FUTURE OF ECOMMERCE

MODERN COMMERCE DAY

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- eCommerce replatforming is a thing of the past, find out what to do instead
- Hear how brands uncovered the keys within their own organisations to make the impossible possible

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FUTURE OF ECOMMERCE

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OMNICHANNEL

Generation game: how to sell to all ages

While consumers in different demographics have varying priorities when it comes to online shopping, they're all losing tolerance for substandard etail experiences

Oliver Pickup

Gertrude Stein, the avant-garde novelist and poet, declared that "whoever said money can't buy happiness simply didn't know where to go shopping". The meteoric rise of ecommerce has, 75 years after her death, given this aphorism added meaning.

Thanks to the power of the internet and the ubiquity of smart devices and applications, today's consumers have never had more places to go shopping and be happy, without even having to leave their homes. With such a wealth of choice at their fingertips, they're unlikely to be patient when a retailer fails to hit the standard of ecommerce experience to which they've become accustomed.

Any brand that fails to engage with its target customers in their preferred place to shop will pay a heavy price. The lack of an effective ecommerce strategy has proved damaging for Debenhams and Topshop, to name but two laggards.

It's clear that retailers need to keep pace with consumers' changing requirements to survive. The digitalisation of the shopping experience, accelerated by the Covid-19 lockdowns, has transformed how customer loyalty is gained and lost. New statistics indicate what shoppers want from etailers varies depending on their age.

A survey published by Sitecore, a company focused on improving consumers' online experiences, suggests that 61% of 18- to 24-year olds are less loyal to brands than they were before the pandemic, compared with 33% of baby-boomers, while 69% of these post-millennials have become less patient with poorly functioning websites.

And research from customer-service software firm Zendesk has indicated that 80% of UK consumers will switch retailers after only one bad experience.

"The pandemic has undoubtedly changed the way we shop," says Jeni Mundy, Visa's managing director in the UK and Ireland. "Our research shows that 51% of consumers now want a mix of both bricks and clicks for the best experience."

She continues: "As the lines between offline and online continue to blur, there is great a opportunity for businesses to keep innovating to reach new shoppers, expand their customer base and build their brands. But different generations and age groups have varying priorities, so it's more important than ever for retailers to tailor their websites and social media offerings to meet their target audiences' needs."

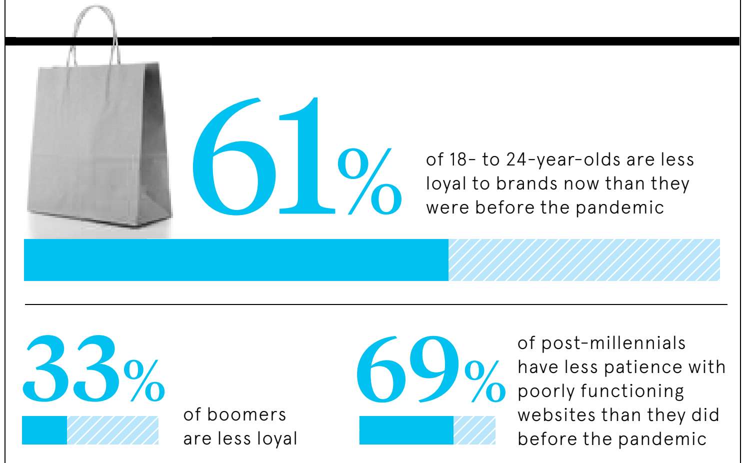

Thomas Barwick via Getty Images

Visa's research suggests that 18- to 34-year-olds shop mainly online for a wide variety of goods and services. "Updating your website to showcase the full range of products is a good way to attract this audience," Mundy recommends. "Many in this age group are also likely to shop on social media, so having a presence here and switching on the 'swipe up to shop' functionality is a great way to meet them."

Studies show that consumers aged between 35 and 54 most want an efficient online shopping experience. A well-signposted website is therefore vital. For consumers aged 55 and above, simplicity is the key, so maintaining an uncluttered, straightforward page design should help to attract and retain them.

Francesca Grillini, an ecommerce manager at Reckitt, points out that social media platforms ranging from TikTok and Clubhouse to Instagram and Facebook are especially popular among both millennial and gen-Z audiences.

"Members of generation Z are digital natives who have attention spans of eight seconds, compared with millennials' 12 seconds. Yet they are also notoriously loyal," Grillini notes. "They can quickly become brand ambassadors, acting as micro-influencers on social media channels."



Ecommerce is "more about necessity" for baby boomers, she says, suggesting that people in this generation have changed their shopping behaviour the most of all age groups throughout the pandemic. Ecommerce has "opened previously closed doors" for boomers, many of whom have been forced to shop online more often because of lockdowns and health concerns.

The Covid crisis obliged most high-street businesses to close their doors at various points over the past 18 months. North London restaurant Top Cuvée was among them, but it took a glass-half-full approach to the problem and has successfully turned to ecommerce, becoming an online wine supplier.

It has fostered customer loyalty by adopting a multichannel marketing strategy, including email newsletters, social media campaigns (the company's Instagram following has grown tenfold to 35,000 in a year) and interactive online events.

Brodie Meah, co-founder and chef at Top Cuvée, says: "Our mailing list is a great way of keeping people informed and engaged, but we generate a lot of sales from social media too. We recently held a digital Easter egg hunt, which drove mass engagement online as well as attracting over 1,000 customers to our physical store."

Tom Pugh is director of client services at Revive Management, a software company specialising in payment systems. He salutes any retail business that's willing to embrace a multichannel approach.

"There is a huge demand for them to accelerate and enhance their digital capabilities and to blend these with in-store experiences to add greater value," he says. "Omnichannel strategies allow businesses to create breadth and increased accessibility to their customers."

Connecting with consumers across various channels enables a deeper understanding of their generational habits, which is why an investment in ecommerce is worthwhile, Pugh adds. "Providing customers with a variety of channels of engagement is key, as it empowers them to interact via their preferred channels."

After all, shopping instils happiness – as Gertrude Stein would surely concur.

INTERVIEW

Because it's worth it: L'Oréal's ecommerce experience

The cosmetics giant is thriving in an age where no-touch shopping has become the norm – but how? Its chief digital officer, **Asmita Dubey**, offers her primer

Chris Stokel-Walker

When it appointed Asmita Dubey as its chief marketing officer for China in 2013, L'Oréal was best known for its grand in-store promotional displays. The entire retail sector has moved irrevocably towards ecommerce since then, but the beauty brand has adapted better than most of its rivals to this trend.

It was several years before the Covid crisis accelerated the shift to online shopping when the company recognised the crucial role that the internet, particularly social media, would play in its future.

"In 2012, our then CEO declared the age of digital. In 2014, the group hired its first chief digital officer [Lubomira Rochet]. When the pandemic struck, we were ready." says Dubey, who succeeded Rochet this April, having served as the consumer products division's chief digital officer for four years. "Within 48 hours, we were able to adjust our brand websites everywhere."

Seven years ago, the ecommerce channel accounted for less than 5% of sales revenue. Today, its share is nearly 27%. But the business isn't resting on its laurels, merely thankful that it's weathering the pandemic in better shape than most. Its goal is to bring that figure up to 50%.

"We've mobilised the whole company towards it. We have always believed that beauty and digital are the perfect match," Dubey says. "There are 50,000 marketeers here who are trained and digitalised."

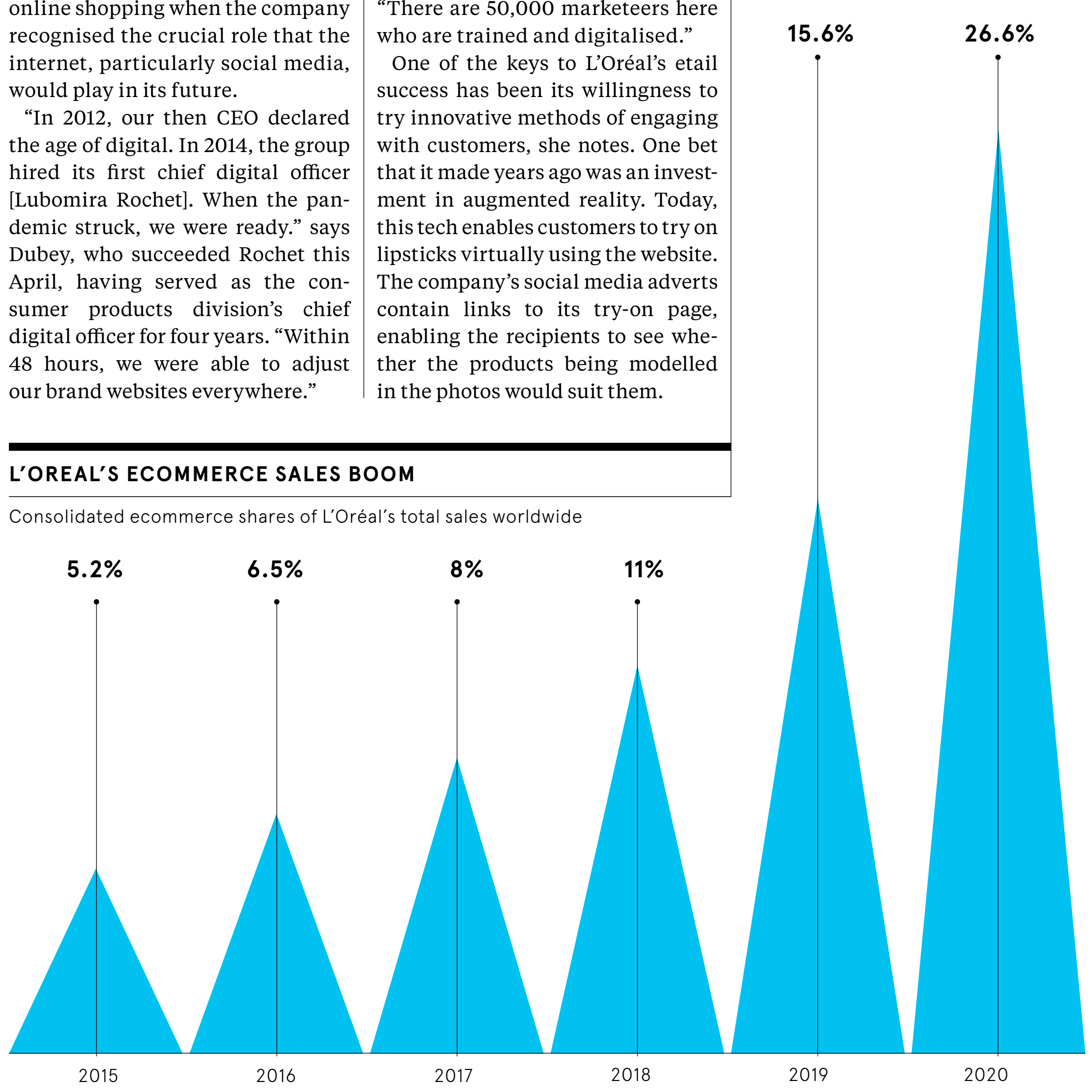
One of the keys to L'Oréal's etail success has been its willingness to try innovative methods of engaging with customers, she notes. One bet that it made years ago was an investment in augmented reality. Today, this tech enables customers to try on lipsticks virtually using the website. The company's social media adverts contain links to its try-on page, enabling the recipients to see whether the products being modelled in the photos would suit them.

"They can see exactly how these lipsticks would look on them," Dubey says. "That is the augmented-reality experience in advertising."

Another innovative approach that has attracted L'Oréal's interest is social commerce. This is about moving the point of purchase away from a brand's website and closer to where

L'OREAL'S ECOMMERCE SALES BOOM

Consolidated ecommerce shares of L'Oréal's total sales worldwide



L'Oréal, 2020

the customers tend to spend more of their time: on social networks. It all hints at a future where Instagram, YouTube, Facebook and other popular platforms become retail forums as much as social ones.

Another key element of social commerce involves tapping into the power of influencer marketing. In this respect, L'Oréal has learnt from China's thriving livestream sector, whose methods typically involve paying a celebrity with an army of followers on social media to demonstrate products in a live video feed. Viewers can submit questions for the host to answer during the demo and they can buy items with a couple of taps on their smartphone screens.

In Italy, L'Oréal's Lancôme brand has an ambassador in Chiara Ferragni, a fashion blogger with 23.5 million Instagram followers. She hosted a beauty show on the Livescale online shopping platform in November 2020 that attracted 46,000 viewers, for instance.

"Thousands of people can go there to buy both the products and the whole proposition she's talking about," Dubey says. "The motivations are that social aspect and the consumers' need for a more authentic relationship with the brand."

Hairdressers have been serving as effective brand advocates for L'Oréal since well before the ecommerce era. Recognising their value in generating customer engagement and sales, the German arm of the business provided dozens of salons with an online platform after the country's lockdown restrictions forced them to close their doors.

This enabled them to curate engaging content and keep in touch with their clientele, Dubey says. "From there, they could still sell to people very, very well."

Underpinning such digital initiatives is a core strength in customer analytics. Knowing what the buyers want is the first step to success in retail, and L'Oréal has recognised the importance of having the very latest information about their ever-changing preferences.

> We have always believed that beauty and digital are the perfect match

L'Oréal once used to monitor its online metrics once every month, but it soon learnt that this frequency would not be adequate in the fast-changing etail world.

The company's digital managers began looking at website, app and social media analytics far more often to help them better forecast product demand fluctuations and other key trends.

"We had to do all that real-time analytics on a daily basis, seeing in a few hours what's happening today versus tomorrow," Dubey says.

Accurate forecasting has become particularly difficult since the pandemic threw the world into crisis mode. Now that we're edging gingerly back towards some semblance of normality, Dubey is confident of one outcome: that the ecommerce channel's percentage contribution to L'Oréal's sales revenues will continue to rise. But, in her effort to prepare the company for the next chapter of the digital age, she believes that its online and offline activities will need to work together in closer harmony.

"There's proximity, there's loyalty and there's commerce," she says. "And all of those factors are connecting – offline and online."

Commercial feature

Digital-first, agile brands win in a post-Covid world

Many retailers may hope that the easing of lockdown restrictions signal a return to 'business as usual', but any brands not prepared for ecommerce's reign to continue are in for a shock

To say that the Covid pandemic has amplified pre-existing trends in retail, accelerated an ecommerce boom and shifted the dial on many companies' digital transformation is already a cliché. Yet, the best companies are using their experience of the last 14 months to catalyse further change. They are now shifting to fully digital-first operations to future-proof themselves.

"Businesses have to be prepared to rely just on online channels again if there is another lockdown due to a new variant. The spectre is already there. Businesses who haven't been agile have failed, outcompeted by faster, nimbler, more digitally-enabled competitors," explains James Brooke, founder and CEO of Amplience, a global leader in digital experience management solutions for retail.

"Brands now need to embrace the rapid pace of change or end up in the same place as legacy or extinct retailers. Self-disruption is key. As the saying goes, never let a good crisis go to waste. Businesses should not lose the momentum they had at the height of the pandemic."

The best-performing companies are those that are accelerating their digital transformation journey, and not using excuses to further delay investment. They're putting ecommerce at their core as the only form of commerce, whether it is in-store or online. If a transaction isn't digital, it's not on the radar when it comes to making the most of the customer journey, end-to-end.

"Many retailers think that everything is going back to normal, with a bit of online purchasing, like it was before. They think they can tag on a siloed ecommerce offering to their core operations. But it is not business as usual anymore," says Brooke from Amplience, which works with over 350 of the world's leading retail players.

> The best-performing companies are those that are accelerating their digital transformation journey, and not using excuses to further delay investment

Another 18,000 UK shops could close down for good in 2021, much worse than last year, according to the latest research. Several important retailers have already gone bust, more could do so, making this one of the worst periods for bricks-and-mortar retailing since the 1970s, and one of the best for online. The market is also crowded and fiercely competitive.

"The key message is don't get left behind. Those companies doing it properly are pulling away from the pack. They have a digital-first, customer-centric offering that encompasses the whole customer journey. They leverage data and insights. That's why we are busy supporting retailers to achieve this transformation," states Brooke from Amplience which works with the likes of Sainsbury's, Argos, Very Group, Liberty, Missguided and Halfords.

"The bar is being raised every day in terms of customer experience, ratcheting up all the time. Brands are increasingly being judged by gold standards they're seeing in other sectors, whether it is in banking, retail or utilities."

In June, Google is also changing how it ranks website searches, based on page experiences. A good experience with better Core Web Vitals will determine how well web pages are ranked. This shift represents a move to calibrate user experience. It could be a gamechanger that brands need to be aware of.

"Web content and commerce were once quite distinct things. The lines between them are increasingly blurring. Social media and social commerce are prime examples of this. For retailers, the digital experience has to be a real twin of the physical one and in some ways it has to be more comprehensive," says Brooke.

To facilitate better outcomes, technology also needs to evolve from monolithic legacy architecture to a new approach built for the cloud, one that is agile and capable of meeting changing consumer demands. This is why Amplience is part of the MACH Alliance. MACH includes microservices, API-first, cloud-native and headless.

"Having a technology architecture that is pluggable, scalable and replaceable, means it can be continuously improved. This is what brands need right now if they are to master the future and it's a high stakes game," states Brooke.

SUPPLY MANAGEMENT

How your warehouse can be a competitive advantage

As their sales volumes spiral and labour shortages bite, etailers are turning to a new breed of highly automated fulfilment centres to satisfy consumer demand

> For most of the year I have, say, 50 robots – and that's good enough; it gets the work done. But for the Christmas rush I could scale that up to 500

Emma Woollacott

The nation's shift towards online shopping at the start of the Covid crisis "accelerated five years of change into just five weeks. It has created demand for stock that is set to last long after the pandemic."

That's the prediction of Dave Ashwell, who, as managing director of AO Logistics, knows what he's talking about. Online electricals retailer AO has acquired more than 45,000m² of warehousing space across Cheshire and Staffordshire in recent months, in line with many other etailers that are investing in hi-tech facilities in an effort to keep the supply of goods up with demand.

AO Logistics' new warehouse in Stoke features voice-picking technology, which ensures that "the right goods are loaded in the correct sequence, improving speed and accuracy", Ashwell says. "Our people wear headsets, meaning that they no longer need to carry around a pen and paper. This leaves them with both hands free to lift items safely. We hope that it will significantly reduce the amount of paper we use here too."

The social distancing constraints of the pandemic have also accelerated the adoption of goods-to-person (G2P) systems. The use of this technology is set to quadruple before 2024, according to Gartner.

These systems feature robots, which retrieve items from storage and bring them to a human picker to decide where to put them.

"You let the robot do what the robot is good at: the things that really waste a person's time," says Dwight Klappich, research vice-president with Gartner's supply-chain practice.

In the past, he says, the benefits of automation were limited, because of the cost of the technology, the time required to implement it and the fact that each machine could perform only one function. Today, though, the emergence of more flexible, intelligent robots is making it more viable.

"Robots are now significantly less expensive and have a shorter payback period than conventional automation," Klappich explains. "I can bring a robot in fairly quickly, set it up, test it out and evaluate several use cases. It can be in production within months, if not weeks."

Using a mix of traditional automation and more sophisticated robotic tech requires complex management systems. Gartner predicts that, by 2024, half of all enterprises in the supply management sector will invest in applications that support artificial intelligence and advanced analytics capabilities.

One company taking advantage of such systems is Nestlé. Together with transport and logistics firm XPO Logistics, it recently opened a distribution centre in Leicestershire. This facility uses advanced robotics alongside automated systems developed in collaboration with Swisslog.

An automated monorail brings pallets into the facility, where they are stacked by 31m-high cranes. The pallets are then broken down automatically into smaller case units for storage.

"One of the major benefits of this automation is its ability to make up bespoke orders," says Swisslog UK's managing director, James Sharples. "For example, a customer may not want to order a whole pallet of Kit Kats. It might instead want a mixed selection of products – known as a rainbow pallet."

These are assembled to order using a combination of gantry robots and another robot-based system developed by Swisslog. Meanwhile, state-of-the-art software synchronises both automated and human processes across the facility, collecting and analysing data to determine where refinements can be made.

"As we implement more technology, we get more data from it," says Andrew Shaw, director of the supply chain for Nestlé in the UK and Ireland. "We're looking at how that data can be used and also at how it can be combined with existing data to provide the real-time information we require to improve safety, efficiency and customer service."

Klappich believes that continuing labour shortages in the sector will prompt greater automation in warehouses and fulfilment centres, with most large companies building diverse fleets of robots in the longer term.

"You wouldn't want to use a robot that can shift heavy loads for in-aisle picking, for instance," he explains. "That would be more expensive to operate because it has a bigger motor and bigger wheels – it's going to be hefty. You want a smaller, less costly robot for that task."

Klappich notes that another trend in warehouse automation is emerging: robotics as a service. Given that many etailers have a cyclical business pattern, this model enables them to scale their use of robots up and down according to fluctuations in demand.

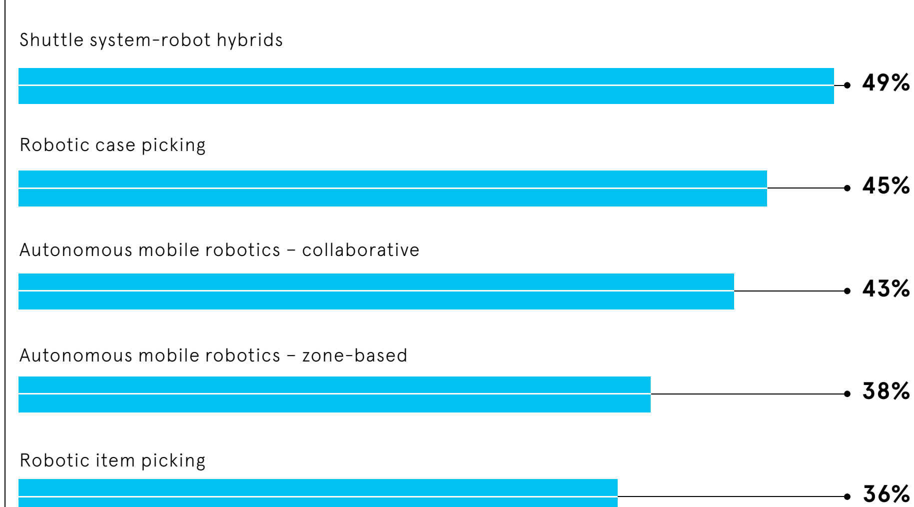
"For most of the year I have, say, 50 robots – and that's good enough; it gets the work done," he says. "But for the Christmas rush I could scale that up to 500. The ability to do this as a service, instead of incurring a huge capital expense, is affordable and gives a rapid payback. That's pretty compelling."

There's broad agreement among industry experts that, even when the pandemic is a distant memory, labour shortages will continue to fuel the trend towards hi-tech automation in warehouses and fulfilment centres.

In fact, Klappich says, "the one challenge that retailers face is that they have too many options to choose from in this area, not too few".

WHAT ARE WAREHOUSE SPECIALISTS INVESTING IN?

Percentage of warehouse practitioners who say they expect their organisation to invest in the following emerging automation technologies in the next three years



DC Velocity, 2020

OPINION

“Customer engagement is not only about collecting data. It is also about connecting emotionally and ensuring that your brand resonates”

After all the projections and forecasts for the ecommerce industry, how did the 12-months trajectory really pan out?

We have all experienced additional lockdowns and restrictions, refashioning life as we knew it. The high street closed and reopened. Black Friday boosted the fatigued economy with the all-encompassing Boxing Day and January sales following in tow.

After a long winter, the green shoots became visible again as we eased into a gradual reopening of businesses, with the UK vaccine rollout building momentum.

To put it frankly, the past 12 months have been a whirlwind for retailers. The ability for businesses to plan with any degree of certainty has just not been possible. Many companies have had to adapt and, with the closure of traditional channels, reinvent their business models by responding to short-term market fluctuations, putting longer-tem planning on hold.

Consumer buying habits shifted, dictated by which Covid restrictions were in place. The move to online has affected the high street with many household names disappearing and subsumed to online models.

The only constant is change. Some would argue that parts of this were already happening, with Covid simply catalysing the irreversible move towards digital (although the situation is probably far more complex than that).

For most businesses, keeping one’s head above water has been the priority. I believe that this will continue throughout the year as we edge toward some semblance of normality.

So, what can businesses do to secure their future and plan for growth? They need to know their customers.

Customer experience, engagement, retention and growth has to be the way forward. From pure-play or multichannel retailers to B2B players, ensuring that businesses are customer-centric with fantastic overall experiences will give greater opportunities for success.

The ability to predict trends, forecast stock and optimise community engagement on companies’ chosen channels will shock-proof their longer-term business plans.

The rise of direct-to-consumer is not only about increasing profit by cutting out the middleman. It is also about understanding customers and using the intelligence gleaned from them to ensure that businesses are not wholly reliant on less impactful channels to market.

Knowing customers’ requirements better will enable businesses to predict product demands, satisfy fulfilment requirements and forecast new short-term trends.

With the rise of marketplaces, the growth of mobile and social commerce, and the evolution of voice search functionality, customer interactions between these channels and the role they play in purchases will be the holy grail.

Customers expect certain levels of personalisation and a seamless buying experience. They think not about channels but about how easy it was to buy the product.

With the rise of ecommerce comes increased competition, with more and more companies fighting for market share. Building that customer relationship and developing a unique digital offering will be the battleground, with sustainable offerings the winning formation.

This macro trend is already influencing buying habits. The ability to demonstrate your green credentials to customers and adjusting product lines to meet these demands will be a key differentiator in the future.

Overall, customer engagement is not only about collecting data in order to predict what products you offer. It is also about connecting emotionally and ensuring that your brand resonates at every touchpoint available to you. ●

Graeme Howe
Managing director at eCommerce Expo and director at IMRG

Commercial feature

Q&A

Riding the ecommerce wave

Wix’s head of ecommerce marketing, **Liat Karpel Gurwicz**, reveals how the retail landscape is evolving with consumer expectations and how brands can keep up

Q How did brands and retailers respond to the Covid-19 pandemic?

A It pushed every brand to adapt; initially they had to survive but then it was about figuring out how to thrive through new business models and by spotting new opportunities. Every business was shifting, whether it was bricks-and-mortar retailers going online for the first time or online businesses adapting their supply chains, focusing on different target markets or adjusting their sales channels. Companies that had only sold wholesale or through retailers were suddenly adopting a direct-to-consumer approach.

More businesses selling online, as well as more consumers shopping online, fueled hyper-growth for ecommerce. In 2020, Wix users processed more than $5.4bn on the platform, while we experienced 140% year-on-year growth in sales transactions and 114% growth in sales revenue.

Q How are customer expectations evolving and what do brands need to do to adapt again?

A The world is in a different place now. Shoppers expect brands to meet them where they are; that might be in a physical store, but it could also be while on their laptop at home or on their smartphone on the go. They also expect a much more seamless interaction from the brands they buy from. While many people still want to shop in stores, they expect that brand to remember them in terms of their loyalty points and shopping history. And remembering them is important: data from the Smile.io app in the Wix app market shows that loyal customers spend five times more than average customers.

Last year, the challenge was getting online and selling there as fast as possible. As we progress into more relaxed restrictions and some countries go back to a more normal way of life, the biggest challenge for companies is figuring out how this ecommerce component becomes an ongoing part of their business.

> “The biggest challenge for companies is figuring out how this ecommerce component becomes an ongoing part of their business

Q How can retailers integrate ecommerce successfully?

A First, they need to embrace omnichannel. Once they are selling in multiple ways, they need a platform that allows them to manage all their inventory, sales and orders in one place, along with shipping, fulfilment and delivery. Customer data should be stored there as well, alongside financial data and analytics.

Whether selling on a website, an online marketplace, social media or in person through a point-of-sale system, it is all integrated.

The other crucial piece is retention and reengagement of consumers; really thinking about how to grow long-term value from customers through loyalty and repeat purchases. That requires great email marketing and SMS marketing infrastructure, as well as tools for reaching shoppers in a targeted way, such as automated abandoned cart emails, which increase the sales of Wix stores by up to 29%. Retailers really need to dig into the data and segment customers to send out relevant offers and build rewards programmes across all channels.

Q How does Wix support companies on their ecommerce journey?

A Our holistic ecommerce platform allows retailers to not only build and manage an online store, but manage their product catalogue, inventory, sales and analytics from a single dashboard. The platform syncs across all channels, including offline sales via our fully integrated point of sale. We have more than 50 payment providers on the platform, as well as our own native payment provider; analytics across everything our users are able to do; shipping and fulfilment, including syncing with third parties; and our own CRM platform, Wix Ascend, which provides email marketing, live chat, invoices, business automation and more.

That is what the platform looks like now and we will keep growing and moving with our users as they grow in the years ahead.

For more information, visit wix.com/ecommerce

WiX eCommerce

Heinz was one of the many big companies to start a D2C offering for customers who wanted baked beans delivered to their doors

E.../Contributor via Getty Images

MERGERS AND ACQUISITIONS

Instant gratification: why D2C start-ups are getting snapped up

The FMCG industry's big fish want to go deeper into the thriving direct-to-consumer channel – and acquisition is becoming their immersion method of choice

Rich McEachran

Businesses that rely on the direct-to-consumer channel to sell their products have performed relatively well during the pandemic – a fact that has not gone unnoticed by the giants of the fast-moving consumer goods (FMCG) industry. Some of them – Heinz and PepsiCo, for instance – have created their own sites to cut out the middleman and enable online shoppers to buy some of their favourite brands directly.

Others have taken the acquisitive route. Mondelez has agreed to buy a controlling stake in protein-bar brand Grenade, whose D2C turnover is up 34% on the previous year. Nestlé, meanwhile, has sought to profit from the rise of home-cooking recipe kits by gobbling up Freshly in the US and both SimplyCook and Mindful Chef in the UK.

Not all such M&A attempts have been successful. For instance, in January, Procter & Gamble was forced to abandon its planned takeover of Billie, a new beauty brand in the US. The Federal Trade Commission blocked the deal on the grounds that it would "eliminate innovative nascent competitors for wet-shave razors".

It's not hard to see why many of the industry's big names are investing heavily in D2C, according to Elliott Jacobs, director of commerce consulting at LiveArea. "The reason they are adopting this strategy lies in the data," he says.

Once their products are sitting on the shelves in supermarkets, manufacturers have to rely on their retail partners to feed sales information back to them. By selling to consumers directly, they can "own the entire customer journey and can develop a 360-degree understanding" of how their brands are performing, Jacobs explains.

What's more, by acquiring D2C start-ups, they are in many cases bringing fresh marketing ideas, technology and expertise into the fold.

Even after the high street returns to normal levels of activity, many consumers will continue to enjoy the convenience of buying directly online. The acquisition trend is therefore likely to continue as the FMCG behemoths try to keep up with the forward-thinking new enterprises based on the D2C model.

For the start-ups themselves, investment from an acquirer can be a lucrative chance to push their businesses up to the next level.

One such enterprise is London-based firm Vieve Protein Water. The company experienced supply management problems during 2020, reports its founder and CEO, Rafael Rozenson. The closure of production and distribution facilities, combined with rising demand for its products, meant that Vieve struggled to maintain sufficient stock levels at times. Despite all that, it still achieved a year-on-year revenue growth of 350% in its D2C channel.

"Our biggest challenge now is to find the capital to fuel our growth and drive our D2C segment," he says, adding that such investment would "help us to develop new products and expand into new categories. Our ambition is to become the number-one protein water brand in the UK and Europe."

Vieve, which is expecting its sales revenue to increase by 50% year on year in 2021, is planning to expand into the US in the medium term. The firm's potential market there is 20 times larger than it is in the UK, according to Rozenson. He's under no illusion that this would be a huge task, but it could be key to attracting interest from potential buyers.

"Ideally, we would like to work towards an exit, be it through a private equity buyout or an acquisition by a larger player," he says.

Handing control of the business over to a bigger player isn't on the wish list for all new D2C enterprises, of course. Helsinki-based Alvar Pet is another ambitious start-up, but its plan for growth differs from that favoured by Vieve.

The company, which has developed a range of zero-emissions dog foods made from sustainable ingredients, only started trading in April 2020, but it still turned over about €1m (£860,000) that year. Revenue is forecast to increase by more than 300% in 2021.

> "Ideally, we would like to work towards an exit, be it through a private equity buyout or an acquisition by a larger player

"The online channel's share of pet food sales has nearly tripled during the pandemic," reports Alvar Pet's co-founder and chief marketing officer, Hanna Lemmetti. "And, as people have spent more time at home with their pets during the lockdowns, they have been putting more thought into what their pets consume. Both of these factors have been in our favour."

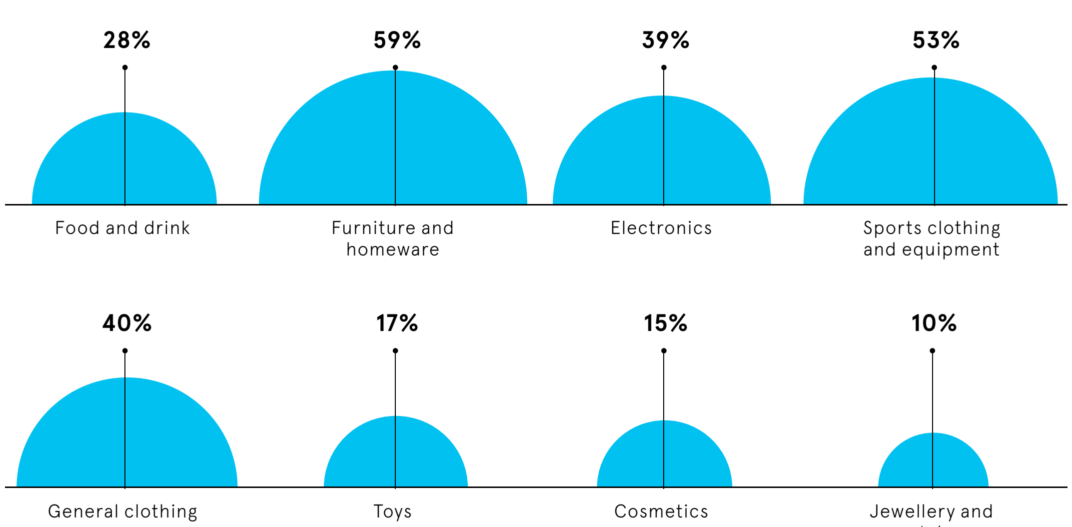
The company has already capitalised on its rapid growth by extending its operations from Finland into Germany. Its longer-term goal is to become the leading sustainable dog nutrition company in Europe. In doing so, Lemmetti says, it wants to "change the direction of the pet food industry towards a more eco- friendly future".

Many pet food brands have started selling products with higher- quality ingredients that would be safe enough for humans to eat. But such is the demand for human- grade food that, in countries with high rates of pet ownership, the sector is responsible for up to a quarter of all greenhouse gas emissions associated with meat production. With this factor in mind, Alvar Pet believes that selling out to a big FMCG player would not align with its values.

"We don't think a large incumbent would be the right partner for us," Lemmetti says. "We want to disrupt this industry."

WHAT THE FUTURE HOLDS FOR D2C

Projected growth in D2C sales in the UK in 2023, by product category

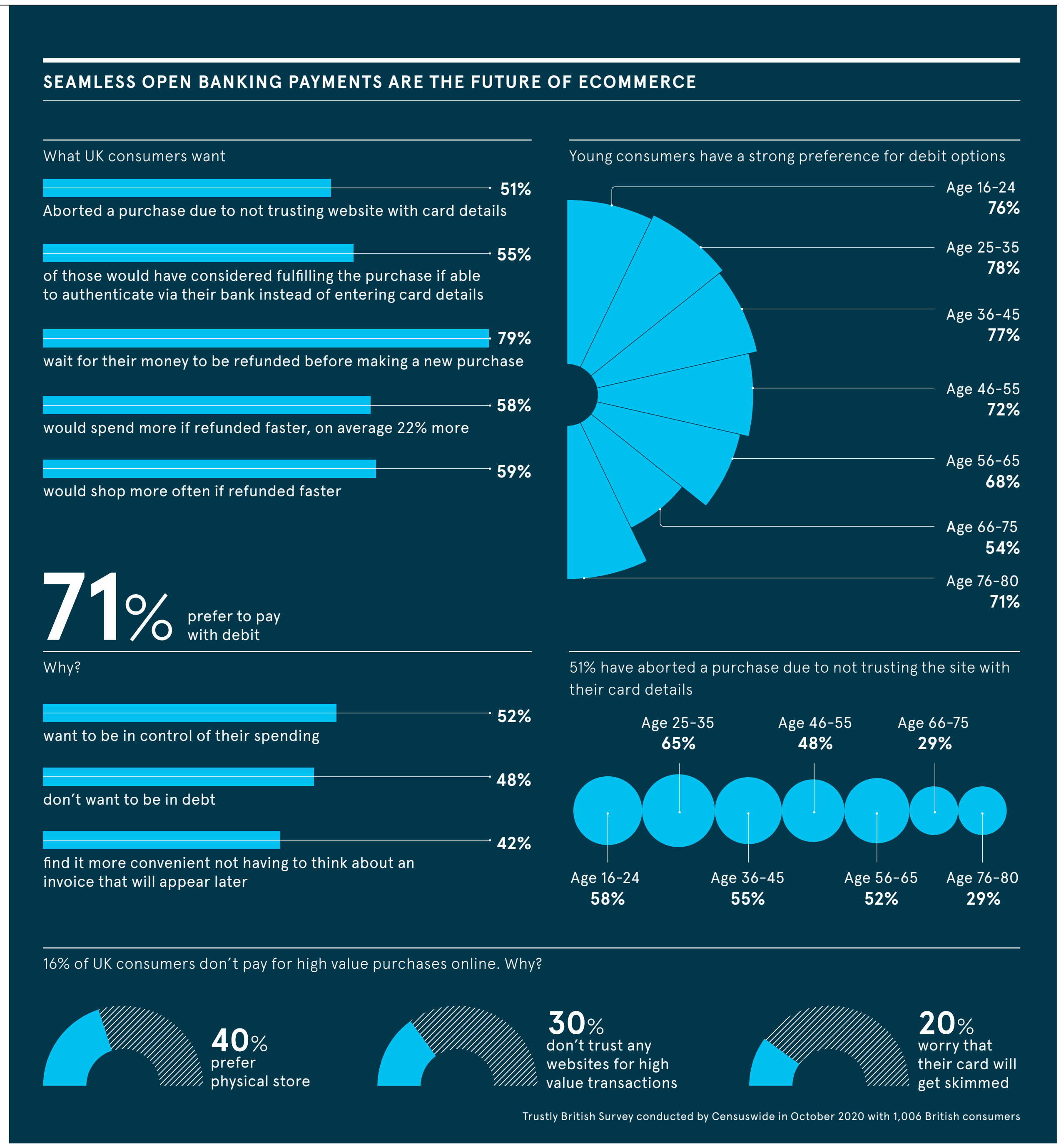


Barclays, 2020

Commercial feature

Seamless open banking payments are the future of ecommerce

Many online retailers neglect to spend time and money on a part of the process which could transform the customer journey: payments



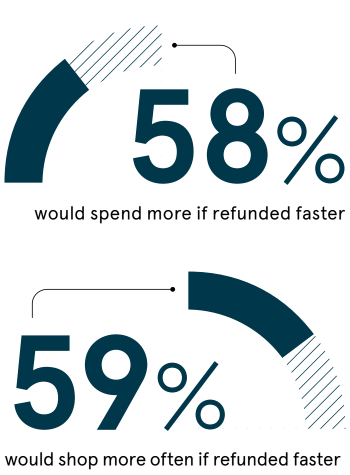
Card-based payments were developed in an age when brick and mortar stores were the primary destination for shoppers the world over. Times have changed. Ecommerce is becoming the principal channel for consumers globally, accelerated by the Covid-19 pandemic. This has triggered a move towards online banking e-payments, which is being driven by both purchasers and retailers.

Already, the majority of UK consumers (71%) prefer to pay with debit options, as opposed to credit cards or other forms of payment, according to a survey of more than a thousand British consumers.

Out of those that pay by debit, 52% do so because they want to be in control of their spending. Meanwhile 51% abort purchases because they don't trust a website with their card details, over half of those would have considered fulfilling the purchase if they were able to authenticate via their bank instead of entering card details.

"Most digital payments that use a card currently mirror the physical process of using a plastic card in a store. Businesses have just replicated the process online and, as a result, created numerous new pain points. Now, the consumer has to do the work of typing in long strings of numbers, rather than just swiping their card. This level of friction can sour the purchasing experience," explains William McMullan, director of ecommerce at Trustly, a global leader in open banking that's driving the shift to a cardless society.

"Using a debit card, you're guessing how much money you've got. There's now more concern about buy now pay later, yet many purchases are made blind. Increasingly, consumers want to be in control of a friction-free payment process. All these factors lend themselves well to online banking payments, where consumers use their bank directly to transfer money for purchases and, at the same time, have full visibility of their account balance."



Trustly British Survey conducted by Censuswide in October 2020 with 1,006 British consumers

Trust in the payment process is vital

Open Banking's instant payments are now increasingly being used by ecommerce players. This allows account-to-account payments, where no cards, app downloads or registration are needed and shoppers confirm payment with their preferred bank authentication method, such as face ID or fingerprint.

When paying by card on the other hand, consumers still have to enter card details at the online checkout. This creates friction, leading many consumers to become suspicious of this part of the customer journey. This is why some abort the transaction. At the same time, there are others who are sceptical of putting their card details into websites for high value transactions. Trust in the payment process for ecommerce sites is vital. Yet it is often overlooked in terms of investment, time and focus for businesses.

"We find that the checkout function for ecommerce platforms is frequently abdicated to tech-focused teams or third parties. A lot of e-tailers spend time focusing on the development of the front-end of their digital customer journey, but less investment at the back-end, the payment part. Yet it's at the checkout that people get most frustrated with any kind of friction," adds McMullan from Trustly which processed more than US$21 billion in cardless transactions globally during 2020.

One of the big concerns for e-tailers is also card costs, which are difficult to predict. Nowadays consumers use a suite of payment methods, from credit and debit cards to Amex and PayPal. In a post-Brexit world, UK retailers are also being charged more to handle European cards.

"For retailers and merchants, being able to forecast what your costs are going to be in respect to your revenue is really important. It also makes sense if all transactions are local. This is why Trustly has spent the last decade creating a network of banks across Europe and North America," states McMullan.

In fact, Trustly supports more than 6,300 banks and enables over 525 million consumers to pay at 8,100 merchants across 30 countries. By bypassing the card rails, the open banking leader can offer payments that are free for consumers and up to 50% cheaper for merchants than cards.

> Being able to forecast what your costs are going to be in respect to your revenue is really important

Instant refunds can supercharge ecommerce

Another issue for e-tailers is refunds. It is a neglected process. A poll of UK consumers found that 58% would spend more with the merchant if they received refunds into their account faster. In fact, consumers would spend on average 22% more. Clearly, faster refunds matter.

This could also drive further adoption of Open Banking and online banking payment services. With card payments, a refund can take several days to arrive after the returned goods have been received by the merchant.

"If consumers are offered instant refunds, they will not only take this option, but they're also more likely to spend it with the retailer they are dealing with right away. If a week goes by and a consumer hasn't got their money back, the relationship with the retailer is likely to be lost," says McMullan.

"Instant refunds also mitigate other costs associated with call centre staff. You avoid people calling you up asking where their money is. When merchants offer instant refunds, this saves on customer service agents and their time. You also create more loyalty. It costs a lot of money these days to acquire new customers, you don't want to have to deal with high churn rates. Instant refunds therefore cut your customer acquisition costs by retaining them."

The fact is that merchants do not see payments as their number one priority. It is often considered at the very bottom of the ecommerce to-do list. Yet payment service providers are the real enablers for business around the world.

"Giving the power back to the merchant and to the consumer is what it is all about. Consumers increasingly want the flexibility to pay from whatever account they like. For merchants it is about being empowered when it comes to card costs," explains McMullan.

"We believe we can boost consumer loyalty, reduce call centre volumes and fraud issues. We can show multi-million pound savings in operational and marketing costs, which far outweigh our costs. This is where the future of ecommerce payments lies."

What does the future of online payments look like? Go to www.trustly.com

Trustly

RETURNS

Reverse logistics: the rules of rejection

The return of unwanted goods is becoming a thorny issue for etailers. How they tackle it will affect not only their profits but also the planet

Geoff Poulton

Oscar Wong via GettyImages

There's a simple truth about online shopping that has been largely overlooked during the ecommerce boom: the more goods that people buy, the more goods they'll need to return. This may be an obvious point, but it is important, because the issue presents both a commercial cost and an environmental concern.

Shopping online inevitably has a higher average returns rate than shopping in a physical store: about 20% as opposed to 9%, according to research published by US real-estate investor CBRE. As consumers lean more heavily towards ecommerce – which accounted for 32.8% of UK retail sales in March 2021 compared with 22.1% before the first lockdown in March 2020 – it's only natural that they are sending back more online purchases.

The growth in the volume of online returns even appears to be outstripping that of online purchases. Reverse logistics specialist ReBound Returns reports that its clients, which include Asos, Clarks and Gymshark, saw 79% more ecommerce returns on average in April 2021 than they had in April 2020.

Handling such a high volume of rejected goods is an expensive exercise. An unwanted product must be brought back, inspected and then either cleaned and repackaged or discarded, all of which will typically costs between £5 and £15 per item. For low-value goods, this represents a loss on the transaction. Some companies, including Amazon, now even calculate whether it's worth accepting a return or simply refunding the customer and writing off the smaller loss.

"There's a very good reason why a company such as Primark doesn't sell online: it knows it can't make the margins work," says Dr Jonathan Gorst, an expert in reverse logistics at Sheffield Hallam University.

This isn't the only challenge with returns. Each time a product is sent back, its carbon footprint grows. If it can't be resold, it will often be tossed away, still in its packaging. In 2018, the US Postal Service estimated that 2.3 million tonnes of returned purchases were ending up in landfills around the country every year.

"Sustainability is a huge issue for returns," Gorst says. "I'm not sure that anyone has really got a handle on this yet."

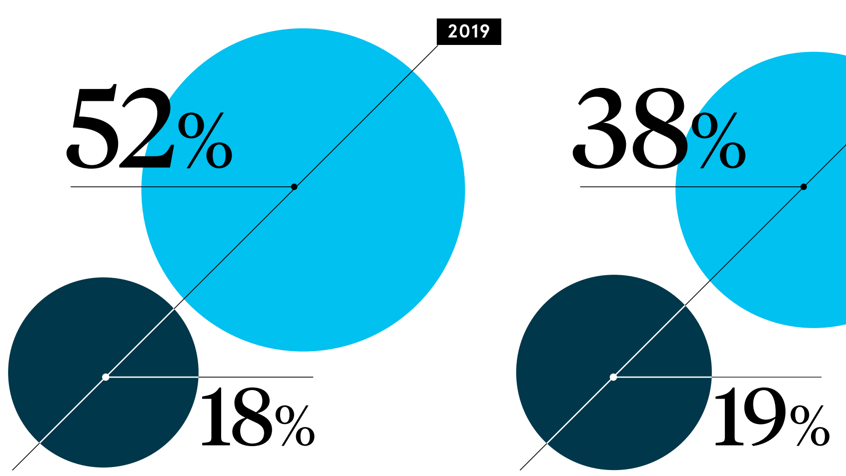
At the heart of this problem is the tension between the demand for cheap and convenient returns and the growing imperative to consider the environment. According to one recent study, 67% of online shoppers will read a given supplier's returns policy before making a purchase, with 79% expecting free return shipping. Despite this, UPS has found that three-quarters of UK consumers cite sustainability as a factor in their purchasing decisions.

> **"Sustainability is a huge issue for returns. I'm not sure that anyone has really got a handle on this yet**

HAVE FREE RETURNS HAD THEIR DAY?

Share of multichannel retailers offering free returns on online orders in the UK

● Free returns by collection ● Free returns by post



Ampersand, 2020

"It's a tough balance," Gorst says. "You want the process to be easy for customers who need to send something back, but not so easy that they can simply order lots of goods without considering what they return."

He remains sceptical about the sustainability of the free returns model. "The problem is: who's going to blink first? It's a bit like Russian roulette. I think there are plenty of firms that would like to move away from it, but they daren't because it's become so standard."

ReBound's co-founder and CEO, Graham Best, takes a more positive view of the situation, but he says that companies need to be selective. "We have customers that offer free returns in some countries but not others, or for certain product groups only. The process has to be carefully planned and controlled throughout the business."

Hiring a third-party specialist in reverse logistics offers significant advantages. As Gorst notes, many of the retailers that manage returns well have outsourced the function.

This isn't to say that they simply wash their hands of it, says Best, who stresses that they need to stay fully engaged in the returns process at all levels. "Five or 10 years ago, you might have had one person responsible for returns, but it's now a multiple stakeholder model," he says.

To get returns right, retailers need to consider more than the post-purchase process; they must make it easier in the first place for customers to keep their purchases.

Online used-car retailer Cazoo has delivered more than 20,000 vehicles over the past 12 months, with a return rate of less than 5%. That's even lower than the company was expecting, according to Alex Chesterman, its founder and CEO. Cazoo's provision of detailed information to potential buyers has, he believes, been a key factor in this achievement.

"We use 360-degree photography, which provides dozens of images of each car, for instance. In fact, consumers get a far more detailed view and description online than they would typically receive in person at a dealership," Chesterman says.

Peter Leatherland is online sales manager at Spark Etail, which owns the Ethical Superstore, a specialist in Fairtrade, organic, vegan and eco-friendly goods. He reports that product reviews submitted by customers are crucial for the business, which sells everything from groceries to garden accessories online.

"Real reviews can offer a different perspective and help other customers to make more confident and informed purchasing decisions," Leatherland says. "We place these alongside a Q&A section for each product. Shoppers are able to ask us questions about any item, which we will then answer and publish the exchange on the relevant page."

And to help clothing etailers to reduce the number of items that are rejected by customers for being the wrong size, German start-up Presize has even developed an AI-powered tool in the shape of a body-scanning app that customers can use to find the best-fitting apparel. The company has already worked with big sportswear brands including Adidas and Nike.

The pandemic-fuelled acceleration of ecommerce and the growing importance of sustainability are turning returns into a dynamic, fast-changing issue, says Best, who warns etailers that there are "no set-and-forget options anymore. This issue requires constant monitoring and adjustment."

And, with cross-border ecommerce currently growing at twice the rate of domestic online shopping, the situation will only become more complex.

"Returns used to be the dirty end of the business – almost an afterthought," Gorst says. "But they can affect sales, service and customer satisfaction. This issue really does permeate the whole business. And, in reality, every penny that you save on returns will probably go straight to profit."

How multi-courier solutions are refining the shipping process for ecommerce

All too often delivery is seen as a challenge but with the right solution it can be turned to a retailer's advantage

The ecommerce industry was growing before the pandemic hit, but it has exploded since the UK went into lockdown in March 2020.

The transition is likely to become permanent, experts say, presenting a huge opportunity for enterprising retailers. But it also poses challenges, as customers are more demanding than ever, particularly when it comes to how their goods are delivered.

Where previously consumers were mainly guided by shipping costs when choosing an online store, flexibility is taking on an increasingly important role.

Consumers want to choose where, when and how a parcel is delivered, and are even willing to opt for premium options such as same-day, next-day or even green delivery.

The big ecommerce companies with deep pockets have adapted to these changes with relative ease, but small to medium-sized online retailers have struggled to meet the same standards.

Most online retailers offer standard delivery of between three and four days, while next-day delivery is offered by just 9% and same-day delivery by 2%. This despite 76% of UK shoppers saying that flexibility in delivery is of great value to them, according to data from Sendcloud.

Meeting consumer expectations in a few clicks

If retailers want to meet these changing consumer expectations, they must look at couriers that offer a mix of delivery options. However, streamlining all of those options can be a challenge, meaning a strong multi-courier strategy is essential.

"There is a solution," says Rob van den Heuvel, chief executive of shipping platform Sendcloud. "Shipping tools such as Sendcloud offer online retailers an easy way to meet customer expectations while saving time and money by connecting online stores to a wide array of couriers in just a few clicks."

Launched in 2012, the Dutch software-as-a-service provider optimises the shipping process from checkout to returns, supporting more than 23,000 online retailers across Europe, from small businesses to large enterprises.

Sendcloud makes dealing with multiple couriers as easy as working with just one, yet many ecommerce businesses still wonder what the added value of multiple couriers is.

Cutting costs while increasing sales

A major benefit of using a multi-courier solution is that it helps retailers drive down the cost of delivery.

Where it used to be standard to negotiate a good price with one courier on the basis of a large parcel volume, online stores are now increasingly choosing to spread their volume over several parties.

That may sound contradictory, as retailers are essentially negotiating with smaller volumes, but this strategy can ultimately yield an advantage. By combining the price schedules of different couriers based on weight, origin, destination and speed, a retailer can cut its shipping costs dramatically.

As a result, it can charge lower shipping costs to the customer, which in turn increases sales.

According to Sendcloud research, for example, some 61% of UK consumers abandon a shopping cart if they perceive the displayed delivery cost as being excessive.

Furthermore, free delivery increases conversions, with 72% of consumers willing to add more products to reach a minimum spend threshold to get free delivery. This is why a well-executed multi-courier strategy will contribute to sales growth while keeping business expenses low.

This also allows smaller online retailers to compete more effectively with the biggest companies.

"Asos pays maybe £1.50 for a package to be delivered, but if you are a smaller player you lack the same leverage and probably pay £3.50," says van den Heuvel. "That is quite significant as shipping is one of the biggest cost bases of an online store, but we can solve this."

Growing internationally after Brexit

In addition to cost-savings, multi-courier solutions make it easier to scale internationally at a time when online stores are increasingly going global.

More than a fifth of the global ecommerce market is forecast to be cross-border by 2022. At Sendcloud, clients say they ship to an average of five different countries, with 38% delivering outside the European Union.

If an online retailer is only active in their home market they may be able to deal solely with the national postal service, but even this becomes increasingly difficult over longer distances.

Van den Heuvel says: "National couriers always give parcels to a new, local courier, which means that it can take a long time before a parcel actually reaches the country of destination. That is why it is useful if a retailer can choose a different courier for each destination or if they have an express service."

In the UK, the need for seamless international delivery has been highlighted since post-Brexit trade rules came into force. Exporters to the EU have faced severe disruption due to additional red tape, with some having to halt trading with the bloc altogether.

However, Sendcloud is helping its UK customers navigate these issues and can automate customs forms for delivery, making it easier to grow effectively across the continent.

Turning shipping into a growth accelerator

Although shipping remains one of the most challenging and complicated aspects of ecommerce, a multi-courier strategy can help online businesses meet customer expectations and stay ahead of the competition.

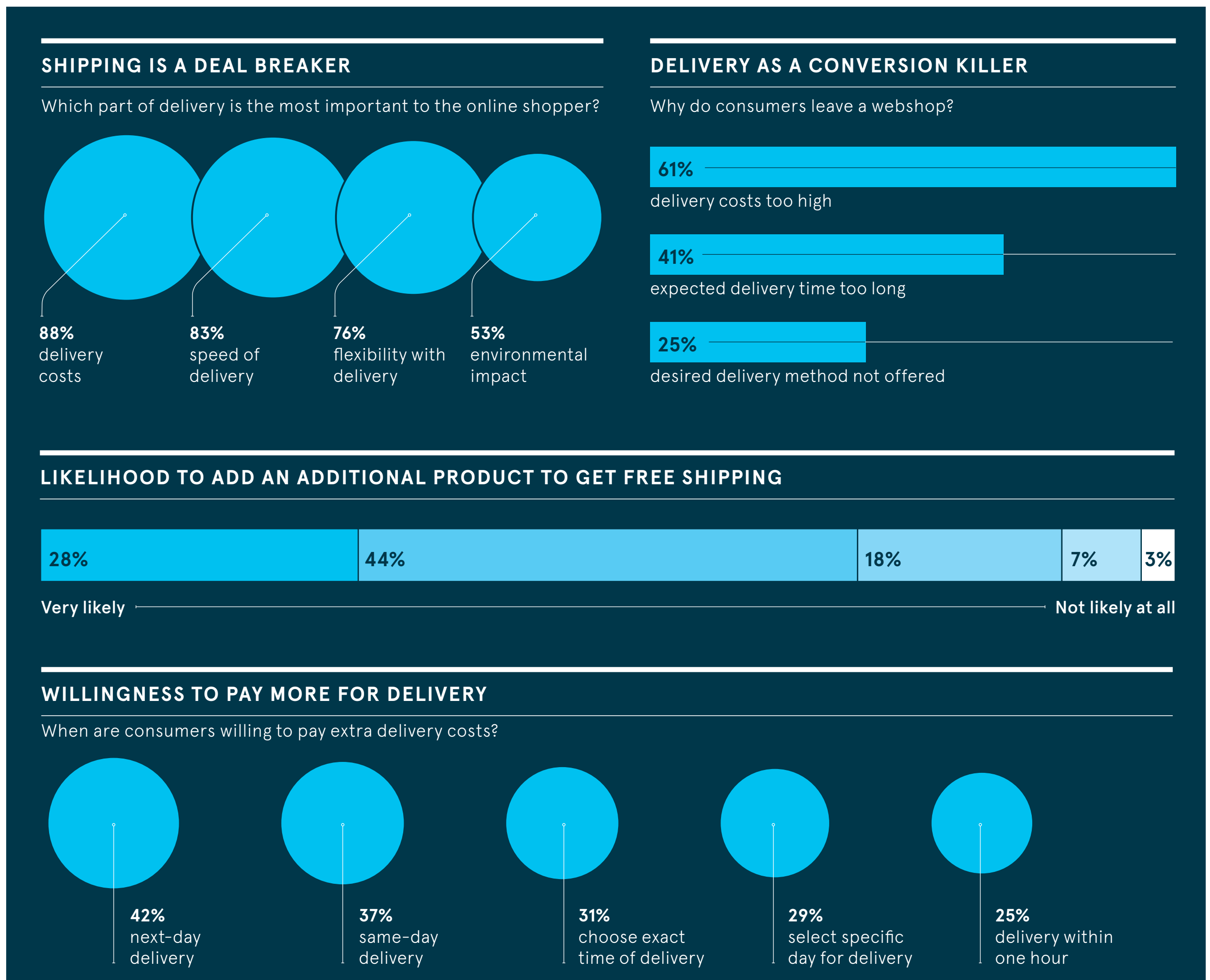
When retailers improve their delivery and returns strategies they can increase conversions and customer retention, changing shipping from a weakness into a differentiator.

"Shipping is central to the consumer experience, it can't be ignored," says van den Heuvel. "Consumers want their stuff to arrive when promised and they want flexible options.

"The large online players are offering better and better services. They set the standards and the rest of the market has to respond."

A multi-courier strategy will help reduce costs and broaden shipping possibilities to capture customers domestically and internationally. Moreover, a well-planned strategy enabled by a powerful delivery platform will make the shipping process easier and turn it into a true growth accelerator.

> Shipping is central to the consumer experience, it can't be ignored. Consumers want their stuff to arrive when promised and they want flexible options



Sendcloud E-commerce Delivery Compass

For more insights on e-commerce shippings & logistics visit sendcloud.co.uk/insights

sendcloud

martin-dm via Gettyimages

FRAUD

Hammer the scammers

The surge in online shopping during the pandemic has given criminals enormous scope to defraud the unwary, but etailers are investing heavily in the fightback

Diana Bentley

The past year has been particularly tumultuous for etailers. Aided by the Covid lockdowns, their businesses boomed as the number of new buyers in the UK grew fivefold in 2020. Despite the management challenges this has presented, online traders may well have welcomed the surge.

But it has also created an unprecedented opportunity for criminals. Online fraud against UK retailers is estimated to have cost more than £262m in 2020 – a 9% increase on the previous year. With no face-to-face contact, fraud of this nature is particularly hard to combat and the police are often loath to get involved.

Cybercriminals are notoriously innovative, so internet fraud has evolved to take several forms. Many consumers will have experienced simple credit-card fraud when their cards have been stolen. This so-called clean fraud can also result in identity theft, when criminals use their victims' names, addresses and email accounts online.

So-called friendly or chargeback fraud occurs when a criminal poses as a genuine customer and pays for a product before claiming that it was damaged, or never delivered, in order to get a refund.

Sometimes fraudsters masquerade as business affiliates of retailers and manipulate traffic to obtain commission payments. Then they can replicate websites and sell goods that are never shipped.

Whatever form the scam takes, the consequences for both retailers and consumers can be dire. Martin Sweeney, CEO of fraud-prevention specialist Ravelin Technology, says that most forms of cybercrime end up costing the trader in several ways.

"Fraud involving stolen cards, for instance, results in a chargeback, so the bank usually refunds the money to the actual card holder," he says. "Merchants often then have to pay a fine to the bank."

As well as the fine and their loss on the fraudulent transaction, they also incur a data loss, the cost of the fraud investigation and reputational damage, Sweeney adds.

Retailers surveyed by Ravelin in August 2020 reported that they had seen a growth in all types of fraud over the preceding 12 months, with the biggest rises in online payment and friendly fraud. This was down to many factors, ranging from an increase in the number of accounts being created that had no traceable history to retailers making their refund policies more flexible.

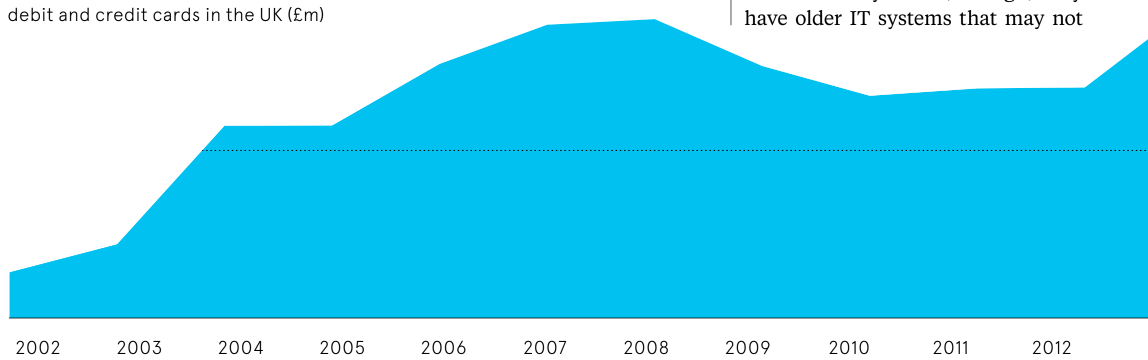
How good are etailers at fighting fraud? This often depends on the maturity of the business, according to Sweeney.

"Start-ups and young firms are often so focused on growth that they'll tolerate some fraud while they're expanding," he says. "Mature companies are usually more interested in profitability and will take it more seriously. Often, though, they have older IT systems that may not

THE METEORIC RISE OF ETAIL FRAUD

Value of annual ecommerce fraud losses on UK-issued debit and credit cards in the UK (£m)

UK Finance, 2021



easily accommodate the latest anti-fraud systems. Sometimes they're not even prepared to invest in such tech."

Traders have adopted a range of technologies to combat fraudsters, including advanced artificial intelligence systems such as machine learning. But the fight must be constantly managed. Of the businesses surveyed by Ravelin, 79% were using both in-house anti-fraud teams and outsourced services.

"The older systems are usually manual ones, involving the personal monitoring of thousands of orders," Sweeney says. "The big development is the advent of automated systems that can handle emerging criminal methods. Machine learning systems, for instance, can alert merchants to possible problems. They often use a series of security questions to narrow fraudsters' options."

Not surprisingly, 70% of UK retailers are planning to augment their anti-fraud teams and increase their budgets in this area over the coming 12 months.

Meanwhile, industry bodies and public agencies are working hard to address the problem. UK Finance, which represents the banking and financial services industry, is particularly active. It works closely with government and law enforcement agencies to coordinate and share intelligence with organisations such as the Dedicated Card and Payment Crime Unit, a proactive police unit with a national remit.

> Young firms are often so focused on growth that they'll tolerate some fraud while they're expanding

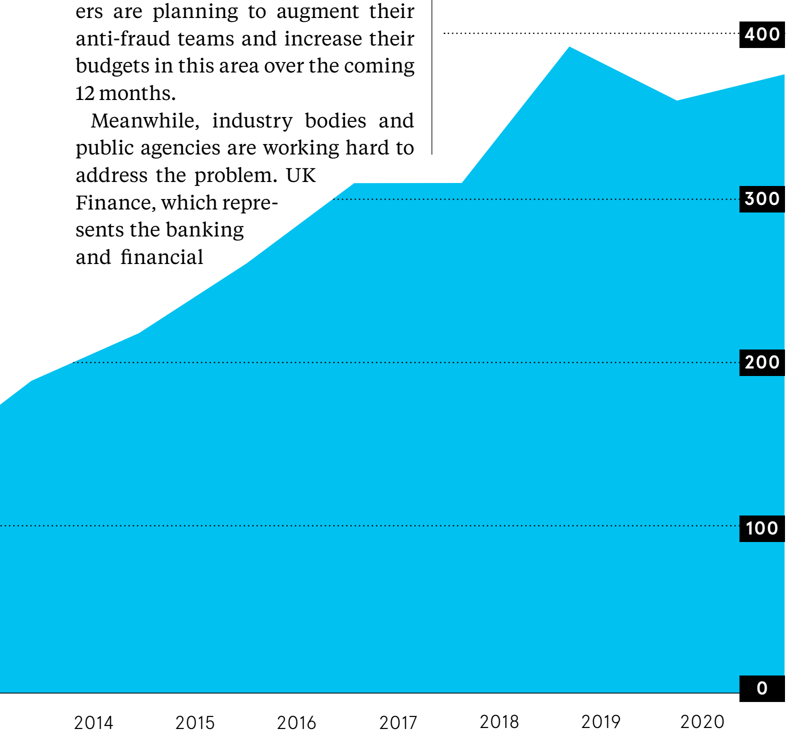
One significant and welcome development will be the introduction of the strong customer authentication (SCA) regime, according to Natalie Bruce, a manager at UK Finance.

"SCA will come into force on 14 September," she says. "After that, consumers will often have to take an extra step to confirm their identity when they're shopping online. This should be a valuable extra tool in protecting people against cybercrime."

Retailers and banks are understandably keen for customers to play their part and be more vigilant. Good password hygiene – that is, using different user-name and password combinations for different accounts – is an essential starting point.

Amazon has stated that it will never contact consumers to ask for passwords, bank details and remote computer access to make a payment outside its platform. It recommends that all consumers adopt two-step verification on their accounts, which provides an extra layer of security for online purchases.

Lloyds Bank advises its customers to watch out for spelling mistakes, odd-looking web pages, incredible deals and unusual ways of paying, which are sure signs of fraudsters at work. Both urge people who have been victims of cybercrime or think that they're being targeted to notify Action Fraud, the national reporting centre for fraud and cybercrime.



Commercial feature

Q&A

Outsourcing fulfilment accelerates growth

James Hyde, CEO of James and James Fulfilment, outlines the crucial role that logistics plays in helping retailers grow and scale up fast in a complex, challenging ecommerce environment

Q What have been the key fulfilment challenges caused by the Covid-19 pandemic?

A For online retailers, Covid-19 dramatically increased the volume of products needing to be shipped. And for those that weren't already online, it forced them to close their stores and they needed to become online sellers to survive. A lot of retailers, who did not have an online presence, have come to us because they needed fulfilment set up within weeks, rather than months. Or their online sales were growing at a rate where they could no longer keep up. We have a lot of experience in scaling up operations, as well as the processes and systems to cope with any volume of orders that needs to be fulfilled.

Q Retailers that export goods have also faced additional disruption due to Brexit. How has this played out?

A Brexit has been very difficult for retailers because the government didn't publish the rules on exporting until two weeks after we exited the EU. In a fulfilment sense, the only commercially viable way for us to comply with the new rules has been to set up a business in Europe and open a fulfilment centre there, which we are doing in the Netherlands. For smaller retailers in particular the hassle and cost of setting up overseas businesses and running them remotely is just not practical or affordable. If you look at the requirements, especially the new ones coming in July regarding VAT, there is no workaround. Short of exporting the stock in bulk and shipping it locally, there is no magic form to fill in that gets your products exported without barriers. Ultimately, small businesses just want to be able to focus their time on serving customers.

> Fulfilment is a huge competitive advantage for retailers, because when customers get their hands on what they have ordered and open the box, it's the only physical touchpoint in the entire user journey

Q How important is fulfilment to the end-customer experience in an ecommerce journey?

A It's a huge competitive advantage for retailers because when customers get their hands on what they have ordered and open the box, it's the only physical touchpoint in the entire user journey. Lots of effort goes into designing and perfecting the shopping cart, but much less thought goes into the experience while customers are waiting for their order to arrive. Often they are in the dark, and that's not a great user experience. Our customer platform, ViewPort, offers tracking from when you place the order to the moment it arrives at your door. You can track it through the whole picking, packing and delivery process. Importantly, we add the retailer's branding to the interface so it's one seamless experience for customers and an extension of the shopping cart.

Q How have you perfected fulfilment processes at James and James?

A Everything we do is built in-house on the cloud. All of our software runs in the same way as the likes of Shopify and WooCommerce. The look and feel of it is the same as what customers expect today. A key benefit of the cloud is that everything can be run from the same dataset. The tracking information the end-customer sees in the ViewPort platform, the data the retailer sees in ControlPort (which is how they can manage their order flow) and the data we see on CommandPort (which is what we use internally) all comes from the same dataset. There are three different windows into it, but it is one single version of the truth, which is hugely important.

Q How do you help retailers scale up their operations quickly?

A Helping our customers grow, both in the UK and internationally, is at the heart of everything we do. Having fulfilment centres in Europe and the US is crucial to enabling companies to gain an international presence very quickly. It's easy today to set up a website and, with auto-translate and multi-currency plug-ins, be selling in 50 different countries. But there are two core challenges: can you market your products internationally? And can you then fulfill your orders? We can't solve the marketing aspects, but we can help any company solve and scale fulfilment.

For more information, visit ecommercefulfilment.com.

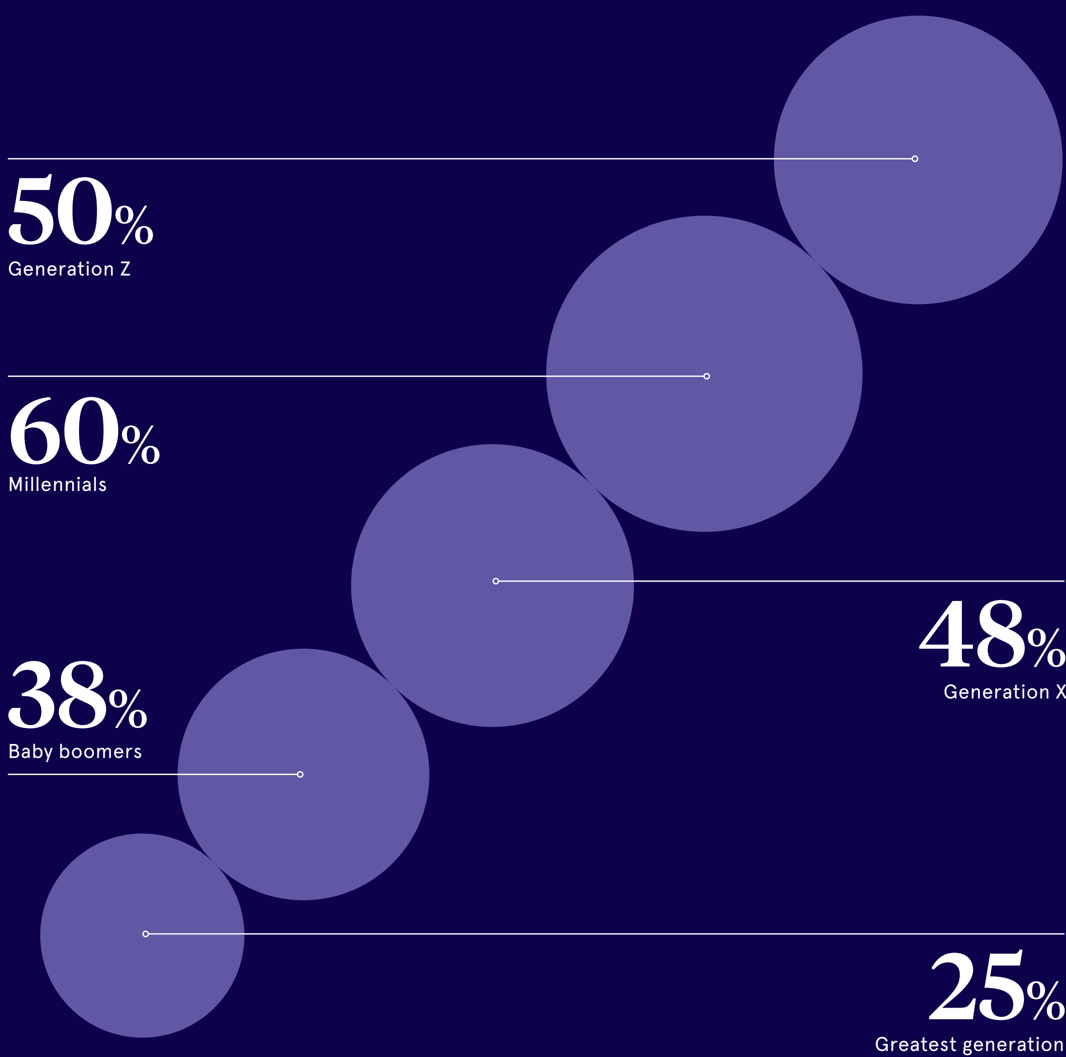
JAMES AND JAMES eCOMMERCE FULFILMENT

HOW ECOMMERCE CAN CONQUER 2021 (AND BEYOND)

Threats

MILLENNIAL BRAND LOYALTY IS HARD TO WIN

Percentage of global consumers who said "I have been shopping with a greater variety of retailers to meet my needs" by age group

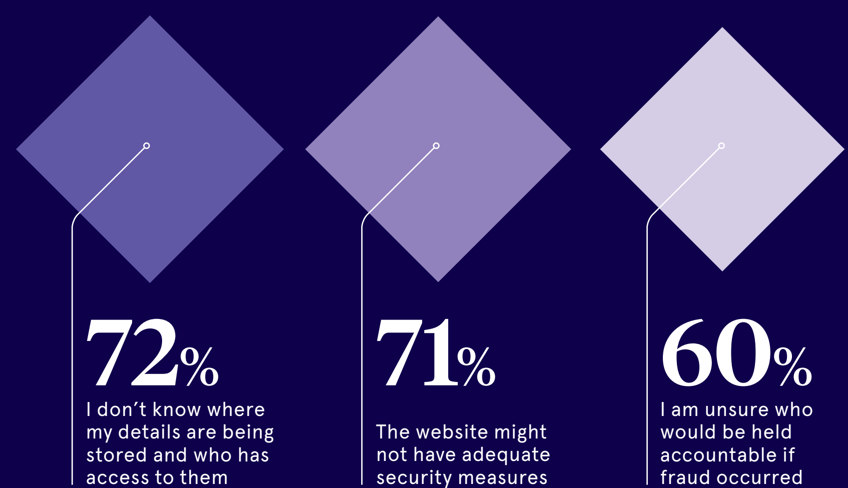


PwC, 2021

FRAUD RISKS STILL LOOM LARGE

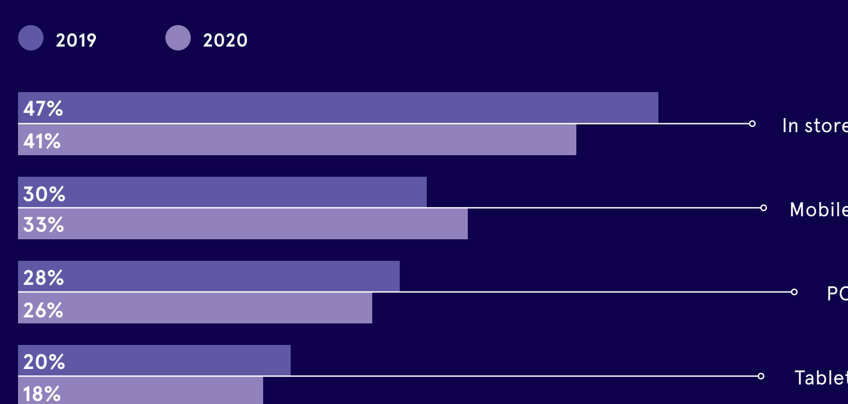
Clearsale, 2021

Percentage of global shoppers who feel that buying online is less secure than in store because of the following reasons



IN STORE IS STILL THE CONSUMER'S CHANNEL OF CHOICE

Percentage of global consumers who say they had shopped using the following channels over the past 12 months

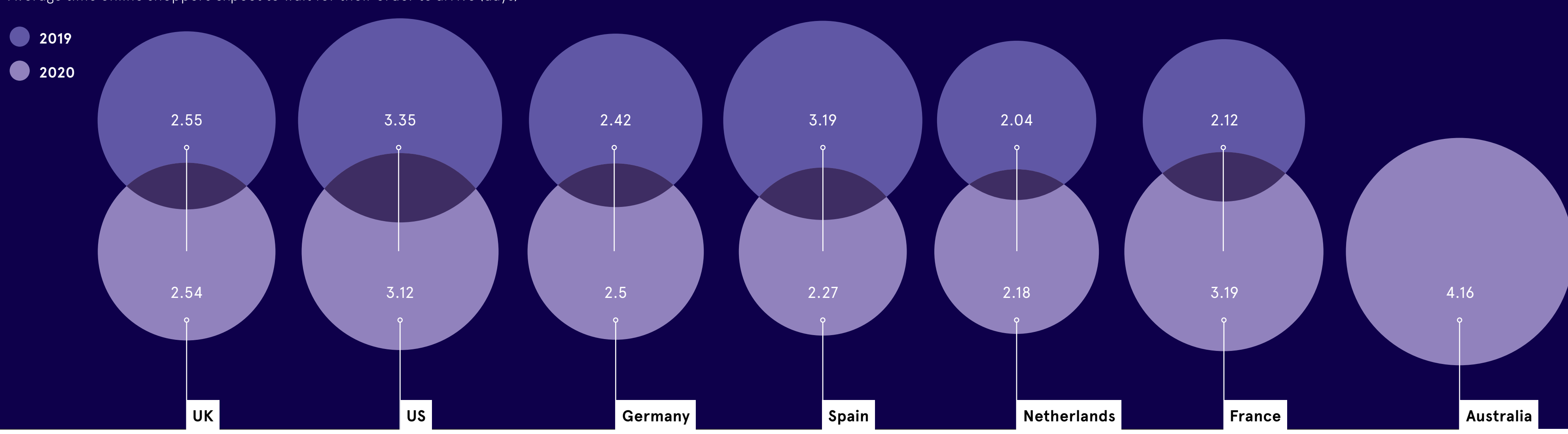


PwC, 2021

CONSUMERS HATE HAVING TO WAIT

Wunderman Thompson, 2020

Average time online shoppers expect to wait for their order to arrive (days)



Online shopping has boomed during the pandemic – and this shows no sign of changing. But, as physical stores reopen their doors and consumers take to the high street, what are the main threats and opportunities for etailers looking to seal their supremacy?

58% digital commerce growth in the first quarter of 2021

Salesforce, 2021

Opportunities

WHY CONSUMERS BUY ONLINE

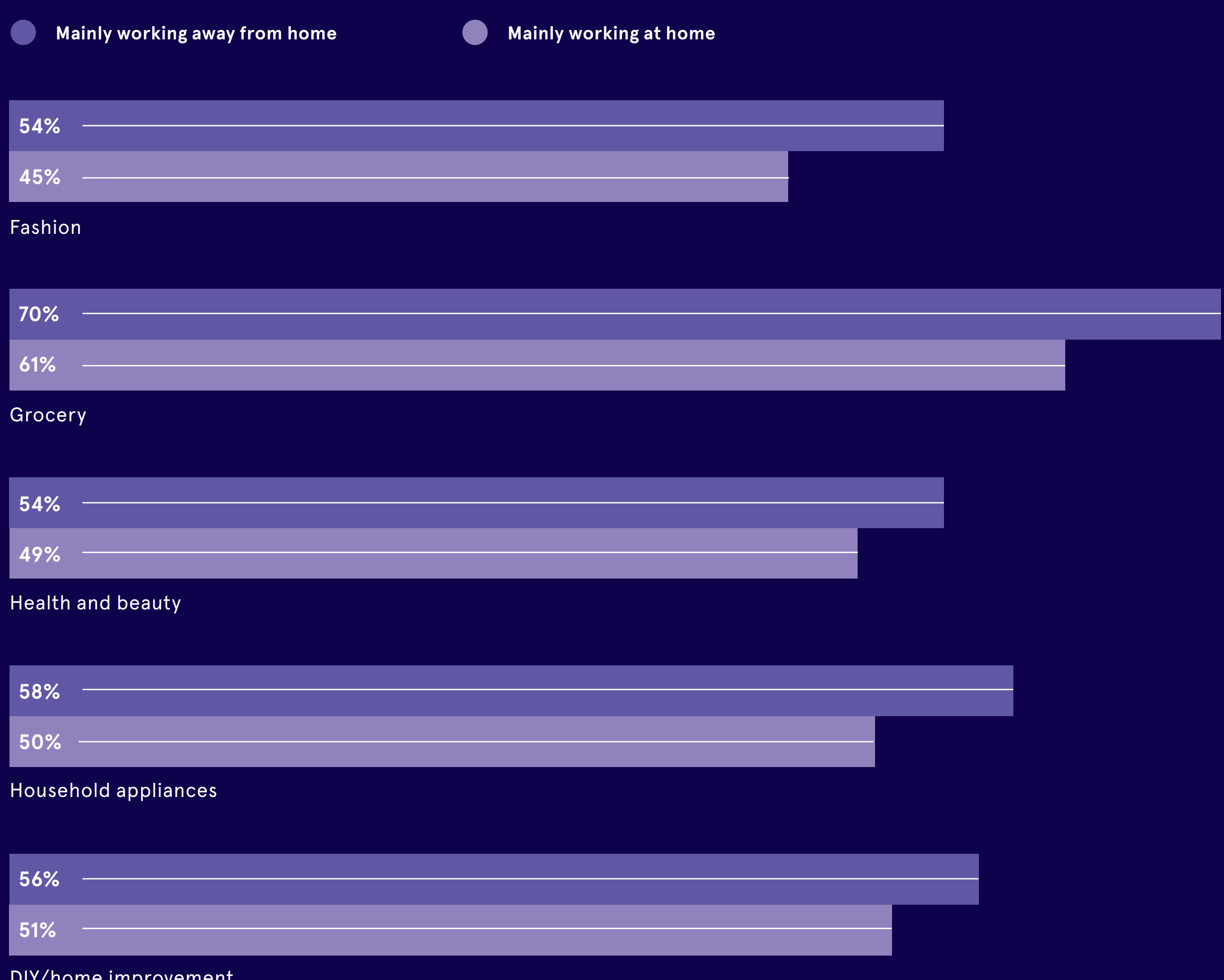
Global Web Index, 2020

Top 10 reasons why global internet users purchased a product while shopping online in 2020

- **53%** Free delivery
- **41%** Coupons and discounts
- **35%** Reviews by other customers
- **33%** Straightforward returns policy
- **30%** Easy online checkout process
- **28%** Next-day delivery
- **27%** Loyalty points
- **22%** Lots of good comments on social media
- **21%** Knowing the product is eco-friendly
- **20%** Ability to spread payments without interest

HOMEWORKERS ARE LESS LIKELY TO SHOP IN STORE

Global consumers who say they have done at least the same amount of shopping in store over the past six months as they had previously



PwC, 2021

MOST BIG PURCHASES START WITH ONLINE RESEARCH

Percentage of US consumers who agree with the following statements

69% When planning a big purchase, I always do some research on the internet first

64% Customer reviews on the internet are very helpful to me

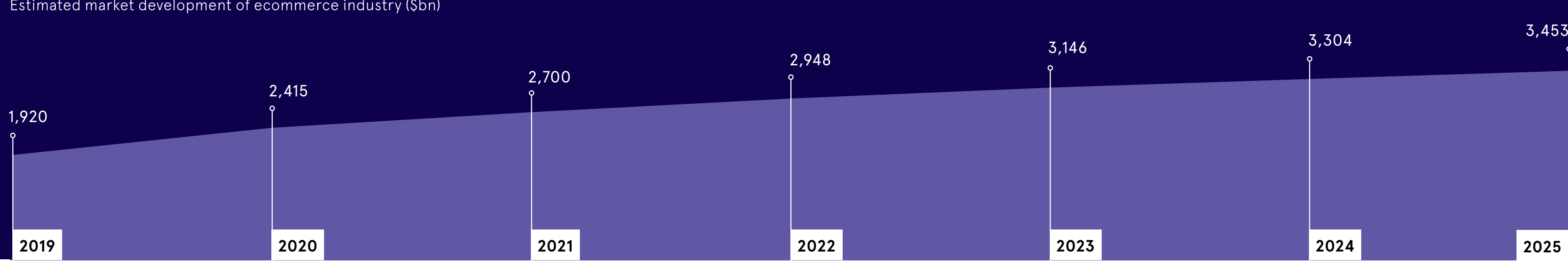
38% I prefer to use my smartphone or tablet to research big purchases

Statista, 2020

GLOBAL ECOMMERCE REVENUE IS SET TO CONTINUE GROWING STRONGLY IN THE MEDIUM TERM

Statista, 2020

Estimated market development of ecommerce industry ($bn)



INTEGRATION

Why super apps are superfluous in the West

The concept of a single app offering a comprehensive range of lifestyle services has become hugely popular in East Asia. But will it ever catch on with European consumers?

Tony Anderson via GettyImages

Nick Easen

They're called super apps. They're a one-stop shop on your phone's home screen – a single portal into a dizzying array of services. Apps such as WeChat, Grab, Kakao and Rappi have become ingrained in people's lives in much of East Asia and they're fast becoming popular in Latin America too. These products offer great convenience and versatility, so why haven't they conquered the West yet?

Both Europe and North America have yet to see any app that integrates communication, entertainment, ecommerce and payment services for a mass market. The reasons for this are historical, according to Hugh Fletcher, global head of innovation at digital marketing consultancy Wunderman Thompson Commerce.

"The maturity of western economies has been a barrier to super apps. The low penetration of bank accounts in Asia has aided the rise of WeChat, for instance, but consumers in the West tend to have long-established relationships with banks and retailers, which makes it harder for them to trust virtual providers," he explains.

Another reason for the success of super apps in many Asian countries is that they have leapfrogged intermediate technologies. For many people in China, for instance, their first contact with the internet occurred through a smartphone rather than, say, a PC with a dial-up modem. At the same time, a huge unbanked population started paying for goods and services using mobile apps. Government backing for the technology has often played a key role in its uptake too.

"The digital boom in Asia has created a virtuous loop of commerce, payment and lifestyle," observes Michelle Du-Prât, group strategy director at brand design agency Household. "But it's been a different story in the UK."

According to a recent YouGov survey, fewer than 10% of British consumers have gone fully digital with their banking and a quarter are uncomfortable with the idea. Fletcher believes that "this level of mistrust is too significant for a super app to flourish here. Our ties to existing suppliers are also too strong for us to jump into bed with a new tech company offering myriad services."

While western consumers' deep-seated loyalty to long-established brands won't help a super app from gaining traction, neither will the West's tendency to regulate markets to ensure fair competition. It's one of the reasons why the conglomerate, multi-category business model hasn't thrived here as much as it has in Asia.

"Western economies have a long record of breaking up, or limiting the growth of, companies that become powerful. On the basis that it promotes consumer rights and encourages innovation, this approach can be said to have broadly worked," says Nick Cooper, global executive director at brand consultancy Landor & Fitch. "If a super app were to appear here and do incredibly well, in all likelihood it would be challenged and broken up."

There are a couple of factors that could work in the super apps'

HOW CHINESE CUSTOMERS USE SUPER APP WECHAT

Monthly active users of WeChat mini-programs in China as of September 2020 (millions)

A
773
Daily services

B
538
Mobile shopping

C
455
Tools

D
407
Transport services

E
382
Mobile videos

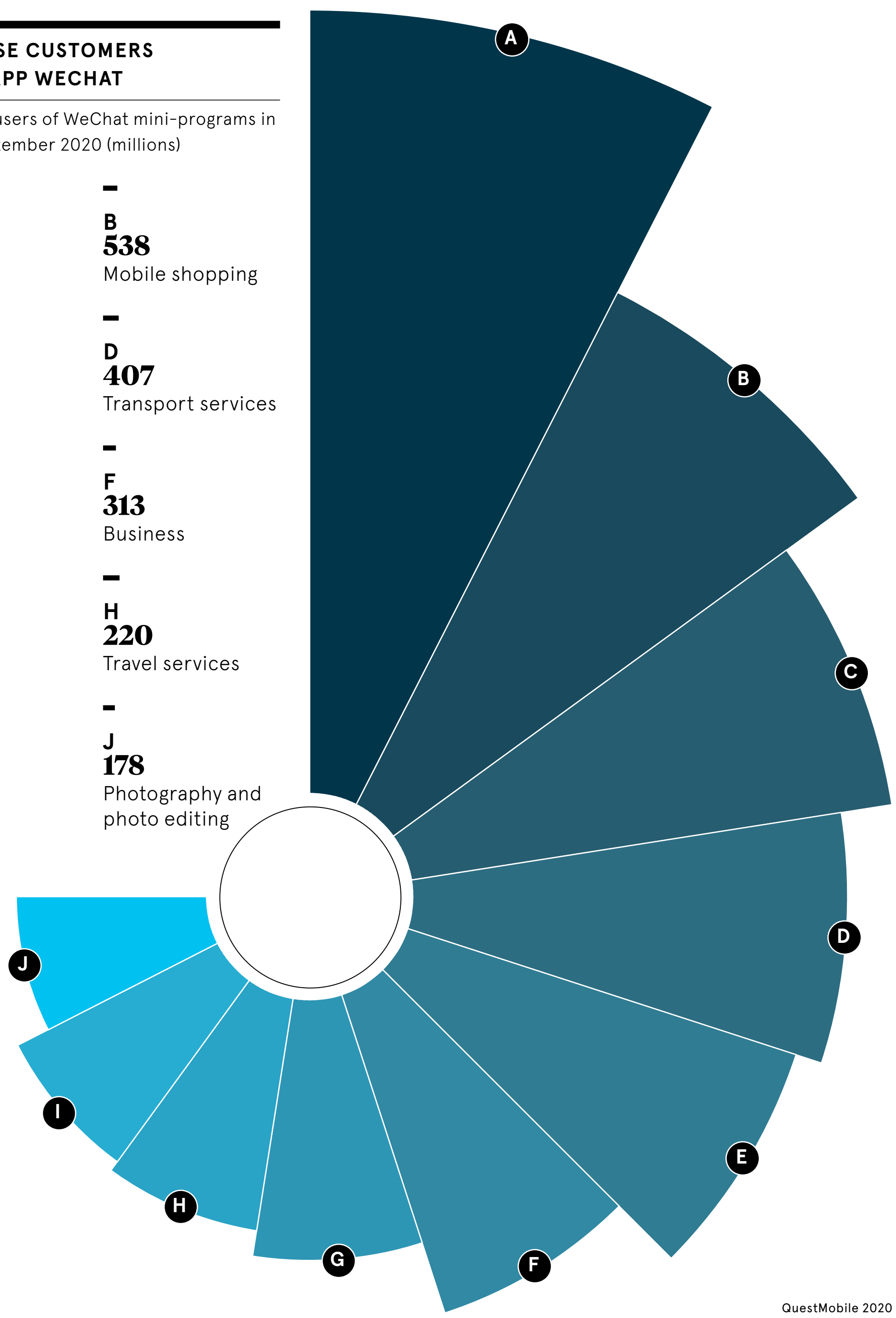
F
313
Business

G
244
Mobile games

H
220
Travel services

I
210
Finance

J
178
Photography and photo editing



QuestMobile 2020

> **If you own the interface, you own the customer. If you own the customer, you own the data. And, if you own the data, you can define the future**

favour in the West. One is the rise of its post-millennial generation of digital-first, brand-agnostic, convenience-seeking consumers. Another is that the Covid lockdowns have prompted huge swathes of the population – young and old – to try new channels of online consumption.

As Fletcher observes: “Most of us never thought that we’d watch sports through Amazon, order food through an aggregator’s app or buy clothes on a social media platform.”

Amazon is, arguably, the closest the West has to a one-stop-shop app, although Apple too has created an extensive ecosystem for consumers that’s continuing to expand.

Ben Davis, an editor and strategist at Econsultancy, points out that Uber’s chief executive, Dara Khosrowshahi, has “made it clear that his company is intent on developing a super app service. Big firms are also building feature-rich apps to be more customer-centric, even if these aren’t necessarily super apps. Emirates has done this, bringing together booking, in-flight entertainment and frequent-flyer accounts.”

Western consumers won’t be able to log on to a domestic WeChat any time soon, but the arrival of interconnected aggregator apps offering users better, easier and faster ways of doing things is on the cards.

“These provide a truly 360-degree view of a consumer and their behaviour. A super app enables an organisation to own the interface with the consumer,” Fletcher says. “If you own the interface, you own the customer. If you own the customer, you own the data. And, if you own the data, you can define the future.”

The super app concept is also based on establishing a digital identity, which is integrated with payment and banking provisions. This is then connected to your profile and shopping habits. But the idea of consenting to such a high level of integrated digital intimacy still makes many western consumers uncomfortable, as Sean Farrington, vice- president for interactive design at LiveArea, observes.

1.2bn

monthly active users of WeChat in Q4 2020

Tencent 2021

“There is a general concern regarding technology, privacy and trust,” he says. “It will certainly take more time for the public to warm up and embrace services like this.”

Tensions between Apple and Facebook grew in April when an update to the operating system for iPhones and iPads gave users a privacy option that prevents their online browsing activities from being tracked – a critical activity for data-hungry advertisers or, indeed, any super app.

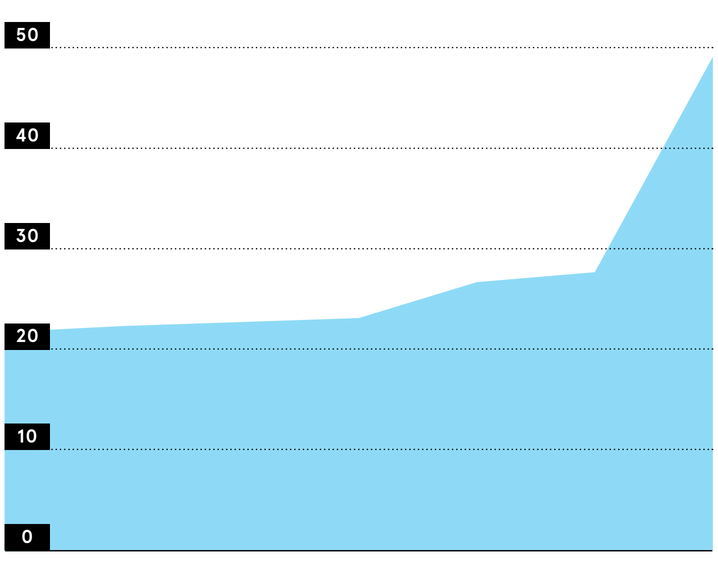
A cure for the West’s reluctance to adopt super apps may eventually come from the fintech sector. Potentially, open banking and partnerships between big tech and big banks could lead to the bundling of services.

Google Pay’s recent partnerships with Safeway and Target to offer money-saving grocery deals for the app’s users “also demonstrate a move towards owning more of the customer’s day, linking commerce directly with payments to drive personalised convenience,” Du-Prât says. “A super app is as much a convenience destination as it is a space for collaboration, inspiration and innovation.”

And therein lies the rub: western consumers are still too sceptical and entrenched in their behaviour for a dominant super app to emerge today. The promise of convenience simply isn’t enough to trump all concerns. But equally, a market that’s so competitive is open to disruption, so don’t write off the super app of tomorrow.

CONSUMERS ARE GETTING USED TO SPENDING BIG MONEY THROUGH APPS

Total value of global consumer spend on mobile apps (in billion USD)



DataReportal with We Are Social and Hootsuite, 2021

Commercial feature

Why payments are a key part of the customer journey

A seamless payments process can mean the difference between winning and losing an online sale, yet all too often retailers are failing to make it easy

The pandemic has thrown many aspects of retail into sharp relief, but few things more so than the experience of making a payment online.

As shops have faced prolonged closures, demand for online shopping has risen dramatically. In the UK, ecommerce grew by 46% year on year in 2020, according to the Office for National Statistics.

That has been difficult even for websites with a mature ecommerce offering. For retailers that previously only had a physical presence, they have had to adapt by setting up websites at lightning speed.

That, in turn, has had an impact on payments. Trends that had been progressing steadily have suddenly leapt forward, leaving some retailers struggling to keep pace.

This is an issue because as shoppers increasingly head online they have become pickier, showing greater willingness to abandon their purchases if the process takes too long. Fraud concerns have also risen because cyber criminals have a much wider pool of potential victims to target.

Meanwhile, concepts such as ‘contactless’, ‘cashless’ and ‘buy-now-pay-later’ have moved from the margins into the mainstream, forcing retailers to rethink their offers.

‘A new paradigm’

Those using the right payments solutions have found it easier to adapt and capitalise on the growing demand. Elavon, a top five European payment provider, is one of the operators leading the way with an offer encompassing everything from card processing, point-of-sale and payment gateways to mobile wallet and compliance solutions.

“The pandemic has changed the entire payments ecosystem. No one expects everything to go back to the way it was,” says Elavon’s head of retail, Michael Bosshammer. “Instead, what’s likely to follow is a world in which the pre-existing trends co-exist with a totally new paradigm.”

> **The pandemic has changed the entire payments ecosystem. No one expects everything to go back to the way it was**

As a unified payments provider, Elavon aims to make the shopping experience more seamless for retailers in an increasingly competitive landscape. For example, it integrates with a wide range of technical partners to ensure its clients can accept all types of payments online, on mobile and in-store.

It also offers a simple, no-hassle on-boarding process for its technology, so retailers can focus on what matters most: maximising revenue opportunities and offering transparent and competitive pricing.

Security concerns

Elavon also strikes a delicate balance between upholding best-in-class security standards and reducing friction at checkout. Its payment optimisation product, for example, minimises steps during checkout for customers by using sophisticated risk assessment and fraud management protocols to enable secure and frictionless payments.

That means consumers can have the highest confidence their transactions are safe, and are less likely to abandon their carts or leave a website prematurely.

All ecommerce platforms will have to grapple with this issue as the EU’s Payment Services Directive 2 (PSD2) is phased in, says Bosshammer.

“PSD2 requires any retailer serving the European Economic Area to introduce two-factor authentication to keep customers safe when making payment transactions online,” he explains.

“But Elavon’s solutions already use the latest technology to enable real-time risk analysis to prevent fraud, rather than more time-consuming authentication processes, meaning a frictionless experience for customers.”

Trusted partners

In a fast-changing world, retailers need to adapt quickly and payment providers must respond. As such, Elavon has partnered with a host of trusted providers of payment terminals, electronic cash registers, enterprise software (ERP) and payment apps to offer tailored solutions quickly and cost efficiently.

For example, recognising the rise of the buy-now-pay-later trend, it partnered with Laybuy to give consumers looking to balance their budgets an additional way to purchase.

The partnership supports online shopping journeys while also enabling consumers to tap their contactless smartphone for in-store purchases using the Laybuy app. Customers pay off the balance in six weekly instalments, interest-free.

“The service cost is borne by the merchants, but they benefit from increased basket totals, reduced abandonment at the point of purchase and an uptick in returning customers,” says Bosshammer.

More than a third of consumers say they will continue to shop for most items online, even after social restrictions are lifted. But while the market is growing, the competition is also on the rise.

Retailers must respond to customer expectations or face being left behind. Offering a truly flexible and secure payment experience will be integral to achieving this.

For more information please visit elavon.co.uk

Elavon

Anna Moneymaker via Getty Images

President Biden's proposed corporate tax reform has sent ripples through the business world and could have a particularly serious impact on ecommerce

28%

President Joe Biden's proposed new corporate tax rate in the US

TAXATION

Debt and taxes

Governments have borrowed billions to tackle Covid, so they'll target sectors that have thrived during the pandemic to help restore their finances. This puts ecommerce firmly in the crosshairs

Ruth Emery

From Joe Biden's war on profit-shifting to the UK's proposed 2% online sales levy, tax hikes seem unavoidable for even the biggest players in etail.

The levy is designed to level the playing field for physical retailers, which have suffered disproportionately during the pandemic, while recovering some of the hundreds of billions spent by the government on tackling the crisis. More details about it were expected in March's budget, but an announcement has been delayed until the autumn.

Etailers in the UK are already grappling with the digital services tax (DST) and changes to the VAT rules, not to mention the effects of Brexit. They are also uncertain about how their sales will be affected once consumers return to the high street in greater numbers. Unsurprisingly, few are keen to accept any further costs.

"Every UK retailer that has a direct-to-customer ecommerce operation would be hit massively by an online sales levy," predicts James Watts, CFO of OnBuy.com. "Higher taxation would not affect the major players in this market or even help the high street, but it would harm the growth of so many independent retailers that have depended on online sales for their survival over the past 18 months."

DSTs are already in force in eight European countries – the UK, Spain, France, Italy Austria, Hungary, Poland and Turkey – and six more nations are known to be considering the measure, according to KPMG. The UK introduced its DST in April 2020. Set at 2%, this applies only to search engines, social networks and online marketplaces with annual worldwide revenues exceeding £500m, of which £25m is derived from users in the UK.

This tax is clearly designed to target the sector's biggest players, but Amazon intends to pass the cost on to its sellers, for instance, while Google has said that its advertisers will shoulder the extra burden.

Separately, the EU is considering the introduction of its own digital levy. It's expected to reveal more details about this imminently.

Meanwhile, the Organisation for Economic Co-operation and Development (OECD) has been hosting talks with more than 130 countries with the aim of reforming the international tax system.

Heather Self, corporate tax partner at accountant Blick Rothenberg, explains: "There is a widespread perception that big digital companies don't pay their fair share of tax. A long-running project at the OECD is addressing this, but the issue is hideously complex and the deadline has slipped to October 2021. It's focused on the largest multinationals, so it wouldn't have much, if any, direct impact on smaller players."

> There is a widespread perception that big digital companies don't pay their 'fair share' of tax

Despite this, there are several other developments in tax policy that smaller etailers need to monitor.

For instance, the UK introduced new VAT rules on 1 January this year for ecommerce imports worth up to £135. The EU will follow suit on 1 July for items worth up to €150 (£130). The aim is to ensure that sellers account for VAT, so that competition is not distorted by online sales escaping the tax while physical sales do not.

In addition, increases in corporate tax are on the horizon. The UK government will be increasing the corporation tax rate from 19% to 25% in April 2023.

In April this year, President Biden announced plans to raise the US corporate tax rate from 21% to 28%, although he has since suggested that he might accept a compromise of 25%. He also called for the introduction of a global minimum corporate tax rate (21%) as a measure that would prevent multinationals from shifting their profits to the lowest-tax jurisdictions they can find.

Melissa Snover, founder and CEO of online vitamin brand Nourished, is already calculating the extent to which the introduction of an online sales levy in the UK and a corporate tax hike in the US could affect her business.

"We want to keep the UK our home. There are lots of reasons why we like it here," she says. "We have 12 patents, so we qualify for patent box relief, which means we pay only 10% corporation tax on profits resulting from those patents."

There are other schemes that UK-based firms can use to lower their tax burden. These include R&D tax credits and a new super deduction that cuts companies' tax bills by 25p for every pound they invest in new kit. Firms could also take on more debt, using interest payments to reduce their exposure to corporation tax. Meanwhile, the owners of smaller businesses could increase their salaries, rather than take dividends, to reduce taxable profits.

"A 2% online sales levy wouldn't be too much of a problem for us. We wouldn't pass that on to the customer," says Snover, but she is keeping a close eye on Biden's policies in case they disrupt her plans to expand Nourished into the US.

"We're looking at having a factory in Colorado, which has a corporate tax rate of only about 4.6%. But then we'd get hit with the federal rate on top of that," she says. "If we ended up having to pay more tax for making products in America, we'd seek ways to make savings – through automation and improved consignment transport, for instance."

Tony Bailey, sales director at wellington etailer Evercreatures, doubts that many online traders in the UK would be willing to absorb the full cost of a new sales levy. "Are UK businesses prepared to swallow the potential loss? I don't think so," he says. "It would inevitably lead to an increase in retail prices, thus passing the expense on to the consumer."

Bailey adds: "Smaller businesses may not be set up to account for the introduction of an online sales tax. VAT is pretty standard in accounting packages, but these firms may require new IT infrastructure and accounting procedures to handle a DST or sales tax."

Given that they're still awaiting detailed proposals on the UK sales levy and the EU-wide DST, while Biden's plans also remain in the balance, etailers can do little more than scenario planning in preparation for the changes to come. But one thing is clear at this stage: they must brace themselves for higher taxes and an increased regulatory compliance burden. If their accountants and lawyers aren't already on speed dial, they surely will be soon.

Commercial feature

Why brands should take direction from channel-agnostic consumers

To succeed in the multi-channel age of retail, brands must make sure they are showing up wherever their consumers are present

As if the past decade was not challenging enough for traditional retail, with consumers increasingly embracing online channels, the tumultuous circumstances of the Covid-19 pandemic drastically accelerated the shift. Brands have had little choice but to adapt.

In many ways, ecommerce has been a lifeline for consumers through the pandemic. Without the ability to buy online the shops and supermarkets that could open would have been overwhelmed, while those that were shut would have seen business grind to a halt. Brands rose to the occasion when consumers needed them the most.

For many, that meant going direct to consumers online to offset the closure of physical stores. But while there was certainly a short-term response needed to meet the excessive demand, the savviest companies realise there are longer-term structural changes that are likely to be permanent.

"The pandemic has not only driven more people to shop online but also led to experimentation and willingness to try new things, categories and products," says David Spitz, CEO of ChannelAdvisor, a multi-channel commerce platform that helps companies sell online.

"A lot of these behaviours will stick because, for instance, once customers have shopped online for groceries they realise what a huge time saver it can be. They may enjoy going to the supermarket periodically because of the experience but, by and large, it's a great convenience to have it done for them."

In a UK study by ChannelAdvisor last summer, when coronavirus restrictions had temporarily eased, 60% of consumers were shopping online more frequently and 40% said they were going to Amazon before checking anywhere else. Some 37% had bought items they had not purchased online before, while 32% were buying from companies they had previously purchased from.

Meanwhile, the Office for National Statistics reported an 80% increase in online and click and collect grocery services. Covid-19 has reshaped the retail landscape and the industry shows little sign it will go back to how things were pre-pandemic.

To be successful in this new age of retail, brands must meet consumers where they want to shop. While many companies dismissed online marketplaces such as Amazon and eBay in the past, the reality is that consumers now gravitate to these channels. The younger generation of consumers is also increasingly shopping through social media and while channels such as Facebook and Instagram are still more about storytelling than transacting, brands must be ready to adapt and engage with these consumers as inspiration changes to purchase intent.

While traditional retail focused heavily on packaging, advertising and shelf placement, the important factors in the digital world are product information and fast, reliable delivery. The former is about product attributes, the fidelity and accuracy of data, and being transparent in areas such as user reviews. The latter is the essential component of a successful ecommerce operation, not least because consumers increasingly expect to be able to buy something and have it delivered the same day.

"Businesses often overcomplicate it, but the consumer equation is pretty simple: great selection, great prices and convenience equals a good experience," says Spitz. "Amazon recognised this more than 20 years ago, that is part of the reason it has had so much success. Brands ignore the channels where consumers want to shop at their peril. If they are not there, the customer will go to a competitor.

"With ecommerce, it's very easy to try new things. We're big proponents of being agile. Brands must be able to try things and quickly adapt depending on whether they are seeing results. Agility is about future-proofing a business, Covid-19 showed that pretty distinctly. Companies have to be able to move really quickly, which is partly what we enable our customers to do."

The key for brands is to take the lead from channel-agnostic consumers. Prioritising a convenient and consistent shopping experience across every channel - whether that is a marketplace, a brand's website, social media or a retail partner - can only benefit the consumer.

"We're a robust ecommerce platform that helps our customers do all of that successfully," Spitz adds. "You have to keep the consumer as the North Star. Consumers want to shop in a variety of different ways, increasingly online but in some cases in physical stores too. Keeping to that North Star is a good way to guide yourself. Those that did that during Covid-19 prospered."

ChannelAdvisor's multi-channel commerce platform helps brands and retailers improve their online performance by expanding sales channels, connecting with consumers globally, optimising their operations for peak performance and providing actionable analytics to improve competitiveness. Thousands of customers use the platform to securely power their sales and optimise fulfilment on hundreds of channels including the big ecommerce players such as Amazon, eBay, Google and Facebook, as well as more niche and regional channels around the world.

The technology not only enables brands and retailers to seamlessly connect to multiple channels, but it also then helps optimise those channels for success through tools like data transformation, advanced repricing algorithms, inventory management, advertising automation, shoppable media and competitor analytics. By doing so, the company allows brands to thrive in the evolving multi-channel ecommerce landscape.

"If we look back over the past few decades, the retailer and brand relationship was often lopsided in favour of the retailer. That is not true anymore. My advice to all brands is to get closer to your consumer, meeting them exactly when and how they want to shop, including across a variety of online channels," says Spitz.

"The progress of digital isn't slowing down, if anything it may speed up further, especially as delivery options proliferate and give faster access to products. The quality of data and analytics is going to be a core competency needed by every brand to succeed in digital. Ultimately, that's what we do best. We help retailers and brands of all types and sizes connect to more consumers around the world, and do it efficiently. Our job is to help our customers succeed in digital transformation."

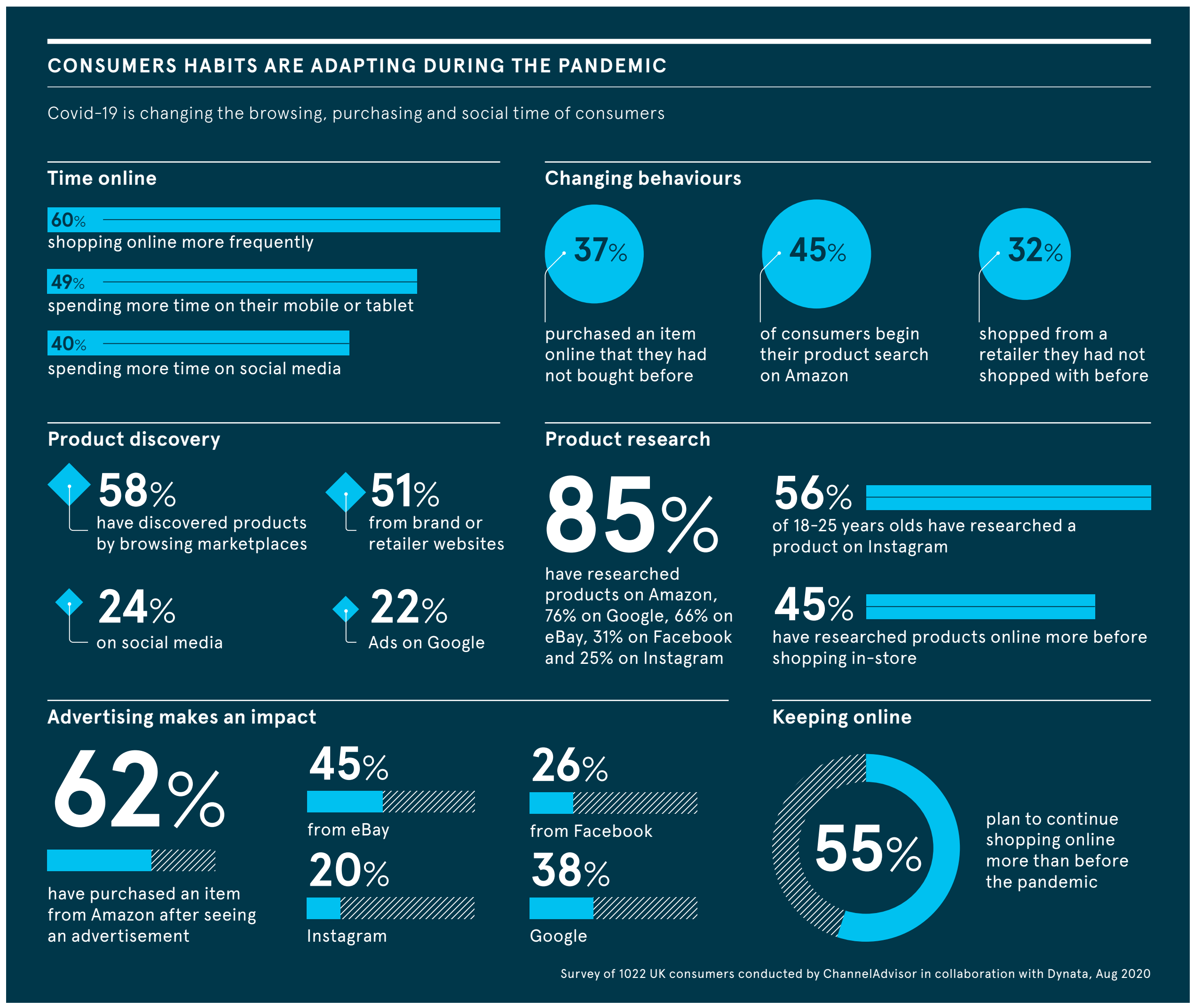
For more information, visit channeladvisor.com

> People often overcomplicate it, but the consumer equation is pretty simple: great selection, great prices and convenience equals a good experience

60%

of consumers said they shopped more frequently online than before the pandemic

ChannelAdvisor August 2020



SOCIAL COMMERCE

Will livestreaming join the mainstream?

Live shopping events have become a multibillion-pound success story in China. Western brands are watching, learning and starting to use this highly interactive sales channel

Megan Tatum

In a single day in November 2020, Chinese livestreaming platform Taobao Live sold £5.3bn-worth of goods – in less than half an hour. Granted, that particular period marked the start of its campaign for the country's annual Singles Day shopping festival, which totalled £52bn in sales, but such an eye-popping sum is still a clear sign of the power of live shopping events in China.

Typically featuring slick interactive content enabling viewers to ask the hosts questions about the goods on show, these broadcasts are often fronted by social media influencers. Live shopping events have caught on in a wide range of sectors, selling products ranging from shampoos and skin creams to cars and even houses. In 2019, products purchased through the channel accounted for 4.1% of all ecommerce sales in the world's second-largest economy, according to iResearch. Boosted by the pandemic, the format's share is expected to hit 20% by 2025.

Its success has not been lost on western brands, given the steep rise in the number of live shopping events held across Europe in recent months. Could the format achieve anywhere near the same level of success here?

According to Bambuser, a Swedish firm that licenses video-shopping software to companies including Samsung and Ted Baker, it's already well on its way. From a standing start in 2019, when Bambuser introduced its software to the market, the business has "gone from no clients to more than 140", according to its chief commercial officer, Sophie Abrahamsson.

"We ended the first quarter of this year with more than 2,800 shows and a near-global presence. Our designs now cater to 35 languages," she says. "We've gained traction in a way that even we hadn't expected. We were convinced that this was the future of ecommerce, but what we've achieved so quickly has taken us by surprise."

Shortly after the first national lockdown was imposed in 2020, Sam Jones co-founded OOOOO, a UK-based shopping app that hosts livestreams across its network. Previously based in Hong Kong, he watched the format "explode" in China and wanted to bring it to the West. The business now has offices in Oxford, Shanghai and São Paulo.

"I think the technology will definitely be successful in the UK," Jones says. "It's here to stay, no question."

For OOOOO, the focus has been on "trying to get as close to the source as possible", by which he means hosting events filmed by the brands themselves, rather than using influencers to present them. "We're selling from a fashion show, a factory in China, a warehouse in the East End of London or even a market stall in Camden Town."

Cosmetics and fragrances have been among the top-performing product categories so far. A recent show focusing on perfumes sold 2,600 items to an audience of 11,000.

01 & 02
A live shopping event filmed on mobile

The format has caught the attention of international beauty companies such as L'Oréal, which has hosted a range of live shopping events, including a stream presented by make-up artists Sasha Simler and Sabrina Wassel for its Urban Decay brand.

"This event allowed viewers to interact with each other and the presenters, asking questions about products as they're shopping," says Lex Bradshaw-Zanger, chief marketing officer for L'Oréal in the UK and Ireland. "We've begun scaling up this offering across our portfolio and have seen strong results for engagement and sales, both during

> "We were convinced that this was the future of ecommerce, but what we've achieved so quickly has taken us by surprise

Alex Haney via Unsplash

Drop till you shop

Long before western brands began experimenting with live shopping events, many were already using so-called drops to create a similar sense of immediacy.

A concept derived from Japanese streetwear culture and still strongly associated with fashion, a drop is the release of a limited-edition product, often conducted on social media. It's a tactic that works. When rap artist Kanye West created a line of trainers for Adidas in 2017, for instance, the Yeezy Boost 350 V2 (in "semi-frozen yellow") sold out in less than 30 seconds after its drop on social media. Nike, H&M and Target have all used this approach too.

"It's no surprise that drops work – a key principle when establishing a premium or masstige brand is to capitalise on the scarcity factor," says Melanie Welsh, founding partner at the Strat House marketing consultancy. "The appeal for consumers is the buzz of selecting and snaring the limited-edition pieces that will become the most coveted. Let's face it: not all hyped products take off."

What's more, drops encourage consumers to use other sales channels, including live shopping events, according to Chloe Cox, social strategy and insights consultant at Wunderman Thompson Commerce.

"Because drops indicate a limited release, there's a level of exclusivity and cachet that will have customers flocking to your website," she says. "And, by increasing brand awareness and contriving a one-off, viral demand, they will encourage new and existing customers to access live shopping events."

and after the broadcasts. In a sea of communication, livestreaming is restoring human interaction to the consumer experience, offering personalised advice that is often critical in marketing beauty products."

Fashion has been another early adopter of livestreaming. Swedish label Monki, for instance, started hosting shopping events on its website back in October 2019. The H&M subsidiary reports that these have proved an effective way to "engage more with our customers on our own platform, to deepen the relationship and to have an open and transparent dialogue".

A laggard by comparison, Tommy Hilfiger hosted its first shopping event in Europe and North America in May 2020. A spokeswoman for the company says that this was "a huge success", prompting the brand to put on 10 further events. "The momentum has been incredible," she adds. "With every new livestream we see increased engagement and traffic to our website."

Although the beauty and fashion industries have pioneered the livestreaming format, it has the potential to work in all manner of sectors, according to Abrahamsson. Her company, for instance, has played its part in events focused on food, cars, pets, toys and even interior design services.

Outdoor toys specialist Wicked Vision is working with OOOOO. The company's founder and CEO, David Strang, says that livestreaming "gives us an additional route to market, enabling us to future-proof our sales without having to rely on the high street. But it's also interactive – and that's the key, because it enables us to replicate that invaluable in-store experience and use the power of live demonstrations, which are hugely compelling."

Of course, it isn't simply a case of replicating the format that's been working so effectively in China. For one thing, Abrahamsson notes, ecommerce in the West can be conducted on many different platforms, whereas in China the market is far less fragmented. This requires western retailers to adopt "more robust" and flexible approach, she says.

China's livestreaming technology is more advanced, but western social networks are catching up quickly, providing tools that retailers can easily adopt. In October 2020, for instance, TikTok joined forces with Shopify to create shoppable video adverts. Two months later, Instagram announced that its Reels video-clip feature would have a shopping function.

"In six to nine months the format will be even more mainstream here," predicts Abrahamsson, who adds that the secret to getting livestreaming right is for sellers to "be consistent, listen to their audience and create content that speaks to, and adds value for, that audience".

RECOMMERCE

Sustainability mode

Fashion, one of the world's most wasteful industries, is warming to recommerce, but any business adopting this approach to shift stock will attract sceptical scrutiny regarding its motives

Megan Tatum

Depop

When athleisure brand Tala first opened its shop on online fashion marketplace Depop in July 2020, its collection sold out in minutes.

Comprising only surplus stock and samples, all available at a discount, the offering was part of the London firm's commitment to keeping its products out of landfill, according to its MD, Morgan Fowles.

"While we take every measure to buy only the required volume of stock to meet demand and to put all non-faulty returns back on sale again, we needed to find a way of giving clothes a second lease of life and a good home," she says.

Tala isn't the only fashion business to have joined the booming second-hand clothing market. In April 2021, supermarket chain Asda began selling pre-owned items in stores alongside its George collection, while in the same month JD Sports teamed up with SoleResponsibility. Founded in 2015, this family-owned business buys branded apparel that's been rejected at the factory or returned by customers and resells these items through its eBay shopfront.

It's all part of a growing appetite in the industry to get involved in recommerce, says Allison Sommer, senior director of strategic initiatives at TheRealReal, an online marketplace for second-hand luxury goods that also operates several physical stores across the US.

"We've seen a significant spike in demand," she reports. "From opening a dedicated shop to sell pre-loved items in partnership with Gucci to giving new life to pieces lent to celebrities by The Vampire's Wife, we're driving brands to consider resale as part of their sustainability efforts."

There's little doubt that finding a new home for deadstock is the sustainable thing to do. Deadstock – fabrics and garments that have been unused and unsold for several months – is a big contributor to waste in the fashion industry. It's estimated to be worth £85bn.

But, while Tala is selling one-off items that have been used in photo shoots and other promotional activities, is it just a matter of time before other labels start using the same approach to shift new stock while appearing to act sustainably?

The motives of any fashion company that goes down the recommerce route need to be judged on a "case by case basis", says Jemma Finch, co-founder and CEO of Stories Behind Things, an online retailer of sustainable apparel and homeware.

"With different brands you can gauge whether they're doing it for the right reasons or just trying to jump on the bandwagon and shift more product," she says.

Tala, for instance, "is inherently a sustainable brand that has pushed those credentials from the start. If a huge luxury fashion brand were to do the same, people might be a little more sceptical."

Joe Hearty, associate creative director at marketing consultancy R/GA London, agrees. "Any brand that's very bad for the world won't be able to flip the narrative by doing this one recommerce initiative," he says.

In any case, Hearty adds, selling deadstock on the likes of Depop would be suitable for only a small number of players. "It's unlikely that a luxury brand would want to engage in this, as it would invert a dynamic that's dictated by perceived value and lack of accessibility," he explains.

TheRealReal has put measures in place to reassure customers that the vendors in its marketplace are using it for the right reasons. "We have sustainability criteria built into our contracts with them, including one stipulating that the products that we're receiving are true overstock," Sommer says.

Another online market for used luxury goods, Rebelle, has set up a "tight two-level qualification process for all B2B partners", according to its co-founder and CEO, Max Schönemann.

Rebelle will "ensure that a partner's offering meets our requirements regarding brand, category and price", he says, adding that deadstock from retailers "is not our focus. We do not plan to extend this segment."

Finch has asked numerous fashion brands to donate deadstock for a series of clothes-swapping events in London. While they didn't make money in doing so, they did at least cut their inventory costs and free up warehouse space.

> "Any brand that's very bad for the world won't be able to flip the narrative by doing this one recommerce initiative

"Looking at this within the wider trend of anti-consumption, if you're trying to be more sustainable as a business, then why not donate your surplus stock to charity, rather than seeking to make more money from your collections?" she says.

Shoshana Kazab is the founder of Kidswear Collective, a marketplace for pre-worn children's clothes that works mainly with private sellers such as parents, social media influencers and stylists. She believes that recommerce presents a far bigger opportunity to "extract more use from what's already there".

Kazab doesn't have a problem with brands trying to make some money by shifting deadstock. "After all, if it isn't bought, it will end up in landfill. But isn't the more important concern about not producing as much stock in the first place?"

Hearty echoes her sentiments. The reality is that fashion needs to be more radical if it's to clean up its "dirty pawprint", he argues.

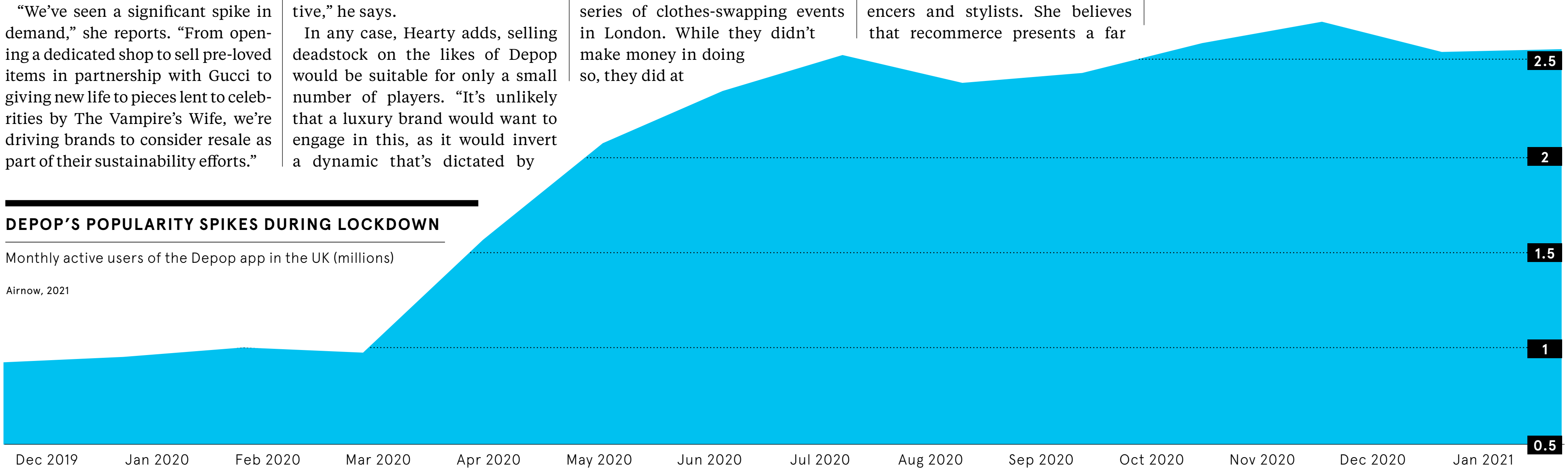
This could even entail discouraging consumption. That might seem too much of a stretch for an industry based on selling the next big trend, but outdoor brand Patagonia already encourages its customers to repair worn items rather than replace them, for instance.

"At first glance, that sort of decision doesn't look good from a commercial point of view," Hearty says. "It would be a bold move, but it is the kind of change we really need."

DEPOP'S POPULARITY SPIKES DURING LOCKDOWN

Monthly active users of the Depop app in the UK (millions)

Airnow, 2021



Commercial feature

Reshaping retail giving consumers a better way to pay

Following the drastic impact of the Covid-19 pandemic on both retailers and consumers, especially of younger generations, flexible payments like Clearpay are the key to bouncing back responsibly

The Covid-19 pandemic has transformed the retail landscape, significantly accelerating two key movements in consumer behaviour that were already happening in the market: an even wider embrace of ecommerce following a decade of rapid growth, and a tangible shift away from credit cards. Government-enforced lockdowns forced shoppers to adopt online platforms to buy essentials and discretionary items alike, and the trend now looks unlikely to reverse direction.

Millennial and gen Z consumers are demonstrating a clear aversion to the financial risks which occur with credit card spending, especially for lifestyle purchases. Data from Clearpay, the international 'buy now, pay later' instalments platform, has shown a significant shift to debit cards through the Covid crisis, beginning in March 2020, with nearly 90% of global transactions paid in this way.

The pandemic has given Clearpay the tailwinds to accelerate investment in its business and double-down on its strategy, including expansion globally and into new verticals, to continue to support retailers and consumers. Nick Molnar, its co-founder and co-CEO, reveals how flexible payments will be at the heart of retail's bounceback, serving a new era of responsible shoppers.

How do younger consumers think about purchases differently than their older peers?

We founded Clearpay six years ago to support millennials who prefer to spend their money responsibly. They are increasingly wary of credit and loans with interest, fees and revolving debt, as demonstrated by spending trends across the world. Young shoppers are looking for ways to spend safely without any risk of debt and see great value in flexible payments. They want to avoid expensive credit and, instead, pay for items they love over a short period of time. Though there is an obvious acceleration in ecommerce activity across all age groups, younger consumers have learned from mistakes their parents' generation made before the 2008 global financial crisis and want to approach their spending differently. During the period of the pandemic alone, we have seen a 134% increase in customers opting to use our service.

How have the best retailers responded to the challenging conditions?

Our merchants' ability to pivot has been impressive and inspiring. We saw extraordinary examples of this with fashion designers and retailers changing their product lines and delivery solutions to adjust to essential health and safety guidelines and consumer needs, including the use of masks, curbside pick-up, home delivery and flexible ways to pay for goods and services. If the pandemic taught us anything, it is the creative ability and agility of people to not only survive but thrive in challenging times to meet customer needs and put health and safety first.

> **"The new way to pay is to empower people to use their own money safely and responsibly**

How is Clearpay helping both young consumers and retailers to bounce back from the pandemic?

There are two reasons our younger consumers love Clearpay. Firstly, our business model was created with customer protections at the very forefront of our minds. We are not a loan, we never charge interest, there are no hidden fees, and we don't do soft or hard credit checks. More importantly, we never upsell you on a credit product. We offer one product to our consumers and make sure it is done really well. Secondly, we have a brand that consumers love. Typically, people don't say, "I love the way I pay." But with Clearpay, they do. They know they are getting a product that offers flexibility, transparency and will not trap them in revolving debt. We are their retail shopping partner, which is why they start a shopping journey with us in-app. Meanwhile, our 85,000-plus retail partners globally, spanning fashion, beauty, lifestyle, home and more, see significant benefits from our platform. Rather than just providing a simple platform for facilitating payment transactions, we are a true marketing partner to them. For example, we had over 35 million referrals to our retailers in the month of November alone.

Beyond your payments platform, how are you helping get Britain shopping again?

Since our inception, Clearpay has had an unwavering commitment to supporting local retail and brands to achieve success regionally and on the international stage. It's now more important than ever for us to support the retail economy in the UK, which has been so greatly impacted by the consequences of the pandemic over the past year. We announced earlier this year a partnership with the British Fashion Council to come on as the principal partner of London Fashion Week, and one of our core focuses is supporting the revitalisation of the UK retail and designer communities. We are supporting talent initiatives and creating shoppable moments for consumers during London Fashion Week to jumpstart retail and make fashion more inclusive and accessible to British shoppers. Through these programmes, we are providing businesses the chance to expand their audience, drive growth and offer flexibility to their customers. Elsewhere, during the pandemic we launched a donation campaign that offered support to the retail industry as well as to consumers. And in the UK, we also raised nearly £25,000 for the NHS, and donated another £25,000 for the British Fashion Council's Covid Relief Fund.

What is the future of retail and payments in the UK and globally?

Financial wellness and budgeting are central to how young people want to pay for things in their lives and will continue to be after the pandemic is finally over. The new way to pay is to empower people to use their own money safely and responsibly. Overall, consumers are being much more responsible with their spending, which is clearly reflected in the growing demand for buy-now-pay-later services like Clearpay. For this reason, we see a tremendous opportunity to expand our offering to new verticals beyond fashion, beauty and lifestyle. By encouraging responsible spending and financial wellness, our platform and business model was designed to align with consumers' interests and our mission to build an economy in which everyone wins.

For more information, visit clearpay.co.uk

clearpay

MARKETPLACES

Pitch perfect?

Retail brands can push their sales to another level by setting up stall on an ecommerce marketplace, but they need to lose any inhibition about ceding control of the customer relationship

Sean Hargrave

Although department stores are having a tough time on the high street, their online equivalent, the marketplace, is going from strength to strength. Whether it's Wayfair in furnishings, Asos in fashion or Amazon just about everywhere, a marketplace that puts many brands under one roof will attract far more footfall than one retailer's store could ever do. With the right listing and price, a brand can shift a lot of units on these sites.

The obvious downside is that a marketplace will take a cut of anywhere between 10% and 30% on each sale. But the retailer will also have little control over how their brand is presented by a third-party site, which could be recommending complementary purchases from a competitor, for instance. And, crucially, the customer relationship is owned by the marketplace, no one else.

These caveats don't seem to be much of a deterrent. The head of marketplace and men's brands at Asos, Jo Hunt, reveals that it had 20 sellers when it opened for business in 2010. Today, it has 1,300 – more than 500 of which have joined in the past year alone.

She believes that the real allure of a marketplace lies in the ability it gives customers to shop in many boutiques with the backing of a well-known brand.

"Our customers are often looking for something unique or for a one-off piece. The platform allows them to seek out special pieces from our global community with the added benefit of Asos curation and customer experience," Hunt says.

For many retail entrepreneurs, particularly those just establishing themselves, the promise of a boost to their sales outweighs any concerns they may have about giving up control. When Richard Levin set up Loop Cashmere in November 2020 without a single customer on his database, he needed to select a third party through which his business could grow at speed. His first choice was Wolf & Badger, a marketplace specialising in sustainable products.

"We have sold direct to consumers since then, but it's marketplaces that have given us reach," Levin says. "There's also the issue when you're just starting that people don't know whether they can trust you. They've not heard of you before, so they're far more likely to spend a few hundred pounds on cashmere through a marketplace, where they know they're protected, than from a site that isn't so familiar."

Some entrepreneurs who are thinking about selling via a marketplace worry that it might obtain too much information about their businesses. According to Cas Paton, founder and MD of the OnBuy marketplace, this could be an issue if the marketplace is a retailer in its own right. The concern is that a "cat and mouse" situation would arise, whereby a new product's successful debut on that marketplace prompts the marketplace to start selling a competing product.

> "If you get your promotions and prices right, the marketplace can generate a huge amount of sales

It's not a possibility that concerns Paul Simpson, co-owner and sales director of kitchen appliances brand Swan Products. He believes that marketplaces are no different in this respect from high-street stores, which often sell own-brand goods. The benefits they offer, he adds, outweigh any of the risks.

"In traditional retail, you rely on a buyer to say if they like something or not. If they do, you might get a few items on sale," Simpson says. "A marketplace offers you a site with lots of traffic where you can show off all your goods. It really works for us to get different products in the full range of colours on one site. Our hope is that people like our products and then return to the marketplace and search for our name when they're next making a purchase."

Entrepreneurs need to stop worrying about ceding too much money and control to a marketplace. Otherwise, they risk losing sales, argues Andrew Banks. He not only runs an ecommerce consultancy, VentureForge, but also puts his money where his mouth is in co-owning a skincare brand, VeloSkin, that's sold both D2C and through Amazon.

01
Vegan snack brand Plant Pops operates as a vendor, selling directly to Amazon, rather than simply on the platform

02
Kitchen appliance company Swan Products use marketplaces to increase brand awareness

03
Fashion brand Asos operates both as a marketplace for other clothing retailers, but also has a second-hand marketplace for vintage clothes

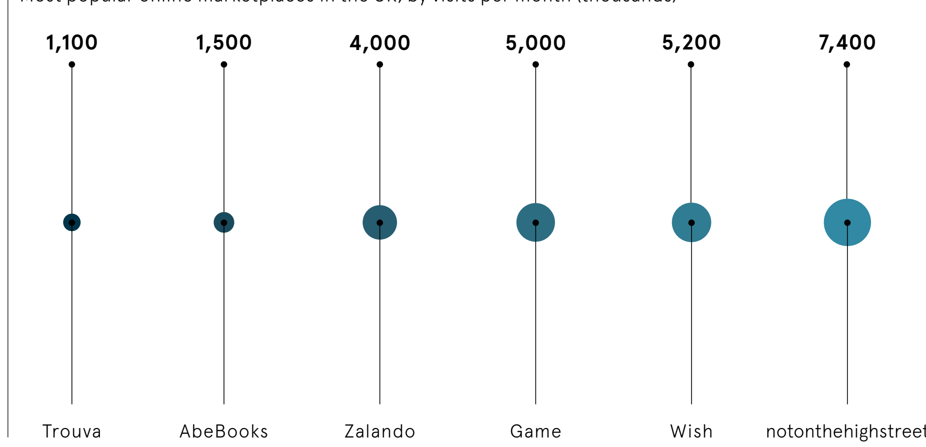
"There is a cost to generating each sale, whether it's on marketing to pull someone to your own website or on giving the marketplace a cut," he says. "What you have to consider is that a marketplace does this far more cost-effectively than a small business would be able to."

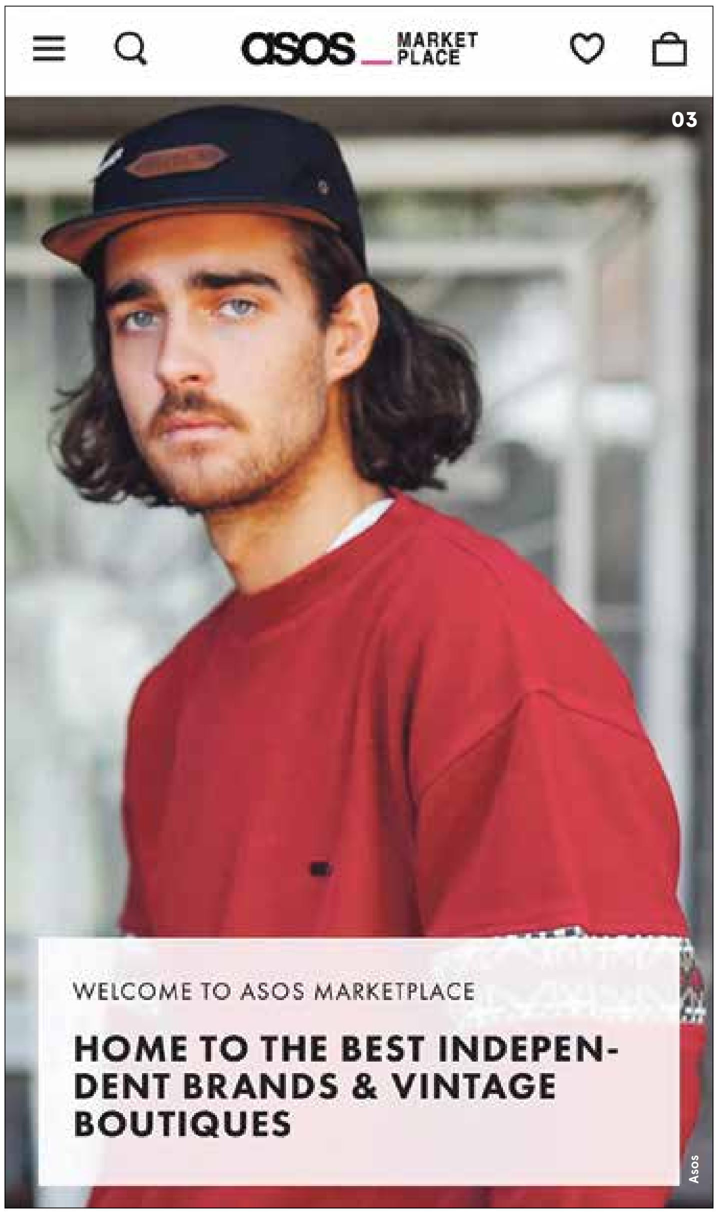
Banks continues: "In VeloSkin's case, we sell goods on a fulfilled-by-Amazon basis, so it ships our orders under the Prime banner. It's my top advice for other merchants. If you get your promotions and prices right, the marketplace can generate a huge amount of sales and fulfil those orders at far less cost than you can do for yourself."

Some marketplaces go beyond third-party selling and invite businesses to work more closely with them. Using Amazon's terms, this is changing your status from a third-party 'seller' to a 'vendor'. Under this closer arrangement, the marketplace buys stock from the retailer, which it then sells itself. Rather than selling through the

UK CONSUMERS' 10 FAVOURITE ONLINE MARKETPLACES

Most popular online marketplaces in the UK, by visits per month (thousands)





Asos

marketplace, the retailer is selling *to* the marketplace.

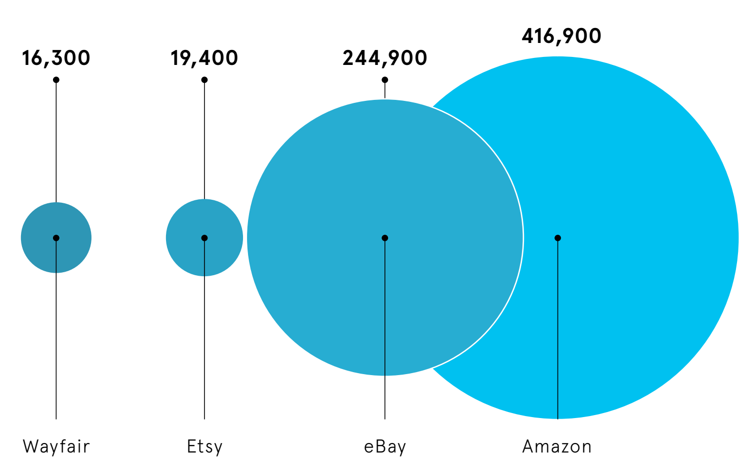
There are usually upsides and downsides to any type of relationship with a marketplace. Operating as a vendor is no exception to this, as Anushi Desai, co-founder of vegan snack brand Plant Pops, explains.

"Selling to Amazon is great for us, because we receive large purchase orders that we can send all in one batch," she says. "This is a reliable source of high-volume sales, which is similar to what we would have when dealing with other wholesalers. The downsides are that we have no control over the price and there's a lot of stock with someone else – on payment terms of 90 days – instead of in our own warehouse, which we could be using to fulfil other orders."

For many retail brands, the rise of the marketplace has come at a time when they're under mounting pressure to be available wherever their customers want to do their shopping. Callum Campbell, CEO of commerce platform Linnworks, advises entrepreneurs to think a little less about controlling the relationship with their customers and instead focus on where those people are spending most of their time online.

"By using their own websites to sell directly to consumers, retailers can personalise the experience and own that relationship," he says. "But, to truly grow, they need to go and meet their potential customers where they are, which includes marketplaces and, increasingly, social media."

SimilarWeb, 2020



Net-a-Porter

01

LUXURY

Deluxe in flux

Conservative and cautious by nature, the luxury retail sector was initially wary of ecommerce, but now it's investing billions in cutting-edge online tech

Simon Brooke

If retail really is theatre, then no one puts on a show quite like a high-end store. Given that a cardboard box on the doorstep can't really compete with the luxury boutique experience – all exquisitely tasteful displays and courteously attentive staff walking the marble floors – it's hardly surprising that the vast majority of luxury brands were initially sceptical about ecommerce and what it might do for them.

Established in London in 1934, Ettinger is a manufacturer of fine leather goods. The company started its ecommerce operations in 2009. Its chairman and CEO, Robert Ettinger, recalls that "we – like many other luxury brands – weren't sure at first whether we should have a website. Back then, it was considered wrong to sell luxury online, because luxury was also very much about the personal experience. Many of us resisted for a few years, because we were all concerned about the damage that going online might inflict on the brand. But then we started seeing luxury brands opening their ecommerce websites one by one, so we felt we needed to try it too."

Not every luxury brand has had such qualms. Champagne Boizel – a business that's exactly one century older than Ettinger – was an early adopter of ecommerce by anyone's standards. It opened its online store in 1997, becoming the first champagne house to take the plunge.

"The challenge then was to convince customers to buy online, which felt insecure at the time," recalls its CEO, Florent Roques-Boizel. "Ecommerce has grown for us in recent years and then the pandemic had a big effect on sales through this channel. They rose by more than 50% in 2020."

> "We – like many other luxury brands – weren't sure at first whether we should have a website

And, just over two decades ago, Net-a-Porter proved that the luxury sector could not only do ecommerce, but also do it very well. The company's president, Alison Loehnis, says: "We've always worked on the idea that we bring the store to you, wherever you are in the world, on your terms and whenever you need it."

The previous time this traditionally staid sector had experienced such disruption was in the late 1980s, with the emergence of the luxury conglomerates LVMH, Kering and Richemont, which owns what is now known as YOOX Net-a-Porter Group. Today these behemoths, which have swallowed several long-established luxury houses, are putting their considerable weight behind the sector's ecommerce revolution. Alongside them is Farfetch, which has used cutting-edge tech to increase its sales by 46% in Q1 2021.

China, whose consumers will spend £178bn a year on luxury goods by 2025, according to McKinsey, is driving much of the sector's growth – and collaboration – in the ecommerce channel. In November 2020, for instance, Richemont and Alibaba announced that they were jointly investing £780m in Farfetch to develop the Chinese market.

Kering, meanwhile, has increased its stake in Farfetch by £35m via its

Bulgari

02

01
Luxury retailer Net-à-Porter has been selling designer clothes online for more than twenty years

02
Jeweller Bulgari has been targeting a Gen Z audience, offering personalised pieces that can be viewed using augmented reality

03
Fine leather goods brand Ettinger started selling its products online in 2009

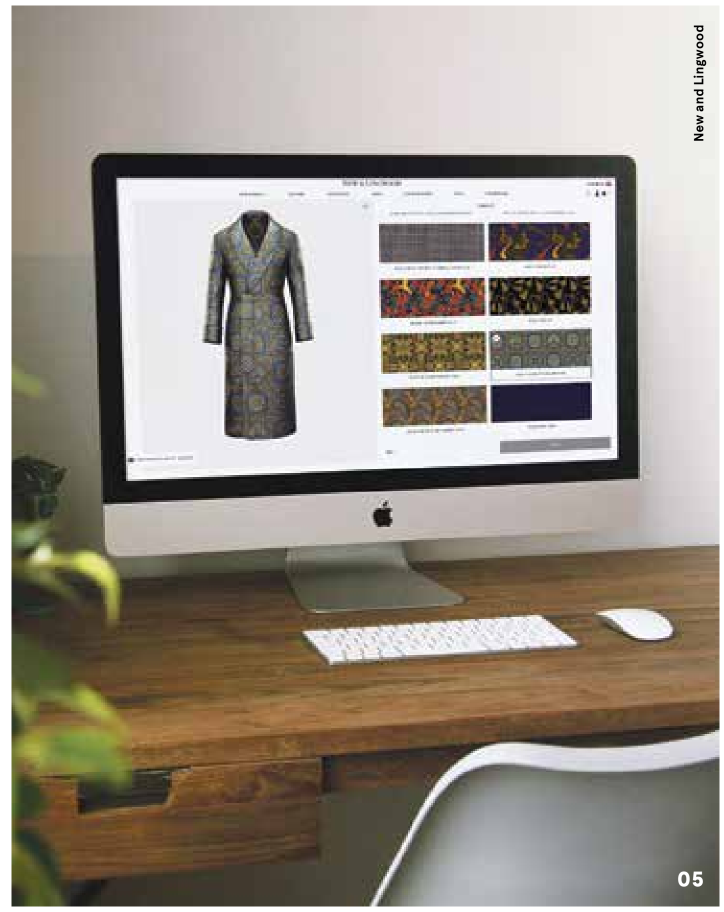

Ettinger

03

$49bn

the value of the online personal luxury goods market worldwide in 2020

Bain & Company, 2021


New and Lingwood

05

Groupe Artémis investment vehicle. This move may lead to a connection between two of the biggest luxury ecommerce platforms – Farfetch and YOOX Net-a-Porter – that could give them Amazon-level dominance in their sector.

For its part, Amazon is launching Luxury Stores. But, despite the offer of specially created storefronts and additional controls for brands, the concept has attracted little enthusiasm from them so far. LVMH, for instance, has already declared that it will not get involved.

As a senior manager at one luxury brand says: "Amazon is great at what it does, but it's seen very much as 'pile it high, sell it cheap', while our sector is all about exclusivity and protecting the brand image."

The biggest etail challenge for most luxury brands is to align their prices online with those in physical stores, observes Luca Solca, MD, luxury goods, at Bernstein Research in Switzerland.

"The risk is not the brands directly offering lower prices online for their products. Rather, it is the brands' wholesale customers," he explains. "This is the reason you saw such a significant reduction in wholesale exposure, with brands such as Gucci, Prada, Burberry and Dolce & Gabbana cutting their wholesale."

High-end shoemaker Crockett & Jones is well aware of this factor, says its ecommerce and marketing director, James Fox. "We don't want to enter a price war by discounting products to entice a customer to a website," he stresses. "This would have a negative impact on our reputation. We work hard on not becoming another discount brand."

Fox continues: "Embracing ecommerce draws us, and other companies, into a faster-paced sales environment all around the world. It's harder to control – and at Crockett & Jones we have a very strong pricing strategy."

Pricing issues aside, maintaining the luxury experience is essential for high-end brands as they develop their etail operations.

Loehnis explains how Net-a-Porter goes about this: "At our hi-tech distribution centre, a crane selects your product and puts it on a conveyor belt without a human in sight. But then your product is painstakingly wrapped by hand and tied with a ribbon. That combination of analogue and digital works really well for the luxury sector. Technology provides speed and precision, but it must allow for a human to add that personal touch."

She adds that Net-a-Porter gives "extremely important people" – the 3% of its customers who account for 40% of its revenue – access to new products before anyone else. It also offers them style consultations and a personal shopping service.

Long-established high-end menswear brands have tended to find ecommerce a challenge, but they are working hard to move with the times. Your tailor may not be present in person to measure you up, but there are now online alternatives to that experience.

Freddie Briance is CEO at New & Lingwood, a gentlemen's outfitter that's been in business since 1865. "The challenge for us has been to build our expertise rapidly in digital while also making the significant changes to our product mix and operational model that enable us to be successful online," he says. "For us, personalisation is central to the luxury experience. Last year we started offering a digital service that allows our customers to design a custom dressing gown from our broad selection of silks. Based on the very positive response to that, we will be expanding this service into other categories this year."

> **Amazon is great at what it does, but it's seen very much as 'pile it high, sell it cheap'**

Luxury brands are even starting to use advanced technologies to engage with younger, digital-native consumers. Lelio Gavazza, executive vice-president of sales and retail at Bulgari, explains: "Generation Z loves technology but also craves interactions. At the end of 2019 we started offering a 'virtual try-on' facility, enabling customers to see our creations in augmented reality. They can personalise selected jewellery and accessories with letters and symbols, for instance, and see the preview in AR. Our group gifting service, with personalised video messages, is also much appreciated by the younger generation."

Done well, ecommerce is not only another sales channel; it is also a way of engaging more deeply with customers, curating collections, tailoring products and enhancing service – which is very much what luxury has always been about.

"There is so much more to do," Loehnis says. "Technology opens up so many opportunities to make the luxury experience even better."

04
Luxury shoemaker Crockett and Jones preserves a luxury audience by keeping the same pricing strategy both online and in-store

05
Gentlemen's outfitter New and Lingwood offered a service last year, allowing customers to design a custom silk dressing gown


Crockett and Jones

04