



BIRCHBOX: A 360-DEGREE RETAIL MODEL

Savannah Sachs, Managing Director, Birchbox UK, on taking the company's pioneering online model onto the high street

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AI Pioneers:



Editor's comment



Supermarket loyalty schemes have been in the news over the past couple of months as Tesco, Waitrose and Sainsbury's all announced changes. Tesco devalued its Clubcard vouchers so that customers could get days and meals out to 3 times the value of a coupons. Previously this had been 4 times the value so for £2.50 worth of Clubcard vouchers a customers could receive a £10 voucher for restaurants including Bella Italia, Zizzi or Pizza Express. Other partners gave 2 times the value of Clubcard vouchers.

In an email to customers, Tesco said: "Previously your vouchers were worth 2 times their value with some of our Reward Partners – and others were worth 4 times. We've decided to make things easier. From today, you'll get 3 times the value of your vouchers across the majority of our Reward Partners at [tesco.com/clubcard/boost](https://www.tesco.com/clubcard/boost)."

However, this simplification of its loyalty rewards scheme – which gave no notice to customers of the changes taking immediate effect – was met with a backlash from customers and a retraction from Tesco. The changes will not come into effect now until June.

Waitrose, meanwhile, dropped the ability for customers to pick their own offers from its myWaitrose loyalty programme at the end of February. Previously, shoppers could receive a 20% discount on 10 products of their choosing. Going forward, Waitrose says that holders of its myWaitrose card will receive tailored vouchers and personalised offers along with the current exclusive vouchers and competitions and a free magazine and tea or coffee.

Sainsbury's is putting more emphasis on its customer data by buying Nectar,

the multi-brand loyalty programme of which it was a member. As Jason De Winne, UK General Manager, ICLP says in his feature on retail loyalty in 2018 in this issue of InternetRetailing magazine, "Sainsbury's acquisition of Nectar is further evidence of retailers seizing control of their consumer data to enable the customer-centric, highly personalised rewards and loyalty experiences that are defining the modern era of retail loyalty."

Loyalty is just one topic in this issue in which we look in depth at how retailers are connecting with customers, not just for a single transaction but a continuous conversation around acquisition, retention and loyalty. We also look at how digital and machine learning are leading to deeper conversations, greater engagement and personalised experiences and what that means for IT, trading and operations teams.

I investigate how data, digital technologies and machine learning are altering merchandising and how customers and the products themselves can feedback into development pre- and post-sale.


Katy Howell, CEO, immediate future shares insight into social media, changes across the platforms and how retailers can improve their connections with customers. Interestingly, she says that two-thirds of visits to Instagram business profiles are from people who don't follow the brand yet. Also, 33% of people under 25 say they are more likely to buy directly on Facebook, 27% on Instagram and 20% on Twitter. The desire to buy in social is growing with the older age groups too.

Paul Skeldon, Mobile Editor, InternetRetailing investigates how mobile is bringing retailers and customers closer together while Graham Halling, Director of Consulting, Bench

explains the way ahead for headless commerce and why the e in ecommerce now stands for everywhere. "A solution where the content management system is decoupled from the ecommerce system will liberate your IT and Marketing functions and go a long way to overcoming many of the misalignment that often exists between them," he says in his feature in the Mobile Section of this issue of the magazine.

Retailing everywhere through digital is increasingly being felt in store as staff carry iPads for customer-facing services and back office tasks. David Wright, Marketing and Business Development Director and Mike Pearson, Associate Director, Digital, Dalziel & Pow examine what digital in store means for IT, trading and operations teams. They also share their knowledge of how retailers can get the experience right for customers and for staff.

Delivery also offers an opportunity for retailers to increase the customer connection. Yodel has recently conducted research into this topic and Neil Ashworth, CCO at Yodel, shares some of the findings into how retailers can utilise mobile technology to reduce failed deliveries and improve the customer experience.

Topics across all aspect of retailing including connecting with customers and delivery will be discussed in depth at the InternetRetailing Expo. The UK's largest multichannel retail event, the InternetRetailing Expo is taking place at Birmingham's NEC on 21 - 22 March 2018. The InternetRetailing team looks forward to seeing you there. 

Emma Herrod
Editor



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

HOLLAND & BARRETT STRENGTHENS DIGITAL LEADERSHIP

HOLLAND & BARRETT has appointed Steve Carson to the newly-created position of Managing Director as it focuses on its digital transformation strategy. Carson was previously Director of Retail and Customer Operation at Sainsbury's Argos where he was responsible for 840 stores with 30,000 staff and a turnover of £4.5bn.

Peter Aldis, Chief Executive of Holland & Barrett, a Leading retailer in IRUK Top500 research, said that this appointment represented an important and strategic

milestone for the business, as the retailer aims to drive digital transformation both online and through its brick-and-mortar stores. "Coming so soon after our acquisition by L1 Retail, it is a clear signal of our intent to become one of the world's leading health and wellness brands," said Aldis.

Steve will "help us continue to innovate in stores, ecommerce, logistics and supply chain as well as in customer service and fulfilment, creating the right platform for long-term sustainable digital growth.

LASTMINUTE.COM TEAMS UP WITH ROUGH GUIDES

LASTMINUTE.COM is working with travel publisher Rough Guides, to offer brands a new way to target travel customers. The two are to combine their first-party data and targeting capabilities to enable smarter targeting of ads. Brands will be able to direct their ads towards the travel audience using both companies' sites, which include lastminute.com, Rumbo and Bravofly, building bespoke campaigns that it says will target travellers with relevant ads along the way.

Lastminute.com group will use search and booking data to point its website customers to the most relevant travel guides for the destinations they are travelling to, at, says lastminute.com "the point of inspiration". Rough Guides' content will be on dedicated microsites on lastminute.com group's sites.

Alessandra Di Lorenzo, Chief Commercial Officer – Media and Partnerships at lastminute.com group, said: "We want to help advertisers engage travellers with relevant content from the research and inspiration phase, right through to booking and beyond – and this partnership allows us to do just that. It is part of our strategy to develop more rich, curated marketing solutions that go beyond the banner. And Rough Guides is a perfect partner for us – its iconic travel content will complement our own content creation capabilities, which we've been working hard to develop since acquiring WAYN – the world's largest social travel network – last year."

René Frey, Chief Executive at Rough Guides, said: "This is a really exciting partnership for us. Not only will it help our brand partners to reach a bigger travel audience, it will also allow us to engage with consumers in a travel environment and later in the booking funnel, when they'll have a higher propensity to purchase our product. After all, when is there a better time to offer someone a travel guide than when they're booking their flight to that destination?"

MOBILE DRIVES GROWTH AT YNAP GROUP

THE YOOX NET-A-PORTER GROUP said sales from mobile for the first time made up more than half of its sales during the 2017 financial year, with 96% of Cyber Monday sales taking place via the devices. It said that its native apps achieved "outstanding results" during the year. The Net-A-Porter app stood out for its high levels of engagement with customers.

The group also outlined a new service available to the third-party brands whose websites it operates that will give them both a single view of their customers and of inventory.

The update came as the pureplay retail group reported revenues of more than €2bn in its latest financial year – 16% up on the previous year.

The retail group saw revenues rise to €2.1bn (£1.9bn), up by 16.9% from €1.9bn (£1.7bn) in 2016. It also welcomed more than 840m visits to its websites and took more than 9.5m orders in 2017 from 3.1m active customers. Average order values fell to €328 (£291) from €334 (£297). However, in the fourth quarter, revenues grew more slowly, by 13.2% to £575.1m, after being hit by temporarily lower product availability on The Outnet following changes to its logistics operations.

Multibrand in-season sales accounted for 51% of the group's sales, and grew by 11.9% compared to the previous year, while off-season sales made up 37.8% of group sales, growing by 13.3% on last time. Online flagship stores run for third-party brands accounted for 10.4% of group sales, (+5.9%). The UK accounted for 13.7% of sales, Italy for 6.8% and North America for 30.3%.

New service launches included a personal shopping service for EIPs (extremely important people), enabling shoppers to try their online orders while the delivery driver waits. It was launched in London and subsequently rolled out to New York and Hong Kong.

OCADO MARKS TRANSFORMATIONAL YEAR

OCADO HAS reported rising sales and profits after a “transformational year” in which it has introduced new robotic solutions to its warehouses, enabled shoppers to buy via voice, and won more customers in the UK and Europe for its technology platform.

The online grocer reported group revenue of £1.46bn in the 53 weeks to December 3, 12.4% up on the same time last year although pre-tax profits of £1m fell by 104.1% from £12.1m a year earlier, following its introduction of the national living wage, and costs related to the opening of its Andover fulfilment centre as well as investments in “strategic initiatives to aid further growth”.

During the year, Ocado became the first UK grocer to enable voice-activated shopping for its customers, via Amazon’s Alexa devices. It won more customers, increasing its active customer numbers by 11.2% to 645,000. Order volumes grew at the same time, by 14.3% to 263,000. Its biggest week of the year saw 296,000 orders delivered. Growth came as uptake of the subscription delivery-based

Ocado Smart Pass increased and more people ordered via their mobile phones. These two factors, said Ocado, had an effect on basket values, which fell slightly to £107.20. The trend of ordering via mobile phone, said Ocado, resulted “in customers ordering slightly smaller baskets more frequently.”

The company increased capacity at its Andover customer fulfilment centre during 2017 and expects to continue to do so in 2018. Meanwhile, its fourth centre, in Erith, North London, is due to open this year.

Ocado boosted its service to its first commercial partner, Morrisons.com, when it rolled out store-picking capabilities that extend Morrisons’ ability to serve online customers in areas of the country not served by Ocado’s fulfilment centres.

During the year it also won three new international partners, including Groupe Casino in France and Sobeys in Canada. Both will use its technology platform and physical infrastructure solutions. Now Ocado is in discussions with “multiple retailers in a variety of geographies”.

STORE CLOSURES FOR M&S

MARKS & SPENCER said well-placed stores would remain a key part of its multichannel business, as it announced plans to close 14 branches as part of its modernisation programme.

The retailer said it would close six by the end of April, and start consultation on the closure of a further eight. The closures are part of a longer-term strategy to cut 25% of the amount of space dedicated to clothing and home products through a combination of closures, downsizes, relocations and conversions to food-only stores. In total around 468 staff are affected by the proposals.

Sacha Berendji, Director of Retail, Marks & Spencer said: “We’re committed to transforming M&S for our customers, colleagues and shareholders. Stores will always be an integral part of our customer experience, alongside M&S.com, but we have to ensure we have the right offer in the right locations. We don’t want any colleagues to leave M&S and we will work with each colleague individually on what is best for them as we endeavour to give everyone a role. However, we accept in some cases we may have to consider redundancy.”

“We believe these changes are vital for the future of M&S and we will continue to accelerate the programme, taking tough but necessary decisions, as we focus on making M&S special.”

At the same time, M&S plans to open 36 new Simply Food stores offering multichannel Collect in Store services alongside food and drink.

GORDON’S ADDS TONIC TO TRAIN DELAYS

GORDON’S GIN has introduced a new service that it says can turn rail delays into a pleasant journey, as it uses geo-data to offer frustrated commuters discounted drinks. The aptly named #YayDelay service uses an intelligent algorithm to work out and monitor train delays and tweets containing #YayDelay in order to unlock a half price, or even free, gin and tonic (G&T).

The technology behind the campaign is delivered by marketing technology company Eagle Eye. It uses geo-data to respond to the real-time social media spikes that surge when delays happen, delivering mobile vouchers to commuters.

The service launched at London Waterloo, which the brand says is one of London’s most delayed stations, with plans to go live in other stations across the country throughout the year. Train customers can take part by tweeting the keyword #YayDelay throughout 2018 to lobby for their station to be included.

Passengers travelling through London Waterloo between 5pm and 6pm will need to keep their eyes peeled to see if the volume of train delays and tweets triggers a free G&T. Vouchers can be claimed online and redeemed at The Beer House within the station, allowing commuters to enjoy a Gordon’s Gin and tonic.

Keep up-to-date with #YayDelay via the official hashtag on Twitter as well as online via. www.yaydelay.com.



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

AMAZON GO FINALLY ARRIVES

THERE WAS only one story dominating e-retail at the end of January – Amazon Go. It is great to see that the ‘future of retail’ has finally opened its doors – a year late – to the great unwashed. Ironical, too that there was a queue to get in.

The fact that it has taken nearly 12 more months to get it ready for the thronging hoard than predicted shows just how difficult it is to get this idea to work well. That alone will have many retailers quaking in their boots.

But worry not. Amazon Go is the future of retail, but it is way ahead of where anyone can rightly expect to be. I would be very surprised if we see another such store outside the West Coast of the US this year, let alone spreading globally.

What it does show, however, is that shoppers want a change. They want to combine the mobile, online and in-store experience and get something better out of shopping. Of course, not having to queue to pay and leave is very appealing, but it doesn't necessarily have to involve state-of-the-art (and slightly

creepy) scanning technology. Checking in when you arrive with mobile and making that a part of an easier way to pay, also doesn't have to involve a massive technology investment.

Much of what Amazon Go store actually does can sort of be done with existing – and more affordable – technology. Geo-fencing technology would let any retailer check in a customer as they walked in the door. Linking that to an app – and getting customer opt in – would allow that to push offers to the phone. Tie that up with tech such as used by Tesco to scan your shopping as you go and just scan the phone at the end doesn't remove queuing, but makes it very much quicker.

These two things alone match Amazon Go and could, in theory, be rolled out by thousands of retailers right now.

I am sure that, with Amazon Go hitting the headlines, it will have the galvanising effect of propelling technology vendors and retailers to find ways to match and ape what Amazon is doing – and customers will benefit.

EBAY PARTNERS WITH MASHABLE

WORLDWIDE MEDIA outlet and tech fanboy dream site Mashable is collaborating with eBay to offer easy-click, shoppable editorial across the UK and US – optimised for mobile.

This new, immersive mobile shopping experience capitalises on Mashable's role as the go-to source for all things new and next. Combining Mashable's expert recommendations with the consumer discovery power of eBay, the partnership allows Mashable's audience to use eBay to shop, browse and purchase products matching those featured on Mashable – all without ever leaving the Mashable site.

The companies have focused on a mobile-first experience that is as friction-free as possible for the audience and so far 65% of traffic to the widget has come via a mobile or tablet. The desktop experience is also as seamless as possible.

Dan Burdett, Head of eBay EMEA Marketing Lab explains: “We know a lot about how people shop on our site, but less about how they shop off it, so we wanted to bring a simplified shopping experience that brings products to Mashable's passionate audience rather than expect them to come to us”.

The pilot partnership with Mashable is a pioneering effort from eBay's Marketing Lab, which focuses on developing disruptive marketing solutions and game-changing innovations. By introducing the new eBay widget to Mashable, the team will be able to understand whether elements such as seller reputation and delivery times matter as much to consumers than they normally would on the platform. The marketing team will use the data and learned consumer insights from the pilot to accelerate business growth and deliver scalable solutions.

HOBBYCRAFT OPTS FOR PWA M-SITE

HOBBYCRAFT, the largest arts and craft retailer in the UK, has launched a new mobile website using Progressive Web App (PWA) that provides a frictionless shopping journey for its customers. The website is built on the Mobify Platform, leveraging the latest mobile technologies for retail sites to make them feel and look like an app, but without having to download it from an app store.

Speed is a key feature of the PWA-driven site, which launched in December, with Mobify claiming that its platform is typically capable of at least doubling the speed of the previous mobile site.

Hobbycraft's strategy for engaging use and broad reach via the mobile web are important differentiators as the retailer seeks to reach consumers of all ages fuelling the growing trend in arts, craft and home baking across the UK.

Daniel Collier, Multi-channel Development Manager, Hobbycraft said: “We raised a challenge to find the best possible way to communicate with shoppers as well as deliver a best-in-retail purchasing journey. Through its unique approach to combining the latest mobile web technologies and mobile shopping best practices, Mobify exceeded our expectations. We now have a very fast site with far easier navigation, as well as app-like features such as add-to-home screen and the ability to send push notifications – in short, the best possible mobile customer experience available today.”

The new Hobbycraft PWA will be enhanced throughout 2018 to include additional features such as Apple Pay and an enhanced store locator.



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Birchbox: subscribing to a 360-degree retail model

Birchbox, known for its monthly subscription boxes of beauty samples, is experimenting with bricks and mortar retailing by opening a pop-up store on London's Carnaby Street. Emma Herrod met up with *Savannah Sachs*, Managing Director, Birchbox UK, to discover how the company is taking its online innovation offline.

The main interview in the last issue of *InternetRetailing* featured Ross Clemmow, Managing Director – Retail, Digital, Food & Events, Debenhams. He spoke about how the retailer is trying to transform its business to capitalise on the social aspects of shopping in store as well as capturing a bigger slice of the beauty market through services such as Blow Ltd and finding new ways to engage with the members of its Beauty Club.

In this issue, I again look to the beauty industry for a view on how retail is changing. Instead of speaking to a traditional retailer, however, I'm focusing on Birchbox, a 7-year-old disruptor not just of online – as the pioneer of subscription boxes – but also of business models, and how this new breed of retailer puts the customer ahead of

its business model. Savannah Sachs, Managing Director, Birchbox UK, has shared with me some very interesting insights – which are applicable to all retail categories and retailers old and new – into how this new kid on the block sees its customers and its relationship with them.

For readers who don't know Birchbox (it has only a 17% brand awareness in the UK), the company launched in the US in 2010 with the aim of building “the beauty company of the future”. It conducts part of its business through monthly subscription-based beauty boxes, which each contain 5 beauty samples personalised to the individual customer. It also sells full-sized beauty items direct from its website.

Sachs explains that when the business started, just 2% of beauty items in the US were bought online, so the

sector offered an opportunity for growth and was open for disruption. Sampling – as used by department store beauty concessions where shop assistants give free samples of their products to shoppers who have just made a purchase – is about recognising customer loyalty and not driving customer acquisition. “There was also no way to track ROI,” says Sachs.

Birchbox’s founders also based the business on meeting the needs of customers who aren’t ‘beauty junkies’ and don’t know exactly what brand and products they want to buy. Lots of new products are launched in the beauty industry every year and many shoppers are confused about what they are and how to use them.

So, Birchbox acts like a best friend beauty editor, introducing its customers to different skincare and hair care products as well as makeup and accessories, curating the selection in each monthly subscription box to the individual customer. When a new customer signs up for the service online, they are asked to fill in a questionnaire about their hair concerns, skincare regime and beauty style. This information is used to put together their first subscription box. Data and proprietary algorithms are then used to deliver “an exciting and fresh product assortment each month”. It also means that a customer won’t receive the same product in consecutive months.

Tapping into the potential growth of online purchasing of such products, Birchbox also offers a seamless path for subscribers – and other people – to buy full-sized versions of them via its website. While the company has one million subscribers across 6 markets, some 35% of its revenue in the UK comes from the sale of these full-sized products, proving that its try, learn and buy principle works. This goes on to work as an acquisition model for beauty brands, which work closely with Birchbox to ensure they reach the right customers among its subscribers.

As part of the company’s discovery ethos, there are plenty of tips and editorial content across the website and shared on social channels to help its target customers of under 30s learn more about individual products.

“We are competing against non-consumption and creating demand,” says Sachs, so subscribers are happy for someone to find the best products for them. The majority of sales are incremental rather than bastardising other channels for the beauty brands. As she points out: “If a customer subscribes for a year, they increase their spend in prestige beauty by 70% in the following year.”

RECOMMENDED	NAME	PRICE	RATING
	Beauty Protector Protect & Oil		★★★★★ 666
	Huygens Exfoliating Cream		★★★★★ 3,545
	ARROW BOOST Color Enhancing Lip Balm		★★★★★ 7,928
	Number 4 Fluo5 Elixir Restore & Repair Oil		★★★★★ 4,915

A UK Product Manager is responsible for the ecommerce site in this country as well as the digital roadmap and digital experience strategy

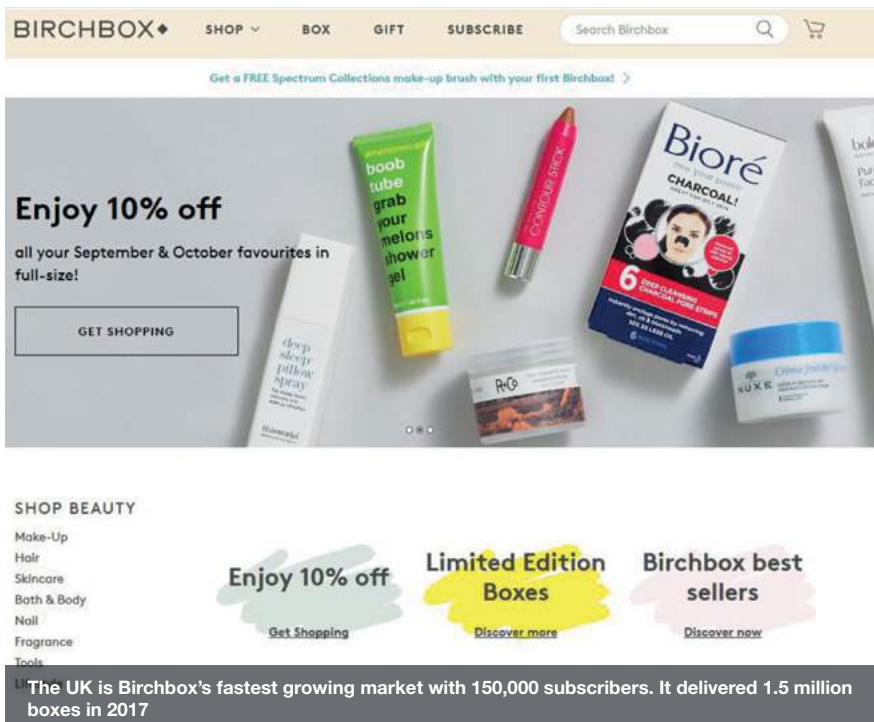
The average subscription period is 8-10 months, explains Sachs, with customers becoming VIPs after 6. At this point, they get a 15% discount on all full-size products. “We make sure it’s rewarding to stay with us for the long term and that you are both enjoying your monthly box experience and also converting to full-size purchases and getting some value back from our loyalty programme,” she says.

The company operates in the US – where it is headquartered in New York – the UK, France and Spain with deliveries being made to Ireland (from the UK) and Belgium (from France). The UK is its fastest growing market. It has 150,000 subscribers here and delivered 1.5 million boxes in 2017. “35% of our revenue in the UK comes from full-sized products and that portion of the business in terms of net sales grew 84% year-on-year in 2017,” she adds.

“We are a 360-degree retailer with subscription boxes being part of that,” says Sachs. “We are part of the personalisation economy with discovery at our core.” Interestingly, she points out that the company is loyal to its customers and not to its business model, so Birchbox may look different in 3-5 years time. “Today, the subscription model is the best way to meet customer needs, but we could and should and will evolve as customer needs change in the future.”

Sachs adds that staying close to the customer, maintaining its agility and its test and learn ethos, will be important to keeping the customer at the centre as the company gets bigger, rather than it becoming set in its ways and sticking to a rigid business model.

Looking at the growth in its current model, it probably won’t be making major changes any time soon, but even



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The UK is Birchbox's fastest growing market with 150,000 subscribers. It delivered 1.5 million boxes in 2017

a year can be a long time in ecommerce. Birchbox's rapid expansion proves that subscription services have great potential – and that it and the copycats it has spawned are “only just scratching the surface”.

It certainly isn't standing still. “We're constantly testing different offers,” Sachs says. These include enabling UK customers to pick one of the items to be included in their beauty box, and delivery choices in the US and France which allow customers to buy a full-sized product and have it delivered with their next subscription box for free

“Subscription models are not easy to get right – it has to be done well with the customer at the core”

rather than receiving it sooner but in a separate shipment for which they have to pay.

PLATFORM

Everything that Birchbox does is driven by its websites and the customer data it collects so the boxes, site and marketing can all be personalised. A Magento platform underpins the autonomous businesses across the 4 countries in which it operates. This is managed by a tech team at its New York headquarters.

This team has recently implemented a new mobile front-end on the Facebook React framework to make it

more responsive and load faster. This is an important development since 65% of the company's total traffic is via mobile devices.

As well as the Magento platform and custom pieces developed on and around it, Birchbox also operates a localised layer with content management for each country site. This ensures that the brands offered, the content, the language and the marketing messages match the way that each country team believes is best for their specific market and is delivered in a way that meets the needs of their customer base. “It makes it easier to adapt to local needs and innovation,” explains Sachs.

A UK Product Manager is responsible for the ecommerce site in this country as well as the digital roadmap and digital experience strategy. The digital experience is

recognised as part of the Birchbox brand and its core value proposition and not a channel so the Product Manager has a seat at the table in the executive team, Sachs says. The Product Manager works closely with the New York tech team on execution of the roadmap meaning that aspects needed specifically for the UK site are implemented and tested along with developments required globally.

One such implementation is click and collect, which enables UK customers to pick up their subscription box and/or full-sized purchase. Although this service was developed and executed by the US tech team, Sachs says: “This is not an important feature for the US so they will not be rolling it out there.”

She explains that by operating in this way, each business can drive innovation differently. While each country has a need for a mobile-first approach, which can be implemented globally, for example, each has a different type of loyalty scheme. This means that lessons and best practice can be shared across borders, too.

The company is looking to replatform its back-end processes this year. It plans to take a more modular approach to ensure future agility as well as enabling more personalisation. It is also assessing buy versus build options.

Areas that differentiate the business are built in-house but those that require a bigger engineering team and investment that are difficult for the retailer to replicate are bought off the shelf, she explains, adding that the latter includes technology such as AI.

She adds: “The core part of how our subscription model works from a technical standpoint is that we know we have to build it ourselves because no one can or will do it better than us.”



© Andy Carson

The Birchbox pop-up store is merchandised in a way more akin to how people browse the online site

Birchbox is reviewing its CRM and selecting an email service provider that utilises AI to enable it to push forward faster with effective, personalised emails and to make better and more efficient use of the data it has, rather than having to slice and dice it using the current more manual process.

Sachs says there is one main reason why the company has decided to go for a more modular platform: “We’d rather switch and disrupt as we go rather than tying our wagon to one big platform.” She adds that start-ups can offer unique solutions such as search: “There are start-ups focused on solving unique challenges or opportunities within ecommerce and those companies are doing a great job in each of those areas. So a really interesting and viable way to move forward very quickly is to pick up each of those pieces rather than assuming one platform or provider is going to do the best job possible across each of the ecommerce touchpoints.”

Harnessing the power of data is one of the key opportunities for Birchbox, and it understands how customer information and insight can quickly drive forward personalisation. The retailer already captures data about each customer’s demographic, the samples they have received, what they’ve viewed online, the products they’ve rated and the ones they have bought – and from which brands. Some 75,000 reviews have been written on the UK site alone. All of this is used to deliver a personalised ecommerce site and to personalise emails as well as the

samples that each customer is actually sent. In addition, customers are invited to complete a monthly survey.

B2B

Data is also an important aspect of the relationships that it builds with brand partners and is a driver of its try-learn-buy ethos. Brand partnerships are handled by each in-country business and Birchbox works closely with

“ Birchbox will evolve the subscription model as customer needs change in the future ”

each brand to ensure that they are reaching a qualified and truly incremental customer in a targeted way. Some brands also opt for their products to be offered across the different countries so they can test new markets – as well as new products – and acquire new customers.

In 2017, Birchbox worked with the Estée Lauder Companies to increase the group’s reach to customers aged 25 to 34. Surprisingly, admits Sachs, 75% of Birchbox customers have not bought from some of Estée Lauder’s main brands.

While the ROI is in the sale of full-sized products on its website, Sachs is keen to point out that with 48% of customers aged 30 or below, “we’re a way for brands such as Estée Lauder to recruit that next generation”.

Another brand which has used Birchbox to acquire new customers is Benefit. It discovered that 22% of the customers buying its brand from Boots stores had learnt about it on Birchbox.

This marketing works across all channels with social proving particularly important for the company. It has brought this sense of social fun and gamification into its first store in the UK, a pop-up shop that it opened in Carnaby Street in November to capitalise on the busy Christmas trading period. It was due to close at the end of January once a quieter period had been assessed, but the decision has been made to keep it open until the end of March.

STORE

Birchbox already operates a store in New York and in April 2017 it opened another one in Paris. The London store is its opportunity to test the market further and to gain an understanding of how offline impacts online sales in the UK.

MORE THAN A CARDBOARD BOX

Each month customers receive a different Birchbox. It always has a luxurious design, is Instagramable and makes the recipient feel pampered to increase their emotional connection with the Birchbox brand. It's an unboxing moment.

The packaging also enables Birchbox to tie in with different brands and events. This year, for example, the 25th anniversary of Cath Kidston will be marked by the brand designing the box and its contents that month. Oliver Bonas and Vogue are also each ‘taking over’ a monthly subscription box.



The first thing that strikes you about the store design is the sense of fun. Shoppers are invited to put together their own Birchbox ‘pic-n-mix’ style in an area which contains ceiling-height displays of skincare, hair products, makeup and accessories. As with the online boxes, shoppers can add 5 items to an elegant box, which is then fastened with ribbon and bagged by a sales assistant. Customers can also sign up for further boxes at a discounted rate.

A photo booth area enables shoppers to film an Instagram Boomerang and share it with friends via text or social media. Paper tags are available for them to write messages and add to a display like leaves on a tree.


The store’s major difference compared with most offline shops, though, is that it is merchandised in a completely different way. On display around the store are bottles and containers of the 100 best-selling items from the Birchbox UK website. Rather than being arranged by brand – which

“ We’re taking that digital navigation experience and bringing that into the offline store. That sounds simple but it’s disruptive ”

is how stores such as Debenhams and Boots merchandise their beauty areas – products in the Birchbox pop-up shop are displayed by product type, which is more akin to how people browse online categories.

Sachs explains that when buying an eyeliner, for example, an online shopper clicks on makeup, eyes, eyeliner and then browses through the products. The same principle has been applied to the physical shop. “We’re taking that digital navigation experience and bringing it into the offline store. That sounds simple but it’s disruptive,” she says.

This all adds to a sense of discovery, try, learn and buy – and hopefully return, either to buy full-sized products or sign-up for future boxes.

As this wave of starts-ups continues to take second mover advantage, pushing forward with its disruption of different market categories, it is a reminder that things can be done differently on the high street. Whether it’s possible to scale some of those ideas such as organising a store around what and how customers buy online or by just stocking the 100 best-selling items, and whether it would work across a store estate the size of some of InternetRetailing’s Top 50 is another matter. But being able to disrupt your business from within and remain loyal to the customer and not to your business model are things that everyone can learn from. Many brands and retailers have already disappeared from UK and global markets because their customers moved on and they then lost sight of them. 

Research round up

Emma Herrod highlights some of the recent research from around the ecommerce world including the global growth of m-commerce, the winners of YouTube advertising and how innovations such as virtual reality are impacting on retail strategies.

Mobile now accounts for 6% of total retail sales globally and nearly 60% of ecommerce, following a yearly rise of 40% in 2017. According to eMarketer's most recent retail and ecommerce sales figures study, global m-commerce sales rose 40.3% last year to \$1.357 trillion.

China alone made up 67.1% of m-commerce sales worldwide in 2017, driven by its mobile-first internet audience. Sales are expected to nearly triple from \$909.93bn to \$2.595 trillion between 2017 and 2021.

Other markets with significant mobile spending include Japan, South Korea, the UK and the US. Growth has been helped along by consumers feeling more comfortable making purchases on their smartphones and, in some regions, a greater selection of low-cost items such as apparel, which encourages impulse buying.

"A greater dependence on mobile devices, namely smartphones, is having a positive effect on retail m-commerce sales globally," says Monica Peart, eMarketer's Senior Forecasting Director. "This trend is evident in more frequent mobile shopping sessions and higher spends per session, both hallmarks of a growing expectation for mobile devices to satisfy a variety of consumer shopping needs."

The figures come against a backdrop of growing global ecommerce. The report estimates that retail ecommerce sales worldwide will reach \$2.842 trillion this year, a 23.3% increase over 2017.

Ecommerce will make up close to 12% of total retail sales worldwide, up from 10.2% in 2017. This share is largely influenced by Asia-Pacific, where 17.6% of total retail spending will go toward ecommerce.

In 2017, retail ecommerce sales worldwide reached \$2.304 trillion, a 24.8% increase over the previous year, eMarketer estimates. Mobile was a key factor, as m-commerce accounted for 58.9% of digital sales.

TOPPING THE ADS

Meanwhile, Google Pixel has topped the chart of the most viewed adverts on YouTube in the UK in 2017. Christmas adverts though feature prominently in the top ten with John Lewis and Marks & Spencer taking the next top spots, and Sainsbury's featuring in the top ten at number six.

Three UK and giffgaff have also made waves as the two telecoms companies with the top ads of 2017 on

YouTube – interestingly, both using water diving to make a splash, followed by a trip to outer space. Meanwhile, the #PowerToDecide ad encouraging youth to register to vote in the general election featured at number five in the year that had the biggest youth turnout in 25 years in the UK.

Hyundai's epic production also made the cut, as Sir Ernest Shackleton's great-grandson tackled his unfinished dream of crossing the Antarctica.

The top ten of 2017 are ranked using an algorithm that that factors in organic and paid views, watch time and audience retention.

MOST VIEWED ADVERTS ON YOUTUBE 2017

	Video	Brand	URL
1	Google Pixel 2: Questioning?	Google	http://etail.li/375a5
2	John Lewis Christmas Ad 2017 - #MozTheMonster	John Lewis	http://etail.li/0ff21
3	M&S Christmas TV Ad 2017 Paddington & The Christmas Visitor #LoveTheBear M&S	M&S	http://etail.li/67dc0
4	Free to go. Free to stay. giffgaff	giffgaff	http://etail.li/1dd18
5	Use your #PowerToDecide. Vote on 8th June.	YouTube	http://etail.li/4049e
6	#everybitofChristmas Sainsbury's Ad Christmas 2017	Sainsbury's	http://etail.li/60aad
7	Go Binge Three UK	Three UK	http://etail.li/871f1
8	The Secret to Every Handmade Domino's is....	Domino's Pizza UK & ROI	http://etail.li/a61c0
9	Hyundai "Shackleton's Return"- Main film	Hyundai	http://etail.li/6bd7e
10	Watch the Champions League Final live in 4K and VR with BT Sport!	BT Sport	http://etail.li/999b5

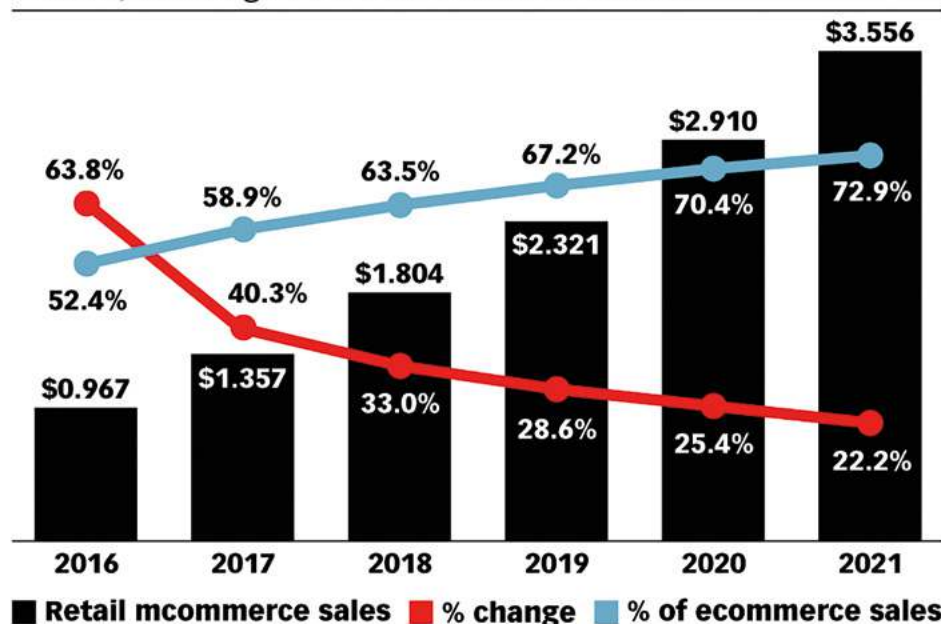
Source: YouTube

ALIGNING RETAIL STRATEGIES

While 46% of UK consumers believe Augmented Reality (AR) will positively impact retail, with Virtual Reality (VR) close behind at 22%, only 50% of retailers have a

Retail Mcommerce Sales Worldwide, 2016-2021

trillions, % change and % of ecommerce sales



Note: includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; includes sales on tablets; excludes travel and event tickets

Source: eMarketer, Jan 2018

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www.eMarketer.com

digital strategy to implement these technologies according to Fujitsu's Tech in a Transforming Britain Report.

Seven in ten consumers say retail has already been dramatically transformed by technology; a change many view as positive as almost half (45%) feel technology can indeed improve the convenience and ease at which they access products and services.

Yet, despite consumer demand, almost three quarters of retail leaders say they have no plans to implement VR (73%) in the next twelve months, a statistic significantly higher than any other sector. 72% also said they have no plans to implement one of the most talked about technologies at the moment, Artificial Intelligence (AI).


"Consumers have a clear appetite for technology and innovation and are ready and wanting more," says Rupal Karia, MD, of the Commercial Sector, Fujitsu UK & Ireland. "When it comes to retail, consumers already say that they would be happy to be served by a robot in a supermarket or to have an automated machine to deliver their goods. This presents an exciting opportunity for retailers, who

may have thought such futuristic technologies would have scared customers away, when actually it will entice consumers towards them more."

Despite consumer positivity, retail leaders appear disillusioned with technology's role in their sector. Retail leaders are the least positive about the changes technology is driving in their business today, a quarter (25%) are disappointed by the return on investment technology has bought them and say it has made it harder to connect to customers in person.

"There's a clear disconnect between how retailers view themselves in this wave of technological change we are undergoing right now. Instead of focusing on how technology can improve their offering and further loyalty amongst their customers, many are focused on the increased competitions and the disruption to their sector."

Retailers who have embraced technology, however, are positive about the changes. Increased productivity (35%), improved operational efficiency (37%) and business growth (44%) were all listed as benefits.

Karia continues: "Part of retailers' reluctance to invest in technology could be down to feeling disappointed by their return on investment which is understandable. However, UK retailers cannot bury their heads in the sand when it comes to what is going to fundamentally change their business – technology. Two of the top three jobs that both consumers and businesses believe won't exist in a decade's time are shop assistants and shelf stackers which will once again dramatically change the retail landscape. Retailers need to ensure they are evolving with the technology that is ultimately going to change their business models, and have an agile vision and strategy in place that can adapt with the changing landscape, or they too may not exist in the next decade." 



Shipping - the neglected part of the Customer Journey

In an age where customer loyalty is the difference between a business and a household brand, retailers cannot afford to ignore their customers once they've made their purchase.

Implementing relevant post-purchase communications during the delivery process allows brands to keep their customers informed and in turn build brand loyalty.

The delivery process is the most emotional part of the customer journey for online customers. Every time you shop online, your goal is not only to look at great product images or to enjoy a smooth checkout. Customers want to receive their order as quickly and conveniently as possible.

But for many online retailers, after clicking on the order button, customer communication stops. Your customers want to know whether the order is already on its way, where the package is located and when it will be delivered. Most often your customer is being informed of these updates by your logistics provider – and usually these updates are hard to understand. This results in customers calling your customer service line and asking the same question: "When will my package arrive?"

Returns have the same issue: a small receipt from the post office is all the customers receive when they send their items back to the retailer. Whether the package has arrived back at the warehouse and when they will get their refund, remains a mystery for many customers.

Delivery messages score points with over 70 percent opening rates

An average of 70 percent of customers click on a retailer's delivery message. This demonstrates how excited customers are about their purchase. Your customers want to know when their package is arriving. Marketers can only dream of open rates that high.

Retailers can proactively use this exceptional customer attention after the purchase – and in fact several times. Because every relevant step

in the delivery process offers the chance of a new message and engaging your customers with new content. Retailers can say „thank you for your order“ and suggest complementary products. They can excite their customers about the dispatch of the order by sending the tastiest steak recipes for the new electric barbecue.

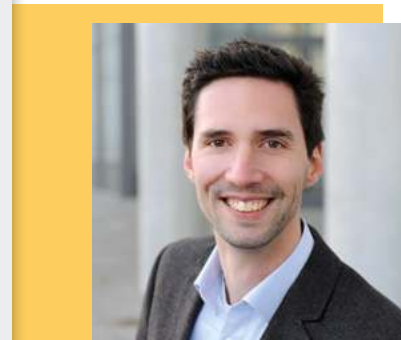
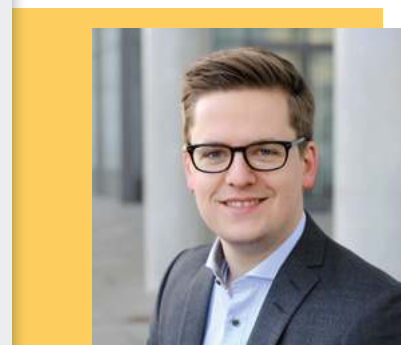
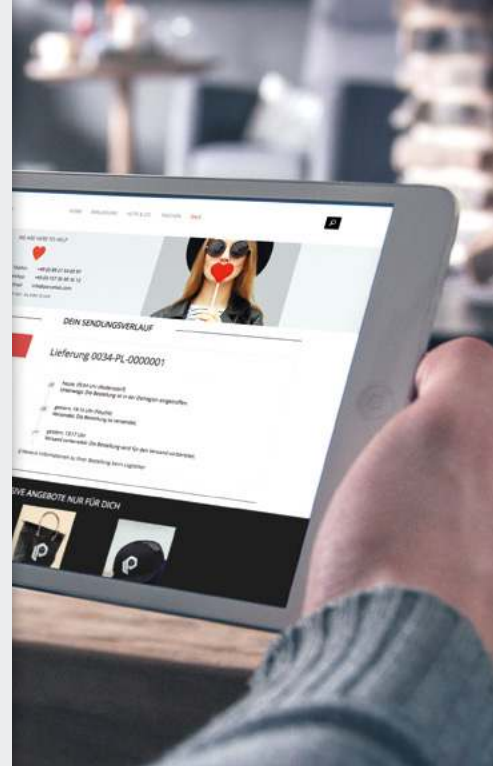
Even if there are issues, retailers can proactively inform their customers and thus ease their irritation. Proactively informing your customers allows them to change their expectations and calms their anger. Shops who inform the customer that the parcel is at the neighbour's or that a second delivery attempt is being made on the following day, do not need to rely on the message a carrier might leave in a mailbox or on a door.

"Three out of four customers can be retained with delivery communication"

Our data and experience show that three out of four customers can be brought back to your shop with delivery communications when your track & trace is within your domain. Additionally, calls to the call center are reduced by up to 30 percent.

The Munich-based specialist for post-purchase communication, parcelLab, closes the gap between retailers and their customers during shipping. The company provides an eCommerce solution for intelligent delivery monitoring and automated customer communication – regardless of logistics service provider. With this solution, retailers can identify customer-relevant events or delivery deviations and link them to automated customer communication via relevant channels such as e-mail, SMS, Facebook or the retailer app.

Headquartered in Munich, the company now serves more than 280 online shops in 32 countries with 17 languages.



Phase changes and regeneration, rather than transformation



As we enter the second year of transformation - focused strategic advice, *Ian Jindal* ponders whether a wish to be 'other' or 'different' fits with a the drive to be authentic, real and consistent in the eyes of customers and staff...

Looking over my editorials for the last few years I have had a couple of key themes – the need for an authentic conversation with customers, and the need for continuous adaptation of skills, culture and service to retain our customer. In recent years, the impact of digital has extended beyond those early adopters who 'faced into' the digital changes and now affects our sector as a whole. The necessary and perhaps painful changes have led to a shared, voiced feeling that our world is changing.

'Change' seems too small and regular a term. 'Disruption' followed, to indicate that this pesky 'change' was neither pleasant nor convenient, and 'transformation' became *de rigueur* once we realised the ramifications of the changes – our whole organisation, all jobs, all processes, all channels are now due for review. The value-drivers in our business – previously exhibited as highly-optimised, professional silos of capability – are now more amorphous and cross-functional... Data (its collection, understanding and exploitation), services, algorithmic operation, transparent operations, customer visibility are now whole-business concerns, even as individual teams and silos have specialist contributions to make.

It's understandable that undertaking change on this scale feels like a transformation, but that risks losing the essence of that which has made us successful in the past. To transform means to change appearance or *character* – we are no longer the same. A related argument was

the business 'evolution' – change to survive. I noted when this was fashionable that an individual organism *adapts*, it does not itself 'evolve'. Species evolve – an individual elephant will live and die an elephant, and not become a butterfly, no matter how large and pretty its ears!

So what constructs do we have that help us navigate the challenging changes to how we operate and even to how we see ourselves?

H₂O exists on earth as ice, water and steam. Some elements have a further plasma stage, but what we see in these three states is that the states of matter continuously change in response to thermal input, yet the matter itself is always and ever H₂O. I do not for a second minimise the change to the water molecules or those around them at each of these dramatic phase transitions, but the fundamental properties are consistent and, importantly, are retained through each successive change.

The challenge for retailers to be substantially different and yet somehow always the same. To maintain the 'essence' of what's made us successful to date, even as we change form in response to market or technological changes.


This analogy leads us to some insights:

- Phase co-existence tells us that not all parts of the body change at the same time. Slush, ice-cubes in water, evaporative loss before boiling – the whole is not homogenous. Likewise in our organisations some parts move faster to different states and

others co-exist for a significant time. Developing flexibility and tolerance of different states is critical to maintaining a positive and collegiate approach to change.


- Critical points are well known for water, since it is frozen at 0°C and a gas at 100°C (at atmospheric pressure). In the case of molecules, the two variables are temperature and pressure, but within our own businesses there will be different variables. We need to learn the change-driving forces on our business and model the points at which a phase change will happen. Consider an elastic band: there is a point at which "stretch" turns to "snap" as force exceeds the elasticity of the material. If we can identify the drivers and the phase points we can plan for that change.

Standard scenario planning approaches allow us to model how we operate in each of the 'states', and individual teams can plot their own, and collective, routes through the phase transition. Importantly, we can also discuss what's consistent, unchanging in our offer to customers... our expertise, our products, our values, our service, our inventions, our human capital and culture.

Teams who become adept at changing without losing their identity will be always fresh, always the same, yet always relevant and new. The adaptation and change itself is no less demanding, but at least we will still be ourselves – changed, but not transformed. Fresh, but not different. 

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Crafting post-purchase experiences that increase revenue and customer engagement

Saima Alibhai, managing principal consultant, EMEA at Oracle + Bronto, on the importance post-purchase messages

Many retailers don't realise that the post-purchase period is a time when consumers are most receptive to your messages. And many still don't realise the importance of creating personalised messages for recent buyers.

These messages shouldn't be limited to the traditional order and shipping confirmations or a plea for a product review, but should instead take customer engagement to the next level – by offering value, support, additional resources, or by simply continuing the conversation.

GIVE THANKS

Customers love feeling appreciated, we all do. When it comes to effective post-purchase marketing, a simple “thank you” goes a long way. In fact, these are some of the best performing messages from a revenue standpoint. Remember: It's not just the polite thing to do, it also incentivises them to make another purchase, or provides a customer service oriented call to action, such as linking to your customer service portal or a resource centre.

If consumers happen to take advantage of the incentive, you can then create a second, non-incentivised version that sends if the contact makes another purchase over a set number of days. This way, the customer will not expect an incentive every single time.

GET SOCIAL

We're now firmly living in the age of social media. While it can be difficult to quantify ROI, there's no denying its ability to help humanise the brand and create a dialogue with customers. Consider implementing social themes into your post-purchase messaging that call on your customer to share their experience. This includes introducing them to your social media sites, asking them to leave a review on Facebook, or even to share a photo of their purchase on social media for a chance to win a prize.


IT'S ALL ABOUT BALANCE

When constructing your post-purchase messaging, be

sure to balance promotional content that encourages another purchase with other useful content that offers value to the customer.

For example, product care tips and additional resources benefit the customer, whereas cross-sell and reorder reminder messages benefit you. If all your messages ask customers to purchase from you, you're not providing value to the subscriber. However, if every message only benefits the consumer, you're likely leaving money on the table.

MAKE IT PERSONAL

Consumers today expect more from their shopping experience, and that expectation will only continue to grow with the integration of new technology. By understanding the importance of targeted post-purchase messaging and meeting the demand for greater personalisation, you'll not only drive revenue but build customer loyalty. 

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IRUK: Brand Engagement

The latest IRUK Top500 Performance Dimension Report focuses on the areas of brand engagement. *Emma Herrod* shares some of the findings.

The way that retailers communicate with existing and potential customers has changed enormously in recent years. Now that, as InternetRetailing's research shows, 98% of Top500 retailers have not only Facebook but also Twitter accounts, it's surely a basic requirement to enable customers to get in touch via social media. Retailers at the cutting edge are those enabling shoppers to use live chat from their mobile phone app, a convenience unthought of just a few years ago.

Meanwhile, InternetRetailing's research finds, most retailers now enable customers to say exactly what they think of a product that they bought via ratings and reviews. This adds up to a brave new world of transparency: browsers can see both sides of two-way conversations when they're deciding which items to buy, and which retailer or brand to buy from. Running the type of operations that can easily open themselves up to that level of daily scrutiny is a challenge for retailers – but it's also an opportunity. It's an opportunity to communicate values, beliefs and approaches with an audience that is increasingly receptive and wants to hear from those that it spends with.

In this IRUK Top500 Brand Engagement Performance Dimension Report, as sponsored by Pure360, the InternetRetailing research team looks at what leading UK retailers are doing to give their customers the level of communication that they want. They analysed what the Top500 are doing as a group to find out how standard practice is evolving in the UK market, while also focusing in on top retailers to understand what makes the difference for those at the cutting edge.

These are some of the topics highlighted in the InternetRetailing UK Brand Engagement Dimension Report – a copy of which will have arrived with this copy of InternetRetailing magazine (it can also be viewed online at internetretailing.net if you're reading someone else's copy).

The research team's aim is that retailers of all sizes can use the report both to benchmark their own approaches and to understand what tools are proving the most effective for businesses across the industry.

In the report, InternetRetailing's research team interviews retailers including Pets at Home and Wickes.

Loyalty is a key strategy for Pets at Home. The



DIMENSION REPORT

BRAND ENGAGEMENT: MARCH 2018

In Partnership with our Dimension Sponsor



"These are on-the-go customers who want to be able to get in touch or engage quickly via their phone – because sometimes it's the only device they own"

INSIDE

- We name the Top100 UK retailers that stand out for brand engagement
- From email to voice commerce: we set the context for how customers and retailers engage in 2018
- In-depth analysis of how Top50 retailers use social media

www.internetretailing.net/iruk-research@internetretailing.net



retailer has a steadily expanding VIP club that accounts for a growing proportion of revenue from the site. By January 2018, the club had 3.8m active members - up from 3.7m a year earlier. VIP club members enjoy a 10% discount in store, and can also help to support animals in need when they use their card in a transaction. The VIP Club features prominently on the Pets at Home app; the retailer is among the small minority of Top500 retailers that enable shoppers to log in or sign up to the club via the app, and to keep the VIP club card on their phone. Existing members can scan their membership card from the app in order to add in their details.

Members of the VIP club used their card in transactions that accounted for 68% of revenue in the 12 weeks to January 2018 (up from 66% in January 2017). This high level of participation enables the retailer to maintain a single view of how most of its customers spend with it, both online and in stores. That in turn should enable consistent service and relevant offers for customers.

As Chief Executive Ian Kellett said during the company's recent financial reporting: "We again saw the benefits of our omnichannel capabilities, providing customers with innovative and convenient ways to shop, particularly through order in-store and subscription services. This unique combination of capabilities is brought to life by our store colleagues, who provide the friendly expertise, advice and service that our customers really value."

Wickes stand out in the Brand Engagement Dimension for the way it puts information – everything from advice to inspiration – firmly into the customer's hands. Its website houses ideas to inspire customers about what they could do, alongside videos that show them how to do it. These are also shared and extended via social media platforms, putting the resources where existing and potential customers are browsing. Its Pinterest page, for example, features inspirational images of projects that range from building and maintaining a tree house to equipping and decorating a home office.

This mirrors the platform's role as a search and discovery platform. Meanwhile Wickes' YouTube content features more practical approaches to tasks such as fitting a kitchen sink, wallpapering around sockets and removing and replacing a dishwasher. A range of real-life stories show how customers have embarked on projects from brewing their own beer to designing a games room.


On its Facebook page and Twitter feed, the retailer offers advice through #Wickesipedia alongside seasonal discounts and free design consultations. It's via these pages too that it shares company news and charity fundraising results. Wickes also makes it easy for users to share its products further afield, whether that's product information with friends via social media, or

12 BEST PRACTICE APPROACHES

Leading retailers enhance engagement by encouraging customer interaction and affection for their brand, be that by providing a source of must-have information, loyalty rewards, useful apps or ensuring that the brand's values and image matches those of its target customers.

1. Provide valued information.
2. And make it easy to find.
3. Encourage rating and reviews.
4. Raise your social media profile.
5. Appeal to their better nature.
6. Offer them a wishlist.
7. Use some imagination.
8. Newsletter or blog?
9. Watch your apps.
10. Match promotions to product.
11. Involve your customers.
12. Think outside the box.

their opinions with the wider public through product reviews. It even gives advice on how to write a review, noting that comments are moderated and that content related to delivery and packaging, for example, won't be shared.

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



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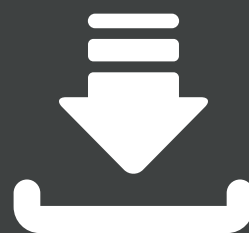


P F S

A commercial, comparative performance index of ecommerce and multichannel retailers in the UK

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authoritative measurement of omnichannel
capability in the retailing world
Robin Phillips, Multichannel Director, Boots

Research blog and Top500 webinars at internetretailing.net/iruk

Failed deliveries cost retailers £200,000 a year

To discover the real impacts of failed deliveries, PCA Predict spoke to more than 300 retailers and 2,000 online shoppers across the UK, US and Germany. They found that 73% of online shoppers in the UK have experienced late or failed deliveries in the last year, and that these failed deliveries impact retailers in more ways than one.

On average, UK retailers are paying almost £200,000 per year, perhaps unsurprising when we consider that 54% pay additional redelivery costs, 54% refund delivery charges and 38% offer their customers a discount to appease them.

Average	Total			
Number of orders/year	227,834	278,109	228,524	176,345
% of failed deliveries	5.0%	4.7%	5.6%	4.6%
Cost per failed order	\$17.78	\$16.58	£14.33	€14.87
Total failed delivery costs/year	\$199,127	\$216,171	£183,132	€121,804

But financial implications are not the only ones hitting retailers. According to the study, 57% of consumers who experience a failed delivery say they wouldn't use a retailer again after a bad delivery experience, which can turn them completely off the brand. Also, social media posts and online reviews hit retailers hard after a failed delivery, and over 60% of retailers are noticing more customers complaining about their experiences online.

	Agree
On-time delivery is really important if I'm shopping for gifts	82%
I prefer to shop online with retailers that I have ordered from before	75%
I would not shop again with a retailer that uses a cheap/bad courier	57%
I would shop online if I felt more confident about delivery	49%
I tend to blame the courier rather than the retailer if there are issues with my delivery	36%
It is more effective to voice a complaint about an online order publicly (eg on social media, reviews websites) than to contact the retailer directly	28%

As well as this, consumers ultimately feel the buck stops with the retailer after a delivery issue. For example, 78% of online consumers expect the retailer to resolve a delivery issue, whether it is the retailers fault or not.

According to 80% of retailers though, customers don't realise that they are in fact to blame for failed deliveries



due to typos in the data entry stage of the checkout.

However, even if typos are the main cause of failed deliveries, are customers truly to blame? With the right tools in place, retailers can overcome the issue to ensure that their data is accurate, and their customers are happy.

PCA Predict's study found that 61% of customers would abandon the checkout after experiencing an issue while entering address details, indicating that the checkout is very often a cause for frustration for shoppers.

"There are tools that can help retailers resolve this issue. For example, solutions such as type-ahead address validation reduce this friction, increase data accuracy and ensure that packages can be delivered to the correct address, first time.

"As well as this, retailers should also focus on site speed, selecting a reputable courier, offering a range of delivery options and simplifying address form fields." - Chris Boaz, Head of Marketing, PCA Predict.

COME AND SEE US AT IRX ROOM 3, TIME: 10:00 11:00
<https://www.pcapredict.com/improving-data-quality-report>

Leonardo Pecchioli

Founder and CEO, Keros



WHAT DOES KEROS DO?

Keros is focused upon “K-Commerce” - our platform for ecommerce projects. It’s a technology solution to manage omnichannel activities. More than a web front-end and marketing platform, the K-Commerce modules cover all of the activities for multichannel retail - including order management, in-store, product catalogue, marketplaces management - all backed with extensive management information and marketing insight.

K-Commerce is an enterprise solution, with a focus on companies who are focused upon growth. Our flexibility and scalability (with an integrated, software-as-a-service) model, allied to retail-focused nature of the components, suits companies who are ambitious to grow

“ We simplify eCommerce complexity ”

internationally and across channels, without being held back by technology.

WHAT'S SPECIAL ABOUT THE PLATFORM AND YOUR APPROACH?

Three things set our approach apart: the retail experience of our team, the focus on our customer’s growth, and the integrated, simplicity of operation.

Our platform is based on the know-how of the founders, who’ve been working together since 2008, and our long experience in retail. My own background covers European leadership of a global brand (Guess) as well as hands-on retail startups, so we’ve seen the challenges of pan-European scale and fast-growth flexibility.

We’ve therefore created a platform that integrates the important elements of multichannel - customer experience (online and in store), order management and orchestration, data and insight. Retailers are too busy to spend time working across systems and processes and need to be able to control the whole business easily.

KEROS IN BRIEF

Date launched: 2014

Global reach - office locations: Headquarters in Mendrisio (Switzerland) with offices in London, Tel Aviv and Kiev

Date launched in the UK: October 2017

Number of customers: More than 40 stores are using our technology including Benetton, True Religion, Twinset, Cisolfa, Mandarina Duck and soon Everything5Pounds

Number of employees: Over 40

Number of partners: 33

Contact details for further information:

Web: www.keros-digital.com Twitter: @KerosDigital,

Phone: 0203-910-1898, Email: tal.ofar@keros-digital.com

London Office: 136 High Holborn, London, WC1V 6PX

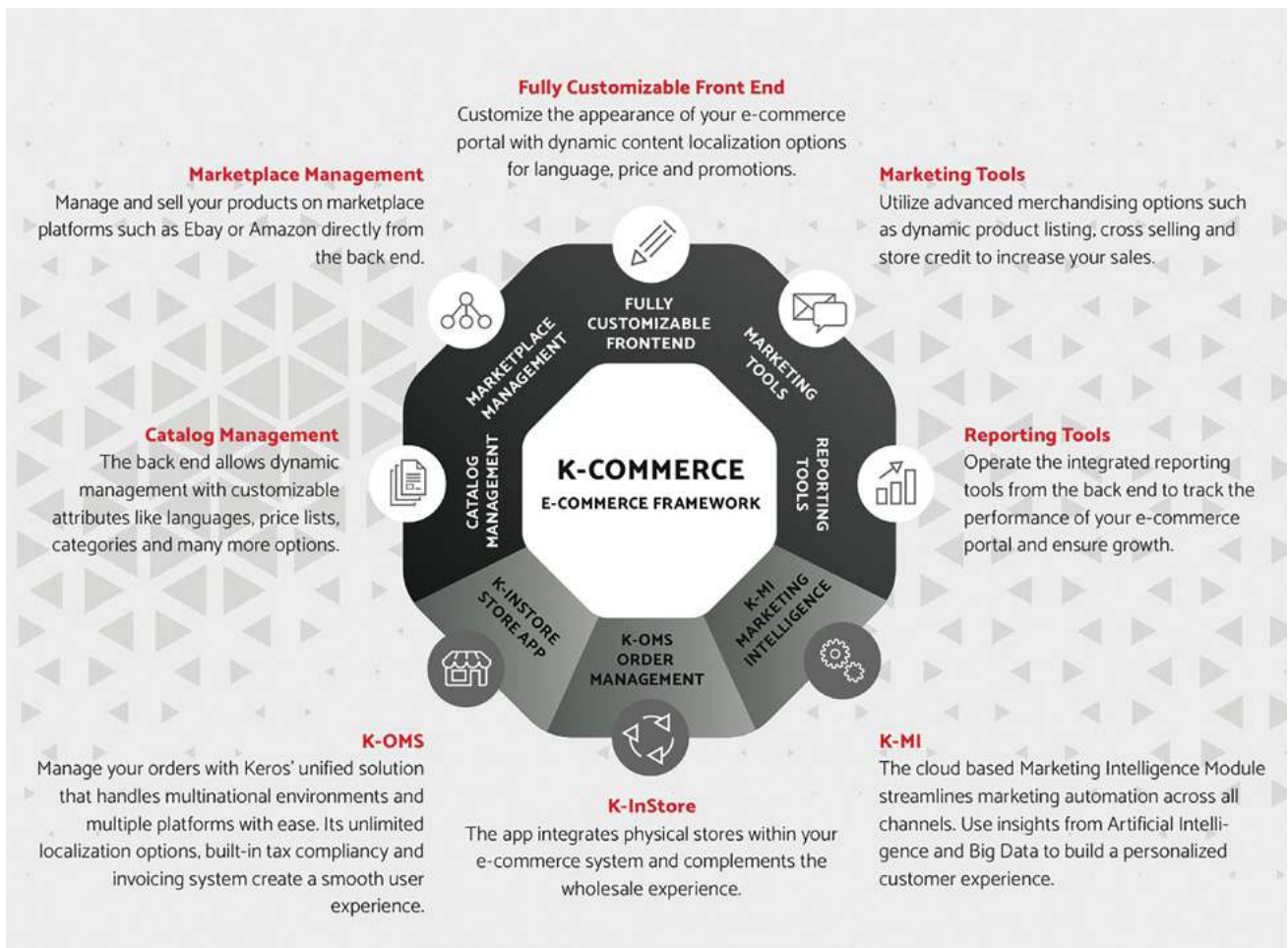
It is this simplicity - even for complex activities in changing, growing retailers - that sets our platform apart. It can manage the complexities of a real, demanding multichannel project - click and collect, return to store, ship from store, international, multicurrency. Our platform is one that will integrate back-office, operations and ERP into multichannel.

MORE THAN THE FRONT-END

As a CFO of a European brand, I saw first-hand the operational complexities of taxation and how that can inhibit growth - European VAT (with separate rules in each country, different rates for categories), international tax and duty rates, and (if selling to the US) the differing sales tax rules state by state. We set out to solve this problem from the outset, building in an understanding of location and regulation so that businesses could grow without friction, delay or overhead.

We also have a Marketplace module that allows easy access to sell on the world’s largest marketplaces like Amazon and eBay.

Another unique aspect of the platform is its ability to scale seamlessly, from a few hundred orders a day to many thousands. By removing potential back-office pains and disruptions, our platform becomes a growth accelerator for our clients.



GROWTH FOCUS

The simplicity and capability come together when we consider international growth. Our clients - like Benetton, Mandarin Duck, True Religion - are international businesses who want to operate locally to be close to their customers around the world. With Keros a client can open a new country in moments on their own. They decide the assortment, the currency, the services they'll expose to the customer and then they can launch on their own. So the cost of scaling is reduced. Keros gives complete independence to the retailer on when, where and how they want to grow.

WHAT ARE THE RETAIL CHALLENGES IN THE COMING YEAR?


The consumer's behaviour is changing significantly - how they seek, find and buy products. The challenge for retailers is to identify the changes and follow and control them where they can. Global businesses see that there are different pressures and changes in each and every country, and so defining those is important - but so is the ability to act in a different way for each country.

WHAT ARE YOU DOING TO ADDRESS THIS?

We have an internal R&D team that looks at our clients'

commercial activities and needs. This is not a software team, but rather business methods and operation. The members are store managers, traders, operators. From this deep understanding of our clients' businesses we direct our software team's priorities. We are also working with partners, for example in payments, to get increased insight to the end-consumer's behaviours. In addition we have a team that monitors all of the changes to taxation and legislation in Europe and international markets so that we can always be up to date. This gives our clients an advantage on logistical, management and compliance fronts and allows them to focus on their customers and their business.

AND FINALLY?

We created from scratch a technology that could meet these needs but which was also engineered from the outset to be agile, flexible and scalable - offered to clients on a SaaS basis. Put simply, "We simplify eCommerce complexity". 

This Company Spotlight was produced by InternetRetailing and paid for by Keros Digital. 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.

Matthew Kelleher

CCO, RedEye



RedEye

WHAT DOES YOUR COMPANY DO & WHAT IS YOUR USP?

RedEye's marketing automation solution is underpinned by an integrated Customer Data Platform (CDP) giving retailers a rich, single view of customers along with predictive analytics capabilities.

The company's USP is shown in the capabilities of the CDP and how it applies data to multichannel marketing campaigns and customer communications allowing for depth of segmentation and detailed personalisation and targeting. This is what drives the results. The platform enables retailers to plug in all of their channel, engagement, cross-device tracking and customer data in order to create a single unified customer view from which patterns of behaviour can be identified, analysed and acted upon.

“ Predictive Analytics won't drive conversion. Marketers drive conversion. Predictive Analytics give marketers the information they need about who is about to do one thing or another and where a nudge is required. ”

WHAT CHALLENGES ARE RETAILERS FACING IN 2018?

Retailers have been investing heavily in marketing technology over the past 10 years but Gartner believes that there is going to be a downturn in investment over the next 12 months as retailers try to maximise the results that they believe the level of investment should be driving. Overall, the retail industry is not seeing the expected level of competitive advantage and to some extent this is due to human resourcing.

Retailers are very lean organisations so they want to know that they will be able to drive competitive advantage through better results, better conversion and better lifetime value without having to resource up internally. That's where suppliers such as RedEye are trying to help.

The more we can automate, the more resource lean organisations can do in terms of setting up campaigns, the

REDEYE IN BRIEF

Date launched: 1997.

Office locations: Crewe, Milton Keynes, London and Germany.

Customers: 70% of RedEye's customer base is mid to enterprise range retailers. The company also works with travel, financial and insurance companies. These include: Penhaligon's, Hotel Chocolat, Homeserve, Start-rite, Travis Perkins and Footasylum.

For more information about RedEye, please visit www.redeye.com or reach us by Twitter: @RedEyeUK or telephone: 0207 730 9958.

more return on investment can be driven. Machine learning can analyse customer behaviour and spot customers or prospects behaving in a certain fashion that suggests that they will either buy, churn or be a potential VIP.

WHAT IS A CUSTOMER DATA PLATFORM AND HOW CAN IT HELP RETAILERS TO OVERCOME THESE CHALLENGES?

At its core, a CDP is an advanced single customer view database able to ingest customer data of any format into a single customer view and apply that directly into customer communication as well as indirectly into retailers' other internal tools to drive other parts of the business such as analytic business information.

There has been a proliferation of customer data in recent years with different types of social media, identifiers, different devices such as mobile phones all downloading different types of information and that complexity is what a CDP tries to answer. If all of that disparate data can be pulled into one place to give a better understanding of each customer, the application of that understanding can then improve relevance, conversion and results.

WHAT ADVANTAGE DOES PREDICTIVE ANALYTICS ADD?

Firstly, predictive analytics can help a retailer to exploit customer data by providing better information to drive results. It can spot an individual who is about to carry out a certain activity such as a shopper who is about to make a purchase and thus target communications more effectively to that particular customer. Conversely, if a customer isn't about to buy they can be targeted in a more nurturing fashion in order to reduce customer churn and increase customer lifetime value.

The predictive analytics element sits on top of the customer data platform capability and uses machine learning and artificial

intelligence to give an informed decision of the likelihood of what a customer is going to do. Within a customer database there are many types of behaviours: for instance, there are prospects who are likely to become customers; single buyers who are likely to purchase again; customers or prospects who are likely to become VIPs; or segments of the database that are underperforming; customers who are behaving in a way that means they are likely to unsubscribe from email or those who will only make a purchase when they receive an offer.

This move on from propensity modelling, which uses historical and transaction data, is only a small part of what predictive analytics can do though.

Predictive analytics is more than understating how people have behaved in the past, it's having the ability to recognise that behaviour again and see how each customer will behave in the future. For this, recent behavioural data is key.


HOW ARE RETAILERS USING THESE SYSTEMS TO GAIN COMPETITIVE ADVANTAGE & WHAT DOES BEST PRACTICE LOOK LIKE?

Retailers can use predictive analytics to understand all types of behaviour and then apply those learnings directly into

marketing automation to build a lifecycle and communication strategy to meet and optimise those behaviours.

The sea change is moving away from event-based marketing automation to it being behaviour and intention based. If one retailer out of a group of three which stocks a certain product can market to the customer at the right moment when they are about to make their purchase, that gives the marketer a real advantage in terms of converting that person.

However, nothing can be done without data and this has to be squared off and in a format such as a CDP first and foremost. Analytics can be built on top of that but in order to maximise the output of those analytics a retailer has to have their data in the right place.

Predictive analytics won't drive conversion, marketers drive conversion but predictive analytics give marketers the information they need about who is about to do one thing or another and where a nudge is required. 

This Company Spotlight was produced by InternetRetailing and sponsored by RedEye. 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

Encouraging your prospects to make their first purchase can be one of marketing's biggest challenges. But what if you knew who was teetering on the fence of their first purchase, would you change the way you targeted them to ensure a purchase? What if you could act before your prospect even had the chance to consider going elsewhere?

For any ecommerce business getting that first purchase is crucial. Fashion and footwear retailer Footasylum was looking to find a way to increase the number of customers in their database by identifying prospects on the brink of conversion.

RedEye's Predictive Modeller, part of its Marketing Automation solution, Contour, allows businesses to shape the future by predicting the likelihood that a prospect will convert. Armed with this information, marketers are able to act proactively to get the outcome they want.

RedEye implemented its Prospect Conversion Predictive Model to Footasylum's contactable database of prospects. The model predicts the likelihood that a prospect will make their first purchase. From this, two segments were created – those with a high propensity and those with a low propensity.

To highlight the effectiveness of the model, RedEye split each of these two segments 50/50. One half received an enhanced campaign, with the aim of prompting a conversion. The other half, the control cell, received Footasylum's business-as-usual email campaign.

The model provided advanced analytics about Footasylum's prospects, allowing the creation of a dedicated multichannel journey that was geared towards encouraging prospects that are likely to purchase, to convert.

By understanding their prospects better than ever before, armed with detailed information about their likelihood to purchase, Footasylum was able to more than double conversion for the high propensity segment versus the low propensity segment.

Looking at the 'high propensity to convert' segment, Footasylum saw a 27.5% increase in conversion rate, when comparing the



segment that received the dedicated campaign against the control cell. This showcased that with more customer information and the right messaging the marketer was empowered and able to deliver far more relevant communications to individual prospects.

Finally, looking at the segment of prospects that the model identified as less likely to convert, Footasylum again doubled sales (115% increase). Being able to identify those less likely to purchase and introducing communications that aimed at nurturing rather than converting, unlocked the potential of this segment and empowered the marketer. Maybe they just needed an incentive! The Predictive Modeller made this an option.

As simple as it sounds, identifying these two groups and tailoring specific messages to tempt them, has proven to have a massive impact. As Footasylum's Digital Marketing Lead says: "We were blown away by the Predictive Models that RedEye implemented using our database. A big challenge for us has been encouraging our prospects to make that first purchase. Being able to identify the prospects most likely to purchase has been invaluable, allowing us to ensure our customer journey is tailored to encourage this segment to convert. Generating a 115% increase in sales, the models proved themselves to be crucial to us."

Christopher Baldwin,

Head of Marketing,
Selligent Marketing Cloud



WHAT DOES YOUR COMPANY DO?

Selligent Marketing Cloud is a marketing automation platform that enables retail brands to engage consumers across all critical channels. Built for the relationship marketer, Selligent Marketing Cloud is the only marketing cloud built on a single code base, featuring artificial intelligence and a Customer Data Platform with a universal consumer profile at the core of every action.

WHAT IS YOUR USP?

We are the only marketing cloud built on a single code base. Unlike many of the other 'frankencloud' solutions, Selligent Marketing Cloud is natively-integrated, meaning your entire marketing team are able to work within a single UI. All channels work seamlessly from the same platform so Selligent Marketing Cloud can also double as your Customer Data Platform.

WHAT TYPES OF COMPANIES DO YOU WORK WITH?

We work with more than 700 brands across retail, travel automotive, publishing and financial services. Leading UK retailers such as Ocado, Asda, Auto Trader, Matalan and Odeon rely on Selligent Marketing Cloud.

Brands seeking a unified solution to consolidate numerous data sources into a universal customer profile and execute omnichannel marketing with artificial intelligence tend to seek us out.

WHAT DO YOU SEE AS CHALLENGES FOR RETAILERS OVER THE COMING YEAR?

Intense competition, increasingly entitled consumers, tight budgets and continual pressure on margins. 2018 promises to be another challenging year for retailers. The digital landscape is changing at a phenomenal rate, from the churn of social networks to the introduction of new shopping marketplaces – retailers need to be agile and move quickly to avoid being left behind.

In a recently commissioned piece of research, 81% of CMOs admitted that they would not change their practices and use of customer data unless a competitor started first. This sort of mentality will ultimately see the disruptors move miles ahead of the competition along with newer niche players. Complacency will result in being left behind.

SELLIGENT MARKETING CLOUD IN BRIEF

Global reach: 10 offices across Europe and the United States.

Date launched in the UK: 2015.

Customers: 700+ including leading UK retailers such as Ocado, Asda, Auto Trader, Matalan and Odeon.

Employees: 550.

Partners: 50+.

For more information about Selligent Marketing Cloud please visit www.selligent.com or send us an email: info.uk@selligent.com

I also believe there are two critical areas that retailers will need to overcome if they are to win the increasingly fierce battle for customer loyalty – activating the plethora of customer data available to retailers and how to utilise AI effectively to drive a seamless customer experience that keeps customers engaged and loyal.

“ In a recently commissioned piece of research, 81% of CMOs admitted that they would not change their practices and use of customer data unless a competitor started first ”

HOW SHOULD RETAILERS MAXIMIZE THE VALUE OF CUSTOMER DATA?

Retailers have access to an ever-increasing amount of data on consumers, far beyond the realms of their own tills, stores and checkouts.


But, data is only as valuable as your ability to make it actionable. Many of the retailers that I speak with mention that the biggest roadblock to an amazing brand experience and customer relationship is their data set-up. In a recent piece of research, 76% of CMOs interviewed cited data silos as one of their biggest

headaches. Added pressures such as reliance on IT to execute campaigns only compound the issue and make it more difficult to realise the potential of your customer data. Ensuring that your marketing solution can double as your Customer Data Platform is the best way to maximise the value of your customers' data. Pulling information from all sources into a powerful consumer profile will fundamentally change your customer relationship.

WHAT DO YOU SEE AS THE CHALLENGES FOR SUPPLIERS AND TECHNOLOGY PROVIDERS?

As a technology vendor, our challenges are aligned to our clients' challenges. For Selligent Marketing Cloud, that means aligning our product roadmap to predict the needs of the retail industry, whether that's adding new channel capabilities into our platform or developing new connectors to ensure our clients have the perfect technology stack for today and for the future.

WHAT IS THE LATEST VERSION OF YOUR PLATFORM AND WHAT NEW FUNCTIONALITY DOES IT GIVE TO RETAILERS?

Our latest release of Selligent Marketing Cloud offers retailers powerful marketing automation across all critical channels, from website and email to mobile and direct mail, integrating with other areas of your business areas such as customer service to create a seamless customer journey. We have also launched Selligent Cortex as part of our latest release to bring AI capabilities across all channels. Our learning algorithms analyse your data in real time to remove the guess work from your consumer data, resulting in a customer experience that is engaging, relevant and drives engagement, retention and ROI. 

This Company Spotlight was produced by InternetRetailing and sponsored by Selligent Marketing Cloud. 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

Welcoming over 115 million visitors each year, Odeon Cinemas Group are Europe's largest cinema operator with over 360 cinemas throughout the continent. They are among the market leaders in the UK & Ireland, Spain, Italy, Sweden, Finland, Estonia, Latvia and Lithuania and also have strong positions in Germany, Norway, Austria and Portugal.

Selligent Marketing Cloud enables Odeon Group to develop strategies that strengthen consumer engagement through the delivery of meaningful omnichannel communications across mobile, social, and email. Our partnership allows Odeon Group to

create a 360° profile of their cinema-visiting consumers. Analysis of this data allows their guest engagement specialists to execute marketing campaigns in a flexible, targeted, and customer-focused manner.

As a result, Odeon is able to engage guests with more relevant messaging to increase the frequency of cinema visits and build overall loyalty. Selligent Marketing Cloud also enables web content and experiences to be personalised around specific interests across all channels. "Features and functionality as we get better at ecommerce".



Lee Thompson

Sales and Marketing Director
Exact Abacus



TELL US ABOUT EXACT ABACUS

We are an award-winning team of Software Developers, Consultants, Engineers and Fulfilment Experts who really do Deliver for Retailers. We invest heavily in research and our network of modern service centres which are located across the UK. With regional presence and international reach, we continue to blaze a trail in fulfilment services and technology.

We are specialists in “fulfilment services and technology”, providing the software and management systems that enable online retailers to receive and process orders, manage their stock across channels and dispatch parcels. We have been doing this for more than 20 years. Our software manages the full lifecycle from publishing content to a website, forecasting demand, purchasing, allocating stock, order picking and delivery to the customer.

Customers may outsource their fulfilment to us or implement our cloud-based software technology and management systems in their own warehouse. Whatever the choice, we focus upon the services and technology that underpins the ‘art of getting parcels to consumers’, with the power and flexibility to run a whole business, across all channels, ‘from soup to nuts’.

WHO ARE YOUR CLIENTS?

The fulfilment market is all about numbers - bigger contracts and higher volumes of parcels in order to control price and service. However we don't focus solely upon size. Rather we service a range of clients, from startups and smaller businesses, through to the core of £10~100million turnover, with some clients reaching £500m. For us, having a higher number of client spreads our risk and - because our onboarding and management costs are so low - the smaller clients get world-class capabilities and cost-savings, while our enterprise clients still benefit from the scale and flexibility.

WHAT'S YOUR USP

Put simply, we provide a full service to clients wanting to get online. As technologists, operators, advisors and service developers we combine the best of software systems with the experience of using that software ourselves.

EXACT ABACUS IN BRIEF

Date launched: June 1982

Office locations: UK based with 4 fulfilment centres in the North of England

Number of customers: Over 200 multi-channel retailers including Rubik's Brand, Baker Ross, Mole Valley Farmers, Red Candy

Number of employees: 82

Number of partners: 30

Partners include: Microsoft (Gold Partner), UKWA, ISO (9001:2015), eBay, Amazon and Shopify

Contact details for further information:

Website: www.exactabacus.com

Telephone: 01772455052

Twitter: @ExactAbacusLtd

We also embrace transparent, flexible and fair business practices, conscious that we're privileged to carry the reputation of over a hundred fast-growing online retailers, who trust us to despatch their orders on time, every time.

Our objective is to make fulfilment accessible to all and provide a realistic alternative to Fulfilled by Amazon by delivering a number of initiatives, including: No Contracts (a real on-demand usage option); No Minimums (start small and grow!); no confusing pricing - our best rate always, and of course our 100% service level guarantee. This is backed by our commitment to continuous quality (evidenced by our ISO9001:2015 certification).

WHAT RETAIL CHALLENGES DO YOU SEE AND HOW YOU HELP?

While there are macro factors affecting retailers that we cannot change (the economy, or Brexit for example), across the industry we see that retailers are margin-pressured. The challenge is to find more ways to eliminate cost, reduce operating charges and recover profit wherever possible.

We address the supply chain and logistics aspects, and work in close partnership with our clients. For example, through our global reach, especially in the Far East, we help clients identify suppliers and assist them from 'factory door' to 'customer's door' - arranging quality control at source, freight and import, and of course

warehousing and delivery. We reduce the cost, while increasing the speed at which our clients can get products into the market and their customers' hands.

Year-round we are focused on every penny-per-parcel that we can eliminate from our costs. Some of our work is 'invisible' to clients - for example our development using IoT technologies to reduce the cost of picking products while improving accuracy. Other developments are felt by the end consumer, such as increasing the ease and self-service of initiating returns and removing the costs involved. We also work with partners to bring new services and reduced costs to our clients.

FINALLY

In short, we support our clients' multichannel businesses - enhancing their capabilities, accelerating growth and reducing costs. Our open business practices, scale and flexibility ensures we are always 'delivering for retailers'. 

This Company Spotlight was produced by InternetRetailing and paid for by Exact Abacus. 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

When Red Candy launched in 2009 they exemplified 'niche' as the "world's first 'red only' online retailer of design-led products for the home". They've since grown from a one-person, home based operation to a product range of some 4,000 items, from colanders to clocks (and yes, some additional bright colours - but definitely no beige!).

The company has ambitious growth plans to double its current 3,000 orders per month, with a staff of just three people. Andrew Menzies, director at Red Candy, saw logistics capability as vital. Speaking of their previous fulfilment partner, Andrew noted that "We were spending the majority of our time managing them instead of them making our life easier. It was causing us such a problem that we genuinely started to consider taking fulfilment in-house... none of us would ever see our family and friends, we would essentially have no life."

THE SOLUTION

In Andrew's search for a new fulfilment provider, he says "We considered some of the larger fulfilment companies which worked for big brands, and because they were big names they were charging the earth. Exact Abacus had the room we needed to expand, having just bought a second warehouse. The knowledge that third-party fulfilment companies used the same software re-assured me that it was a trusted and well-developed system. They offered great value for money and were really personable too. We met the team and they really took the time to understand our needs".

Andrew appreciated the integration with Magento, Amazon and eBay, all via API: "Their software updates all our information across every sales platform, so as soon as a product is sold on our website the stock on our Amazon and eBay shops decreases ensuring consistent stock levels. This level of precise integration was an absolute must for us and it has made our lives so much easier in terms of forecasting and order processing."

THE RESULTS

"Obviously we were nervous to partner with another fulfilment

company after our previous experience. I was preparing for the stress and hassle that in my mind were intrinsic to fulfilment. We're two years down the line and that still hasn't happened. It's been plain sailing."

Andrew and his team got their lives back and they couldn't be happier: "We're really pleased that the business has continued to grow with Exact Abacus. Our partnership has enabled us to focus on what we do best - growing the business."



Scott Lester,

CEO, Flixmedia



WHAT DOES YOUR COMPANY DO?

Flixmedia helps brands and retailers sell more. We do this by automating the process of gathering rich, engaging digital assets – such as product images, videos and descriptions – and delivering them to the product pages of retailers' websites. We have an extensive global network of partners, encompassing over 1,600 retailers and 100 brands across 80 countries.

WHAT IS YOUR USP

I'd say we win on three key pillars. First, we can provide retailers with more brand digital assets than any other outlet. The service is completely free, and through our extensive testing we've proven that retailers can sell between 10% to 30% more – simply by delivering engaging, rich product pages. Second, we have more retailers connected to our platform than any other company. We offer brands a 'one-stop-shop'; they provide us with all of their digital assets and then we take on the hard work of getting those assets onto the product pages of retailers. Finally, we do what we say we're going to do. Our service delivery teams are world-class. Currently, there are in excess of two million SKUs in our platform available for retailers. We speak more than 20 languages and regularly communicate with retailers all over the world to help make their product pages relevant and rich, contributing to a more dynamic experience for their shoppers.

WHICH COMPANIES/TYPES OF COMPANIES DO YOU WORK WITH / PARTNER AND HOW DO YOU CHOOSE THEM?

Most of our brands today are in the consumer electronics, home appliance, healthcare and toys and games verticals. As a retailer, if you sell any of those products, you're either working with Flixmedia already, or you should give us a call and we'll help you sell more. Similarly, a large number of brands in those verticals, such as LG, Samsung, LEGO, Dyson, and Miele are global or European partners of Flixmedia.

WHEN DID YOU START THE COMPANY AND WHY?

It was November 2004 and I was sitting at my computer, looking at a stereo I was thinking of buying on the product page of a retailer's website. There was a tiny, blurred photo of it, and just two bullet points of text. I thought; I really want to see the back of the stereo, what connections

FLIXMEDIA IN BRIEF

Flixmedia helps optimise and influence sales across all retail channels by creating an engaging and personalised experience for shoppers. Founded in 2005, the company has offices in the UK, USA and India serving more than 80 countries and services a range of global retailers, including Tesco, Walmart, PC World, Staples and many top line brands including Microsoft, LEGO, Sony, Dyson, Samsung, Electrolux, LG and many others – in fact it has more than 100 of the world's top brands and 1600 of the world's biggest retailers.

For more information on Flixmedia, please visit <https://flixmedia.eu> or call 0208 358 3340

it has, how big it is, what the cool features are, how it works, what else comes in the box. I went to the stereo brand's website and found all the rich content I was looking for there. This was my 'eureka' moment! Wouldn't it be cool if someone took the content from the brand's website and put it at the point of purchase and consideration on the retailer's product page. It could answer my questions and I could make a more educated buying decision. Good for me as a shopper, good for the retailer, good for the brand. I quit my job that week and Flixmedia was born.

HOW WOULD YOU DESCRIBE YOUR GROWTH, WHAT HAVE BEEN THE MAIN POINTS IN YOUR EXPANSION AND WHAT HAS BEEN KEY TO YOUR SUCCESS?

Starting the business was hard, but managing exponential growth is actually even harder. We grew very fast, right from the very beginning. There were certain milestones along the way that indicated just how significant our opportunity could be. For example, connecting with the big brands and retailers in the USA was a defining moment; our first global contracts, our thousandth live retailer. But, perhaps most importantly, was the moment in which we could prove the impact of the service, empirically. With engagement from the retailer we were able to A/B/C/D test our service, including the layout of the retailer's page and the type of digital assets being used, and experiment to find the 'perfect' retailer product page. We defined perfect as maximum sales conversion. We didn't have to sell the service per se to brands or retailers, as the evidence did that for us.

WHAT DO YOU SEE AS CHALLENGES FOR THE RETAIL INDUSTRY OVER THE COMING YEAR?

More retail stores closed in 2017 than any other year on record. I meet with the largest retailers all over the world, and I think there are two important factors that all retailers must seriously consider when formulating a strategy, that will truly engage shoppers in the retail experience, and future-proof their business. The first is meeting shopper expectations. They are higher than ever. When you arrive at a website product page as a shopper, you expect there to be a service like Flixmedia's in place. Namely, an image carousel on the page, a product video, some user-generated content, product reviews, comparison charts to other products within the range, a product recommendation engine - all of these things are expectations today. There are no prizes for ticking all of those boxes, but if you're not delivering these things, there's a real problem. The second thing is personalised and immersive experiences, which are increasingly what shoppers want. You need to go beyond expectations and introduce experiences that are so unexpected and fun that the shopper does what every retailer and brand yearns for, they tell someone about it. Find a way to surprise and delight your shoppers in store and online. Formulate a plan.


WHAT ARE YOU DOING TO MAXIMISE THE CHANCES OF SHOPPERS TELLING AND SHARING THEIR SHOPPING EXPERIENCE WITH THEIR FRIENDS AND FAMILY?

Smart retailers are well on the way to deploying immersive technologies like augmented reality and voice search initiatives in their shopper strategies, and we are helping them with those.

HOW ARE YOU PREPARED TO MEET THOSE CHALLENGES?

Our purpose with any new emerging tech is to ask ourselves ,can we help our brands and retailers deliver a better shopper experience and sell more through this technology? For instance, with regards to augmented reality (AR) and virtual reality (VR) deployment in retail, there are many varying opinions out there and it can be confusing. At Flixmedia, we will evaluate emerging technologies and make recommendations to our retailers and brands in order to make it as frictionless as possible for the brand and retailer to implement the tech and get it to market.

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This Company Spotlight was produced by InternetRetailing and sponsored by Flixmedia. 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: OFFICE DEPOT EUROPE

Like all retailers, Office Depot Europe was looking for ways to boost conversions and reduce cart abandonment. While shopping around for answers, it decided to check out the value of Flixmedia's INPage service. In particular, Office Depot Europe was keen to see the specific effect of syndication service on the behavior of its shoppers. Using the Flixmedia INPage service it proved both an uplift in conversion and a reduction in cart abandonment. The test was conducted by Office Depot Europe and the results shared with the team at Flixmedia.

Annemie Van Der Donk, Interim Personalisation Manager Office Depot Europe explains: *DzWe've thoroughly tested Flixmedia in the majority of our product categories. We've seen an overall strong result by conducting an A/B test having reached a 99% significance level that proves an INCREASE in conversion rate, a DECREASE in cart abandonment and an INCREASE in add to cart rate. It seems by showing more rich product information to our customers they are more likely to convert and less likely to drop in our conversion funnel.*

Ben Perrins, Chief Strategy Officer at Flixmedia adds: *DzA great result for Office Depot Europe and also for the numerous brands Flixmedia represents on their products pages. Many of our global brand and retail partners are interested in the impact of the Flixmedia service on basket conversion but this test also proved a reduction in cart abandonment. Intuitively, a shopper that has been better informed before they click add to cart should have a higher propensity to complete but this test validates that assumption rather elegantly He adds: We are proud and pleased to help the Office Depot Europe team boost site performance*



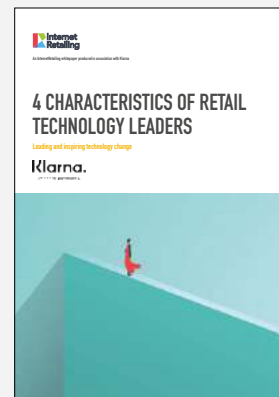
with our INpage service. I am also excited to partner with them on continued innovation in the months and years ahead.

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Membership remains free of charge to qualifying retailers and brands, and we look forward to welcoming you to our membership, as we work to make InternetRetailing's research and analysis evermore relevant and useful to your business.

With regards,
Ian Jindal
Editor-in-Chief, InternetRetailing

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Customer informing the product

Emma Herrod investigates how data, digital technologies and machine learning are altering merchandising.

Customer insight, big data, machine learning and artificial intelligence (AI) have all been transforming retail jobs across the industry as retailers use every trick in the book to make the customer believe that they, as an individual, are understood. Brand messaging shows how the company knows what it feels like to finish the marathon, to discover the right outfit for an important occasion or to catch the biggest fish in the pond. Whatever the customer's passion, fears, uncertainties or taste in music, there's a retailer ready to match them, and provide inspiration or support through products and value-added services.

The retail experience has become more than simply putting product in front of a customer and hoping they will buy it, as was the practice during the early days of ecommerce. Data provides a view into each customer's life in a way that's reminiscent of the type of knowledge a local butcher or baker would have once had.

By 9 o'clock this morning, social media, search engine and 2 retailers had all been privy to my innermost thoughts and social life through posts and images viewed, searches made, items browsed and added to my grocery shopping list and the purchases actually made. They know which online news services I read, my credit card number and where I live – and they can surmise much more from people who behave like me, too.

Our digital data trails – freely given by each of us – offer a treasure trove of insight for those that can unlock them. Personalisation in the form of marketing material, discounts proffered, adverts displayed and how a website appears to each shopper are all common practice now. And AI, in the form of marketing automation and web personalisation systems, is continually learning and adapting to website visitor behaviour.

We're all familiar with the theory of how machine learning and AI can help in merchandising and trading ecommerce sites, learning through customer data and how shopping journeys are presented to potential customers. But not all retailers are using AI yet.

A survey of the InternetRetailing Top500 discovered that about a third of respondents are not actively using AI marketing at this stage, while the remaining two thirds are

working on it or actually using it. While this is encouraging, the spread of experience with AI marketing is huge.

The largest single segment of those interested in AI marketing are the 17% at the planning stage only, showing that it is for many still very early days. Those who are in the defined and executing and fully implemented stages add up to just over 20%, while 8% are expanding their existing processes. However, with 11% ticking 'don't know' and 34% indicating that they are interested but not taking any action, there is still a long way to go before the majority of retailers are using AI.

Start-ups, though, as ever at the forefront of retail thinking and unhindered by legacy attitudes or systems, are getting the most out of AI. For example, US personalised fashion service Stitch Fix uses AI to match stylists to shoppers and to decide which 5 items to send out in each subscriber's monthly parcel.

“Attribute-based forecasting, machine learning and human experience will enable demand forecasting to be down to the individual customer level within 10 years”

PRODUCT DATA

It is one thing to use customer insight or AI for promotional marketing and personalisation, placing the right product in front of the right customer at the right time, but how is technology, digital and AI transforming customer insight at either end of the product lifecycle and how is data helping merchandisers in the rest of their duties?

One aspect of merchandising is making decisions about what stock needs to go to which store locations, how much, and the product mix in terms of sizes and colours. By looking at historical data – as well as what customers in different postcode areas are buying online – patterns emerge in customer characteristics as well as in the attributes of each product and the overall mix.

But it's difficult for a retailer to make decisions based on thousands of different bits of information, customer comments or by looking at individual purchases; the data has to be displayed in an actionable format so they can translate it into a buying decision or product merchandising decision.

Peter Charness, SVP Americas and global CMO at TXT Retail, believes that the tools available to merchandisers are getting better at providing this. He says: “A lot of systems were developed that supported the merchant understanding of what sold. The next generation, as people start to bring in more capabilities, is going to

provide the basis for the merchant to understand why something sold.”

He explains that merchandisers will be able to identify the characteristics that they need to look for more of in the products that are selling well, rather than simply that x number of a specific red dress were sold each week. They will be able to look behind what sold to find out why something sold and how many people are likely to be interested in purchasing a product based on its characteristics.

He adds that although the role of AI in merchandising is still in its infancy outside of marketing and promotion, it is something that is becoming increasingly necessary for retailers.

Giuseppe Rapisarda, Director, Oracle Retail agrees, saying: “Within 10 years, demand forecasting will be down to the individual customer level.” He adds that this will be enabled by a combination of attribute-based forecasting, machine learning and human experience.

Even once an item is sold it can continue to offer insight. There are the reviews from customers, for example, which have built trust for others when making purchasing decisions as well as informing merchandisers and development teams about issues with products and why they may not be selling as well as predicted.

“If somebody is complaining that something was cheap, didn’t last or didn’t fit properly, that’s feedback that can go into the merchandising office and something can be done about it in terms of better quality control or changing the size specs on the next thing that’s manufactured,” Charness says. “The translation of what the customer is saying out of social media into the next merchandising decision is still a difficult translation to make.”

It is from ratings and reviews, along with unstructured, ‘dark data channels’, that some of the most valuable forms of data can be gleaned.

Some retailers have tried to bring social to their own sites by adding forums and ways for customers to share information and post their own images. This user-generated content provides insight as shoppers happily share what they have bought or post images of themselves wearing or using the item. This social proof provides plenty of information for retailers able to utilise the insight as well as increasing the trust other shoppers have in them.

Luxury watch brand Bell & Ross, for example, collects photos and videos of shoppers from social media and incorporates them into its website to enhance engagement with customers, boosting its CTR and in turn increasing conversion. Images can also be made ‘shoppable’ enabling website visitors to purchase by clicking on them.

“For a luxury brand, we have always been close to our fans and customers,” explains Antonin van Niel, Head of Digital, Bell & Ross. “Our online community is large and has become more and more active. We are seeing huge growth in our customers sharing their experiences with our hashtags [#BellRossCommunity - #WatchBeyond]. This content drives a strong sense of engagement in our

website, creating a more social shoppable environment. With Photoslurp we found exactly the platform we were looking for to increase conversion using social proof: an easy-to-use, flexible, data-driven platform that enables us to optimise our digital and social strategy effectively.”

DIRECT FROM THE PRODUCT


US outdoor retailer LL Bean is taking things one step further and exploring how performance and use information can be collected from clothing once it has been sold. It is using technology from Loomia which collects data from the clothing and, with the person’s permission, shares it securely with the brand. Security is provided by blockchain. It is hoped that the solution will provide valuable insight into the use rate of products returned under LL Bean’s 100% satisfaction guarantee.

A collaboration between Google and Levi’s has created a denim jacket for cycling that has sport-specific adaptations as well as conductive threads woven into the fabric. These threads connect with and control the Jacquard platform which connects the wearer’s phone controls with touch input on the jacket.

There have been experiments with connected clothing – where the wearer is connected to the internet – for some time. As Ian Jindal reported after seeing the Levi’s jacket at NRF, subject to the necessary user permissions, the firm can now have a relationship with the customer based on how and where they use the garment. It will have access to their commute, the music they listen to, their frequently used commands and apps. This offers it a much more relevant conversation opportunity than the usual “you bought this a year ago so please buy it again”. It’s conceivable that the jacket’s data could link with Google Home data as well.

All of this information about consumers and products streaming back to trading teams, merchandisers and buyers has gone beyond the capabilities of spreadsheet analysis. AI and its ability continually to learn, adapt and discard old ways of thinking means that retailers will be able to keep pace with changing consumer thoughts, behaviour and shopping patterns, and optimise planning, pricing and clearance to maximise margin; all the while keeping their decision making in line with business rules and merchandiser expertise and instinct.

Where once – and in some cases still – the butcher knew the optimum price to sell the most lamb shanks and the Rigby & Peller dresser knew how much support the Queen needed, personal, intimate information about every product, garment and customer nuance in large retailers and fast fashion chains can be known by computers with data shared and insight gleaned to assist in the development of the next product range, pricing decision or promotional activity.

The jury is still out on how far machines will take over different roles in retailing, but for now their assistance is taking away monotonous tasks, real-time processing and big data crunching. 



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Harness your social customer connections to drive ecommerce

Katy Howell, CEO, immediate future shares insight into social media, changes across the platforms and how retailers can improve their connections with customers.



The following guest article has been written for InternetRetailing by Katy Howell, CEO at social media agency immediate future. Now in its 14th year, her agency works with brands including Fujitsu, lastminute.com, Thomson Reuters, Post Office, IBM, Selfridges, Staples Europe, Google, Diageo, JD Williams, Sony Music, and many more.

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Social media is more than a tool for sharing products, shots and emojis with your customers. It's a powerful channel that, when done right, fuels your ecommerce with new and repeat buyers.

Let's get down to the facts. It delivers on the bottom line. Last year, a global survey by PwC found that 78% of consumers are influenced by social media when shopping online. According to BI Intelligence, this translates to sales. They claim that the top 500 US retailers earned approximately \$6.5bn from social shopping in 2017 (up 24% on last year).

Social is a serious business. Not only because of the commercial opportunities, but because the platforms are forcing a greater investment by brands that want access to consumers. The move to restricting free access to consumers is being led by Facebook. The company recently changed its algorithms dramatically. It means your offers, posts and products are unlikely to be seen unless you pay for them to be seen. Expect the other channels to follow suit.

The need to invest in social sharpens the focus on doing what delivers results. Though, counter-intuitively, your social activity cannot just be about selling. Go in too hard and you're going to discourage buyers. Instead, retailers need to tap into the network. Social is about networking, connecting, sharing. It's this that has to be done better. Much better.

Retailers' priority in social is to be relevant to your customer. Personalised social has impact. Less frequency and more quality content has impact. Creating experience and theatre has impact. Create the relationship with your customer on social and you have the foundation for social shopping to be successful.

Even that is not enough. Social feeds are noisy places. You'll need to be disruptive too. With thumb-stopping

content that jumps out at the customer to entertain, as well as inform. Right now, too many brands do the opposite. They rely on content volume as the benchmark for content success. Produce less and deliver something stand-out. Better still, Facebook rewards posts with more comments and shares. You'll get seen more. The results will speak for themselves.

IT'S NOT JUST ABOUT BEING SEEN

Marry relevancy with paid social and you'll pack a powerful punch. But that isn't enough if you want to persuade people to purchase. Trust and recommendation from friends and peers in your customers' networks is essential.

The latest data from Global Web Index shows that almost a third (29%) of consumers turn to social to research and find products to buy. In social, this goes beyond the 'review'. The cry across timelines "can anyone recommend" is growing. So much so, that late last year Facebook began rolling out a collection of 'Recommendation' features making referrals an integral part of the timeline and extending reach.

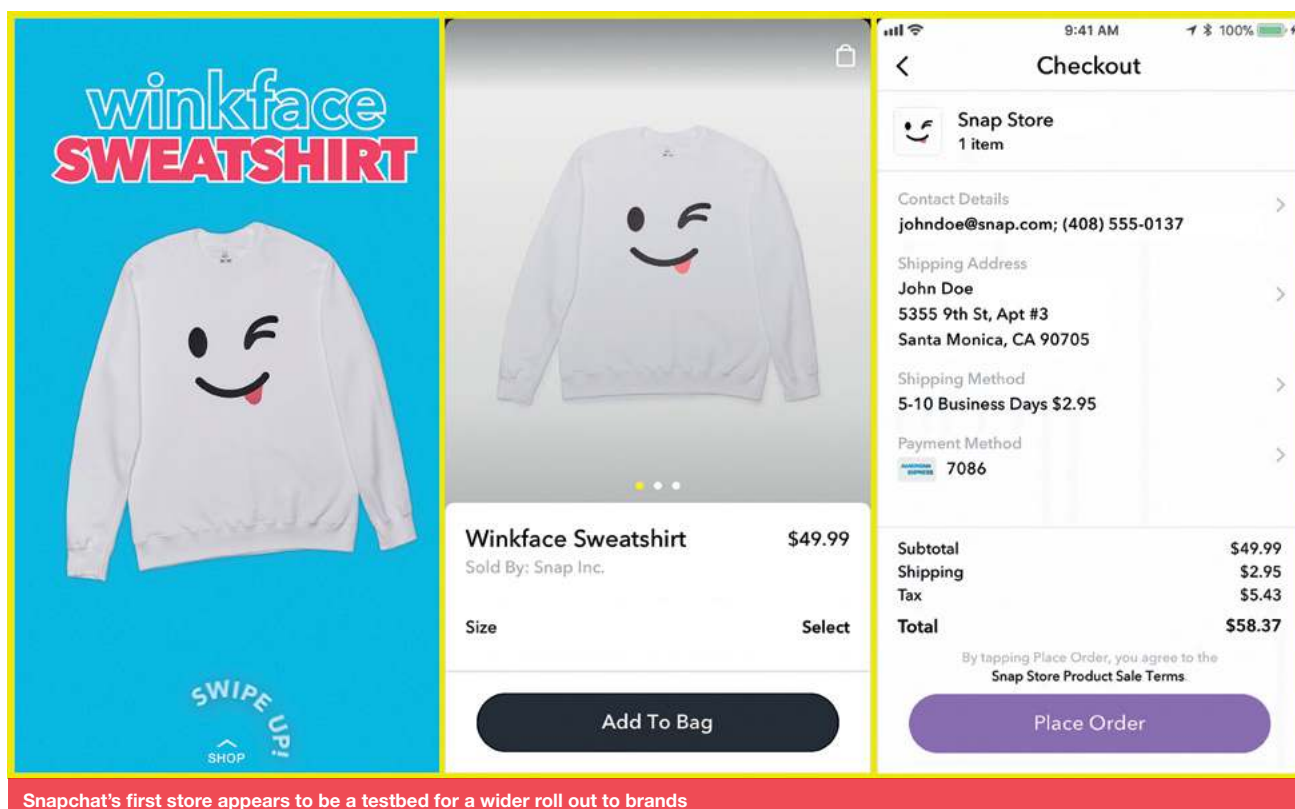
With so much fear around fake content, the old-fashioned review is also under scrutiny. The answer just might be video reviews since they offer a more transparent way to share. Google just launched 10 second video reviews in Google Maps. It could be the next thing in social referrals!

SHINY, BRIGHT, IN-APP SALES

Creating a socially connected network is not enough if you're not thinking about where consumers will buy. Social commerce is ubiquitous in Southeast Asia. Networks like WeChat are often described as Amazon, WhatsApp, Just Eat, Uber all rolled into one – and they deliver 30% of digital sales in the region.

OK, so the buy buttons on our social channels haven't really delivered results. But all the platforms are trying hard to crack this commercial nut. It makes sense too. Consumers want to stay in their favourite social network. And for brands, the right format will go beyond the limited opportunity to capture impulse purchases.

It's certainly of interest to the younger generation; 33% of those under 25 say they are more likely to buy directly on Facebook, 27% on Instagram and 20% on Twitter. The desire to buy in social is growing with the older age groups too.



Snapchat's first store appears to be a testbed for a wider roll out to brands

Hence the move to a wider range of in-app shopping features. Instagram is testing adverts that blend video and product catalogues – called ‘Collections on Facebook’. It’s a space where consumers can complete the purchase without leaving the app. Instagram is building these in-app features fast. It makes sense when you consider in its latest earnings call the company reported that, “two-thirds of visits to Instagram business profiles are from people who don’t follow the brand yet”. These are potential new customers and Instagram wants to monetise the opportunity.

Snapchat, not to be outdone, introduced its first store at the start of 2018. It’s currently just selling its own merchandise, but it appears to be a testbed for a wider roll out to brands.

Selling on Messenger bots didn’t quite grab the attention of marketers last year, but that doesn’t mean they won’t. There are 1.3 billion Facebook messenger users and 47% of consumers would buy items from a Chatbot. At the very least you should be considering pilot campaigns and responding (or auto-responding) to questions and queries.

Without a doubt, driving in-app shopping is a mission for all the platforms. The social networks are pushing hard to move the ‘like’ to ‘buy’. There is context in social. The connected network, reviews and recommendations all feed the opportunity to convert more sales.

As yet though, buy buttons, in-app stores and messenger purchases are not proven. The in-social sale is the goal, but not quite the reality yet. It’s an opportunity to test and learn, understand your audience behaviours and experiment with conversation-to-conversion. It will get

bigger, it will be another string to your bow. It’s worth consideration and a watchful eye.

WHILST WAITING FOR SOCIAL SALE

Regardless of the in-app potential, Retailers should be looking at social as the catalyst for driving purchases across the whole channel mix. Your customer networks will feed the purchase, but only if you embed social into your customer journey planning.

The trouble is too few brands connect social to their other channels. In fact, many create unnecessary barriers to sales.

The biggest mistake is not having a mobile-enabled ecommerce site. Surprisingly, a common issue. Given that over 80% of consumers on social media access it through a mobile device, this is sinful. Your customer is clicking to purchase, only to be met with a website that is impossible to view on the phone.

Having a mobile site though, is still not enough. Average load speed for a mobile retail website in EMEA is 3.6 seconds. After three seconds, 53% of customers leave. It’s not enough to be mobile, you need to be fast too.

Think about collecting data for social from across the channel mix too. Social will spike your SEO and PPC. It can drive up repeat visits, lower conversion rates and increase basket size. Social impacts all your channels. If you don’t measure and test, you won’t know.

Bed your social into the heart of your customer conversations and then embed your social into your other channels. Social will fuel your ecommerce success and you’ll deliver better social ROI than ever before. 🌈

Delivering the right experience

The retail interaction doesn't stop once a shopper clicks on the buy button. *Emma Herrod* investigates why the delivery experience is just the start of the opportunity to connect.

Convenience and price have been driving the growth of online retailing and the same factors are of equal importance to consumers when deciding how they want their purchase delivered. While some shoppers say that they choose one delivery method over another because of price – with the free option predominantly offered by retailers requiring a minimum spend – for other purchases convenience is chosen. This convenient method may be delivery to a locker, pick up point or click and collect location because the shopper knows that they will be passing the location at a certain time. Delivery to home on a specific day or at a certain time also offers this convenience.

This surety of getting the product at a certain time extends back up the supply chain with shoppers wanting to know that something is in stock at a particular location before they go to the store. This has been a driver of reserve and collect services whereby a shopper can go online and reserve an item in a particular store and pick it up a set amount of time later.

For some retailers this can be as short a time as 5 minutes, with store staff collecting the item from a shelf and putting it into a holding area such as a customer services desk or ring fencing it from amongst the stock allocation. For others, the reserve online, pick up in store is a longer process with the item being transferred from another store – as per Argos's hub and spoke method – or from a central distribution centre.

"This nirvana of getting a clear view of inventory irrespective of where it is, whether it's in the warehouse, being moved somewhere or in a store is critical to allowing retailers to sell in today's world," says Craig Summers, Managing Director UK, Manhattan Associates. "It's a simple thing to say but a really hard thing for people to do," he adds.

All of these connections make the customer feel that they are in charge of fulfilment of their order and give them confidence that they can get the item they want to buy from the right location and in a way that suits them. The anything, any time, any place predictability of omnichannel retailing is becoming less of a differentiator for the customer experience and more something that is simply expected as the norm.

In the last year alone, fashion retailer Asos has introduced 200 related delivery improvements around the world. Since October 2017, it has been rolling out same-day delivery to UK customers in selected Leeds, London and Manchester postcodes. These customers can pay £9.95 in order to receive their parcel – which must be ordered by 10am – between 6pm and 10pm. "We'll be pushing back cut off times to midday soon," says Mark Holland, Supply Chain Director, Asos.

The Asos Instant service will be expanded further throughout 2018, joining the retailer's other UK delivery options that include next-day delivery, click and collect, one-hour delivery times and free returns as standard on all of its orders. Looking further ahead, Holland believes that delivery to a mobile rather than a fixed point is something that should be investigated.

Chris Haighton, Head of Logistics at Shop Direct, believes that it's easy to get distracted by new technology and that retailers need to concentrate on the basics in order to give customers the best delivery experience. "You have to build on solid foundations," he told delegates at the recent MetaPack Delivery Conference.

At Shop Direct, delivery is seen as a hygiene factor. It's also the biggest driver of customer complaints when delivery goes wrong. Haighton explains that getting the delivery experience right for your customers is all down to listening to them. Shop Direct customers "want free delivery. Behind that then is convenience, speed and a number of other options but primarily free," he says.

Shop Direct therefore focuses on ensuring that the delivery proposition fits with the customer lifestyle. "We try to break the proposition down into all of the different elements of the journey starting with product setup, setting up the carriers for success, in checkout and the checkout page, capturing the right information there and refining that all the way down the process to the point at which when you make the delivery the customer has the right communication, the expectation has been set in the right way, the carrier has been set up for success right the way through the chain," says Haighton.

Regardless of which company is carrying out the delivery, Shop Direct aims to get three things right in order to give the customer the right experience: get the parcel to the customer's door on time; land it with the customer first time; get the communications such as tracking and customer information right. This communication is vitally important, according to Haighton. "We drive all of this so that we minimise customer communications back to us because that reduces cost and delivers a hygiene factor," he adds. "It's all about making sure we minimise that level of failure right the way down the line," he says.

At River Island, the key has been to look at customer service in terms of getting back to customers when there's an issue and having a good resolution process in place. This has meant "putting the best carriers into the business that service the customers and make sure that when there is a problem it's resolved very quickly and the problems are few and far between," says Martin Goldstein, Head of Purchasing, River Island.



70% of John Lewis click and collect orders are picked up from a branch of Waitrose

CONVENIENCE IN STORE

While it's one thing to offer delivery choice to customers, omnichannel services incorporating a store estate add an extra level of complexity and challenge for retailers. Canadian multichannel apparel retailer, Roots, is no different. It has had to face significant supply chain management challenge in order to make its entire inventory available to sell across all channels. Working with PFS, the retailers has developed four key omnichannel services to enable it to match customer expectations: ship-from-store, endless aisle, click & collect and buy online, return to store.

The new omnichannel solutions produced tremendous results for Roots with a significant lift across several key performance indicator metrics. These include a 160% increase in online sales, 83% increase in conversion rate, 59% increase in average items per order and importantly a convenient and flexible path-to-purchase for its customers.

"Delivery options shouldn't be a barrier to complete a transaction," says Paul Anastasiou, Senior Director, Asda Parcel Services. Click and collect has been a winning formula for Asda with 75% of online orders from George collected in store. He believes that a balance needs to be made between collection being very innovative and home delivery being as consistent as possible. One of the ways that Asda does this is to incorporate the delivery confirmation within Apple Passbook so that the customer has all the details readily to hand when they get to store to collect their parcel.

Waitrose meanwhile launched self-service check-in for John Lewis click and collect orders in 140 stores in time for Black Friday. Customers are sent a barcode as part of the notification confirming that their order is ready for collection and this can be scanned by iPads at the welcome desk when they arrive in store. This alerts a member of staff to bring their parcel to the desk so that it's ready for them to pick up.

Glenn Cox, Service Experience Development Manager at Waitrose, said the new service will help to improve the customer experience. "70% of John Lewis click and collect orders are now being picked up in Waitrose branches so it's hugely popular with our customers. "Checking in to collect

an order is the first thing many shoppers do when they visit our stores and can set the tone for the rest of their experience with us, so introducing the option of a self check-in system will ensure they enjoy the best possible start to their shop," he said.

Every aspect of the customer's journey once they click the buy or reserve button opens an opportunity for the retailer to continue to engage and connect with the shopper. Whether it's through simple communication that their order has been received, or that Joe in the Basildon branch has just taken the item off the shelf, the connection opportunity is there.

Looking amongst the start up community is where innovations can be found that show how these companies – which have always put the customer first – are enhancing the delivery experience with the ability to view on an app the merchandise offered by an offline retailer, through to offering a narrow time window for delivery, in-flight changes once the order has been despatched, communication between carrier and recipient and following the delivery driver on a map. As McKinsey's Ludwig Hausman implied in his presentation on 'What delivery will look like by 2025' at the recent Delivery Conference offering a good user-interface, instead of a link to the traditional carrier/retailer screen, driver ratings and in-app customer service are all things that retailers could be investigating.

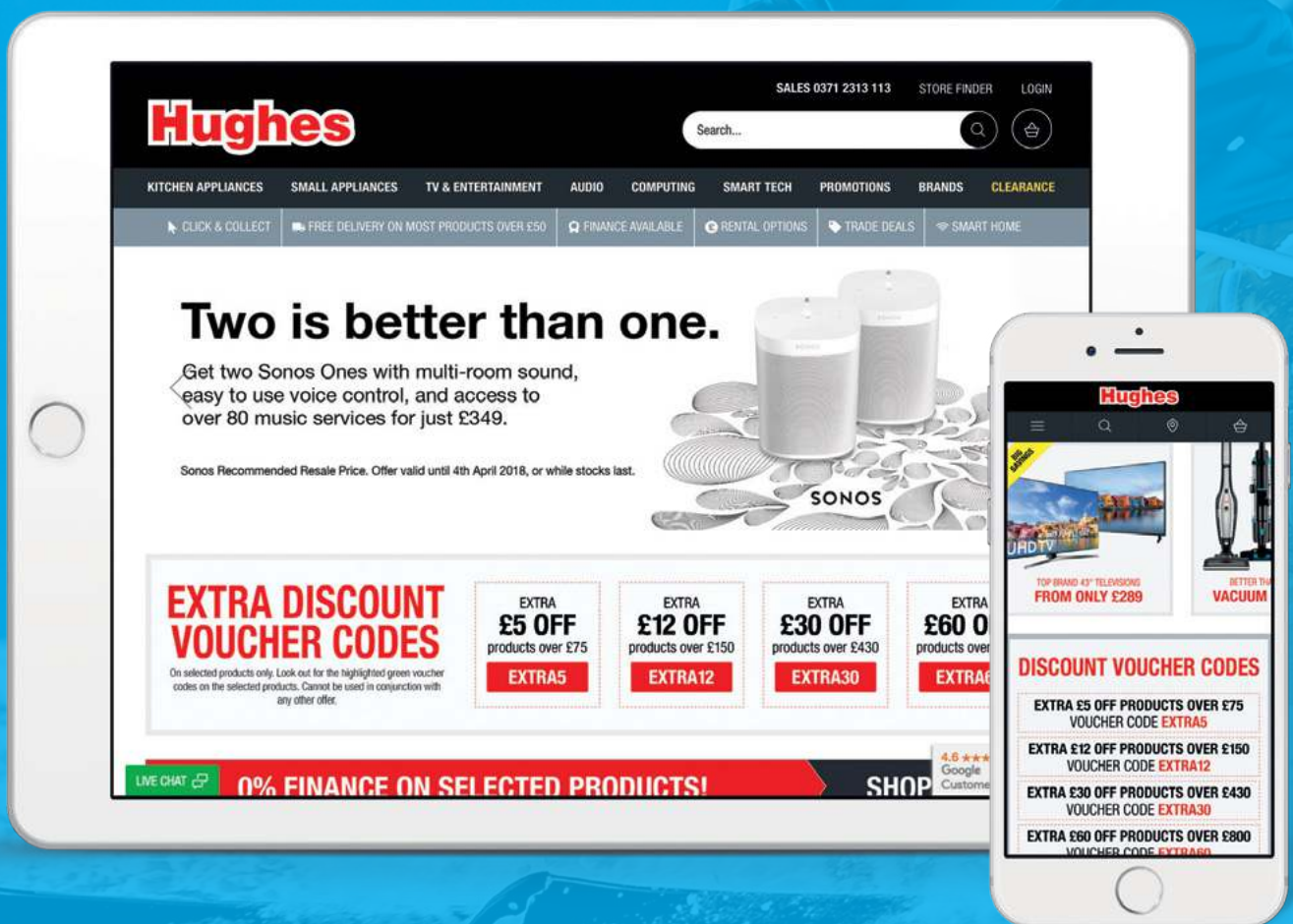
For others, customer experience and the delivery connection, extends beyond simply dropping off a box and it being signed for. John Lewis, offers 47 different fulfilment services from hanging chandeliers, to installing a TV onto a wall. Customers are saying that they want a wider convenience proposition, explains Dino Rocos, Operations Director, John Lewis. "They want to enjoy the product and engage others to complete the experience," he says.

John Lewis has invested £534m in its supply chain in recent years, along with increased capability of the ecommerce team and marketing spend. "This investment is to fund a fundamental shift to allow us to still be here in another 150 years time," says Rocos.

Supply chain and fulfilment has moved from being a necessary evil to being at the heart of the John Lewis business. "Fulfilment is more important than it historically was," he says. Where the InternetRetailing Top50 retailers lead and excel, others cannot afford to be left behind. 🇬🇧



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Strengthening the in-store connection

David Wright, Marketing and Business Development Director and Mike Pearson, Associate Director, Digital, Dalziel & Pow examine what digital in store means for IT, trading and operations teams.

The following guest article has been written for InternetRetailing by David Wright, Marketing and Business Development Director and Mike Pearson, Associate Director, Digital, Dalziel & Pow. Based in London, the independent agency works alongside its clients to exploit the power of experiences to change perception, motivate sales and build loyalty. From innovative fashion flagships for Primark to a sector-changing concept for O2 and playful interactive installations for Mamas & Papas, Dalziel & Pow helps each of its clients create a more imaginative and engaging future.

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Homer Simpson said: “Here’s to alcohol: the cause of, and solution to, all of life’s problems.” If he worked in retail he might substitute beer with ‘digital’.

Digital is a key driver in the changing retail landscape; it can enhance the shopper experience and heighten customer connections. It can inform, enable and excite but we need to remind ourselves that shopping is a social and human experience.

It’s no news that retail is undergoing radical change through technology. Disruption is everywhere and the biggest changes are around people, their behaviours and expectations that are evolving at pace. Although much is focussed on Gen Z and Millennials, other demographics – Boomers, Gen X – everyone really is changing. This centres on the access to, and use of technology, which is affecting the way everyone engages and interacts with almost everything.

The CEO of Home Depot, Craig Mean, recently put this in perspective: “Within the context of this changing retail environment, customer expectations are increasing. It’s imperative that we address these evolving needs with increased speed. More customers now expect improved product delivery, personalised experiences tailored to their needs and a frictionless checkout when they visit a store or the website”

To create more personalised experiences, a big challenge is having a coherent picture of customers and for many a ‘singular view of the customer’ is still a way off. According to PwC, 35% of retail businesses are struggling to implement a strategy to provide a single view of the customer. Another 12% are only considering addressing this in the next 1-2 years. Why? Legacy systems, infrastructure challenges,

business silos and organisational fiefdoms.

Can we act sooner, bring together those within your organisation who are pragmatic innovators, those who want to combine customer satisfaction, experience and business success? Can they build this view or start with a singular view of the customer journey and work towards a better experience? Maybe put themselves in the shoes of your customer? Become that human and experience your brand, what does that show you?

Give this group the liberty to experiment, to test and learn. This may feel like a big task but what are the alternatives? It’s interesting to see some of the rapid innovations being tested by a number of ‘legacy’ retailers in the US, such as Walmart and Target.

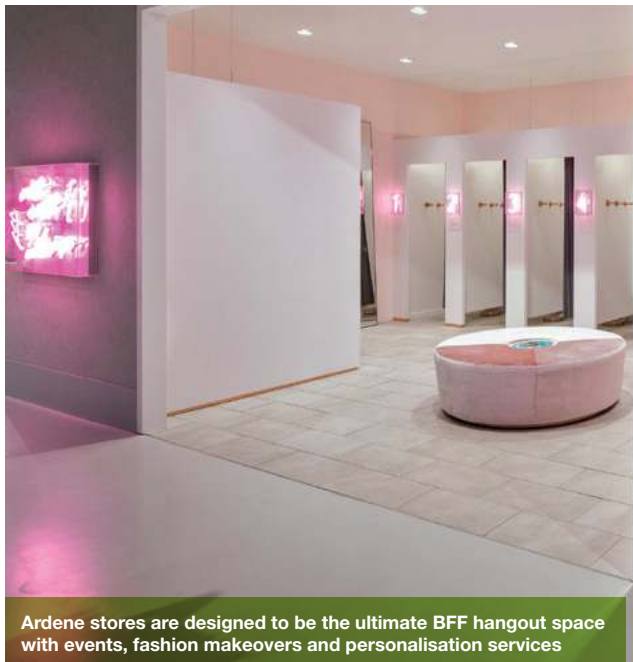
Are there some fundamentals to look into? Deal with inventory systems that provide fragmented views of stock, payment systems that don’t truly support omnichannel behaviours, analytics systems that don’t let you evaluate your marketing activity. Can your teams work together to unearth the data, the right picture, insights and actions to create a better customer experience?

DATA-DRIVEN INNOVATION

So it’s really just about data? No. Where Amazon, Asos and in fact all pure-play businesses have the upper hand, is that they’re built on data and the customer innovations this drives. They know their customer and are constantly talking to them. So digital in some senses can just be seen as a purely rational business tool; get the data, make it quicker or cheaper and pre-empt a customer’s needs and service them.

There’s a lot of merit in this but pure-play businesses are now recognising the need for more human connections and the list of those opening physical spaces is growing rapidly. It’s interesting to see how they bring their appetite for data into their physical spaces and what this means. Nationwide, for example, understands the value of human connections, with its commitment to branches and face-to-face contact whilst enhancing the experience with new technologies and digital touchpoints.

The ‘check-in’ model may be the ultimate goal, and we have now seen the public launch of Amazon Go. The headline is the ultimate convenience store built around data, it can track each customer’s every move, from what they pick up and put back to what departments are most



Ardene stores are designed to be the ultimate BFF hangout space with events, fashion makeovers and personalisation services



frequently browsed – exactly like a 3D website. Amazon Go, with no queues or checkout, is perfect for ‘grab-and-walk’, but there is also the need for the slower more personal experience.

Others are trialling apps that allow customers to check-in with the store, such as Farfetch’s collaboration with Browns East in London and Rebecca Minkoff’s stores, giving staff access to the shopper’s profile and history so they can better assist them, creating a more personalised experience.

It may be in Nordstrom’s Local boutique, a 3,000sqft space compared to stores typically over 20 times that size, that we can see how digital can underpin the ability to create a new experience. With no dedicated inventory, where customers can check-in, return or pick-up items they bought online, access further services such as personal stylists, all tailored to the needs of Nordstrom’s time-pressed customers.

With all the focus on the customer, it is also worth

considering the store employee. Does any digital initiative help then to better service the customer?


We still see that person-to-person interactions are light-years ahead of people-to-machine ones. Give your people the tools and technology that frees them up to do what only they can. That gives them the best chance to support the needs of today’s demanding consumer.

Lush has built its own Epos system, not so exciting? However, that’s a big investment and has in part transformed the dynamic between customer and staff. Running off Android tablets, this frees staff to move around, engaging with and assisting customers throughout the store. It pushes its famous service even further, providing an opportunity to engage more. The combination of empowered staff, engaging environment and great product offer is incredibly powerful.

We can also step aside from the purely rational business case for digital as it can also surprise or delight by creating magical moments.

Can we create moments of pure joy? These can be small and intimate, like product level projects at The White Company, or have a cinematic effect, like the one created within Primark Madrid. Digital here isn’t about data or business efficiency; it’s adding experience in its purest sense... the wow factor that has to be shared!

There’s no ‘one size fits all’, there may be best practice, certain tools or behaviours that work for a particular brand and customer but not others.

Ultimately, retailers are looking to create a better experience for customers. Digital shouldn’t be seen as a separate tool and should be woven across the customer journey. Can they solve pain points, connect and recognize the customer ‘in the moment’ and support store staff? The most compelling solutions are those that enhance store functions, connect to back-end systems and support or delight the customer. 

GETTING THE EXPERIENCE RIGHT FOR CUSTOMERS AND STAFF

1. Customers still value more human and personalised experiences, especially when shopping. It’s about how digital can support these connections.
2. Have a clear view of your customer, their journey and ultimately their experience.
3. Understand who across the business can support, enhance and deliver against this experience.
4. Look to solve pain points, connecting the online and offline journey and involve your store staff.
5. What can you add to the experience? It doesn’t just need to be a data-optimised experience; it should surprise and delight.
6. Data is meaningless without drawing insight; it’s insight that enables us to develop creative and engaging experiences.

Retail loyalty in 2018

Jason De Winne, UK General Manager, ICLP, explains what customer loyalty means in 2018 and how retailers can drive devotion to their brand.



The following guest article has been written for InternetRetailing by Jason De Winne, UK General Manager ICLP. ICLP is a leading end-to-end loyalty agency that drives customer devotion for clients across multiple sectors

including retail, travel and technology. ICLP transforms customer relationships into personalised, profitable and emotional connections. Blending data analytics, strategy, technology and creative expertise, ICLP delivers customer-centric engagement strategies that help brands to drive acquisition, repeat purchase and advocacy.

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The retail loyalty landscape in 2018 might not necessarily be reaching a crossroads, but there are undoubtedly changes afoot. Retail brands are facing an evolving world where advancing technologies and a new generation of customer demands are forcing them to re-evaluate the loyalty strategies they have in place if they are going to drive devotion. According to Capgemini, 90% of consumers have negative perceptions of loyalty programmes, 54% of loyalty memberships have fallen inactive and 28% of consumers abandon loyalty without having redeemed a point. Yet, in contrast to this, 3cinteractive reports 64% of brands have seen an increase in loyalty membership. Evidentially, the demand for recognition and reward by brands remains, but there needs to be a shift in the way many loyalty programmes are being executed.

The world has changed so dramatically since the loyalty programmes that we all recognise today were implemented 20 or so years ago. ICLP's 'Deeply Devoted' research study revealed that 92% of UK consumers are willing to cheat on their favourite retail brands, highlighting the challenge facing many brands; understanding how to recognise and reward their customer's loyalty today and keep them from shopping with competitors. In a landscape dominated by digital, social, mobile and data, where the millennial generation is coming of age and bringing with them a whole new set of expectations and demands, how can retail brands deliver a personalised experience that a customer will value?

A programme, under whatever guise it takes, is a tactic; a method of achieving your strategic objectives. For loyalty programmes the aim is to drive retention, increase knowledge and insight of the individual customer through data collection, to increase spend and share of wallet and ultimately, to drive devotion to a brand. Whatever

the objective, the overriding ambition will be changing a customer's behaviour. Moving away from a one-size-fits-all approach and recognising that, in loyalty, not all customers are created equal is critical to providing a targeted experience for the individual.

Retail brands need to use insight to identify, reward and recognise their most valuable customers, and encourage their next-best customers to engage and purchase more. Through delivering exclusive and rewarding customer experiences, organisations will be able to encourage repeat purchase and advocacy, driving growth for the business. Leveraging data to deliver a personalised interaction and catering to what customers' value most lies at the heart of a successful loyalty programme in 2018.

“ 90% of consumers have negative perceptions of loyalty programmes, 54% of loyalty memberships have fallen inactive and 28% of consumers abandon loyalty without having redeemed a point ”

WHAT MAKES A CUSTOMER HAPPY?

While most customers associate loyalty programmes with a traditional card, the opportunity for brands to go beyond this today is huge. Kate Leggett, VP, Principal Analysts at Forrester has previously stated that a happy customer is a loyal customer. So, knowing what makes a customer happy and establishing what a loyal customer means to the business will help establish a successful programme. Retailers must link this into a wider strategy that engages customers and shapes their behaviour, and look to expand beyond the traditional remit of loyalty to include all areas of customer engagement, wherever and whenever that takes place.

Diversity in loyalty programmes has increased in recent years, as brands negotiate the changing landscape and seek to meet their customers' expectations. From VIP events and money-can't-buy-experiences to priority access to new product launches or sales – multiple tactics can help build a higher emotional connection between the customer and brand. Membership and subscription-based loyalty strategies are in resurgence, with many predictably

quoting Amazon's Prime as being the best, a view I would challenge. It may not be a loyalty programme in the traditional sense, but when you consider how it is putting the customer first and using insight to deliver exclusive or improved services and experience elements to members against the traditional customer experience, it's clear why its popularity continues to grow.


In an ultra-competitive world, the customer should always be the starting point for a successful programme, rather than looking at the channels available and trying to fit the customer around those. For Amazon, the objective was to get customers to spend more with the brand and a loyalty strategy was built around creating a frictionless shopping experience. Amazon Prime was one of the tactics implemented to achieve this. Charging a subscription fee in return for the experience was a gamble by the brand, but by charging a fee Amazon created a behaviour that meant Amazon becomes a customer's first port of call. While the delivery benefits are certainly one of the headlines followed by a whole number of other rewards, it is the experience and ease of shopping that makes Prime so successful and continues to build deeply devoted relationships with customers.

Today's customer is more demanding, they want a great experience through whatever channel they use. As Amazon has proved, the options and tactics retailers can use to deliver these experiences are now endless. The most successful programmes within the next year will come from retailers who really understand their customers, and recognise that loyalty needs to be more than just a functional exercise. At the heart of this lies data.

Customers are beginning to understand the value of their data, and this will be brought into sharp focus with new GDPR legislation coming into play in May. Retailers must be using and acting on data insights that drive the personalisation of programmes in order to deliver an experience where loyalty

is tailored individually to each customer. Developments in machine learning and artificial intelligence have the potential to revolutionise loyalty even further. In analysing customer data alongside predictive modelling retail brands will be in a stronger position to understand customer behaviour and offer the rewards they want most.

Taking stock of all the customer channels available to deliver an experience is another key element of successfully building a deeper relationship. Customers expect the experience to be the same no matter what channel they are using. Amazon's frictionless shopping experience is an example of how this can be approached. The Echo and the voice-driven AI allows a customer to easily order via voice. While not entirely seamless just yet, it is evident how Amazon is trying to provide another channel with the same purchase experience for customers, driving further engagement. Voice-driven AI will become more common as retailers begin to understand the importance of the channel in encouraging a behaviour shift and creating experiences that build deeper relationships with customers.

During the next 12 months the tools and channels being deployed to drive retail loyalty are only going to evolve and become more innovative, but essentially frictionless. For both brand and customer, this should be viewed with excitement as loyalty continues to develop and bring with it new experiences. In a hyper-connected and competitive environment, me-too programmes will not be enough, so implementing a clear strategy which outline the outcomes of the programme is vital. Using a tool or channel just because they are available is not going far enough. Understanding who the customer is, how they are behaving, and how that behaviour can be influenced should be the starting point. Ensuring that data sits at the heart of these decisions is critical to delivering deeper engagement at every stage of the journey, ultimately driving a more devoted customer base. 

CHANGING LOYALTY IN THE GROCERY SECTOR



Recent changes across Tesco, Waitrose and Sainsbury's reward programmes – some of the most well-recognised in the retail space – have sparked a wave of reaction from consumers. Ultimately, while retailers must evolve their reward offerings

to ensure that they remain commercially viable while meeting changing customer expectations, these changes must be handled carefully.

Targeting customers with greater personalisation, differentiation of rewards and recognition is critical to continuing to drive deeper, more devoted relationships with the customer. A one-size-fits-all approach won't resonate with consumers that have more shopping choice than ever before. With major competitors all using insight to drive sales, but not to enhance their customer relationships and loyalty experiences, Tesco and Waitrose need

to make modifications to their own programmes in order to win loyalty in a highly competitive space.

What the recent changes to Tesco's Clubcard scheme highlighted however, was the importance of communication. Whilst the changes only impacted a small percentage of customers, poor communication led to much wider negativity. The brand must now work to repair customer trust by delivering the personalised experiences that prove there is value to the Clubcard scheme.

Sainsbury's acquisition of Nectar is further evidence of retailers seizing control of their consumer data to enable the customer-centric, highly personalised rewards and loyalty experiences that are defining the modern era of retail loyalty. It does however pose wider questions about the relevance of partner schemes. In principle, offering customers further opportunities to earn and redeem rewards is beneficial, but if an ulterior motive from retailers is to envelop more partners to hit their sales targets – as Sainsbury's will with its absorption of Nectar's existing roster – then those retailers must be careful not to dilute their focus on delivering the best possible customer experiences.

A person wearing a blue blazer and dark trousers is shown from the waist down. They are holding a smartphone in their right hand and several shopping bags (one brown, one black) in their left hand. The background is a solid teal color.

Personal space cadets

Paul Skeldon, Mobile Editor, InternetRetailing investigates how mobile is bringing retailers and customers closer together.

Consumers are not making it easy for retailers. They have an appetite to engage across various touchpoints, yet they still want to be treated like an individual. At the same time, personalised marketing campaigns have been an important influence on online purchases, but increasingly consumers are shutting down to them – citing information overload and lack of relevant offers as their chief gripes.

So, what do they want: what do consumers consider to be a personalised and scintillating experience in 2018? According to 'Me, Myself & I: The Individualisation Imperative', a study by Cloud IQ, consumers define being treated as an individual as: being rewarded with highly relevant offers (77%), being remembered (60%), being listened to and understood (59%) and feeling in control (57%).

The phrase 'moon on a stick' may well be dancing across the page in front of you reading that, but this is the demanding world into which retailers are pitching themselves. But, while it does seem to be a 'tough crowd', retailers and brands do have a secret weapon: the mobile phone.

The mobile is a personal device, clutched to the bosom of most people most of the time, responded to with lightning fast reflexes that would shame a panther and trusted to do almost anything and everything. This has not only made consumers demand some sort of personalisation in their interactions with retailers, but it also gives retailers the way to get up close and personal with shoppers.

The question is how?

I, ROBOT

Increasingly the answer lies in technologies such as artificial intelligence (AI) that can 'learn' what the masses are doing, quantify each user and apply personalisation not on a one-to-one basis, but at scale so it looks like personalisation on a one-to-one basis.

AI can swallow the vast amount of data thrown up by thousands of customers doing things with you and your site and find the patterns and behaviours and categorise them. These categories of behaviour types can then be treated effectively as groups of individuals all doing the same thing.

It isn't just pie-in-the-sky techno-babble: it actually works. Shop Direct, the home shopping group behind brands including Very, a Top50 retailer in IRUK Top500 research, Littlewoods.com, a Top100 retailer and VeryExclusive.co.uk, saw group turnover hit £1.93bn in the year to 1 July 2017, up by 3.7% in total, or 5.6% on a like-for-like basis, while pre-tax profits of £160.4m were up by 10.2%. In all, 69% of these sales were on a mobile device.

The reason? Shop Direct said at the time that its investment in mobile personalisation before, during and after customer journeys drove these impressive smartphone sales.

Measures included working with Google and Facebook to identify users who look like Shop Direct's most valuable customers and serving them relevant and timely ads and recommendations. It also applied machine learning to identify customers who are showing signs of lapsing. Those customers were then contacted with an incentive to buy.

Machine learning also helped it to predict when a

customer would run out of a product by sending a reminder for them to stock up. That approach, it said, had generated “strong results” across beauty products and scented candles.

This year the retail group will also launch an AI-powered natural language version of its customer service chatbot in the MyVery app. It promises to answer 32 different types of questions, and to recognise and respond appropriately to 4,000 written phrases. Eventually it plans to give customers a personal shopper type experience through the chatbot.

Shop Direct’s Group Chief Executive at the time, Alex Baldock, says this was its fifth consecutive year of record sales and profits, with Very and m-commerce big growth drivers.

“Our long-term investments in digital, data, personalisation and Very are coming good,” he says. “And our obsession with winning the ‘three-second audition’ on smartphones also continues to pay off. We’re delivering one of the most relevant shopping experiences on a 4.7-inch screen, with our five-star apps, digital marketing expertise and leadership in personalisation.”

He continues: “Our customer already loves the upgrade she gets from our famous brands plus credit, but this business is still nowhere near its full potential. Using personalisation, we’re striving to be the easiest and most inspiring place to shop. Artificial intelligence is already driving results for us and we’ll soon launch one of UK retail’s first AI-powered chatbots for customer service. Longer term, we believe AI will bring scale to personalisation so digital retailers like us can be every bit as personal as stores. Very Assistant 2.0 will be another step closer to us democratising the personal shopper.”

PERSONALISATION PARADOX

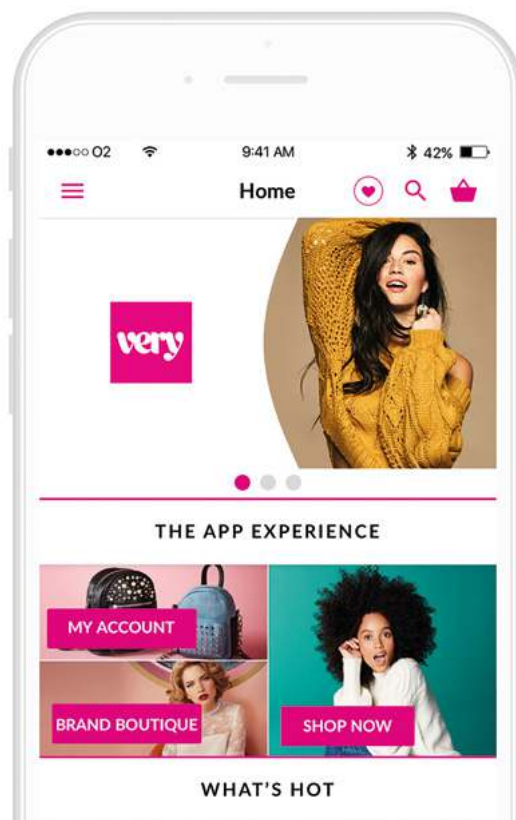
It all sounds great, doesn’t it – so, what is the trade off? It needs a lot of data and that is a sticky problem.

While two-thirds of shoppers in Cloud IQ’s study recognise the value of their own personal data as currency in exchange for a more individualised experience, not everyone is comfortable with the idea of this exchange, with 26% being “reluctant” and only a fifth being “enthusiastic” about brands using information they hold on them to create the best possible online experience.

The implementation later this year of GDPR – the EU’s new General Data Protection Regulations – also shows off this unwillingness by many to share the data that retailers need to produce the kind of personalisation they claim they want.

According to a poll of 2,000 people by OnePoll, almost half are planning to exercise their ‘right to be forgotten’ by brands and retailers and social media companies. A third (33%) said they would exercise the right to have their data removed by retailers, while 33% would ask retailers to stop using their data for marketing purposes. Almost one in five (17%) said they would challenge automated decisions made by retailers and 24% said they would access the data that retail companies hold about them.

The good news is that 41% said they would be willing to share some basic demographic information, while 19%




Shop Direct uses five-star apps, digital marketing and personalisation to deliver one of the most relevant mobile shopping experiences

said they would share lifestyle and hobbies information in return for a preferential service or discounts. All is not lost.

Cloud IQ’s research sort of backs this up. It identified more than a quarter (28%) as “brand selective” – allowing a few brands to use their information – and 26% as “data selective”, whereby they would like to control the amount of data that brands use.

“What this research has revealed is a personalisation paradox – brands thinking they are exceeding consumer expectations by offering curated content across multiple channels but this having the opposite effect and consumers switching off from the white noise,” Nick Peart, Chief Marketing Officer at Cloud IQ, explains. “Marketers now need to go beyond personalisation and make a shift to individualisation – putting customers front and centre of their own experience. Individualisation may be the new frontier in marketing, but this will only be open to those brands that are highly focused on becoming trusted, transparent and expert in using personal data to deliver superior customer value.”

So, there you have it: personalisation needs to be individual here in the mobile age, but consumers don’t want to share with you more than they can get away with. This makes the marketers job – for it is on their shoulders that this falls – even harder. AI can help leverage what data you have to grant that individual wish, but it’s not going to be easy. 

Agile, flexible, scalable fulfilment operations

Editor *Jonathan Wright* introduces our whitepaper exploring how fulfilment services can deliver the memorable experiences customers expect

The idea that fulfilment and logistics should be integral to the disciplines of merchandising, customer engagement and conveying brand values is, at first glance, counter-intuitive. This, surely, is a muddling of back-end operations and systems with the public face of retail.

So why would we link fulfilment with the customer experience in an eDelivery whitepaper? At root, it's because of the nature of ecommerce and multichannel retail, and the way this has changed customer behaviour. Customers are increasingly likely to order online rather than buy items on the high street, more likely to shop around with the help of Google and Bing, and more likely to order multiple items before returning those they don't want. Customers are demanding and expect to shop on their own terms. Retailers need to support this behaviour at the same time as differentiating themselves from competitors.

Without underestimating the importance of such facets of retail craft as website and app design or implementing carefully targeted marketing campaigns, retailers can't achieve this just through honing their use of digital technologies. Customers' real-world experiences matter too, whether that's in the store or when a courier delivers a purchase to the home and after, as a customer first views a purchase. It's no coincidence that forward-looking retail professionals are now talking less about multichannel or omnichannel but instead prefer the term 'customer-centred

retail', which we can define as retail that flexes to meet the needs and demands of individual customers, whatever channel they may choose to shop in.

Our Beyond 'In Stock' whitepaper reflects this emerging thinking across the industry by focusing on the ways retailers can use fulfilment and logistics to improve the experience of their individual customers – more than this, potentially for fulfilment and logistics to be that all-important point of differentiation that does this through customer loyalty.

In the whitepaper, we consider three main areas in turn:

- • A single view of stock: how retailers can use visibility of stock across the whole estate to serve customers better
- • Flexible and bespoke: how retailers can make fulfilment services intrinsic to the customer experience
- • The home as showroom/the bedroom as changing room: how retailers can work with changing customer behaviour to drive sales

Informing our thinking on these issues, we conducted research aimed at considering how the infrastructure layer in a multichannel business can support the creation of impressive customer experiences – at scale and consistently.

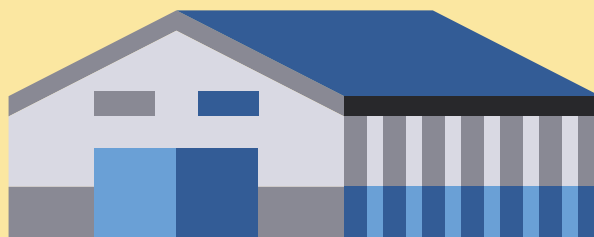
If there is one central message we would want to share from this research, it is that fulfilment really is now essential to imparting brand values and to improving the customer experience. In the years ahead, generic fulfilment services will become the exception rather than the rule. Retailers need to recognise this and plan accordingly.

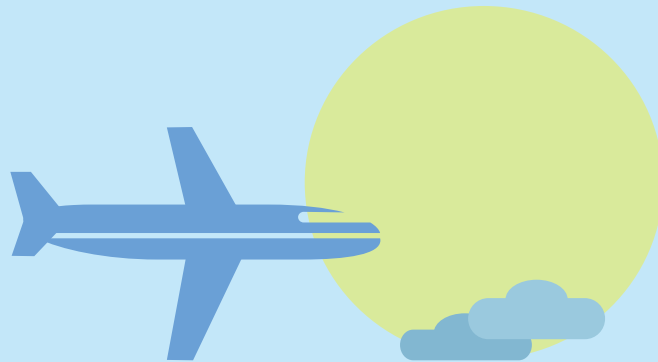
Survey results in full

Here are the key findings of our survey, *From 'In Stock' to Service and Experience – Delivery and Customer Impact*

The delivery experience and brand:

- Asked to rank whether the delivery and fulfilment experience fully reflects their company's brand on a scale of zero to 10, the average response was six
- This suggests a certain ambivalence among respondents as to whether their companies are doing enough. The responses clustered around five and six, with a few outliers at either end of the scale





Fulfilment and delivery as a way to differentiate the brand:

- Asked to rank whether their company's fulfilment and delivery experience offered a competitive advantage/differentiator from market competitors on a scale from zero to five, the average response was three
- If respondents are ambivalent about whether the delivery experience reflects the brand, the message carries over here. The responses clustered around three, with a few outliers at either end of the scale



Improving the fulfilment and delivery experience during 2017:

- Close to 90% of respondents saw it as important to improve the delivery and fulfilment experience in 2017

What the results suggest

The idea of fulfilment being central to the customer experience is familiar to many retail professionals. However, as we explore elsewhere in this whitepaper, it is an area where best practice is still developing as retailers refine their approaches – and in some cases make up ground. Were we to come back in a year and ask the same questions, our guess is we would see increasing sophistication of implementation around the ideas the whitepaper explores. That's not to be complacent, but we see clear signs the industry is beginning to respond to customer demands to be able to shop in ways that suits them and, from the retail side, to make meeting these demands a point of differentiation within fulfilment services.

The respondents

Our survey ran in 2017. From the supplied job titles:

- Around 20% of those who answered worked at director level or c-level within their companies
- Around a third worked in such roles as ecommerce manager and operations manager
- Consultants and researchers were also represented

The companies the respondents worked for included supermarkets, fashion retailers, specialist pureplays and high-end brands.

- Around 10% of respondents worked for enterprise-level companies such as multinational brands and listed UK companies
- The majority of respondents worked for medium-sized companies, including fast-growing fashion pureplays, book stores and homeware retailers

Room for improvement

Looking at the 90% statistic above, we are confident this is not just a 'generic' figure reflecting the idea that it is always important for retailers to improve the delivery and fulfilment experience. Looking through the results, two figures suggest this is genuine:

- Almost 40% of respondents think that their fulfilment and delivery experience gives them a competitive advantage
- Almost 35% of respondents scored their delivery experience at five out of 10 for reflecting their brand

We interpret these figures as confirming a recognition that improving the fulfilment and delivery experience really is important to retailers' continuing competitiveness.

Warehousing and fulfilment logistics

We asked respondents what, if anything, would they wish to improve about their company's warehousing and fulfilment logistics.

54.2% wanted more effective returns processing and management

44.6% wanted improved stock visibility across the internet and retail stock for the consumer

39.8% wanted increased agility in responding to retail spikes and volume fluctuations

32.5% wanted more flexibility in pre-retailing/value-added services such as ticketing, repricing, quality control, etc

28.9% wanted improved supply chain systems integration with enterprise software



These answers tally with the idea of an industry that's beginning to look in more depth at issues around fulfilment. In particular, the emphasis within the answers on returns would appear to back up the idea that customers are using the home as a showroom.

Headless commerce: The best of both worlds?

Graham Halling, Director of Consulting, Bench explains the way ahead for headless commerce and why the e in ecommerce now stands for everywhere.



The following guest article has been written for InternetRetailing by Graham Halling, Director of Consulting for Bench, an expert consultancy, specialising in the selection, implementation, integration and optimisation of data, analytical and marketing technology. Bench offers completely impartial, high value consulting, software acquisition and talent management solutions for clients, helping them to deliver practical application of technology, rapidly drive value and accelerate change at every stage of their digital journey.

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The way consumers shop has changed forever and continues to evolve. Where once transactional relationships were built around products and services, physical stores and the point-of-sale, those interactions and relationships are increasingly defined by customer experience across a variety of channels – web, social, mobile, in-store, IoT-influences and many more. Delivering exceptional and seamless ‘shoppable’ experiences through fast and reliable platforms is increasingly the measure by which businesses judge performance and direction-of-travel.

The extent to which businesses are moving to more customer-centric proposition and commerce strategies and functionality drives a need for flexibility across customer-facing environments. This places genuine strain in cost and effort terms where continuous improvement or adjustment of front-end platforms becomes a key part of that strategy. To answer this new reality, we’re seeing the increasing adoption of so-called ‘headless commerce’ solutions.

Many of the retail organisations I work with are keenly-focused on innovation and the evolution of ecommerce experience. As is so often the case in the digital world, disruptive technologies and ‘new wave’ thinking often dominate their agenda and for some time now, no discussion I’ve had concerning ecommerce has been complete without a fairly robust debate around the merits and implications of ‘headless commerce’. What does it do for customer experience? Is it the key to enabling agile marketing? Does it accelerate personalisation? What are the implications for IT and ways of working? Etc.

My initial response is always to establish what their understanding is of what is meant by ‘headless commerce’, how it is different to what they currently do and where and in what context they have heard it might help them in achieving their ecommerce goals.



Debenhams' Progressive Web App offers a new way to deliver headless commerce

So let’s have that conversation here; what do we mean by ‘headless commerce’ and how is it different to traditional ecommerce?

Headless ecommerce describes a platform or solution that removes the need to define the perfect front-end by simply not having one. So, the front-end is decoupled, or removed entirely from the back-end which means there is no pre-defined user experience dictated by the ecommerce platform and within which your customer experience online needs to exist. Consequently, you have the freedom to develop any and all the front-end user experiences you desire, connected to the complicated ecommerce functionalities from the back-end via a RESTful API (A REST API defines a set of functions which developers can perform requests and receive responses via HTTP protocol such as GET and POST).

Whether you are a very large business with complex operations and ordering processes requiring a multitude of integrations or a disruptive start-up trying to introduce a genuinely unique buying experience that has never been contemplated before and needs to be developed in the best possible way, a headless ecommerce platform should be

on your agenda. To be competitive in today's fast-moving connected marketplace, a flexible architecture that responds to your business' changing needs and your customers' evolving behaviour without continual re-platforming and developer resource and investment is very probably the next stage in your digital roadmap.

HEADLESS VS TRADITIONAL ECOMMERCE

So, what are the key differences between headless ecommerce and traditional ecommerce solutions?

Headless ecommerce does not limit front-end developers. With a traditional ecommerce platform, front-end developers are constrained to the front-end design and process that is created by the solution. If they wanted to change the data or the experience, they'd need to change the database, the code and the front-end, making even the smallest change a large business risk. By not having a defined front-end, headless ecommerce allows front-end developers to create a completely catered and unique user experience that fits exactly what the business needs, without worrying about modifying the database.

Headless ecommerce offers almost limitless customisation and personalisation. Traditional ecommerce platforms come with a predefined experience for both an end user, as well as an administrative user. Headless ecommerce allows businesses to define the exact experience they want, for both buyers and administrative users.

Headless ecommerce improves your time-to-value. No matter your ecommerce platform, back-end business logic, functionality and capabilities usually comprise up to 85% of a software development process. With a headless commerce platform, you are starting from the point of completion which allows you to focus on the user experience and deliver a final solution for far less cost, time and effort.

What is the impact on customer experience? Broadly, headless ecommerce meets the challenges presented by customers' increasingly unpredictable and convenience-driven path-to-purchase. The ability to move beyond the traditional shopping cart and checkout by embedding shopping features in a vast range of digital experiences – banner ads, social media, videos, look books, in-home smart assistants and more. This not only helps establish a much more personal connection with customers, but also allows you to monetise those experiences in environments that aren't as strictly commercial as physical or digital stores.

Consumers increasingly want to buy from brands which understand their personal needs and demonstrate this across all touchpoints, without needing to re-direct them to further transactional environments. A back-end ecommerce system knows exactly what a customer has bought no matter how they made their purchases and uses that knowledge to fuel the personalisation engines that increasingly power the content management system (CMS), mobile applications, social channels and newly available interactive in-store customer experiences with custom offers and services made specifically for that customer. Traditional and digital marketing teams can design innovative customer experiences to test and deploy without disrupting the back-end and without requiring an army of

software developers and months of time, meaning that time-to-market and rate of adoption become less obstructive.

TRULY AGILE MARKETING


Separating front-end CMS systems from back-end ecommerce in this way goes a long way towards giving Marketing back the keys to the car. Having the relatively unfettered ability to rapidly roll out multiple sites across brands, geographies, divisions and portfolios within relatively non-technical boundaries and low-cost developmental barriers defines the very nature of modern, customer-centric marketing. For example, when entering a new geography, a new site can be set up in days, not months. A new subscription proposition which allows 'choice' from a range of existing products can be tested without the creation of complex new service environments. Companies just have to theme the CMS once and it takes care of all the publishing. This allows you to dynamically alter strategies based on market opportunities and trends.

When designing new customer experiences, a headless commerce system can support new technologies as they arise and new customer behaviours as they relate to channels and touchpoints, re-purposing content for newly surfaced customer experiences and increasingly making available the right content in the right context, the very foundation of personalisation.

For companies with complex content and customer requirements (and this increasingly describes frankly any business committed to customer experience as a measure of success), headless ecommerce presents an unprecedented opportunity to deliver consistent, personalised, and innovative customer experiences fast. With all consumer-facing businesses seeking to understand the impact of and how to incorporate emerging touchpoint technologies from the Internet of Things to bots to wearables, headless ecommerce is really the only way to future-proof a brand's transactional relationship with its customers and their always-on experience.

Consumers expect to transact with brands anywhere and at any time (the 'e' in ecommerce really does now mean 'everywhere') and they expect top brands to know who they are no matter how they interact.

Headless ecommerce is most certainly here to stay and as I hope the above has gone some way to de-mystifying what is ultimately a natural evolutionary progression. As my advice has been to all my clients: Make sure that you're ready for what is coming and don't risk compromising your customer experiences by making do with, changing or continuing to modify your traditional ecommerce system to keep up with the pace of change. A solution where the content management system is decoupled from the ecommerce system will liberate your IT and Marketing functions and go a long way to overcoming many of the misalignment that often exists between them.

As a welcome new element of my wider digital transformation mantra, headless ecommerce makes redundant functional overlap with the CMS providing the entire customer experience and the ecommerce system providing the transactional, merchandising and back-end information needed for cross-border currency and tax regimes. Clear separation of roles and responsibilities promotes and fosters consistency and speed on both ends. Genuinely, the best of both worlds. 



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DAY 1

21 MARCH 2018

09:30 - 10:00

OPENING KEYNOTE ADDRESS



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09:30 - 10:00

Opening Keynote:
The eCommerce State of the Nation

THEATRE 1

10:25 - 10:30

Chair's Introduction

Chloë Thomas, Founder - **eCommerce MasterPlan**



10:30 - 11:00

Opening Keynote Address

Understanding Why Customer Centricity Is Crucial For Today's eCommerce Players

Bruce MacInnes, Chairman - **BrandAlley UK**



11:05 - 11:35

Case Study

Sharpening Your SEO Strategy To Cater For The Current Status Of eCommerce In 2018

Nick Wilsdon, SEO Lead, Global Channels Optimisation - **Vodafone Group**



11:40 - 12:10

Sponsor Keynote

Increasing Sales And Customer Engagement Through Effective Personalisation Initiatives

Rob Pearson, Head of Online Personalisation - **Next**



Simon Farthing, Director of Strategy & Insights - **Monetate**



12:10

NETWORKING LUNCH

13:45 - 14:15

Case Study

Building A Solid Data Strategy That Achieves Real Customer Insight And Diversifies Your Business

Alessandra Di Lorenzo, Chief Commercial Officer - Media and Partnerships - **lastminute.com group**



14:45 - 15:30

Panel Discussion

Understanding What A Great Content Strategy Looks Like In A Highly Competitive Market

Alexander Bartholomew, Digital and eCommerce Director - **Harveys and Bensons**



Dan Mahoney, Head of eCommerce & Customer - **Whittard of Chelsea**



Deepak Anand, General Manager - **Shopware UK**



Mike Wallwork, Head of eCommerce - **Footasylum**



15:35 - 16:05

Closing Keynote Address

Putting Customers At The Heart Of Digital Retail To Deliver Exceptional Experiences And Increase Conversion

Alexander Bartholomew, Digital and eCommerce Director - **Harveys and Bensons**




17:00 - LATE

THE OFFICIAL AFTER-PARTY



International Growth

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09:30 - 10:00

Opening Keynote:
The eCommerce State of the Nation

THEATRE 2

10:25 - 10:30

Chair's Introduction

Richard Blanchard, Director - **Transaction Partnership**



10:30 - 11:00

Opening Keynote Address

Evaluating Which Countries Offer You The Best Opportunities To Increase Your Customer Base And Are The Right Fit For Your Expansion Plans

Joël Palix, CEO - **Feelunique**



11:05 - 11:35

Case Study

Improving International Success Through Highly Effective Localisation Strategies

Geoff Bull, Head of Digital Marketing and eCommerce - **Wiggle and Chain Reaction Cycles**



11:40 - 12:10

Sponsor Keynote

Connecting To The Future Of UX Expectations Across The Globe

Christoffer Rutgersson, Chief Growth Analytics Officer, Bambora - an **Ingenico Group** Company



12:10

NETWORKING LUNCH

13:45 - 14:15

Case Study

Understanding What Successful Marketing Looks Like When Expanding eCommerce Across Borders

Daniel Infanger, Vice President International B2C - **Conrad Electronic International**



14:45 - 15:30

Panel Discussion

What Are The Biggest Challenges Retailers Face When Expanding Internationally And How Can You Best Overcome Them?

Jan Mehmet, Vice President eCommerce EMEA - **Michael Kors**



Julien Calledé, Founder - **Made.com**



Matt Curry, Head of eCommerce - **Lovehoney**



Daniel Infanger, Vice President International B2C - **Conrad Electronic International**



15:35 - 16:05

Closing Keynote Address

How Can Retailers Grow Effectively And Increase Their Customer Base Through Moving Into International Retailing?

Alan White, Chairman, **Hotter Shoes** and **Roxor Group**, NED, **Fruggo.com**, Former Chairman, **T.M.Lewin** and Former CEO - **N Brown Group plc**



17:00 - LATE

THE OFFICIAL AFTER-PARTY

AGENDA AT A GLANCE



21 - 22 March 2018, NEC, Birmingham

THE ECOMMERCE STATE OF THE NATION

Mobile-First <div>Sponsored by </div>	
09:30 - 10:00	Opening Keynote: The eCommerce State of the Nation
THEATRE 3	
10:25 - 10:30	Chair's Introduction Steve Goodheart, Director - Transaction Partnership
10:30 - 11:00	Opening Keynote Address Boosting Sales Through Moving From Mobile Friendly To A Truly Mobile-First Strategy Robin Phillips, Former Omnichannel Director - Boots
11:05 - 11:35	Case Study Transforming The In-Store Experience With Associate Mobile Technology Tom Rooney, Senior Product Manager, Mobile Apps and In-Store Digital - John Lewis
11:40 - 12:10	Sponsor Keynote Maximise Mobile Conversion: Turn Sitting Rooms Into Fitting Rooms Russ Carroll, Sales Director - Klarna
12:10 NETWORKING LUNCH	
13:45 - 14:15	Speech Mobile: Understanding The Metrics That Matter For Retail Sarah Davies, Lead, UK eCommerce Partnerships - Google
14:45 - 15:30	Panel Discussion What Does A Great Mobile Shopping Experience Look Like In 2018 And How Can You Deliver It? Adam Gore, Managing Director - Findmeagift.com Cally Russell, Founder & CEO - mallzee Mark Cody, Product Lead - Mobile - Eurostar Stuart McMillan, Deputy Head of eCommerce - schuh
15:35 - 16:05	Closing Keynote Address Retail in the Age of Mobile Discovery Daryl Hughes, Head of eCommerce - Facebook & Instagram UK
17:00 - LATE THE OFFICIAL AFTER-PARTY	

The Final Mile <div>Sponsored by </div>	
09:30 - 10:00	Opening Keynote: The eCommerce State of the Nation
THEATRE 4	
10:25 - 10:30	Chair's introduction Peter Ward, Chief Executive - UKWA
10:30 - 11:00	Opening Keynote Address Driving Market Share And Customer Experience Through Best Practices Of Same Day Delivery Nigel Blunt, Head of Operations Development - Sainsbury's Argos
11:05 - 11:35	Fireside Chat: Julien Calde, Founder - Made.com
11:40 - 12:10	Sponsor Keynote 7 Steps To Building State-of-The-Art Delivery Operations Raanan Cohen, Co-Founder & CEO - Briggg
12:10 NETWORKING LUNCH	
13:45 - 14:15	Presentation What Can The eCommerce Sector Learn From A Fast Growing, Highly Innovative, International Delivery Disruptor? Caroline Hazelhurst, Operations Director - Deliveroo
14:45 - 15:30	Panel Discussion How Will Delivery And Customer Convenience Change By 2020 And What Should You Do Now To Prepare? Dan Cluderay, Founder - Approvedfood.co.uk Robert Kulawik, Chief Operating Officer - EverythingSpounds.com Samantha James, Logistics Development Manager (Omni Channel) - Screwfix Tim Stevens, Operations and Logistics Manager - Findmeagift.com
15:35 - 16:05	Closing Address Using Visibility And Tracking As A Key Way To Differentiate Your Last Mile Chris Houghton, Head of Outbound Logistics - Shop Direct Group
17:00 - LATE THE OFFICIAL AFTER-PARTY	

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www.edeliveryexpo.com

Mobilising delivery

Neil Ashworth, CCO at Yodel explains how retailers can utilise mobile technology to reduce failed deliveries and improve the customer experience.

The delivery landscape has evolved beyond all recognition, particularly for those of us who remember ordering items from catalogues and waiting up to 28 days for our purchases to arrive. Now we can shop online using the laptop in the office, on our tablets from the comfort of our living room sofa and on our smartphones, using mobile enabled websites and apps from our favourite retailers.

Alongside this evolution there has been a sharp increase in consumer expectations in relation to the delivery of their order. In the days of catalogue shopping it wasn't uncommon for someone to be at home to receive their delivery, and more recently customers would be satisfied with an email to confirm that their item had been dispatched. However, nowadays we're all busier than ever, our lifestyles more unpredictable than before and communication has had to change. Consumers are accustomed to regular and accurate push notifications on the status of their order, as well as live information which they can access at any time via their various mobile devices.

Mobile technology is a fantastic tool for retailers and delivery partners to communicate with customers who are on the go, and it's increasingly becoming a two-way conversation. Where once shoppers would have to fire up their desktop computer for an update on their order, now they

expect to be able to find out the status of their delivery with a few taps on their smartphone. By opening up these channels and making it a dialogue, giving customers the opportunity to make changes to their delivery instructions on the go, there is a fantastic opportunity to minimise failed deliveries and enhance the shopper experience.

WHAT DO CUSTOMERS WANT FROM MOBILE DELIVERY TRACKING?

Through our ongoing 'Have Your Say' customer survey, we receive feedback from over 7,000 customers every day, so we asked them what they want from retailers and their delivery partners when using their mobile devices. In all, more than 14,000 customers responded.

This research tells us that mobile technology, including tablets and phones, is increasingly the medium of choice for shoppers when making a purchase, with nearly two thirds of customers (63%) citing this as their preferred way to shop – a 21% increase since 2015. This growth highlights the need for retailers and carriers alike to make sure that all communications are mobile compatible.

Interestingly, women are 12% more likely to shop on mobile devices, with 43% preferring this method compared to 31% of men. Perhaps unsurprisingly, 64% of millennials overwhelmingly prefer to shop on their mobile phones, over desktops, laptops and tablets. The percentage



Neil Ashworth, CCO, Yodel

of online shoppers choosing tablets over smartphones slightly increases with age, and tablets are the preferred choice for those aged 65 and over.

When it comes to tracking their order on mobile devices, 34% of shoppers prefer to use mobile websites to track their parcels. However, those who do download carriers' apps expect to see a host of added value features – 75% want to be able to nominate a safe place to leave their parcel after they've made their order, if they will not be in to receive it and 16% want to be able to contact their driver directly through the app. Meanwhile, 50% of customers would download a courier app to use a parcel countdown feature, emphasising the growing desire for accurate, real time information amongst online shoppers as consumers become more aware of this technology.

However, many shoppers said that they preferred to use mobile websites instead of courier apps, predominately due to the storage space that an app takes up on mobile



devices, and a perception that websites have more functionality. This perhaps demonstrates that the carrier industry needs to do more to communicate the benefits of their apps or to integrate tracking into their clients' apps.

HOW CAN RETAILERS ENSURE THEY DELIVER THE SERVICES MOBILE CUSTOMERS EXPECT?

There are many options open to retailers to improve communication during the delivery process which will enhance their customers' shopping experience and minimise the risk of failed deliveries.

As we've seen from the results above, there is no one size fits all, so at Yodel we automatically provide tracking information to customers through our website, push notifications via our app, SMS and email. We also use data from Have Your Say to help our clients truly understand who their customer is, so that we can both tailor our communications to them.

For retailers who prefer to own the entire customer journey, from order

to delivery, it is possible to 'white label' tracking and fully integrate all information within their website to provide a seamless experience –

“ Shoppers who download a carriers' app expect a host of added value services including nominating a safe place for their parcel and being able to contact the driver direct ”

something that we've been trialling with our clients and are launching soon.

December's ONS retail figures demonstrate that retail revenues from shoppers using mobile devices bucked an otherwise gloomy outlook, and we

expect mobile shopping will continue to grow in popularity.

As the nation becomes increasingly tech-savvy, it also seems likely that consumer expectations will continue to rise. When it comes to seeing accurate, up-to-date information about the progress of their online shopping via mobile devices and the ability to change delivery preferences, in-flight is set to be a key area for development.

Retailers can keep up with this rising demand by ensuring they have a mobile-first strategy at every stage of their customer journey, by investing in the right technology and by making customer experience their priority.

In the longer term, we expect the sector to keep evolving as consumers become accustomed to using voice controlled technology such as Google Home, Apple's Siri and Amazon Echo. The mobile shopping landscape will continue to develop as players introduce innovations, and it's up to all of us to embrace the continuing change in order to ensure that we continue to deliver a fantastic shopping experience. 



Read more of *Liz Morrell's* insight into changes in the delivery market and keep up to date with the news between issues at www.edelivery.net

CO-OP TRIALS DELIVEROO

THE CO-OP is partnering with Deliveroo for a delivery trial in Greater Manchester. The company is exploring new channels to attract customers and sees delivery as a key area to explore how it can widen access to Co-op products for existing and new customers.

A spokesperson for the Co-op said: "We are a leading convenience retailer and have launched an exciting partnership with Deliveroo to make access to our products and services even easier for consumers. This

small trial will focus on beers, wines and spirits as well as snacks and confectionary and will be limited to the Greater Manchester area."

The trial is taking place at five stores in the Greater Manchester area to test consumer demand for a home delivery service. The stores are: Corporation Street (Manchester City Centre), Vimto Gardens (Salford), Wilbraham Road (Chorlton), Heald Green (Cheadle) and West Didsbury (Didsbury).

PERSONALISING THE DELIVERY EXPERIENCE

RETAILERS NEED to better personalise the delivery experience whilst carriers need to work together more closely, says Quinten Francken-Bosman, Group Shipping and Procurement Director, Photobox.

Speaking at the recent Delivery Conference she said that localising the experience helped with customer experience and could be as simple as boasting about localised delivery options – such as same day – on the home page of a retailer's website, if appropriate to the customer's location.

"The information on the homepage should be personalised to where they live," she said. "For example, if you are living in London and there's a same-day option it's brilliant to be able to see that on the home page but if you are in Scotland and it's not on offer then you don't want to see that," she said.

She urged delivery carriers to continue to innovate so that companies such as hers could take advantage. "I want to ask the carriers to keep up with innovation and rather than just testing it start implementing it industry-wide and start understanding the customer better," she said.

She also urged carriers to think about consolidation. "We need to start consolidating for the last mile. Carriers are talking about it but we need to make a move on this. It stops the customer waiting in for eight different deliveries, reduces cost and congestion on the street and also helps solve the problem of capacity. Carriers need to start working together more and more," she said.

She also said that executed correctly delivery offered the potential for huge advantage for retailers. "Delivery used to be a nuisance. Something that commercial people could be annoyed about but now it's turning into something quite positive. Today it's a sales lever".

AUTOMATED PARCEL TOWER FOR ASDA

ASDA HAS launched what it claims is the UK's first automated parcel tower in its store at Trafford Park in Manchester in a new trial for the company. The unit dispenses online orders in less than 60 seconds and accepts returns and is already widely used by Asda's parent company Walmart in the US. Customers can not only collect and return George.com orders but also those from third-party partners such as Asos, Missguided and Decathlon that use Asda's 'toyou' delivery service.

The 16ft tall and 8ft wide automated parcel tower acts as a giant parcel vending machine and is located inside the store. When in the store customers scan a barcode sent to their smartphone at the Parcel Tower to receive their order.

In the US, more than 100 of the towers have been installed. Neil Drake, Asda's toyou Retail Process Systems and Innovation Manager, said: "It's great that we've been able to work with our parent company Walmart in the US to bring this new exciting technology to the UK. So far it's been a huge success for them."

He continued: "We know speed and convenience are important factors to customers and partners of our toyou service and we're always looking for new ways to bring that to them. The Parcel Towers are the latest example of how we're using new technology to save our customers time and money."

Stephen Clinton, Store Manager at Asda Trafford Park, said initial response had already been hugely positive with 1,500 customers served in less than a week. "We're delighted to be the first store in the UK to trial the Parcel Tower for our customers. We have seen a fantastic response to the quick service in the past few days and we hope it continues," he said.

YODEL LAUNCHES RETURNS SERVICE

YODEL HAS launched a new returns service called Xpect Returns in which the parcel carrier will pick up parcels for collection from the customer's location within a two-hour collection window and return it to the retailer.

The service is fully trackable by both customers and retailers via push notifications through a mobile device application, email or SMS. Parcels can be collected next day or on a nominated day of the customer's choice and are returned to the retailer within 48 hours.

Andrew Peeler, CEO at Yodel, said: "The launch of Xpect Returns represents our ongoing investment in providing a flexible offering for both our customers and retailers."

He continued: "The newly enhanced service will make the process of returning an item as simple and

familiar as a delivery."

He says the new service followed feedback from the company's Have Your Say survey, which receives responses from over 7,000 customers each day. Peeler said, "These insights revealed that nearly 40% of consumers prefer unwanted items to be collected from them over any other returns channel, so we are confident that this service will prove a popular choice for many of our retail clients and their customers."

Meanwhile, Yodel saw customer satisfaction rise over the Christmas period despite a marked increase in volume during Cyber Week, as well as a 28% increase in parcels in the week before Christmas. In the four weeks to Christmas Eve Yodel delivered 11% more parcels compared to the same period last year.

COLLECTPLUS TOPS SATISFACTION POLL

COLLECTPLUS has been ranked number one in YouGov's BrandIndex Satisfaction survey in 2017. The survey takes in the views of 52,470 consumers for their delivery experience satisfaction with brands in the sector.

The company also saw 400,000 new customers use the service in 2017 and 13% YoY growth in customers using the click and collect service to pick up their online shopping during the October to December peak.

The CollectPlus network recently exceeded 7,000 stores across the UK, and works with 350 retailers including John Lewis, New Look and Asos.

Neil Ashworth, CEO, CollectPlus and CCO at Yodel, pledged a continued focus on customer satisfaction for 2018. "We are proud to have the UK's most satisfied customers within the parcel sector, especially given the competitive nature of the industry. We pride ourselves on delivering freedom and convenience, not just parcels, so it is testament to our brand that our customers are so happy with their experiences," he said.

"In the run-up to Christmas, customers from across the UK relied on the convenience of our click and collect service to pick up their shopping around busy schedules. We will continue to put our customers at the heart of everything we do to ensure we maintain our number one rank for satisfaction in the parcel sector in 2018."

ZARA OPENS DEDICATED C&C STORE

FASHION BRAND Zara has opened a store dedicated to click and collect orders at Westfield Stratford City in London. The 2,150sq ft store, which opened in January, will act as a pop-up unit during the refurbishment and extension of the company's existing flagship store at the centre. Staff will be equipped with mobile devices to assist customers who will receive orders on the same day if ordering before 2pm or the next day if ordered later.

The store also includes technology to help recommend items to customers with information screens embedded into mirrors triggered by RFID and will also deal with returns and exchanges.

The pop-up will remain open until May at which point the newly extended flagship will also include a dedicated click and collect section within the store and an automated online order collection point serviced by two small warehouses. These will enable customers to collect online purchases when it suits them.

This system is designed around an optical barcode reader which scans the QR code or accepts the PIN codes received by customers when they place orders online. In just a few seconds, it delivers the order to a mailbox from which the customer can collect it. Behind the scenes, a dynamic robot moves through a small warehouse with the capacity to handle 2,400 packages simultaneously.



Insight around the world



**CHLOE RIGBY, EDITOR,
INTERNETRETAILING.NET**

Amazon, Alibaba and eBay all released financial figures recently, while JD.com's Chairman and Chief Executive met Prime Minister Theresa May on her trip to China. Here's what struck us about what they had to say on the changing role of marketplaces in the retail context.

Sales via marketplaces are still growing fast as more customers sign up: eBay reported record growth in its latest fourth quarter update, the last of its financial year. Revenue of \$2.6bn (£1.8bn) in the quarter to December 31 was up by 9%, as active buyer numbers grew by 5% to 170m around the world, including the UK, Europe and its home US market. Over the full year, it made revenue of \$9.6bn (£6.7bn), 7% up on the previous one.

"Q4 was a record quarter for eBay, representing the fifth quarter in a row of volume acceleration in our US marketplace," said Devin Wenig, President and Chief Executive of eBay. "We have made great progress transforming eBay while delivering meaningful growth and we expect further acceleration in 2018 as we continue to execute our strategy."

Amazon, meanwhile, has reported net sales of \$60.5bn (£42.5bn) in its fourth quarter, up by 38% on the previous year, with net income – or profits – of \$1.9bn (£1.3bn), up from \$749m (£526.8m) a year earlier. Full-year sales of \$177.9bn (£125.1bn) were 31% up, while net income of \$3bn (£2.1bn) was up from \$2.4bn (£1.7bn) a year earlier. The growth came as more new paid members joined Prime in 2017 than in any previous year, both in the US and around the world. Over the year, more than 5bn items were shipped via the Prime service.

The fastest growth of all came from Alibaba which reported sales of RMB83 (US\$12.7bn/£8.9bn) in the quarter, 56% up on the same time last year, with active customer numbers of 515m, up by 27m since September 30. Sales in its Singles

Day Global Shopping Festival were 39% up on the previous year.

They're staying innovative: Alexa is reinventing the customer experience, and Jeff Bezos says Alexa devices have beaten sales expectations. "Our 2017 projections for Alexa were very optimistic and we far exceeded them," said Bezos, Amazon Founder and Chief Executive.

My colleague Paul Skeldon reported on eBay's link-up with Mashable to create shoppable editorial. It's a real step towards the headless commerce that will enable shoppers to buy from wherever they are online, not just from a dedicated ecommerce website. In eBay's fourth quarter figures, the marketplace said strong holiday sales in its US market, allied to the "continued expansion of new user experiences" drove growth.

Meanwhile, Alibaba has focused on its interpretation of 'new retail', which brings together online and offline channels. As of December 31 2017, it had 25 Hema stores, which, said Alibaba, "exemplifies the convergence of online and offline retail by leveraging our in-store proprietary technology, digitized supply chain system, consumer insights and mobile ecosystem to provide a seamless experience for consumers." It is also working with leading Chinese hypermarket the Sun Art Group to bring its online technology into the retailer's more than 440 stores across China.

"Alibaba had another great quarter driven by the continued strength of the Chinese consumer and the wide and innovative range of services we provide for merchants and consumers," said Daniel Zhang, Chief Executive of the Alibaba Group. "We are excited by the continued momentum in New Retail, which came to life during another record-breaking 11.11 Global Shopping Festival. We expanded the scale and footprint of our New Retail initiatives with the vision of delivering true convergence of the online and offline consumer experience through mobile and

enterprise technology."

They're finding new ways that others can earn money: The fast growth of Amazon and eBay has come in large part because they enable others to earn money. Each of those people puts the effort into making their own businesses prosper, boosting the overall marketplace at the same time.

Amazon says its latest growth has come as it helped developers working on Alexa apps to make money too. "We've reached an important point where other companies and developers are accelerating adoption of Alexa," said Bezos. "There are now over 30,000 skills from outside developers, customers can control more than 4,000 smart home devices from 1,200 unique brands with Alexa, and we're seeing strong response to our new far-field voice kit for manufacturers. Much more to come and a huge thank you to our customers and partners."

New Alexa skills added during the quarter included beauty podcasts from Hearst and All Star game voting from the NBA. Those with premium paid content included the History Channel's Ultimate History Quiz and The Ellen DeGeneres Show's Heads Up! game. Meanwhile, those making devices from HP and Acer computers to Toyota cars are integrating the Alexa Voice Service, and the Dash Replenishment programme now enables smart appliances made by 3M, Hewlett-Packard and Bluestream, among others, to automatically reorder refills or replacements.

They're a gateway to ever more new markets: Amazon's Prime service opened in the Netherlands, Luxembourg and Singapore, while also enabling customers in Belgium to join Prime and shop in Dutch. Indian Prime members can now choose from more than 25m local products from third-party sellers.

Meanwhile, leading Chinese retailer JD.com said it aimed to sell £2bn of UK goods to Chinese consumers over

the next two to three years. JD.com is to work with the Department of International Trade to make it easier for British companies to sell online to Chinese customers via its website. JD.com said that its sales in 2017 grew by 100% on the previous year. Among the most popular brands were Dyson, Clarks, Johnnie Walker and Lipton.

“Many British brands recognise the huge potential of China’s enormous ecommerce market,” said Richard Burn, Director General of DIT China. “JD truly understands what Chinese consumers want and has the resources to help British brands ensure success in the region. We’re looking forward to working with JD to bring more British brands to China in the future.”

Prime Minister Theresa May, who was on her first official state visit to China since becoming Prime Minister, met with JD Chairman and Chief Executive Richard Liu to discuss, among other things, plans to help more UK brands reach JD’s more than 266 million customers.

The number of UK brands on JD has doubled over the last two years, with sales in 2017 growing 100% year-on-year. World famous brands Dyson, Clarks, Johnnie Walker and Lipton are among the most popular with JD consumers. Over the past three years, Dyson sales on JD have increased by more than 60 fold. One of the first steps in the new working relationship will be a 24 hour Celebrate Britain sales promotion for UK products this April as the site looks to introduce the “Best of Britain” to Chinese customers.

“We’re pleased to be working with DIT to make it easier and more convenient for British brands to enter the Chinese market,” said Winston Cheng, President of International at JD.com. “We’ve seen rapid growth in demand for British products from our consumers in recent years, and will look to showcase the ‘Best of Britain’ on our platform even more through this agreement.”

They’re finding new and easy ways to pay: The Amazon Go store in Seattle now offers shoppers checkout-free shopping. Purchases are instead updated in the dedicated Amazon Go app as the shopper adds them to their basket, and at the end debited from their account, using stored payment details. “The checkout-free shopping experience is made possible by the same types of technologies used in self-driving cars: computer vision, machine learning, and sensor fusion,” said Amazon in its latest figures.

ALISON CONLEY, HEAD OF RETAIL & CONSUMER, MHA MACINTYRE HUDSON

The sums at stake for retailers as a result of Brexit are huge. With the value of UK imports from the EU and the rest of the world totalling £590.5bn, according to the ONS, the threat of the import tariff post-Brexit means UK retailers must re-examine their supply chains and scrutinise their product portfolio.

Post Brexit, UK retailers reliant on imports will face challenges of ‘revolutionary’ proportions. The introduction of the import tariff in the absence of a free or fair trade deal with the EU will likely prompt many UK retailers to make drastic changes to their business operations and look for innovative ways to respond to changing consumer habits.

For some of the biggest UK food retailers, the imposition of an average 22% tariff would mean that top selling consumables such as vegetables, berries and clothing could suffer from a drastic change in consumer perception of ‘essential goods.’

Free from the parental guidance of the European Customs Union, the UK would be able to alter the tariffs on goods. Nonetheless, the World Trade Organisation (WTO) would insist that the UK didn’t discriminate between trade partners, unless a free trade agreement was in place or the aim was to give developing countries special access to the

UK market. The UK would have to impose tariffs on all of its trade partners, including the EU, causing the price of imports in the UK to increase significantly.

Tariffs could be reduced or done away with, particularly for goods not normally produced in the UK, but in reality we’re yet to see what the cost implications will then be for the British consumer. Movements in the exchange rate and trade tariff changes could quickly affect the cost of obtaining imported goods. The increased cost will naturally filter into the prices charged to the retail consumer and domestic producers may, in turn, increase their prices in response. With all of this potential competition, the British consumer will need to be the top priority when the UK retailer assesses their pricing strategy.

Major UK retailers could adopt temporary measures post-Brexit, absorbing the increase in import charges to protect their market share from the likes of Amazon. The twists and turns of tactical ‘retail poker’ among retailers could be endless and the introduction of import tariffs will revolutionise trading relationships beyond our wildest imaginings.

The ‘Brexit Revolution’ could herald positive outcomes for the UK retailer as Britain could be better placed to enter trade agreements with countries such as China and the United States, to date an elusive prospect for the EU. Nevertheless, the UK retailer will need to abandon any leanings towards short-termism and embrace the long-term by: Reviewing supply chains; Scrutinising and revising retail operating models; Considering new technology to increase global connectivity; Assessing the need for additional human capital; and Applying for Authorised Economic Operator status to allow for faster access to certain simplified customs procedures, and in certain cases enable shipments to be ‘fast-tracked’ through some customs and safety and security procedures. 

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InternetRetailing Expo

The UK's largest multichannel retail event is taking place at Birmingham's NEC on 21 - 22 March 2018. Emma Herrod shares a preview of the 8th InternetRetailing Expo.

Online retailing in the UK is maturing with a growth rate in 2017 dropping to 12.1%. It had been predicted to grow by 14% and this is still less than the 15.9% average year-on-year rate seen in 2016. Sales growth on smartphones is also slowing – albeit down to 50% rather than the 102% seen monthly on average during the second half of 2015. Tablet growth only increased by 0.7%, according to the IMRG.

This decline in the phenomenal growth seen in online could be part of a 3-year bounce pattern which saw peaks in 2010 (from increased web speeds) and repeated in 2013 (rise of tablets) and 2016 (driven by purchasing on smartphones). Should 2018 follow this pattern, then the year is expected to slow down further but be followed by a new stimulus to proliferate the market during 2019, according to the IMRG.

So, how can retailers prepare for an as yet unknown stimulus for the market while trying to ring every penny out of a challenging trading year? Is innovation the answer in the form of

Artificial Intelligence as retailers pass increasing amounts of decision making to smart, fast computers or will further operational efficiencies make the difference between remaining on the high street or joining the list of retailers

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Neil Sansom, CEO, Woolovers

which have disappeared in recent years? Will browserless commerce in the form of voice assistants be the shift in behaviour needed to stimulate the ecommerce market? And what about Brexit and its March 2019 deadline? What impact will that have on us all?

As retailers are challenged by long-term strategic plans, rolling digital roadmaps and innovations to keep up with consumer demands for seamless experiences and fun retailing – which all have to be balanced with daily trading and quarterly reports – InternetRetailing gathers speakers and exhibitors for its eighth, annual InternetRetailing Expo.

Amongst 100 hours of interactive content, 100+ visionary speakers, 300+ industry-leading multichannel exhibitors, 8 free conferences and excellent networking opportunities, the InternetRetailing Expo team hope to aid retailers in answering some of these answers in ways that fit their individual businesses.

One of the workshops, for example, looks in depth at the top priorities for UK retail executives in 2018. The Oracle + Bronto-led workshop will examine how leading UK retailers are responding to consumer needs and how they're optimising their digital and mobile strategies, among other insights. These include: the channels and tools ecommerce marketers are



focusing on to drive sales and profits in 2018; how bricks-and-mortar retail and ecommerce can complement one another; top marketers' takes on mobile strategy and optimisation by device; the importance of adopting a hyper-personalisation conversation with your customers; the technologies retailers would invest in if time and money were no issue.

In the conference tracks – of which there are 8 overall across the 2-day event – retailers and industry experts will discuss different aspects of retailing from omnichannel to mobile and operations to the final mile. Retailers will share their experiences and lessons learned to date during presentations and question and answer panel discussions. Visitors then have the opportunity to talk and meet in the exhibition space with the technology suppliers working with these leading retailers. Top 500 retailers are invited to network in their own Lounge area in the exhibition hall.

GROWING MOBILE

Mobile, for example, is one of the key growth areas for ecommerce as a channel in its own right and as an enabler for omnichannel services and a digital connector between

retailer and customer in-store. Robin Phillips, Director of Digital - Kurt Geiger will share his experiences of 'Boosting sales through moving from mobile friendly to a truly mobile-

schuh

IRX is a must attend event, I'm here every year. It's a great venue... really convenience venue and a lot of great exhibitors

Stuart McMillan, Deputy Head of E-Commerce, Schuh

first strategy' in a presentation in the Mobile-First conference track. As part of his presentation, he'll cover aspects including: achieving a clearer understanding of the mobile element of your customers' purchase journey; restructuring your strategy, team and skills to reflect the shift to

a mobile-first customer; ensuring engagement through making the mobile experience awesome; prioritising mobile checkout to ensure you maximise conversion opportunities; ensuring your email marketing strategy is effective in a mobile-first market; integrating your mobile-first strategy into your omnichannel initiatives to drive a seamless experience.

Tom Rooney, Senior Product Manager, Mobile Apps and In-Store Digital - John Lewis, will then discuss how the department store is 'Transforming the in-store experience with associate mobile technology'.

It's one thing to carry out these projects, but with any aspect of retailing their effectiveness needs to be continually tested and measured. Sarah Davies, Lead, UK eCommerce Partnerships – Google, will cover the metrics that matter for retail, along with sharing insight into the use of accelerated mobile pages (AMP) to improve webpage speed and how to increase customer engagement through progressive web apps (PWA).

Out in the exhibition hall, companies including Bugfinders, Mobile Bridge and mGage are on hand to discuss aspects of m-commerce with Expo visitors.



PERSONALISATION

Another exhibitor, which enables brands to create individualised experiences for customers, is Monetate. The company will be able to discuss with visitors how they can improve engagement and business performance. The company's Director of Strategy & Insights, Simon Farthing, will also be presenting in the Marketing & Customer Obsession conference track.

Also speaking there are Savannah Sachs, UK Managing Director – Birchbox (who is also the cover interview in this issue of InternetRetailing) and Ken Daly, CEO – JML. Daly will provide the opening keynote address on the topic of 'Understanding why customer centricity is crucial for today's ecommerce players'. In this presentation, he'll cover: evaluating what customer-centricity really means to the online retailer and why it is growing in importance; understanding the essential new skills that are now required for a more customer-centric business; moving from a marketing focus to putting a customer-centricity strategy at the heart of your company culture; ensuring a more seamless experience through a single view of the customer.

Meanwhile, over in the International Growth conference track, Joël Palix, CEO, Feelunique will be talking about how to evaluate which countries offer the best opportunities to increase your customer base and are right for your expansion plans.

With the uncertainty Brexit has created for ecommerce, many retailers are increasingly looking

at the key international ecommerce challenges and how they can be overcome.

A panel of speakers, all with experience of expanding retail operations outside of their home countries, will discuss the biggest challenges retailers face when expanding internationally and how they can best be overcome. This is the opportunity for visitors to ask questions of the retailers from Conrad Electronic International, Michael Kors, Made.com and Lovehoney. Along with localisation and delivery methods, the speakers will also raise the questions of "how do you know when is the right time to pull out of an international territory?"

John Lewis

EDX is the place to be

John Munnelly,
Head of Operations,
John Lewis Partnership

to international markets from growth opportunities. Although the opportunity is huge, trading internationally is a complex process and the 'International Growth' conference track aims to help visitors to improve their international efforts through effective localisation, enabling them to drive customer convenience through efficient international logistics and delivery. The track also looks

TO THE FINAL DELIVERY

Operational issues are key to a successful international expansion plan and a separate area of the exhibition hall is opened out for companies involved in all areas of supply chain, operations, logistics and delivery. Forming the eDelivery Expo, which is running alongside the InternetRetailing Expo, these companies can discuss everything from supply chain, to warehouse software and packaging to final mile solutions.

Hermes, Correos, B2C Europe,

Snapfulfil and Narvar are amongst the companies exhibiting. Narvar is sponsor of the Operational Excellence conference track in which its CEO and Founder, Amit Sharma, is joining a panel discussion on 'Ensuring your returns policy supports sales whilst avoiding disruption to your business'.

Descartes meanwhile will be running a workshop entitled 'E-Commerce warehouse logistics as a competitive advantage'. The company will show visitors what they should look out for in ecommerce warehouse management software and what can be achieved – all with real-life examples.

The 'Operational Excellence' conference track focuses on the supply chain, operations and logistics element of internet retailing. Speakers will share with visitors how they can use innovation in their warehouse to improve operational efficiency and how best to manage 3PL relationships during peak trading to improve customer experiences.


The track also looks at how retailers can work together operationally to drive sales, ensuring their returns policy avoids business disruption and what operational excellence will look like in 2020 and how to best prepare. Karen Gibson, Senior Manager - toyon Client Relationships – Asda will present on how the supermarket is leveraging its logistics operation to provide third party click and collect services to



other retailers while pulling in new customers to its stores.

Looking ahead to the question of what operational excellence will look like in 2020 and what retailers should do now to prepare, Dave Crellin, Head of Online Operations, Sainsbury's, will share his views in the closing keynote address.

Whether you're looking for validation of your own customer behaviour or view on 2018's innovations, looking for ways to optimise daily trading or expand across geographies, product categories or into marketplaces, then the InternetRetailing Expo and eDelivery Expo offer retailers with whom visitors

can network, speakers happy to share their experiences, challenges overcome and lessons learnt along the way and leading suppliers on the full gamut of retailing functionality. Whether it's Asda, Ocado, John Lewis, Sainsbury's, Google, Screwfix or Shop Direct Group, they will all be there – and that's not counting the 5,000+ visitors expected to be walking around the exhibition over the 2 days. You don't know who you'll bump into. 

For more information and to register for your free pass, visit www.internetretailingexpo.com. As ever, the InternetRetailing team look forward to seeing you there.

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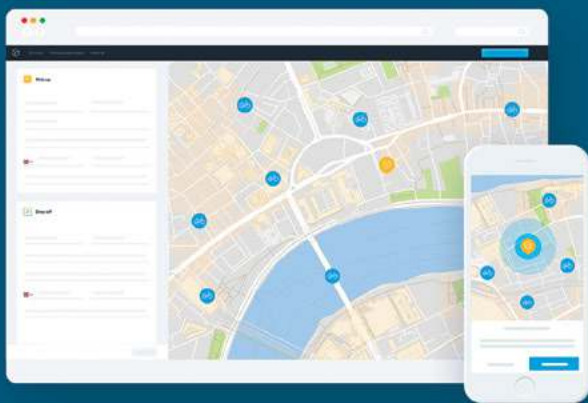
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