

Making it work

As Christmas trade and the sales well demonstrated, the only place retailers will see double-digit growth figures in 2008 is online. It means that a multi-channel strategy is no longer an option but vital for survival, as Penelope Ody demonstrates

To the customer – especially the Generation Y consumer – familiar with YouTube, Facebook, MySpace and the iPhone, it would seem to be simple: order something online, pay for it via a mobile phone and collect it from the nearest store, where of course you can also browse the website for additional purchases. For retailers it is all rather different.

In too many cases the website is still virtually standalone: product databases may be integrated but consumer records reside in disparate silos,

while both store processes and culture are often incompatible with multi-channel operations. Obviously there are notable exceptions, such as Argos, but by and large effective multi-channel integration is a rarity.

“To the customer it is all simple common sense stuff,” says Tony Stockil, CEO at consultants Javelin Group.

“They want to see the range, order products, access information and collect or return goods where and when they want – but there are very few retailers who can tick all the boxes and say they can enable this type of customer experience.”

The key to true multi-channel integration, as Stockil points out, is managing information to achieve 100 per cent stock visibility and a single view of the customer. Stock visibility is obviously easier to achieve in some product sectors than others but that single view should be possible for everyone.

Not only does a single view make life easier for the shopper,



but it can be vital in understanding a shopper's behaviour to gain important insights in spending potential. "Most retailers have no way of tracking behavioural data between channels," says Jason Goodwin, head of marketing strategy at SAS. "They don't know who goes online and doesn't buy – or who then visits a store to buy. If they have store card data they may know what someone is buying – but if they stop buying those products they might not realise that the customer has switched to buying them online."

SAS launched a Customer Experience Analytics tool last February and is currently developing the product with several customers. The system tracks consumer behaviour at a site before they click the enter button, providing information about content selection which can help guide marketing or promotional offers.

Financial services providers are among the first to implement these sorts of analytical tools but Goodwin believes that insight based marketing will prove just as valuable to retailers: "Retail margins will be very tight in 2008," he adds. "But understanding what customers want by analysing their behaviour could help."

Ravi Maira, UK retail director at Akamai, believes that it is essential to make the online experience more like shopping in the real world: "In the store, the atmosphere is designed to surround you with whatever experience the retailer wants you to have. Online, this is also happening: sites are becoming much richer in terms of images, colours and even the use of audio and video. Web 2.0, AJAX, flash and flex technologies are making it easier for people to get information, while blogs, columns or FAQs brings the expertise you'd expect to find in the store. Social networking is important, too, with product reviews, celebrity playlists or widgets in Facebook – shopping online in your own home is no longer a solitary experience."

While cross-channel analytical tools could improve performance, Steven Hampson, business development director at K3, argues that too many retail software offerings are inadequate for multi-channel operations. "Retailers want a single software system to handle all their multi-channel activities," he says. "But very few providers have such solutions – especially in the mid-tier." K3's Microsoft Dynamics solution, he notes, uses common databases – product and customer – for all channels so it is perfectly possible for a customer to order in-store, for example, and then go home and check out the details on the retail website. "Until a couple of years ago most mid-tier retailers had simplistic websites and fulfilment from stores, but now they are realising that multi-channel is the way forward and we have signed several major deals lately – with more in the pipeline."

Fujitsu, too, talks of being almost "overwhelmed" by retail interest in multi-channel following its 'Future Store' presentation at Retail Solutions last year. A major pan-European research project by the company has also revealed that today's consumers are far more comfortable with technology than many retailers realise and want to use systems that will help personalise the shopping experience. Sarah Kellett, retail industry consultant at Fujitsu, believes that many retailers

need to refocus their stores to align with changing consumer behaviour, concentrating on catering for the different shopping trips and cross-channel activities that consumers now expect. "Many store layouts haven't changed in years, but you now have a generation of shoppers who have always known the internet and mobile phones and simply cannot understand why retailers are not integrating these systems in their stores," she says.

Sea change

While 'multi-channel' for many retailers has simply meant having a presence in the varying touchpoints, true multi-channel means not only that the necessary technology is fully integrated but that consumers can access them when and where they want. Putting the website in-store and enabling m-commerce are part of that process. Various types of multimedia kiosks have been used for decades but, until remote management and control became possible with broadband, few pilots extended to significant roll-out. That has now changed. "There has been a sea change in the past four years," says John Cole, CEO at Retec Digital. "Not only does remote control mean that kiosk failure is no longer an issue, but people are now familiar with such devices. They've had to use airport self check-in or train ticketing machines and many now prefer kiosks to talking to a retailer."

Recent Retec projects have included Entertainment Xtra for both Sainsbury's and Tesco: this combines plasma screens showing DVD clips with an interactive unit for more information and customer selected film clips. There has also been roll-out of 1,500 Advantage Card kiosks for Boots and an electric product selector system currently being trialled by Tesco and Asda. "Supermarkets are now selling more complex products, but staff are poorly trained so the kiosk is ideal to provide customer information about electrical and electronic products in-store," says Cole.

While such kiosks may simply replicate the website, Cole maintains they can do much more – especially with high resolution images and extended product information that consumers would be unlikely to access if they were researching online. "Customers are demanding more and more information about what they are buying," agrees Nic Wing, NCR's retail solutions specialist. "There is a limit to what you can have in a clothes label or food package so in-store kiosks and PoS applications will be able to provide this extra information." Wing predicts that in future in-store kiosks will be integrated with website data so that it will "know" what the shopper has previously looked at or asked to be alerted about. "Our recent European survey, for example, showed that 68 per cent of consumers would like to check the status of an item ordered online at a multi-purpose kiosk in-store."

While kiosks and, ultimately, m-commerce will enhance the customer experience, they will only be able to do so effectively if fully integrated with in-store systems. At the same time in-store activities themselves have to develop some of the techie characteristics of the virtual world, while online shopping has to deliver the comfort, sociability and expert advice that come from visiting your favourite store. For many retailers, achieving even some of these goals will be a very significant challenge indeed.

