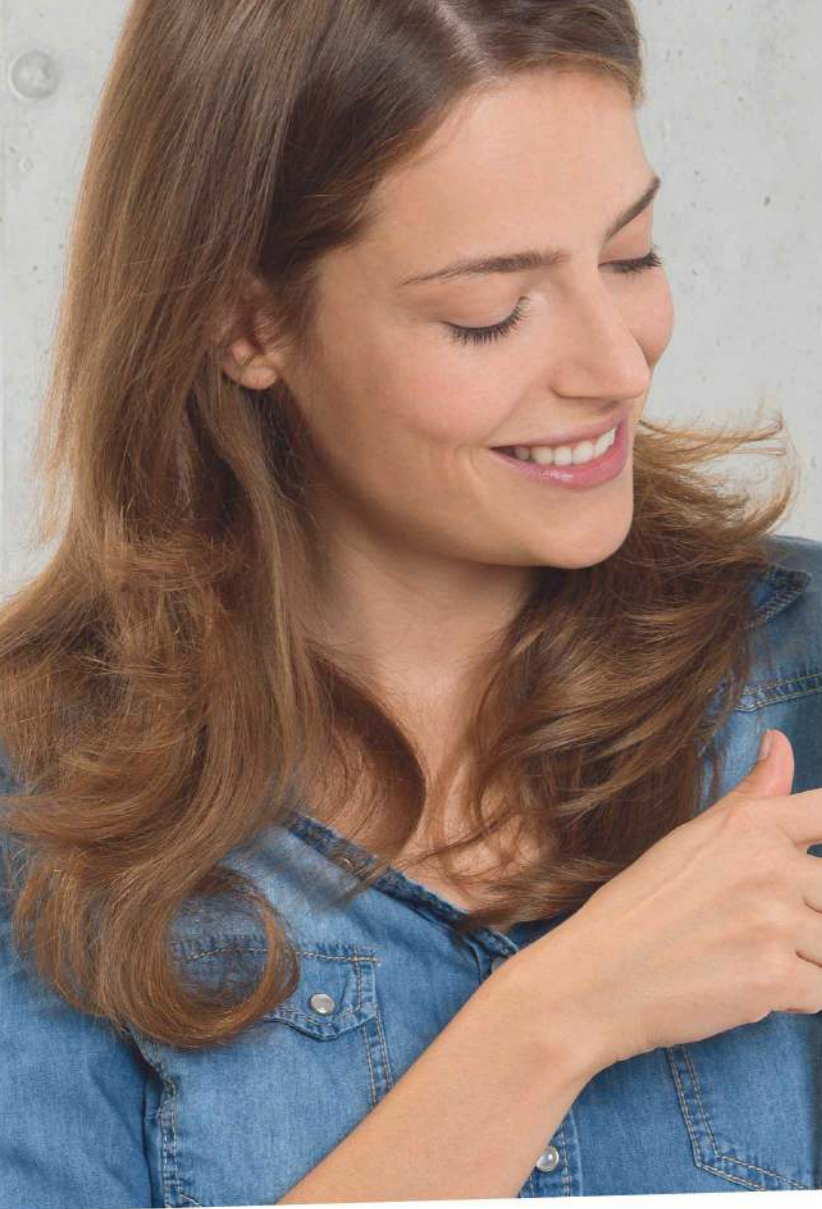
By being part of the fabric of retail and multichannel over the past decade, the three keynote speakers are able to analyse the past and focus on the future when they stand up to speak to delegates. They are aware that the coming decade is a time of full integration, of digital leadership transforming the organisation and also a time of customer expectation and intolerance for anything less than excellence. As they look forward, the notion of a 'decade' might lull the industry into just awaiting a rosy future but as they know action is needed on a daily basis and so as the keynotes consider the future, the industry must adopt a '520-week' view that helps balance the urgency of "now" with the importance of the "next".

October also sees the inaugural eDelivery Conference being held on 13 October.

With the conferences pulling in speakers from John Lewis, Argos, House of Fraser and Marks & Spencer, delegates will hear some inspirational cross-channel journeys and have plenty to take away from either of the two days.

I look forward to seeing you there.

Emma Herrod
Editor



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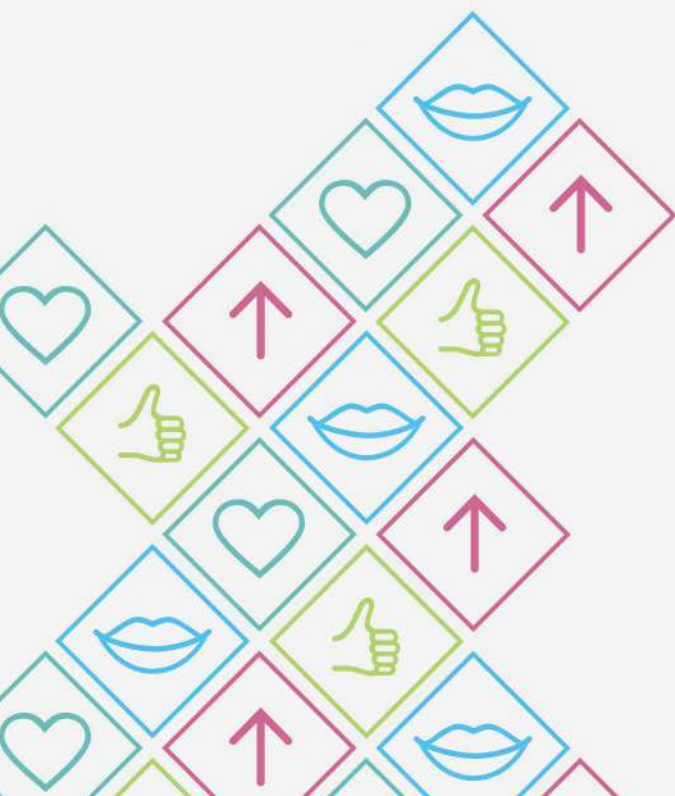
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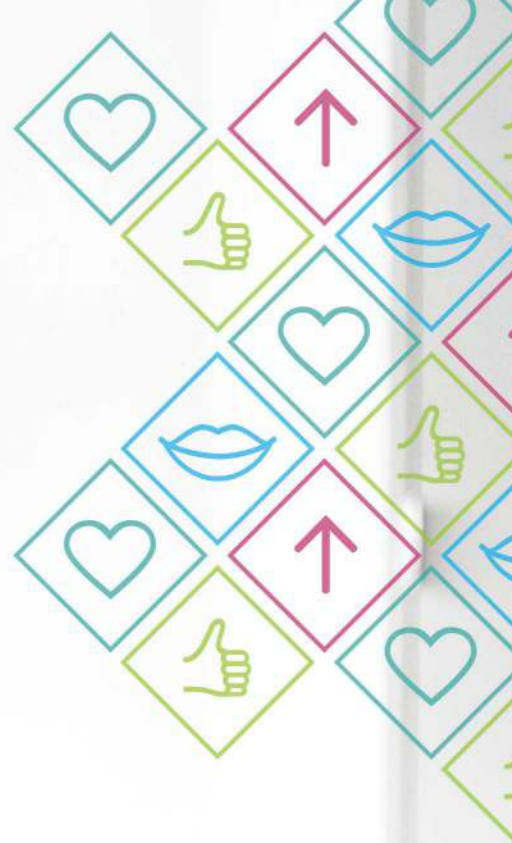
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Chloe Rigby highlights recent industry changes but to keep up to date with the news and her insight between issues visit www.internetretailing.net.

NEW SITE LAUNCHES

HMV, Heal's, River Island and QVC have all launched new sites recently.

HMV's site, built using Ridgeway's Ecommerce Accelerator on the Kentico Content Management System, takes in-store promotions online, while 'buy now' buttons are added to editorial features on hmv.com. Pre-orders are created automatically when customers buy product that is a yet to be released. The site is integrated, using APIs, with fulfilment and product data systems and payment methods are linked to loyalty rewards.

So far, initial sales have been "impressive" with a significant percentage of shoppers returning to buy again.

Heal's new site is also built around the needs of the multichannel customer. The upmarket furniture business brought in Redbox Digital to develop the site, which has new

features including click and collect, the ability to check stock levels online and intelligent tagging capability. The adaptable, scalable site was built on Magento Enterprise,

River Island, meanwhile has continued its international expansion with a new Swedish website. The Swedish site, which offers payment in Swedish Krona, is the fifth international launch for the fashion retailer, which has since 2013 opened local sites in France, Germany, Australia and the US.

Television and ecommerce shopping channel QVC has launched in France. By the end of this year it plans to offer almost 300 international and French brands in the country.

"In recent years, France's digital infrastructure and ecommerce offerings have evolved considerably, making it a prime market for QVC's continued global expansion," said Mike George, President and Chief Executive of QVC, Inc.

NEW COMMERCE FROM ALIBABA & SUNING

Alibaba Group is taking a 19.99% stake in Suning Commerce Group as part of a deal that the two say will change the way commerce happens. The RMB 28.3bn (£2.87bn) deal makes the Chinese marketplace the second-largest shareholder in Suning, a leading consumer electronics retail chain in China.

However, the deal resonates beyond the Chinese market because it's an example of a new kind of online and offline commerce model. It echoes the collaboration in the UK between eBay and Argos, which enables eBay shoppers to pick up their online purchases from high street branches of the general merchandise retailer.

Alibaba says this is a strategic collaboration that brings online and offline retail closer together. Between them the two say they will provide more holistic and more convenient shopping experiences as well as improving the customer service available to shoppers buying online and via mobile devices.

Suning will open a flagship store on Alibaba's Tmall.com platform, while Alibaba will benefit from Suning's well developed logistics network, which covers more than 90% of China's countries and has eight national distribution centres, 57 regional ones, and more than 1,700 last-mile delivery stations. Marrying these resources with the intelligent delivery solutions that Cainiao, Alibaba's logistics affiliate, offers should mean, says Alibaba, that customers can soon expect to receive their orders in as little as two hours.

Zhang Jindong, Suning's Chairman, said: "The collaboration between Alibaba and Suning is a milestone in China's retail industry and its influence on ecommerce and offline retailing will be enormous. This collaboration signals a new trend in the internet age: strengthening China's traditional industries by leveraging the power of internet. It will also help transform China's manufacturing industry and broaden the global horizons of Chinese brands."

DELIVERY SPEEDS UP FOR AMAZON AND DODDLE

Amazon and Doodle have launched separate services to speed up delivery in London and Birmingham. The Amazon Prime one-hour delivery service has launched in Birmingham, and Doodle is launching a running service in London as it aims to make fulfilment both quicker and more convenient.

The premium Amazon service launched in Birmingham, Lichfield, Tamworth and Cannock just five weeks after it first came to the UK, launching in London in June. Prime Now uses the Amazon Logistics platform to harness the speedy local delivery capabilities of third-party delivery companies.

Amazon says the fastest delivery it's made in London so far was delivered to a Canary Wharf address in just 12 minutes from the time of the order being placed.

Meanwhile, this week also saw Doodle reinvent a service that existed in the days of Sherlock Holmes, using runners to carry parcels across London.

Doodle Runner enables people who want to send a parcel to order their delivery via a dedicated app. A runner will visit postcodes in EC1 to EC4 to collect, wrap, post and track the parcel in a service that costs just £5, plus the cost of postage. Up to five parcels can be sent at a time, weighing up to 16kg each.

Tim Robinson, Chief Executive of Doodle said: "We've all had those moments when we realise we need to get a parcel to someone for the next day, but we're short on time to send it, or we're running out of time to return something bought online that we don't want. Doodle Runner solves this problem by coming to you and getting your parcels to where they need to be. We'll do the running around so you don't have to. In designing Doodle Runner we wanted to create a service that we would like to use as customers, no hassle and no worries."

DEVELOPMENTS AT TUI BOOST REVENUE

TUI has explained how its ecommerce platform is continuing to evolve as it focuses on the customer experience in order to drive “profitable top-line growth.”

The multichannel travel company says its online platform, now operating in its UK and Nordic markets, has improved the customer experience and is achieving higher conversion rates. One key vehicle for customer engagement is TUI’s digital assistant app which has so far been downloaded 1.8m times.

The company is also putting in place an SAP-based central customer platform which will provide a single view of customers on their journey across TUI’s different sales channels. An eCRM platform, also being put in place, will support strategic marketing.

The update came as TUI reported revenue of €5.1bn (£3.6bn) in the third quarter of the financial year, some 6% up on the same time last year, while earnings before interest, tax and depreciation of assets rose by 18%.

WEARABLE TECH AT DAWSONS MUSIC

Dawsons Music has become the first retailer to use new wearable technology that promises to close the divide between online and the store. Visitors to the Dawsons website can speak to a member of the store’s staff who, equipped with a pair of smart glasses from GoInStore or an Android handheld device can take them through the store to show them items and answer questions.

An Assignment Engine, powered by artificial intelligence, analyses online data to connect each visitor to the most relevant staff member in the most relevant store.

“GoInStore allows our most valuable sales asset – our staff – to engage with customers far beyond the typical catchment areas of our stores and has unleashed their potential across the web,” says Mark Taylor, Managing Director of Dawsons Music.

Dawsons’ Head of Ecommerce Nicola Tibbs adds that the technology can be particularly useful with higher value purchases, and its effect can be attributed and measured.

PRIME DAY BREAKS BLACK FRIDAY RECORDS

Amazon says it sold more goods on Prime Day, a day of discounts open only to members of its Prime subscription scheme, than on Black Friday 2014 – which until now was its biggest-ever selling day. It says response beat its expectations and that the event will certainly be repeated in future.

Worldwide order numbers were 266% ahead of the same day, July 15, last year, and 18% up on Black Friday 2014.

“Thank you to the hundreds of thousands of new members who signed up on Prime Day, and our tens of millions of existing members for making our first ever Prime Day a huge success,” said Greg Greeley, Vice President of Amazon Prime. “Customers worldwide ordered an

astonishing 398 items per second and saved millions on Prime Day deals.

“Going into this, we weren’t sure whether Prime Day would be a one-time thing or if it would become an annual event. After yesterday’s results, we’ll definitely be doing this again.”

“The response to Prime Day has surpassed all of our expectations,” commented Christopher North, Managing Director at Amazon UK. “Prime Day was our biggest day of deals ever – we sold even more deals than on Black Friday. We can’t wait to do it again next year.”

The best-selling products in the UK were led by Amazon’s own Fire TV stick and the Kindle.

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

APPLE APP FOR BOOHOO

Boohoo, one of the UK's largest pureplay online fashion retailers, has launched its first ever shopping app using the Poq app commerce platform.

The iOS app, which will feature boohoo's entire product range, went live on 1 August. Boohoo's partnership with the Poq app commerce platform has allowed it to build and launch a fully transactional app in three months.

Young shoppers, such as boohoo's target demographic, are at the forefront of the UK's phenomenal app commerce growth. Members of this age bracket spend three hours per day online via their mobile. And 40% are already making monthly purchases using their mobile device. Boohoo's decision to enter the app commerce space comes at a time when smartphones drive half of all traffic to its website.

APPLE WATCH LOYALTY FIRST

Shoppers at the Trinity Leeds shopping centre can now scan their Apple Watch to redeem offers in shops, restaurants and bars in what's believed to be the first such use of the device in Europe.

Owner Land Securities says Trinity Leeds has become the first shopping centre in the continent to enable its loyalty programme for the Apple Watch, as well as the Apple Wallet.

The centre, which opened in 2013 and claims the title of Europe's most digital-enabled shopping centre, launched the loyalty programme, Love Trinity Leeds, in January 2015. The more than 20,000 members signed up to the scheme can redeem deals and collect points when they present their barcode when buying at outlets including Topshop, DKNY Men, Adidas, Superdry or Mango, whether they use the free app, a physical card or their Apple Watch or Apple Wallet application. More than 60% of retailers in the centre are signed up to the loyalty scheme.

Customers using the new wearable device will also now be alerted to offers by the centre's proximity-based beacons.

Though boohoo's mobile website is flourishing, posting a remarkable conversion rate increase of 40% in Q1 of 2015, studies have repeatedly shown that fashion retail apps drive conversion rates that are twice as high as retail mobile websites. In fact, apps now account for a third of all UK retail spend, although only 10% of retailers offer one.

In light of these consumer trends, adding a shopping app to its offering was an obvious next step for boohoo.

ARGOS HITS £1BN M-COMMERCE SALES

Enabling shoppers to move between sales channels, using mobile devices as a bridge between the store and online has helped Argos to a record £1bn in m-commerce sales.

The retailer, judged an Elite retailer both in Internet Retailing's wider IRUK 500 research and specifically in the mobile and cross-channel performance dimension, believes it is the first UK retailer to achieve the goal.

In April, Argos parent company the Home Retail Group reported sales of £4.01bn in the year to February 28, of which 25% of sales started on a mobile device. That followed a year in which mobile sales grew by 38%. Argos' definition of an m-commerce sale includes check and reserve sales as well as those made on a mobile device for home delivery – and sales that included other channels along the way.

Indeed, it is mobile's ability to cross the channel, says Bertrand Bodson, Chief Digital Officer at Argos' parent company the Home Retail Group, that has helped Argos develop its position in m-commerce. "Mobile is a gift for us in a world where customers increasingly want to shop on the move, and we have seen astonishing growth in m-commerce in the past three years," he said.

The news comes six years after Argos' internet sales first passed £1bn.

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Screwfix: where convenience means more than a happy customer

Convenience, product leadership and value along with an aggressive expansion programme led Screwfix to significant growth in its last quarter. Andrew Livingston, CEO, and Andy Gault, Director of e-Commerce, Screwfix, spoke to *Emma Herrod* about how that translates for customers.



NO COMPANY wants to disappoint a customer by being out of stock of an item they want to buy, not having their order ready when they want to collect it in store or simply not maintaining the quality of the products it stocks. And woe betide those retailers yet to offer a good mobile experience to customers looking for quick, convenient service. Savvy businesses know that the online customer is just one click away from ordering elsewhere and that social media allows a disappointed customer's

“Consistency for us is the biggest thing”

complaint to be spread far and wide.

You're probably nodding in agreement, maybe recognising friction points in your own online or omnichannel business. So imagine what it's like if you extend your service to customers who will actually lose money if you get their order wrong: small businesses, sole traders, plumbers, electricians, the general builder down the road. All of these are expecting the best practice, omnichannel service that they'd receive as consumers on the best B2C sites, but they just happen to be buying products

for their business. That's the pressure under which Screwfix delivers, 7 days a week.

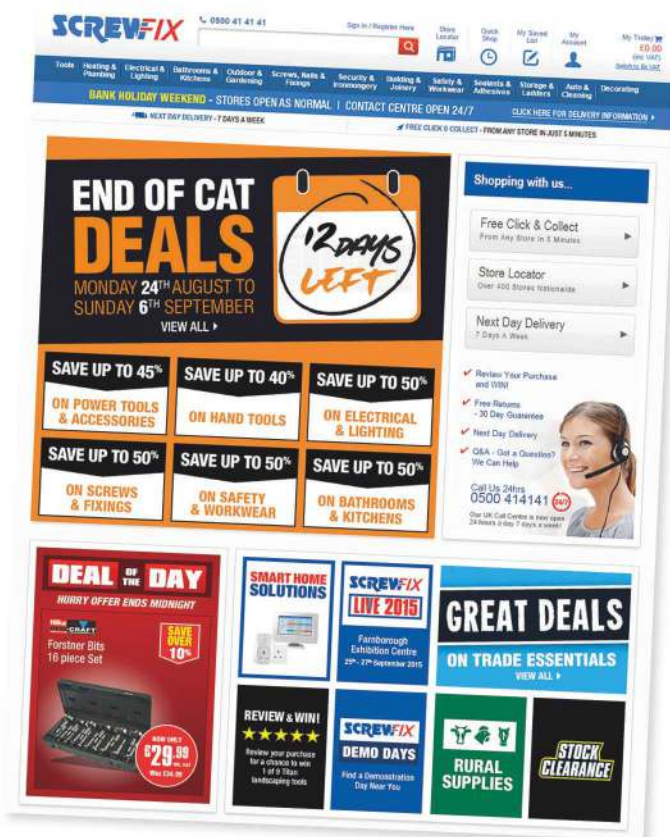
"These guys are depending on us to make them money so the imperative is never to fail them," says Screwfix CEO Andrew Livingston. "Time for them is money, and we never want to let anyone down." This is reflected in the company's aim to 'help our customers get their jobs done quickly, affordably and right first time'.

This is backed up by the three pillars of convenience, product leadership and delivering incredible value.

A tradesman can be working across a range of locations when something crops up that means they need to buy additional material or deal with an issue for which they haven't planned. In either case, it's needed straight away. Hence the requirement for Screwfix to offer a service that's swifter than next-day delivery. With order and payment completed online, tradesmen can collect their purchase from a store just five minutes later and be sure that the item is in stock and reserved for them.

Screwfix was set up with a store at its head office and original warehouse location. Over the past ten years, it has opened a network of 412 stores across the country enabling tradesmen either to purchase directly in the stores or to reserve and pay for items online before picking them up from the store of their choice.

Each store is set up and merchandised in exactly the same way so the experience is consistent for all customers. Just 10%



of the space in each outlet is given over to selling space with the remainder comprising a warehouse holding 11,000 skus. A larger range is available online.

The benefits for the company are that more stock can be held in a smaller space than a traditional retail store and stock accuracy remains high. The first stores operated with the same order systems as the company's contact centre and online operation. As Andy Gault, its Director of e-Commerce, explains, ▶





anyone can put technology in place to offer Click & Collect; Screwfix's differentiator is being secure in the knowledge that it won't let its customers down.

Because of the model it uses, its stock records are extremely accurate and updated in real time across all channels. Livingston says this factor is very important for its customers, since it means they are able to check the level of stock of individual items in any particular store at any moment in time. When a customer is logged onto the website, they are automatically shown the level of stock in their 'usual store' for the item they are looking at on the product page. They are also shown the level of stock for that item held in the closest six stores to their postcode.

This live stock check service is a huge part of the website, especially for site visitors using mobile devices, with 50,000 checks performed each day across all online channels. "Therefore, it's vital that the integrity of the stock is high," says Livingston.

It also means that should one part of a

“The level of mobile sales has risen 98% in the past financial year with 80% of these orders collected in store”

larger order be out of stock, the customer can decide whether to have all of the order delivered together or to split the delivery or collection.

Unlike other retail businesses, at which each customer may be attached to a particular store for pick up, Screwfix customers are working across a wide area so will visit many different stores, depending on where they are working, and pick up items for a number of jobs en route from one to another.

"Because an order can be placed online and be ready for collection in just five minutes, some tradesmen place orders from outside a store while eating their lunch," says Gault. With the Quick Shop facility online, customers simply enter the sku codes of the items they wish to purchase and then proceed straight to checkout to complete the process.

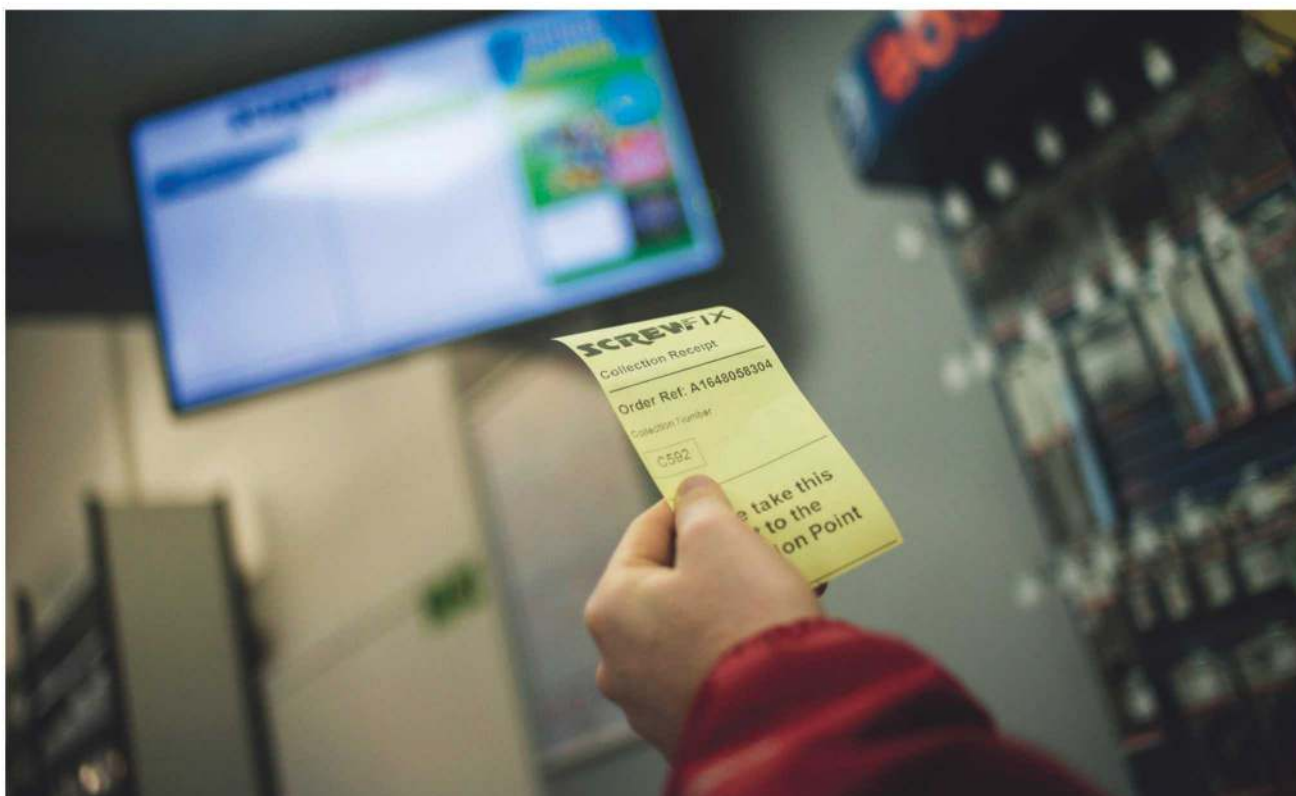
"We're proud of our Click & Collect offering," says Livingston, explaining how it has really driven convenience for customers. "By using their mobile phone to order and pay for stock, thus securing it for collection, it means they never have a wasted journey."

Click & Collect is growing very quickly; it accounts for 70% of all web orders, six million orders have been placed via the service since it launched in 2011, with 80% of those placed by mobile being collected in store.

Screwfix also produces four paper catalogues a year (as well as digital versions for browsing online), something that is still "pretty critical" to the business, particularly when the working environment of its customers is taken into account. Building sites can be dusty and dirty and not necessarily where someone wants to use their mobile phone for a prolonged period to browse or be able to get a 3G signal to order online. But armed with the individual product codes from the catalogue, customers can make a brief call to the 24 hour call centre and ring through their order. "It's key for us to get catalogues into people's hands," says Livingston, so the company is printing more than ever. "It's at the heart of the business and will be with us for some time."

MOBILE

Mobile, though, is the growth area for the business and a channel which it had to serve very early on. Many of its customers were ahead of the curve and early adopters of iPhones, especially electricians, according to Livingston. "Tradesmen tend to have the latest apps on their phones," he adds,



explaining how many customers effectively use their phone as a mobile office.

The level of mobile sales has risen 98% in the past financial year with 80% of these orders collected in store. But overall, says Gault, mobile conversion rates are lower than desktop. Customers dual screen, browsing on an iPad while watching television of an evening.

Without mentioning specifics, he indicates that things are improving, with the new, recently implemented checkout process helping to boost conversion and reduce friction points. This process has been simplified and reduced from 5 steps into a

single page with customers completing the parts that are relevant to them as a new or returning customer. Many have multiple delivery addresses and picking which to deliver a particular order to now involves just a simple click, explains Gault.

Wasted time costs its customers money, so Screwfix really does have a case for putting them at the heart of its business. Livingston explains that while most of the firm's customers are sole traders, small businesses and enthusiastic DIYers, it doesn't distance itself from the retail industry or think of itself as a B2B retailer.

Gault says the company does concentrate on its individual customers. It has a single view of every one collated by their postcode since this is the first thing the customer is asked for when they orders via the 24-hour contact centre or at a store. It also records the postcode when orders are taken online, with customers having to be registered and log on to make a purchase. "It also means customers have a single view of us," says Gault, "so it feels like one business."

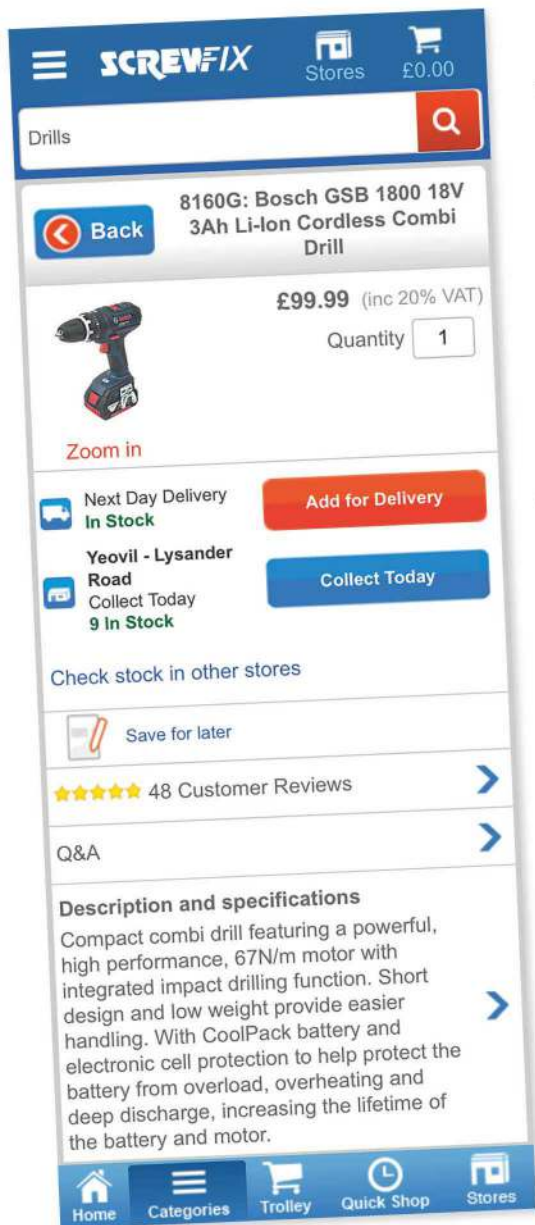
To highlight how the company really does care about the individual customer, Gault gives an example of one who was third or fourth in a queue to collect an order at a store and went on to Twitter to comment about the wait. The tweet was picked up by Screwfix's contact centre which phoned the ►

GERMANY

Screwfix is not just expanding in the UK. The company plans to open five more trial stores in Germany this year following the launch of a site in the country and four stores in the Rhine-Main area – in Offenbach, Hanau, Dreieich and Koblenz – in September 2014. This follows the 2013 launch of Screwfix.eu, which mainly supplies expat communities and other customers who are already familiar with the brand. The company also operates online in the Republic of Ireland.

The German business is fully localised with a head office in Germany and the site ranged with 9,000 skus specific to the country. A full service is offered at the stores and online with Click & Collect and next-day delivery available. A central DC in Haiger, near Frankfurt, handles fulfilment and store replenishment; Kuehne + Nagel handles store replenishment with next-day delivery of orders to customers delivered by GLS.

Germany could become a big market for Screwfix since the country is the largest home improvement market in Europe and is not served by any other Kingfisher group company.



store manager. The manager then went and spoke to the customer to rectify the situation.

CONSISTENCY

The need for consistency is an issue that crops up time and again while speaking with Livingston and Gault, and it's something that's not exclusive to Screwfix. They explain that the company is very consistent in the experience it gives customers online, through the catalogue and across the store estate, and how everything is tied in to the same offer. "Consistency is the biggest thing for us," says Livingston, and that applies to everything from stock to POS. Online is run from an Oracle ATG platform with content supplied by a Stibo master data management system.

Giving customers a simple, consistent and seamless experience across all channels is key, and Screwfix has found that the better it gets at delivering that kind

DELIVERY

Screwfix allows customers shopping online to collect their order just five minutes after paying from any of its 412 stores.

It also offers next-day delivery, 7 days a week, that's free of charge for week-day delivery on orders over £50. For these orders the cut-off time for next-day delivery is 7pm, Monday to Friday, and 4pm at the weekend. Next day before noon and before 10am deliveries are also offered. "Sunday delivery is growing in popularity," says Livingston.

Orders for delivery direct to customers are processed by the company's DC at Trentham, which is currently being extended to support B&Q home delivery as well. Stores are replenished by a separate DC in Stafford. Store stock is replenished 5, 4 or 3 times a week depending on the location and requirement. During the peak trading period of September to November the frequency of store replenishment increases.

of service the better it is for back of house and for customers. Customer convenience and the net promoter score increase as well as its financial results.

In its last financial year, ended 31 January 2015, the company reported 25.5% growth in turnover reaching £835m. Like-for-likes were up by 13.4%.

Its aggressive growth strategy has seen employee numbers increase by 900 in the past year to 8,000 in total and a new store opened every week for the past four years. This year, it will open 60 new stores. Screwfix still manages to have the feel of a small company, with store colleagues forming close teams and getting to know customers, the most frequent of whom visit a store six times a week. "The store teams care about Screwfix and the customers," says Gault. Of the way in which head office works closely across all departments he says "you feel like you can put your arms out and touch all sides of the business".

When a new catalogue is ready to launch, the senior team goes out to stores to talk about the new products. The launch also gives the business an opportunity to reboot – something which has been lost to other, faster moving sectors which have a continual cycle of new products.

In addition, Screwfix works closely with parent Kingfisher on cross-group developments.

The company has evolved from a direct model of paper catalogue and telephone ordering through the advent of online to mobile growth and omnichannel. Has the added pressure on the business of wasted time costing its customers money brought about the current level of service and convenience or is it something to which all retailers should aspire? As Screwfix has shown, providing a service where 9 out of 10 customers will recommend you to a friend really does pay. 🇬🇧



Techniques for Boosting Your Omnichannel Marketing Success

By Georges Berzgal, Managing Director – Europe, Bronto Software

JUST WHEN you get your mind wrapped around an idea well enough to start implementing it, you realise you've been left behind. Such is the case for many retailers when it comes to omnichannel marketing and commerce. Omnichannel is no longer the way of the future; it's the now. So what does it take to catch up and pass the pack?

It often means a complete retool or reorg, which sounds expensive and time-consuming, but the payoff could be substantial. But you may just need a few tweaks to your strategy, tools or techniques. Either way, we believe there are some basic steps you could take in each of those areas to produce great results.

USE CUSTOMER-FIRST STRATEGY

It may seem elementary, but you have to focus on the customer. Very often, commerce sites and their complementary marketing efforts invest time on operational processes – often outdated processes – without considering how today's consumers shop and buy. Even if you think you are on track, maybe now is a good time to rethink your channels (mobile, in-store, social, online, etc.) and how a shopper might expect to interact with you. Then collect

the customer data you need to ensure you are creating the optimal experiences across each touch point.

INTEGRATE THE RIGHT TOOLS

Have you cobbled together a collection of point solutions for operations, finance, in-store point of sale, mobile, ecommerce, marketing, etc.? Do they talk to one another? It can be very challenging to provide a consistently great customer experience across all external channels if your internal system is a collection of disparate platforms and solutions.

The future belongs to companies with an integrated, flexible ecommerce marketing solution that talks with other backend systems. The integration should allow you to pull in-store and online purchase data, digital behavioural information and store interactions to provide a consistent, expected customer experience despite the channel.

ADD NEW TECHNIQUES TO THE MIX

Here's where smaller changes can affect your big picture. For instance, are you still using your social media channels purely as engagement and brand loyalty tools? Why not take the step to use Facebook, Instagram and Twitter for list growth? Capture

email opt-ins and other personal information from followers to personalise your interactions with them later.

And research shows it's time to rethink the online shopping basket. It turns out shoppers are using it in ways for which it wasn't originally designed – it's now much more than the first step to checkout. Today's shoppers also use the shopping basket as an online storage container for items they would like to research further or purchase later from another device or in-store. Get the most from this trend by making sure the basket is mobile-friendly, inviting online shoppers to visit in-store and including free Wi-Fi in those locations. And, consider setting up automated basket abandonment emails. A recent survey found that 42% of shoppers find them helpful.

While these suggestions can help fuel the needed modernisation, we understand they also raise a concern: How do you attribute revenue by channel? Look for features in your marketing automation solution that can help you do this with simple import options. Revenue-attribution metrics can help you better understand total customer value, which is key to keeping your best customers engaged and buying.

Research round up

Some of the research that's arrived at IR Towers recently includes a view on the top luxury multichannel retailers, the habits of online grocery shoppers and how retailers are delivering on customers' expectations.

ECOMMERCE COMPANY Ampersand, which recently designed and built the re-launched Harvey Nichols ecommerce site, has published research into the top multichannel luxury retailers. The report shows that only half of luxury retailers offer next day or same-day delivery options with 41% offering click and collect.

Mobile speed continues to be a key area for improvement, according to the report, with 14% of luxury retailers not actually having a mobile optimised website. Just under a third (29%) don't offer a persistent cart which offers shoppers the ability to start a transaction on one device and complete payment on another.

This is an increasing problem as consumers are using mobile more for searching or completing the process of buying online.

In all, Ampersand ranked retailers by 24 criteria from site speed, to payment methods and returns charges. Selfridges ranked highest with a score of 78% with Joseph taking second place with a score of 72%. The sector median score was 48%. However, luxury retailers are lagging behind general multichannel retail in the UK when comparing the median score against other sectors. Fashion retailers lead the way with a median score of 55.

TOP MULTICHANNEL LUXURY RETAILERS

Selfridges
Joseph
Farfetch
Burberry
Jaeger
Barbour
Harvey Nichols
Whistles

Source: Ampersand

ENGAGING THE GROCERY SHOPPER

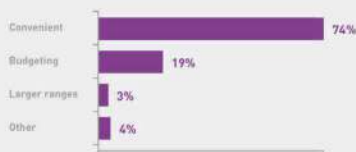
HOW MANY OF US SHOP FOR GROCERIES ONLINE?

39% OF GROCERY SHOPPERS SHOP FOR GROCERIES ONLINE AT LEAST ONCE EVERY THREE MONTHS



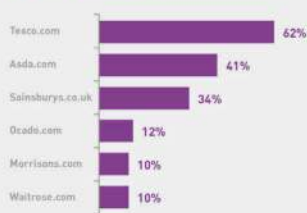
WHY DO WE SHOP ONLINE?

CONVENIENCE IS THE MAIN REASON FOR SHOPPING ONLINE FOR 74% OF ONLINE GROCERY SHOPPERS



WHICH ONLINE RETAILERS DO WE USE?

62% OF ONLINE GROCERY SHOPPERS HAVE USED TESCO.COM IN THE PAST 12 MONTHS



HOW DO ONLINE GROCERY SHOPPERS BEHAVE?



Source: Savvy

Meanwhile, creative, retail and shopper marketing agency Savvy, has looked into how and why we shop online for groceries. Questioning more than 1,000 online shoppers about their purchasing habits and attitudes, Savvy's research also involved a programme of accompanied shops, each fully eye tracked and supported with in-depth interviews.

As physical retailing is undergoing a period of substantial change, so too is the online grocery market. The majority of people who shop online for their groceries do so because of convenience. This is up to 74% from 55% in 2012. Just 19% stated it was for budgeting reasons, while 3% said it was to access larger ranges.

Almost 40% of the online shoppers do their grocery shop online at least once every three months with Tesco.com being the supermarket of choice, with 62% of respondents having used the shopping platform in the past 12 months. Asda ranked in second place with 41% of respondents having used the site

with Sainsbury.co.uk attracting 34% of respondents. Ocado.com had been used by 12% whilst Morrisons.com and Waitrose.com had both been used by 10% each.

More than half of the shoppers had prepared a shopping list before going online, smart phones and tablets accounting for just a quarter of devices used for shopping.

Going forward, online grocery shoppers would like to:

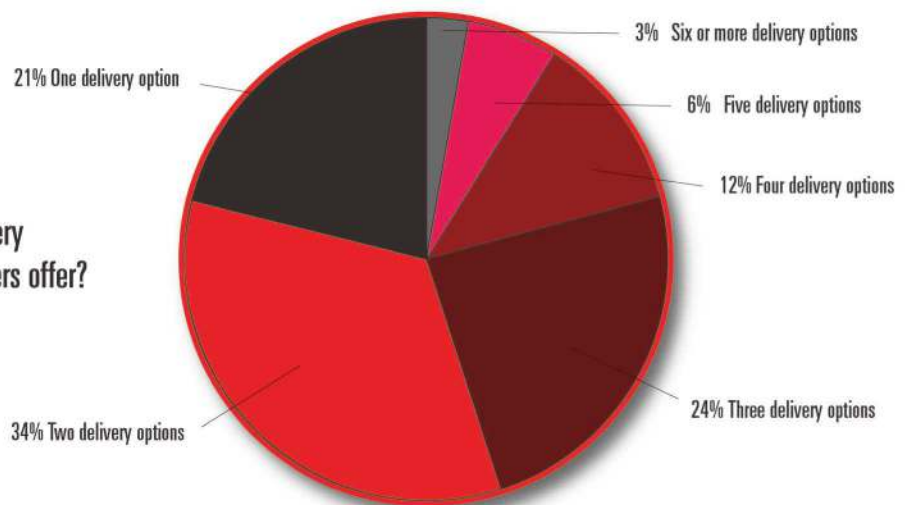
- Receive coupons direct to their phones and they would like to see apps replace their loyalty cards;
- 59% would like to see highly targeted suggestions of products they might like as they shop online;
- The ability to add the ingredients of a recipe to their online shopping basket from any recipe site was appealing to 51% of respondents;
- 50% said they'd like to see high quality video content on a food and grocery retailer's website – such as recipes;
- An app to get additional product information about the products they are thinking of buying was of interest to 47%.

Alastair Lockhart, Insight Director at Savvy comments: "While the industry typically defines convenience as a format of store, from the shoppers' perspective convenience is about making their lives easier. To them it is of paramount importance, irrespective of retailer, channel and format. This point is strikingly reinforced by the findings of our research, highlighting that online plays a crucial role in a retailers' ability to deliver a broader convenience strategy.

"In part this shift towards convenience can be explained by some improvement of the economy, but there are other significant factors at play. First we see a macro long-term trend towards convenience seeking, as shoppers try to manage their increasingly busy lives. Convenience has never been so important to shoppers. Second, online shopping has become more convenient itself."

Lockhart continues: "The growing use of

How many delivery options do retailers offer?



Source: Oracle Retail Report 2015 Delivering Retail


smart devices also has important implications for brands and retailers alike. No longer do shoppers sit down to their whole shop in one go – increasingly they're adding to their baskets bit by bit, taking inspiration from the real world around them, whether that be a TV ad, a recommendation from a friend or noticing something in the cupboard is running out. Above-the-line advertising, for example, is no longer only about building brands, it can be an important call to action, prompting shoppers to buy.

The appetite from online grocery shoppers – for more engagement and expansion of their use of these websites is already here. The onus is now on the retailers to deliver."

“Reserve and collect in store has seen a marked increase from last year's level”

DELIVERING RETAIL

The Delivering Retail report from Oracle is an update of the annual study by Oracle-acquired Micros. The 2015 study found that the majority of retailers now offer nominated time delivery whilst customers of 9% of retailers can have their order delivered on a Sunday. Saturday delivery is offered by 37% of retailers with same day standing at 10% and next day delivery offered by 73% of retailers.

The level of retailers offering click and collect has not increased noticeably since last year's study with 43% of retailers offering the service. However, reserve and collect in store has seen a marked increase from last year's 8% to be a service offered by 55% of retailers. The report does state though "that the implementation of click and collect services varies widely across the retail subsectors, with food & wine vendors and department stores far ahead of some other sectors". 



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Retail review

As customers and retailers look across all touchpoints rather than siloed channels, so IR retailer reviews look at the entire retailer's eco-system of website, mobile, the use of digital in store and their overall strategy. Longer in-depth analysis of the four areas can be viewed online at www.internetretailing.net. This issue our reviewers examine Tesco.

RETAIL STRATEGY 25/25

EMMA ROBERTSON

MANAGING DIRECTOR, TRANSFORM

Digitally, Tesco has talked multichannel for a long time, but hasn't been able to make the seamless links between channels and propositions work from a customer perspective. In fact, over the past 5 years new ventures and propositions have made it harder rather than easier to join up the experience. At a fundamental level, the grocer fails to join up sales of grocery and non-food product; the customer proposition at the heart of the launch of Tesco Direct back in 2006. If you then add in customer expectations around Tesco mobile and Tesco bank, also not connected digitally, the customer experience of dealing with Tesco as an organisation decrements more.

Now it's important to be realistic. No-one is yet delivering on this nirvana of seamless integration, and certainly not within a business as complex as Tesco. The point is that if focus and consolidation are the heart of the new strategy, then Tesco's digital strategy would do well to echo it. Creating excellent, effective and expectation-beating experiences across its core business would be transformational

for both the market, and the retailer's fortunes within it.

WEB EFFECTIVENESS 16.5/25

JESSICA CAMERON, USER EXPERIENCE CONSULTANT, USER VISION

Tesco's website makes it easy for customers to complete their grocery shopping online. The search functionality is the element of the experience that really shines, with a useful multiple item search and consistently relevant results. Visitors may be forced into relying on this feature, however, as navigation around the site is hampered by poorly labelled categories and incomplete filtering options. More descriptive category labels and links between different sections of the website would make shopping easier, and could also entice customers into adding even more to their shopping baskets.

MOBILE 19/25

ROB THURNER

MANAGING PARTNER, BURN THE SKY

After nosying around both the Tesco mobile website and the

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

Tesco Groceries app for Android, we're confident the retailer's digital offering is still in order. It delivered continuity – with items in our shopping basket accessible across both digital channels – Clubcard integration, cross-device UX consistency and even a barcode scanner. So, despite Tesco's recent troubles, the grocer continues to lead the pack when it comes to mobile website experience. However, it's not yet gold stars all around; the app layout at sub-category level feels like it would benefit from some TLC – every little helps.

INTERNET RETAILING IN STORE 16/25

LOUISE GARVIN

CONSULTING MANAGER, JAVELIN GROUP

As a leader in the online grocery market Tesco's digital and operational strengths are evident with key digital interaction points such as Click & Collect for F&F and GM relatively well established. The Tesco turnaround is underway and trials and tests appear to be carving out the way forward for future digital interactions in stores. Digital is visibly at the heart of the thinking with plans to overhaul store wifi and plans to quadruple the amount of access points, but in practical terms, how the customer experience will evolve appears to be in trial mode. 





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A decadian view

This October InternetRetailing celebrates its 10th anniversary Conference. Ian Jindal takes a moment for some decadian reflection.

INTERNETRETAILING launched at the transformation of the 'technical web' into the 'working web' so the agenda for this year's InternetRetailing Conference is an opportunity to take a decadian view over our industry's development.

Each year has been the 'year of mobile', yet the actual transformation happened silently and almost unnoticed. Like the changing of the seasons, there was no one single point, but rather a recognition that 'things had changed'.

For a young consumer the mobile is everywhere and everything – the 'remote control for our brands'. Ever-present, highly capable and at last competently integrated, the mobile connects our many systems, service points, locations and offerings – always in the palm of the customer's hands.

At NRF in January this year, one could have been forgiven for thinking that ecommerce had never happened! The expo covered the latest in digital and integrated stores and the newest and most integrated mobile systems and services. The ecommerce folk were in the minority and in fact promoting their store and mobile credentials.

Ecommerce was a necessary step to introduce digital channels, start integration and create the underpinning data to power mobile and POS!

Reflecting upon the last decade, the 'trend of trends' can, with much controversy, be seen as the dissolving of digital channels (and even ecommerce as a stand-alone) and the renaissance of the store, all powered by mobile adoption and capability.

Another trend – less glamorous, but certainly fundamental – has been the cyclical replatforming of retailers' operational architectures.

These robust, immense and optimised systems were perfected for a different age, rooted in the last century. The combination of improved business case (now that digital revenues are clear), a cyclical investment opportunity and competitive pressures have seen multichannel logistics and operations move from the back office to take centre stage. The offers we make to our customers, and the fulfilment of those promises, now more than ever sit with our supply chain colleagues (for whom we launched eDelivery.net and magazine this year).

A further trend has been the growth in direct commerce. Department stores and traditional retailers led the last decade, based on their honed retail skills and customer contact. The current focus is for brands to move from a wholesale model to a direct-to-consumer operation – getting closer to their customers and recovering margin.

Within brands, the necessary cultural and organisation changes have only recently started. Head office teams will now be managing the real-time hurly burly of sales, returns and customer sentiment.

This leads me to a view of the major trends for the coming decade. While it's tempting and fun to consider the technology changes, I suspect that customers are used to (and expect) a never-ending stream of novelty and capability. The bigger impacts will come not from the technology but from their impact. I see this in three areas – and the seeds of the decade ahead are already germinated.

The first is a transformation of the customer relationship: from retail brands (based on service, location and availability) to product brands (who own the DNA of the


product, the imprimatur of promise, experience and memory) – brands that will be increasingly available.

This change will be seen in a rise in marketplaces to mediate and aggregate customer interest, the second major trend. In Europe our research shows that some 41% of all retail visits go to Amazon and eBay (Source: IREU Footprint), yet there are over 200 other marketplaces growing alongside these giants: specialist, niche, b2b, craft, retailer-driven... We are pleased to have added Tamebay to the IR family this summer to focus on these changes.

Over the coming decade we'll see customer affinity being shared between key brand, favoured marketplaces and relevant retailers. Brands will benefit but many mid-capability retailers will feel the squeeze.

Alongside these changes we'll see a necessary focus upon staff and skills, our third trend. The battleground to convert and retain customers is increasingly moving to the edges of our business: the front-line staff in store, contact centres, delivery and social. These staff need the support and resources to drive our business in front of the customer. Equally, behind the scenes, all teams need to have embraced and incorporated digital, flexible working and customer-commercial focus.

While we may not get 3D avatars, psychic shopping or nanobot deliveries this decade, the changes to our businesses will be more fundamental and perhaps more challenging than the last decade's technology-and-growth stories.

At InternetRetailing, eDelivery, eSeller and Tamebay, we look forward to the next decade. It will be more challenging, but almost certainly more rewarding and exciting too. 

The industry gathers

October sees the tenth, annual InternetRetailing Conference and the launch of the eDelivery Conference. *Emma Herrod* shares a preview of who'll be there and how you can join in the debates.

THE InternetRetailing Conference is well known for being a practitioner-led, case study based event.

Delegates are used to hearing from professionals who have led and delivered significant projects for globally-renowned retailers, brands and services. They've listened to the lessons those retailers have learned and how they have overcome the challenges of the day be that the introduction of ratings and reviews, personalisation, rich media or customers collecting their online purchases from store.

2015 sees the tenth annual InternetRetailing Conference taking place on 14 October. It takes a decadian theme as it looks to the fundamentals of multichannel retail, looking past the trends – which in this fast-changing industry every twitch, innovation and new opportunity can be hailed as a trend – to assess the longer term directions and currents.

By being part of the fabric of retail and multichannel over the past decade, the three keynote speakers are able to analyse the past and focus on the future when they stand up to speak to delegates at the InternetRetailing Conference on 14 October. They are aware that the coming decade is a time of full integration, of digital leadership transforming the organisation and also a time of customer expectation and intolerance for anything less than excellence. As they look forward, the

I keep coming back because it's the leading innovation conference in the UK
 Andy Harding, Chief Customer Office, House of Fraser

notion of a 'decade' might lull the industry into just awaiting a rosy future but as they know action is needed on a daily basis and so as the keynotes consider the future, the industry must adopt a '520-week' view that helps balance the urgency of "now" with the importance of the "next".

Starting the keynote session at 9am is Peter Williams, Chairman of two online retailers – boohoo.com and Mister Spex – as well as being Chairman of Jaeger and non-executive director of a number of other businesses including property portal Rightmove, cinema chain Cineworld and Sportech owner of the Football Pools. His Board background includes iconic brands such as Selfridges and Asos so he has been involved with retail from many different business structures and stages of growth.

Also bringing his expertise and decadian view to the Conference is Patrick Bousquet-Chavanne, Member of the Board & Executive



Director - Marketing & International, M&S. With more than 25 years of extensive experience in the international branded consumer goods industry, in London, Paris and New York, Patrick will be able to draw on extensive knowledge and experience in developing and marketing brands globally – along with a broad knowledge of enhancing business performance and customer experience.

The third keynote speaker is Gareth Jones, Deputy CEO and Group Chief Operating Officer, Shop Direct. He has seen the company transform from catalogue company to digital leader and has driven dramatic growth at the company since joining as Brand Director for Very.co.uk in 2009. Gareth's responsibilities span ecommerce, customer experience, intelligence and services, strategy, Very Exclusive, fulfilment, operations and process excellence.

The InternetRetailing Conference though is also a place for debate and with delegates as senior as the speakers, the q&a sessions are as informative as the presentations, getting to the crux of the subjects and the conference tracks: The Customer; Product & Services; The Order.

IRC: THE CUSTOMER

Without customers there's no business.

While customer acquisition, retention and conversion has always been at the heart of retail strategy, rapidly evolving technologies have enabled a host of new tools to connect with, sell to and fulfil new expectations for product availability and delivery.

One technology that has revolutionised retail is mobile. Ten years ago mobile was nowhere, now it is everywhere and leading ecommerce growth. New Look, for example, saw mobile orders rise 115% in its last financial year. The company's Group Digital Director, Jack Smith, will share how the company managed this rise to a point where mobile now accounts for 45% of all online visits.

Social media has also dramatically changed the way that consumers interact with brands, but what complexities and challenges need to be understood before social can be fully leveraged to enhance customer engagement which can be harnessed as a competitive weapon? Dara Nasr, Sales Director, Twitter will share all.

As Caroline Rolfe, Global Director – Digital, ghd advises ahead of her presentation, "Deepen your customer connections by taking that extra step online and you will reap the rewards throughout your business".



John Lewis

"Retailers must remain agile in their systems and operations and keep everyone in the organisation on board with omnichannel change to ensure that the customer is kept at the heart of the business"

Paul Coby, CIO, John Lewis will share a view of how the company remains as one of the UK's most loved retailers

IRC: PRODUCTS AND SERVICES

Rapidly evolving technologies have presented a host of new opportunities to entice and delight online shoppers but reaching audiences needs to become smarter to cut through the other clutter fighting for attention. Sarah Baillie, Head of Multi Channel Business Development, House of Fraser will look at questions such as why it is necessary for retailers to manage the entire customer experience and how journey mapping can increase loyalty, ROI and customer satisfaction.

Driving a seamless customer experience across customer touchpoints is an absolute imperative for retailers hoping to win business from the 'on the go' consumer. As Mark Felix, Director – Online Trade, John Lewis will tell delegates, getting to grips with the omnichannel journey and the impact of merchandising is key to defining metrics for success.

The next phase of the retail revolution is data driven, personalised customer experiences. Computers can analyse data faster than humans and accurately predict what products and content are most relevant to a site visitor. As Jon Asbury, Multichannel Director, GO Outdoors believes, using automated systems to deliver relevant and personalised content is another step on the evolutionary ladder.

IRC: THE ORDER

The 'unit of commerce' in multichannel is the order. More so than the sale, it is the creation of an order that drives operations to pick, pack, ship and deliver – whether to home, store or collection point.

Offering a superior customer experience is essential to drive satisfaction but also loyalty – and speed and flexibility are at the heart of what customers are demanding from retailers today, believes Gaetano Sodo, General Manager, Global Ray-Ban Direct-to-Consumer, Luxottica Group. ►

Internet Retailing Conference

Sponsored by  demandware

14th October 2015, Novotel, Hammersmith, London

1 Day
3 Tracks
FREE Workshops



Mobile Faux-Pas That Hurt Your Conversion Rate

TIME: 11.20

Our speakers will provide examples of typical UX obstacles and how to fix them. During this workshop our UX experts will walk delegates through 10 common UX mistakes and touch on the principles of great UX that can be used to deliver high-performing mobile experiences.



Finding the Opportunities You Never Knew Existed

TIME: 11.20

This session will deep dive into the world of online marketing for eCommerce to see how traffic flows to websites. From the high level we start by learning which channels are most important, and then dive into the specific successful tactics of market leading companies.



Mapping Your Online Personalisation Strategy

TIME: 11.20

In this workshop, we will explore tactics for discovering your high-value audiences, crafting tailored experiences, and quantifying the impact on your key business goals.



Common Fraud Disasters...and How to Avoid Them!

TIME: 14.00

This workshop will review common fraud pitfalls and how merchants can avoid them while protecting their business and their customers.



Top 5 Strategies for Optimising Omnichannel Personalisation

TIME: 14.00

Utilising real-life customer examples, this workshop explores the top 5 strategies retailers can execute to maximise revenue and profits through omnichannel personalisation.

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Track Sponsors:



Robin Phillips, Multichannel Director, Boots will share insight into bridging the gap between mobile and in-store and how brands can drive loyalty in an increasingly fickle market.

What of retailing tomorrow? Ecommerce is advancing at an unprecedented pace with new technologies and strategies driving retail growth, innovation and new opportunities for ROI. Where are the biggest growth opportunities and how are retail giants and new entrants using technology to win and increase market share in the brave new retail universe? Martijn Bertisen, Director - Retail, Google UK will close this part of the Conference with his views on 'technology to futureproof your business'.

EDELIVERY CONFERENCE

The inaugural eDelivery Conference (EDC) will take place on 13 October – the day prior to the InternetRetailing Conference. Again, focusing on the board-level discussion, the eDelivery Conference will celebrate the collaboration, imagination and rigour of supply chain professionals and explore how today, tomorrow and in the coming years they can truly fulfil the multichannel promise.

As ecommerce growth within retail has been enabled by click and collect and cross-channel capabilities, so the focus with multichannel retail has turned to the logistics, operations and supply chain professionals 'behind the buy button'. Increasingly seen as a service to the customer-facing commercial teams, and our focus in our inaugural eDelivery Conference is to consider how the increasingly-demanding promises are made and delivered.

eDelivery Conference is the 'Rosetta stone' between the hard-iron realities of large-scale operations and the irresistible force of the connected customer. The Conference will follow the Board-level agenda between expert, senior operations and supply chain leaders with their commercial peers on the Board.



MADE.COM

"Innovation in delivery and m-commerce are going to be key for retailers over the next few years. The big players in e-marketing are going to need to evolve very fast on these points"

Julien Callede, COO & Co-Founder, Made.com will share lessons from the trailblazing retailer's growth and give a view of the future of e-delivery for the retail industry

HEAR FROM THESE BRANDS AT IRC & EDC



However, eDelivery is a peer-led Conference and so we will not only look at the 'solutions' offered to the business, but the approaches, challenges and learnings that underpin the successes.

The conference will be keynoted by Shop Direct who will present not just on their experience and achievements but give a three-way view, illuminating how through working across silos they affect change and delivery for the demanding multichannel customer. Three senior leaders – Paul Miller, Director of Logistics; Dan Rubel, Group Strategy & Communications Director; and Jonathan Wall, Director – eCommerce, will share the retailer's journey from a giant in the mail order business to a pioneering digital retailer at scale.

The conference then splits into the three, intense parallel streams of Growth, Fashion and Apparel and The Non-stop Sales Cycle to investigate, analyse and debate the learnings, innovations and trends supporting the theme of 'Beyond the Buy Button'.

EDC: GROWTH

Delivery and fulfilment are quickly becoming the point of differentiation for retailers vying to cash in on burgeoning commercial opportunities entailed by the rapid increase in online shopping. But how do you align supply chain, delivery and customer experience, what are the implementation costs associated with various models and how can retailers win on both timing and profit margins?

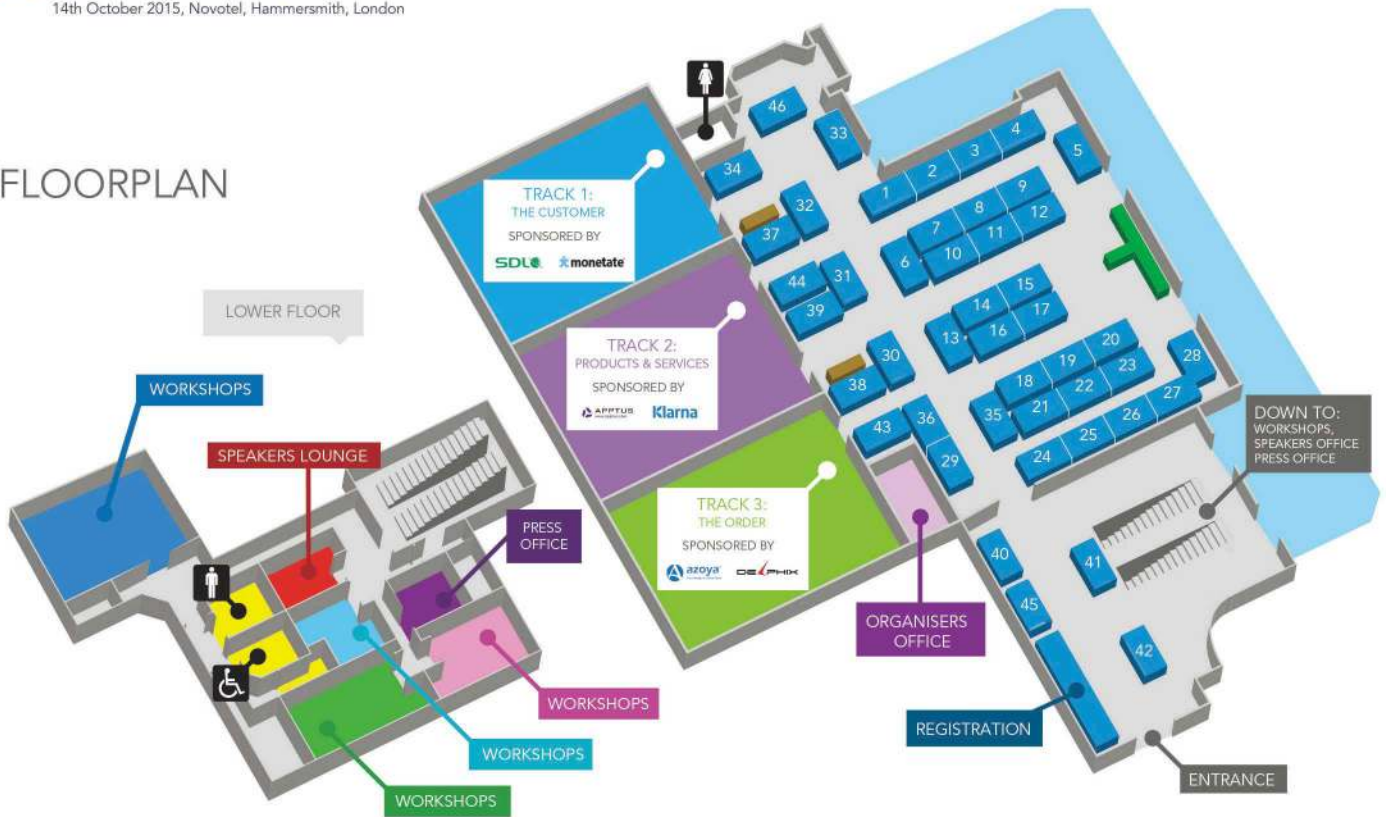
These are some of the issues that the expert speakers in the 'Growth' stream, including Craig Wheeler, Operations Director, feelunique.com, will be addressing.

"We've seen a lot improvements in the way retailers are attracting customers, and brands are building trust and communities, but ecommerce, and retail in general, is still far behind where it should be regarding order fulfilment," says Julien Callede, COO & Co-Founder, Made.com, ahead of his Future Ball Gazing interview to close this part of the Conference.

EDC: FASHION AND APPAREL

Given the fast seasonal turnaround, the vagaries of trends, the complexities of structured products, availability and returns, this track is focused on key learnings from the leaders in Fashion and Apparel. In a market where speed is key, customers can be here today, gone tomorrow. Fashion retailers have a small window of opportunity to put ▶

FLOORPLAN



EXHIBITORS

- | | | | |
|--|---|--|--|
| Stand 1
SLI Systems | Stand 2 / Track Sponsor
Apptus | Stand 3
Knapp | Stand 4 / Workshop 4
Optimizely UK |
| Stand 5
One iota | Stand 6
Amplience Ltd | Stand 7
Lengow | Stand 8
inRiver |
| Stand 9
Channel Pilot | Stand 10 / Bag Sponsor
Fact Finder | Stand 11 / Workshop 5
Kount | Stand 12
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Lyons Consulting Group | Stand 15
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wnDirect |
| Stand 17
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Stibo Systems | Stand 19 / Track Sponsor
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| Stand 21
Salmon | Stand 22
Ingenico | Stand 23
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| Stand 25 / Workshop 6
RichRelevance | Stand 26
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WORKSHOPS

- | | | | |
|----------|-------------------------|-----------------------------|--------------------------|
| 11.20 am | WORKSHOP 1
Usablenet | WORKSHOP 3
SimilarWeb | WORKSHOP 4
Optimizely |
| 2.00 pm | WORKSHOP 5
Kount | WORKSHOP 6
RichRelevance | |

customers and products together and to do this they must have control over their supply chains. How is the fashion and apparel industry overcoming a myriad of challenges to drive growth and innovation?

Guy Meisl, Head Of European Distribution, Deckers Outdoor is happy to admit that for retailers it isn't easy being trendy. He cites seasonal merchandise, short cycles and fickle consumers as just some of the challenges.

Richard Jenkins, Head of RFID Strategic Development, M&S will share insight into the challenges and rewards of the world's first full-scale RFID rollout. He comments: "Having control over the end-to-end supply chain is imperative in today's omnichannel fashion retailing. The adoption of RFID not only increases stock accuracy and availability but also drives improved customer satisfaction."

Omnichannel fulfilment adds extra challenges. Every retailer has to make choices around how they can leverage inventory throughout the supply chain and retail store network to provide a seamless customer experience. Alex Watson, Global Transport Manager, SuperGroup and Nicola Wilson, eCommerce Development

The only conference I go to every year

David Walmsley, Director of Multichannel Development, Marks & Spencer

Manager, Joseph are among the panel of retailers who will debate the issue of fulfilling new omnichannel demands.

Xavier de Lecaros-Aquise, Co-Founder & COO, Girl Meets Dress will close this part of the Conference with a view of the 'Supply Chain of Tomorrow'.

EDC: THE NON-STOP SALES CYCLE


Selling does not stop with the sale. The explosion of customer information readily available on shopping preferences and habits has increased retailers' ability to measure, forecast and deliver customer preferences and demands like never before.

Sainsbury's, for example, offers ship from store, locker collection, Click & Collect as well as reduced delivery times, but what do customers value more – lower delivery costs, speedier service, more delivery options? Dave Crellin, Head of Online Operations Development, Sainsbury's will share insight into its customers' expectations.

A proportion of what is sold is also returned and multichannel aftersales management can be disastrous to the bottom line, customer experience and back room operations and practice. However, as Alistair Sercombe, Head of Customer Returns, Argos will show, it can also be turned from a logistical challenge into a commercial opportunity.

Supplier relationships though are increasingly critical to supply chain effectiveness. Working with multiple carriers, diverse networks, modes of transport and fulfilment models can be challenging. Maxim Romain, General Manager – Europe, Wayfair, will share his experience of collaborating with suppliers to increase efficiency and ROI.

As Andy Brown, Central Operations Director, Argos Stores comments, ahead of his presentation in which he'll share his view of the future of e-delivery for the retail industry: "It takes inspiration, customer insight and the ability to test, learn and scale to not only keep up with changing customer demands but to push the boundary for the wider retail industry".

To view the full agendas, details of the companies exhibiting and to register as a delegate, visit internetretailingconference.com and edeliveryconference.com. 



Internet Retailing Awards 2015

24 September 2015, Mandarin Oriental, London

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IMAGINATION...DELIVERED

2015'S AWARDS reflect the market buoyancy and the continued success of, and innovation within, the dynamic multichannel retail sector. **"We're delighted to be headline sponsor at this year's InternetRetailing Awards. We're particularly excited to see the latest and greatest in ecommerce marketing and to see those leading from the front gain the recognition they deserve. Best of luck to all those shortlisted and congratulations to the winners."** Skip Fidura, Client Services Director, dotmailer

Nominated by you, our editorial team, judges and industry experts – the final decisions rested with our esteemed judging panel. Read on for the 4th Annual Internet Retailing Awards full list of nominees and to see how you can decide on who takes home the InternetRetailing Award, at the Mandarin Hotel on the 24th September

The best retailer award as chosen by the judges will be exclusively revealed on the night

Want to spend an evening of glamour with the leading names in retail?

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The **InternetRetailing Award** is chosen by you, the readers of **InternetRetailing**

All shortlisted retailers are eligible

Join the conversation and tell us who you want to win the **InternetRetailing**

Award by tweeting us your vote to

@ir_awards with **#theawards15**

SHORTLIST

The Innovation Award

The shortlist: Amazon, Girl Meets Dress, Google, House of Fraser, Marks & Spencer, Shop Direct, Waitrose



The Mobile Award

The shortlist: House Of Fraser, Naked Wine, Spreadshirt, Yoox.com

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SINCE 1849

naked
WINE



YOOX.COM

The Digital Store Award

The shortlist: Argos, Boots, The Dandy Lab, Dixons Carphone, Halfords, Made.com, Marks & Spencer, The Entertainer



The Dandy Lab



halfords

MADE®

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The Customer Award

The shortlist: ao.com, Dixons Carphone, eSpares, IKEA, John Lewis, Lovehoney, Watchfinder, Zopa



John Lewis

Lovehoney
the sexual happiness people™

WATCHFINDER



The International Award

 sponsored by Fact-Finder

The shortlist: ASOS, Deckers Brands, Ideal Shopping Direct, Maclaren, River Island, Swimshop



DECKERS
— BRANDS —

ideal
SHOPPING
DIRECT LTD



RIVER ISLAND

SWIMSHOP

The Market Entry Award

The shortlist: Hello Fresh, The Dandy Lab, Vente-Privee, UK, Yes Sir



The Dandy Lab

vente-privee

Yes Sir!
ONLINE GROOMING FOR MEN

The Service Retail Award

The shortlist: British Airways's app, Dressipi, Etsy, Farfetch, UBER



dressipi

Etsy

FARFETCH

UBER

The Brand Award

The shortlist: Alexandre Meerson, Boden, Burberry, The Cambridge Satchel Company, Michael Kors, UGG

ALEXANDRE
MEERSON

Boden



MICHAEL KORS

UGG

The B2B Multichannel Award

 sponsored by dotmailer

The shortlist: Alexandra, Eurooffice, Rs Components, Staples, Tradepoint



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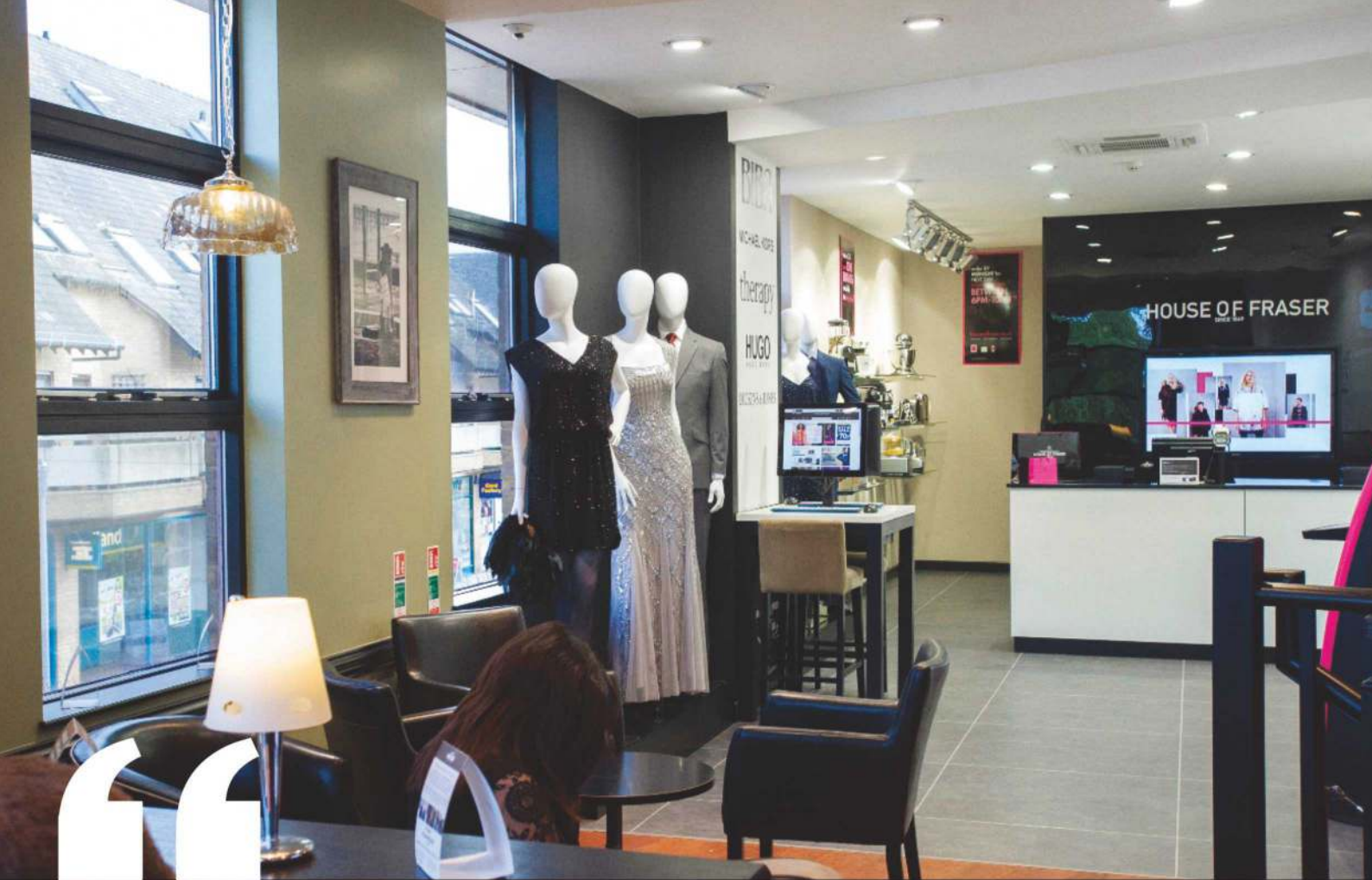
To find out more about Christmas guarantee
visit: www.hermesworld.com

*Our Christmas 2015 guarantee applies to current Hermes customers that ship over 100,000 parcels per annum only (at the time of going to press). For every parcel received into our network with a UK mainland address by 23:59 on Monday 21st December 2015, we will visit the relevant address at least once to make delivery of the parcel in time for Christmas Day, otherwise we will refund the cost of the delivery.





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Makes delivery easy.



Fight through the clutter and map your customer's journey to increase loyalty, ROI and customer satisfaction.

Sarah Baillie, Head of Multi Channel Business Development, House of Fraser will present on cutting through the clutter to get customers' attention.



Internet Retailing Conference: 14 October 2015
Don't miss Sarah's presentation - Stream 2: 14.00

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 **Internet Retailing**
Conference Sponsored by demandware
14th October 2015, Novotel, Hammersmith, London

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13 October 2015, Novotel, Hammersmith London

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From etail to retail

'From e-tail to high streets' through stores, concessions and collaboration – who's doing what and why; how are they using online insight offline and how are they finding the move to physical spaces and omnichannel retailing? *Liz Morrell*, InternetRetailing's Research Editor, investigates.

IT'S NOT so long ago that pure play retail meant just that – a retailer that stuck to the online channel they had launched in often seeing themselves a step above their more antiquated, slower to react high street counterparts with their (gasp, shock, horror) physical stores on the high street. The future of retail was destined to be online with bricks and mortar stores relegated to rack and ruin.

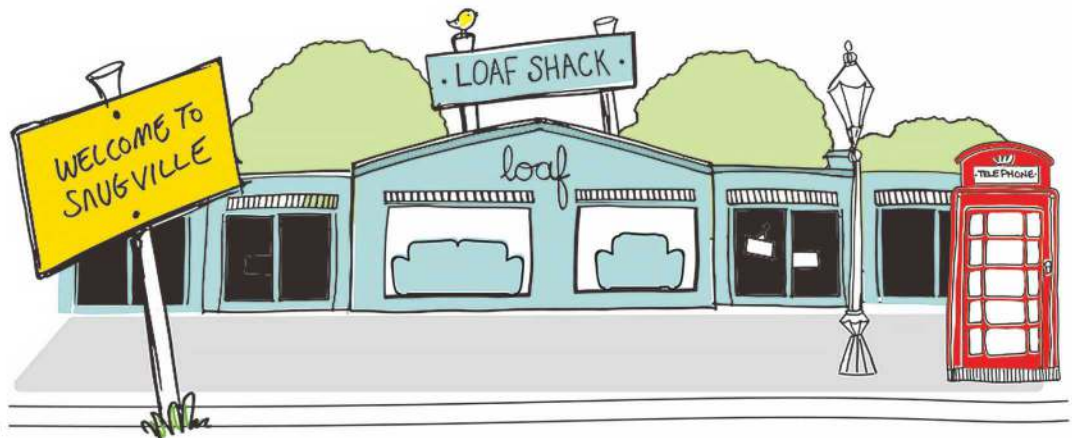
However, as is the crazy world of retail, such predictions failed to come true and today we live in a world where the pure plays are turning to the high street themselves to survive – appreciating the extra appeal that a physical high street representation, whether through stores, concessions or pop-ups, can bring to a brand's kudos and the positive impact it can have on the customer experience.

Everyone has done it – from small, newly formed brands to giants such as eBay and Google proving that, in the world of omnichannel, restricting yourself to just one channel no longer necessarily works.

Whilst eBay's first pop-up presence was more about brand awareness its subsequent retailer tie-up with Argos gave it a physical representation it didn't previously have and has since expanded to include newsagents too.

Amazon has also come to the high street through its lockers network but also with continual rumours of its own high street presence – from its first physical stores last October to the rumour of the acquisition of a number of RadioShack stores in the US to enable its own click and collect network in February to a partnership with three US universities to provide pick-up and drop-off locations for its customers – the latter being the only one to have so far happened.

In March, Google opened its first shop-in-shop within Curry's PC World in London's



Tottenham Court Road, showcasing its range of phones, tablets and laptops. Further stores are planned.

The move to the high street is not just for the retail giants. Online furniture retailer Made.com, which launched in 2010, has physical showrooms in London and Leeds to support its etail business and is to open a third store in Liverpool. "We find that they are a great way for customers to see and feel products before going back online to purchase," says UK Country Manager Annabel Kilner.

Whilst the company says it will never have a network of stores across the UK it has come up with an interesting physical alternative through Unboxed – a social showroom that anyone can visit to see who has bought from Made.com and how they have styled their piece.

"The next step we're trialling is to incentivise our ambassadors on the platform to open up their homes as showrooms. If visitors then go on to buy a product they have seen the Unboxed user will receive a percentage of the sale," says Kilner. For Made.com it's the best combination of physical and etail. "While the internet is unlimited in the physical world we come up against limitations all the time, which is why Unboxed is such a positive development. It allows us to sidestep these difficulties and seamlessly blend our online and offline presence for customers," says Kilner. ►



“Bringing mobile and in-store together will really delight and engage your consumer anytime, anyplace, anywhere.”

Robin Phillips, Multichannel Director, Boots discusses going beyond being a shopkeeper to integrate mobile and in store.



Internet Retailing Conference: 14 October 2015
Don't miss Robin's presentation - Stream 3: 12.30

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Made.com competitor Loaf is also going physical. Its 8,000 sq ft Loaf Shack Battersea showroom will open this autumn. “We’ve been lucky enough to have an awful lot of customers who purchase on the web but the big prize is getting out to the masses and you need a showroom to do that,” says Charlie Marshall, Founder and Head of Loafing at Loaf. “Physical spaces will be crucial to our growth,” he says.

DEFINED BY ONLINE

Even new etail businesses are moving quickly to the high street. Womenswear retailer Peak Boutique launched its first store in May 2015 – a year after it launched as an online specialist. The Newcastle upon Tyne store is the first of further stores planned. “It was always part of the plan,” says Managing Director Jenny Peng Gillender who is using her online order data to define strategy for further stores. “It’s lovely being able to actually know your customer by face and build a relationship with them and the customer experience has improved 100% as customers have said they prefer to feel and try on the clothes,” she says.

The experience has also shown a difference between online and offline demand. “Some things that haven’t sold online so well have flown out in store and vice versa so it gives us two different avenues,” says Peng Gillender.

Whilst some brands are choosing stores, others are opting for the concession route. Missguided.co.uk launched its first UK high street presence in June in Selfridges at intu Trafford Centre after doing similar in Nordstrom in the US.

Australian design your own shoe retailer Shoes of Prey has also launched a concession business in Nordstrom in the USA and within David Jones in Australia. “We moved by creating offline experience spaces that deliver on all the questions our customers had about our product,” says Co-founder Jodie Fox. The move was a result of the most commonly asked question the retailer faced – ‘what will the shoes look like in real life’. “When we dug into this we found that it actually meant that women wanted to try the shoes on to know how they felt, they wanted to see the materials and understand the quality and these all pointed to an offline experience,” says Fox. Now it’s a route for growth with more stores and more countries planned next year.

Fellow shoe business JustFab launched its first store – a proof of concept for its brand – in the US last year. Now the company is

launching a six store rollout for its Fabletics brand business. “Adam Goldenberg, co-CEO of JustFab Inc, and I have proudly built our businesses on the foundation of ecommerce,” says JustFab Inc co-CEO Don Ressler. “That said we would be foolish not to recognise that there are still plenty of people who prefer to shop in a traditional brick & mortar store – and we want to introduce those people to Fabletics and FL2 as well,” he says.


LESSONS

Moving from etail to the high street can provide valuable lessons about the customer that can help a business grow overall. “We’re excited about being able to connect with customers through our stores, and learning more about them through that channel – what they like, what they don’t and what they want to see from us,” says Ressler.

Fox has already benefited from such lessons. “We’ve learnt about what touch points are important to consumers in store and about the customer flow that we have been able to integrate into the online experience,” she says. “We’ve also learnt a lot about sales technique that is very different to the way we had been approaching things online before. It has opened up a whole new way for us to identify the friction points that our customers experience,” says Fox.

It would seem therefore that etail to retail is a natural evolution today but it is certainly something that was rarely part of many etail businesses early business plans. “If you had asked me about opening a store in the early days I would have said you’re crazy,” says Fox.

Loaf’s Marshall says the same. “When we launched I thought we wanted to be an etailer because that was the opportunity at the time,” he says. Now that idea has changed. “The goal is to open ten stores across the UK over the coming years. We see ourselves becoming an omnichannel retailer with the website, brochure and physical spaces working in harmony to support and inform each other,” he says

Marshall says he believes many other businesses will do the same: “To be perfectly honest we think it’s going to be a struggle for pure play retailers to make significant profits just through online as it’s become increasingly expensive to market one’s site. I believe the future of retail will see ecommerce brands migrating to physical spaces with multichannel platforms working more intelligently alongside each other”. 

“It has opened up a whole new way for us to identify the friction points that our customers experience”

The following guest article has been written for InternetRetailing by Richard van Welie, Chief Editor, Research & Advice, Ecommerce Europe. Ecommerce Europe is an association representing 25,000+ companies that sell products and/or services online to consumers in Europe. Founded by leading national ecommerce associations, its mission is to advance the interests and influence of ecommerce in Europe through advocacy, communication and networking.



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The march of global marketplaces

Global marketplaces are on the rise and this trend will likely continue over the next few years. This is evidenced by the marketplaces' impressive revenue growth and Gross Merchandise Volume. *Richard van Welie*, Chief Editor, Research & Advice, Ecommerce Europe examines why retailers cannot ignore marketplaces.

RETAILERS ACROSS Europe believe that the market share of marketplaces will continue to grow, reaching around 40% of the global online retail market in 2020, according to a study by the Ecommerce Foundation. However, the 'Rise of the Global Market Places' study also found that retailers consider themselves superior and are not the least worried.

The market share held by marketplaces currently hovers between ten per cent and thirty per cent depending on the country, so a rise to forty per cent represents significant growth over the coming years. In this regard, it is interesting to note that retailers generally see their own company grow over this period as well.

This leads to another interesting conclusion: retailers seem quite positive about the impact of marketplaces. For instance, they are only slightly worried about the impact of Alibaba and Amazon, while they are more positive about companies such as Apple, Google and Facebook.

In addition, retailers tend to overestimate their performance in comparison with global marketplaces. They consider themselves to be stronger in almost every field, and especially at customer-facing processes, with IT development and big data being the only fields in which marketplaces are believed to be slightly better.

Currently, retailers are often already using online marketplaces to support their operations, and predominantly for marketing, domestic sales, IT and analytics and big data. "These activities fit in with what the respondents believe is the most positive aspect of marketplaces," says Prof. Jory Abraham, Managing Director, Ecommerce Foundation.

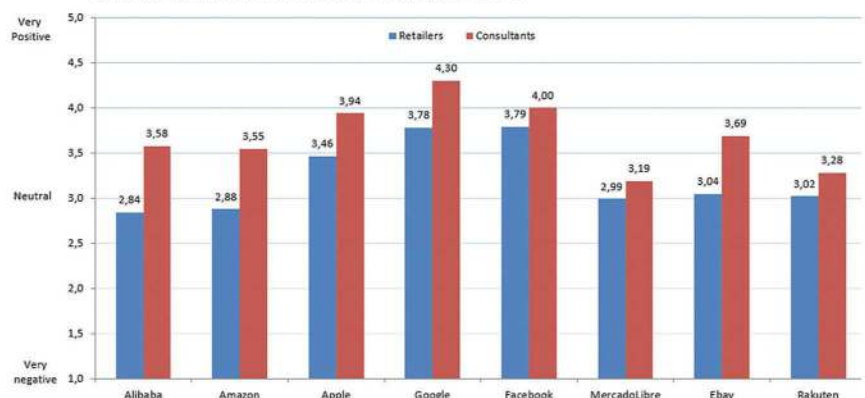
"Through online marketplaces, they can reach more consumers, without a lot of additional effort. This also makes marketplaces an ideal place to start cross-border activities, as you can test your product or service without having to set up a foreign online shop at the start."

The study also highlights four critical factors as keys to marketplaces' success: assortment, prices, convenience and inventiveness.

NEGATIVE INFLUENCES

The impact of marketplaces also has its negative sides. First of all, they are not cheap to work with. Price is an important pillar for ecommerce platforms and in order to keep their prices as low as possible, among other things, marketplaces try to take as much margin from their suppliers as possible. Together with the fact that as marketplaces become increasingly dominant in the retail industry, smaller retailers are often forced to cooperate in order to survive.

HOW RETAILERS AND CONSULTANTS RATE THE IMPACT OF THE MAJOR GLOBAL MARKETPLACES ON THEIR BUSINESS



The study also shows an interesting difference between the opinions of retailers and retail consultants; both of whom were amongst the 274 respondents and interviewees questioned about the influence of marketplaces, retailers' capabilities and time to adjust, perceived barriers and appropriate strategies for dealing with marketplaces. It turns out that consultants are not as rosy about the retailers' future. They believe that retailers lack the skills and leadership in order to properly deal with the rise of global marketplaces. As a result, retailers respond too slowly and cautiously to these occurring changes.

MORE CHALLENGES

The interviews provided further interesting insights from C-level managers around the world and highlighted the fact that global marketplaces are not the only concern for retailers. Increasing market transparency, more powerful consumers, the sharing economy and new technology also pose new challenges.

Therefore, retail may look very different in 10 to 20 years, whereby a scenario where marketplaces are the dominant force is not at all unlikely. After all, marketplaces are estimated to have a market share of nearly 40% and, according to a study among 12,000 consumers, shoppers expect to buy 50% of their goods and/or services online in 2020. This would lead to a so-called "Platform Empire" scenario, in which retailers and brands will still exist, but may have lost up to 70% of their traditional market.


"We have conducted this research in order to provide retailers with a much needed wake-up call. And based on our results, we offer them three tips for dealing with online marketplaces," says study co-author Prof. Kitty Koelemeijer of Nyenrode Business University in conclusion. "First and foremost, retailers should never ignore them. Retailers can learn a lot from the marketplaces' successes and failures, and even though it will come at a price, they also offer a huge customer reach. Therefore, retailers should balance the accompanying costs with the benefits and decide for themselves what will work best for them.

"Second, retailers should choose a specialism and become an expert within this area. This way, they can offer customers better and more customized service than marketplaces. Having inventory will become much less important, as they actually may only offer services."

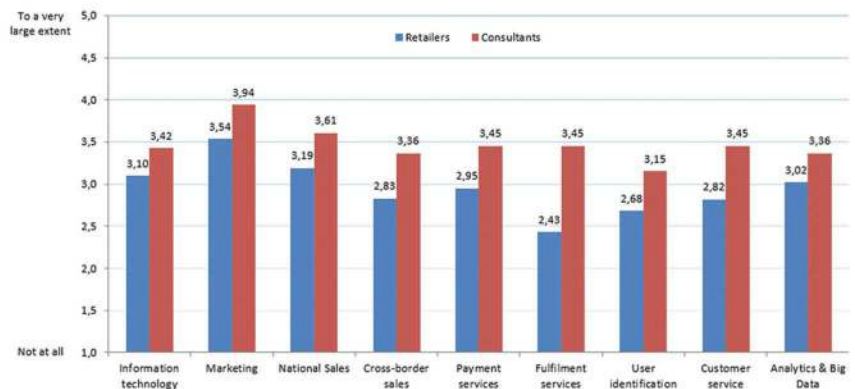
WHY MARKETPLACES RISE

Marketplaces work with a lot of suppliers and as a result, they can offer a very broad and deep assortment, giving the customer a wide range of solutions to their quest for products and/or services. In addition, marketplaces can offer their items at a lower price than retailers because of the scalability of their platform. Also, convenience is a key aspect for online platforms. They strive to make the customer experience as smooth as possible, which is evidenced by developments such as one-click buy and same-day delivery. As a result, they excel in customer satisfaction.

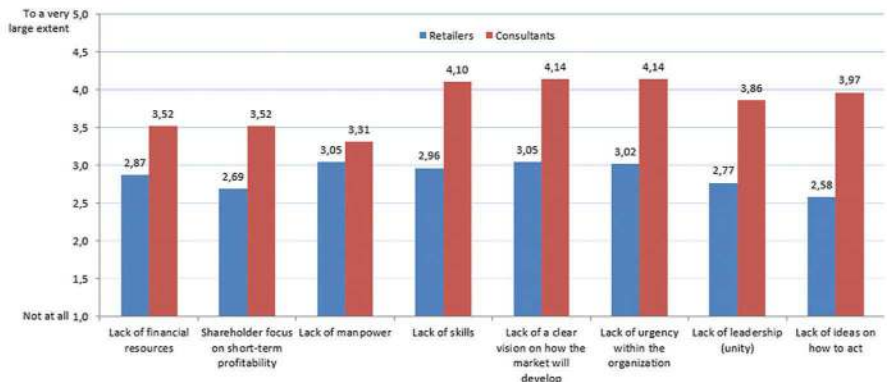
Marketplaces combine these three success factors with a form of inventiveness that is remarkable for companies of that size," says Prof. Abraham. "For example, Amazon now has more than 150,000 employees and it still is able to remain quite innovative, by developing new products and services that benefit both the platform and consumers. They are able to combine continuous innovation with operational excellence, which gives them a clear edge over the more traditional retailers and brands."

"Finally, pure players are often 'right-brained' supply chain 'machines'. This offers an opportunity for omnichannel brands and retailers to create a company with a heart. Build a strong relationship with both your employees and customers, so that people will definitely grow fond of you." 

THE EXTENT TO WHICH RETAILERS USE MARKETPLACE SERVICES TO SUPPORT THEIR OPERATIONS, ACCORDING TO RETAILERS AND CONSULTANTS



THE BARRIERS THAT RETAILERS FACE TOWARDS DEALING WITH MARKETPLACES, ACCORDING TO RETAILERS AND CONSULTANTS



“Innovation in delivery and m-commerce are going to be key for retailers over the next few years. The big players in e-marketing are going to need to evolve very fast on these points.”

Julien Callede, COO & Co-Founder, Made.com will share lessons from the trailblazing retailer's growth and give a view of the future of e-delivery for the retail industry



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Stalking the silent killer

Few retailers it seems have a very clear understanding of the costs of omnichannel fulfilment: it is something they cannot or will not measure. As every manager knows only too well, what you cannot measure you cannot control – and those fulfilment costs are a very real threat to retail profitability. *Penelope Ody* investigates.

ASK OMNICHANNEL CEOs about the profitability of their online orders and the answer is unlikely to be one of unremitting glee. According to the annual JDA and PwC CEO survey, fewer than two in 10 of those questioned could say that they were fulfilling omnichannel orders profitably: put another way it could mean that 81% of retailers cannot make a profit from omnichannel delivery – or more likely have no idea whether they are or not. Returns, shipping direct to consumers, and ship to store for customer collection were ranked as the top three loss-making activities in the survey.

Quote these figures to retail consultants and the response is disbelief: not surprise that so few are making profits on these orders, but incredulity that any of them actually are. “I would guess that the 19% claiming to deliver profitably are perhaps being economical with the truth,” says Dan Murphy, Partner with Kurt Salmon. “Over the past few years I’ve worked with many retailers and none of them is making money on home delivery. Pure plays have an entirely different cost base so they can make profits, but traditional retailers have always depended on the customer to fulfil that last mile – i.e. take the goods home with them – so their cost to serve is entirely different.”

A few years ago, in a growing market, when online orders barely accounted for three or four per cent of any retailer’s sales, there was little pressure to evaluate delivery costs. Today when online can hit 25% or more, those little losses on each order are mounting. “Retailers cannot continue to hide these costs under the carpet,” says Murphy, “CEOs and CFOs will ultimately call a halt and perhaps we’ll see home delivery charges going up to a realistic level.”

Back in the mid-1990s when Tesco launched its home shopping service, its rivals calculated that each home delivery actually cost £25, leading the then IT Director of Waitrose to declare that his company would never get into online grocery until those costs were down to £5. Today the true cost of picking, packing and delivering each online grocery order is still significantly more than the nominal amounts actually charged to customers, so it is hardly surprising that Tesco, following a similar move by Asda, recently upped its minimum online order to £40.

MARGINS

“Retailers may have a view of the total costs involved,” argues Craig Sears-Black, MD for UK and Ireland at Manhattan Associates, “but not the actual cost per order as the level of granularity simply isn’t there, so it is difficult to make appropriate offers on free or reduced delivery costs.”

If, he argues, a particular item is high margin then offering free delivery on that line will still lead to a profitable sale. Similarly if a particular customer has a high potential lifetime value then occasionally making a loss on ▶



delivery can be sustainable. What is needed is not just immediate real-time information about the stock availability of every SKU, but its margin, location, storage and despatch costs, as well as individual customer history and buying pattern.

For example, if Mrs Smith in Bristol wants to collect tomorrow from her local store an item that is currently only available at a warehouse in Birmingham, then is it cost effective to fulfil if Mrs Smith has a history of returning 50% of the items she orders? Should she be charged for collection or told that the item is unavailable? Retailers may have much of the information needed to answer such questions lurking somewhere in their systems, but they are unlikely to have the analytics, integration and number-crunching capability to deliver it in real-time to the webpage when Mrs Smith places her order.

The result, says Sears-Black, tends to be a blanket – one size fits all – approach to delivery charges. John Lewis may have introduced a £2 charge for click and collect orders, but with suitable technology, suggests Sears-Black, it could be more selective charging only where margin is damaged or where customers have a poor purchasing history. “Such tactics are a blunt instrument rather than being item-specific,” he says, “because retailers don’t have the necessary information.”

The technology certainly exists to provide this sort of instant item-level information with rules-based engines capable of recommending profitable or preferable solutions in real-time – but it’s unlikely to be a low-cost option. “How to make omnichannel more profitable is top of mind for retail CEOs,” says Jason Shorrocks, Retail Strategy Director at JDA. “They know they must improve efficiency, but it’s a big investment and involves major change so most retailers have been putting it off, but as the proportion of online orders has grown, many realise that they cannot put it off any longer.”

As a result JDA is seeing increasing investment in up-to-date warehouse management systems, automated picking and in-store systems to cope with click and collect. “Retailers are also looking more closely at what customers actually want,” he adds, “rather than just joining the ‘arms race’ to keep up with what their competitors are offering.”

PREDICTING THE DEMAND

JDA’s customer surveys, for example, suggest that convenience is becoming more significant than speed of delivery, so a local pick-up or

handy locker site may be preferable to goods “guaranteed within 90 minutes”. Amazon appears to be hedging its bets on customer preferences by using predictive analytics to ensure that sufficient top selling lines are in convenient locations to give rapid and local delivery. If, for example, current purchasing patterns suggest that five of item X will be sold in Manhattan tomorrow, then Amazon ensures that five item Xs are in town, with its staff taking trolley loads of parcels on the New York subway to provide rapid delivery.

“It is still important to balance inventory against cost,” adds Shorrocks, “you need inventory optimisation or what we call ‘destination driven demand’ to make sure the products are in the right place. We’re seeing retailers develop one of the, perhaps, five or six outlets they have in a region as a mini-fulfilment hub, where additional stock is located. That can then be moved quickly to nearby stores to meet customer demand.”

Customer demand may be rather easier to meet than customer expectation if the twitter storm experienced by Tesco when it upped its minimum order level is any indication. Shoppers have become accustomed to “free” services – be that next day delivery, same-day collection, free returns or whatever. Introducing realistic charges for such services will be challenging, but may soon become essential: no doubt where John Lewis leads others will soon follow and much click and collect will soon have a price tag attached.

Dan Murphy recounts a recent conversation with some fund managers covering European retail stocks. The financial watchers, it seems, are starting to worry about retail profitability and are trying to analyse the online costs incurred by the major omnichannel players. “Their view is that the major investments needed for online – technology, infrastructure, marketing, promotions and discounts, returns, logistics, ecommerce headcount and so on – are generating massive and growing losses for all these retailers,” reports Murphy. “The phrase they’re using is ‘The Silent Killer’.”

With online sales continuing to grow, today’s approach to low-cost delivery and collection may well be unsustainable. Clever technology may – at a price – help to bring those overheads down but, one suspects, the subject of “omnichannel fulfilment costs” will become a rather worrying Boardroom priority. 🌈

“Margin, location, storage and despatch costs are needed as well as individual customer history and buying pattern”

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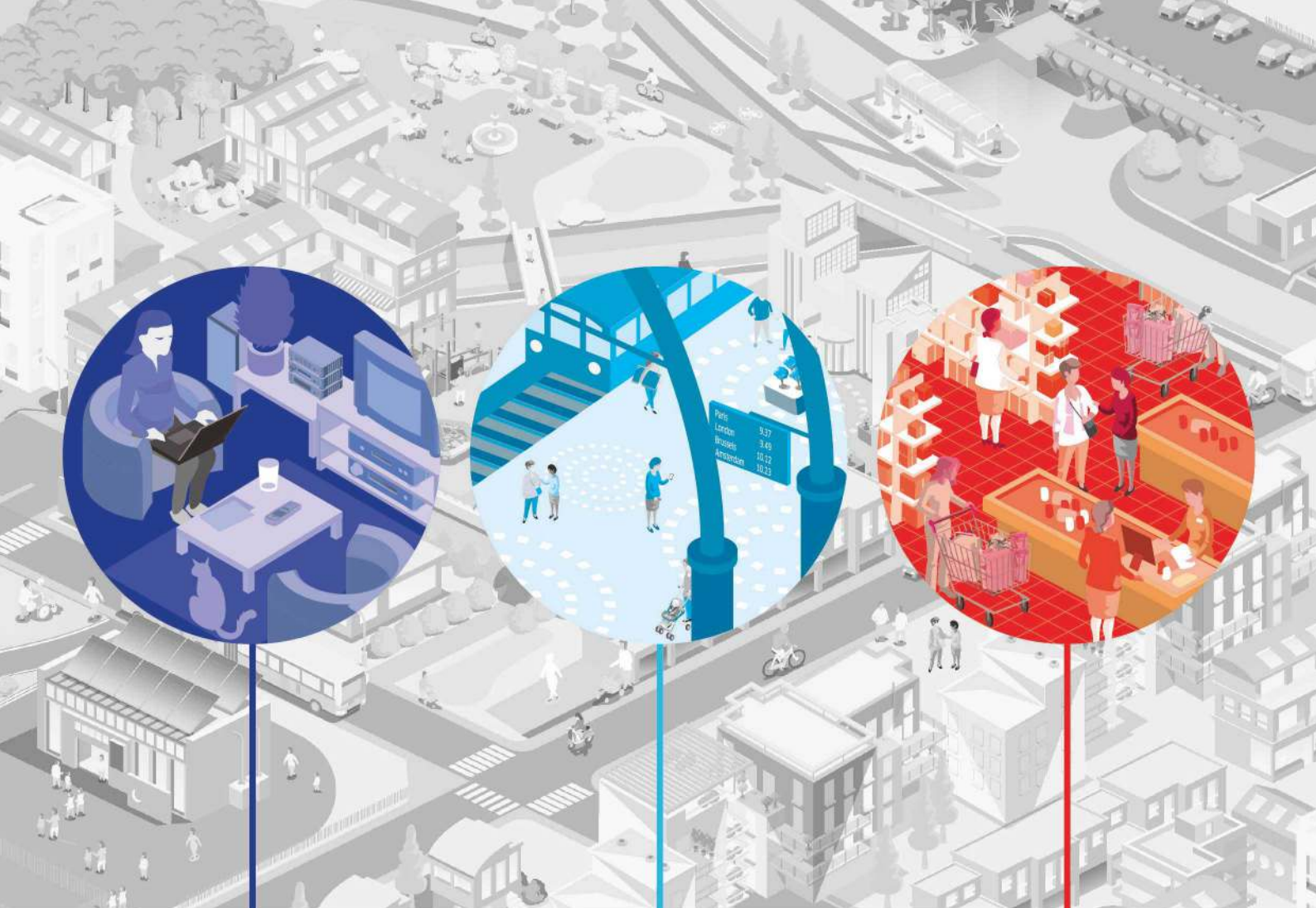


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End of the free lunch

John Lewis shocked the industry by bringing in a charge for its Click & Collect service at the end of July. *Emma Herrod* takes a look at the thinking behind the move and the implications for the industry.



JOHN LEWIS introduced free Click & Collect in 2008, understanding before many of its competitors that the high street model needed upending. Three years later it expanded the locations from which customers could pick up their online purchases to the network of Waitrose stores as well as the independent CollectPlus network. The benefits for the business are there for all to see: the service has been a massive success and is still growing, processing six million orders over the past year compared to 350,000 in its first. It has helped online shopping sales' share to more than treble, from 10% to 33%, and produced record-breaking sales figures in 2014. "It's an archetypal case study of how bringing a new model into an industry can revitalise and refresh it," comments Hedley Aylott, CEO, Summit.

However, John Lewis Managing Director Andy Street has referred to the free service as "bonkers" and "unsustainable".

As of 28 July this year, Click & Collect is no longer free: John Lewis customers are now being charged a £2 fee for orders of under £30. Is this a first step that will lead to a major change across the retail industry, a backwards step for John Lewis or simply a

message to customers that there is a cost to fulfilling orders?

The company says that the charge reflects the unprecedented growth of online shopping and is its way of ensuring that the service remains fit for the long term. Click & Collect has rapidly grown to become the fulfilment option of choice for customers with 56% of all online orders collected. Every night tens of thousands of parcels are shipped from John Lewis' distribution centre to more than 360 collection points across the country ready for customers to collect the following day.

Mark Lewis, Online Director at John Lewis, comments: "We offer our customers a wide variety of delivery options but we know right now the delivery option of choice is next day Click & Collect. The change... will mean that the majority of orders will remain free of charge while allowing us to invest further in the expansion of Click & Collect to ensure it continues to delight customers as it grows in popularity."

The retailer is investing more than £80m in its supply chain and £100m in IT this year alone – the latter being five times more than it invested five years ago.

But how far does the new £2 fee go to offsetting the investment for the longer term? "The reasons given by John Lewis certainly do make sense, when viewed in a logistical context. "Transporting small ticket items between stores and depots is not cheap, so the retailer is well within its rights to add a markup," says Aylott.

Andrew Starkey, Head of e-Logistics at IMRG, agrees: Click & Collect has become sufficiently popular and retailers are starting to understand the costs involved in fulfilling orders per unit per movement, he explains. These costs will be different for each retailer and depend on the extent of their store network, whether they are fulfilling orders from stock that is already in the store (and that they have visibility of that stock) or whether customer orders are despatched from a warehouse. Starkey adds that the cost is ►

Free C&C is bonkers and unsustainable



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dependent on whether Click & Collect orders are sent to a store at the same time as stock for store replenishment. If a store receives stock only on a weekly basis then next-day Click & Collect orders have to be sent separately, such as via a carrier. A B2B delivery is cheaper than a B2C one but the retailer still incurs a cost.

“If it’s a large order, it’s worth retailers carrying the cost – which is still cheaper than delivery to home. For a small order, there is a cost,” says Starkey, especially when you consider that fulfilment of Click & Collect orders to Waitrose outlets will consist of stock not held in store.

COST & THE WIDER ISSUE

Shoppers are used to the concept of order thresholds for free delivery to home, and Amazon has recently raised its to £20, or £10 if an order includes books or other home entertainment products. Amazon Add On is used as a way to increase the basket size by offering customers inexpensive products that tip the basket value over the threshold to qualify for free shipping. Mudit Jaju, Digital and Data Partner, Head of Ecommerce, EMEA, MEC, suggests a similar approach for John Lewis: “I would like to see John Lewis potentially use this as a way to engage with manufacturers: shipping incentives are highly valued by consumers, and brands want to be close to things that consumers value.”

While retailers such as M&S have announced that their Click & Collect service will remain free – and even expanded to franchised Simply Food stores – John Lewis is not alone in introducing a charge. For example, Sport Direct – a retailer that thrives on its in-store discount model – overhauled its online offer with a £5 Click & Collect service. “Expensive, you may think,” says Aylott. “But when you offer a £5 in-store voucher it suddenly becomes a savvy move, altering its business model to one that is cross-channel and highly competitive.”

Despite it being launched only in the second half of the year, the service already accounts for more than 20% of the company’s UK online orders, a figure that the company is hailing as “exceptional”.

Tesco, which offers free Click & Collect on grocery orders over £25, raised the minimum shop to £40 from 23 July, a move that highlights the cost of picking grocery orders in store. The charge for orders below the threshold currently stands at £4. In-

store collection of orders from Tesco Direct remains free.


At some point, retailers will have to hold their hands up and admit that the party is over, believes Dan Murphy, Partner, Kurt Salmon. John Lewis has taken a brave step, admitting that the cost of Click & Collect is unsustainable. It ships Click & Collect stock from central locations rather than existing store stock, so its costs are higher than other retailers. Although it won’t be covering the full cost of the service by introducing a £2 charge, it will be highlighting an important message for customers: there is no such thing as a free lunch.

Until retailers start to charge customers the true cost of delivery, they will effectively be paying their customers to shop with them, and this is unsustainable. The more this service grows, the worse the problem becomes. “At some point someone will have to stand up and say the economic model does not work. John Lewis just said this in a very quiet way,” says Murphy.

Starkey believes that the retailer, as a market leader, hasn’t taken the decision lightly. But he does think it’s a “sensible move” and one which could be followed by others. He says that they will at least “have got their calculators out now that John Lewis has let the genie out of the bottle”.

Click & Collect, though, is all about convenience for the customer. Other retailers may follow suit and introduce a charge, or shoppers may go elsewhere – or choose the convenience of a third party collection point. “It’s a brave move by John Lewis, no doubt driven by sensible cost management and a strong belief in their in-store customer experience proposition,” says Surash Patel, CSO, mGage. “The question that remains is whether less loyal shoppers will want to pay the premium.”

Phillip Smith, UK Country Manager, Trusted Shops, puts the cost to customers into perspective: “Of course some shoppers will berate the charge but many of them would think nothing of leaving a £2 tip in a restaurant for food to be delivered only a few paces from the kitchen – something has to give.”

However, if customers are paying £2 to collect their order from their local Waitrose and perhaps then going on to fill a basket with goods costing over £30, I for one think that John Lewis parcels should at least be handed over with the same smile that you get for a £3 home delivery. 

“At some point someone will have to stand up and say the economic model does not work”

Destination connection

Shopping centres are competing to become destinations for consumers looking for more than just a quick trip to the shops. *Emma Herrod* investigates how they are using digital to enhance the experience and provide omnichannel services that alter the customer-retailer-landlord dynamic.

THE GROWTH of online retailing opened up a great deal of opportunities but it also struck fear in high streets and shopping centres, not only in Britain but in the US and many other countries, too. However, the past three years have seen shopping centres rethinking their offering and changing from places where consumers just grab a quick bite to eat or a drink in between shopping into destinations in their own right. Leisure facilities such as climbing walls, ice rinks and spas have been added along with speciality food halls. Wi-Fi has become an expected free service and parking charges now vary depending on the time of day and volume of vehicles.

Click & collect rates at shopping centres can be double the industry average

CLICK & COLLECT

“In the past three years, the symbiotic nature of physical and online has become clearer,” says Ed Cooke, Director of Policy and Public Affairs at the British Council of Shopping Centres (BCSC). He adds that this has mainly been led by fulfilment and click & collect. Shopping centres have used fulfilment as an added service to attract shoppers and are offering locker banks such as Amazon Lockers and collection points.

Many shopping centres, including those owned by Hammerson, intu and Capital & Regional, have linked up with CollectPlus to act as collection and returns points. Retailers are finding that these extra services are boosting



centre sales. British Land, for example, says click & collect rates at its shopping centres are “more than double the industry average at peak times, and two-thirds greater during off-peak”. Some 64% of customers using click & collect services at its retail parks – particularly out-of-town – go on to make further purchases, and 23% buy food.

The firm has also worked with the Duddle parcel collection business, which has opened one of its first outlets outside railway stations at British Land’s Ealing Broadway Shopping Centre.

Westfield London, known for being a fashion destination, offers shoppers an enhanced buying experience: not only can they collect their orders here but they can also try them on in dedicated changing rooms with staff on hand to help with returns. The service is offered with CollectPlus. Soft seating and refreshments are also available in the CollectPlus@Westfield Lounge with free parking bays for shoppers collecting or returning purchases. “We’ve taken what would have been a painful process, simplified it and made it more enjoyable,” says Myf Ryan, Director of Marketing – UK & Europe, Westfield Europe.

The Lounge pilot is part of a broader strategy to use digital solutions to enhance the customer experience and to drive sales opportunities for retailers at the centre, explains Ryan. For example, Westfield hosted a future fashion pop-up using digital technology such as virtual reality, gesture tracking and fashion avatars to showcase the spring/summer 2015 fashion trends and take shoppers “on an incredible virtual journey, which pushes the boundaries of fashion and technology,” according to Ryan.

During the eight week-event, the centre also ran its #editme microsite, which used SnapFashion photo recognition to pull together the best looks for the season for each shopper using items sold by Westfield retailers. Shoppers could then edit the selection further and share their wishlist.

Ryan comments: “From research Westfield conducted we know that shoppers are eager to explore new fashion technologies and are intrigued by new virtual ways to experience it: 52% would use augmented reality in a retail environment and 57% are tempted by virtual mirrors.”

MOBILE

Mobile, though, currently forms the backbone of digital in shopping centres and its growth over the past two to three years has been as



Intu has installed free mobile phone charging points so customers can stay connected

much a game changer for retail landlords as it has for retailers themselves. In fact, a third of under-24s will walk out of a shop if there is no mobile signal.

Mobile has cemented the omnichannel trend and the need to provide a seamless experience, explains Trevor Pereira, Commercial & Digital Director, intu. It has also led to intu reviewing its shopping centre strategy and investigating what it needs to do to support the omnichannel trend. Three years ago, it invested in retrofitting fibre across all of its centres, from which it could hang free, high-quality Wi-Fi. The mobile network was then available for shoppers and tenants alike as well as helping intu with its own operations such as buildings management and security. The company has also installed free mobile phone charging points suitable for most Android, Apple and Windows phones so shoppers can stay connected.

Intu has been working with mobile operators to make 4G available in all common areas and shops at ten of its centres so people can remain connected even if they aren’t using the Wi-Fi. This, Pereira says, enables any customer to stream video when walking from one end of the centre to the other.

Mobile is also enabling shopping centres to connect with consumers while they’re on site. Westfield and British Land have both trialled iBeacon technology to send offers direct to shoppers’ smartphones and Hammerson has announced that it will be rolling out this service across its portfolio during the course of this year. Trialled at its Marseilles shopping centre – Les Terrasses du Port – in May, Hammerson’s Plus app uses Bluetooth beacons and geolocation technology to send shoppers personalised content and offers that are relevant to their previous behaviour such as browsing, the way they’ve redeemed offers and the stores they’ve visited.

According to its financial report, such tools enable it to send “timely, relevant and highly targeted” messages to shoppers, “driving loyalty and spend.” To ensure it gets the maximum value from this data, Hammerson says it has strengthened its team with digital and loyalty experts and invested in class-leading analytic platforms.

It is this connection with shoppers where a major change in shopping centre organisation is happening. In the past, landlords such as intu ran B2B operations with its relationship being with its tenant retailers. It has now expanded into a shopper-centric model ▶

emulating the hospitality and convenience sectors, explains Pereira.

Ryan agrees: "Connected retail is massively changing how everyone connects with consumers." It's about enhancing the brand experience; changing from a functional relationship into an emotive one and almost having a conversation with shoppers that's not just beneficial but also creates a streamlined experience for them. The shopping centres' role, adds Ryan, is to make that experience "frictionless and enjoyable".

DATA

"Five years ago the idea of a landlord having a conversation with shoppers was largely unheard of," says Cooke. Ryan agrees: "It's been gradual but really picked up in the last three years." She adds that this has been driven by online retailing and consumer demand. Landlords are interacting directly with shoppers through digital, email, social and mobile.

It hasn't just changed the relationship between shoppers and shopping centres but also between the centres and retailers. There has been a real convergence of data sharing between landlords and retailers as they work together on events and promotions.

Landlords are collecting data and sharing it with the individual retailers at each shopping centre to help them get their promotions and pricing mix right for the specific location.

Many destination shopping centres have a mobile app through which they can engage with shoppers. Westfield's, which was launched two years ago, enables shoppers to customise the information they receive by their preferred centre as well as highlighting brands that they like or discarding ones they dislike. Information on the app is therefore more relevant to them with further content pushed from Westfield or third parties, making offers from retailers more relevant.

"We've always tried to keep a close relationship with our retailers," says Ryan but "what has shifted is the type of content and the speed at which it's needed". Consumers are becoming more demanding, she explains, so

“Five years ago the idea of a landlord having a conversation with shoppers was largely unheard of”

the centre needs to send something to them four or five times a day.


Intu has gone a step further and launched its own mobile-optimised website connecting customers with products from its retail tenants. Not only does intu.co.uk try to inspire shoppers with editorial-style content, information about its centres and offers from retailers, it also links to a transactional site with products from 200 shops. "The customer is now at the heart of everything we do," says Pereira. With a CRM database of over two million customers, he explains that the company's digital team is focused on communicating directly with them, sending them targeted offers by email which are segmented by demographic, behaviour and location.

What of the future and the opportunities for retailers and property owners to work closer together on greater convergence of online and physical retailing? Cooke sees the continued sharing of information between centres and individual retailers as critical. But he says that the priority is converting that data into intelligence in order to provide shoppers with the right product, at the right price, in the right place and at the right time. That's what retail has always been about but now there are more ways to do that, he adds.

However, this falls into the easier to say than do category, especially when retailers are still getting to grips with their own data. The time when shoppers can see exactly what is in stock in each shop in a centre is a long way off and a long way down retailers' priority lists.

Shopping centres will continue to innovate so they remain destinations connecting their retail customers with the increasing demands of shoppers, for whom experience is everything.

"I would be surprised if the pace of change keeps up with the level it has been. In the way that online growth is slowing down, the shift will slow down as well; it won't disappear – there will still be innovation," says Ryan, adding that mobile payments is one area yet to change. "Queuing to pay is still a pain point in a physical environment," she says.

InternetRetailing agrees. 



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The following guest article has been written for InternetRetailing by James, Pepper, Technical Director of independent IT Services company Vista Retail Support. The company builds, installs, supports and maintains EPOS systems for customers in the retail and hospitality and QSR markets including Subway, Dunelm Mills, Costa Coffee and Lloyds Pharmacy.

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Future-proofing in-store mobility will pay dividends

With the rise in the use of mobile in store and its importance in the omnichannel experience, InternetRetailing asked *James Pepper*, Technical Director, Vista Retail Support to share his expertise on future-proofing the technology.



MOBILITY IS expanding in retail, as store owners increasingly deploy tablets and other hand-held technology for assisted selling, customer self-service, staff training and visual merchandising.

The technology is being embraced in many different retail sectors where it drives efficiency and delivers multiple benefits. While bringing great improvements in customer engagement, it cuts costs, makes staff better informed and ensures that stock availability is optimised.

However, for any retail business, changing in-store technology is a major organisational upheaval that has many facets and needs to be thoroughly well-planned.

There are some fundamental requirements that retailers have to address if they are to guarantee a smooth and profitable transition to mobile technology in their stores.

Firstly, it is worth considering the purpose of the project. Is it purely to boost revenue, to comply with legislation or in response to customer demand? What is installed must produce a return on investment and be convenient and simple to use, so it is important not to let the project drift by adding more functionality than was in the original brief, unless it can be delivered within budget and on time.

The next step is to choose the right hardware. Hardware purchases are all too often chosen after the selection of the software solution and payment applications. This is a potential pitfall that must be avoided. If the device being deployed is a tablet, for instance, then it is likely that the peripheral components such as printers, hand-scanners and PIN entry devices (PEDs) will rely on wireless or Bluetooth technology. The connectivity with these devices needs to be robust, because if it is not, a retailer will have the kind of problems that keep helpdesks busy.

When selecting hardware, it is crucial to ensure it will work seamlessly with the chosen software solution and payment applications. To give some reassurance that the software solution being bought works in the day-to-day retail environment, case studies and references from the customers currently using it should be requested from the provider.

The everyday functioning of this technology will inevitably rely on a wireless LAN, which needs to be robust and entirely

dependable. To ensure connectivity does not fail, a retailer needs to ensure the premises are properly surveyed and the best solution for the specific environment is selected from the many on the market.

A poor Wi-Fi signal, interference from other networks and bungled installation will be felt in lost data, sales and revenue. Staff will stop using the new mobile technology, which in turn will have a negative impact on customer service and brand image.

To ensure the entire system works, a store operator needs to employ an IT services provider that is experienced in the surveying and installation of Wi-Fi networks.

Quality of deployment is a big issue that has the potential to ruin a newly-installed system. Therefore, the services company undertaking the work should have sufficient experience under its belt from a large number of retail customer projects.

Further expertise will also be needed if a retailer is going to use the new equipment to process payments. Compliance with the standards laid down by the Payment Card Industry Security Standards Council (PCI) must be guaranteed. A good Qualified Security Assessor will be able to lead a store operator through these requirements, with the caveat that it is easy to over-estimate requirements.

Once compliance has been established, the IT services company can successfully deploy point-to-point encryption of card payment data, standard chip-and-pin card security and Wi-Fi at point-of-sale.

But what if the equipment fails? In reality, it takes much administrative effort, expert diagnosis and support to ensure faults are remedied, so retailers should always obtain back-up with a high level of expertise and retail experience. Getting it wrong will result in repeat visits, additional costs, incorrect parts being ordered and general dissatisfaction.

It is also advisable that retail IT teams use remote monitoring applications to check the functioning efficiency and location of the new devices. Software updates can be deployed to the devices remotely, which cuts down the costs of future implementations.

Up to this point we have only considered the technology. But what about the staff who have to use it, or who may have to help customers take advantage of it? Introducing new technology into a retail environment will generate the need for training, so it needs to be carefully planned as part of a change management programme involving

THE ENTERTAINER

Toy retailer The Entertainer has recently rolled out a mobile solution comprising Samsung tablets, Bluetooth scanners, Bluetooth PEDs and Wi-Fi printers to support a drive towards better customer service and providing staff in its 101 stores with more accurate information. The new solution allows stores to place orders for delivery or collection, taking the pressure away from the till points, explains Sue Dorkin, IT Director, The Entertainer. This is something that's crucial during the busy run-up to Christmas, when 50% of the year's sales are processed between 1 November and Christmas Eve.

The roll out follows the development and trial of a series of Android Apps in 2014 across 23 stores. "The starting point for the project was a series of workshops to explore what our stores of the future would be like in terms of technology to support the customer experience, tasks and information," says Dorkin.

The key drivers were to:

- Take orders – for collection or delivery – away from the till points;
- Improve product information on the sales floor to provide a fluid shopping experience empowering sales staff at every stage of the customer journey;
- Provide a seamless and paperless process for Click & Collect;
- Provide a simple app with single print media to support all product and shelf-edge labelling;
- Ensure real-time trading information and Key Performance Indicators (KPIs) are available where they are most effective;
- Replace obsolete hand-held stock control terminals.

Across the 23 pilot stores, the new technology led to a doubling of orders generated for either delivery to the home, or for collection in-store. The company also increased sales opportunities by offering pertinent add-on items as part of the customer collection process.

"With the 30-minute click & collect operation now paperless, we can progress the order from pick to collection via the tablet, triggering all communications and allowing the customer to sign on the screen as proof of collection," says Dorkin.


The system developed jointly with Itim and based on its TRS solution for multichannel order and stock management, also enables store stock to be visible online and orders routed, based on a set of sophisticated business rules in TRS, for despatch from a store that may have the last piece of a 'must-have' product that is no longer available in the warehouse. Or, if necessary and cost-effective, the system will route the orders to multiple locations. This is not only great customer service, but provides a way of clearing pockets of de-ranged stock.

As Dorkin comments: "On the shop floor, it's all about creating a seamless conversation with the customer and never having to leave them to go and find out more information to complete the sale, meaning a more fluid shopping experience."

Changing in-store technology needs to be thoroughly planned

all stakeholders, including store staff, IT personnel, service partners – and customers.

By including all these parties in the solution-planning stages, it is possible to reduce the kind of resistance that leads to neglect or misuse of the equipment and failure to follow the new processes.

Shifting over to mobile technology can be a daunting and expensive experience for any retailer, but by following the guidance above, the chances of being left with dud devices, angry customers and an unexpectedly hefty bill will be substantially reduced. 



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A refreshing approach to
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Modus Shopparandi

Paul Skeldon, Mobile Editor, InternetRetailing.net investigates how retailers are creating a seamless, multiplatform, multi-device experience for shoppers.

CONSUMERS NOW 'shop' across a wide range of devices – including in shops – and the 'shopping' process is one that encompasses browsing, searching, comparing, reviewing, not just the actual buying part. In fact, 'shopping' is now a multiplatform, multi-device experience for most shoppers. If only it were for most retailers.

In fact, getting the user experience right across all these devices and channels – as well as getting it right and consistent across the different 'modi shopparandi' that consumers now have is possibly the biggest single challenge in retail today.

It is all about getting the experience consistent and the same across all devices, right? Wrong. While it may seem counterintuitive, the move towards shoppers flitting from one device to another, into a store and then back to the web should be a challenge in how to get the experience the same across all these faces, but it isn't.

Instead, the challenge faced by retailers today is to personalise the experience for the user – and part of that personalisation involves personalising the experience from device to device. For each consumer. Personally.

WHO, WHAT, WHERE AND WHY

Of course, behind the scenes there is the further complication that this personalised approach needs to somehow work seamlessly across retailer ERP and CRM, stock control, marketing and POS systems, but as far as the consumer is concerned what you are really trying to deliver is a personal experience at the front-end that, in an ideal world, intuitively knows the person, the device and what they are doing and where they are doing it.

The problem is that many retailers don't understand the subtle but important distinction between segmentation and personalisation, says Mike Harris, VP EMEA at Monetate.

"Instead of offering truly personal encounters with customers, a large number of retailers simply optimise or segment online experiences when they could be offering so much more," he says. "Imagine you are in a

restaurant and the waiter asks, 'how would you like your steak cooked?'; the options on offer are usually limited to 'rare, medium or well done'. However, true personalisation would see the waiter offering you 'medium-to-well done steak, with honey glaze and a side of creamed potatoes'."

So, how do you go about delivering an experience that is dripping in honey glaze? "Our first tip for engaging new customers is to understand what type of persona they are based on what we know about them," says Alan Thomas, Global Head of Digital Marketing and CRM at La Perla. "Are they a value seeker? An impulse shopper? A comparison shopper? We can usually categorise them early on by looking at factors such as how they arrived at our site, what pages they have visited, what products they browsed, etc, and then comparing their behaviours to those of similar customers in ►

OFFICE DEPOT GETS PERSONAL

Office Depot is a leading reseller of workplace products and services in Europe. It works with more than 6,000 associates under two brands: Office Depot and Viking. Established in 1986, Office Depot now operates worldwide in nearly 60 countries.

The company needed a personalisation solution that would enable it to track the behaviour of customer segments and easily create targeted experiences without using internal IT resources. Turning to Monetate's platform, Office Depot was able to achieve these goals and dramatically increase site engagement.

The retailer created tablet-specific navigation, added countdown timers to drive urgency on time-sensitive promotions, and executed multiple campaigns in real time.

The results were impressive. The retailer managed to launch 44 campaigns in the first 4 months and increased conversion rates by up to 3%. It also generated more than £2.5m in projected annual revenue.

By creating tablet-specific navigation it produced a 22% increase in revenue per session and generated more than £1.3m in projected annual revenue through use of a "free next-day delivery" countdown timer.

Before Monetate, Office Depot relied solely on its legacy ecommerce platform, which made it nearly impossible to target customers in real time. Even the smallest site change had to be processed by the internal IT department.

"We're passionate about our customers and are constantly looking for ways to better understand their needs," says Jonathan Newman, VP E-commerce & Marketing Operations at Office Depot. "Monetate's technology allows us to create, test, and deploy personalised experiences on the web. With Monetate, we can change any aspect of our website and target those changes to specific audience segments. For every dollar we spend with Monetate, I'm confident that we'll see a return of 15x return on investment in 2015 and 2016."

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our historical data. Once we know what kind of shoppers they are, we can target them very effectively with personalised, relevant offers and information.”

Thomas explains further: “For example, if we can predict that they’re looking for a certain product or style or collection, we try to present them with the relevant information as quickly as possible. If we determine that they’re shopping for a gift, we try to provide them with the right kinds of gift ideas. If they just want to browse online, but then purchase in our retail stores, we try helping them find a store nearby.”

IN PRACTICE

So, how do you do it? From a customer-facing point of view, one way to learn is to look at the best things that you do in each channel and work out how to apply them in other channels.

“So what can the online ‘shop’ learn from the real world shop?” says Joe Ballard from Hybris SAP. “In a store when you hand over the money at the cash register there is usually some human-to-human interaction often with the shopper seeking reassurance that they can bring the items back if they don’t fit or aren’t suitable. You need to look at how best to add that at the checkout online or on mobile, for example.”

This is where things such as live chat could be a boon. However, as many keen eyed observers may note, Amazon sort of tried this around the launch of its Kindle Fire, but keeps very quiet about it today.

With mobile you have to know why people use mobile and offer the appropriate experience, says Ballard. “More than 50% of people abandon purchases at checkout on mobile, but that doesn’t mean that mobile is broken – more it means that people don’t want to use it to actually purchase but for other parts of the process, so design your mobile experience accordingly.”

From a technical point of view the challenges are seemingly enormous, but many retailers are delaying their personalisation efforts based on two misconceptions. The first of these is that it is hard. Retailers believe implementing personalisation will create more work that will have to be designed, tested and measured.

The second misconception is that it is complex. Shattering one customer journey into multiple different journeys based on platform is going to be difficult and time consuming. A few retailers have already




“With mobile you have to know why people use mobile and offer the appropriate experience”

discovered these are myths and are acting on this knowledge to their advantage.

“The truth is that personalisation is far easier than many brands think,” says Monetate’s Harris. “Any web page, any email and all mobile interactions can be personalised and linked across channels. It’s not hard. It’s not complex. If anything, it should take just a couple of people to create and deploy personalised experiences for a few dozen meaningful audience segments. It can even be done in a couple of lunch breaks. In fact, IT shouldn’t even need to be involved. They’re busy enough, and it should only take a week to have a personalisation strategy in place – taking minutes to launch a campaign.”

In many retailers, the different channels are already siloed in quite a profound way. To many this has been viewed as being a bad thing, but in reality, it could well be what makes personalising the experience by device easier to achieve. The experience in fact does need to be siloed to work – the clever part is how you offer what is needed on each while still keeping the look and feel the same.

There is also the further challenge of how to allow exceptions to this, such as how to encourage more people to actually purchase on mobile. This will be fixed by payments, believes Hybris SAP’s Ballard.

“Things like Apple Pay, quick and secure in-app purchases and the use of the unique ID factors around a mobile number and a thumbprint are all going to make buying easier,” he says. “But mobile won’t replace desktop or store purchases, they will all just work together.” 

Insight around the world

MARK DOUGAN,
MANAGING DIRECTOR FOR AUSTRALIA AND
NEW ZEALAND, FROST & SULLIVAN

Attracting and retaining customers is the leading challenge for Australian retailers but only 58% of retailers have a customer experience management strategy in place, according to research conducted by Frost & Sullivan and sponsored by NetSuite and the Australian Retailers Association (ARA).

While customer experience management is identified as the top strategic priority among ARA members, many retailers are yet to develop and implement strategies to improve it. In addition, many are not formally measuring and monitoring the experience of their customers, with challenges including the absence of a single customer database, as well as a lack of a single commerce platform across all channels that enable the consistent management of a customer's shopping journey.

The study indicates that while over three-quarters of retailers currently have a customer database, its value and use is variable. Half of these retailers send promotional messages periodically to customers by email or SMS, but in most cases these efforts are generic and not targeted at individual customers. Less than 20% currently make an effort to measure customer value, which allows them to identify and manage their best customers. In addition, less than a fifth make a proactive effort to contact former customers that have not purchased for a while.

These challenges are raised against a backdrop of caution amongst Australian retailers, if not pessimism, about retail conditions in 2015, with a market that's expected to show limited signs of improvement; 39% believe conditions are worse than a year ago, with only 28% thinking they are better (compared to 35% in 2013). While high and inflexible operating costs, increased competition from online retailers, and recruiting and retaining staff were cited as key challenges facing retail businesses in 2015, attracting and retaining customers came in at number one.

On the positive side, the majority of Australian retailers are adapting to changing market conditions by becoming multi-channel businesses, with almost 90% now operating a website (up from just over 50% in 2013); over 80% having a social media presence (up from 32% in 2013); 61% offering transactional capabilities on their website (up from 38% in 2013); and 43% having a mobile website or app (up from 28% in 2013).

GORAN FAK, GLOBAL PRODUCT MANAGER,
EFFECTIVE MEASURE

Events, holidays and religion have a huge impact on how people use the internet. It's interesting to understand different regions, religions and local events so that marketers can tailor advertising accordingly. Effective Measure conducted research around internet usage during Ramadan in South East Asia and the UAE in 2015 and uncovered some interesting findings.

In Saudi Arabia most internet consumption occurred during the night (between 11pm and 5am). This is a dramatic shift to the regular behaviours for other months of the year. For UAE, Malaysia and Indonesia there was increased activity through the night and particularly before sunrise, but not as dramatic as Saudi Arabia. For example, in Indonesia there is a spike in Unique Browsers between 4am and 5am as people rise to eat before sunrise.

In Saudi Arabia, the peak hour for internet consumption during Ramadan is from 4am to 5am. This is compared to the peak outside Ramadan of 1pm to 2pm. In UAE, overnight traffic sees a dramatic increase during Ramadan, with internet traffic between 2am and 5am being twice that of other months. In the UAE, during the evening internet traffic peaks at 8pm, which suggest that people go online straight after Iftar. Morning and afternoon traffic for the UAE is lower during Ramadan suggesting that people are busy with other activities and/or on holidays during this time.

In Indonesia, internet consumption peaks in the early hours of the morning around 4am, while in Malaysia, it peaks

around 5am, both suggesting that they get up early before sunrise to access the internet and eat. Although Malaysians get up a little later in the morning when compared to Indonesians, Malaysian afternoon traffic is lower during Ramadan than other months suggesting people are busy with other activities leading to Iftar.

Understanding the impact of Ramadan on how different regions use the internet is hugely important to retailers and anyone conducting marketing to these consumers. Knowing peak internet usage times allows companies to make changes to their online marketing campaigns in order to deliver the right message to the right person, at the right time

OLIVER PROTHMANN, PRESIDENT, BVOH

More than 50 companies operate over 220 online marketplaces in Europe, proving the popularity of shopping online among consumers and the wide variety of offerings within European ecommerce. There are 39 online marketplaces in Germany alone, 24 in France and 14 in Italy. Even if many consumers are still not aware of it, ecommerce is so much more than just Amazon and eBay. In addition to these 'top dogs', many other marketplaces have established themselves, and are well able to meet the very specific wishes of the customer.

Most marketplaces differ significantly from their competitors. The mechanisms used by the providers are highly variable with, for instance, open and closed markets. In the former, the retailer can register themselves, where as with the latter, the operator decides who may or may not be included. Marketplaces differ often also in the types of offer (buy now, auction, classified) and also the possibility of whether the transaction – the change of ownership – takes place directly within the marketplace or only upon delivery of the goods. The 'Top-50 Online Marketplaces' listing – as shown on www.bvoh.de – shows the most significant foreign marketplaces according to the traffic in relation to one other.

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