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Flying the flag - DIGITALLY

By Tess Bennett



While most purchases may still happen in physical stores, virtual shopfronts are a vital brand asset because of their potential to attract unlimited visitors.

As shopper behaviour continues to evolve, the success of an e-commerce store cannot be solely measured in sales volume.

Offering marketing, product research and social interaction as well as the ability to transact, online stores are a hybrid for retail businesses.

"Retailers love to talk about their flagship stores," said Andrew Buxton, CEO of e-commerce platform, eStar.

“Updating needs to be an ongoing activity - it's not a fire-and-forget investment.”

"Well, the flagship store is now the online store, because it has the most visitors and it has the biggest impact on brand."

Even if most purchases still happen instore, 65 per cent of customers use a

digital device before shopping, and 31 per cent *while* shopping, according to professional services group, Deloitte.

"The online store – the digital flagship store – has a huge impact on total sales, not just online sales," said Buxton. "More and more retailers are starting to understand that, and clearly see it as the digital representation of the brand."

For an online store to represent a brand well, the basics matter most, he argues. It essentially makes shopping easier, but online customers can be annoyed if simple tasks do not work. Essential basics for the customer journey include navigation (finding items), checking out and paying, and delivery.

"We spend a lot of time with clients on the customer journey, using analytics to drive a better experience

through that process for a better result," Buxton explained.

Constant adjustment

The process needs constant adjustment to improve conversion rates over time, which entails a constant investment of capital.

"If you are a large-scale retailer, you invest a lot of money in your flagship store and continually refurbish it," explained Buxton.

Many online stores can look really dated after five years, so updating needs to be an ongoing activity. It's not a fire-and-forget investment.

Stuart O'Neill, Australia/New Zealand sales director of digital transformation company, SAP Hybris, has noticed a shift in understanding that e-commerce is at the core of a business and needs ongoing investment.

Whereas a brick-and-mortar store might attract a footfall of 20,000 people, the brand image is driven by the website, which has the potential of being seen by 20 million people.

"So, how much capital should you spend maintaining an e-commerce platform at scale? It cannot and should not be less than you would ever spend on a brick-and-mortar store," opined O'Neill.

"If you are not prepared to spend that amount of money, you are not going to get the return on investment, and you're not going to get that incremental customer experience and value from the customer. You're not going to be delivering what the customer needs."

O'Neill said e-commerce must be

part of a broader strategy, so the online/offline experience is consistent and contextually relevant.

"It's not an e-commerce thing - it is now commerce. Drop the 'e' from 'e-commerce' - it is about providing an integrated end-to-end customer experience."

Making it relevant

One key trend in the design of e-commerce platforms is the ability for an interface to be contextual and relevant to how the user is interacting with the brand.

"Retailers are trying to achieve dynamic personalisation and contextual relevancy," said O'Neill. "That means being able to understand specifically who their end users are, who they should be marketing to."

"The need to essentially drive customer experience at the frontend is driving organisations to ensure that whenever they engage with the end user, they are doing so in a dynamic, personalised way."

Mike Burk, senior director of e-commerce software company, BigCommerce, said power merchandising tools are in demand by retailers.

"They want to have a great-looking storefront where they can show off their products, tell a great story about their brand and ultimately have a really great conversion rate," he explained.

Retailers also want to be able to manage multiple channels outside their branded storefront, including social media and marketplaces such as Amazon and eBay.

“Merchants need to adapt a little and start to think about reaching shoppers in all places where they might be looking for products.”

"Selling through your online store is really just one of many channels through which you can connect with shoppers."

According to a study by data-marketing company BloomReach, published in October, 44 per cent of product searches begin in Amazon, surpassing search engines such as Bing, Google and Yahoo.

Burk said this is, "a pretty fundamental change" from how it has worked in the past. "What it means for merchants is that they need to adapt a little and start to think about reaching shoppers in all places where they might be looking for products,"

“ Being able to manage inventory, product catalogues and pricing, and starting to see a picture of your customers across multiple channels, is something we think is really important. **”**

Strategy development

Multiple online channels means inventory should be in sync across channels, including bricks and mortar, and have a holistic view of a customer, "to know if you are dealing

with the same shopper, just on a different channel".

When retailers can sell on multiple channels and sell anywhere, it is an opportunity for them to experiment and see which works really well with their audience, and to start to develop strategies for reaching shoppers in those different spaces.

Burk does not believe a multiple digital-channel strategy risks cannibalising online store sales.

"There is certainly the challenge for the retailer to try to reinforce their brand and maintain consistency across the channels. In terms of how that affects top-line revenue, I think it would be actually the opposite to cannibalisation - shoppers are being exposed to the product in more and more places.

"Ultimately, you can be there when they are ready to make a purchase, and hopefully they choose to buy your product whenever they want to, wherever they want to."

Management hub

In its next phase, e-commerce will act as a hub to manage all the different channels, putting it at the centre of the business.

"Merchants won't have to manage all of these channels in different places any more," argued Burk.

"Being able to manage inventory, product catalogues and pricing, and starting to see a picture of your customers across multiple channels is something we think is really

important. That's certainly what is next for our platform, and I think others will probably follow suit."

Peter Sheldon, head of strategy at e-commerce platform, Magento Commerce, believes e-commerce systems will begin to encroach more and more on traditional retail software.

"More and more we see e-commerce playing a significant role, with e-commerce platforms increasingly being used to replace point-of-sales systems. I wouldn't say the trend is necessarily happening in a full-blown way, but there are certainly some early adopters and trendsetters who are replacing their POS software and cash registers with cloud-based software that is provided by their e-commerce platform vendor."

In terms of devices for browsing and shopping, momentum continues to build behind mobile.

"Almost all of our merchants, for some time, have run mobile websites using responsive design, but they continue to optimise and enhance those mobile sites as they attract more and more traffic and provide more and more revenue.

"For most of our merchants, more than half of their e-commerce traffic comes from mobile devices. Many are seeing 20 to 30 per cent of their e-commerce transactions coming from mobile. That is a drastic shift from where we were just two to three years ago."

