Internet Retailing

YOOX NET-A-PORTER: LUXURY AT ITS CORE

Alex Alexander, CIO, Yoox Net-a-Porter Group on business and platform growth and the new London Tech Hub

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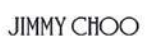
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Editor's comment

Omnichannel. It sounds simple but all of the elements have to be perfect for everyone. Staff need continual real-time access to the data necessary to conduct their role in the retail machine. Every cog, whatever its size, has to fit together perfectly as even the smallest misalignment of the tiniest tooth can result in a large mistake in the end customer experience. And then retail theatre and technology innovation are added to the machine which has to continue with its previous tasks without hiccup and juggle in the required changes in a seamless operation.

In this issue of Internet Retailing, we examine omnichannel, the journey that retailers are taking, the different approaches and how digital is impacting on other functions in the business as they all aim to come together as a seamless, omnichannel retail machine.

As well as working effectively, omnichannel must also be done in a way that is sustainable and as retailers better understand how it impacts on different areas of the business, the overall financial costings are becoming clearer. In a guest article, Bhupender Singh, CEO of Intelenet Global Services, examines how omnichannel is transforming retailers' financial function and how a strong operational foundation can be built to sustain critical future business decisions.

Stuart Higgins, Director – Retail at LCP Consulting shares research and insight into how omnichannel is impacting on the retail supply chain. As he mentions, in a guest article later in this issue, inventory deployment is the new maxim. While there is still a need to integrate front-end sales capability (whether store or online) with back-end fulfilment capability to deliver fully on the customer promise and ensure service and sales are maximised, retailers are recognising that integration is also an opportunity to improve business operating costs and net profitability.

You've probably heard it said before that 'data is the oil of the 21st century.' We're operating in a digital economy where data is more valuable than ever and, in today's connected world, marketers are sitting on a data goldmine. The challenge is, how does one turn data into insight and action, and then use it to deliver an omnichannel experience and to return the customer to the heart of the business? This is the subject discussed by Marcus Ruebsam, SVP, Global Head Strategy and Solution Management, SAP Hybris.

One area in which all retailers – whether pureplay or omnichannel – are investing and innovating is mobile. Paul Skeldon, InternetRetailing's Mobile Editor, investigates how mobile is changing the clicks versus bricks status quo. I, meanwhile, examine whether it's time to move stores onto the same platform as digital, mobile and stock. Luxury fashion retailer Farfetch is innovating with an omnichannel platform which can be rolled out to the independent boutiques that partner on its online site.

As Stephanie Phair, Chief Strategy Officer, Farfetch comments: "We believe offline stores will continue to play a critical role in the luxury market – it's expected that 75% of purchases will still occur in a physical location by 2025. Bricks & mortar is not going away, but it has to be done differently. People want an experience when they visit a luxury store, not just a transaction. To achieve this, the in-store and digital experience need to be connected – it is about knowing the customer's habits and preferences at all levels, whether they click on your website or walk through your store doors."

Another luxury fashion retailer with a vision, and the technical teams to build out that innovation, is the Yoox Net-a-Porter Group. Alex Alexander, the Group's CIO, shares with readers how a single global platform is being developed for its own online retail stores as well as for the luxury brands for which it operates flagship stores. He also speaks about the Group's new London Tech Hub and how innovation fits its plans to grow the business.

For further insight – on omnichannel, and other areas of online retailing – from other retailers, come along to the InternetRetailing Conference. Now in its twelfth year, the 2017 conference and exhibition is taking place in Hammersmith, London, on 5 October. The InternetRetailing team look forward to seeing you there.

Emma Herrod
Editor

CONTENT

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UK TO EU ORDERS AT 4 YEAR HIGH

Nearly three in 10 online orders placed with UK retailers are bound for an EU destination beyond our shores, new data suggests. Some 29.6% of all ecommerce orders shipped from the UK were heading across borders, in July, according to the IMRG MetaPack UK Delivery Index. That's up from the 24.4% of UK orders shipped in July 2015, and the 26.6% shipped in July 2016, soon after the Brexit vote.

Of that volume going cross-border, the share going to EU destinations reached a four-year high in July 2017, says the IMRG. It says that the split between EU and non-EU destinations has tended to be fairly even over the lifetime of the Delivery Index (which launched in 2011), but it reached 62.7% in July. The percentage going to the EU in July 2016 was 55.3%.

Chris Hoskin, Head of Marketing, MetaPack, said: "We can see a consistent rise in cross-border orders which over the last three months have all been over 60% of the total. Whilst we could assume that this is to do with sterling and the beneficial prices that overseas consumers are enjoying, we believe it is also part of a wider trend. As long as UK retailers can offer quality products with great delivery options at good prices, overseas customers are happy to make their purchases, and we have every reason to believe this will continue even once the UK is out of the EU."

Overall, delivery order volumes grew by 16.5% in July, according to the index, in contrast to sales revenue from online shopping, which was up by 11%. That suggests, says the IMRG, that discounting during the summer sales may have accounted for a significant proportion of those sales.

Andrew Starkey, Head of E-logistics at IMRG, said: "The established trend up until 2015 was for a month-on-month rise between June and July in the Delivery index, but last year this line flattened out and in July 2017 we saw a monthly dip of -2.6%. Last year was an exceptional time of course, being the month directly following the Brexit referendum, and July this year followed an exceptionally warm June that brought heatwaves, but it may be that we are also starting to record some impact of the establishment of Amazon Prime Day as a major sales event – the Delivery Index does not include marketplace orders so some of the volume may be shifting over in connection with Prime Day."

BOOST AT ARSENAL FC

Arsenal Football Club has seen fast growth in online sales, especially from mobile devices, since it relaunched its online shop, ArsenalDirect.com.

Fans of the Premier League club can now shop anywhere, any time and buy the official Arsenal kit, training wear and accessories on any device in four currencies: euros, US dollars, Australian dollars and British pounds.

These changes, on an SAP Hybris platform, follow an extensive research project into the needs, motivations, shopping habits and engagement preferences of supporters when shopping online.

The results have been seen through an 86% rise in mobile transactions since the project was completed, a 42% rise in online sales, and a 48% rise in sales from outside the UK. Page load time has reduced by 57% at the same time.

"Our new ecommerce platform has helped provide a speedy and reliable shopping experience for our supporters," said Simon Lilley, Retail Director, Arsenal Football Club. "Results have been fantastic, and we will continue to build on this to meet the needs of fans wherever they are in the world and however they choose to shop."

Using the site, ArsenalDirect will also be able to react quickly to events such as events, new player signings or new kit launches, says SAP Hybris.

Jamie Anderson, Senior Vice President and Chief Marketing Officer at SAP Hybris comments: "When it comes to athletics, fans can be particularly passionate consumers."

PERSONALISING CARPETRIGHT

Carpetright is focusing on online personalisation as it looks to boost in-store sales. The flooring and beds retailer, a Top250 trader in IRUK Top500 research, is working with Qubit on a marketing personalisation strategy in recognition of the fact that its customers often start on their purchase journey well before they come into one of its UK branches.

Qubit technology will be used as Carpetright, which has seen online sales rise by 74% and web traffic by 40% in the last year, focuses on tailored, personalised online experiences designed to drive customers into stores to complete purchases, and to encourage ecommerce transactions. It will be used to analyse customers through data, categorising their behaviour and intent to divide them into segments that can then be targeted with specific recommendations and deals, flagging up their local store at the same time. Landlords, for example, will be targeted with recommendations on affordable and long-lasting floorings, while new homeowners will have recommendations on samples that can be delivered ahead of a visit to a shop.

"Online has become an essential part of the customer journey at Carpetright as we focus on customer experience driven sales," said Mike Traill, Head of Digital at Carpetright. "If a website visitor doesn't convert, it's likely that we've lost them. This means we need to provide visitors experiences that engage them, like the opportunity to conduct pre-purchase research on ranges, as well as requesting samples."

Carpetright has 137 stores in Holland, Belgium and the Republic of Ireland as well as 434 UK stores and concessions.

VISUALLY SEARCHING ASOS

Asos UK shoppers can now use visual search to pinpoint the item they're looking for from the retailer's range of more than 85,000 items. The retailer, a Leading trader in IRUK Top500 research, has introduced the functionality to its iOS app so that shoppers can easily find products that look similar to one they've seen – whether that item was worn by a friend, posted on Instagram, or pictured in a magazine. Visual search will also soon be available on its Android app.

The visual search tool is currently shown as a camera icon that appears in the Asos app search bar. With a single tap, customers will be able to take a quick photograph of something they see someone wearing – and task the search tool to find similar products. Users can also upload photographs from their camera roll, such as a photograph they took previously or a screenshot from social media, and search for products that look the same.

Asos says the function is the latest step in a tradition that began in 2000 when the company was launched with the goal of making it possible for people to buy products they saw on screens. Other highlights have included launching what the retailer says was the world's first video catwalk – Asos says its catwalk videos are now viewed more than 35m times a month.

Eighty per cent of UK traffic for ASOS comes from a mobile device, as do almost 70% of UK orders, and people spend an average of 80 minutes a month in the ASOS app, says the retailer.

"We know this is where our customers are and it's how they interact with us every day, so we are always looking for ways that are mobile native to make their experience even better," said Andy Berks, Asos' Digital Product Director.

"Ever since Asos was founded, we have been driven by using innovation to delight our customers and improve their lives in little ways."

FEELUNIQUE TO LAUNCH CONCESSIONS

Leading European online-only beauty retailer Feelunique is to launch a concessions platform in September. The platform will provide Feelunique's customers with an even greater choice of products and brands by enabling certain brands to have their own designated area on the site and fulfil their own orders received through Feelunique.

The platform will enable established beauty brands that have a retail or direct to consumer business model to diversify and join the Feelunique platform and community, gaining valuable access to its international millennial customer base. It will also provide a unique platform for emerging brands and entrepreneurs to access Feelunique's international database of over one million active customers.

As a result, Feelunique's customers will have an even greater choice of products and brands to shop for, adding to Feelunique's unrivalled choice of more than 28,000 products from over 500 brands.

Feelunique's concessions platform solution will be provided by Mirakl, a leading global provider of online concessions platform solutions. Mirakl has also already provided a highly successful solution to The Beautyst, a site acquired by Feelunique in April 2017.

Joel Palix, CEO of Feelunique, explains: "The launch of our concessions platform is a very significant strategic enhancement of Feelunique's digital beauty platform and our 'beauty without boundaries' proposition. It will allow Feelunique to expand its already unrivalled portfolio of brands, add a further channel to our offering and provide brands with access to our highly sought after customer base."

The platform will be the first of its kind to be hosted by an international pureplay online beauty retailer.

RESULTS ROUND UP

Asda has outlined a multichannel strategy built around strengthening its store proposition, developing trusted online sales and a low-cost operating model in full-year figures that show sales falling by 3% and profits down by a fifth. Asda Group figures showed revenues of £21.7bn for the year to December 31 2016, 3% down on the previous year, while pre-tax profits came in at £791.7m, 19% down from £974.9m a year earlier. The retailer said that its sales performance was behind its expectations in a low growth market of "intense competition" but that in the final quarter of the year it saw sales improve following investments to price and services.

Sports Direct has reported group revenue of £3.2bn in the year to April 30, up by 11.7% on the same time last year. Pre-tax profits of £281.6m were down by 22.2% on last time. Chief Executive Mike Ashley said the retailer was on course to become "the Selfridges of sport," as it moves to a new generation of stores, and that trading in new flagship stores was "exceeding expectations".

Laura Ashley, meanwhile, has reported growing online revenues but falling sales across the business. Ecommerce sales grew by 5.6% over the year to June 30, following improvements to its multichannel offer. The fashion to homewares retailer, a Top100 trader in IRUK Top500 research, reported profits of £6.3m for the year. That's down from £22.8m reported in the 72 weeks covered by the previous financial statement. Online sales accounted for £57.3m. The retailer said it was developing its international presence, both online and offline as it takes its multichannel approach further afield. It launched a website in China in November 2016 and is set to open its first stores in India in September.

WALMART TRIALS VOICE COMMERCE

Walmart is set to give Amazon a run for its money in the voice commerce stakes, partnering with Google to let shoppers in the US buy hundreds of thousands of items through Google Assistant. According to a Walmart blog post, the retailer is opening up to voice commerce in September, but promises much more in the coming months.

Says Marc Lore, President and CEO, Walmart US eCommerce: "One of the primary use cases for voice shopping will be the ability to build a basket of previously purchased everyday essentials. That's why we decided to deeply integrate our Easy Reorder feature into Google Express. This will enable us to deliver highly personalised shopping recommendations based on customers' previous purchases, including those made in Walmart stores and on Walmart.com. To take advantage of this personalisation, customers only need to link their Walmart account to Google Express."

He continues tantalisingly: "And, this is just the beginning. Next year, we will also leverage our 4,700 US stores and our fulfilment network to create customer experiences that don't currently exist within voice shopping anywhere else, including choosing to pick up an order in store (often for a discount) or using voice shopping to purchase fresh groceries across the country."

The announcement has been greeted enthusiastically by analysts who see the move as not only a real challenger to Amazon, but also in firing the starting gun proper on voice commerce.

According to Walker Sands' 2017 Future of Retail report: One in five consumers (19%) have made a voice purchase through Amazon Echo or another digital home assistant, and another third plan to do so in the next year, while, nearly a quarter of consumers (24%) own a voice-controlled device like Amazon Echo (16%) or Google Home (6%). A further 20% plan to purchase one in the next year.

£3.1BN SPENT ON IMPULSE BUYS

The convenience of mobile commerce – and the web in general – coupled with a pint or two is propping up the UK economy with tap-happy shoppers spending £3.1bn each month on impulse purchases. Among the oddest are a furry rabbit, £120 worth of cheese, a castle for a pet cat, and 100 condoms.

From adding to their wardrobe to filling up their fridge, the average person spends £47.84 on spontaneous buys every single month meaning as a nation we're spending up to £37bn on these types of purchases over the course of a year.

A study conducted by delivery management company, Whistl, has delved into the impulse buying habits of the British public and revealed that a huge 91% of the nation make impulse purchases every month. Top five items that are bought on impulse each month include: clothes (56%); food and drink (49%); home accessories (34%); shoes (27%); jewellery (22%).

Looking at where Brits are going to splash their cash, supermarket trips seem to be their Achilles heel, as over half (59%) admitted that this is where they are adding the most extras to their baskets. Online retailers including Amazon and eBay were named as the next best places to go to indulge.

Insomnia and a pint appear to be the backbone of the British retail economy, with over a third (39%) of Brits admitting late night browsing online leads them to these types of purchases and 24% said having a drink got them pressing buy now. Others claimed a special offer makes them more likely to buy on impulse.

When it comes to the delivery time, some impulse buyers aren't as eager as they first appear with over a quarter (28%) of those surveyed saying they are happy to wait a week for their impulse buys. However, a third are only willing to wait 2 - 3 days to receive their purchases.

CONTACTLESS ON THE UP

A whopping £370m was spent on mobile contactless payments in the first six months of 2017, a 336% year-on-year rise in spending, according to the latest transaction data from payments processor Worldpay.

The use of mobile devices to make in-store payments has been growing steadily since the UK launch of Apple Pay in 2015, but according to Worldpay it is only really in the past 12 months that the technology has begun to gain widespread acceptance beyond 'early adopters,' further fuelled by the launch of Android Pay in 2016 and Samsung Pay earlier this year.

The fact that many supermarkets and even petrol stations are now taking Apple Pay payments of more than £30 are also helping fuel the sudden growth, since it makes Apple Pay more convenient than a contactless card.

Monthly spending on mobile devices has risen by 57% in the past six months (£46m spent using mobiles in January 2017, compared to £74m in June 2017), while mobile's overall share of in-store transactions has risen from 1.18% at the end of 2016 to 2.04% in June 2017.

Spending on all forms of contactless systems now accounts for 38% of all non-cash transactions in the UK. Total contactless spend in 2017 reached £9bn up to June, compared to £10bn throughout the whole of 2016.

James Frost, UK CMO, Worldpay, explains: "Mobile spending has shaken off the novelty tag, and is breaking its own spending records virtually every month. Granted there's still some way to go before we start cutting up our cards and chucking away our wallets, but it's easy to see why everyone from start-ups to tech giants is eager to have a stake in the technology."

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Yoox Net-a-Porter:
Luxury retailing at its core

Alex Alexander, CIO, Yoox Net-a-Porter Group, spoke to *Emma Herrod* **about the luxury group's platform, its new London Tech Hub and how innovation fits its plans to grow the business.**

T IS only two years since the merger of Yoox and Net-a-Porter but since then much has been done to integrate these two fashion retailers, which sell luxury in-season fashion and out-of-season discounted goods as well as developing flagship ecommerce sites for luxury brands. Listed on the Milan stock exchange, the Yoox Net-a-Porter Group (YNAP) has headquarters in Bologna, Italy – where Yoox is based – as well as in London, where Net-a-Porter has its roots. Commercial and tech teams are based in both locations. The Group has a turnover of almost £2bn and set its sights on double-digit growth through to 2020.

The annual increase in its share of the luxury fashion market is currently outpacing the predicted 15% with revenue set to grow by 17-20% per year between 2015 and 2020. Mobile and personalisation are seen as key

to increasing customer engagement and retention with new categories, product lines and international expansion the priorities in its 5-year plan to increase sales. It also plans a full in-country launch in the Middle East in 2018.

As well as boosting sales through its multi-brand in-season Net-a-Porter and Mr Porter sites the Group aims to increase sales of multi-brand off-season luxury fashion from its original Italy-run Yoox.com and the Net-a-Porter launched site, The Outnet.

Its expertise in luxury content and customer service will further be brought to the fore through partnerships with luxury brands for which it designs and operates flagship ecommerce stores. It currently operates 40 flagship stores for brands including Armani and Chloe using technology from the Yoox arm of the business. It plans to deepen the

digital opportunity for these brands through development of omnichannel capabilities, native apps services, editorial content, tailored customer service, and further creative and digital projects.

CORE PLATFORM

Since the merger, the Group has been reorganising its operations around three distinct parts of the business – in season, off season and flagship stores. A core cloud-based platform has been developed with IBM using Yoox's proprietary software and IBM WebSphere Commerce. This will provide a robust and scalable foundation for the different ecommerce sites within the business as well helping to ease post-merger systems integration.

Running all of the businesses on one platform also provides a single focal point for in-house technology development. In addition, working with IBM gives YNAP access to the IBM Innovation Lab and the Fashion & Luxury Innovation Committee.

The core commerce platform is underpinned by product information management, IBM Sterling Order Management and back-end systems including ERP and warehouse management systems.

"Decoupling the front end from the platform means we can create the differentiators and maintain the DNA of the brands while we focus on the platform to just expose the services, so if you look at Net-a-Porter or Moncler they are pixel perfect but they are all different, but that is all experience, UI and UX," says Alex Alexander, CIO, Yoox Net-a-Porter Group.

He adds: "They all use the same sort of capability but not all brands want the same features, certain payment methods or checkout features." Aspects such as these are determined at the brand level, based on the features they want to enable for customers, along with regional aspects such as payment methods. UI and UX can further localise the experience.

The idea is to build only once with a set of APIs enabling the core functionality and features to be used many times in different ways across the various brands. This enables brands to differentiate and provide the desired experience for their own customer base, whether it is via a mobile app, m-web, smart

The new Tech Hub brings the 500 London-based developers together in one place

> **Shoppers in luxury retailing see fashion as something that is disposable, a commodity that they want now**

watch or in-car device. In addition, the front-end customer experience can be differentiated by country or even by customer.

One core global platform also means that the tech teams can develop solutions for specific brands with functionality added into the core platform and then made available to all.

Funding this five-year growth plan is an investment of more than £462m (€500m) in technology and logistics across the Group, including a new Tech Hub in London which opened at the end of June.

TECH HUB

The Tech Hub, in London's White City, brings together 500 developers from two separate offices in the capital, with space for a further 100 recruits, Alexander explains. It works closely with the Group's other tech hub in Bologna, which also has 500 developers. They work on projects across the business but each has its own areas of expertise: Bologna is a centre of excellence for fulfilment optimisation, warehouse management tools ▶

INNOVATING WITH AI

"AI is one of the technologies which will transform our business. Every decade there is a game-changing technology which comes to the landscape and I see AI as one of those game changers which will help us give our customers a personalised experience and not look at customers as a segment but as an individual," says Alexander.

YNAP plans to use AI in areas such as returns optimisation, pricing optimisation and targeted marketing enhancement and its focus this year is natural language search.

Net-a-Porter sells multi-brand in-season designer fashion

and techniques, and omnichannel, order management and ERP, while London focuses on mobile, content, visual merchandising and artificial intelligence (AI).

Each area of functionality has a lead, such as the owner of payments functionality, but the team working on it may be spread across both locations. Data is a global team effort, for example, but some of the niche smart data elements are being worked on in London. AI's initial base was in the capital, but Alexander believes that within 2 years it will be applied across every part of the business as niche technology uses are matured in one centre and then migrated to the rest of the organisation.

For the past two years, the two Tech Hubs have been working closely together on a number of projects and co-locating project teams between Bologna and London. Alexander explains: "We tried to encourage face-to-face working in the early days of 2015/16. It was essential to building a global team you have to know people and interact with them."

He adds that some projects were deliberately chosen in 2016 to ensure people from both locations had to work together. A mobile initiative, for example, was set up in a simalar way to a start-up so the team had to work out their own co-location arrangements and complete the product development at the earliest possible time.

The Group has invested heavily in video and conferencing tools at the London hub, as well as in collaboration apps and unified communications tools, to enable continued close working across project teams wherever they are located. "We tried to encourage face-

> YNAP is generating highly differentiated and innovative brand and customer experiences enabled by one shared, scalable platform

to-face in the early days but now the teams are effectively working as a global team so we can use collaboration tools and video tools to maintain that collaboration," says Alexander

"The notion of one team is so important to me," he adds. "Because as a global team, unless we think and act as one team, we won't be effective to support a global business, and that is one of my key priorities, to continue to reinforce this one team mindset."

Alexander aims to put YNAP at the forefront of technology innovation in luxury retailing and to create a team that's able to develop in a sustainable way wherever particular project teams are based – and that may extend to further tech hubs in different locations in the future.

He comments: "I want to have more technology hubs because of the diversity of the talent and the speciality we can get from different locations is key. We have cracked the notion of creating a global technology team and the next focus is execution."

THREE PILLARS

The tech hubs are concentrating on three pillars for the business growth: personalisation, omnichannel and mobile. Underlying much of this is machine learning and AI.

"Personalisation is key to creating inspiration for the customer," says Alexander explaining how the Group plans to enable one-to-one personalisation of every aspect of customer interaction, be it on web, mobile, apps or other touchpoints. He believes that true personalisation means understanding each customer, their location and their mission. His stated goal is to enable one-to-one personalisation in terms of assortment, outfit curation, experience, content and pricing.

"The way we are trying to achieve our personalisation objective is through AI and machine learning and key to that is smart data," he adds. The Group has view of lots of data on customers from its own sites, in the form of how they behave and their searches, as well as from external sources, including the images they viewed on Instagram. However, as Alexander points out: "Only AI and machine learning can actually process all kinds of data because that data is partly structured. But the majority of it is unstructured data and putting all of that together is what our AI and

personalisation strategy is all about. That is the key game changer for us in being able to create the personalised experience for our customers."

Further external data, such as the weather, the customer's current location and the location of the occasion for which they are buying attire can be combined with this data to give a fully personalised outfit recommendation experience. He comments that there is no point sending someone an offer for a fur coat when they are spending Christmas in Australia.

YNAP is using IBM Watson to build, train and test a natural language engine which will allow customers to speak or type into a mobile app without having to adhere to specific rules. Alexander gives examples of a customer wanting to buy a skiing outfit from a specific brand or someone saying they want to buy a gift for their husband. "We're building the engine and testing it and this can then be exposed to the front end," he says. How the different sites utilise the technology will be up to them.

Another feature being developed with AI is an outfit builder which uses personalisation data held by the company, such as the customer's clothes size and preferred brands. The outfit builder can be triggered by a retailer, personal shopper or by the customer themselves with different forms of interaction added at the front end. Visual search is also being investigated. This enables a shopper to upload an image of someone and say that they want to purchase a similar outfit. The engine will then build them an outfit based on that photograph offering garments sold by the retailer or the brand.

OMNICHANNEL

Omnichannel development is providing opportunities for the flagship stores to fulfil customers' need for speedy omnichannel solutions and enabling them to pick up items from anywhere in the world and return them either to the same store or to another one in a different country. Customers will also be able to order certain brands from Net-a-Porter and pick up their purchase from the brands' own shops.

This 'omni-stock programme' uses IBM Sterling Order Management to provide the Group with a single, global view of stock across the distribution centres of Yoox,

> "Personalisation forms one of three technology pillars for the company's growth – mobile and omnichannel being the other two"

Net-a-Porter and the brands' own stores. Distribution centres across the Group are being repurposed in line with the in-season and off-season businesses, and a hub and spoke model implemented so stock efficiencies can be increased as well as growing the level of full-price sell-through. The model also future proofs the movement of goods against possible post-Brexit customs duties.

The omnichannel functionality will in addition enable more flexible fulfilment options and services, including same-day delivery in New York, London, Milan, Dubai, Shanghai and Tokyo. It will also enable the flagship stores to have a better view of customers and link their online and offline behaviour.

Yoox and the flagship stores have already migrated to IBM Sterling Order Management with Valentino becoming the first brand to go live with the first phase of omnichannel functionality in September.

Net-a-Porter and Mr Porter have moved across to the Yoox Group's ERP and will migrate to the new OMS in 2018, when they also move to the full commerce platform. The Outnet will migrate to the full platform at the end of this year.

Italian brand Moncler was the first of the flagship stores to run on the commerce and content part of the platform when it went live this July.

MOBILE

Mobile apps are becoming increasingly important for YNAP. The number of brands selling via apps is growing every financial quarter and now accounts for 50% of all sales, ▶

Yoox has already migrated to IBM Sterling Order Management

"The exponential revenue growth has pushed email to the forefront of our marketing plans."

Danielle Carlson

Email Marketing Manager

Clarks®

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INTEGRATING YOOX & NET-A-PORTER

The Yoox Net-a-Porter Group was formed from the merger in 2015 of Italian fashion retailer Yoox and British luxury pureplay Net-a-Porter with its Net-a-Porter, Mr Porter and The Outnet brands. All four distinctive brands in the Anglo-Italian group cater for the luxury designer fashion market. The global organisation now operates through three business lines: in season, off season and online flagship stores. These all operate from one shared, global, scalable platform, sharing common corporate functions and deploying best practice and cross-fertilisation.

The multi-brand in-season business line includes Net-a-Porter and Mr Porter, while the multi-brand off-season business is made up of Yoox and The Outnet. Before the merger, Yoox designed, set up and managed online flagship stores for some of the leading global luxury fashion brands, including Armani.com and Chloe.com. This part of the business will continue with brands operating off a single core platform which is being developed for all areas of the business.

compared with last year's 40%. The company is investing in iOS and Android apps to meet the varying demands of customers in all the countries in which it does business.

"We can really deliver an inspirational experience through mobile," says Alexander. The company has recently added messaging via mobile apps and screen sharing, whereby a personal shopper can share information with a customer.

YNAP has ambitious plans for the future as it moves towards becoming a mobile-only company, investing in mobile frameworks – to enable speedier deployment and faster apps as well as new services for existing apps – and developing AI and natural language capabilities. For example, customers when travelling will be able to ask what's trending and what the weather is like at their destination and then collect their order from the closest store.

The Group's Tech Hubs need to balance innovation and the core platform with the needs of each individual company as well as having an understanding of the end customers. If a number of sites are experiencing similar issues, a single functionality can be developed for the core platform but deployed in different ways to match customer behaviour on the individual sites. The level of cart abandonment, for example, was lowered through subtle messaging which showed the shopper the items that had been left in the basket the next time they visited the app. "The tone of the message was such that it was not seen as a random message," Alexander says.

An R&D team is looking further ahead to explore technologies which have yet to be commercially proven, such as augmented reality and shopping from physical shop windows when the store is closed. It is also investigating new use cases for proven technology such as visual recognition in warehouses. "It's a fail-fast approach," Alexander comments.

As new technologies and business uses are developed, refined, tested and proven, they are added to the core platform and so made available to all of the retailers and brands.

Integration plans and cross-group working certainly seem to be working for the business. In the first half of its financial year its net revenues hit £923m (€1bn) for the first time, an increase of 19.5% on an organic basis compared with £828m (€897m) in the first half of 2016. YNAP has successfully launched Moncler as the first online flagship store on the new front-end platform as well as signing a multi-year global agreement for the new Ferrari online flagship store.

Over the same period it recorded 400 million site visits, compared with 342.7 million in the first half of 2016, and 4.5 million orders (3.9 million) with the average order value increasing by €10. Active customers are on the rise, too, hitting the 3 million mark in the first half of 2017 (2.6 million).

With more parts of the business migrating onto the new platform and the synergies that brings, along with optimisation, innovation and engagement, the Group is set to further establish itself in the minds of its customers worldwide, while new markets and the rise of personalised experience on mobile devices ensure its sites remain close at hand.

YNAP will launch Ferrari's online flagship store in 2018

Experience is all

Customer expedience counts for everything in retailing. Two separate studies – from Calabrio and Fujitsu – examine the omnichannel experience and discover why shoppers would pick Amazon or eBay first if they had a physical store.
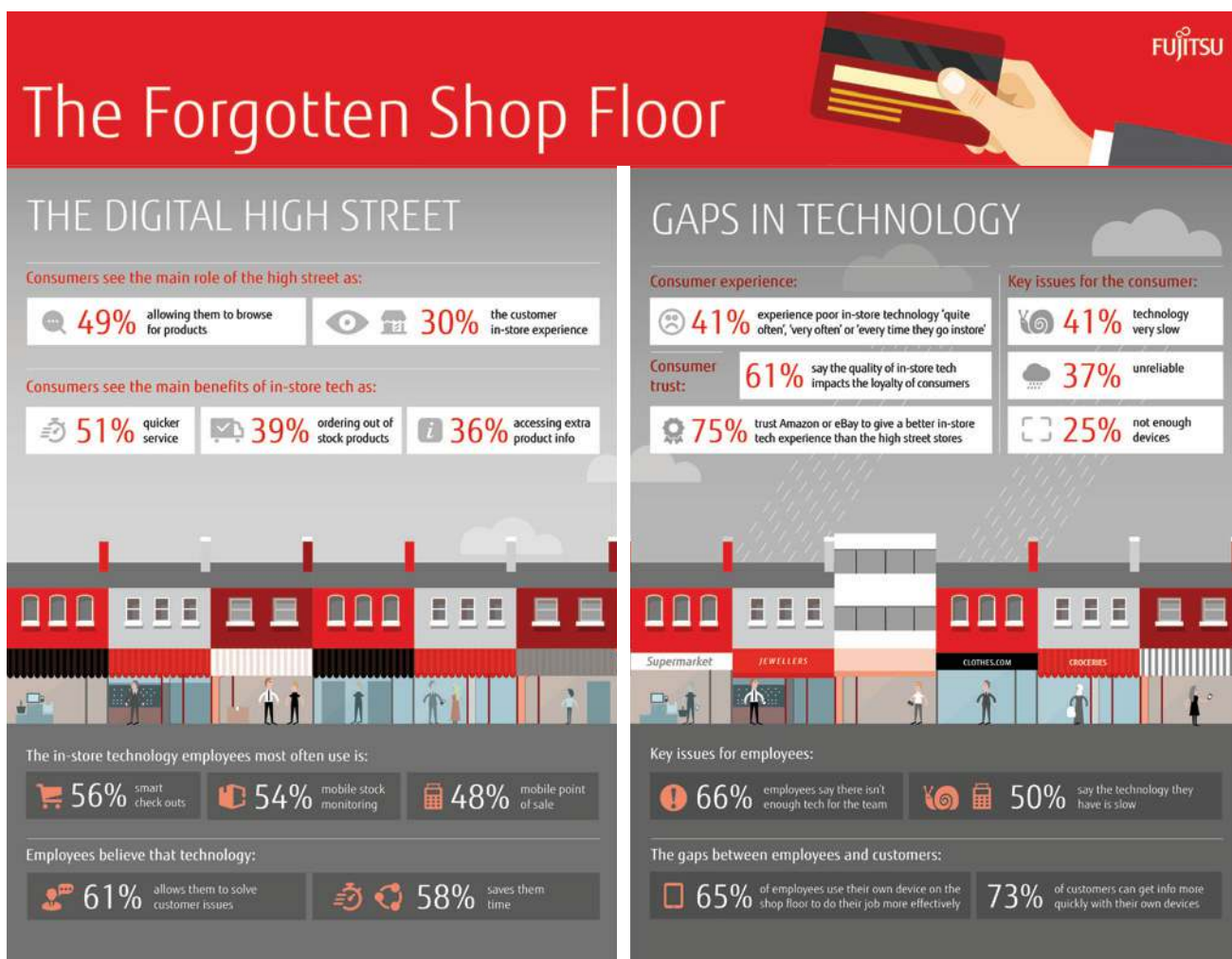
MORE THAN half of senior executives view customer experience as the most important way to differentiate their brand, according to a study by Calabrio. However, the same respondents say that they lack clear leadership and insights. The report, 'Success in The Experience Era: Connecting Customer and C-suite' discovered that UK and US business executives rank customer experience above sales and revenue as their key focus in 2017.

Meanwhile, 'The Forgotten Shop Floor' by Fujitsu claims that technology in UK high street stores is failing to match the online shopping experience and customers are demanding

> " UK and US business executives rank customer experience above sales and revenue "

better. In fact, 4 in 10 consumers are frequently disappointed by in-store technology. While the benefits of investing in better digital tools are clear (61% would choose one retailer over another based on the quality of in-store technology), doing nothing is simply not an option: three quarters of shoppers would choose Amazon or eBay over traditional high street names if either had a physical store.

Shoppers are demanding a more digital high street experience; almost half say in-store tech today is slow (42%), over a third say it is unreliable (37%), while a quarter say there simply isn't enough to handle demand. As a result, three quarters say they can access more

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The Forgotten Shop Floor

FUJITSU

THE DIGITAL HIGH STREET

Consumers see the main role of the high street as:

49% allowing them to browse for products

30% the customer in-store experience

Consumers see the main benefits of in-store tech as:

51% quicker service

39% ordering out of stock products

36% accessing extra product info

The in-store technology employees most often use is:

56% smart check outs

54% mobile stock monitoring

48% mobile point of sale

Employees believe that technology:

61% allows them to solve customer issues

58% saves them time

GAPS IN TECHNOLOGY

Consumer experience:

41% experience poor in-store technology 'quite often', 'very often' or 'every time they go instore'

Consumer trust:

61% say the quality of in-store tech impacts the loyalty of consumers

75% trust Amazon or eBay to give a better in-store tech experience than the high street stores

Key issues for the consumer:

41% technology very slow

37% unreliable

25% not enough devices

Supermarket   JEWELLERS   CLOTHES.COM   GROCERIES

Key issues for employees:

66% employees say there isn't enough tech for the team

50% say the technology they have is slow

The gaps between employees and customers:

65% of employees use their own device on the shop floor to do their job more effectively

73% of customers can get info more quickly with their own devices

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The Forgotten Shop Floor — FUJITSU

THE FUTURE OF THE STORE

The tech-empowered high street that consumers want to see includes:

- **45%** personalised offers sent in-store
- **33%** smart mirrors
- **22%** VR technology
- **24%** delivery of purchases directly to their car through the IoT
- **19%** advanced biometric payments

Consumers see the future of the high street as:

- **49%** browsing and purchasing products
- **47%** the customer in-store shopping experience

The business opportunity:

- **79%** of consumers say a more positive experience of in-store tech (like personalised vouchers) would make them more likely to spend more money in-store

are making progress with the digital store, with 98% of employees embracing the tech introduced so far. For those that are willing to implement technology, there are economic benefits; nearly six in 10 (58%) consumers say they have chosen to buy a product due to a better in-store technology experience, while 79% say a better experience would make them likely to spend more money.

In future the brick and mortar store is unlikely to disappear with consumers envisaging a store of the future where technology is used to deliver an even more complete and compelling experience:
▌ Almost half (45%) would most like to see personalised offers sent to them while they are in store;
▌ One third (33%) would most like to see smart mirrors displaying additional information about products;
▌ 24% of consumers would want stores to be able to deliver goods directly to a connected car, while 22% would prefer augmented reality displays.

"Despite the gloomiest predictions, the high street continues to hold a place in UK shoppers' hearts," continued Karia. "The store holds more and greater opportunities than ever, but only for retailers that are prepared to embrace the digital pace of change. The clock is ticking and technology, customers and competitors are poised to move forward. Retailers must embrace digital now to secure their place in the future of the high street."

One retailer which is embracing technology in store is Specsavers. The company's Global CIO Phil Pavitt comments: "Since the rise of ecommerce, retailers have focused too much on digitally enabling their customers online rather than their employees in-store – and it's time for that to change. At Specsavers, our aim is to use digital to deliver exceptional retail theatre for customers in our stores, by equipping our team with fast, powerful and engaging technology. But it's not just what you use, it's how you use it. No one store can outdo the entire high street: whether you're a coffee shop or a jeweller, it's about picking the three best technologies for you and then really making them work for customers and colleagues. With Amazon and other disruptors on the horizon, it's up to every retailer to move ahead on their digital journey, or be left behind."

information than retail employees and 73% say they can get it quicker, leaving two thirds (65%) of employees using their own devices to try to bridge the gap.

"Today the next wave of digital disruption is happening in-store. Ecommerce has altered our expectations of the high street and we now expect physical channels to reflect digital ones and be engaging, personalised and hassle-free," said Rupal Karia, MD, Retail and Hospitality, Fujitsu UK & Ireland. "The digital pace of change is faster than ever. Consumers will embrace retailers who can give them the experience they want, before they know they want it. The message is clear: consumers are prepared to spend more with the retailers that deliver digital, and leave those that don't."

Despite today's digital shop flaws, retailers

whitepaper.

![Internet Retailing logo]

Providing colour to insight

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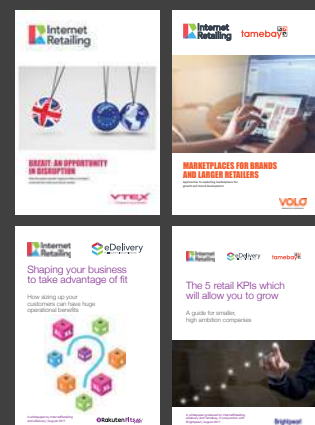
Retail paths to leadership: stockroom to boardroom

The pages of IR reflect the skills needed to connect profitably with the connected customer's wallet, but skills don't just 'appear' – they're built and developed. *Ian Jindal* considers how we fit our organisations to be skills-building, adaptability engines. Are we creating pathways from the stockroom to the boardroom in multichannel?

OUR TOP500 readers are familiar with and committed to recruiting and retaining the multichannel skills necessary for success. They are also obsessed with the challenges of maintaining the 'right' skills for tomorrow's successes, and the resilient, adaptable attitudes needed to support development.

However, how do we move from "hiring the best talent" to "creating tomorrow's talent"? Can retailers be the engine of future success rather than paying to use the talents developed elsewhere? Creating the future rather than paying to catch up?

A recent article in the *New York Times* was shocking and stark in its depiction of two janitors working for global companies, 35 years apart. Once cleaner (spoiler alert) rose to become the CTO of Kodak in its heyday. The other janitor is in an outsourced company, with no benefits, no holidays for four years and with limited career options funded by the company for whom she cleans (see http://etail.li/nyt-janitors).

As my colleagues have written elsewhere, behind the ongoing upheaval of Brexit is a feeling amongst workers that their careers and opportunities are limited. A lack of security and hope in a future, allied to a threat to current prosperity is a corrosive situation, and retailers – as significant employers, and indirectly a sector that funds its own customers' salaries – has a role to play in creating opportunity.

There are shining exemplars of individuals who've risen from the shop floor or shelf stacking to run their organisation: Sir Terry Leahy (via UMISt), Steve Rowe at M&S, Paula Nickolds at John Lewis (via their graduate traineeship) are all excellent examples of career-long service and progression. However, what should retailers be considering in order to make this a norm rather than an exception?

This year I've worked with a few brands and retailers to consider career development – for example how a talented Ecommerce Director might have a path to CEO, or how marketers can develop their skills to thrive in a multichannel, digital business. A number of generic approaches have emerged, including...

▌ Pathways – create explicit pathways for progression. Articulate the skills, experiences and support an employee needs in order to reach the board. One example might be opening role profiles to scrutiny, or being clear about the differences between one's current appraisal and the senior roles.

▌ Training and development – graduate recruitment is well-developed; numerous retailers have apprenticeships schemes, inhouse training and even their own degree programmes. However, we also need to look at non-academic and experiential training. While we may all understand wholesale relationships in an abstract sense, six months of making sales, dealing with queries, mollifying your largest source of revenue in the US, or learning from retail formats of franchised partners is an experience that you need to live through and learn from. Providing an experiential path is vital for learning.

▌ Supporting initiative – we often have to 'force-train' colleagues in matters of compliance or standards, but we should also offer open-ended development: opportunities where an employee's interest and energy can be directed. Coding classes, online presentation training, comedy improv and sales... There are many and varied skills that could sound like a cliche in an illiberal joke, yet which add to the distinctiveness, completeness and effectiveness of senior skills.

▌ Synthesis – while we need specialists, senior leaders are jacks of all trades and masters of *most*. The ability to understand, synthesise and extend perspectives has been behind advances in science and the arts for millennia... we need that flair and fluency in retail too.

As future retailers our message to staff has to be that we'll hire well, train and support them over their career – and that their performance is tied to our success.

Our customers want leaders of character, experience-makers and characters of distinction – in the store, around the board table, and in the contact or fulfilment centres.

During November and January I will be running a number of discussions to hear how leading retailers are creating the human capital advantage that will allow them to survive and thrive. If you'd like to contribute, share your learning and development approaches, or workshop options, please drop me a note at ian@internetretailing.net as we map a human path of advantage and distinction – people and capability in the age of digital capability, AI and machine learning.

How to Make the Festive Season an Email Success

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

WITH SO many brands earning a large chunk of their annual revenue on Black Friday and in the build-up to Christmas, it's no secret that these are the busiest and most important periods for online retail. Customers are actively browsing for presents, creating wish lists and digging deep into their pockets for the perfect purchase. Yet, at the same time, the savvy consumer is also intent on finding a bargain and competition amongst retailers is fierce.

Because Black Friday and Christmas are seen as such a lucrative trading time, an effective email marketing strategy is crucial. Here are some key tactics to make sure you stand out to your customer and get ahead of your competitors.

GROW YOUR DATABASE
Employing pop-up messages inviting users to sign up while they browse, coupled with enticing offers, is a great way to capture email addresses for future campaigning. But to really turbocharge growing your database, encourage existing subscribers to invite their friends and family to subscribe to your list. In return for their support, reward them with exclusive discounts, offers or priority access to new products.

As you grow your list, sending out welcome emails is a great way to establish loyalty; introduce your social media channels; promote other services you offer, such as in store click-and-collect; and explain return policies. However, don't suppress sending new subscribers offer emails, such as exclusive Black Friday offers, just because the customer is only part way through a welcome workflow.

OFFER A PREFERENCE CENTRE
Guide the customer to nominate their own preferences via an email preference centre. By giving them control over what messages they receive, you can improve key metrics, such as open rate and CTR, while at the same time learning more about your customers for further database segmentation.

RECOVERY MODE
A user's browsing history will give you numerous clues about their interests, and sets you up for triggering an effective personalised browse recovery campaign if they leave without making a purchase. The information you mine will also help you create new segments, and will lead you to better personalised product recommendations.

With so many users actively using a shopping basket as a wish list, cart recovery is another powerful tool in your arsenal for driving and closing sales. There are multiple reasons as to why a customer may have abandoned their shopping. A timely email to a user, reminding them of the items sitting in their basket, will help you recover some of that revenue that otherwise might be lost.

GIVE USERS THE PERSONAL TOUCH
The days of batch-and-blast are over. The Christmas season is highly competitive amongst online retailers so there is huge pressure to use discounting as a tactic for driving sales. However, common promotions have their limits and retailers making the effort to personalise their email messaging are winning.

To increase your chances of retaining your existing customers, and improve campaign ROI, there are a few essential steps you need to take. Start by gathering as much relevant information about your customer as you can. This can be secured at

the sign-up stage, but only take the information you need to improve your service and enhance their experience. You'll also want to tweak your user preference forms to ensure existing users are providing valuable information. Finally, make sure email workflows reflect each customer's preferences and history.

PROVIDE A SEAMLESS MOBILE EXPERIENCE

With so many people now beginning their shopping experience on a mobile device, you can't afford for your visitors to have a clunky, disconnected experience. It's' essential that your messages are mobile responsive and designed for easy smartphone browsing.

When it comes to mobile design and content, remember: people's attention spans are shorter than ever. You typically have around three seconds to engage a user and if you fail, chances are you've lost that customer. Keep the messaging to the point, copy short, and focus on just one hero image to grab people's attention.

Make it easy for a shopper to complete the purchase on mobile too. Install prompts along the user's journey encouraging them to sign up for an online account. This will help remove any purchasing obstacles and provide you with valuable segmentation data. It will also reduce friction during payment process and will remove the need for the customer to enter shipping and billing details, ultimately improving their experience.

INSPIRE CUSTOMERS

Not every customer knows exactly what they're looking for. There are times when a shopper wants to make a purchase, they just don't know what. Landing pages and gift centres are a great way to help them, especially around Black Friday and Christmas, when the desire to get a good deal is high. You can help guide them to purchase with some clever editorial. For example, try showcasing your

inventory through curated landing pages such as '25 gifts under £25'. A page optimised for search will also help increase the authority of your website with search engines.

AN OPPORTUNITY AFTER THE SALE

The transactional email is another great opportunity to boost customer engagement. Transactional emails typically have a much higher open rate than a sales push or newsletter. To get the most out of the transaction email, use recommendations or an exclusive offer to promote new products, upsell or persuade the shopper to return soon. The key thing here is to remember that this is a transactional email and to apply the 80/20 rule - only 20% of the email should be used for promotional messaging.

THINK BEYOND THE FESTIVE SEASON

Remembering that you're building a loyalty-based relationship with a shopper will pay dividends in the long

term. Encouraging the casual browser to become a subscriber and looking at your engagement strategy is just as important as promoting offers or relying on a price-focused strategy.

For example, purchases made at Black Friday may need to be replenished or replaced. If you sell training shoes, you might ask your customer how many miles they run each week to establish when they might be in the market for a new pair. By studying the purchase data you can build up a picture of reengagement opportunities, craft triggered emails based on that data and provide your subscriber with a personalised experience.

The peak season comes with many opportunities to reach shoppers and attract your share of consumer spending. Engage your subscribers with relevant, timely and personalised emails that add value to their experience of your brand to make this Christmas season a success.

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Strategy & Innovation

The latest IRUK Top500 Performance Dimension Report focuses on the areas of strategy and innovation. *Emma Herrod* **shares some of the findings.**

THE FOCUS of the latest IRUK Top500 Dimension Report, as sponsored by Barclaycard, is Strategy & Innovation. The InternetRetailing research team set out to understand what retail good practice looks like in 2017 and in this report they have mapped the approaches that leading UK retailers are taking as they work to deliver the highest service levels to their customers.

It's in this Dimension, more than any other, that InternetRetailing researchers, with support from the Knowledge Partners, take a big-picture view – and it seems an apposite moment for them to do so. That's because defining effective strategic approaches and new techniques is especially important at a time when there's more competition within the ecommerce and multichannel retail industry than ever, and more competition for shoppers' attention.

As Paul Skeldon writes in the strategic overview, uncertainty around Brexit has started to hit consumer spending with footfall declining and online growth lacklustre. Falling consumer confidence is affecting sales month on month across the web and in the real world. Meanwhile, discounting and events such as Amazon Prime Day are seeing any extra sales that do come in via the web not translating into increased revenues.

Therefore, it's never been more critical for retailers to take an innovative and strategic approach but they need to ensure that innovation doesn't just happen for its own sake, but within a strong strategic context. Different strategies work for different retailers, of course. The suitability and effectiveness of different approaches very much depend on the behaviour and demands of existing and potential customers. By testing new approaches, retailers may well find they can stand out in even the most crowded markets.

Ross Clemmow, Retail Director at Debenhams, spoke to the Report's authors about the department store's plans for a social shopping strategy and how that will work in practice. Discussing the retailer's April strategic review, Clemmow comments: "When we looked at our customer data we found that a third of our customers are shopping with friends and family, and that's when they spend more. They're not just looking for product but for leisure and food – and we believe we can be a good host for these activities."

Adding hairdressing salons or restaurants to department stores is nothing new, but Debenhams is looking to integrate these leisure aspects with digital technology to deliver not just convenience but, the "control and best use of their time" that the company's research suggests shoppers really want. Instead of customers simply collecting a click-and-collect order of half-a-dozen dresses and several pairs of shoes to try on at home and then returning the unwanted items, explains Clemmow, "...mobile can speed up the process". Not just by streamlining the actual collection, but more importantly by enabling

12 BEST PRACTICE APPROACHES

Retail can't stand still because customers don't stand still. InternetRetailing's research team outline 12 innovations from leading retailers that stood out during their investigations for the IRUK Top 500 Strategy & Innovations Performance Dimension.

1. Visual search looking good for Asos: Asos has enhanced its mobile app to let UK shoppers pinpoint items they're looking for using visual search functionality.

2. Payment as a tool to build loyalty: Ocado is using pre-payment to help engender greater customer loyalty.

3. Staying firm on pricing strategy pays off: It seemed like a bold decision at the time, but Marks & Spencer is seeing growth in full-price sales in clothing and homewares, as it sticks to its guns about avoiding heavy discounting.

4. Multichannel focus for Sports Direct: Sports Direct has put multichannel development at the heart of its innovation and strategy activities.

5. Taking the same-day delivery fight to Amazon: Tesco is making its same-day grocery delivery service available nationwide, claiming it will be able to cover more than 99% of UK households, from Shetland to Cornwall.

6. Amazon coming to a locker bank near you: Not famous for letting the grass grow under its feet, Amazon has launched the Amazon Hub in the US, enabling deliveries to apartment buildings to be made by any carrier.

7. Zalando takes a leaf out of Amazon's book: Zalando is to open two large fulfilment centres in Poland and Italy, alongside smaller fulfilment centres and localised warehouses near key cities, including Paris, Milan and Stockholm.

8. AI-powered natural search for Yoox: The Yoox Net-A-Porter Group is developing artificial intelligence (AI) capabilities such as personalisation and image recognition.

9. Social shopping to set the pace for Debenhams: Debenhams is setting its sights on social shopping, which it defines as "shopping as a fun leisure activity enjoyed with friends and family and shared via social media".

10. Hello to service diversification: Sales at Superdrug are growing strongly, driven by new services such as the Superdrug Online Doctor, a pharmacy that dispenses products direct to customers or for collection from local stores.

11. Tesco mobile payments: Tesco is extending the availability of its mobile payments app, PayQwiq, to every Tesco store in the UK, making it quicker and easier for customers to pay for their shopping.

12. Fast food for Sainsbury's future: Faster delivery times are one of the key battlegrounds in grocery. Sainsbury's is running a trial from its Pimlico store in London, allowing shoppers to order via the Chop Chop app, then pick up their order from store just 30 minutes later, for no fee.

a shopper who has half an hour to spare in a lunch hour to collect the items and "reserve a fitting room and personal stylist, and try on the chosen garments there and then".

Such personalised service needs plenty of customer-facing staff and Debenhams is making key changes to reduce significantly the kinds of non-customer-facing tasks familiar to any retailer. As Clemmow goes on to explain, Over the next 12 months the retailer expects to free up the equivalent of 2,000 full-time staff by using such tactics as delivering display-ready merchandise direct to the shop floor.

The Dimension Report also analyses strategies that work for Argos, Interflora, Mothercare and Superdrug as well as outlining 12 approaches from leading retailers that stand out.

A feature on emerging practice focuses on how British retailers are harnessing machine learning and artificial intelligence in the next big technological leap forward, while separate pages highlight the numbers, data and research that underpin this Dimension Report.

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

Jane Smith

Business Development Manager, CML

WHAT DOES YOUR COMPANY DO & WHAT IS YOUR USP?

CML is a third party logistics (3PL) company that provides end-to-end omnichannel logistics services for retailers. Along with global freight forwarding and distribution services, the company has built up a reputation over the past 25 years for providing bespoke warehousing and distribution solutions for many distinguished brands and retailers.

CML operates three warehouses at Magna Park in Lutterworth, Leicestershire, which are located in the 'Golden Triangle' and are bordered by the M1, M6 and M69. Quick access to major transport links makes the location the epicentre of UK distribution and particularly benefits retailers with late cut-off times. The facilities run on a shared-user basis for a diverse mix of clients, from growing online retailer pureplays to established high street brands. Services offered range from inbound hanging garment containers to re-labelling and barcoding products destined for international e-tailers to full ecommerce fulfilment and returns processing. Retailers can utilise the company's expertise for a wide range of solutions including relieving friction and growth points in their own distribution centres.

> A single view of stock brings with it numerous advantages beyond improved omnichannel customer experience

The company offers bespoke fulfilment services ranging from hanging garments and flat packed items, general merchandise, through to managing customer quality control processes, supporting planned or reactive customer requirements with a wide range of value-add services (VAS), and managing full movement of goods from distribution centres to individual stores and wholesale customers. With a diverse range of products being handled at the facilities in Magna Park, CML provides services for commodities from luxurious hanging garments and leather accessories to homewares and seasonal sports equipment.

CML is not just a logistics company though. It is a guardian of its customers' brands. It is small enough to be agile and flexible but large enough to increase storagecapacity and staffing levels as required by retail clients. The company understands the issues and challenges of the omnichannel retail space and how effective back-end operations are critical in fulfilling the promises made to customers at the front end.

WHAT DO YOU SEE AS CHALLENGES FOR THE RETAIL INDUSTRY?

Retail is constantly evolving with technology and in reponse to millennials pushing the boundaries of what retail and service should look like. Customers do not see separate channels, they just see one retailer who they want to buy from and as far as they're concerned they expect the same brand experience whether they make their purchase online, in store or through a mobile app. Customers don't consider each of these checkout methods as separate channels, and neither should retailers. This dramatic change in customer expectation means that developing the systems, processes and partnerships to allow the perfect omnichannel customer experience has become a top priority.

Omnichannel retail necessitates the right delivery infrastructure to be in place in order to meet the service and delivery promises made to customers. This requires a customer-focused approach and one single, clear view of stock across the entire business. No matter whether customers buy from a physical store, a website, a catalogue, or on mobile platforms, their order is fulfilled from one central unified inventory. This allows stock to be in the right place, at the right time, and provides a more seamless experience for customers, giving them a consistent service regardless of how they choose to shop.

Separate stock inventories are common though, and

were a natural consequence of the dramatic growth of ecommerce. However, this separation now causes major headaches for retailers as they try to provide a positive omnichannel customer experience. Without a single view across the total stock estate, customers shopping online may be told that a product is no longer available, even if the item they want is sitting unsold in a store. This inefficiency often means more merchandise has to be bought, which increases the likelihood of later markdowns to clear unsold stock and results in varied retail fulfilment processes being followed with different stock inventories.

Whilst a significant barrier and one that depends on other factors to be realised, a single view of stock brings with it numerous advantages beyond improved omnichannel customer experience. Increased flexibility in stock fulfilment can lead to a decreased need for end of season discounts and also reduces the warehousing space required by retailers, as there is less out of season stock to return from stores to the warehouse.

WHAT IS HOLDING RETAILERS BACK FROM A UNIFIED STOCK HOLDING?

Systems can hold retailers back from achieving a unified view of stock since they are often highly specialised for the specific tasks they need to perform, and may work completely independently of other systems within the same business. For example, systems handling deliveries to stores are set up to track pallets or cases, whereas delivery to customers requires a system which can track and manage individual orders, including units, SKU codes and serial numbers. Stores may also have their own stock management systems in place to track inventory. These various systems need to be brought together to accurately manage stock levels and data must be updated in real-time in order to achieve a single view of all stock within the business.

With information often existing in isolation within a number of separate systems, retailers need to find a way to integrate these sources to allow data to be consolidated into a single main repository. By doing this, product information, stock inventory levels and customer data is made readily available across all touchpoints and to all logistics partners.

Providing detail when and where it's needed allows for far better distribution of stock and quicker response to customers, which results in improved retailer profits and a seamless omnichannel customer experience.

HOW IS CML HELPING WITH THESE CHALLENGES?

CML puts the customer at the core of everything it does, empowering employees to be dynamic in offering the highest levels of service and customer care possible. As a company it takes on the mindset of a retailer, understanding changes in consumer behaviour and technology use, as well as responding accordingly to offer the services that retailers need in order to meet the desires of its customers. In order to meet these changing behaviours and retail challenges, CML operates in a lean, agile and flexible way to ensure that it offers a bespoke and forward thinking supply chain service to retailers.

In a recent example, CML created a bespoke IT solution to enable it to provide inventory control of product from a UK retailer being processed in readiness for Zalando in Germany. The retailer required a unique system to capture data on products which are checked and relabelled prior to despatch to the German e-tailer. The solution has provided a lean and robust data exchange with the ability to supply both parties with clear inventory data within the process and productivity reporting.

Peak periods, including Black Friday and Cyber Monday, are carefully planned with retailers and brands so that customer promises can be met while the company's in-house IT department ensures that technology remains aligned to retailers' systems for a seamless flow between the front-end and the back-end solutions.

CML will continue to develop its in-house talent by putting expertise at the disposal of the retail industry as referrals and innovative new business solutions continue to drive growth for the company.

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7 BARRIERS TO PERFECT OMNICHANNEL RETAILER CUSTOMER EXPERIENCE

Increased competition and customer expectations make omnichannel retail a necessity.

Customer expectations are increasing rapidly, with next-day delivery and perfect brand experience now a key requirement instead of a nice to have. It's therefore incredibly important for retailers to get this right the first time. Failing to meet these customer demands will leave retailers struggling to keep up in the future and falling behind competitors who do. It's only through careful investment, selection of systems, integration, training and the right choice of logistics partners that retailers can offer a seamless omnichannel customer experience regardless of where an order is placed and how it is delivered.

CML has identified a number of barriers which retailers have to overcome in order to provide an omnichannel customer experience.

1. Separate stock inventories prevent optimised omnichannel retail;
2. Different products, prices and promotions across channels;
3. No single database of buyer detail, orders and refunds risks damage to the omnichannel customer experience;
4. Omnichannel retail cannot work without efficient systems integration;
5. Inconsistency of omnichannel customer experience;
6. The cost of omnichannel retail;
7. Inflexible partners make omnichannel retail impossible.

Chuck Cantrell

Director, Strategic Commerce Consulting, PFS

HOW IS OMNICHANNEL CHALLENGING RETAILERS TODAY?

Customers do not see channels. They see only one vendor and act on their desire to buy something from them. The single biggest challenge with omnichannel for retailers is identifying where the customer is in their journey. Many can't find or adequately identify customers and therefore can't communicate with them either from a brand or single enterprise perspective.

HOW IS THIS CHANGING CUSTOMER/RETAILER INTERACTIONS?

If retailers don't get omnichannel right, the customer will simply go elsewhere – and this omnichannel struggle extends to stores too.

PFS runs an audit for retailers, working against a checklist, with store visits and interviews with the retailer's staff to get a true sense of what's happening with failing stores. In many cases we've found that this channel, which is the most expensive for retailers to operate, is failing to meet customer expectations. The same basic errors occur repeatedly amongst US retailers: merchandising doesn't offer clear choices; sizes are unavailable in store and there

> To offer the right omnichannel services you need to pay close attention to your customers

is no clarity on whether they are available online. The National Retail Federation found that 46% of retailers in the US that offer pick up in store don't have signage in store to show customer where to go.

Shoppers who fail to obtain what they are looking to buy in store turn to online. However, having a strong online offering is not always enough. The second omnichannel challenge is that retailers have to offer the services that customers want. Some 80% of consumers in the US want 1 day or same-day delivery and retailers that don't recognise the trend are sending their customers to Amazon or other online vendors who have the delivery experience their customers desire.

To offer the right omnichannel services you need to pay close attention to your customers. Look at successful retailers such as Apple which does a phenomenal job of understanding what its customers are doing at every touchpoint be that in store, online or in its membership-based Apple Music channel. It listens intently to customers and responds accordingly moving quickly in directions where it sees its customers going.

Retailers have to find ways to make use of their customer data, understand and intuit from it and also do some very consistent processes of continuous improvement: audit your performance, respond to your audit and give your customers better value. Better value isn't necessarily just price. It's a customer experience that fits with their desire.

WHAT IMPACT IS IT HAVING ON THE ENTERPRISE?

Omnichannel has been putting a tax on technology teams within retail organisations as they try to keep up with the level of resources, skill sets and new technologies that omnichannel and continually changing customer behaviour require. It's in retailers' best interest to partner with an organisation which understands and uses new technologies regularly and delivers to a wide set of companies with different experiences and can therefore understand how to best exploit technology and deliver in the best timeframe.

One retailer which tried to internalise this is Nordstrom. The US department store group initially invested heavily in technology but in the past few years it has changed its model to partnering and purchasing technology through acquisition. These acquisitions also brought them the companies' tech teams and consumer insight.

IS THERE A BEST PRACTICE APPROACH TO OMNICHANNEL?

Omnichannel is about the entire enterprise not just what happens in store or online.

PFS delivers an omnichannel audit to customers which looks at technology, technology infrastructure, marketing and marketing infrastructure, development team and processes, store and operations, business processes and operations.

PFS also focuses on re-uniting the channels for retailers – looking at inventory visibility throughout the enterprise, maybe even back to manufacture which gives a clear vision of the supply chain and how they can deliver to demand as well as giving the customer the ability to know where to find what they want. If you gain full visibility of the supply chain you can move product to the customer in the quickest way possible and this enables faster shipping, for instance.

IS THERE AN END POINT TO OMNICHANNEL CHANGE?

Retail doesn't stand still. No two retailers are exactly alike and each one is in a particular place in their own omnichannel journey, hence the need for organisational audits. A roadmap identifies where the company is on the journey and what needs to be implemented, in what timeframe in order to meet customer needs in the particular market.

From understanding the needs of the customer for that specific retailer, the sector in which they operate and the position the retailer is in, the audit can identify and plan the best omnichannel journey to be followed.

This roadmap needs to be updated regularly in order to continually deliver improvements to the customer experience. For retailers, it is possible to be in a win:win situation with customers but you have to keep your eye on the ball.

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

CUSTOMER CASE STUDY

Based in Toronto and founded in 1973, Roots is a leading lifestyle brand committed to protecting the environment and producing quality, sustainable goods inspired by their rich Canadian heritage – whether it's athletic wear, leather goods, yoga outfitting, accessories, or home furnishings.

The brand rapidly but steadily expanded with the help of PFS's highly customised end-to-end, omnichannel commerce solution. With 120 locations in North America, 100 additional stores in Asia, and shipping to over 70 countries worldwide, Roots is truly a global story.

Like many multichannel apparel retailers, Roots faced a significant supply chain management challenge, making it difficult to match supply to consumer demand across multiple channels. When the product the consumer wanted to buy was not available in the location they wanted to buy it – online or in-store – the sale was often lost. Roots knew that they needed to make their entire inventory available to sell across all channels, but they wrestled with finding the right technology solution that could deliver on the promises of omnichannel retailing.

As a longstanding partner, Roots collaborated with PFS to deliver the solution they were seeking. PFS developed and deployed a comprehensive omnichannel commerce solution comprised of four key components:

Ship-From-Store Program: Store inventory was made available to sell to online shoppers. Orders are routed to PFS's fulfilment centre or to a retail store depending on availability. Store associates use a web-based fulfilment application to pick, pack, and ship the order.

Store Availability, In-Store Pick Up: Roots' shoppers can check availability in surrounding stores with a postal code search or GPS location. If a product is not available at a requested location the consumer can opt to have their order shipped to and picked up at the desired store.

"Roots Delivers" Endless Aisle Program in Retail Stores: Roots store associates are able to "save the sale" when sold out of the item the customer desires. The associate can see product availability across the entire enterprise and can place an order to be shipped to the customer's home with free shipping.

Buy Online, Return to Store: Products purchased online can be returned to any Roots store location for a refund to the form of payment used online. Roots store associates are able to find the online transaction and enter a return transaction. Customers now have a smoother in-store return experience and the stores can process online returns without a negative impact to their net sales.

The new omnichannel solutions produced tremendous results for Roots with a significant lift across several key performance indicator metrics:
• 160% increase in online sales;
• 83% increase in conversion rate;
• 59% increase in average items per order.

With their brick-and-mortar retail networks now seamlessly married with their online presence, Roots offers a convenient and flexible path-to-purchase to its customers.

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Omnichannel is getting personal

The following guest article has been written for InternetRetailing by *Wanda Cadigan,* **Global VP Commerce, Sitecore.**

When Henry Ford built the Model T, he inadvertently set in motion a series of events leading to where we are today in the customer equation. One of those was how businesses approached personalisation, famously quipping "You can have (the Model T) in any colour as long as it's black".

Fast forward a century (plus a decade), and you can see how this has come full circle. Despite being in an era where Amazon has furthered the need for retailers to provide accessible, competitively priced products, it's no longer enough to offer just a product, regardless of whether that's at the cheapest price with the best features. Indeed, digging into the recent Whole Foods acquisition demonstrates the real value of the deal is in all of the customer data, and not just about acquiring hundreds of stores and affluent customers.

We've reached a tipping point where customers want helpful information to go alongside what they're about to purchase, or continue to use. And they want this any time, any place, with minimal friction.

This is where the opportunity lies for retailers that get personalisation right.

Consumer now expect your interaction with them to acknowledge their current needs and history with your brand - to such an extent that they're willing to part with personal data, in order to increase the experiences, they have with your brand.

In a recent study Sitecore conducted with Vanson Bourne, 45% of consumers are willing to provide data in order for brands to personalise their experience. In short, they're giving you permission to extend your offerings into their lifestyle – if you get it right... sloppy, impersonal marketing is a recipe for failure.

Which is why content, and now context plays such a key role in consumers during the brand experience – it's freely available to the customer throughout the entire retail experience, whether they are engaging online and offline.

Consumers want personalisation but retailers struggle to make the connection – it's a breakdown in the customer equation. Why can't they do it? Broadly speaking it falls into three categories: Technology, people and process.

If you start with technology, it often centres around siloed systems and data flow. For all of the talk of digital transformation, and the investment organisations are making towards this, for many, connecting data silos should be one of the key areas to look at. Having a disjointed, siloed database – for example, information captured when a consumer visits a website, that doesn't talk to the email database, resulting in the customer receiving less relevant, less personalised content – is a recipe for failure.

Supporting this is the overall trepidation around data, and the maturity levels of some organisations. More often than not retailers know they need to do it but don't know how they're going to do it. Recruiting the individuals that can work out how to make use of these data sets, and understand the tools available to them will help the organisation become a data-driven, rather than product-driven organisation – a key attribute needed to thrive in today's digital world.

Finally, processes within the organisation itself needs to be reviewed. Customer data, personalisation and the customer experience have become so integral to the success of the business that making the most of the window of opportunity you have is the building block to a successful organisation.

Which is where Sitecore comes in. We've been helping retailers across the world make the most of every opportunity they have by automating engagement plans that link content and commerce together – for example, if a prospective customer has an item in their online basket for 24 hours, an email alert is triggered, notifying the customer and sending the an incentive to purchase the item.

We're working with business to align technology, data and processes so they avoid using a disconnected jumble of marketing tools, resulting in a disjointed experience. Companies which focus solely on the almighty transaction are failing while companies that use data to create relevant customer experiences are winning customers for life.

Transactional vs integral

But those forward-thinking retailers are fast realising that the shopping cart isn't the end state, but the middle part of the journey. It's no longer acceptable to draw customers into a beautifully designed brand website, only to abandon them post-transaction with no real intent to deepen the relationship.

Engagement in the post as well as pre-purchase state has now become an essential part of the sales cycle, that goes beyond product in order to retain customers. Rather, it's how you communicate with your customers before and after the transaction that drives brand loyalty and customer retention.

Fundamentally, marketers and digital leaders can only effectively manage the customer experience when they're marketing in context of how customers have interacted with their brand. How you communicate with your customers before and after the transaction could ultimately decide the level of brand loyalty and customer retention you can achieve.

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GLOBAL DELIVERIES, THE NORDIC WAY.

The following guest article has been written for InternetRetailing by Bhupender Singh, CEO of Intelenet Global Services. Intelenet Global Services is a 55,000 people organisation spread across 70 global delivery centres, providing innovative, cutting-edge solutions across sectors including F&A, Retail and Banking and Financial Institutions.
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The financials of omnichannel retailing

Bhupender Singh, **CEO of Intelenet Global Services, examines how omnichannel is transforming retailers' financial function and how a strong operational foundation can be built to sustain critical future business decisions.**

RAPID GLOBALISATION and the rise of omnichannel have transformed the retail landscape. The onward march of online shopping continues, setting retailers the challenge of meeting customer demand through a multitude of channels and fulfilment models. According to the Centre for Retail Research, online will remain the fastest growing retail market in the UK and Europe, with global ecommerce sales reaching $3.5 trillion within the next five years.

To the man on the street, these headline growth figures might suggest that retailers' current sales concerns have a simple solution. Pursue an ecommerce offering ever more wholeheartedly, and all your woes will be at an end – or so the story goes. By eliminating borders and improving the customer experience, online presents an exponential growth opportunity for retailers. However, it can also catalyse an increase in costs and capital investment, while requiring businesses to adapt their mind set in regards to measuring success and understanding profitability.

Before the prevalence of omnichannel, ecommerce largely functioned as a separate entity to the core retail business. However, as the channels and touchpoints along the supply chain have increased, and the lines between stores and online have blurred, ecommerce has become embedded at the very heart of business. While omnichannel is perceived as a more seamless way of shopping from the customer's perspective, the retail back-end is still adjusting its systems, processes and operations to cater to the 'new normal'.

To ensure a level of longevity for omnichannel offerings, this must be done in ways that are both profitable and sustainable. Making these strategies sustainable will take much more than implementing options such as click and collect and home delivery. Instead, retailers can increasingly use sophisticated financial planning tools to gauge the viability of pursuing different channels, in order to better direct investment and ensure long term success. With a complex portfolio of stores, both on- and offline, it is also imperative to understand where and how profit is made. Insights into the costs that accrue at each stage of the supply chain, the cost-to-serve, are an essential part of the armoury of any retail organisation.

Cost-to-serve is comprised of all functional areas in the supply chain, and so it requires an approach that encompasses an understanding of cost, revenue and profitability across the business. In order to comprehend the cost-to-serve retailers must understand all the end-to-end processes necessary to facilitate a customer delivery. Having a lucid understanding of how costs accumulate can help retailers make successful trade-offs in both their commercial and operational decisions founded on real business value and profit impact.

In order for omnichannel retailing to be successful, an increased use of software to exchange and make use of information is required across systems, channels and trading partners. With this increased interoperability there is a greater demand for standards across supply chain functions. Supply chain standards allow for a common means of sharing products and activities to facilitate internal and external partners working together more efficiently.

While supply chain management is a key enabler to profitability and long term financial success, it is also about achieving internal efficiencies, speeding up deliveries and reducing costs. While this can prove a challenge on its own, the omnichannel model demands even more: it expects products delivered whenever and wherever customers' desire. For retailers to remain competitive, they must adjust and offer customers the method of delivery they want. Ultimately, then, retailers need to re-think order fulfilment and logistics operations to meet the demands of the omnichannel customer, which in turn, will aid in enhancing financial capability.

Intelligent business processes are generated as a result of automating the supply chain, delivering responsiveness and agility. Through automation, retailers can seamlessly connect and automate sales, forecasting, replenishment, supply, planning, procurement, manufacturing and distribution activities. Reducing the labour intensiveness of the supply chain, allows the business to do more with less. It makes automation an essential component to long term success of the supply chain and boosts revenue in its ability to empower the growth and efficiency of an entire organisation.

Predictive analytics – specialised software that analyses data and predicts the outcome of future events – allows retailers to plot their inventory needs accurately and efficiently. Predictive analytics can be employed in the form of a wide variety of technologies and approaches, such as data mining and statistical modelling. These technologies examine past and present data to predict what is likely to happen at a specific point in time based on the supplies parameters. When used in the retail industry, predictive models exploit trends found in any given data set to spot both risks and opportunities. Models can

> **Data has a role in helping businesses to recognise and act upon financial implications, both in the short and long term**

be designed to identify relationships between consumer behaviour patterns, empowering retailers to recognise the financial benefits associated with recurring trends across multiple channels.

For example, using data collected from past sales, a retailer could locate customers who purchased laptops during a sale last summer and then implement predictive analytics to accurately forecast the promotion's likely effect on laptop batteries this summer, or predict how far laptop sales would rise or fall if a similar sale was held in 2 months' time. This would allow retailers to experiment with different price ranges to examine the impact each price tag would have during product promotions.

While it is important to place emphasis on data being used to better understand customer behaviour and preference, in order to determine where money is being directed within a business, it is also important to recognise the role data plays in helping a business to recognise and act upon financial implications, both in the short and long term.

Take the case of Marks & Spencer, which this year revealed a new store plan, predicted to cost £150m over three years. Whilst M&S considered the move into online grocery shopping and home delivery, analysts predicted that deliveries would cost the company £12 per customer, raising questions as to how much profit would be made. Big retailers which are implementing new store plans or introducing home delivery models have complex decisions to make when considering how much profit will be made across different aspects of the business. The application of data science and, increasingly, Artificial Intelligence, provides a transparent and holistic overview of finances. The advancement of cost analysis and financial analytics can contribute to predictive models and more accurate forecasting.

To thrive in the digital business era, retailers have to stretch their boundaries. This requires a willingness to rethink their business model and also to make the right technology investments. Having a sophisticated oversight of the cash flow process allows business leaders in the retail sector to create a strong operational foundation to execute critical decisions such as expansion and establishing a strong presence across digital, as well as in-store channels.

The following guest article has been written for InternetRetailing by Marcus Ruebsam, SVP, Global Head Strategy and Solution Management, SAP Hybris. SAP Hybris solutions provide omnichannel customer engagement and commerce software that allows organisations to build up a contextual understanding of their customers in real time, deliver a more impactful, relevant customer experience, and sell more goods, services and digital content across every touch point, channel and device.
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Data: the fuel for your omnichannel strategy

Marcus Ruebsam, **SVP, Global Head Strategy and Solution Management, SAP Hybris examines the importance of a single repository for data and insights to drive omnichannel engagement and success.**

YOU'VE PROBABLY heard it said before that 'data is the oil of the 21st century.' We're operating in a digital economy where data is more valuable than ever and, in today's connected world, marketers are sitting on a data goldmine. The challenge is, how does one turn data into insight and action, and then use it to deliver an omnichannel experience and to return the customer to the heart of the business?

The new digital economy dictates that old rules don't apply and this is evident in the evolution of the customer profile. Customers aren't necessarily buying a product, they're buying an outcome. There is an abundance of products in the world, but a finite number of customers.

Establishing meaningful customer connections is a requirement to compete in an increasingly commoditised market, and businesses that fail to provide excellent customer service and experience across all touchpoints will fall into the commodity trap.

The idea of "customer experience" transcends "good service." It is based on the concept of a culture and the mind-set of a business, driven by a desire to provide holistic and authentic experiences to each customer and reaching the emotions of the customer at each touchpoint.

An example of a company that has succeeded in providing a consistent customer experience across all channels is footwear and accessory brand ALDO. Its customers are the archetypal modern-day consumer – they shop across multiple devices and channels and expect the businesses they interact with to deliver rich, fast and effective omnichannel solutions.

With more than 2,100 points of sale, the company operates under two signature brands, ALDO and Call It Spring, and one multi-brand retail concept, GLOBO. ALDO wanted to engage with its global audience both in-store and across digital channels, where its customers were browsing and shopping with increasing frequency.

Specifically, the company implemented a solution that works seamlessly across channels to help it expand into new regions. ALDO simplified back-end operations and offer increased visibility into the sales lifecycle – as a result, optimising customer experiences and laying the groundwork for further growth. Since the deployment, ALDO has attracted 4% more visitors to its website, 12% growth in conversions and 20% growth in year-over-year sales.

Furthermore, in April, ALDO underwent a total site redesign, the first in ten years. As part of the redesign, it introduced unique ways to engage digital shoppers through new payment and shipping options. It continues to provide access to global inventory across all channels, including its mobile application, mobile points of sale and in-store kiosks.

THE DEVIL IS IN THE DATA

Customers are naturally drawn to brands that project authenticity, and the key to achieving this is data. By analysing data in real-time, a business can understand what the customer purchased as well as what they abandoned and, by using this in context, can then deliver a great omnichannel experience.

Delivering connected experiences can transform the engagement businesses have with customers. It's no longer good enough to simply pay lip service to customer centricity, marketers must take data and combine it with technology such as artificial intelligence and machine learning to truly put the customer at the centre of their business.

How does it work? Algorithms learn from existing data, bringing forth the most relevant data at the appropriate time. However, many organisations are being restricted by dealing with disparate data sources and data siloed across departments, which means that the insights derived are often not fully representative of the company's transactions or most recent behaviours. Instead, they need to be able to aggregate data to deliver a live customer profile that constantly evolves to their needs – only then can they ensure the customer data they possess is updated in real-time and reflects evolving interests and preferences.

Once customer data has been funnelled into a single repository, organisations can apply machine learning to discover what products a customer is engaging with, what they're purchasing and what interactions they've had with the brand across multiple touchpoints – both physical and digital. This provides better understanding of a customer's wants and needs and helps businesses cater to those desires through predictive analytics.

Machine learning can automatically segment customer profiles based on behavioural and customer journey patterns, to match the best product or service purchase to individual customers. Today's infrastructure needs to be working in real-time with a live transactional system pulling insights so brands can rapidly react and adjust strategy accordingly.

CONNECTING THE DOTS

Marketers now have a common language across the C-Suite, and that is data. Connecting the dots across the various customer touchpoints is now a core skill, with

> **Data is the key to projecting authenticity**

the expectation for a seamless experience across channels driving the next revolution in business capabilities. However, this is putting increasing strain on businesses in their search for profitable omnichannel growth.

Take for example the retail sector. According to our research with PwC, only 17% of retailers are confident that their omnichannel business model delivers a seamless and connected experience across channels and functions. These findings indicate a major opportunity.

Looking to the past, this same element played out in operational excellence for the physical store and now these lessons must be applied to the omnichannel world. While retailers are struggling to integrate existing channels, they also then miss out on the opportunities provided by new channels. Faced with this problem, retailers can either continue to expand piecemeal, adding further layers of operational and technological cost and complexity, or take a step back and address the need to adapt the whole operating model.

This requires them to successfully integrate channels and operations by making use of the data they have on file to deliver a single view of the customer, identify purchase and consumption patterns and drive insights that can deliver a personalised and tailored customer journey based on the needs of individuals. It's only recently that consolidation of all data in a real-time, flexible manner has really come to the forefront in retail.

The C-Suite is now more aware than ever before about technology, and the importance of data in driving an omnichannel experience and business outcomes. They're realising the importance of having the right data and technology capability in helping the brand compete effectively in an omnichannel world. The data that customers generate in interactions with brands, regardless of what channel or device they use, is valuable in determining the next step to maximising customer engagement.

The key to surviving and thriving in the digital age is improving customers' lives and creating an authentic and seamless experience across all touchpoints. This is the age of the individual and those brands that can deliver authentic, omnichannel engagements, which return the customer to the heart of the business, will be the ones that prosper.

The halo effect

As high street retailers have moved online so pureplays have been eying up the high street. Is opening a shop still a good option? *Emma Herrod* investigates.

ALTHOUGH ONLINE retailing grew by 16% in the UK last year, accounting for sales of £133bn, the majority of purchases are still made in physical stores. On average, £3.1bn is spent in supermarkets and food shops each week, while £0.6bn is taken in department stores and £3.3bn in other high street outlets. Online accounts for just £0.7bn of Britain's weekly spend, according to figures for May from the Office for National Statistics.

It is no surprise, then, that Amazon wants a slice of the UK's grocery spend and has been innovating with different ways to gain a bigger chunk of other categories online, including fashion. Its US customers, for example, have recently been offered Prime Wardrobe, a service which allows them to try on a selection of clothes at home and pay once they've decided what to keep. In essence, the service is turning people's homes into changing rooms without the hassle of processing payments and refunds. Shoppers are even given a discount based on the number of items they decide to keep.

Amazon has also launched Echo Look, a camera and video recorder for the home which combines fashion and style algorithms with Alexa to take full-length pictures and short video clips of the shopper and advise on the clothes they are trying on. Plus it's AmazonGo project is enabling it to test physical retailing in a store environment.

Along with these trials and innovations, Amazon has moved further into 'traditional' bricks and mortar retailing with the acquisition of US supermarket chain Whole Foods. However, the latter may be just a way for it to collect data on grocery buying habits and to lure Whole Foods' affluent shoppers to new innovations rather than purely a

> " Having physical outlets within a certain area can have a halo effect for online sales "

profit-making venture – Amazon's share price increased by £11bn on the day the £10.5bn ($13.7bn) acquisition was announced. Others surmise that Amazon's thinking behind the deal could be that it now has 460 prime urban and suburban locations in the US, Canada and the UK which can act as warehouses for other products.

"Millions of people love Whole Foods Market because they offer the best natural and organic foods, and they make it fun to eat healthy," said Jeff Bezos, Amazon founder and CEO. "Whole Foods Market has been satisfying, delighting and nourishing customers for nearly four decades – they're doing an amazing job and we want that to continue."

John Mackey, Whole Foods Market Co-founder and CEO, said: "This partnership presents an opportunity to maximize value for Whole Foods Market's shareholders, while at the same time extending our mission and bringing the highest quality, experience, convenience and innovation to our customers."

With Amazon guided by the four principles of customer obsession, passion for invention, commitment to operational excellence and long-term thinking – rather than competitor focus – it's unlikely to simply operate Whole Foods in its current format.

Having physical outlets within a certain area also has a halo effect for online sales, as John Lewis discovered when it launched its John Lewis At Home stores. Online retailer Boden must be hoping to benefit from this as it becomes a concession within John Lewis's department stores. The fashion retailer's original store in Hanger Green, London, continues to offer a physical presence for its brand, as does its Shopping Parties, which see

members of the public gathering their friends to show off 5 rails of Boden clothing from which they can make a purchase.

As Amazon has shown, pureplays have the opportunity to disrupt high street retailing and avoid being hindered by legacy systems. They can introduce technology from day one which will offer customers and staff a seamless experience as well as enhancing the offline retail world.

BRIGHT LIGHTS AND SOCIAL

Missguided, for example, opened a flagship store in London's Westfield Stratford Shopping Centre in November 2016, following the opening of concessions in Selfridges and in Manchester. Social media is one of the store's design highlights with 'jaw-to-the-floor' stage sets waiting to be shared online and digital screens changing in real time. Mobile-carrying sales assistants are on hand to help customers, including bringing their click and collect order directly to them.

"Our vision is to bring the digital world into each of our shops using innovative technology,

and our first physical store will only be the start. We aim to expand our bricks-and-mortar estate across the UK," says David Pollitt, Head of IT Operations, Missguided.

Slightly different is Farfetch, which is proposing a Store of the Future platform for use in the independent bricks and mortar boutiques which it serves through its online presence.

Again, looking at offline from a platform perspective, EiraTech Robotics is developing a store which performs like a large-scale vending machine. Shoppers can view and order items on a touch screen, and a robot in the warehouse area behind the screen will then take the purchased items from its storage area and deliver them through a slot for the shopper to collect. There is also the option to add a showroom so shoppers can see and touch items before placing their order at the kiosk. The system can handle products up to briefcase size. The company is already in discussion with a number of shopping centres in Dublin to trial its EiraCube in December this year.

Paige Wilcox, Associate, EiraTech, explains that the company is flexible about the type of ▶

Missguided aims to expand its bricks-and-mortar estate across the UK

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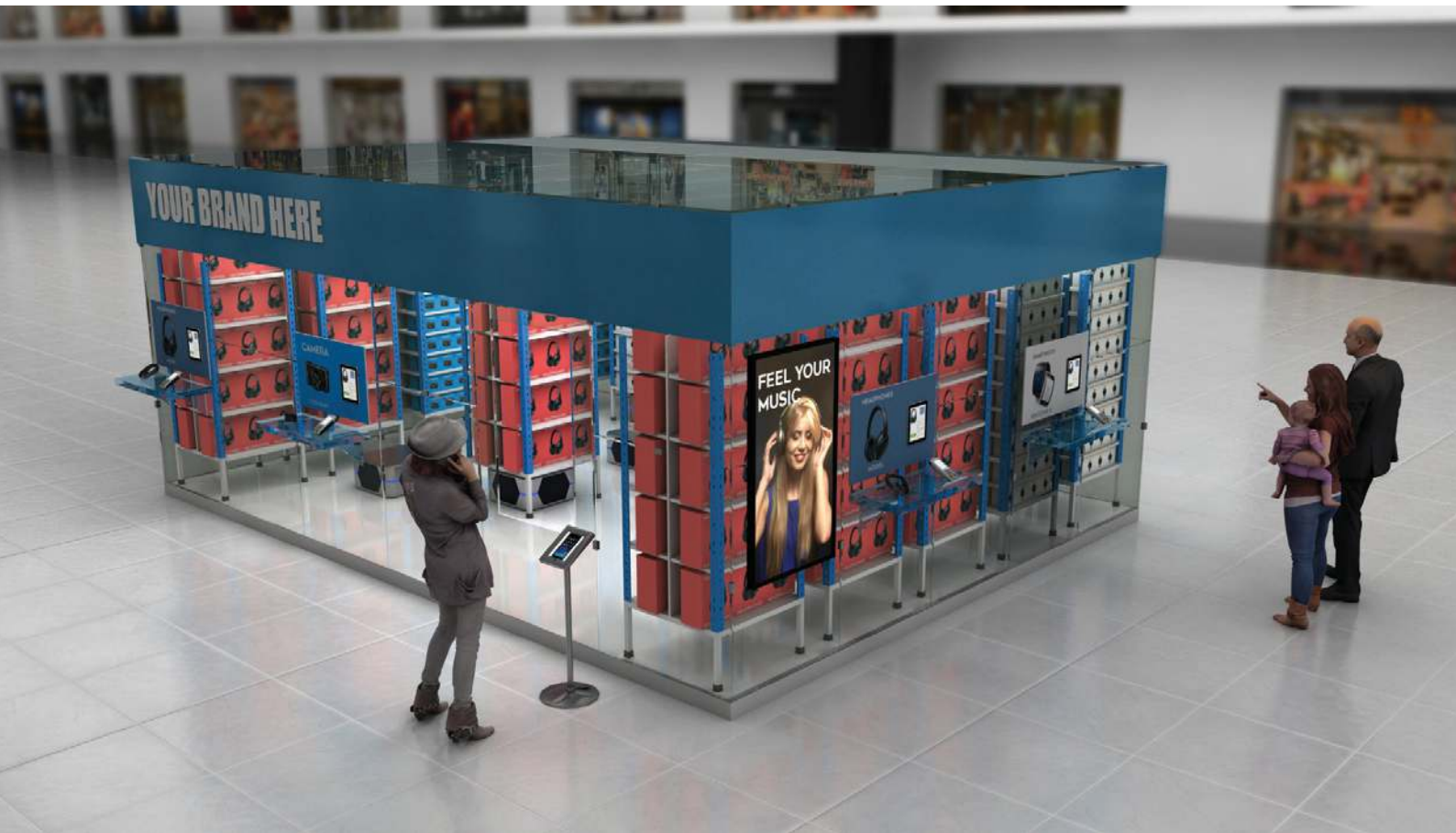**White Postal Boxes**

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EiraTech Robotics is looking at a 400sq ft space in a Dublin shopping centre to introduce its robotic shop

products that can be sold and the business model for locations. She suggests that the model would suit online retailers looking for a bricks and mortar outlet or it could be used to showcase startups in shopping centres.

Products and digital signage could easily be changed overnight so the store doesn't have to be fixed to one brand or retailer. The payment system can also be set up so that it goes directly to whichever company is using the cube. Other alternatives include using EiraCube for different events or seasonal sales.

However, all this news of offline's new-found appeal comes at a time when catalogue to ecommerce company N Brown Group is announcing plans to close its stores. It was just four years ago that it pioneered online's move to high street retailing. It will be closing 5 loss-making Jacamo and Simply Be co-branded stores in a move that leaves it with 10 remaining shops.

According to N Brown Group, these 5 contributed £5m in revenue over the past full financial year but accounted for all of the £2m operating loss made across its stores during that period. Weak high street footfall and

future significant business rate rises were both cited as factors in its decision.

"As a result of ongoing weak footfall in some locations, and with a clear focus on driving financial returns across all areas of our business, we will be closing up to 5 loss-making stores," says Chief Executive Angela Spindler.

"Although the outlook for consumer confidence remains uncertain, our offering is resonating with customers. At this early stage in the financial year, trading is on track to meet our expectations. We continue to invest in our customer proposition and remain very confident in our future growth prospects."

When the store chain was first mooted back in 2013, N Brown Group envisaged a national chain of 25 stores that would build on its foundations in catalogue and, latterly, online selling. It anticipated that the stores would generate a halo effect, attracting shoppers to buy online as well as in-branch. But now it seems that online has become the primary draw in itself: 78% of its new customers buy online.

For some retailers, it seems, the halo effect may not be as effective as hoped, but high street retailing remains challenging for all. ⬡

The following guest article has been written for InternetRetailing by Stuart Higgins, Director – Retail at LCP Consulting, the spearhead of BearingPoint's supply chain management team in the UK. LCP's rapidly growing retail practice offers advice to the UK's largest retailer, 6 of the top 10 UK retailers, and a number of top 50 European retailers. To access the LCP retail report, 'Integrating the retail supply chain', go to http://www.lcpconsulting.com/retail-report-2017/
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Inventory deployment is the new maxim

Stuart Higgins, **Director – Retail at LCP Consulting shares research and insight into omnichannel's impact on the retail supply chain.**

THE RETAIL sector is going through an enormous transformation. Revolutionary changes in the make-up of our society, combined with the ever-accelerating pace of technological change, continue to impact the sector heavily and have been further compounded by the unprecedented Brexit vote and the lingering uncertainty that continues to surround the UK's final exit from the European Union. As our recent report, 'Integrating the retail supply chain', highlights, the biggest change by far is the way in which consumers shop today. Low shipping costs and the internet have turned the globe into every consumer's high street, competition is now on an international scale.

The key challenge facing many retail boards is how to prepare a business to cater for ever increasing customer demands and ever accelerating expectations whilst maintaining profitable growth.

To future proof their businesses, retailers must keep pace with changing customer demands. To do this, they need to align their business operating model for customer centricity – and then, optimise their end-to-end supply chains to deliver their customer proposition profitably. Successful retailers of the future will be the ones that best recognise and adapt their business model to respond to

FIGURE 1: LCP'S FOUR RETAIL ARCHETYPES:

The four Retail Archetypes© defined by LCP comprise of:

OMNICHANNEL PIONEERS – fully committed to transforming front and back end operations to deliver a seamless experience to customers.

OMNICHANNEL FOLLOWERS – recent converts to investing in Omnichannel retailing without a fully integrated business model. Retrospectively fixing their back-end systems to keep up with Omni leaders, and as a result, running the risk of not establishing the core systems for long-term success.

OPTIMISED MULTICHANNEL OR PURE-PLAY RETAILERS – have made a strategic decision to adopt either a Multichannel or Pure-Play approach – often very effective.

CHALLENGED MULTICHANNEL RETAILERS – trying to adapt to a Multichannel world by bending existing bricks and mortar infrastructure. Clear warning signals that this group is in danger of terminal decline, with lacklustre growth reported.

these changes. But, first these retailers need to recognise how they're strategically placed.

To help retailers with this process, in 2014 LCP Consulting characterised the retail landscape using the four core archetypes (see figure 1). We find this classification of retailers as pertinent today as in previous years. The archetypes help retailers identify where their businesses are strategically placed – and understand the most appropriate operating model to adopt.

A DIFFERENCE IN APPROACHES
This year our report reveals that a gap is developing in attitudes towards how different

retail archetypes are understanding their customers, and then how the customer driven supply chain is being adapted or built.

We found that despite over three quarters (77%) of leading retailers believing that successful businesses put customer service first, only just over a third (39%) are actually talking to customers to understand their needs. Many retailers are making decisions based on gut instinct or their own perceptions of what customers want, rather than talking to them to understand their real likes and needs.

As Simon Ratcliffe, Infrastructure Director at FatFace, comments: "Customer expectations have been evolving at a rapid pace and you must keep up with these changes. It is important for retailers to genuinely understand their customer expectations, or the customers they are trying to capture. At FatFace, we are just as interested in the 85% who don't buy from us."

In short, not talking to the customer can also be extremely costly, because it means retailers can end up focussing on the wrong areas. Many retailers continue to pursue a 'faster and freer' delivery mantra, often in the belief that they need to compete with online pureplay retailers like Amazon. In our experience, if they speak to their customers they may find that the customer doesn't actually need or value that level of service. For many customers, what is more important is that deliveries arrive when and where they are supposed to, and that the delivery window is as short as possible so they don't have to waste the whole day waiting for a parcel.

This is where Omnichannel Pioneers (who as a group have increased from 32% to 41% as more retailers recognise that this is the winning archetype) truly differentiate themselves. This year we found that Pioneers saw no increase in premium home deliveries; as their model focuses on servicing the customers' needs for certainty and convenience, not just speed. They also experience consistent returns volumes, an indication that they have tailored their proposition to better meet customers' needs. This may be partially explained by the fact that

> " At FatFace, we are just as interested in the 85% who don't buy from us "

they have substantially increased investment in data and analytics (up 24%) in just twelve months as they further strive to understand channel economics and customer behaviour.

Understanding the customer better has also meant that Pioneers have a very different approach to how they offer a connected service to customers across channels. For instance, the number of Pioneers who see a single pool of stock as a key advantage is up 22% to 40% of respondents. A single stock pool has helped them realise both improvements in availability and working capital reduction. These retailers understand the wider business benefits of integration, and so investments are considered across a number of criteria.

Conversely, there is an inertia within the Challenged Multichannel retailers. Resistant to change and reluctant to invest heavily in new business processes and systems, they believe that this will not generate an acceptable return on investment.

The gap between willingness and resistance to change signifies the level of uncertainty in taking on the risk of investment, and this directly distinguishes the Pioneers from Challenged Multichannel retailers. Because the evidence is clear: winning archetypes are showing broad, holistic business benefits of integration – and in fact are generating a very attractive return on investment.

CUSTOMER-DRIVEN SUPPLY CHAIN

So, winning retailers (Pioneers) not only see the benefits of truly understanding the customer, they are also reaping the rewards of a fully integrated, customer-driven supply chain. The main drivers for moving to this model remain the same: increased sales and better customer service, but a shift is occurring.

While there is still a need to integrate front-end sales capability (whether store or online) with back-end fulfilment capability to deliver fully on the customer promise and ensure service and sales are maximised, retailers are recognising that integration is also considered as an opportunity to improve business operating costs and net profitability.

ONLINE REVENUE, IT'S TIME TO TURN UP THE VOLUME

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This focus has now extended to a much deeper understanding of costs across four areas:

1. Optimising stock availability;
2. Minimising inventory holding;
3. Reducing overall fulfilment costs;
4. Effective returns management.

In fact, from speaking to leading retailers, we have concluded that inventory deployment is the new maxim. And, winning retailers are the ones that are deploying the right stock into the right place at the right time to deliver stock availability and sales across all channels – while at the same time minimising fulfilment costs and the overall risk of markdown and clearance at the end of season.

Though this is a new perspective to the integrated supply chain model – it delivers

INVENTORY DEPLOYMENT IS THE NEW MAXIM
Winning retailers are the ones that are deploying the right stock into the right place at the right time to deliver stock availability and sales across all channels – while at the same time minimising fulfilment costs and the overall risk of markdown and clearance at the end of season.

'hard' operational and business benefits. As more retailers embark on the journey to integration, they are realising many unexpected benefits (as highlighted in figure 2) that previously may not have been considered as part of the business case for change.

Despite these operational and business benefits, there are three factors holding some retailers back from the journey towards integration. First, the goalposts keep moving for retailers. In this ever-changing environment, retailers face a dilemma when it comes to 'placing their bets' in terms of investment. After all, can full integration ever really be achieved when customer needs are in flux?

Secondly, some retailers (Followers) are deliberately looking to leverage second-mover advantage.

Finally, many retailers see the technology investment as too great so they focus their efforts on re-configuring their existing systems. They are making tactical 'bolt-ons' to give them the short-term capability to take small steps – and hoping they are not outdated when the next shift takes place.

So, should retailers re-configure or fully integrate? While it's technically possible to re-configure existing systems and processes to an extent, doing this will never realise the same return as a fully integrated business.

It is not unusual for retailers to try and make the best of their current systems before making investments in new technology. It can provide a useful testbed for new functionality, and often provides a clearer view of what's really required from a technological perspective.

However, retailers need to remember that bolting-on capability comes at a cost, and one that may stifle their competitive edge in the future.

WHAT ARE THE THREE MAIN ADVANTAGES FOR YOUR BUSINESS IN MOVING TO A MORE INTEGRATED MODEL?

57%	39%	31%
SALES	CUSTOMER SERVICE	OPERATING MODEL
38%	35%	34%
IMPROVEMENTS IN STOCK AVAILABILITY	REDUCED STOCKHOLDING	REDUCED TOTAL FULFILMENT COST
31%	18%	17%
SINGLE VIEW OF STOCK	MORE EFFECTIVE RETURNS MANAGEMENT	ENHANCEMENTS TO ASSORTMENT STRATEGY

The following guest article has been written for InternetRetailing by Prachi Gupta, Editor and Tech Blogger at July Systems. July Systems is a location insights and engagement platform provider based in San Francisco, USA.
www.linkedin.com/in/prachigupta26/
julysystems.com/
@julysystems

Improving retention

Prachi Gupta, **Editor and Tech Blogger at July Systems details how a predictive location analytics platform can provide insights into customer churn across channels and help consolidate relationships with wavering customers.**

CUSTOMER CHURN is the clearest sign of a brand's diminishing value. But it is extremely hard to find out the root cause of customer churn. For a long time now, retailers have been trying to improve customer retention by trying to identify the most profitable sales channel. They have been embroiled in the online versus offline crisis. But what they don't realise is that these two channels are not divergent, one is not necessarily weaker than the other.

If you want to improve customer retention, the digital versus physical approach to retail sales needs to be abandoned in favour of a more integrated approach because today's customers are dynamic, empowered and shop across multiple channels. To truly understand customers and the reasons they churn, retailers need to analyse the digital and physical behaviours of customers to identify patterns and then use them to predict future trends.

Fortunately, by using a predictive analytics tool, businesses can gain insights into the reasons of customer churn. A predictive location analytics tool is not really the technological equivalent of a crystal ball; rather it uses data such as – precise customer location, their in-venue behaviour and their dwell times to identify which customers are likely to leave, much before they actually leave.

Location analytics can be implemented as a stand-alone system but its predictive capability increases remarkably when combined with CRM and other data sources. This multi-pronged approach allows customers to be segmented and profiled more accurately, meaning that communication and interaction with customers can be made more

relevant and therefore much more likely to be acted upon.

For example, the WiFi analytics platform deployed at a shopping mall can tell you that a particular visitor has been observed visiting three furniture outlets recently without making a purchase. The odds are excellent that he is contemplating buying a desk, lounge suite or some similar product but is probably still on the fence about making an actual purchase. Perhaps because the price is a deterrent or maybe he needs to seek his wife's opinion, who is not accompanying him.

Now, based on these insights if you configure your analytics platform to send an SMS with a discount coupon to one of these furniture stores, he is very likely to respond positively because price is no longer the barrier to consumption. Or you could email a catalogue of the latest product line to him, which he can go over with his wife at home and come back to the store to buy it. Basically, you are not confining sales to any single channel. In fact, you are creating every opportunity for the customer to access your product on any channel he wishes to purchase from.

The digitally connected consumer can be very demanding when it comes to what kind of content he's served. Instead of annoying a potential customer with a blanket marketing strategy, tailored messages can be seen by the recipient as helpful suggestions. Sending coupons or other promotions only to those who are most likely to make use of them is not only the most efficient use of available marketing resources, it will also be appreciated by the customer and will lead to better engagement over the longer term.

Known as propensity modelling, analytics can help determine what kind of topic will grab a customer's attention, how a message regarding it should be structured and which delivery channel will yield the highest conversion rate.

For instance, sending someone a discount coupon by email for a restaurant he's passing by will be futile. Because by the time he reads the email, he's already at home having dinner. In such a case, an SMS or in-app notification will be more appropriate.

Multiple engagement channels are available to the modern retailer: social media and in-store approaches, for example. Knowing how to use each most appropriately and effectively can make the difference between taking marketing to the next level and failing at effective customer engagement.

Predictive location analytics can assist in finding correlations between variables in large data sets with ease. Let's try and understand how that works: suppose a certain downtown mall, which once experienced great footfall on weekends suddenly finds itself struggling to draw in visitors. The mall owner can't explain the reason of such drastic customer churn. All he has are educated guesses, but they aren't helping him lure the customers back to the mall.

Had he deployed a WiFi analytics platform, he would have seen that a certain restaurant in his shopping mall typically sees an uptick in business between 6pm and 8pm on Saturday evenings, which also corresponds with the release of a new movie every weekend. And to top it all, the parking lot was always full.

If all three of these conditions are met at the same time, a human observer might not be able to explain the amount of crowding, much less predict it. But with a predictive location analytics platform, he could have anticipated this crisis and made better preparations to deal with a high volume of visitors and cars. For example, the mall management could send coupons for ride pooling services to help visitors avoid parking troubles. Or run a special offer for guests who arrive between 2pm to 5pm.

Sometimes customers leave because they can't find what they are looking for. An in-store predictive analytics tool can address such issues. By using a location analytics platform, your store staff can instantly view the purchasing history of individual customers,

> **Predictive location analytics can assist in finding correlations between variables in large data sets with ease**

identify cross-selling opportunities in real time, gain visibility into store inventory and track the location of specific items. If a customer cannot locate a particular item, the floor assistant can immediately identify another store where the item is available and can redirect the customer there.

Since a lot of customers are already informed about the products they want to purchase, they do not want the store staff to deliver a rehearsed sales pitch. The staff will be better utilised if they can actually 'engage' the customers and act as shopping advisors. Floor assistants with access to real-time analytics can be more responsive, better informed and more efficient at completing their tasks.

Customer attitudes, offerings from the competition and market conditions are constantly shifting. Keeping track of your client base can, at times, feel like trying to nail jelly to the ceiling.

More accurate profiling and segmentation of the customer base can make this much easier, enabling effort to be directed at the types of customers with whom it will show the greatest benefit. Of obvious interest are regular big spenders, but also those customers who are exhibiting specific behaviours associated with decreasing engagement. For instance, if someone used to visit a location once a week but hasn't returned for more than a month, a targeted promotional message might just be what's needed to stop him from churning. Similarly, predictive analytics allow underperforming customers to be targeted, or be used to point out other types of marketing opportunities.

Multiple different channels can be used not only to gather information, but also to reach out to specific customers, or those fitting a specific set of characteristics. Choosing the correct channels and engagement strategy becomes much easier when customer profiling is supported by predictive analytics.

Predictive location analytics has just about reached that point on the technology maturation curve where the early adopters have made all the mistakes the rest of us need to learn from, while people are still busy figuring out all the ways in which it can be used to improve the bottom line. In short, right now is the perfect moment to invest in such a system.

Mobile in omnichannel

Paul Skeldon, Mobile Editor, Internet Retailing, examines how mobile is changing the clicks versus bricks status quo.

THE HIGH street is suffering. Footfall is, well, falling and with shoppers becoming ever-more used to being sated instantly online, the lure of the real-world shop is waning. At the same time, online shopping is going from strength to strength.

However, the picture isn't perhaps as cut and dried as you might think, with omnichannel retail being a much more complex beast than many give it credit for.

Research from Qmatic UK of 100 retailers with between 501 and 3,000 employees, found that the majority of sales for multichannel retailers in the UK still come from in-store transactions. Furthermore, the research also revealed that brick-and-mortar stores are not at the end of their life, now or in the near future, with four in ten stating that their organisation's physical stores will be just as important, if not more important in 2030, compared to only 23% who feel that by this time their organisation's physical stores will be obsolete.

This is backed up by a survey from ShopperTrak, which finds that more than a third of UK consumers (38%) still shop in-store as often as they did a year ago, while another survey from Omnico finds that 70% of shoppers aged under 35 would like to see store hours extended.

While it is easy to blame ecommerce for the death of the high street, what is actually happening to real world shops is that shopper habits are changing and the high street needs to change with them – and it needs to embrace technology to make it work.

Shoppers see shopping as an event and as a destination. Gone are the days of heading out just to shop, now it also involves at the very least a coffee, if not a lunch or dinner and possibly all three – and a trip to the cinema or some bowling.

Changing opening hours of shops and combining city centre and out of town shopping areas with these other entertainments is one of the main fixes for declining footfall.

The other is to make shopping itself more of an experience. And this is where mobile comes in. Retailers have long known that the answer

> **Only 3% of Britons say they no longer shop in-store**

lies in trying to combine the best of the online world with the best of high street – and the tool to do that is the mobile.

According to Vanessa Walmsley, Managing Director at Qmatic, "The research clearly highlights the important role of the in-store environment, now and in the future. While online is snowballing, this channel will by no means replace physical stores. Instead, a blend of in-store, online and mobile will continue to shape retail's future. However, with consumers now conditioned to heightened levels of convenience, retailers now need to adopt a channel agonistic, omnichannel approach to ensure the customer experience remains consistent across all channels, with the service received in-store matching that of online, and vice-versa."

Paul Lewis, Senior Director of Marketing at VoucherCodes.co.uk, agrees: "The high-street needs to take a smarter approach to counter tough consumer conditions and drive footfall onto the high-street. When shoppers are spending on food and drink, they are likely not spending on high-street items as they are enjoying the sunshine in the garden or at the park.

He continues: "The digital and physical needs to work together to increase overall sales figures, shopping is no longer divided into clicks versus bricks and retailers need to be enticing consumers onto the high-street through seamless experiences.

Last year, VoucherCodes, part of RetailMeNot, discovered that greater use of technology to offer shoppers a more mobile-friendly shopping experience in-store is helping UK retailers to unlock an extra £200 million in sales each year and can help drive footfall. While half of UK consumers have admitted to 'showrooming'; using smartphones or tablet devices to investigate reviews, product information and prices whilst in-store, research by RetailMeNot shows that 44% of shoppers in the UK are willing to spend more in mobile-friendly stores.

VoucherCodes has been working closely with chocolatier Hotel Chocolat to drive sales both online and in-store. Initially an online retailer, Hotel Chocolat has now opened more than 80

stores in the UK recognising that a majority of retail sales still happen on the high-street. Through VoucherCodes, Hotel Chocolat has been able to send targeted promotions to 8 million high-intent shoppers and 4 million app users allowing them to redeem those offers both online and in-store. Results showed that up to a third of customers chose the high-street, illustrating the strength of digital channels to drive footfall into stores.

Michelle Corp, Online Trading Manager at Hotel Chocolat, said: "Hotel Chocolat has always recognised the importance of digital channels – and ever more importantly mobile– to drive footfall into stores. Multichannel promotions have proven a very effective way of encouraging discovery of our product range and brand experience, not only online but also in-store. As the shopping journey becomes more complex, we are committed to allowing customers to shop as and where they want and ensuring consistency of message and experience."

This experience is going to come from new technologies on mobile such as augmented reality and virtual reality – and my personal favourite, mixed reality.

MIXING REALITY

Some 96% of consumers who have experienced Augmented Reality (AR) in a retail store say they found it helpful and report that it has improved their shopping experience, a survey by Vista Retail Support has found.

Of the respondents who have experienced AR in a store, 96% say they have used an AR headset that allows users to view 3D computer-generated images of products as if they are in front of them. 92% of those respondents say they found the headset experience helpful.

"New technologies that increase convenience are beginning to emerge in the retail space," says James Pepper, Technical Services Director, Vista Retail Support. "AR brings the additional wow-factor for shoppers who are growing increasingly tired of stale shopping environments in the age of one-click ordering and next-day delivery. Cleary in the cases where it's been applied, AR has had a significant impact and there are huge opportunities for retailers seeking creative new ways to attract and retain shoppers".

Apple's latest iOS mobile operating system does some incredible things with AR, offering the kind of experience fans of the technology have long dreamed of. Ikea is among the first

to take advantage of the perspective and auto-scale iOS allows users of its app to place 'furniture' in their home and even see under it and around it.

It is these technology-obsessed shoppers that retailers – in any channel – should be courting. One in five (23%) consumers is digitally obsessed, making almost all their purchases online, and inclined to shop with digitally advanced retailers, suggests the Buying tomorrow report from ecommerce consultancy Salmon,

This group puts convenience and innovation ahead of the brand names, with almost nine in ten (88%) consumers saying that speed of delivery is more important to them than the brand being ordered (78%).

The study questioned more than 6,000 consumers in the UK, US and Benelux countries, and suggests that 45% are either currently using or are likely to use Amazon Echo, Alexa or Google Home in the next 12 months. That's ahead of those who are using or plan to use smart lighting (42%), smart fridges and other white goods (42%), virtual reality (40%) and Apple Home (37%).

A further 57% believe they are more digitally advanced than some retailers, while 60% say they would be more likely to shop with a digitally innovative trader.

More than half (57%) say they can see why they might allow technology to buy goods for them automatically, based on their set of product preferences. That's up from 53% the year before. Consumer hunger for new retail technology is growing: 23% identified as "digitally obsessed", making almost all of their purchases online.

But should retailers be that worried? To paraphrase Monty Python's 'Dead Parrot' sketch: the high street is not "bereft of life," "ceased to be" or even "just resting." In fact, only 3% of Britons say they no longer shop in-store, according to Adyen. In fact, despite the prevalence of online – with 95% of people using it to shop in the UK – other channels are lagging behind expectations. Specifically, 40% of people have never shopped via an app and 75% have never purchased an item through social media.

What this tells us about retail is that some shoppers are driven by digital and want the 'new world' experience. However, most aren't. No, this doesn't mean that the status quo will prevail, just retailers need to look at technology more seriously than they do currently.

Evolving EPOS

The cash register has evolved from a till to an IT system. *Emma Herrod*
investigates whether it's time for it to drive the omnichannel store of the future.

PRODUCT NOT in stock and long queues at the checkout are just two of the things that people don't like about shopping on the high street. Of course, they are very generic and issues alter depending on shopper's age and also with what they are actually buying and how critical the shopping journey is. Both problems though can be alleviated by the electronic point of sale (EPOS).

The humble cash register has moved from decrementing stock and opening a cash drawer as an item is sold, to stock and order management linking with web orders and to EPOS v3 with store staff able to look at a customer's account. EPOS systems available today blend order management with on- and offline clienteling as retailers work to bring together the stock and customer channels giving store associates a single view of everything. By putting this onto a mobile device, such as an iPad, store associates are no longer tied to a fixed till position so sales can be made anywhere on the shop floor.

Clienteling apps enable store staff to view all of the data held about stock, store and customers as well as aiding them in giving discounts (with a view of a customer's behaviour and total value across online and physical platforms) and in some cases taking payment so that they don't need to break the flow of conversation with a customer or ask them to move to a fixed till point. They also help with queue busting – one of the things that Brits are famous for, but also the aspect of shopping that's the biggest bug bear. In fact, 57% of consumers have named queuing as their biggest frustration with the in-store experience. Despite this, only 2% of people would go somewhere else with a shorter one, showing that while we like to moan and groan, we generally put up with it.

The fixed till point is also being augmented by mobile. It's becoming hand-held devices carried around supermarkets by customers and downloadable apps enabling shoppers to check-out and pay for goods on their own mobile phone without interacting with a store employee. The AmazonGo store is a prime example here as Amazon enables shoppers to

> **Is it time to move stores onto the same platform as digital, mobile and stock?**

walk into a store, pick up items and walk out again without interacting with another person, having their every move tracked and payment for anything they walk out of the shop with taken via their Amazon account as they leave.

Retailers are having to work with lots of different types of shopping journey in store as they do online; Does the shopper know what they want to buy, get it and rush out or do they want the full immersive experience with added personalised retail theatre?

For those shoppers who want to be entertained, to be loved and connect with their favourite brands, retailers need to treat them as more than a number – be that their credit card, mobile or loyalty card number. They want to be seen as an individual and if that means sharing something with a retailer then so be it. Technology in store, therefore, needs to be able to track these people around the store (GDPR allowing), for their every move to be monitored and analysed, for product to be identified via RFID and for beacons, mobile phones and screens to connect messaging or store staff with individual shoppers in real time.

But, what does all this change mean for store IT and POS?

ONE PLATFORM TO RULE THEM ALL
Many digital innovations in store are augmenting the fixed till rather than replacing it, explains Richard Willis, VP Solutions Management EMEA, Aptos. There are still operational reasons to keep the 'cash and wrap' environment in store but centralising everything from stock and customer data to loyalty, promotions and content is the panacea and many 'store of the future' technologies such as integrating a customer's wish list with items in the changing room and taking payment seamlessly from any location all rely on the same digital content, interaction with social media and secure store infrastructure. Is it time, therefore, to move stores onto the same platform as digital, mobile and stock?

"It would be unrealistic and unaffordable for retailers to just strip out legacy store systems. The key to digital transformation is architecture first, then pilot and scale. An architecture that enables the new digital world ▶

Hello Caroline May

Tap to begin

5 PRODUCTS DETECTED

POWERED BY FARFETCH

and integrates into the existing retail legacy system is key," says Jeremy Griggs, Head of Retail IoT, BT.

"Having a single platform that serves all channels is about availability of technology to do that and vendors being in a position to support it", says Willis. "Investments made by retailers in channel specific areas haven't been fully realised so they are looking at how to deploy technology in store that will make use of the digital content," he adds. "without having to write off or completely change all of the infrastructures."

Retailers with an aging ecommerce platform have the opportunity to turn towards a single platform if its replacement cycle coincides with the 7-10 year cycle for POS.

The store environment could operate like the digital world with a single cloud-based platform into which retailers can plug different specialist systems as they do with analytics, search and personalisation online. "It's about creating the framework in store in the same way that vendors collaborate online since no one vendor will have all of the technology," says Willis.

Retail technology companies are not unaware of the growing use of digital in store and the way that EPOS systems are changing. A number of companies from the ecommerce arena are expanding their platforms into the

Farfetch has developed a store of the future platform to provide omnichannel services to luxury boutiques

store so that a single platform can be used to link up every touchpoint across omnichannel. Suppliers from warehouse management are expanding into the in-store platform arena too as the importance of a single view of stock, its movement and impact on the customer experience grows. The store technology companies are wise to the changes too. Systems are moving from all areas of the customer, stock, store, online perspective to join up the experience across every touchpoint.

Aptos, for example, has developed a platform which will bring together all aspects of 'unified commerce' and 3 of its ecommerce customers in the USA will be testing it before the end of 2017.

EPOS supplier Vend is also enabling stores to run off an integrated omnichannel platform through its partnership with Shopify. Menswear retailer Number Six, for example, is opening a second store in September which will operate from an omnichannel platform giving every part of the business a single view of stock and customer data.

LEGACY & SCALABILITY

However, pureplays moving to click and bricks and small, independent retailers have the advantage over larger retailers with widespread store estates. They are not being held back by legacy IT systems and hardware buying ▶

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cycles nor by organisational mindset. They also do not have issues with scalability since implementing solutions in one or two stores is a different matter to rolling something out to 100 or more shops across the country – or across a continent. Large connected digital screens in a flagship store in London add retail theatre and column inches in the press while the same screens across a large estate, for example, are cost-prohibitive.

Willis believes that apart from trials and single flagship stores showing how digital can work in a single store, we'll see more trials in 2018 but in store omnichannel platforms will not be mainstream for a couple of years – and "not until 2019 at least".

Retailers not only have to prove that they have the right technology but also that it works and makes a difference to the customer experience not just in one flagship store but across their entire estate. It also needs to do this at speed. "It's straightforward to do this in one store but how do you roll that out across your estate of stores cost effectively and bet your business on the right technology to ensure you have the right balance of customer experience, resilience and ability to trade across all of those stores," he says.

In the meantime, we'll see an increase of retailers introducing digital into store as a point solution for different business challenges rather than being integrated from a single platform as well as a continued move away from fixed tills towards a mobile store environment.

So, while Amazon continues to disrupt every aspect of retailing and pureplays and brands show how the store of the future could operate it must be noted that it will still take a lot of investment, a deep understanding of the customer and their different journey needs along with IT resilience to truly bring

FARFETCH INTO THE FUTURE

Online luxury fashion platform Farfetch has developed a Store of the Future technology platform to support the physical stores of the independent, luxury clothing boutiques that it partners with online. The platform integrates with customer data, omnichannel fulfilment options as well as product analytics such as connected rails which show when products were lifted off clothes rails and add themselves to the shopper's wishlist. The technology extends to the changing room where interactive mirrors allow a customer to communicate with a sales assistant. Payment is via mobile.

The Store of the Future technologies are built on Farfetch's proprietary API platform. "It's modular, so solutions can be fully tailored to the needs and desires of each partner that we work with," says Stephanie Phair, Chief Strategy Officer, Farfetch. Individual boutiques will be able to choose the components that they want to use. Future components are expected to be developed by third parties. The platform is in beta currently and will be trialled later this year at Browns, the London boutique which Farfetch owns.

"To capitalise on the future growth of ecommerce, luxury brands and retailers must think holistically about how to put the customer at the centre and tell their brand story by leveraging all touchpoints," says Phair. "We must bear in mind that we are servicing a customer, who is actively choosing to consume through multiple channels – from bricks and mortar to online ecommerce stores and social media networks. They expect an equally connected and luxury experience across all of these. It is about utilising inspirational content and editorial, as well as harnessing the power of data, both online and offline, to create a completely unique and personalised luxury experience."

Farfetch believes that brick and mortar retailing will continue to have a critical role to play in luxury retailing with 75% of purchases expected to be made in a physical location by 2025. "Bricks and mortar is not going away, but it has to be done differently," says Phair. "People want an experience when they visit a luxury store, not just a transaction. To achieve this, the in-store and digital experience need to be connected - it is about knowing the customer's habits and preferences at all levels, whether they click on your website or walk through your store doors. This is the thought behind why we created Store of The Future – this platform of technologies will allow retailers to bring meaningful and completely tailored tech in-store. It's the next step in our augmented retail vision."

omnichannel onto the high street. A lot of money can be invested to drive customers to a flagship store experience but the pioneers haven't signed off the experience to their full store estate – yet.
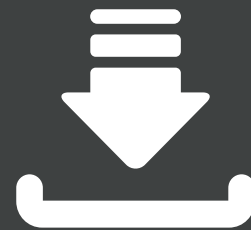
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Dino Rocos, Operations Director, John Lewis

John Lewis: Collaborating for click and collect efficiencies

Dino Rocos, **Operations Director, John Lewis spoke to Emma Herrod about the retailers' Clicklink click and collect network and how it's advocating collaboration across the retail industry.**

AS SHOPPERS were wrapping the last of their Christmas presents on Christmas Eve 2014, the retail and carrier industries were rocked by the news that carrier City Link had ceased trading. With employees, contractors and self-employed drivers facing a bleak Christmas, for the retailers that had contracts with City Link the future was uncertain too.

John Lewis had contracted all of its click and collect parcel deliveries to City Link with the company handling an increasing number of parcels for delivery to the Waitrose supermarket stores.

With shoppers increasingly looking for convenience – including more frequent, but smaller grocery shops – click and collect had been growing for John Lewis, explains Dino Rocos, Operations Director, John Lewis. Today, some 40% of John Lewis's orders are made online with the majority collected from store. Of those click and collect orders, 73% are collected from one of 316 Waitrose stores as shoppers combine picking up their purchase with a regular visit to Waitrose.

"That makes click and collect important to us," says Rocos – especially since it also drives incremental sales. However, as he points out, click and collect "is also more expensive than customers calling into our shops and putting the item into a carrier bag and taking it away with them".

Following the demise of City Link, John Lewis was left with the option of moving its click and collect business to another carrier or, working on the premise that it had sufficient parcel volume, build a network itself. Moving to another carrier would mean putting a significant proportion of its online sales in the hands of someone else while not retaining control. Building its own network would mean that it kept control, but the set up would be very costly.

John Lewis understood that the business was not alone in asking questions around the growth of click and collect and control versus cost. Other retailers would also reach the same point in their own omnichannel journey. Rocos explains that looking at the issue differently, John Lewis realised that it could create a solution not just for its own retail parcels but

one which would work for the broader retail industry too. This led to the formation of a 50:50 joint venture with Clipper to develop a separate network to handle click and collect parcels.

CLICKLINK
The resulting Clicklink venture utilises Clipper's vehicles to collect orders from John Lewis's distribution centres along with utilising the retailers' expertise in warehouse management and in-store operations and systems to provide a cost-effective sortation and delivery service that guarantees click and collect orders placed by 9pm will be delivered to stores before noon the next day.

Clicklink has set up dedicated sortation facilities in Swadlincote and Northampton as well as developing a complete in-store pick up drop off (PUDO) solution for other retailers to utilise. This includes software, hand-held scanners, parcel tracking from receipt through to the cage being delivered to the individual store and systems integration. Parcel tracking can also be opened up to a retailer's customers so that they can monitor their own order.

▶

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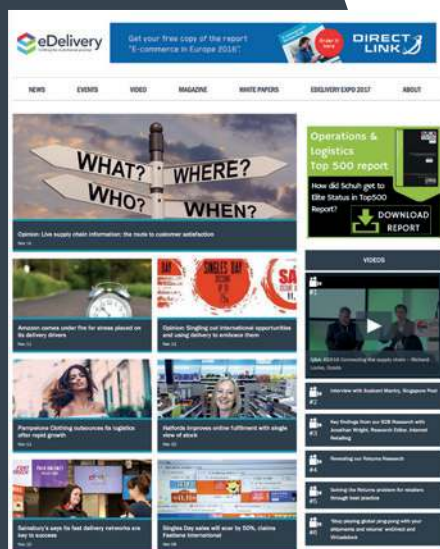
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The network also handles returns from stores and these can be sent back either to a retailer's DC or fast-tracked to a re-pack fulfilment station and delivered into a store the next day.

As Rocos points out, customers aren't concerned about which carrier or type of vehicle moves their purchase from a DC to the store; they simply care about the overall experience and what happens at the point of collection in-store.

Clicklink has been fully operational since the second half of 2016, following an initial trial at the end of 2015 and roll out of service across the Waitrose estate. At peak 2016, up to 80,000 parcels were delivered by the service to Waitrose stores each day. Rocos points out that this figure rises to "well over 100,000" when volume to John Lewis stores is included.

Clicklink also provides click and collect services to other retailers taking product from DCs to their own stores. During 2017, Whistles, Mint Velvet, Go outdoors, LK Bennet and Ted Baker started to utilise the service.

"We've launched the service with John Lewis as the base volume. We have other suppliers on there and as a result we're starting to share capability and drive efficiencies into the fulfilment of click and collect orders not just for ourselves but for other retailers as well," says Rocos.

The service also means that a retailer which only replenishes store stock once or twice a week can move from not offering a click and collect service to very easily having multiple deliveries to its stores every day. The service is also scalable as volumes increase.

COLLABORATION & EFFICIENCY

Rocos believes that shoppers will continue to look for convenience and speed in their delivery choices and a dedicated click and collect network will provide greater agility and flexibility than one which is shared with home delivery. Click and collect will need to operate faster than a 24-hour cycle with collections 12 or even 8 hours after an order has been placed becoming the norm. Shoppers will expect to place an order in the evening and pick it up on their way to work or place an order in the morning and collect the parcel on the journey home.

However, in order to do this sortation equipment has to work with click and collect multiple times a day and it won't be able to do this when it is integrated with other fulfilment activity, he explains.

He highlights that changes in retailing are making the supply chain much more complex than it has been in the past and that many retailers are facing the same issues. "The real question," he says, "is should we continue to operate in isolation from each other in all that we do or should we be working more collaboratively in those areas where we don't differentiate to get some efficiencies of scale?"

He believes that retailing will have to move to a place where it's delivering what customers want but in a very efficient way. This could, for example, mean parcel consolidation or customers being able to collect their parcels from a number of retailers at a single retailer's store. Retailers which are part of the Clicklink network would be able to do this – since parcels move through the same sortation facility before delivery to store – if they had the conversation and decided it was a business model they'd like to pursue.

Rocos says that Clicklink is an enabler for collaborative working but he believes that there are also other areas outside of click and collect fulfilment where retailers could collaborate with greater volume driving greater efficiencies and cost savings.

"As retailers grow more volume online and grow more volume on click and collect and incur the costs associated with that more complex customer journey we'll see more asking if there are smarter ways of working."

He believes that there are gains to be made in areas such as transport, order processing, warehousing, pack and wrap and that great efficiencies can be made by increased scale. He asks: "If there is shared need and a shared service commitment why wouldn't we try to gain some economies of scale?"

SAINSBURY'S CLICK & COLLECT

Sainsbury's is to launch an Argos click and collect service through 100 stores later this year, following a trial at six Sainsbury's Local stores. The supermarket has also launched a trial from its Pimlico store in London that will allow customers to order their grocery shopping via the Chop Chop app and pick it up from store just 30 minutes later, for no fee.

The Argos click and collect launch, which is due towards the end of the year in time for the Christmas peak, is said to be part of a longer term plan to have 2,000 points of presence for the retailer to improve flexibility and speed for customers.

Mike Coupe, Sainsbury's Chief Executive, said the plans would make life easy for his shoppers. "Offering the Argos click and collect service in Sainsbury's Local stores makes it even more convenient for our customers to buy our products," he said.

Coupe said the company was also considering the use of independent retailers as delivery points for Argos purchases.

Meanwhile, the Chop Chop launch means Sainsbury's becomes the first retailer to offer a collection service in under an hour. The trial, which is limited to the Android version of the Chop Chop app, allows customers to select and pay for up to 25 items for collection in 30 minutes, seven days a week, with no fee for the service. The orders will be packed and ready for the customer to retrieve by showing their order number at the store's Chop Chop desk.

Clodagh Moriarty, director of online at Sainsbury's said: "We want to offer a customer experience that is differentiated in terms of price but also in terms of service, with complete customer autonomy and excellent flexibility.

METAPACK TO BOOST CONVERSION

MetaPack has announced a partnership with mapping and location services company HERE Technologies in a move that it claims will boost conversion rates and revenues for brands and retailers.

As part of the partnership, the MetaPack API will dynamically present delivery options based on each customer's location on the actual product description pages of ecommerce websites. The duo claim that this level of transparency allows customers to select a delivery option personalised to their specific needs, enables brands and retailers to meet their delivery promises and ultimately drives conversion rates and revenues.

Mathieu Jurgawczynski, Senior Product Manager of MetaPack said: "With 45% of consumers confessing to having abandoned a basket on a retailer or brand/manufacturer's ecommerce website because of unsatisfactory or unavailable delivery options, it's clear that delivery is very much a defining moment in the ecommerce experience. Our alliance with HERE Technologies will enable online consumers to see via a retailer's website which delivery options, services and slots are available specifically to them."

The MetaPack platform takes a preferred delivery address and then matches that, via geo location, with the nearest PUDO points that would be suitable for the customer. HERE's solution ingests data (such as the customer's address or another convenient delivery location) to present accurate store pick-up or PUDO options.

PASS MY PARCEL & REBOUND PARTNER

Pass My Parcel has partnered with returns provider ReBOUND to allow shoppers faster returns for their online orders.

Owned by news and magazine wholesalers Smiths News, Pass My Parcel has a trading portfolio of 16 retailers, which includes Asos, Amazon and French Connection.

Freda Cronk, Head of Marketing at Pass My Parcel, said the new partnership offered greater choice for its customers.

"At Pass My Parcel we're always looking for new and exciting ways to offer our customers the latest in delivery innovation. We have a unique proposition in the sector and by working with ReBOUND, we are giving people the choice of returning items to shops in a number of different ways. This will help make the process more convenient, simple and in tune with customers' busy lifestyles," she said.

Pass My Parcel, which was established in 2014, is available through a network of over 3,500 independent newsagents and convenience stores across the UK. Customers can collect and return items purchased online at a time to suit them, from as early as 7am, on a daily basis.

Graham Best, CEO at ReBOUND, said: "Pass My Parcel's vision is very much like our own – we both want to give customers greater choice when returning unwanted items. It's all about making the process as convenient as possible – which can then drive up sales for retailers."

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HUBBOX WIDENS REACH

HubBox, the courier-independent click and collect technology company, has announced plans to expand its network of collection points to more than 6,000 by peak 2018, a goal it claims will make it the widest-reaching click and collect network in the UK.

The company has partnered with payment provider Payzone. Each Payzone location, which are already used for services such as payments and transport ticketing, will become the click and collect hub for customers in their area.

Launched in 2015, HubBox offers a fully integrated click and collect solution designed to work alongside an online retailer's existing fulfilment and courier framework. Retailers of all sizes can offer their customers local Collect Points as a delivery option at the checkout using HubBox's cross-platform software, without the need to change their existing delivery partner.

HubBox has recently partnered with major online retailers including Jack Wills, Warehouse, Oddbins, and JOY the Store, as well as over 80 other retailers in the past 12 months.

"The partnership with Payzone is a key component of our strategy to become the most accessible and wide-reaching click and collect provider in the UK," said Sam Jarvis, CEO of HubBox. "We're delighted to be working with an established player like Payzone to achieve our goal of blanket UK coverage and becoming the largest click and collect network in the country."

ZALANDO EXPANDS NETWORK

Zalando is expanding its European fulfilment network. The Berlin-based fashion retailer and marketplace says that it plans to open two large fulfilment centres in Poland and Italy, alongside smaller fulfilment centres and localised warehouses near key cities including Paris, Milan and Stockholm.

The expansion is part of a strategy to invest around convenient and fast delivery and returns. It is also improving capacity and automation at fulfilment sites.

Plans for expansion come after a financial first-half in which the retailer launched Zalando Fulfillment Solutions, enabling fashion brands to use its logistics infrastructure and expertise, similar to the Fulfilled by Amazon solution.

The retailer also launched Zalando Zet, a membership programme that it says will be a cornerstone for future growth for the business.

The new programme offers customised premium services such as faster delivery, which will include same day delivery, as well as pick-up of returns on demand which will allow goods to be collected from a location of the customer's choice within two hours. The service will also offer additional benefits such as personal fashion advice via Facebook chat or phone and early access to sales.

The service will initially be tested in four German cities for a three month period. These will include Berlin, Leipzig, Frankfurt and Hannover. Customers will at first use the service for free but then will be able to become members for 19 Euros a year. The new service will be launched into further German cities in the coming months.

US WAREHOUSE FOR ASOS

Asos is to open a new ecommerce fulfilment centre in the United States. Operations from the centre, in Union City, outside Atlanta, Georgia, will start in autumn 2018, after a $40m fit out is complete.

The fast fashion retailer says the new centre will "significantly" improve its customer service in the US, enabling it to offer more cost effective, faster and flexible delivery options. The centre will initially be able to handle up to ten million items, and there will also be room to expand. It is part of a growth strategy that targets expansion in key markets around the world.

Nick Beighton, Chief Executive of Asos, a Leading retailer in IRUK Top500 research, said: "This agreement is a major step forward for Asos in the US and demonstrates the opportunity we believe lies ahead in this key market. Our US business delivered 39% constant currency growth in the first six months of the current financial year following sales of £179m in the year ended August 2016. Our US fulfilment centre will enable us to significantly develop our proposition for our 20-something US customers supporting our continued growth and future ambitions."

Asos aims to become the number one fashion retailer for twenty-somethings around the world. Operations and logistics are key to that strategy. In the last year it has opened a second European distribution centre, and it said in full-year results published in April that while some 25% of US orders were delivered from the US the remainder were sent from the UK.

Insight around the world

ANDREW PEARL, DIRECTOR OF STRATEGY & INSIGHTS EMEA, PROFITERO

Japan boasts one of the world's biggest ecommerce markets, with 4% of 2016 worldwide retail sales, ranking it fourth according to eMarketer.

The average shopper in Japan has a relatively high disposable income and puts in long working hours, so ecommerce really delivers against consumer demand for convenience.

Although Japan has one of the world's highest rates for digital buyer penetration, its online activity is geared towards local merchants, so the country still has one of the lowest rates of cross-border buyer penetration.

As more global companies seek to enter the Japanese market, understanding Amazon and local market preferences is critical for brands and retailers. Firstly, they should monitor the hottest products on Amazon Japan across various categories – vital for retailers to ensure their site has the most popular items in-stock (particularly over peak buying periods such as back-to-school and Christmas).

Secondly, they need to monitor product differences online, as the best-selling products on Amazon are often very different to the top sellers in the brick-and-mortar world. The best selling cosmetics brands on Amazon Japan are: Can Make, Cow Brand, Ceffine Silk, Cleansing Research, Heoine, Chacott, Shisheido, KOSE and Bifeta.

Shoppers on amazon.co.jp also have the option to search for regional specialities within certain categories (e.g. noodles, rice, condiments, sake). It's not uncommon for these smaller brands to act as Amazon "pure-players", available only through amazon.co.jp and over-investing in the etailer to outperform more established national brands in both search results and sales rankings. Mainstream brands should therefore continuously monitor these small brands to ensure they can react with keyword sponsorship or promotions through Amazon to drive their performance.

Finally, the very high levels of mobile device usage in Japan, particularly for retail transactions, means brands and retailers must understand how to optimise the presentation of their products to provide a simple mobile shopping experience. Note differences in the language used by shoppers when searching for products; how to optimise product titles and descriptions; and understand the importance of simplified images for use on small device screens.

CHRIS VINCENT, GLOBAL CEO, PRACTICOLOGY

When people talk about a China entry strategy they also usually talk about Tmall or JD.com as a key component for success but online marketplaces aren't necessarily suitable for every product or brand. Don't despair, while marketplaces are a dominant force in the online world they aren't the only way to reach Chinese consumers and online is evolving in a very different way to the west.

The main force for change in the Chinese market is an app called WeChat. It is China's favourite social media app, and as of 19 May 2017 it had 938 million monthly active users. The app is built for use on mobile phones – think of it as a mix of Facebook, Twitter & Whatsapp combined. The app also has ecommerce functionality that allows you to build your own store and sell products online and then checkout using their mobile payment solution.

Well that's all well and good but how do you get people to your WeChat store? Well there are a few ways... QR codes didn't take off as expected in the west but they have in China. Businesses are leveraging these codes across both physical spaces, and on and offline marketing campaigns. These QR codes have proliferated everywhere in Chinese culture and people do use them regularly. By scanning one of these codes instead of sending your potential customer to a marketplace page you can launch them into your D2C WeChat store.

The other popular method of driving D2C sales to your WeChat store involves KOL's or key opinion leaders. These are usually social media bloggers or celebrities that endorse products through their social channels, usually either Weibo or WeChat itself. The KOL puts a link or a QR code in the post that sends their followers through to your WeChat store to purchase items being endorsed.

All you need on WeChat to open a store is to register for an official account. As of 2016 there were over 10 million official accounts on WeChat. So, while marketplaces are still dominant don't think that these are the only online option for your China strategy and don't forget that unlike marketplaces D2C sales on WeChat carry no transaction fees.

EMMA HERROD, EDITOR, INTERNETRETAILING

EU online retail sales are predicted to grow at 11.3% per year until 2022, according to Forrester's latest online retail forecast of 22 product categories across 17 countries in Western Europe. Online sales continue to outpace physical retail sales and by 2022 more than half of retail sales of music, video, tickets, books and toys will be online. Forrester forecasts that the sales of music from physical stores will be virtually wiped out as 93% of music sales will be made online by 2022. Some 63% of music sales and 55% of video and DVD sales were online in 2016. Online sales of event tickets reached 43% in 2016, with 31% of toys sold online. These will reach 59% and 53% respectively by 2022. However, despite the share of online grocery sales nearly doubling over the next 5 years, it will account for less than 5% of total grocery sales by 2022.

Meanwhile, internet usage in South Africa is on the rise with over 40% of South Africans surveyed accessing the internet for over five hours a day on average. Respondents to the survey by Effective Measure said that they used their phone on an hourly basis with 17% of respondents answering the survey via mobile internet – this rose to 84% for millennials. When it comes to ecommerce, 12% of generation X responded that online shopping was the most common internet usage. This figures dropped down to 7% for generation Z. Across all age groups, software and electronics and travel and accommodation are the most common items purchased online.

Over in the US, online luxury fashion retailer Moda Operandi has partnered with marketing technology company Curalate to offer remote checkout from Instagram. The collaboration sees Amazon Pay being used as the payment method on Moda Operandi's Like2Buy shoppable social gallery on Instagram.

Customers who visit Moda Operandi's Like2Buy gallery on Instagram can now easily purchase the products they see by clicking the Amazon Pay button to pre-populate their payment and shipping information using their Amazon account information, then simply confirming their purchase on the brand's site. Moda Operandi is among the first retailers to gain access to this remote-checkout functionality on Instagram.

"We are committed to providing our clients with the best shopping experience possible, no matter how they prefer to shop," says Keiron McCammon, CTO, Moda Operandi. He continues: "We know our client is engaging with us on mobile for content and more recently, shopping."

Amazon, meanwhile, has launched 'Instant Pickup' on 5 college campuses enabling students to order items from a mobile app and collect them 2 minutes later from a locker. Snacks, drinks and 'every day essentials' can all be ordered through the service which is available at University of California at Berkeley, Westwood in Los Angeles, Tech Square in Atlanta, Columbus, and College Park.

Russian ecommerce giant Ozon.ru meanwhile is rapidly growing its market share with optimised dynamic pricing. After systematically adjusting prices using Revionics, Ozon saw an increase in new customers of more than 30% in just a few months. Since these new customers generally shop more than existing customers revenue has grown 50%.

"Over the last couple of years, Ozon has created a well-designed, state-of-the art infrastructure for delivery and customer service, giving us a reputation for reliability and quality that is important to our customers. We were ready to plug in the final major cornerstone for sustained market share growth: a sophisticated price team utilizing science-based price optimisation," says Konstantin Bayandin, Digital Marketing and Pricing Director, Ozon.ru.

He continues: "We want to drive 5-10x revenue growth in the next few years to optimise our market footprint and reach a scale that enables significant purchasing power with key suppliers. And with our extremely fragmented competitive landscape, we wanted to know that we were offering competitive prices on the items that truly matter to customers."

Ozon sells 4.5 million items across 23 product categories including books and media, software, games and music, mums and kids products, sports, health and beauty, home and deco, antiques, and many others.

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InternetRetailing Conference 2017

The InternetRetailing Conference is taking place in London on 5 October. *Emma Herrod* shares a preview.

THE INTERNETRETAILING Conference 2017 (IRC) is the 12th annual edition of the event and this year focuses on energising retail. It runs alongside sister event the eDelivery Conference (EDC), and will be held at the Novotel, Hammersmith, London.

The theme of Energising Retail provides a platform for well-established retail concepts to be questioned as leading retailers discuss how the industry can meet the needs of the modern consumer. The IRC and EDC conferences bring together UK and European Top 500 multichannel retailers to share insight into how they are running their businesses to meet the needs of today's consumers online, on mobile, in store and across all touchpoints. Presentations will be given by professionals

who have led and delivered significant projects for globally-renowned retailers, brands and services with speakers focusing on what they've done, what they're doing, and how they assess the results.

The format of presentations and round tables provides digital leaders opportunities to share, learn, network and continue developing their digital retail and multichannel strategies.

One pass gives entry to both events with speakers including Giles Delafeld, global CIO, Clarks; Bill Hopkins, executive director of operations and logistics, Trainline; and Regis Koenig, director of customer services, Darty.

OPENING PLENARIES
Reflecting the state of the industry, the opening debates aim to clarify exactly what the modern landscape is. How have consumers evolved in terms of their expectations and demands and how can retailers respond profitably? The plenary session also explores ▶

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OPENING PLENARY ADDRESS

Chairman's Introduction 09.00 - 09.10	Ian Jindal, Editor in Chief, **InternetRetailing**	**Opening Plenary** 09.10 - 09.35	'Elite' Retailer Case Study
Keynote Address 09.35 - 10.00	Senior Representative, **Halfords**	**Roundtables** 10.10 - 10.40	Roundtable discussions from Amazon, Lastminute.com, The Hut Group and many more

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TRACK 1 | ANALYSE & CONQUER
Klarna
Avalara

Time	Session
12.00 - 12.30	**Innovative Consumer Profiling: Statistics Are Not Enough** Daniel Infanger, VP International B2C, **Conrad**
12.35 - 13.05	**Sponsor address from Salesforce Commerce Cloud** Jamie Merrick, Director of Strategic Solutions, **Salesforce Commerce Cloud**
13.05	Lunch & Networking
14.00 - 14.30	**Building Loyalty & Retention through Effective Consumer Analysis** Kieron Smith, Digital Director, **Blackwell's Bookshops**
14.35	Conference Workshops
15.40 - 16.10	**Sponsor session with Klarna** Senior Representative, **Klarna**
16.15 - 16.45	**Winning the Next Generation of Buyers & Understanding Millennial Trends** Giles Delafeld. Global CIO, **Clarks**
16.50 - 17.20	**Closing Keynote Address** Sacha Wilson, Director Sales, EMEA, **Avalara**

TRACK 2 | ADAPT & EXPAND
pitney bowes
SAFECHARGE

Time	Session
12.00 - 12.30	**Reforming Digital Retail to Complement The Modern, Informed Customer** Alexander Bartholomew, Director of Multichannel, **The Range**
12.35 - 13.05	**Understanding the cross border buyer journey** Georges Berzgal, VP & Managing Director, **Pitney Bowes**
13.05	Lunch & Networking
14.00 - 14.30	**Retailer Case Study** Andrew Webb, Digital Transformation Director, **Jimmy Choo**
14.35	Conference Workshops
15.40 - 16.10	**How to Design the Ultimate Payment Conversion Strategy** Cenk Dumlupinar, CEO and Founder, **Everything5pounds.com** Yuval Ziv, COO and MD of **SafeCharge Bulgaria**
16.15 - 16.45	**How to Develop Digital Agility in Order to Structure and Accelerate International Business** Philip Driver, Head of eCommerce EMEA, **Canon Europe**
16.50 - 17.20	**Beating the Discounters: Myth Busting and the £4billion Opportunity in Grocery** Andy Ellis, ex EVP Supply Chain, **Walmart Canada** Paul Harvey, Head of Retail, **Newton**

SEE FULL AGENDA AT **INTERNETRETAILING**

AGENDA AT A GLANCE

eDelivery Conference

INTRODUCTION

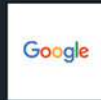| 09.20 - 09.35	**Chairman's Welcome** Peter Ward, Chief Executive, UK Warehousing Association	UKWA

Top 500 Knowledge Panel

10.45 - 11.15	**Top 500 Knowledge Panel** Simon Bell, Founder and Managing Director, **Diligent Commerce** Sean McKee, Director of Ecommerce, **Schuh** Ian Jindal, Editor in Chief, **InternetRetailing**

TRACK 3 | CREATE & INNOVATE
ATTRAQT
monetate

12.00 - 12.30	OK Google - What's the Future for Retail? Alastair Sterling, Industry Head, Retail, **Google**	Google
12.35 - 13.05	Retailer Interview with ATTRAQT Katie Woodhead, Head of Business Consulting, **ATTRAQT**	ATTRAQT
13.05	Lunch & Networking	
14.00 - 14.30	The Shape of the Nation: Sizing up the consumer and innovating the buying process Richard Barnes, CEO, **Select Research**	Select
14.35	Conference Workshops	
15.40 - 16.10	Sponsor session with Monetate Simon Farthing, Director of Strategy & Insights, **Monetate**	monetate
16.15 - 16.45	Building In-House Teams of Technology Experts To Carry Your Organisation Into the Future Dave Elston, Digital Director, Europe, **Clarks**	Clarks
16.50 - 17.20	New Talent Brings New Opportunities. How Are The Leading Retailers Attracting and Retaining The Next Generation of Thought Leaders? Jim Butler, Head of Global Web Sales, **Games Workshop**	Games Workshop

TRACK 4 | STAND UP & DELIVER

09.35 - 10.05	Customer Care in eDelivery Edward Osbourne, Head of Direct to Customer Operations, **John Lewis**	John Lewis
10.10	Roundtables	
10.45 - 11.15	3PL Panel Discussion Jane Smith, Business Development Manager, **CML** Richard Clark, Marketing Director, **N Brown Group**	CML N BROWN GROUP PLC
12.00 - 12.30	International Cross Border Johan Riis Johansen, Head of ecommerce services, **Coop Danmark**	coop
13.05 - 13.35	Reputation in Delivery Karen Gibson, Senior Manager – toyou Client Relationships at **ASDA**	ASDA
13.35	Lunch & Networking	
14.35	Conference Workshops	
16.20 - 16.50	Returns Strategy Ben Greener, Digital Content Team Manager, **Andertons Music Company**	ANDERTONS Music
16.55 - 17.30	Panel Debate: The Next Generation Caroline Hazelhurst, Operations Director, **Deliveroo** Bill Hopkins, Executive Director Operations & Logistics, **The Trainline**	trainline deliveroo

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@edel_conf #EDC17

CREATE & INNOVATE

The Create & Innovate Conference at this year's IRC 2017 will focus on the need to cut through the noise of competition and customer choice in order to stand out from the crowd.

It will explore how leading internet retailers have done just this, considering too, the traders that are taking a leading role as the opportunities that technology has to offer change fast. The conference will ask how these 'pioneers' are incorporating technological advancements and with what results? What are the processes of decision-making leading up to such changes?

Topics are set to include online shopping in tomorrow's world, explored through themes such as how technology will give the consumer greater options in search and buying strategies, how to encourage a creative culture in marketing, and how new technologies or innovations have benefited the bottom line, as well as how the retail sector will change over the coming 10 years.

The conference opens, following the morning plenary session, at 12 noon with an opening keynote address, from Alexander Bartholomew, director of multichannel, The Range, that explores online shopping in tomorrow's world, considering issues from voice recognition to virtual reality.

Speakers throughout the conference will include Dave Elston, digital director, European region at Clarks, on building in-house teams of experts to carry organisations into the future (4.15pm), Richard Barnes, chief executive of Select Research on sizing up the consumer and innovating the buying process, and Katie Woodhead, head of business consulting at Attraqt, while Jim Butler, head of global web sales at Games Workshop, will give the closing keynote address, in which he'll consider how leading retailers are attracting and retaining the next generation of thought leaders (4.50pm).

ANALYSE AND CONQUER

The Analyse and Conquer conference stream at InternetRetailing Conference 2017 will focus on customer understanding and satisfaction.

In this stream, speakers will not only explore current analytical processes but also expand on traditional customer analysis by discussing holistic approaches to consumer understanding.

Other speakers will investigate advances in technology including AI, big data, and machine learning. Questions will include how big data is being managed and converted into new marketing strategies and how new technologies can better serve both the retailer's understanding of their market as well as the delivery of customers' expectations.

The opening keynote address of the conference stream is Daniel Infanger, vice president, international, of Conrad Electronic International, who looks at different approaches to analysing the customer. Speakers in the stream also include Kieron Smith, digital director of Blackwell's Bookshops, Giles Delafeld, global CIO at Clarks, and Johan Riis Johansen, head of ecommerce services at Coop Danmark.

the possibilities in new talent and working methodology. What is the perfect blend of age and experience, and how can traditional labour be reconciled with new opportunities in technology?

Plenaries to look out for include:
▌The modern consumer demands a modern approach to ecommerce. What defines the new modern? How are innovative retailers keeping pace?

▌How will the retail sector change in the next ten years? How can retailers brace themselves and be prepared so to keep pace in a highly competitive industry?

Following the plenary session, round tables give the opportunity for delegates to share and discuss aspects of interest to their current business need. These will be led by industry figures including Alessandra DiLorenzo, Chief Commercial Officer - Media & Partnerships, lastminute.com.

A panel discussion with InternetRetailing Top 500 retailers follows. This looks at 'Emotional Commerce: Putting the E into ecommerce'. Sean McKee, Director of Ecommerce of multichannel shoe retailer Schuh will join Ian Jindal, Internet Retailing's Editor-in-Chief, on stage with other panellists.

ADAPT AND EXPAND

Growth into international markets is the focus for the 'Adapt and Expand' conference stream. Internationalisation is a major concern for many retailers since to succeed over multiple markets, companies must prove themselves to be adaptive both in terms of their resources, staffing strategy, contingency and preparedness for unexpected challenges.

Topics will include defining action points and strategies that satisfy future Brexit restrictions and challenges, agile team structures and modelling when undergoing expansion processes, how to develop digital agility in order to structure and accelerate international business, coping with nuances in different international markets whilst sustaining operational efficiency and SEO, in order to maintain high hit rates when entering new markets.

The opening keynote, at 12 noon, is OK Google - What's the future for retail? This will cover technologies that will be shaping the retail landscape over the years to come; what Google is focusing on in these areas and examples of retailers doing a good job in this space too.

Then Georges Bergzal, VP and managing director, global ecommerce, EMEA at Pitney Bowes will be speaking on the cross-border opportunity that international selling now represents. He'll discuss the complexities of the cross-border buyer journey, the current state and future projections of cross-border ecommerce markets, the latest trends in consumer behaviour, and what it takes for retailers to succeed internationally, profitably. His presentation, Understanding the cross border buyer journey – what drives success in international markets?, is at 12.35pm.

Andy Ellis, former EVP supply chain for Walmart Canada and Asda will be speaking alongside Paul Harvey, head of retail, Newton in a presentation, Beating the discounters: myth busting and the £4bn opportunity in grocery, after lunch at 2pm.

Cenk Dumlupinar, CEO and founder, Everything5pounds.com and Philip Driver, head of ecommerce EMEA at Canon Europe complete the afternoon's session.

FOUR STREAMS

The consumer's profile has never been more complex (partially due to the industry's strengthened ability to analyse the modern consumer). Retailers are also aware that the consumer has more and more possibilities at their fingertips. They can behave instinctually; they may be impulsive, or react predictably to well placed online presentations. But always, the reaction is a direct consequence to the consumer's personality profile and cultural exposure. To address this challenge, IRC is effectively looking at consumer analysis and profiling, internationalisation and the successful management and integration of

> **A very good, concentrated, intense day of best practice**

new technologies and working methodologies. These themes will be the focus of four simultaneously running conference streams.

The 'Analyse and Conquer' conference stream will focus on customer understanding and satisfaction. In this stream, speakers – including Giles Delafeld, Global CIO at Clarks who will speak on 'Winning the next generation of buyers & understanding millennial trends' – will not only explore current analytical processes but also expand on traditional customer analysis by discussing holistic approaches to consumer understanding.

Relevant advances in technology including AI, big data, and machine learning will be incorporated into discussions. How is big data being managed and converted into new marketing strategies? How can new technologies better serve both the retailer's understanding of their market as well as the delivery of customers' expectations?

Smart growth into international markets is the focus for the 'Adapt and Expand' conference stream. Internationalisation (and

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WORKSHOPS

ingenico
ePayments

Conversion in Mobile:
Payment innovation to boost
growth and remove friction

14:35 – 15:05

Hear from the companies who have led, delivered and assisted significant projects for globally-renowned retailers, brands and services in these hands-on, practical, training focused sessions.

LOOP54

Machine Learning Software:
Beyond the Hype - How to
Buy it and Apply it

14:35 – 15:05

neo4j

Real-time Recommender
Systems Made Easy with
Neo4j

14:35 - 15:05

SCANDIT

Providing a richer digital in-
store customer experience:
with barcode scanning &
augmented reality.

14:35 – 15:05

ROIHUNTER

Using Offline and Online
Data in Retail Facebook
Marketing

14:35 - 15:05

CORRA

Driving Conversion With UX
and Engagement

14:35 - 15:05

CONVERSANT

The principles of
personalisation

14:35 - 15:05

Movable Ink

Give your customers what
they want. How behavioural
data is redefining email
personalisation

14:35 - 15:05

YOTPO.

Social Commerce UK : How
Britons Use Social to Shop

14:35 - 15:05

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ROUNDTABLES | 10:10 - 10:40

Open and intimate discussions enabling retailers the room to debate and discuss the most pertinent issues their jobs demand.

SELFRIDGES&Cº	**poq**	**CORRA**
Sidd Sarnaghi, Advisor, Selfridges	Closing the mobile conversion gap with an app	Engage Your Customer - Anytime, Anywhere
Dalepak LIMITED **feelunique.com**	**pass my parcel**	**IBM.**
Black Friday, the e-Fulfilment challenge	Innovating parcels and distribution services for future-proof online shopping and retailing demands	Order Management Optimisation: An Engine for Delivering Rapid Omni-Channel
amazon	**THEHUT**GROUP®	**lastminute.com**
John Barlow, Senior Business Manager - Fulfillment	Rob Millington, Head of Logistics	Alessandra Di Lorenzo, Chief Commercial Officer, Lastminute.com

AND MORE...

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Engage with C-level peers from leading Top500 companies

TESCO	**NIKE**	**SELFRIDGES&Cº**	**JD**	**SCREWFIX**
B&Q	**LIDL**	**Sainsbury's**	**John Lewis**	**EVANS** CYCLES

+ POST EVENT PARTY

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the coping mechanisms in order to deal with this challenge effectively) is a major concern for many retailers. To succeed over multiple markets, companies must prove themselves to be adaptive in the process; adaptive in terms of their resources, staffing strategy, contingency and preparedness for unexpected challenges.

The 'Create and Innovate' stream focuses on managing competition and new trends. Competition is vicious and the volume of opportunities for the consumer is huge, so how does a company cut through this and win the modern consumer over? This stream will explore some of the most exciting and innovative case studies of how the leading internet retailers are able to stand out from the crowd; proving themselves adaptive, and forward thinking.

Additionally, which retailers are leading, responding or following the technology opportunities? Most importantly how are these 'pioneers' incorporating technological advancements and with what results? What are the processes of decision-making leading up to such changes?

The fourth stream looks at defining operational efficiencies that match modern consumer demands. Never has operational performance been more scrutinised. Consumers expect seamless delivery on their terms. How can this be enacted in a profitable and efficient fashion? How are working techniques and strategies amended across international borders? Ultimately how is an adaptive and coherent model of operating developed that suits specifically your company profile?

IRC and EDC are accompanied by a exhibition area and in depth, expert workshops led by key companies that have delivered significant projects for globally-renowned brands. Experts include Ingenico ePayments, Corra, Barclaycard, and ROI Hunter.

Topics of discussion will be conversion on mobile, machine learning software, the digital in-store experience, the principles of personalisation and driving conversion with UX and engagement. ▨

To find out more about the event, speakers, workshops, roundtables and the full agenda, visit internetretailingconference.com

Predictive Analytics

So... Sausages, prawns,
a fire blanket, one
pair 200 denier tights,
Savlon, Senekot and an
umbrella...

Ermm... BBQ?

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