ISSUE NUMBER 257 | NEW YEAR 2021 | ISSN 2049-8993

direct commerce

RELIABLY INFORMING THE ENTIRE DIRECT COMMERCE COMMUNITY

The official publication for the DCA

5000 print copies are normally mailed to readers but with many now confirmed as WFH, all can now access our digital edition as well as regularly checking in for daily news updates at

homeofdirectcommerce.com

Cover image courtesy of DT Brown

Editorial and subscriptions
t: +44 (0)208 092 5227
e: info@directcommerce.biz
w: homeofdirectcommerce.com

Advertising
t: +44 (0)208 092 5227
e: sales@directcommerce.biz

Membership Services Ltd / Direct Commerce
32 Enterprise Avenue
Tiverton
Devon EX16 4FP

Publisher & Acting Editor
Jane Revell-Higgins

Design & Production
Dean Fraiquin

Executive Producer - Content
Victoria Revell-Higgins

Reporter
New reporter starts this month

Stay in touch
Click **here** to join our in Group

CONTENTS

With January out of the way, the awful saga of Arcadia now on its way to settlement and the mess at Debenhams having been brought to an end, the real work across the sector begins. Solution finding for getting orders out to EU based customers which avoid onerous duties and taxes is right at the top of the agenda this month as the realities of new process requirements kick in. Initial panic has given way but look at how it has spotlighted the spaghetti like buying and supply chain that most retailers are deploying (or have deployed until now).

To all those still awaiting clearance and access to the container loads of stock languishing in ports of origin, as well as them finally reaching final landing destinations, I have every sympathy. But wouldn't it make more sense to find different sources of supply rather than compete with every country in the world pouring business into the same Chinese factories ? Haven't we learned anything about becoming over-reliant on limited sources of supply?

When you also consider that the Chinese government is said to be most likely to impose a full national lockdown immediately after the annual Chinese New Year holiday celebrations, that stock you need to top up for Summer and for AW 2021 could be a very long time coming. The whole world is relying on the same source. I am aware that a number of retailers here are trying to spread the risk by ordering from other countries but when push comes to shove we all know that is not going to be the easiest of the tasks. It takes time to build new relationships. Yet there are many countries other than China which can and are supplying savvy merchants. Surely it is time to review and to explore.

The Buy British flag is being flown but until investors have the confidence to back UK manufacturers it going to be slow to gain traction, let alone build volume. And will UK consumers pay more for a home produced product? The UK is not unlike Australia or the USA in this respect. We've all depended on the Far East for just about every product for far too long. We've allowed our own manufacturing capabilities to diminish. We've 'retired' the skills we once had in abundance and we are not moving quickly enough to try to restore at least some of the manufacturing capacity (and jobs) to our own shores. I am old enough to remember the days when you bought a Jaeger coat because it was proudly made in England. You bought Clarks shoes because they were (then) made in the UK. These were the days of Ladybird children's clothing being made in factories here, of men's shirts and jackets coming from factories in Lancashire and Yorkshire. When the Potteries was a major manufacturing hub and first choice for ceramics. When bicycles were made from UK components, assembled in the UK and exported around the world. & don't start me on cars!

Let's at least try to support local suppliers. Test a made in Britain range, even if just on a small scale. Get those Leicester garment manufacturers providing better working conditions and pay and create a new centre of excellence. Look to the other areas where skills remain. For any business supplying the mature market, the made in Britain label is going to become even more important going forward. Let's make products up to a standard rather than down to a price – or find the compromise.

JRH

Managing Director named for new Mr Fothergill's subsidiary

Paul Pates has been promoted to the position of managing director of Mr Fothergill's Seeds' new standalone B2C business, Greenregis Ltd...

☛ **READ WEB VERSION: Click Here**

ASOS confirmed as new owner of Topshop, Topman, Miss Selfridge and HIIT

ASOS has been confirmed as the new owner of former Arcadia brands Topshop, Topman, Miss Selfridge and HIIT following exhaustive...

☛ **READ WEB VERSION: Click Here**

Parsley Box raises fresh cash

Delivered ready meal business Parsley Box enjoyed a tripling of demand in 2020 as increasing numbers of older consumers ordered...

☛ **READ WEB VERSION: Click Here**

Joe Browns appoints buying director

Joe Browns has named Jane Reik as its buying director. Reik joins from N Brown Group where has been since 2005. In her new role...

☛ **READ WEB VERSION: Click Here**

Bloom & Wild raises £75m

Bloom & Wild, has raised £75 million ($102 million), in a Series D process that it plans to use to continue expanding across Europe...

☛ **READ WEB VERSION: Click Here**

AO World posts record peak trading results

AO World has recorded record year on year UK revenues of £457.3 million for the three months to 31st December. This represented growth...

☛ **READ WEB VERSION: Click Here**

Paperchase lives to see another day

Paperchase is set to be acquired in a pre-pack administration by Permira. It is suggested that around 90 Paperchase stores will form part of the deal...

☛ **READ WEB VERSION: Click Here**

Virgin Wines to float

Virgin Wines which operates primarily as a direct to consumer marketer of wines has reportedly called in investment bank Liberum to...

☛ **READ WEB VERSION: Click Here**

N Brown Group suffers further revenue decline

N Brown Group's revenues for the 18 weeks to January 2nd were 8.8 per cent down for its third quarter. It had worked to restart its...

☛ **READ WEB VERSION: Click Here**

JD Sports to acquire US retailer DTLR Villa

JD Sports has swooped to acquire DTLR Villa, a Maryland based athletic footwear and streetwear retailer. The business operates from...

☛ **READ WEB VERSION: Click Here**

Joules trading propped up by online demand

Joules has made 20 head office redundancies as part of an internal restructuring process due to the impact of forced store closures...

☛ **READ WEB VERSION: Click Here**

Signature Gifts appoints new COO

Personalised gift supplier and manufacturer Signature Gifts has landed a major coup with the appointment of Photobox's former group chief...

☛ **READ WEB VERSION: Click Here**

ProCook prepares for next stage

ProCook has engaged KPMG to review and advise on its options as the business explores the next stage of its international development...

☛ **READ WEB VERSION: [Click Here]**

Hotter reports uplift in online sales

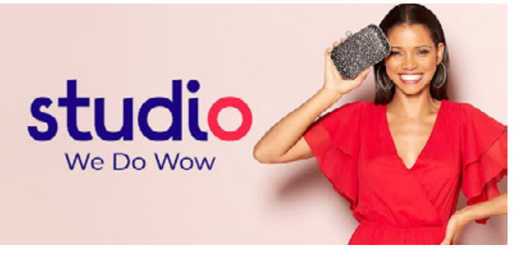
Hotter Shoes has reported that its online sales for the six weeks to December 31st were 24 per cent higher than for the same period...

☛ **READ WEB VERSION: [Click Here]**

Recyclable packaging breakthrough

Lettershop, part of the YM Group, in conjunction with Henkel, have designed a recyclable padded envelope – the TLG ECOMLR....

☛ **READ WEB VERSION: [Click Here]**



Strong half for Studio Retail Group

In its interim results for the 26 weeks ended 25 September 2020, Studio Retail Group (SRG) reported a 17.2 per cent increase in its group...

☛ **READ WEB VERSION: [Click Here]**

Sky Media UK names new MD

Sky has appointed Tim Pearson as its new managing director of Sky Media UK replacing John Litster who steps down from the role...

☛ **READ WEB VERSION: [Click Here]**

Hotel Chocolat posts half year sales increase

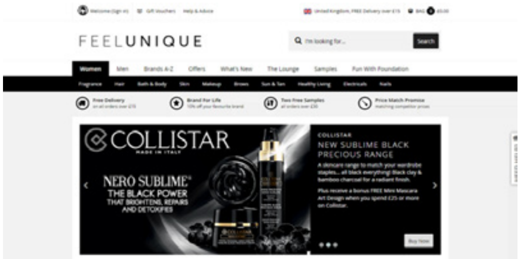
Hotel Chocolat says that it achieved an 11 per cent rise in its revenues for the half-year to December 27th, benefiting from...

☛ **READ WEB VERSION: [Click Here]**

Dr Martens confirms flotation plans

Dr Martens has formally confirmed its intention to float on the London Stock Exchange, which could see the business valued...

☛ **READ WEB VERSION: Click Here**



Feelunique posts strong Christmas Trading

Feelunique, the beauty eCommerce platform increases its sales by 39 per cent for the quarter to 3rd January 2021. Coming in at £28 million...

☛ **READ WEB VERSION: Click Here**

Frugi + National Trust launch new range: Paddling Puffins

Sustainable children's clothing brand Frugi and the National Trust are set to launch a Paddling Puffins capsule collection of...

☛ **READ WEB VERSION: Click Here**

Cook throws in towel at Debenhams

Co-CEO of Debenhams, Steve Cook has resigned as the retailer reaches the end of the line. A relative newcomer to the troubled retailer...

☛ **READ WEB VERSION: Click Here**

KNOMO
LONDON

KNOMO acquired By Inc & Co

Digital group, Inc & Co, has announced the launch of a new division Inc Retail Group. It will be kickstarted through the acquisition of...

☛ **READ WEB VERSION: Click Here**

Superdry reports disappointing half year

Superdry has reported a fall in its group revenues as well as an underlying loss for the half-year to October 24th. Sales were down...

☛ **READ WEB VERSION: Click Here**

Findel Education partners with Dryad General Trading for U.A.E market

Findel Education has announced a new business partnership with Dryad General Trading for the U.A.E. As a local U.A.E business, Dryad have...

☛ **READ WEB VERSION: Click Here**

TopCashBack owner takes stake in Swedish counterpart

Top Online Partners Group (TOPG), the Staffordshire based business, which operates the TopCashBack platform has agreed terms to acquire Refunder...

☛ **READ WEB VERSION: Click Here**

New container ship route

A new route which connects Dunkirk with Liverpool and Bristol launches on 29th January. Aimed at easing the much publicised and problematic...

☛ **READ WEB VERSION: Click Here**

Seasalt holds its own during 'different' peak

For the five week period ended January 2nd, '21 Seasalt has confirmed that its overall sales increased by 17 per cent year on year...

☛ **READ WEB VERSION: Click Here**

New investment & leadership at Cotton Comfort

Jo Greenslade has joined Cotton Comfort's founder Dorothy Clarke to take the helm of the business which Dorothy founded decades...

☛ **READ WEB VERSION: Click Here**

Storming half year for Games Workshop

Tabletop gaming business Games Workshop which owns Warhammer has announced a 56.3 per cent rise in its pre-tax profits for...

☛ **READ WEB VERSION: Click Here**

☛ WEB VERSION: Click Here

How can I help you?

Chloë Thomas is the Author of Amazon Bestseller "eCommerce Marketing", and host of the award-winning eCommerce MasterPlan Podcast.

We have an ongoing argument in our marketing team. Some argue that a customer recruited online is 4 times less likely to buy again than a customer recruited from print catalogue mailings. This is not necessarily a bad thing as it can cost a lot less to recruit a one-time customer online but against that, we are seeing some hugely inflated digital advertising/PPC/search costs of late and if people only buy once – especially from a marketplace with its fees deducted - it is harder to achieve a profit from them and we are effectively barred from re-marketing to them in most cases.

How can we measure the lifetime value of a customer recruited online ? What timespan and expectation is realistic ? Is it the same formula as for catalogues/print advertising ? The 'old school' members also bang on about how you attribute someone who buys online after receiving a catalogue or seeing (keying in the code) for a print advertised product – saying that print generated the sale, online simply replaced the contact centre for order placement.

What is standard in your experience?

We've had a very long question about attribution (more of an essay really) so the following is my attempt to answer the various points raised, plus a couple I regularly come across.

What is attribution?

Attribution is getting a better understanding of what drives your sales so you can improve your marketing strategy to get more customers at a better return on investment.

Orders are often influenced by multiple channels, so attribution is the process of 'attributing' each sale back to the marketing methods that made it happen. This often involves giving different marketing channels different timespans and weighting.

The perfect attribution system

Does not exist. Sorry.

If your aim is to understand everything that led each customer to make their purchase, and how much impact each element has on the final decision to buy. You're going to be disappointed.

It's just not possible without interviewing each customer and the cost certainly isn't worth the data you'll get back.

That means you have to find a system that's easier to compile and use and that fits your marketing mix and objectives.

The right attribution system for your business

How you track attribution will differ based on your marketing sophistication level (is the best thing you could do to improve performance?), profitability (how much you can afford to spend on tracking attribution) and the complexity of your marketing (how many questions do you need an attribution solution to answer?).

Any decision to invest in understanding attribution more clearly should start with WHY you need to understand it – what decisions will it improve? How do you think it will help you increase sales, and lower cost of acquisition? Which channels do you want to include? (eg organic social media is difficult and arguably shouldn't be evaluated purely in terms of sales). What questions can't you answer with the data you already have?

☛ WEB VERSION: Click Here

Keeping Attribution Simple

For a DTC brand who only sell via their Shopify site attribution can be fairly simple.

Track performance via Google Analytics, and also the individual marketing systems. The difference in sales volume reported in each for each channel will give you some idea of the overlap.

Then set an ROI target for each channel that takes into account the overlap and enables you to hit overall profit targets.

Review the settings every season or quarter.

Dealing with Cross Channel Attribution

Bringing in offline marketing (catalogues, TV, radio etc) makes things more complex.

If you want to understand the sales driven by each offline channel you can't rely on the customer telling you where they came from via offer codes, unique urls, or surveys (do NOT use surveys in the checkout). Google Analytics isn't going to give you the answer either.

You're going to need to invest in a software system or consulting service expert in crunching this data (eg Tapestry or Unifida).

With such systems you'll unlock a lot of extra data that takes attribution to another level – Customer lifetime value tracking (CLV) and new vs returning customer analysis.

Making Attribution More Useful

Basic attribution (where did this order come from) often isn't worth going past the Google Analytics level for.

There are 2 extra angles that can be brought into attribution analysis that make investing in attribution systems more attractive.

1. Customer Lifetime Value / Repeat Purchase Rate

Tracking how much a customer is worth to you over their lifetime BY MARKETING CHANNEL can be ground-breaking for your marketing spend and strategy.

For example if you know that customers recruited via Google Shopping Campaigns tend to only buy once you can either (a) increase your profitability targets for that activity so that you make a profit on the first order or (b) improve your repeat purchase marketing with better post-purchase email campaigns and remarketing ad campaigns.

For example, if you know customers recruited via Facebook Ads tend to buy twice as often as any other channel then you can invest a lot more in that channel. Lower your first order profitability target, increase budgets, expand targeting.

2. New Customers / Repeat Customers

Especially after a year like 2020 it's good to get to grips with how your marketing channels have driven new and repeat customers to buy.

Then you can leverage the most effective marketing to drive either new or repeat purchases depending on your current objectives.

It's not just about marketing channels...

Just when you thought it couldn't get more complex....

If you've decided that better understanding what drives your customers to buy is going to be a key part of your 2021 strategy... you also need to consider the different purchase channels.

- Marketing channels = email, ppc, catalogues, social media etc
- Purchase channels = your website, physical stores, marketplaces (eg Amazon)

Each purchase channel will have its own cost per order, its own mix of marketing methods, and repeat purchase behaviour. Therefore it should be analysed and have it's targets set separately.

Marketplaces in particular usually require a different set of profitability targets because driving repeat purchase is usually outside your control.

Building an attribution system that reliably answers your questions is hard. Don't expect it to be a quick journey, there's a lot of exploration and testing to be done to get it giving you the data you need.

Please do send in your questions! Send to editorial@directcommerce.biz

☛ WEB VERSION: Click Here

From a boutique owner and accountant

By Jacqui Baker, Retail Director, RSM

Jacqui Baker, RSM's Retail Director comments on the latest ONS retail sales results

The latest ONS retail sales release brings news of performance across the month of December but also for 2020 overall. Quantity of sales in 2020 declined by 1.9 per cent compared with 2019. Volume of food sales saw growth at 4.4 per cent, in store clothing sales declined 25.1 per cent and department stores declined by 5.2 per cent for the year. Non-store retailing saw a record increase of 32 per cent in volume of sales and total online retailing values increased by 46.1 per cent the largest increase in eCommerce sales since 2008.

Britain's December retail sales increased in volume by 2.9 per cent compared with 2019 with the big winners being food retailers who saw an increase of 4.4 per cent. Clothing stores saw an increase on November of 21.5 per cent but year on year lag behind at a decline of 14.2 per cent on the year.

December's ONS retail sales results end one of the worst years on record for retail. As an independent boutique owner and with clients across the sector, I can empathise with any management team now mustering the energy to begin 2021 on a positive foot. A decline of a quarter for non-food, in-store sales in 2020 brings challenges to the sector that will continue to make their mark in 2021. Grants, access to loans and employment support are all admirable initiatives by Government, but bricks and mortar-based stores must begin to trade, and soon, before we see more unemployment and greater insolvencies across the sector.

'Solid sales growth in December is heartening news for the sector but the divide between food and non-food categories remains the same. Christmas saw mixing of households curtailed for most of the country and cancelled altogether for London and the South-East. This left many scrabbling to buy the Christmas turkey and all the trimmings with 5 days' notice, no doubt bringing a last-minute boost to food retailers in an already strong month. Despite headlines of some online fashion retailers seeing strong growth in December, the story for the wider fashion industry, remains on a cliff on edge and will do so until the opening of society returns.

'The start of 2021 has bought with it more disruption for the retail sector with Brexit delaying supply chains. But there are positive signs on the horizon. With the vaccine roll-out proceeding at pace and the Bank of England reporting UK household savings exceeding £100bn, the prospect of a rebound come Easter feels likely. RSM's Financial Conditions Index backs this notion. Our expectations are for improved economic activity during the second half of the year and a sustained increase in consumer spending near to 6 per cent.

(RSM's Financial Conditions Index is an aggregated performance indicator of currency, bond and equity markets).

PROMOTED CONTENT

How Tapestry helped Cosyfeet make greater strides in multi-channel marketing

CASE STUDY

Trusted by customers and recommended by healthcare professionals, Cosyfeet has led the way in specialist footwear for almost 40 years. The brand combines decades of expertise with the latest technology to provide the most comfortable-fit, easy-access footwear on the market. But more than that, it also prides itself on unrivalled customer service and no-quibble guarantees.

Cosyfeet successfully reaches audiences across multiple DTC channels, as well as boosting sales via wholesale. But amid growing demand for specialised footwear and hosiery, coupled with changes in the way their elderly audience was engaging with marketing channels, Cosyfeet recognised the need for a more strategic approach to marketing. With the help of The Tapestry Agency, Cosyfeet has been able to employ a more rigorous approach to identifying best-performing channels, and improve engagement accordingly, to maximise acquisition and retention in 2021.

Re-evaluating traditional channels

With an older audience profile, catalogue mailings are core to Cosyfeet's marketing strategy. But as a relatively expensive channel, it's important to identify how many customers still buy if they are sent catalogue mailings less frequently. By following Tapestry's recommendations, Cosyfeet can maximise its catalogue mailing budget and reallocate spend where appropriate to test other channel activities.

There are types of buyers that buy less frequently than others, such as slipper-only buyers and seasonal gift buyers. To make sure that every customer interaction counts, Tapestry analysed the behaviour of these Cosyfeet customers to identify their most likely future purchase consideration period. Knowing when infrequent customers are likely to buy means that Cosyfeet can mail them at just the right time and frequency, thereby improving customer engagement and saving on mailing cost.

Retention through reactivation

Tapestry analysis showed that not contacting lapsed customers at the right time resulted in a drop in overall orders. Not all customers lapse at the same time. If Mary buys every 3 months and John buys every 12 months, after 9 months, Mary has lapsed but John is still within his usual purchase cycle. To help Cosyfeet re-engage lapsing customers in a more bespoke way, Tapestry built a lapsing model to identify the point of lapse for

Continues overleaf >

each customer. Using this information, Cosyfeet can now direct a re-engagement marketing campaign to the right customers at the right time.

Tapestry's in-depth analysis showed that reactivated customers don't simply lapse again. Instead, their subsequent value is 3-4% higher than recruits. It's also clear that the low cost of reactivation means Cosyfeet can prioritise this segment to drive a greater return on marketing spend. The brand can now use its reactivation model to test super-lapsed customers in 2021. In addition, by identifying those most at risk of lapsing, a strategy has been developed to take pre-emptive action to re-engage those at risk and convert them back into active buyers. Analysis also showed that purchase anniversary communications performed well, both before and during lockdown.

When working on the reactivation strategy, Tapestry discovered that despite strong email response rates, the proportion of customers contactable by email was relatively low. To take action, Tapestry advised Cosyfeet on data collection statements to increase the number of emails shared by prospects and customers. This means that when customers lapse, they can be contacted more easily and cost-effectively through an email customer re-engagement programme. The analysis also showed that not contacting lapsed customers at the right time resulted in a significant drop-off in response. As a result, Cosyfeet is now confident that using direct mail to reach customers without email addresses will give the return needed.

Realising the value of digital

While the catalogue remains central to Cosyfeet's marketing strategy, by enhancing its approach to measurement, Cosyfeet now recognises the increasing value of digital. In particular, Tapestry has helped the brand to refine its order matchback strategy to gain a more accurate picture of channel performance, including which particular touchpoints drive sales. By using a shorter lookback window and including the impact of paid search in matchback analysis, Cosyfeet is now able to understand the true value of digital in customer acquisition. Insight from Tapestry revealed that online display ads, paid search and paid social were performing much better than they were originally being credited for. Tests to understand the true incrementality of digital channels are being put in place to help Cosyfeet allocate the right budget to drive the maximum ROI.

When testing digital display ads, Cosyfeet found these delivered an incremental ROI of almost 4:1. This highlights the value of online as older customers turn to this channel, especially since the pandemic. Overall, Tapestry's findings confirmed that both new and channel-switch customers seem to be sticking to these new channels, with no plans to revert to their previous shopping habits anytime soon.

Streamlining TV

Following lockdown, Cosyfeet wanted to evaluate the effectiveness of extending its national TV advertising, a core acquisition channel,

by introducing regional campaigns. Despite the assumption that this tactic might replicate national success, especially considering the halo effect of other marketing activities, Tapestry's analysis indicated the opposite. It revealed that local TV isn't profitable across most areas of the UK. This, coupled with a marked increase in online acquisitions during the pandemic, means Cosyfeet can confidently reallocate part of its TV budget to digital channels in 2021.

Looking forward to the future

"Bringing in the external perspective and industry expertise of The Tapestry Agency is helping us to evolve our marketing strategy, enhance our multi-channel approach and introduce new concepts to drive growth," said Andrew Peirce, Managing Director at Cosyfeet. "We've already seen huge online acquisition among UK audiences during the pandemic, and, having recently launched in the US, we look forward to testing and evaluating our global reach this year. Plans for 2021 include implementing a new ecommerce platform to support cross-selling based on basket behaviour, as well as enabling point-of-sale incentives to drive AOV."

Through a programme of rigorous testing and ongoing strategic guidance across all marketing channels, Tapestry is helping Cosyfeet drive growth by getting to know its customers better than ever, one (comfy) step at a time.

☛ WEB VERSION: Click Here

Managing Forced Change

By Mike Thom, Independent Consultant

It is not often in business when management is put in a position where changing the fundamentals of current practice is forced upon them.

Until recent pandemic events it has been perfectly possible to run a business with the illusion that you have everything under control.

In normal circumstances there are very sound reasons for a business to regularly review their current practices, and assess what changes, if any, could be made to improve performance.

One might turn to such established luminaries on the subject of Change Management in Business such as Kurt Lewin a social psychologist, Kōnosuke Matsushita the founder of Panasonic, or more recently Dr John Kotter, Professor Emeritus of Harvard Business School.

For those of you - like me - who missed out on their Business Studies A Level studies Lewin's Force Field Model is a useful tool he developed in the 1940s for examining the opposing forces driving and resisting change in business that still holds good today.

Matsushita and Kotter have written numerous tomes on how to effect change through leadership. I will leave you to dip into their volumes as you wish.

In our scenario things are a little different; the decision to change has been made for you, and it may not just be a pandemic that can put you in this position.

Factors out of your control

There will be some of these for all trading entities. A quick examination of any business will uncover the uncomfortable truth, as they all interact with third parties somehow.

These dependencies are not necessarily obvious, but an overall awareness of any potential impact should they, not you, decide to change the relationship with your business is essential.

- Government/Legislation
- Trade Organisations
- Unions
- Landlords
- Insurers
- Banking/Finance
- Suppliers
  - Systems/Software
  - Communications/IT infrastructure
  - Outsourced operations
  - Carriers
  - Product Suppliers
  - Payment Providers
  - Utilities
  - Professional Services
- Customers

That is quite a long list already, and you may think of more that are relevant to you.

Clearly, it would be normal for some notice to be given of any impending changes, but this could range from days to weeks, months or even years. The key thing is to anticipate and be ready if at all possible.

Contingency Planning

Once the vulnerabilities to your business have been established, a closer look at the potential impact to your business is necessary.

☛ WEB VERSION: Click Here

A different approach will be required depending on the severity and spread of impact across the business, the expected notice given, and the alternatives available, if any.

If the only alternative is compliance the decision is straightforward, changes will have to be made internally.

For each scenario devise a costed solution to each change challenge. Group and rank the impacts by potential net cost.

At this point take stock of what you have here - you may be surprised. Your research into alternatives may have flushed out a change that would ultimately be profitable to the business, putting you back in control.

More likely you will have one or two scenarios that are more uncomfortable. Go around them again, maybe a more radical solution is required, or a different alternative applied.

Finally, you need to draw on your business knowledge to apply an almost actuarial assessment of the likelihood of each scenario happening. Only then can you sleep at night.

But do not forget to review the plan on a regular basis based on any change notice period, or key calendar dates such as lease renewals for example.

Action check list

One approach as advised by the grandmother of a friend of mine is "In case of doubt, do nowt" which on the face of it appears to be the ultimate force of resistance to change.

An alternative view of this pearl of wisdom is that you should know what you are doing before starting. This where your contingency planning comes in handy.

Rather than rely on my friend's relative, I would suggest following the advice of the aforementioned Kurt Lewin and John Kotter:

Lewin's 3-Stage Change Model
Stage One: Unfreeze
Stage Two: Changing
Stage Three: Refreezing

Kotter's 8-Step Change Model
Step One: Create Urgency
Step Two: Form a Powerful Coalition
Step Three: Create a Vision for Change
Step Four: Communicate the Vision
Step Five: Remove Obstacles
Step Six: Create Short-Term Wins
Step Seven: Build on the Change
Step Eight: Anchor the Changes in Corporate Culture

You will observe that both models require you to engage positively with your team throughout.

The first steps in both models will be made easier as the need for change has been forced upon you.

Restraining factors from within

However, it is likely the barriers to a successful transition will come from individuals within your own organisation.

- Self interest
- Misunderstanding of the need
- Low tolerance of change
- Different assessment of the situation
- Different assessment of the outcome
- Economic implications
- Fear of the unknown

All these traits of human nature need to be understood and addressed to smooth the change process.

And finally ...

Whether you are faced with a key software supplier sunsetting their system, a landlord announcing their intention to redevelop your office at the lease end, or even a Government requiring you to close sales channels down for an unknown period, it is generally the agile managers that emerge stronger through the process of change. Embrace the opportunity!

☛ WEB VERSION: Click Here

Reaching new heights in the warehouse

By Alexander Baal, director of sales operations, Jungheinrich UK

Warehouses are required to store more products than ever, but with limited space, facilities cannot expand and go out much further – the only solution is to go up. Over time and through advancements in technology, the heights within reach are growing higher and higher. 15 years ago, the highest reach would have been 11.5 metres, but now it's possible to store at 13 metres. Who knows what the future may bring in terms of developments? There's a clear demand for this evolution to create better space optimisation, but balancing this with safety is crucial.

Moreover, warehouse operations are already being shaped by the current pandemic as businesses are under increasing pressure to operate faster and at higher capacity than ever before, even with a reduced workforce. Advances in automation technology can not only drive businesses through the tough times, but also provide a solid foundation to weather the storms of the future. But what must businesses consider in order to pinpoint the tools and technologies that can help them to optimise value and space most effectively within their organisations?

The considerations

For reach trucks and warehouses to go higher, there are a number of variables that must be assessed, for example, in order to maintain stability at height, the floor conditions must be to a good enough standard. The higher the lift height required, the greater the need for control over lift and reach functions to ensure stability and safety.

Typically, the operator wants the forks to reach the pick destination as quickly as possible, but with a load on, the movement needs to be controlled to reduce the amount of sway. Intuitive technology that recognises the weight of the load, the height of the mass, and knows when to move fast and when to slow down for the operation of the operator can not only address safety points, but also add speed, value and efficiency.

During mast manufacture, hot steel is rolled to form the sections of the mast for stability. There are extra steps however that can be ensured to achieve maximum safety, for instance Jungheinrich pioneered an additional process called Cold Rolling, that is completed after the sections have cooled down. By rolling the sections again when cold, it increases the strength and reduces tolerances which create flex or movement when fitted to the truck. This results in less sway or movement and so forth contributes towards a greater stability at height.

Another consideration is the ratio between the length of time of each shift and how tight the aisle is. Typically, businesses have their warehouse already set up and know how wide or narrow their aisles are. A common mistake some organisations make is thinking that a bigger battery will solve their

☛ WEB VERSION: Click Here

“Advances in automation technology can not only drive businesses through the tough times, but also provide a solid foundation to weather the storms of the future.”

problems, but when adding a bigger battery in order to last the shift, the truck may not necessarily fit down the aisle. With organisations working longer and harder than ever before with 24x7 operations – particularly during peak Covid times – it’s important to be able to utilise trucks longer without the compromise being on battery replacements, aisle width or battery life. Organisations are under pressure to perform harder and faster than ever before so the tools they rely on need to be able to support these increasing pressures.

To combat this issue, the introduction of lithium-ion battery technology has helped to transform the warehouse and material-handling equipment industry. With lithium-ion-powered reach trucks using the latest in battery technology, the battery size doesn’t change depending on the capacity – ensuring no restriction of movement down narrow aisles. Furthermore, users can ‘opportunity charge’, instead of relying on long charging times or a larger battery.

Changing environments

Covid-19 has brought new challenges to the table too, but has importantly highlighted the benefits of fully or partially automated processes and operations. With local lockdown restrictions in place, workers encouraged to work from home if they can, isolation where necessary and strict social distancing measures, the warehouse environment has changed significantly. Businesses are unable to rely as much on high levels of human resources, and the downturn in the economy has been an accelerator to the already escalating demand for automation.

This evolution has been especially prevalent in some of the key industries such as pharmaceuticals and logistics, ensuring continuity in aspects such as food supply chains so that retailers can continue to keep stocks at optimum levels. This was particularly challenging in the early stages of the pandemic when panic buying led to shortages of certain items but with automation creating efficiencies and speeding up processes, these challenges were quickly overcome.

Even for industries and environments where full automation isn’t possible or necessary, key aspects of processes can be automated for a hybrid approach – ensuring the most optimum levels of efficiency across every role and requirement. Further, once lockdown measures are eased and human resources are employed in automated environments, productivity will become higher as humans take on more value adding roles and automation takes on the repetitive functions within the warehouse environment. This will remove the element of human error from many processes and ultimately mean that operations can continue with much-increased productivity, resulting in lean and efficient logistic processes and supply chains.

The future holds the next steps for automation too, with innovations already providing warehouse environments with self driving trucks, for example, which are growing massively in popularity. For those businesses that already operate a

Continues overleaf >

☛ WEB VERSION: Click Here

'conventional' truck, the adaptation to automation is relatively straightforward. The technology can be integrated into existing applications, so there isn't necessarily the perceived need to rip and replace the current setup, and means there is a high level of acceptance from users. As the technology has developed, the relative price point has reduced too, meaning that a rapid ROI can be achieved. With lithium-ion batteries too the full benefits can be achieved by enabling operations to capitalise on the opportunity charging function during short, scheduled breaks, rather than waiting extended periods of time for the battery to charge. This allows for operators to deploy round the clock operations – an essential component for modern industry during and post-Covid.

Conclusion

Innovations to maximise safety and extend the reach height and operations of warehouses are critical in unlocking value and space optimisation. By extending safely up, warehouse managers can see a better return on their available storage and efficiency can be maximised to help businesses make as many marginal gains as possible. Automation continues to grow and provide companies with a competitive advantage, and all these factors combined mean that if, or when, another unprecedented event comes along that impacts business on a level such as this, businesses will already have the most efficient and safest technology in place to eliminate risk for the future.

☛ WEB VERSION: Click Here

Very Group partners with Genetec for new facility safeguarding

The Very Group has commenced operations in its recently built Skygate fulfilment centre, having migrated from three separate locations. The new facility can accommodate all one-man fulfilment and returns operations on the single site, and provides room for continued expansion.

The move enables The Very Group to process more orders and use new technology to make the business more responsive, reducing the time it takes to get products to customers. The site's position in the East Midlands, adjacent to the M1 and East Midlands Airport, with its own rail freight terminal, will enable the business to increase its cut-off time for next day delivery to midnight from 7pm, and explore the introduction of same day delivery in the future.

A crucial aspect of the new hub was security – with the need to not only secure the site and the stock inside, but implement solutions which would benefit the wider business too.

The Very Group required a platform which could unite operations and provide the business-wide value it was seeking. The company approached Grantfen, initially on a consultancy basis, to guide the organisation on the route it should be taking and the technologies that could support its ambition. It put forward a comprehensive solution built on the Genetec Security Center unified platform.

Incorporating video surveillance and analytics, access control, business systems, this allowed The Very Group to deploy best of breed technologies from a range of vendors including HID Global, Axis Communications and SenStar.

Perhaps the most important solution needed was tracking who was coming in and out of the building – with such a large workforce, combined with inbound and outbound deliveries, the facility has hundreds of people inside at any one time. Previously, security manually searched people selected at random.

However, with the robust Genetec software development kit, and Grantfen's specialist development expertise, The Very Group has been able to adapt the solution and write its own code in order to use the access control system to implement truly random searches. This has involved getting permission to hold employee data, but again, thanks to the

Continues overleaf >

☛ WEB VERSION: Click Here

new system brought together by Security Center, the data is housed safely.

Moving from three fulfilment centres into one, consolidated facility meant a change in operations for The Very Group, and security needed to mirror this evolution. Therefore, with the volume of traffic coming in and out of the site increasing, The Very Group implemented automatic number plate recognition (ANPR). Heavy goods vehicles could be monitored coming in and out of the site, enabling those in the diary to enter and exit the grounds in an efficient manner. Plus, with timestamps now able to show when vehicles entered or exited the grounds, it helped with yard management and traffic flow, with Security Center able to generate reports on how traffic is moving around the yard. Employees are able to take advantage too – with the ANPR recognising them and seamlessly letting them into the car park.

This enhanced integration has benefited other areas of the business too. The CCTV control room is now able to monitor fulfilment centre flow, looking at movements such as trailers, to help maximise efficiencies and ensure high health and safety standards.

Dean Cooper, head of security at The Very Group, commented: "The opening of Skygate, our new fulfilment centre, means a new era for the group. We are a digitally-led business, and the fact we are now able to enhance operations and yield more value from security functions is going to help us operationally. Genetec and GroupGrantfen have played a huge part in accelerating our sophistication in this area, and I look forward to how we can gain increasing insights from all the technology has to offer."

Whilst the roll-out has been relatively recent, the positive effects are already being felt across the business. This has led to future plans about what else could be introduced – all underpinned by Genetec Security Center.

"Genetec Security Center is helping to improve inter-departmental collaboration thanks to its reporting functions, alongside benefiting operations and ensuring the security of the facility. We are an ambitious business, and as we grow we need a system that will continue to evolve with our requirements. Genetec enables this, and alongside its deep integration and leading analytics, we look forward to continuing the partnership over years to come", concluded Cooper. "From day one, Grantfen and Genetec acted as trusted advisors, ensuring the solution being proposed could meet both operational and security requirements."

☛ WEB VERSION: Click Here

5 tips to engage mature customers in 2021 as buying behaviour shifts

By Lara Bonney, The Tapestry Agency

If some of the latest figures from 2020 have shown us anything, it's that older customers took to ecommerce in their droves during lockdowns and various other restrictions. In fact, almost half of over-65s (49 per cent) have increased their purchase frequency. The 65+ age bracket is just as likely (43 per cent) as the average consumer (42 per cent) to have shopped more online since the beginning of the pandemic. And from working closely with multi-channel retailers serving the mature sector, we can see this trend is set to continue.

So how can retail brands tap into this shift in behaviour and make the most of their marketing channels to retain mature audiences in 2021?

1. Build trust over time

Research shows that older customers place more importance on building trust in a brand over time. They tend to pre-research their purchases for a longer period, so organic search and brand paid search are key to catching their attention when they first start looking. Mature customers also tend to pay more attention to reviews and recommendations. This means that brands should encourage customers to leave reviews wherever possible.

Also, as older customers are more likely to engage with multiple emails than any other age group, don't be afraid to repeat your marketing messages as part of a wider 'nurture campaign'. These are structured, time-based communications informing your audience of your brand and a particular offer, and, over time, motivating them to take action.

2. Maximise the marketing mix

As David Lockwood says in a recent Retail Commerce Discussion, customers are more likely to use tablets for shopping than anyone else. Their time spent on mobile is also rising rapidly – in fact, it's now higher than most millennials. As older customers purchase more technology, and spend more time on their devices, this provides more frequent opportunities for online shopping.

Habits such as second screening – e.g. checking a phone or tablet during a TV commercial break – presents a huge opportunity for brands to reiterate their marketing message across multiple channels at the same time. This will keep them front of mind as users switch between devices.

Despite the rise in ecommerce and digital channels for older customers, offline channels such as bricks-and-mortar stores and direct mail will still play a significant part in the customer journey. It means that retailers should not focus too heavily on any one channel as we head into 2021. A multi-channel marketing strategy is greater than the sum of its parts. While both print and digital are good at driving response, the power of using both in parallel is far greater than using either in isolation. Likewise, reaching customers through a mix of 'lean-in' media (e.g. browsing with intent on a tablet) and 'lean-back' media (browsing a catalogue in the bath, or watching television) will be key to sustaining engagement.

Continues overleaf >

☛ WEB VERSION: Click Here

Also, as older customers are more likely to engage with multiple emails than any other age group, don't be afraid to repeat your marketing messages as part of a wider 'nurture campaign'."

3. Deliver a safe and secure shopping experience

For older customers, part of the trust-building process is feeling comfortable about making purchases online. It's why mature audiences often stick to reputable brands that are perceived to have a more secure website. To gain trust, you need to make sure your website infrastructure (i.e. point of sale system, encryption technology or fraud detection) is geared towards protecting customers and enabling smooth, stress-free transactions. It will also help to reassure the customer by telling them about your security process during their purchase journey.

4. Keep it social

The rise of social seniors is providing retailers with a vast opportunity to reach new audiences. Facebook and YouTube are currently top-performing platforms, with 46 per cent of over 65s and 93 per cent of over 55s using them respectively. On average, over 55s watch 22 minutes of video each day. Meanwhile, there is a steady increase in the number of older customers using Pinterest and Instagram. Therefore, it's important to run campaigns dedicated to older customers across all existing social platforms and explore the potential impact of adding new channels to the social mix. TikTok for Grandma, anyone?

5. Get personal

As many retailers are finding, older customers like learning about the benefits of a product or service first-hand from a brand or its customers. For instance, Dr Max Gowland of supplement company Prime Fifty explains that the personable nature of QVC, coupled with live demonstrations, really helps to drive sales. It means that creating helpful videos around your products could significantly increase engagement.

Meanwhile, using age-appropriate photos will resonate more with a mature audience. As *Woman & Home*'s Executive Editor, Miranda McMinn observes, when they use photos of older individuals, they are "inundated with positive responses". Older customers "aren't aspiring to be younger" than they are. They simply want to "see people who look like us, but slightly better".

When it comes to customer service, older customers are less keen to communicate with chatbots and prefer speaking to a human to resolve their problem. Our clients' data shows that campaigns prompting customers to pick up the phone result in higher conversions and higher order values. With that in mind, make sure your call-to-action includes a phone number, and that it's visible on each landing page, email, display ad, print media etc.

We're entering an exciting era of ecommerce in which older customers are primed to consume a variety of content across a variety of devices. Investing in a long-term, multi-channel marketing strategy delivering high-quality content at every touchpoint will be key to retaining this new cohort of brand ambassadors.

Consistently dedicated to the celebration of excellence for 22 years

In these most turbulent of times we have been constantly amazed and humbled by the tremendous efforts of teams in this remarkable sector. We believe that this means that there is even more reason to celebrate your team's achievements. Indeed as you prepare your entry you and your team will be reminded of how much you have all achieved in what can only be described as truly extraordinary circumstances.

We have seen incredible agility, stunning philanthropy, amazing resilience all shining through these times of lockdowns, delayed arrival of stock, adapting roles to enable working from home. The introduction of safe working practices in operations environments to manage demand whilst protecting staff members. The installation of sanitisation points, screens and issue of PPE for staff whose work brings them into direct customer contact. The lengths to which many have gone to make their stores safe, to retain jobs, and even to expand their workforces.

Covid-19 has affected the everyday lives of our entire nation, of the world population. Business ground to a virtual halt in some quarters, with on-off lockdowns, heightening restrictions and the explosion of infections. Yet, despite all of this, there are many of our sector businesses exceeding both revenue and EBITDA forecasts as well as those who have by necessity 'cut their coats according to the cloth available' and are now returning to more ebullient times.

This year's very special Direct Commerce Awards process offers an excellent opportunity for businesses of all sizes and in all niches to compete against their peers and win the hearts of our panel of expert Judges. With a past winners roll call containing some of the very best B2B and B2C direct and multichannel retailers, reaching the shortlist is a worthy achievement in itself, topped only by emerging victorious to receive a category winning trophy. Of course, to coin a phrase, you do need to be 'in it to win it' and with a range of carefully curated categories to choose from, there is bound to be at least one where your team's performance will eclipse all others.

Do take a look at this year's categories. There are some completely new ones included as well as many popular favourites. You can opt to enter with the support of one of your suppliers/ agencies, or they can enter on your behalf. All the guidelines for this year's contest can be found at **homeofdirectcommerce.com** along with details of past winners.

There is literally nothing to lose. All shortlisted entrants get to take part in the virtual awards ceremony. Winners will each receive a VIP celebration package, timed to arrive after the ceremony, for distribution and sharing with their team members. Winning businesses will also receive great publicity via the Direct Commerce Award Winners Publication which includes selected comments from the Judges.

Lifetime Achievement Award

The Lifetime Achievement Award is presented following consultation with an informal group of respected sector leaders. Those nominated have made a significant contribution to the sector over time, developed outstanding businesses, and set new standards which others aspire to.

By honouring these truly impressive individuals we seek to express the gratitude of the sector as a whole for their role in developing new markets, pursuing excellent standards, and sharing their knowledge and expertise with others.

Nigel Swabey, DCA President Emeritus presents the 2019 Lifetime Achievement Award to Stuart Paver.

download full entry details from:
homeofdirectcommerce.com

Categories

Choose the category(ies) that best fit your business and your niche

Best Direct/Multi-Channel Business or Brand by Turnover Band*

1. **Annual sales of up to £5M**
   a) B2B b) B2C
2. **Annual sales of £5M - £15M**
   a) B2B b) B2C
3. **Annual sales of £15M - £30M**
   a) B2B b) B2C
4. **Annual sales of £30M - £50M**
   a) B2B b) B2C
5. **Annual sales of £50M-£100M**
   a) B2B b) B2C
6. **Annual sales of £100M+**
   a) B2B b) B2C

Open to any business or brand utilising 2 or more channels to sell products direct to businesses or consumers. Channels may include: print catalogue, transactional website, off the page advertising, reader offers, in-home agent based sales, email/digital communications, mobile, online shopping malls, social media/commerce, TV shopping, affiliate programmes, wholesale distribution, retail and/or trade counter sales.

Judging Criteria
An evaluation of entrants' overall performance taking in the following key areas: Positioning and proposition; brand ethos; range; targeting; offers; creative execution; campaigns by channel; CRM; acquisition; new developments, launches and adaptations during 2020* and how specific 2020* challenges were met.

***All information submitted, and turnover should relate to calendar year 2020.**

Best Exploitation of Technology – ideal for supplier/client collaborative entry

7. **Best Exploitation of Technology - annual sales up to £25M**
   a) B2B b) B2C
8. **Best Exploitation of Technology - annual sales over £25M**
   a) B2B b) B2C
   Was 2020 the year that saw your business transform its performance via adoption of new technology? Examples: re-platforming website, implementation of a new multi-channel or e-procurement solution, adoption of new web tools, etc. Our Judges want the objectives and the business case, along with the results being achieved.

Best Business to Consumer Brand – by merchandise category

9. **Children's/Family**
10. **Active Lifestyle/Young**
11. **Mature Market**
12. **Home & Interiors**
13. **Luxury/Prestige**
14. **Fashion/Accessories**
15. **Gardening & Outdoor Leisure**
16. **Gifts, Hobbies & In-home**
17. **Charity Trading**

Best Business to Business Brand – by merchandise category

18. **Office & General Business Supplies**
19. **Industrial, Technology & Warehouse Supplies**
20. **Facilities Management, Janitorial Equipment & Hygiene Supplies**
21. **Education, Teaching & Training Equipment & Supplies**
22. **Health, Medical, Scientific Supplies & Equipment**

Best Overall Niche Brand

23. **a) B2B b) B2C**

Campaigns & Partnerships – ideal for supplier/client collaboration

24. **Best Catalogue Creative & Print Production Campaign**
    a) B2B b) B2C
25. **Best Door Drop Campaign**
26. **Best TV Advertising Campaign**
27. **Best Social Campaign**
    a) B2B b) B2C
28. **Best Technology Partnership**
    a) B2B b) B2C
29. **Best New Media Development**
30. **Outstanding Philanthropy**
31. **Outstanding Customer Experience**
32. **Outstanding Agility in response to Covid-19 challenges**

DIGITAL & POSTAL ENTRIES ACCEPTED

Official entry form to be completed by all entering

Direct Commerce Awards • 32 Enterprise Avenue • Tiverton • Devon • EX16 4FP
T: 0208 092 5227 • email: info@directcommerce.biz • homeofdirectcommerce.com

Category entered (please tick)

1	**Annual sales of up to £5M**	B2B		B2C	
2	**Annual sales of £5M - £15M**	B2B		B2C	
3	**Annual sales of £15M - £30M**	B2B		B2C	
4	**Annual sales of £30M - £50M**	B2B		B2C	
5	**Annual sales of £50M-£100M**	B2B		B2C	
6	**Annual sales of £100M+**	B2B		B2C	
7	**Best Exploitation of Technology - annual sales up to £25M**	B2B		B2C	
8	**Best Exploitation of Technology - annual sales over £25M**	B2B		B2C	

BEST BUSINESS TO CONSUMER BRAND		
9	**Children's/Family**	
10	**Active Lifestyle/Young**	
11	**Mature Market**	
12	**Home & Interiors**	
13	**Luxury/Prestige**	
14	**Fashion/Accessories**	
15	**Gardening & Outdoor Leisure**	
16	**Gifts, Hobbies & In-home**	
17	**Charity Trading**	

Enter any two categories of your choice for **£95** (+VAT). Each additional category entered is **£40** (+VAT).

BEST BUSINESS TO BUSINESS BRAND		
18	**Office & General Business Supplies**	
19	**Industrial, Technology & Warehouse Supplies**	
20	**Facilities Management, Janitorial Equipment & Hygiene Supplies**	
21	**Education, Teaching & Training Equipment & Supplies**	
22	**Health, Medical, Scientific Supplies & Equipment**	

23	**Best Overall Niche Brand**	B2B		B2C	

CAMPAIGN/PARTNERSHIP					
24	**Best Catalogue Creative & Print Production Campaign**	B2B		B2C	
25	**Best Door Drop Campaign**				
26	**Best TV Advertising Campaign**				
27	**Best Social Campaign**	B2B		B2C	
28	**Best Technology Partnership**	B2B		B2C	
29	**Best New Media Development**				

30	**Outstanding Philanthropy**	
31	**Outstanding Customer Experience**	
32	**Outstanding Agility in response to Covid-19**	

All entries will be confirmed via a VAT invoice (issued on net terms). Full instructions on how to submit your entry will be emailed after your form has been processed. **All processed entry forms are considered final.**

Entering Company: ....

Entering Brand(s) if different: ....

My Name: .... Position: ....

Company: .... Web: ....

Address: ....

....

.... Postcode: ....

Email address: ....

Landline: .... Mobile: ....

PO Number (if applicable): ....

Date: .... Signature: ....

CALL FOR ENTRIES

CLOSING DATE 23RD APRIL 2021

How would you like to submit your entry?

By Post ☐

Digital ☐

Please await instructions before submitting your entry

☛ WEB VERSION: Click Here

Value, trust and choice paramount for buyers, but different shopper tribes require a nuanced approach

Good value for money is a top priority for shoppers this year, with two thirds (67 per cent) suggesting it has become more important since the start of the pandemic. That's according to new research by Klarna, which surveyed over 4,000 consumers across Europe, the UK, the USA and Australia to understand how shopping behaviour has changed over the past twelve months.

It's followed by promotions and deals (60 per cent), a good reputation and trustworthiness (60 per cent) and having a wide range of products available (58 per cent) — perhaps fuelled, in part, by shortages on the shelves earlier in the year.

But, while these 'non-negotiables' are consistent across the board, Klarna's research reveals subtle differences in the priorities and preferences of five modern shopper tribes that alter the way brands and retailers should engage with them. These suggest retailers should shift away from the popular demographic-based approach to marketing and consider passions and personality types instead.

Outlined in 'Clicks and cliques: understanding modern shoppers' these include:

Family Firsts: A family-focused tribe with a busy life that makes online shopping invaluable and interruptions unavoidable.

This tribe is most likely to be indifferent to who they buy from (30 per cent), suggesting brands and retailers must work harder to keep them coming back

Over half (55 per cent) say they are more open to trying new brands now than they have been previously — more than any other tribe

Family Firsts.

Prioritise their family and home life over themselves.

Family Firsts are **looking for** payment **options** at the checkout **that help them spread bigger** (sometimes unexpected) expenses over time.

62% of Family Firsts said good **value for money is important**

33% are **loyal** to a couple of **brands and retailers they love**

Aspirational Achievers: A financially comfortable tribe that tend to shop around and will invest in premium products.

This tribe is most likely to say they are loyal to a couple of brands and retailers that they love within each category that they shop, with 45 per cent making this claim

High quality products are a must, with over half (57 per cent) saying these must be offered by brands or retailers — more than any other tribe

Aspirational Achievers.

Are **financially comfortable** and enjoy a good quality life.

They are a **smart consumer** who like to be well informed before making a purchase. When shopping, **they want flexibility and freedom**. Power can control over payments in their life are important.

38% of Aspirational Achievers would **shop** for something **via a brands website**

67% feel a good **reputation and trustworthiness are important**

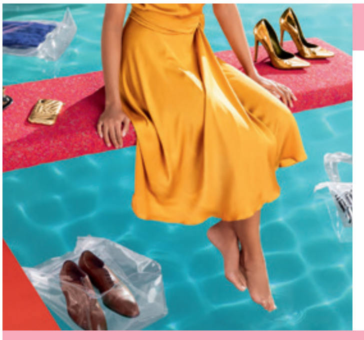
Continues overleaf >

☛ WEB VERSION: Click Here

Here and Nows: A tribe that lives in the moment, spending what they earn on the things they want and often finding inspiration on social media.

Six out of ten (58 per cent) say they still want to treat themselves to nice items, even though they are going out less — more than any other tribe

They are more likely than any other tribe to turn to TV adverts for inspiration, with almost a quarter (24 per cent) saying they do this



Here and Nows.

The Here and Nows **enjoy freedom and independence**. Not ready to settle down, they **spend** what they earn **on the things they love**.

Living a digital shopping life, they tend to **shop through mobile apps**, especially social media.

When it comes to spending, they opt for payments that empower them to get **what they love with no compromise**.

22% of Here and Nows would most likely **shop** for something **via social media platforms**

65% find the ability to **shop online or in-store** important

Savvy Fashionistas.

They're employed but **don't earn as much as they would like**.

Fashion inspiration is **influenced through online** and social media.

Whilst its important to stay on trend, when it comes to spending money, they will **ensure their budget goes as far as possible**. Seeking the best deals, Savvy Fashionistas shop smarter.

75% of Savvy Fashionistas agree good **value for money is important**

31% are **not loyal** because they **like to discover new** ones

Savvy Fashionistas: Earning less than they'd like to, this tribe regularly seek inspiration online and look for hacks to help them get the best products and deals.

Savvy Fashionistas are most likely to buy more from brands and retailers that offer promotions and deals (45 per cent) and that have a wide range of products available (45 per cent)

They're also most likely to consider it important for brands or retailers to offer flexible payment options (36 per cent) — which encourage them to shop regularly (33 per cent) and buy more (35 per cent)

Conscious Consumers: Less focused on hitting life's traditional milestones and living by the system, this tribe seeks fulfilment in pursuits like learning and discovery and shop as sustainably as they can.

Conscious Consumers are the only tribe to rely more on brand or retailer websites for inspiration than family or friends, with 36 per cent ranking them as a top source — perhaps due to a need to validate information themselves

Trustworthiness and a good reputation are more likely to encourage Conscious Consumers to shop regularly with a brand or retailer — with 42 per cent reporting this effect — more than any other tribe

Conscious Consumers.

Enjoy a **steady career progression**. With an activist streak that keeps them curious they are likely to **work with a company that aligns with their morals**.

Prioritising investment purchases over fashion, they take more consideration than spontaneity.

Payment empowerment means being able to **invest more wisely** and experience new things.

40% of Conscious Consumers **are loyal to brands** and retailers they love

58% say a wide **range of products available is important** to them

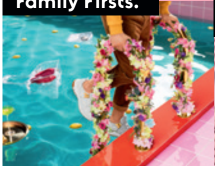
☛ WEB VERSION: Click Here

Klarna.

Clicks and Cliques: Understanding shopper tribes now.

5 Shopper tribes you will want to pay attention to in 2021.

Family Firsts.



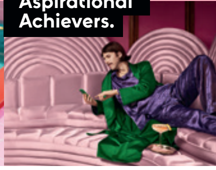
Prioritise their family and home life over themselves.

Family Firsts are **looking for** payment **options** at the checkout **that help them spread bigger** (sometimes unexpected) expenses over time.

62% of Family Firsts said good value for money is important

33% are loyal to a couple of brands and retailers they love

Aspirational Achievers.



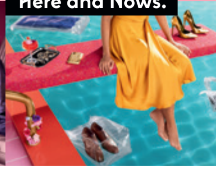
Are **financially comfortable** and enjoy a good quality life.

They are a **smart consumer** who like to be well informed before making a purchase. When shopping, **they want flexibility and freedom**. Power can control over payments in their life are important.

38% of Aspirational Achievers would shop for something via a brands website

67% feel a good reputation and trustworthiness are important

Here and Nows.



The Here and Nows **enjoy freedom and independence**. Not ready to settle down, they **spend** what they earn **on the things they love**.

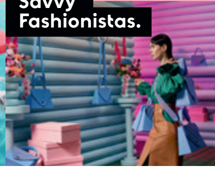
Living a digital shopping life, they tend to **shop through mobile apps**, especially social media.

When it comes to spending, they opt for payments that empower them to get **what they love with no compromise**.

22% of Here and Nows would most likely shop for something via social media platforms

65% find the ability to shop online or in-store important

Savvy Fashionistas.



They're employed but **don't earn as much as they would like**.

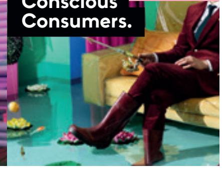
Fashion inspiration is **influenced through online** and social media.

Whilst its important to stay on trend, when it comes to spending money, they will **ensure their budget goes as far as possible**. Seeking the best deals, Savvy Fashionistas shop smarter.

75% of Savvy Fashionistas agree good value for money is important

31% are not loyal because they like to discover new ones

Conscious Consumers.



Enjoy a **steady career progression**. With an activist streak that keeps them curious they are likely to **work with a company that aligns with their morals**.

Prioritising investment purchases over fashion, they take more consideration than spontaneity.

Payment empowerment means being able to **invest more wisely** and experience new things.

40% of Conscious Consumers are loyal to brands and retailers they love

58% say a wide range of products available is important to them

Commenting on the research, Luke Griffiths, CCO at Klarna, said: "This year's events have transformed the way we browse and buy, reinventing our relationships with brands and retailers and accelerating change at an unprecedented rate. Merchants must keep a finger on the pulse of their customers wants and needs and adapt their products and service offers accordingly to build a connection with shoppers to drive loyalty and, ultimately, sales."

Over half of respondents said that an easy returns process (55 per cent) and next or same day delivery options (51 per cent) have become more important over the past year — naturally coinciding with 49 per cent doing more of their shopping online and 44 per cent doing most or all their shopping online now.

The ability to pay flexibly has also grown in importance, according to 45 per cent of respondents — and this can be a real dealbreaker. Four in ten (42 per cent) prefer to shop from brands or retailers that offer flexible payment options, while three in ten (32 per cent) won't shop from those that don't.

> "Merchants must keep a finger on the pulse of their customers wants and needs and adapt their products and service offers accordingly..."

5 Reasons why major businesses are adopting agile

By Louis Georgiou, MD, Code Computerlove

In a new industry survey 89.7 per cent of client businesses said that the most significant thing they are changing in 2021 is 'ways of working', with more than a third of those questioned planning to change something as fundamental as a business model. A major trend in line with this wave of organisational change is a move towards Organisational Agility, which is being adopted by a host of major brands as a way to optimise ways of working and to improve overall effectiveness across all departments.

Agile practices have shifted from being solely for software development to an approach being adopted business-wide; and it's more than just applying new processes or finding new ways of working, it's about being fundamentally more adaptive and responsive to change.

As we see it, the trend is being driven by three converging movements – the foundations from agile software development, the understanding of flow and 'waste' from lean manufacturing and the advancements in team dynamics and group behavioural science that's also matured in the last 20 years and, more recently, the titanic organisational changes that have been brought on by Covid, where teams have been forced to find ways to maintain internal efficiencies while working remotely.

The main five reasons businesses are embracing agile include:

1. Empowering and motivating teams – while removing silos

Increasingly, organisations are realising the benefits of restructuring to realign their teams around holistic customer experiences.

Ensuring these new team structures have the capabilities to deliver end-to-end customer journeys, cutting through legacy functions and departments, removing the silos, bottlenecks and conflicting priorities and goals that historically have been restrictive barriers to growth.

Instead, these new multidisciplinary teams are aligned around shared objectives and goals, work collaboratively and iteratively, and use data and customer insight to drive their work.

Removing these barriers means teams have greater visibility of their contribution to the overall business goals, more empathy for their teams and greater accountability for their role. Teams driven by holistic business objectives (usually OKRs), working to deliver successful customer outcomes, inherently have a greater degree of autonomy which further fuels their motivation, collaboration, speed and ownership of results.

2. Rapid Transformation

Looking at the team as a combined unit (blending client and agency staff) with agile methods creates a true partnership, where all team members are working

towards a common purpose. This hybrid model also allows teams to scale and adapt as necessary, utilising agency expertise to meet evolving business and customer needs, further baking agility into the working model and driving rapid transformation.

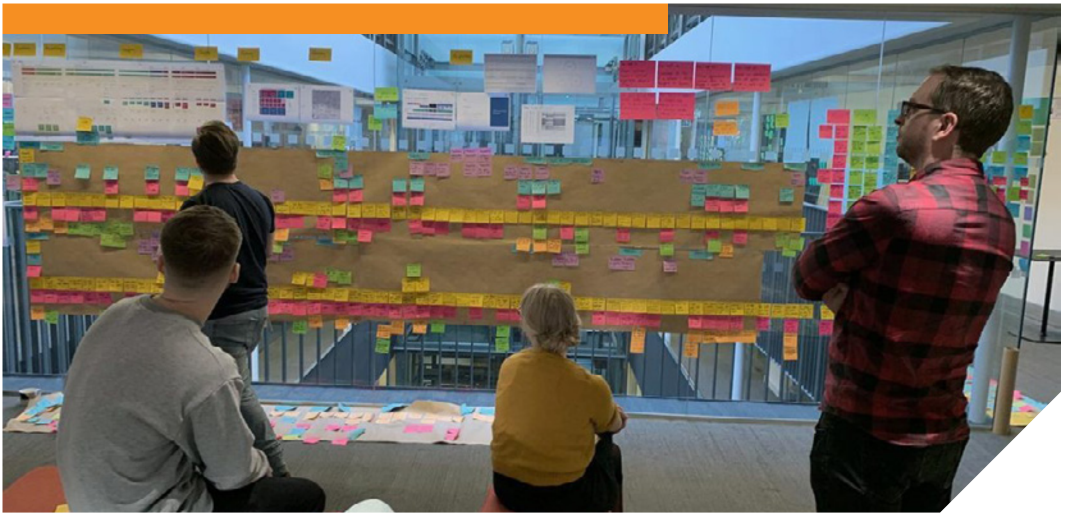
3. Continual Improvement

Agile methodologies ensure teams regularly reflect and ideate on how they work together, not just acting on data to improve what the business creates. Lean methods troubleshoot the root cause of issues and put remedial practices in place to ensure they don't reoccur.

We have seen benefits in having a collectively understood 'North star' that all parties are working towards, but with rapid cycles of

Continues overleaf >

☛ WEB VERSION: Click Here



continuous delivery and continual improvement. This approach, derived from well-established agile methodologies, can be applied across all aspects of the team – again, not just software or development focused teams.

The short, iterative cycles ensure constant progress and provides continual measurement,

feedback and learning to determine next priorities and course correction when needed.

4. Best-practice remote working

With the use of agile-related collaboration tools, home working can be more efficient. Teams use a Kanban board to visualise work to be done, which is accessible by all and updated daily. Everyone is accountable and there is no need for additional reporting. Simple routines, such as a 10 minute daily check-in, keeps teams connected and focussed.

Similarly, with increased management challenges associated with remote working, agile brings less reliance on traditional hierarchical leadership with self-organising teams and greater accountability reducing the need for prescriptive management.

5. Recognising waste – so to improve productivity

Lean hates waste, and lean/agile processes help to identify your value stream (process flow) and eliminate the barriers (waste). With measurement, reflection,prioritisation of work and working in small increments, you can use data to inform what you do next and continually improve.

We've also seen real benefits in building out extended virtual teams that can augment existing in-house capabilities", adds Louis. "This typically works in one of three ways:

1. Governance and direction - using agency strategy/ planning/data expertise to inform team priorities
2. Cadence/capacity - using agency talent to bolster in-house teams, increasing throughput and speed
3. Specialist skills - utilise agency specialists to plug gaps in existing team capabilities, particularly valuable when permanent full time, in-house staff would be cost prohibitive.

As an agency that was a forerunner of agile product development, our clients are now turning to us to transform their working practices as a whole using our experience, expertise and digital capabilities.

While the pandemic has highlighted more than ever before the need for a business to be able to adapt quickly and significantly, the Agile Transformation movement among large businesses was certainly a trend we were seeing - and a service that we are increasingly asked for.

☛ WEB VERSION: Click Here

Not Gone 2021

By Bill LaPierre, Datamann, USA

Each January, I feel the pressure is on to come up with a really strong posting to start the new year. I always think that you are expecting some great vision, a declaration of catalogue clarity that transcends the ages. Then I remind myself that none of you spent New Year's Day thinking "Oh, what's Bill's blog going to be about on Monday? How will he start the new year?" Let's face it, during a pandemic, it's just another Monday morning. (And during January in northern New England, every day feels like a Monday).

Purely by chance, I've started the past two years with postings that had extremely high open and pass-a-along rates. Both years, I began the year with news of catalogues that were going out of business. In 2019, it was Harriet Carter and the Bluestem Brands (Norm Thompson, Tog Shop, etc.) In 2020, it was the Johnson-Smith titles. Each posting had the word "Gone" in the title and you know by now what that means. I've learned that you love to read articles about other companies going out of business. As nice as it was from a blogging perspective to start the year with postings that are well-read, it was depressing to think the news of these companies' misfortunes was a harbinger for the balance of the year.

Let's start 2021 with an admission of something that I predicted, which turned out differently than expected. Last January I reported 2020 would be the year many of you would begin easing out of mailing catalogues. I wrote that many companies had shared with me they had decided to wind down their catalogues. Each company stated their plans a little differently, with different timelines and different goals. But in general, these companies planned a gradual phasing out of their catalogues over a three to four-year period by just mailing the best customers, while they milked the profits and didn't worry about a decreasing 12-month catalogue buyers file size. They planned to move more online, or simply move to Amazon.

☛ WEB VERSION: Click Here

When the initial pandemic lockdown came in early March, the hole in which those companies were standing suddenly got much deeper. For about two weeks, it looked like the winding down process would accelerate. Then something wonderful happened – consumers discovered they still needed "stuff", and they discovered that those companies had it. Plus, after initially tanking, the economy bounced back, and consumers spent, spent, spent.

In an almost overnight reversal, instead of fighting for your utter survival, most of you found yourself in the opposite spot – you had too much demand. As I reported throughout 2020, Datamann had several clients that had simply tremendous years, and several of them were part of the group that had told me they wanted to wind the business down. Many of you have reported record sales and profits. More important, you had these records sales and profits without lots of catalogues in the mail. Even those of you that were soft most of the year – mostly apparel catalogues – had a strong holiday season as consumers avoided retail.

Most of those companies that experienced this tremendous turnaround realise how lucky they were. They were simply in the right place at the worst possible time for everyone else, but the best time for them. The pandemic gods shined sweetly on cataloguers and direct marketers that had the products that people wanted.

Several of you told me that you had a blast in 2020 – that running a catalogue was fun again. Even with all the virus constraints in the warehouse, the out-of-stocks, the angry customers, and the FedEx surcharges, it was fun to rock on with lots of orders. But most of the companies that saw that surge of orders in the spring, also saw it start to trend down quicker than expected in early fall. Yes, almost all clients reported having a strong Holiday season, but everyone is wondering – how long will it last?

Many clients have contacted us asking how to maximize the new customers they have acquired. They raised their hand and said "I got them over the web. They ordered online. I don't want to send them a catalogue if I don't need to. What do I do?"

Trust your instincts. Before 2020, no one had ever developed a Pandemic Marketing plan. There were no rules, and to a large degree, there still aren't. Everyone has a theory about what consumers will do once the vaccine is widely available. However, in my opinion, this is uncharted territory, with everyone guessing. No one knows if consumers will flock to malls because they are sick of being stuck at home, or if they will continue to use their phones to order. No one knows if consumers will abandon their gardens and instead jump on a plane and head for the Black Hills for

Continues overleaf >

☛ WEB VERSION: Click Here

vacation. Think about how wrong the "experts" were with regards to election results last November – and the election happens every four years. What makes you think they can predict how consumers will respond to a once-in-100-years pandemic? Consequently, I'm not going to offer an opinion on how the consumer will behave in 2021, with one exception – which I will come back to in a minute.

Think about where your business was before the pandemic. Some of you were doing OK and were growing at modest rates. However, for many others, your business wasn't strong. You were getting the cookies kicked out of you by Amazon and Walmart. The co-ops were unable to provide you with prospect names anymore that worked. That was why you were thinking about winding down the catalog and moving your business online. Suddenly, because a big chunk of the nation was sent home, and told not to venture out, consumers turned to you. But that was luck. Meanwhile, although you did well, those other big guys – Amazon, Walmart, Wayfair, etc. – all got massively bigger.

You had a temporary lifeline extended to you for 2021. Did it really change anything in your business? Most likely the answer is no because of two things.

First, most of you spent 2020 just trying to keep your head above water, bringing in extra inventory to meet demand. Developing new products or even new product categories didn't happen for most of you. When the pandemic fueled spending spree comes to an end, what do you have to offer customers that is fundamentally different than you had at the beginning of 2020? Probably, not much.

Second, there used to be (back in the dark ages of the 1980s) a direct marketing rule of thumb that 2/3rds of the population were retail shoppers and 1/3rd were mail order shoppers, and it wasn't worth trying to convert a retail shopper to a mail order shopper. Today's equivalent of that rule is that there are internet shoppers (including mobile shoppers) and there is an ever-dwindling number of catalogue shoppers and it's counterproductive to try to convert a web buyer into a catalogue shopper. It's like NASA sending a steam-locomotive engineer to the Space Station – what's the point?

Moreover, most of the incrementally new web shoppers that you acquired in 2020 were not looking for you – they were looking for your products because they had an immediate need for a new throw rug for the living room which had also become the classroom for their third-grader now remote learning at home. Ordinarily, they would have shopped retail, but with stores closed, they found you. Many of them were not "frequent" online shoppers, this was all new to many of them. I predict that you will retain some of these newly acquired customers and convert them to 2X+ buyers. But in my opinion – this is my prediction on consumer behaviour for 2021 – the majority of them are "one and done" shoppers. You met their need during a crisis and they may shop more online in total – from all online sources – but they are not going to convert to being longtime customers for you the way list rental names did in the 1990s.

In the coming weeks, I'm going to offer my advice on how to identify these customers and how to market to them. I'm also going to offer my advice on the steps you need to take to continue the journey towards being less dependent on your catalog. For many of you, 2020 gave you a chance to pocket an unexpected profit. But the fundamental nature of your business has not changed. You have some breathing space to determine who doesn't need a catalogue and how to focus on more online activities while extending the life of your catalogue a little longer.

☛ WEB VERSION: Click Here

Steady revival of Catalogues : DM : Print

In case there was ever any doubt, the latest word from many quarters is that 'good old DM' is back with a vengeance. Note: DM = direct marketing for those whose experience is confined to digital. Can't help but feel pity for those who work in businesses which, during major digital transformations, determined that the sooner they could ditch 'old fashioned' print marketing and its associated costs, the better their financials would be, for the first year at least.

Many businesses which glibly kissed goodbye to mailed catalogues also said farewell to established loyal customers who, in many cases would order from every catalogue they received. Established catalogue brands were abandoned completely or, sadly, migrated to a web-only offering which, for many older customers was either completely inaccessible at worst, less attractive, or simply difficult to use.

A direct knock-on effect of this has been the growth opportunity created for those who really 'get what customers want' and have been able to take significant market share. These savvier companies understand that many customers enjoy receiving print catalogues and carefully considering the products featured in their pages. The catalogue stays in the home for ongoing reference too and this love of catalogues is not exclusive to an older generation by any means. Just look at the latest research from Royal Mail's Marketreach and JIC Mail if you need any convincing.

Surely you recall the furore when Argos announced that its main 'book of dreams' catalogue was being discontinued. What this demonstrated was that it wasn't just mature customers who liked and used catalogues, but younger generations too, including children. IKEA, long time champion of the catalogue followed suit when it announced an end to its print catalogue recently. Willing it seems to sacrifice the huge influence the IKEA catalogue has always had in driving store traffic as well as online sales. The former being particularly powerful when a store estate is scattered thinly around the country, requiring a significant physical customer journey.

This year, it's even more likely that you will have received some inspiration from a print catalogue, and in many cases been prompted by it to go to the retailer's website to buy a product seen in its catalogue pages, very possibly at the behest of your children, or partner. In a year that has seen many retailers worlds crashing down like packs of cards with assorted lockdowns bringing footfall down to zero, that catalogue has been a saviour not only to bricks and mortar retailers who have been able to migrate some customers to direct ordering – but also to consumers,

Continues overleaf >

☛ WEB VERSION: Click Here

stuck at home seeking inspiration and reliable sources of home delivered products.

Various reports say that catalogues have become increasingly desirable to consumers of all demographics. A welcome diversion from life in lockdown which is slowly but surely bringing about a rebirth of interest in 'just looking' – the difference being that the catalogue is being browsed rather than the web or the high street store. And it is more than a means to sell products. Well produced catalogues invite consumers into a less harried world. The paper quality, the crisp photography, the flowing copy all come together convincingly to share the brand story and build both confidence and rapport.

The future for catalogues and direct mail holds great promise. Many D2C retailers openly acknowledge that their response rates have spiralled, that their most profitable customers are recruited from print marketing, and that demand for products featured in catalogues and off the page advertising keeps growing. It is no secret that some of the really high growth brands like HelloFresh, Gousto, Aldi, and Freddie's Flowers, have joined long term print media believers like Sky and Saga, as major users of loose inserts, space advertising and door drops.

With many questions currently being aired about the truth behind the efficacy claims of digital advertising, 2021 is likely to see many more businesses testing direct mail, inserts and considering whether it is time to start producing catalogues. Those who currently ship customer orders without a further offer enclosed in the package are missing out massively on incremental sales revenues. A fact that is sadly missed by many who have grown up in a more digital world.

☛ WEB VERSION: Click Here

What to expect from eCommerce in 2021

By Ken Doyle, CEO, Luzern

For modern brands, 2020 has been a year unlike any other. No one could have predicted the Covid-19 pandemic, and the resulting business consequences. As more consumers eschew the high street in favour of shopping online, the ramifications for digital commerce are significant.

It should come as no surprise that the number of consumers 'showrooming' (when consumers check out products in physical stores then go online to make the purchase) has plummeted, while online browsing continues to reach record levels. This behaviour is set to continue, whether for safety reasons, convenience, a wider variety of options, price comparison visibility, or customer reviews. In fact, according to the Capgemini Research Institute, consumer appetite for online shopping and convenience will only continue to grow beyond Covid-19. Fifty-nine per cent of consumers worldwide had high levels of interaction with physical stores before the pandemic, but now only 24 per cent expect to return to that level.

Amazon will continue to grow... and dominate

It is expected that Amazon will continue to be the battleground for brands. In the past, many brands were hesitant to have their products on Amazon, preferring to drive consumers to their own branded online store. This is rapidly changing as brands realise the need to be on Amazon to meet their buyers in their marketplace of choice. Like every other business, Amazon was unprepared for Covid-19, however it will continue to benefit from the surge in online shopping into 2021 and beyond. For brands to benefit from the same growth, they need to optimise their offerings on what will become an increasingly important sales channel. In addition, as Amazon tightens certain aspects of their service, such as customer-seller messages and product reviews, brands will need a solid strategy to overcome these obstacles. The shift in buyer behaviour and the transferal to online shopping is driving brands to update their Amazon sales strategies, and upscale their digital commerce operations.

Brands to tackle tighter price margins

As brands seek to increase sales via online marketplaces, in particular Amazon, they could find themselves facing extraordinary margin pressure when selling directly. Amazon will, of course, seek to maximise their margins and push what is selling best. This will have a trickle-down effect, as they will inform brands that better prices are needed, otherwise they will stop ordering some, or all, of their products. For the brand, this could equate to millions in lost revenue.

Continues overleaf >

☛ WEB VERSION: Click Here

When a brand sells direct to Amazon (known as 1P), Amazon acts as a retailer and can implement price adjustments independently. Alternatively, brands could opt for a hybrid approach, where the business combines the 1P sales model with selling their products on Amazon via third-party sellers (3P). This model provides brands with more price autonomy over their products.

As we enter 2021, dynamic pricing will become more prevalent. By collating and analysing competitor pricing stats, brands will be able to implement dynamic pricing strategies to maximise sales and profitability.

Headless commerce - more brands will lose the head

Not a new concept, headless commerce – where the back-end of the platform is decoupled from the front-end – will continue to gain momentum in 2021. With more traditional eCommerce platforms, brands are constrained to the front-end design and locked into monolithic solutions. Since headless eCommerce platforms don't control the front-end design, this enables brands to create and control the end user experience, allowing them to be more flexible and agile.

Already set in motion, 2021 will see a rise in consumer demand for a frictionless shopping experience. Online shoppers have little tolerance for inconsistent or fragmented customer journeys, they want transactions to be fast and easy, and brands that enhance the process will be able to fix the abandoned shopping cart issue.

AI and predictive analytics will gain more traction

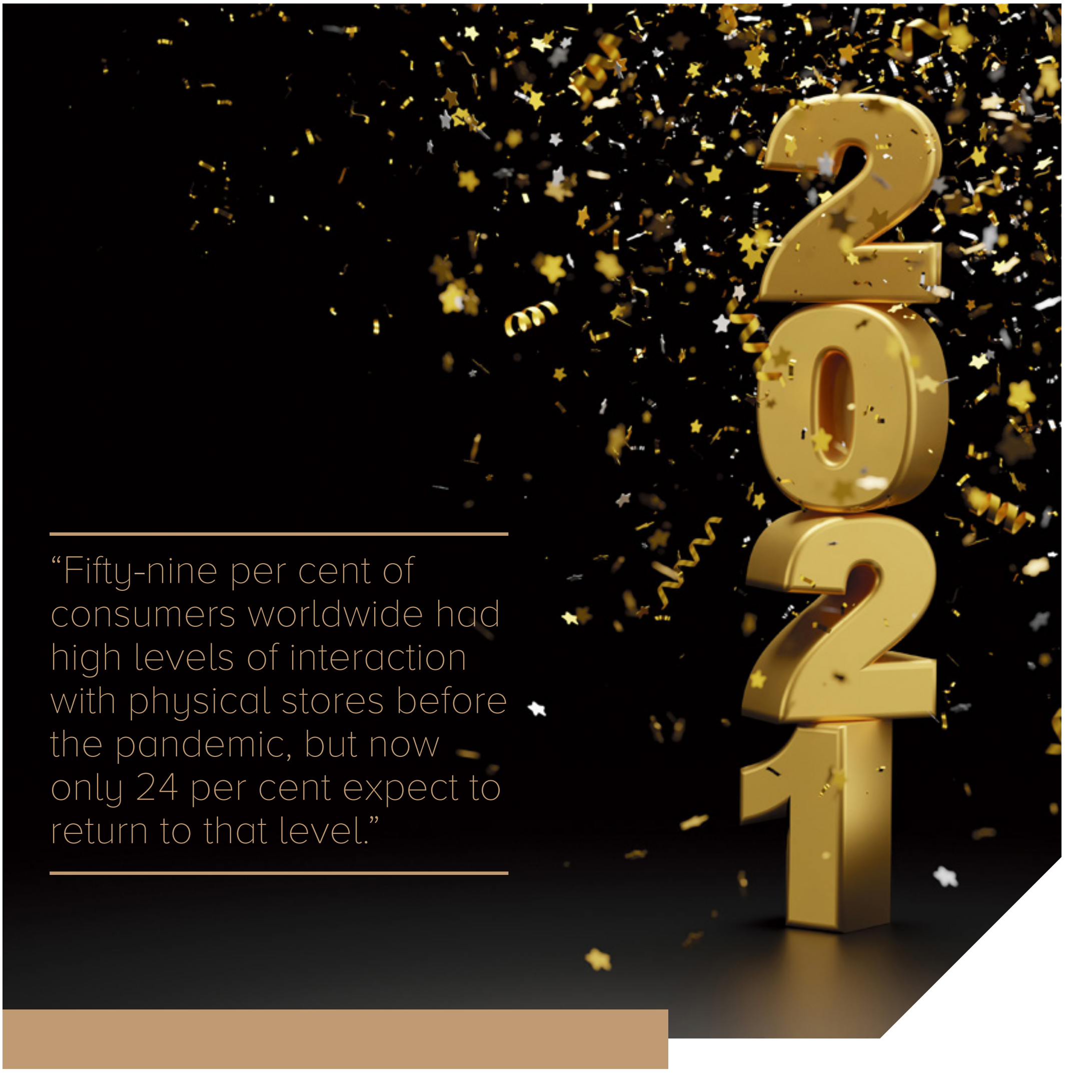
Already delivering results for brands, artificial intelligence (AI) is helping customers visualise products, and how those products will meet their needs. Likewise, AI powered chatbots are becoming increasingly sophisticated in delivering customer service. In 2021, AI will do even more by helping brands find new customers.

Algorithms will analyse and compare shopping trends in conjunction with brand offerings, scrutinising sales channels and shopper trends, and delivering insights for brands to fine-tune marketing, sales, and pricing strategies. By automating this labour-intensive process, brands will become more cost and time effective, enabling them to redirect resources towards core business goals.

Fulfillment and delivery becoming increasingly important

As the number of people that go online to shop continues to rise, 'last mile' delivery services will equally thrive. 2021 is very likely to be the

☛ WEB VERSION: Click Here



year when we’ll see drones and self-driving delivery vehicles become commonplace – most likely a result of the increased demand for ‘no-contact’ delivery services.

Unfortunately, there will be casualties on the high street, with some premises likely to be converted to fulfillment hubs and distribution centres for ‘last mile’ deliveries. This, however, provides customers and brands with more flexibility when it comes to options for deliveries, pick-ups and returns.

To meet customer demands for third-party logistics and drop-shipping, there’s a move from traditional warehouse fulfilment models to re-modeling supply chains. By using drop-shipping, companies won’t have to manage inventory, instead, the brand sells the product and passes the sales order to a third-party for fulfilment and shipment.

With the online marketplace providing consumers with virtually everything they need, the shopping habits formed during the pandemic will continue into 2021 and the foreseeable future. Although this space is still evolving, one thing is certain – for any eCommerce strategy to succeed, brands need to adapt and evolve to meet the new era of eCommerce.

☛ WEB VERSION: Click Here

Why Customer-Centricity will be even more critical in 2021

By Stephen Sumner

For this article I've picked up on a couple of trending stories. My focus is to stimulate the industry to continue to recognise that we are in the centre of an opportunity to reimagine the future of retailing as we continue into the 21st Century.

Without a doubt Supermarkets have been the beneficiary for some, saviour, and for many other retailers the envy during this pandemic - however! Here's a couple of awkward question for you, especially if you operate in the Supermarket and, or FMCG business;

1. How will consumer adoption of online grocery shopping accelerate in the next several years?

2. Will the leading companies in the grocery business in the U.S. and UK right now be the leaders in the online grocery business in five to ten years?

Something for all supermarket chains to consider maybe, but most definitely a huge opportunity for all retail sectors to embrace this pandemic and get back to engaging with the consumer first and transaction second. What do I mean by this?

Do you remember when you could go to a luxury store and 'get served' - do you remember when you could go to that fancy expensive restaurant to celebrate something special?

In times gone by we defined 'luxury' as a way to enjoy something that made us feel special. It was an experience that managed to lift us because in the luxury sector how you 'experience' the brand is what makes you feel special - the focus was/is very much on the how that brand could not only connect to us to provide access to what was for many an exceptionally good experience.

There are two main reasons for reviewing what you assume is your 'customer centric strategy'. First, customer expectations after a downturn are much higher than when a market is in steady growth. After all, one of luxury's primary roles is to function as an ultimate treat. So, brands will need to provide superior experiences to connect with customers better than their competitors. Second, the retail demographics are changing rapidly, and younger, highly-empowered customers are much more discerning than they were in previous generations.

It is quite different to sell to a customer who already knows what they want, than to sell to a customer who needs significant guidance. The store of today must shift from a transactional sales approach to a relationship approach.

☛ WEB VERSION: Click Here

Customers don't see themselves as part of your funnel, they're not interested in how you do stuff - they want you to make them know you truly understand who they are, and make them feel special. The most successful brands in 2021 will be the ones that can create extreme value for their customers that goes far beyond selling desirable products. To repeatedly create memorable moments requires radical customer-centricity. It should be "about them and not about us." The needs of the customers should be at the center of all those brands.

Today there are very few places left for brands, which want our attention, to go to if this pandemic continues to decimate revenues, particularly as the subsequent brand marketing budgets that companies have gotten used to are at best a fraction of pre-Covid spending, or at worse non-existent.

'Social Media' can be a life saver for brands if they understand that social media is about being social first, and selling second. The costs don't increase because being social means you measure 'engagement' over reach.

You don't need a database, so no GDPR issues, if you operate an 'employee advocacy' strategy your outsourced 'social agency' could pretty much become redundant. What are your plans to get closer to the customer for 2021?

☛ WEB VERSION: Click Here

bareMinerals' online performance glows during lockdown

Clean beauty brand, bareMinerals, has improved online engagement and increased AOV (average order value), with a solution from Wunderkind, formerly BounceX, a behavioural marketing technology provider.

Starting the 'clean beauty' revolution when it launched its best-selling mineral foundation in 1995, bareMinerals has become an iconic beauty brand which counts celebrity ambassadors, including Hailey Bieber and Rosie Huntington Whitely, among its fans. Synonymous with creating clean, cruelty-free make-up and skincare, its beauty products are free of harsh chemicals and include botanicals that improve the skin's appearance naturally. As well as selling through 38 of its own bareMinerals boutiques globally and concessions in Boots, John Lewis, Selfridges and House of Fraser, bareMinerals is also available on beauty pureplayers, including Look Fantastic and Feel Unique, and its own successful eCommerce platform.

When the new GDPR regulations came into effect in 2018, bareMinerals saw its marketable database significantly reduce in size. And, while this left the beauty brand with a smaller but much more engaged audience, it recognised the need to regrow its email lists. So it decided to contact Wunderkind, formerly BounceX.

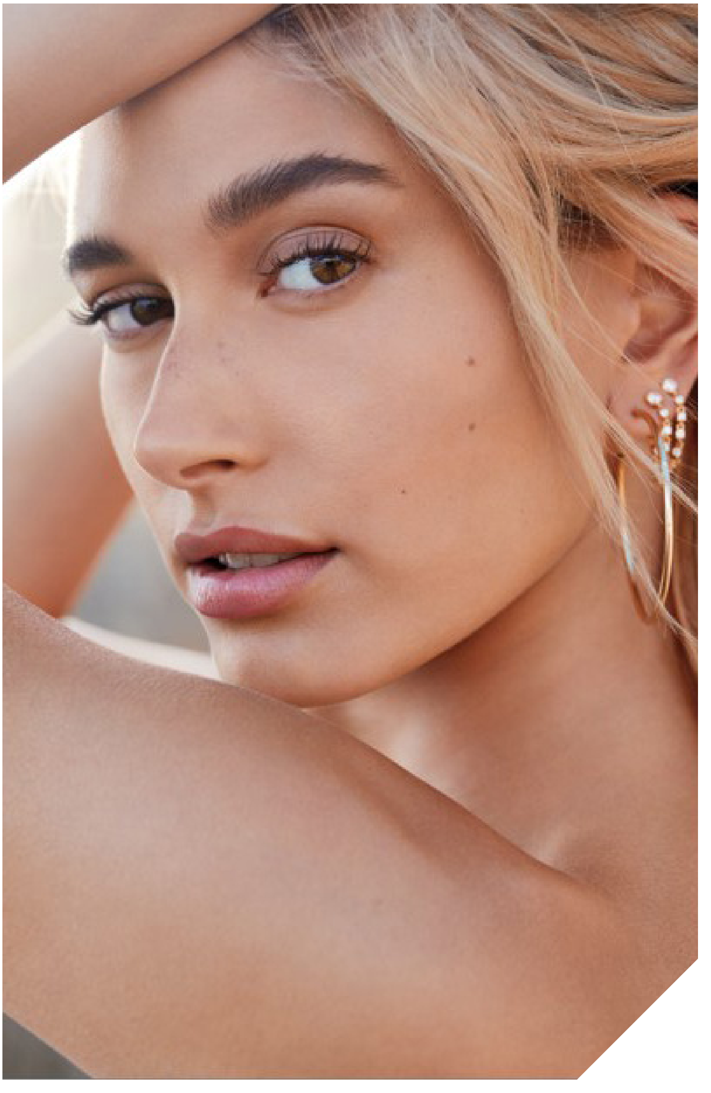
Using the behavioural marketing solution's real-time identity network and technology to better recognise a larger portion of its site traffic, across new and returning users, bareMinerals was able to personalise messages to target sign-ups and grow its lists of new shoppers, while tailoring marketing to existing loyal customers based on their buying intent.

bareMinerals has continued to use Wunderkind's solution to grow its lists since then as it delivered a successful steady stream of sign-ups, however this became increasingly important to the business in 2020 during the covid-19 pandemic. With lockdowns forcing its stores to close, eCommerce became its primary sales channel. During the first national lockdown, for example, sales of its skincare ranges soared +20 per cent. With demand for eCommerce brands growing, bareMinerals recognised the need to optimise digital operations to drive sales and capitalise on the growing cohorts of new shoppers coming online. From March 2020 to the end of the year, Wunderkind's solution grew bareMineral's database by 80 per cent.

Wunderkind's solution enables bareMinerals to understand on a customer-by-customer level where an individual shopper is on their buying journey based upon on-site behaviour and intent triggers.

☛ WEB VERSION: Click Here

Holly Willis, assistant manager, CRM at bareMinerals, commented: "Wunderkind doesn't just help us grow out our databases, their granular-level personalisation allows us to find out more about the shopper on an individual basis, enriching our data and improving the quality of our digital engagement. By understanding buying intent, they help us create highly tailored triggered messages at every point in the buying journey."



bareMinerals was quick to act when lockdown closed its stores and sought to recreate the in-store buying experience online, becoming one of the first movers to launch 1-2-1 beauty consultation appointments with its make-up and skincare experts in April 2020. This helped the brand not only connect with its customers, but also helped build confidence around online purchasing to increase online AOV. Orders made through its 1-2-1 appointment service were 2x higher than the average basket size of orders made directly on the website.

Wulfric Light-Wilkinson, GM EMEA at Wunderkind, commented: "bareMinerals has always led the way on product innovation, continually creating new and exciting clean beauty concepts that push the category forward. So, it's no surprise we saw them apply the same rigour in finding new ways to connect and engage with shoppers during the pandemic when stores had to shut. By helping bareMinerals better understand and engage their shoppers, it was able to capitalise on digital sales opportunities and nurture new shoppers into returning and loyal customers."

☛ WEB VERSION: Click Here

Dreams improves data analytics performance

Dreams is using Exasol, an in-memory database to centralise data, improve customer experience and support data-driven decision making. This enables Dreams to run concurrent queries up to 8x faster than before, reducing query result times from minutes to just tens of seconds.

Dreams sells over 13,000 mattresses, beds and headboards per week nationwide and attracts 24.7 million visitors to its website and needed to eliminate its data siloes in order to optimise in-store and online customer experiences. It will use Exasol for analytics applications that involve large volumes of granular data, such as eCommerce customer journey analytics to segment consumers and build a better understanding of their behaviour.

Petra Kasperova, insights and analytics director at Dreams, said, "We chose the Exasol analytics database because its functionality, versatility and scalability allow us to do much more with our data, integrating multiple sources and running more complex queries much faster. This will help us make more timely data-driven decisions across the business."

Dreams' existing business intelligence (BI) layer includes market-leading tools Alteryx and Tableau, but it needed a secure, low maintenance and scalable database that could integrate easily with its ERP system. Utilising Exasol's Virtual Schema technology has enabled ERP data to be made available to Exasol via SQL without the need to create complex ETL/ELT programs, enabling Dreams' IT team to spend their time more productively.

Mathias Golombek, CTO, Exasol comments, "The dramatic shift towards online shopping means it's vital for every business to be able to analyse the large amounts of data that are collected through its website in order to optimise the eCommerce experience. Dreams also manufactures over 460,000 units of specialised products a year across 100 different models, and data will ensure every item is the best it can be for customers. With a centralised, integrated view, they will now be able to solve complex challenges faster, accelerate time to value and accelerate decision making."

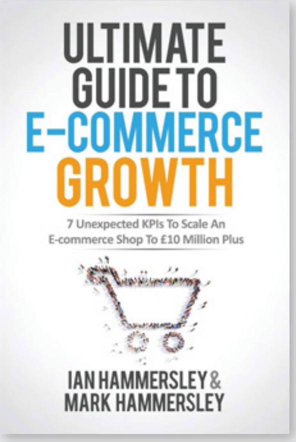
With Exasol in place, Dreams will take full advantage of the database's capabilities. Exciting potential applications include Sleepmatch – Dreams' proprietary mattress fit technology, which carries out thousands of live calculations to recommend the ideal mattress for each customer. Analysis of the large volumes of data collected from Sleepmatch would help to further optimise future mattress recommendations to help its customers get a better night's sleep.

☛ WEB VERSION: Click Here

Ultimate Guide to Scalable eCommerce

PART 3

By Ian & Mark Hammersley



THE KEY PERFORMANCE INDICATORS (KPIS)

Wait... what is a key performance indicator?

A key performance indicator is pretty much just what you'd think it would be. It is a measurable value used to indicate how effective a business is at achieving its objectives. In our case, the final objective is a completed sale, but there are KPIs along the way that we can use to track and evaluate performance, so we can really dial in and discover where the problem areas might be and ultimately increase revenue.

These KPIs are important to how your site operates. Remember, when you're small you can't simply copy what a larger site is doing and hope it works. A massive brand is going to be more successful than an unknown online store. Copying their website isn't going to help your site perform better. For this, you need your KPIs in place.

WHERE TO START

On average:

- 11 per cent of visitors will add a product to their basket.
- Of that 11 per cent, 55 per cent will proceed to checkout.
- Of that 55 per cent, 84 per cent will place an order.

To determine how your website is doing, first benchmark yourself against these three statistics. If you're falling behind in one of these, then this will dictate where you need to spend your time and money. For instance, if you only have five percent of your visitors placing items in their cart, then this is where your energy and time needs to be. You'll need to answer the question, "Why aren't visitors adding items to their cart?"

Or you might find that your add-to-basket percentage is high but very few people are proceeding to checkout: the dreaded abandoned cart syndrome!

Most e-commerce platforms offer a variety of strong merchandising techniques to help with these situations. In the following chapters, we'll discuss the three key performance indicators, or KPIs, and a few of the techniques to help you increase the

Continues overleaf >

☛ WEB VERSION: Click Here

percentage of these three KPIs.

GET YOUR E-COMMERCE SITE TO THE GYM

Think of these KPIs as your website's fitness level. When Mark first started going to the gym, even a small workout left him exhausted.

He dreaded it. He could not figure out how some people could spend hours on those machines and then do a full day's work. But now he can go to the gym, do a workout and not have to lie down afterwards. This is an improvement.

Of course, now he can move onto other things, do more weights, do more cardio. Those activities are available to him.

So how fit is your website? Imagine marketing spend as exercise for your website.

How much 'spend' can it cope with before it needs to lie down?

For a human, fitness can be measured by KPIs such as VO2 max and speed. For a website, fitness is measured by add-to-basket rate, basket-to-order rate and the other KPIs we will introduce you to in this book.

If your website is not fit, it's never going to compete in a marathon against the top competition. However, your revenue goals probably means it needs to. We were looking at two websites yesterday, both sites owned by the same client; one targets high end and the other the value market. The high-end website, we have got fit: the add to basket is now hitting 9 per cent having moved from 5 per cent, and it's hitting its target nicely and scaling ad spend. But the value website, even though add to basket has moved from 3 per cent to 6 per cent, still needs work. It's not

fit enough to scale. Luckily, there is still a lot of obvious stuff to fix, namely:

- The mobile site has the menu burger and the basket icons in the wrong places, meaning people can't find them.
- The basket page is messy.
- There is little social proof on the website.
- The reviews are good but hidden away.

We feel like personal trainers, training a client to compete in a marathon. These KPIs are your website's fitness level—if they are low they are never going to cope with the adspend you need to hit your revenue goals.

ADD-TO- BASKET RATE

This is the unique add to baskets per session divided by the sessions. It all started here, and we just kept coming back to this metric. All the sites were doing poorly where this KPI was concerned. If the add-to-basket rate was low, then it didn't matter about the checkout. It became our go-to metric for new sites, the place we would work on first. We would split test and implement to move this metric up. Sometimes a split test would move the revenue per visitor up but lower the add-to-basket metric, so we iterated until both metrics went up as this gave us more users to improve later in the funnel. This is easily measured in Google Analytics via Google Analytics Events or via tagging for Google Analytics Enhanced E-commerce.

BOING... BOING!

Out of all the individuals landing on your website, some of them are going to bounce off. This can occur from any page on your site. Some may bounce off the home page, others may get to a category page or product page before making their exit. Some even put items in their basket and proceed to the checkout page before they decide to abandon ship. And then there's the four percent who make it through checkout and place an order.

A good place to start improving your add-to-basket rate is to look at your bounce rate across content types. For example, how do product pages or category pages perform as a whole? By understanding this, you can easily monitor improvements made to the product templates.

Key performance indicator (KPI) number one is what we call the add-to- basket percentage, and it is definitely the most critical one. If no one is adding anything to their basket in the first place, there's definitely a problem.

According to the statistics we work with, 11 per cent of visitors to your website should add something to their basket.

☛ **WEB VERSION: Click Here**

So what if you're not at that percentage? There's a good chance you may not be; that's why you are reading this book! We're going to help you figure out why.

When we first consult with our clients, the majority of them think they have a problem with the checkout process itself. Upon inspection of their site, however, we often find out that their checkout is just fine. What they are really struggling with is getting visitors to put items in their basket.

ADD-TO-BASKET PERCENTAGE

The first thing you need to think about when trying to get visitors to put your product in their basket is the type of buyers you're working with. For example, by analysing the buyer types, it allowed us to see why on one high-growth site a marketing message reduced conversion and on another high-growth site it massively increased it. How so?!! It was the same message...

It was all down to these four buyer types and how you've got to understand who yours are. By looking at the different types of buyers, we were able to determine why one site worked while another didn't, even when the same marketing message was used. Consider the following chart:

There are four types of buyers:

- Competitive.
- Spontaneous.
- Methodical.
- Humanistic.

THE COMPETITIVE TYPE

Think James Bond. James Bond mentions his tailor with fondness a few times during the Bond movies. I am talking about the James Bond of old, not the modern Bond who doesn't give a damn how his vodka martini is served.

The James Bond we grew up with was a connoisseur of attire, wine and history. He cared about the finer things in life.

When we are selling to the discerning buyer, we need to build that loyalty in our customers, and they will never leave.

The James Bond buyer can be classed as the competitive buyer type. This buyer type wants the best, buys quickly and is not a sales shopper as they are less sensitive to price.

So how did Mr Bond's tailor generate the loyalty to bring him back time and time again? Here's how we would have done it.

We would have made sure that our shop was an authority in men's tailoring. This can be done by:

- Sponsoring events that already have the authority I am seeking to borrow.
- Working with clients who have authority and giving them good stories to tell about their experience. I want them to talk about their tailor down at the country club.
- Making my clients perceive that it's exclusive by making them apply for a fitting. To generate discussions about this 'oh, it's very hard to get an appointment at X tailor, he is very in demand.' This is like catnip to the competitive buyer
- Having a store on Savile Row 'where everyone knows the best tailors are.' Next, I would have to make the shop experience bespoke, no fuss and flawless.

The competitive buyer hates incompetence. They want you to notice the finer detail without it being pointed out.

They know how a suit should hang, what stitching should be done where, but they never want to have to tell you this; they expect you to know and to get it done.

When they go in for a suit fitting, it should feel like a seamless process from start to finish. Great services look easy because so much planning and time has gone into the preparation. Then we come to delivery.

We would know that our client travels a lot, and we would want to make it easy for the client to pick up the suit.

We would need to tailor our delivery options to suit the client, even liaising with our client's secretary to have the suit delivered without the client having to think about it.

If something went wrong with the delivery, we would need to forget about the profitability of that one order and make sure that the suit was delivered on time.

Continues overleaf >

The thought would be on the service even when delivery might be impossible. 'Impossible delivery' builds some great customer stories, which we want our authority clients to spread.

After all, this the product needs to perform, and if it doesn't, we need to take care of it, no questions asked. At the end of the day, we are not providing a suit for Mr Bond.

Instead, we are providing a method for Mr Bond to show that he is a man not to be trifled with. Today Mr Bond's team would order replacement garments from an online store.

He needs a new shirt; the site would be personalised to his sizing information, orders would be easy and his orders would be reviewed personally by his tailor in case a team member made a mistake.

Just because the world has moved online does not mean that we must ignore the top competitive buyers.

Now that we are online, there is a greater opportunity to extend the flawless experience for the competitive buyer.

THE METHODICAL TYPE

We love watching old Columbo murder mysteries. He is like the atypical hero: scruffy, appearing disorganised but probably the greatest detective in the world.

He lulls the murderer into a false sense of security. The murderer thinks the police department has sent an idiot to solve the crime. But he keeps asking questions. 'Just one more thing...' Often this comes after a long conversation when his suspect is already annoyed. The questions keep coming. It's the detail in the answers that he analyses. Over and over until the murderer slips up.

Columbo's manner is humble, apologetic and bumbling but incredibly effective. We all have Columbo customers visiting our stores every day. They are the methodical buyer type. They spend a long time buying. They need answers to a lot of questions. They scroll the full page. They read the reviews onsite and offsite.

And just when you think you have done enough, they abandon your website. They abandon because we are not the murderer.

The murderer is the solution to their mystery, which is 'where can I buy the best xyz?' They find the murderer somewhere else, somewhere that provides better answers, more details and more evidence. But how many Columbo-buyer types are there in our traffic and why should we care?

Well, usually a lot. On most stores, this is the biggest of the four buyer types and can make up over 50 per cent of potential customers. You need to start creating more evidence, on your site, for Columbo to stumble upon.

THE SPONTANEOUS TYPE

I once watched a documentary about Michael Jackson and part of it showed him going shopping in a home décor shop in Las Vegas. It was like he was picking out sweets even though these were $89,000 pieces of furniture. "I like those, lets order those... and these... and these, this table and these."

The spontaneous buyer buys very quickly and does so on impulse with very little fact checking. Whilst we will always have some spontaneous buyers coming to our stores, most of them will show up at sale times. Normal buyers will be transformed into spontaneous buyers during promotions like Black Friday, Cyber Monday, Boxing Day Sales, etc.

Spontaneous buyers like to have things right in front of them. They are shopping for fun, and they don't like to search or work to find something to buy. During sale times, we must create a home page that suggests what they should buy and show them a good quick reason for doing to.

THE HUMANISTIC TYPE

The humanistic buyer is driven by emotion and does not like to buy from a brand until they feel a connection with the store. This buyer type is triggered more when they are making a purchase of something for their home and family. They tend to take more time over the purchase and really dive into the reviews and the ethos behind the company.

IS IT RATIONAL OR EMOTIONAL?

These four types of buyers

☛ WEB VERSION: Click Here

also fall into one of two purchasing camps: they either make rational or emotional purchases.

THE RATIONAL PURCHASE

A rational purchase describes a product that is necessary and often purchased only when it is going to solve a fundamental, immediate problem. A car battery, for instance, is a rational, distressed purchase. If you sent an email to customers offering 80 per cent off a car battery or even a buy-one-get-one-free car battery deal, they aren't likely to have any interest in your offer unless they absolutely need a car battery right now. This type of purchase offers a small window of opportunity for a sale. You probably have four to six hours to get the sale so the buying window is incredibly small.

THE EMOTIONAL PURCHASE

An emotional purchase, on the other hand, is something a buyer might want, but doesn't necessarily need, like a set of decorative cushions, a handbag or other products that have aesthetic value. Fashion mainly falls into this camp, though a dinner suit for a black tie event tomorrow night would be considered more rational/problem solving. Customers may respond better to a discount of 40 per cent or free shipping with an item like this because it is an impulsive, spontaneous purchase. For emotional purchases, the buying window is much longer. In some cases where it's a high average order value and very emotional, it can be several months.

Because these two types of purchases are so different from each other and appeal to different types of buyers, you'll need to use a different strategy to encourage each type of buyer to put your product in the basket. For the more rational purchase, you'll want to appeal to the urgency and need of the item. In this instance, a quick delivery time, adverts with text like 'huge range' and an onsite countdown timer would be much more likely to result in a completed transaction than a discount offer alone.

If the product is an emotional purchase, like the decorative cushions, using larger images showing the item nicely displayed in a beautiful home or discounts that are 'ending soon' are more likely to appeal to the buyer. Remember, they don't need the cushions. No one needs

Continues overleaf >

cushions. They aren't going to solve some fundamental problem in anyone's life, but if your web visitor likes them and they are displayed and presented properly, you're likely to get a sale. That's the beauty of the emotional purchase.

IDENTIFY YOUR BUYER

The first thing you need to think about when addressing the add-to-basket KPI is whether you are selling a rational, problem-solving product or an emotional one.

THE MARKET SQUARE ANALOGY—WHAT VALUE DO YOU PROVIDE?

In addition to determining what type of buyer you're appealing to and what kind of product you're selling, you'll also need to think about your unique value proposition. When talking to our clients about value proposition, we always encourage them to think about their business as if it were a brick-and-mortar building in a market square. Why? Because in reality, your online competition is going to be similar to that of the competition you would experience in a market square.

Imagine your customer walks into a market square—let's pretend your business is located all the way at the back end. In order to get to your store, the customer has to literally walk past other businesses selling the exact same items you are. These businesses may have discounts and special offers like free delivery, a no-quibble return policy, a selection of merchandise that's been discounted 30 or 40 per cent off, or buy-one-get-one-free offers. If your market stall was just sitting there at the back, doing nothing to entice customers to pass these other businesses and come to you, they aren't going to come. You have to get out there and increase your value proposition in order to sell your product. You need to build tangible proof that your business is the best option for what the customer wants. Customers will walk past all the other businesses if they believe in your service and products.

There has to be a match between the look of your website and your value proposition in order for you to continue to scale your business. Your e-commerce site could be aesthetically perfect and easy to use and have all the bells and whistles, but your value proposition will always be the key to your success or failure.

On the other hand, a website can be plain and poorly put together, but if the value proposition is right and the product is something customers really want, this poor website will outperform an amazing-looking site every time. Now, certainly we can increase sales for the poorly put together site just by giving our client a sleek-looking website that really matches their excellent value proposition—then they will really take off.

What if you aren't feeling one hundred percent confident about your value proposition? How do you increase it?

Glad you asked... that's next. But before we get to that, let us tell you a little story about cloning.

Monhish Pabrai is one of my favourite investors; apart from having an amazing track record at investing, he rose to fame as one of the first people to buy a charity lunch with Warren Buffet for $650,000 USD. He said the lunch was worth every penny.

One of Monhish's favourite concepts is cloning, and he tells a good story about two petrol station owners to illustrate why some businesses fail.

Two petrol stations set up across the road from each other. Owner A starts filling the gas manually and cleaning the cars' windows. The owner B across the road sees this and says to his assistant, 'There's no point manually filling the gas and doing the windows as he can't do this for every car—

☛ **WEB VERSION: Click Here**

people will get annoyed when they return, and they have to fill their car themselves. I am not doing that.' And so it goes; he even tells owner A how stupid he is.

Over time, owner A's business starts to take off and more people choose to use his petrol station than owner B's. But owner B does nothing. Even though owner B knows exactly what is making the other petrol station busier over time, he still does not clone owner A. Why?

Because he has invested and publicly stated his opinion that manually filling some cars is a waste of time. He will desperately try to find some other way of growing his business so he doesn't have to admit being wrong. Also, he certainly doesn't want owner A to see him admitting defeat.

We have seen this a lot with some e-commerce clients who have been going a long time and a young new business comes into their market and starts cleaning up.

It's clear what the new business is doing; we reverse engineer the upstart and tell our client 'here's the plan.' But they won't do it.

They want something different, something no-one else has ever done. They want the world to think they are a genius.

But unfortunately, most of us are average (duh), and so to have a fighting chance, we need to shamelessly clone what's working for others and then improve it.

Don't be too proud to make a lot of profit. Stop trying to recreate the wheel.

Two quotes to sum this up.

Steve Jobs: 'We have always been shameless about stealing great ideas.' Picasso: 'Good artists copy, great artists steal.'

Now you don't want to blindly copy your competition and be exactly the same as everyone else. However, if one customer is totally cleaning up, then at least do what they are doing and then improve it!

MERCHANDISING YOUR PRODUCT PAGES AND CATEGORY PAGES

Increasing your value proposition is most often linked to your product pages. Google Shopping has changed in recent years. Now, when customers click on products listed on the Google Shopping search page, they are taken straight to the product page of your site. Customers no longer have to navigate through your home page or visit a category page prior to reaching the product they are looking to buy. Google Shopping is a big, emerging traffic builder and most of the traffic relies on your product pages as the first impression of your site.

When the Google switch first occurred, we immediately noticed a high bounce rate on our clients' product pages. Some were over 75 per cent, which is huge for an e-commerce site. The typical bounce rate for a product page should be less than 60 per cent. This told us that potential customers were landing on the product page, but instead of buying, they were clicking back into their browser or hitting the Back button to return to Google and continue their product search. Product pages are now the new landing pages. The old days of visitors landing on home page > category page > product page are long over.

What we discovered is that when a product page displays only one product, it may be close but not the exact product your customer is looking for. If there are no other options for the customer to consider, they immediately exit the page and attempt to find a different product that fits their needs.

With one of our clients, a big-name cookware website, we found that by merchandising each product page and offering similar yet different alternatives on the same page, we were able to reduce the bounce rate by 35 per cent and increase the add-to-basket KPI substantially.

don't miss the next issue...
YOUR PRODUCT PAGE HAS THE POWER OF A LANDING PAGE

☛ WEB VERSION: Click Here

Brexit EU VAT & customs

Practical options for UK merchants

DCA members are asking how to best deal with shipping to EU customers – here are some thoughts

UK D2C merchants face fairly complex choices on how to deal with taxes and customs duties if they wish to retain their EU consumer sales. With the consumer press warning UK consumers of the likely additional charges they face when buying from EU merchants, the same is happening in EU country media, warning of increased costs being applied to their purchases.

Not that any of this is brand new or unexpected. The warning bells sounded when Amazon issued its edict last year which demanded that UK merchants wishing to continue to use its platform would need to have a separate stock holding in the EU for EU orders to be fulfilled from. Some larger organisations already have distribution centres in mainland Europe used to supply their physical stores in EU countries and for these, the new modus operandi is relatively straightforward. But for those without those resources, a new world of customs declarations awaits and is proving to be a minefield. EU customers, like their UK counterparts, are unwilling to pay extra for the goods they have ordered and a most complex saga of refused deliveries and returns issues is further compounding the problems.

So what do you do?

Whilst some retailers have called a complete halt to servicing EU customers, to lose that revenue stream following years of marketing and tech investment for EU markets would be near-suicidal for many merchants.

Options to carry on supplying EU customers are:

A: To make it completely transparent on your website that customers in EU countries buying from you will be treated as the importer of the goods and will, therefore, be liable for payment of the import VAT. This will be collected by the delivery company at the point of delivery.

This is simple for the merchant but the risk is that you will lose most if not all of your EU customers who will not be at all happy to pay the additional charge.

B: You cover clearance of the goods into the EU at sale

To do this you will need to register for VAT in the EU countries of your customers. You will then pay the import VAT to clear the goods. You then charge for the goods with the local VAT rate applied. It means you will have to account for VAT in each of the country's VAT

When it comes to the country of origin and its relationship with duty, this becomes slightly more complex as the definition of the country of origin can be a conundrum. e.g. if goods are imported and then changed/added to they can then be classed as being of UK origin in some circumstances. But essentially if goods originate outside of the UK and are then sold into the EU then the relevant duty for that product becomes payable on goods above a sales & shipping value of more than 150 euros. There may also import tax/duty payable on those goods when they arrive within the UK. Again any reclaim process would be driven by the fiscal entities set up for a particular company..
Jeremy Parnham, MH-International

There are a number of options depending on the type of customer and the value of orders being shipped. MHI offers an optimised approach that involves clearance and prepayment of taxes in NL (DDP- Delivered Duties Paid) for those items that reach the 22 euros threshold for import VAT. Items are processed and prepared for final mile delivery at our Bristol Hub, then shipped over in bulk but cleared on a line by line basis (individual parcels). We are seeing clients registering for VAT in NL and treating this as a "stock movement" clearance with a view to reclaiming the VAT, we encourage clients to consult their Tax advisors to establish if this is the best solution for them. For items below the 22 euro threshold that currently do not attract import VAT we can send DAP (Delivered At Place) therefore avoiding clearance fees to be paid. The 22 euro de minimis will disappear from July 1st so DDP becomes the preferable option for those retailers wanting to avoid customers being charged on delivery. **Jeremy Parnham, MH-International**

return processes as well as making customs declarations and paying any tariffs due. These are functions which freight forwarders can assist with and many have established teams dedicated to smoothing processes. If you are importing into the EU, you need to a resident business with an EORI for certain Customs issues, including the declarations. You may also find that you require an import customs representative.

This works far better for your EU customers but you will bear the cost of customs and VAT compliance. There are deferred import VAT schemes operating in most EU countries which can help..

C: Your EU customer clears with you paying import VAT plus any tariffs

You can make your customer the importer but you pay any customs and import VAT via the freight forwarder. This is often referred to as 'DDP with agent' or 'Buyers Agent'.

This brings the good experience of B – taking the worry of VAT or tariffs from your customer. You don't have to be VAT registered and accounting in each country doing filings. But you will need a Power of Attorney from your seller, which adds to the checkout process time. Ensuring you receive the VAT you've paid, by passing it to the customer at the point of checkout is complicated and will need to be automated.

D: Store cleared bulk goods within the EU

This requires that you ship and clear best- selling lines in the EU and fulfil all EU orders from this warehouse. Amazon has already insisted on this.

The major issue here is the cost of having stock tied up in an additional location. But once you do this, you can avoid individual customs declarations for each order. VAT registration will be needed for the country in which you store the stock. Further VAT registrations may be needed if you are making significant sales in other EU countries. Import VAT can be managed with via Postponed Accounting.

The Netherlands and Belgium currently offer good VAT schemes as well as good transport links. You don't have to pay import VAT in either and many freight forwarders are offering comprehensive support packages.

Alternatively if importing into France by ferry; or EuroTunnel you can then onward ship the goods to another EU country before you clear them for import VAT and customs. This option tends to create more paperwork and means the VAT treatment is less favourable and could mean that you will pay import VAT.

E: Wholesale your products to EU merchants

If the administrative and prospective cash flow demands are too great for your business at this time, consider working with an established merchant in the EU countries where you have built up a 'following'. By selling as a wholesaler to merchants you will, of course reduce your gross margin whilst reducing your risk and may well find that sales grow.

This information gathered from multiple sources and we thank Avalara, in particular, for its advice on VAT issues.

For more on these matters please click here.

Save the date

17th JUNE 2021

FOR THE

DIRECT COMMERCE ASSOCIATION

ANNUAL CONFERENCE

virtual

CONFIRMED SPEAKERS

KEVIN HILLSTROM

Mine That Data

CHLOE THOMAS

eCommerce Masterplan

DCA members may also be interested in hosting or sponsoring a roundtable – contact us for more information.

CALL FOR SPEAKERS

If you would like to speak at this year's virtual Annual conference email victoria@directcommerce.biz with a session title/synopsis and name(s) of the presenter. Our preference is for live case studies or sessions that offer real insight and key takeaways.

DCA Members can book tickets for the **special earlybird rate of £165 (+VAT) – BUY ONE GET ONE FREE until 1st March.**

Members are also welcome to use their allocation of free/half price places to attend – please contact Victoria for more information or to check your companies membership status. Non members can book tickets for £165(+VAT) per person.

homeofdirectcommerce.com

☛ WEB VERSION: Click Here

Sharing our Secrets: Part 1

Which are the best channels for recruitment?

By Nigel Swabey, nswabey@mailtrainmedia.co.uk

If I'd known then, what I know now.... Catalogue brands like Kaleidoscope, Scotcade, Innovations and even Scotts of Stow, would have been much more profitable.

Trial and error is an expensive way to learn one's trade, and direct retailers have had a tough time in recent years. That's why we've recently decided to start sharing our experience with industry colleagues in the DCA. **We're quite happy for the secret of our success to become an open secret.**

New Customer Recruitment Part 1 – Our Top Ten Offline Channels

The 4 key metrics we use to rate each recruitment channel – we call it the Q-score.
Ask any direct marketer to name their greatest priority and they're likely to put 'New Customer Recruitment' right at the top of their list. We all need a reliable source of low-cost or no-cost new customers for our brands. New customer recruitment is our top priority as although we do everything possible to retain customers, certain types of customer attrition like mortality, are unavoidable. Each year, you may need to find 10,000, 50,000, or in our case at least 150,000 new customers, to maintain the size of the 0-12-month customer file and feed future growth in the business.

But in my 47 years as a direct retailer, I've learnt that there's so much more to prospecting than finding the lowest 'cost per acquisition' (CPA) or cost per customer (CPC). Your cheapest new customers are not always your best customers. At Scotts, we've tried almost every channel of recruitment over the past 30 years and have developed a metric that takes account of the pros and cons of each individual channel. **Q-Score** is the mnemonic we use to remind ourselves of the values we use to measure the value of each recruitment channel.

Q is for **Q**uality – which channel has highest LifeTime Value (1=Low LTV, 10 = high LTV)
S is for **S**calable – which channel offers the greatest volume (1 = not scalable, 10 = scalable)
C is for **C**ost – which channel offers the lowest cost (1 = High cost, 10 = no cost).
R is for **R**isk – which channel carries the highest risk of losses (1 = High risk, 10 = Low risk)

The reader should bear in mind that Scotts' experience of Q-Scores may not be applicable or appropriate for other brands, products or services.

Continues overleaf >

☛ WEB VERSION: Click Here

Note too, that we have provided for equal weighting to each variable. The reader may wish to assign different weightings as for instance, scalability may not warrant a maximum score of 10 for a very small business seeking only 10% growth p.a. Nevertheless, we believe that the Q-Score acts as a reminder that recruitment is not just a numbers game. Much depends on the quality of the customer and the volatility of each channel of recruitment.

So what are our favourite channels for recruitment at Scotts? Here's the list, in reverse order, starting with the channel of recruitment which in our experience achieves the lowest Q-Score.

No. 10: Two-stage Press Advertising
The classic first 'toe-in-the-water' strategy for many novice direct retailers. Cost and scalability are the key issues here. Unless the 'product' is consumable, a high-frequency repeatable, or a subscription service with very high LTV, 'small square' display ads in magazines are a very expensive channel for customer acquisition. Conversion rate on enquiries needs to be at least 8% and this can only be achieved with a good conversion pack. Not recommended as a means of building a substantial business, but low risk and the quality of respondents will be high.

Q = 9 (Customers have high LTV as the 2-stage conversion process acts as a filter)
S = 1 (Not at all scalable)
C = 1 (Very high cost per '000 on small ad spaces)
R = 5 (Press advertising tends to be volatile with the ever-present risk of shortfalls)
Score 16

Scotts results: Poor return on time and other resources. Not scalable, so not used

No. 9: Press Advertising Off-The-Page
Many mailers rely on off-the-page advertising for their recruitment. Scalability is the main issue with this approach as results from press advertising can be volatile and publications respond at very different rates. Individual sales results from exceptional offers can be spectacular. Kaleidoscope ran a full-page advertisement for a 7-piece luggage set at £39.95 in the Sunday Times colour magazine on 7th January 1979. The cost of the space was £5,000 with cash sales recorded of £259,000 – 52 times ad cost. Sadly, those days are gone, and direct response advertisers need to buy space at 'distress rates' to stand a chance of achieving sales equivalent to 5 times ad cost.

Q = 3 (as the LTV of press ad respondents is even lower than for press inserts);
S = 5 (there are few publications available for roll-out and results degrade on repeat);
C = 4 (the patient advertiser can access good distress rates, but pricing is volatile);
R = 5 (less risky than press inserts as circulation shortfalls don't result in print losses);
Score 17.

Scotts results: Typically, our 'Hit Rate' is 1-in-4 these days. Every 4th ad may make a profit. A lot of effort is required as it is rarely possible to 'book' ads at distress rates weeks in advance. We now confine our efforts in OTP to known 'winners', but once every 5 years, we'll hit a blockbuster product and put a substantial spend behind it.

☛ **WEB VERSION: Click Here**

No. 8: Press inserts in National Newspapers and magazines. Not for the faint-hearted, inserts in the press can cost anything from £8 per '000 for a single sheet, to £30 per '000 or more for a catalogue insert in a quality magazine. The advantage press inserts offer is that they are scalable. The disadvantage is that major shortfalls in circulation are now common and whilst publishers are normally prepared to reimburse insertion costs, the cost of the printed advertising material lost or wasted can be 3 or 4 times as much as the insertion fee, and this is rarely re-imbursed.

A catalogue insert campaign with 10 million circulation can generate 25,000 or 30,000 responses (0.25 – 0.30% response.) The further challenge however is that with such broad circulation, up to 40% of response can be from your existing customers. Scotts would prefer customers to respond to their full-sized mailed catalogues rather than smaller press inserts, as average order values are lower on smaller inserted publications. Remove these 'existing customer' responses from the break-even calculation however, and costs per new customer from press inserts are £15+ and therefore unsustainable.

Q = 5 (Respondents to press inserts have much lower LTV than those acquired via mailings.)
S = 10 (Press inserts are infinitely scalable if they can be made to work);
C = 3 (In long-term decline as a recruitment source. Always marginal, and now with evidence of publishers like the Daily Mail trying to increase insert rates by 33% to compensate for falling circulation, becoming unviable)
R = 1 (Severe risk of circulation shortfalls, with inserts being lost without adequate compensation offered and competitive inserts being included in the same issue, few publishers can now be considered to be reliable advertising partners.)
Score 19.

Scotts results: Press inserts are only now viable as a source of new customer recruitment if we allow press insert response from existing customers to subsidise acquisition costs. From 95 million press-inserted catalogues in 1999, Scotts is now down to around 25 million, with TV times, the Daily Mail and Times Newspaper Group now abandoned as insert publications due to lost materials, circulation shortfalls and unrealistic price increase proposals.

No. 7: Package inserts (your ad material in your own parcels or order fulfilment packs) These catch your customers at their most receptive moment, when they're all wrapped up in the excitement of opening their parcel. New customers are acquired as 'pass-alongs'.
Q = 1 (Low Quality channel as a recruitment source. Most are already your customers);
S = 1 (not Scalable as a recruitment source);
C = 10 (as Cost is low. You pay nothing to insert in your own parcels)
R = 10 (No Risk, as you control distribution, so no risk of your inserts going astray).
Score 22.

Scotts results: Insertion of a second small-format catalogue of the same brand will typically attract a response of around 0.75% at £80 order value (£600 per '000) against a promotion cost of just catalogue print and paper - £35 per '000. Highly profitable, with a few 'pass-along' new customers picked up as your customer shares your catalogue with friends. Large format catalogues (Print cost £290 per '000) can generate £3,500 in sales per '000.

Continues overleaf >

We all need a reliable source of low-cost or no-cost new customers for our brands. New customer recruitment is our top priority as although we do everything possible to retain customers, certain types of customer attrition like mortality, are unavoidable.

☛ WEB VERSION: Click Here

No. 6: Press and Public Relations – Press Articles that feature your brand
When home or finance editors of national newspapers feature your company's products in "Top Tips" or "What to Buy" articles, responses can run to hundreds. Whilst there is no direct cost, such mentions rarely come free. I strayed into the Sloane Street store of a company that sells white products a while back and was surprised to see about 50 'goodie bags' lined up, ready for despatch to home editors. Whether it's in the form of such 'sampling' exercises or you choose to pay a PR agency to achieve 'placement' of your brand with editors, PR-driven recruitment can be highly cost-effective.

Q = 8 (Customers who follow press recommendations have a high LTV)
S = 1 (Not at all scalable, with success of placement unpredictable)
C = 7 (Never entirely free, but a powerful driver of your brand's reputation)
R = 7 (Very low risk that your PR efforts will go entirely unrewarded)
Score 23

Scotts results: Our annual press show used to be a cost-effective method of recruitment. This declined and we cut our PR budget. Offline, we are now solely reactive, in supplying journalists with samples on demand.

No. 5: Retail 'pick up' of leaflets and catalogues.
In any retail store or other location where there is retail traffic and you can exercise control or influence, the simple placement of leaflets or catalogues can be highly effective. Again, this potentially FREE channel of distribution for your advertising message may be a tiny opportunity but is highly profitable. 'Bag stuffing' of advertising material with every purchase at retail point of sale is even more profitable as although response is much lower, volume is much higher than waiting for visitors to pick up your ad material.

Q = 6 (as customers may not be naturally responsive to DM);
S = 1 (as not scalable unless your retail estate extends to dozens of stores.);
C = 10 (as you have no distribution cost on your ad material);
R = 10 (No risk as you control distribution. Risk is high on 3rd party distribution).
Score 27

Scotts results: up to £4,000 in sales per '000 achieved from 148-page catalogue pick-up in store, relative to an average £280 cost of catalogue print. With bag stuffing, this drops to only £1,000 in sales per '000 for large catalogues, so close to break-even. Smaller, cheaper catalogues therefore favoured for bag stuffing as these will still yield up to £500 per '000 in sales from a £35 or £40 per '000 cost of catalogue.

No. 4: Package Inserts. Your advertising material in the fulfilment packs of 3rd parties.
One of the most cost-effective channels of recruitment, but there are very few opportunities available in the market (e.g. Scotts parcels are full of our own ad materials). Certain direct retailers such as weekly food parcel distributors are unaware that acceptance of third-party inserts could provide them with income of £20-£40 per '000. Or 2p-4p for each piece carried.

Q = 8 (Audiences tend to be responsive, but could already be customers of your brand)
S = 5 (Few opportunities available as few retailers are aware of this revenue stream)
C = 7 (Access costs for the advertiser may seem high, but generally worth the price)
R = 8 (Relatively low risk, although warehouse managers sometimes 'lose' inserts)
Score 28

Scotts results: a small-format mini catalogue can generate over £200 in sales per '000, so with an insert cost of around £35 per '000 and print/paper cost of £40 per '000, these inserts often achieve break even or show a low cost per new customer.

☛ WEB VERSION: Click Here

No. 3: Recommend-a-friend or Member-gets-Member offers.
An invitation in your catalogue or ad material for customers to 'share' your brand can deliver FREE customers, or very low-cost new customers if you choose to reward the existing customer for recommendations. Word-of-mouth is the most powerful of all advertising. MGM leaflets inserted in your outgoing packages will cost no more than £7 per '000.

Q = 10. Lowest CPA of all recruitment sources. (Very high LTV on MGM respondents);
S = 1 (Sadly, not at all scalable);
C = 9 (Zero cost for each new customer and you make a profit on the first sale);
R = 10 (No Risk, as you control distribution)
Score 30.

Scotts results: we can never get enough of these but we're so busy cross-promoting other brands and scheduling big cold prospect mailings that we often overlook this, the smallest, but most golden opportunity for recruiting new customers.

No. 2: Insertion of ad material FREE in outgoing mailings to responsive customers.
These opportunities are few and far between, but some of the more enlightened mailers will allow you to undertake a FREE test of inserts in their mailings. This represents a means of accessing qualified customers who are accustomed to responding to direct mail, in the location where most purchasing decisions are being made right now – in the home.

Scotts is currently offering insert advertisers the opportunity to test 50,000 inserts with their catalogue mailings at no cost via their media division – **www.mailtrainmedia.co.uk**, bookable direct or via your insert broker. Other FREE offers exist in the market. It's just a question of tracking down these opportunities to test this new recruitment media.

Q = 7 (The audience is mail order responsive and each mailing is personally addressed);
S = 10 (If test is successful, Mail Train Media offers over 200 million inserts in 2021)
C = 7 (Costs are low (Free) on 50,000 test inserts, but ongoing costs are still at least 7 times less than for solus mailing at £25-£30 per '000 for standard inserts);
R = 10 (Zero risk as Scotts & Co. mailings are time critical and closely controlled with certificates of posting available).
Score 34.

Scotts results: the company has limited experience of inserting its own catalogues in third-party mailings as most mailers are unable to accommodate ad material weighing 43g in their mailing packs. Our closest equivalent experience is on Scotts inserts in magazine subscription mailings. Publications like The Week (100% mailed subscription copies) regularly generate response of over 0.3% (3 orders per '000) at an average order value of £85 (£255 sales per '000), achieving break-even on our costs of catalogue print and insert fee of £75 per '000.

Continues overleaf >

☛ **WEB VERSION: Click Here**

*****No. 1: Top of the chart for New Customer Recruitment – Personalised Mailings**

Personally addressed mail is still the preferred channel of recruitment for most catalogue and online retailers in the UK. The advantages are numerous: Prospect data can be profiled and targeted to suit the subject matter of each mailing. There is little or no risk of mailings and advertising material going astray or being lost. Existing customers of a brand can be excluded and groups of consumers with low propensity to respond can be suppressed from mailings. Smart mailers increase the value and intensity of their promotions according to the penetration depth of a file. 5yr dormant customers of a brand might be offered 10% off. 10yr dormant customers might be offered 20% off with Free Delivery. One size does not fit all.

The biggest single disadvantage of direct mail as a channel for recruitment is its cost. For the smaller company in particular, amortisation of creative costs across small mailing runs can be a challenge, which is why 'hitching a ride on MailTrainMedia' might suit some. Many mailers are still failing to optimise the weight of their mailings too. Why mail a letter format catalogue of 65g when you're paying for 100g? Equally, why mail a large letter-size catalogue of 180g when you are paying for 250g? This is important when you consider that there is a direct relationship between the number of products featured in a catalogue and the gross sales yield generated by that catalogue.

Q = 9 (Each mailing is personally addressed. Prospect data can be profiled to suit the mailer's target audience. Lifetime Value of mail-acquired customers is higher than any other channel;
S = 10 (Provided that suitable prospect data can be found, volumes can easily be scaled up);
C = 6 (But if Royal Mail were able to maintain an Access price of around £100 per '000 – 10p each for **incremental** quantities of 'Responsible Advertising Mail' in letter format in the longer term, this score would be 10);
R = 10 (Zero risk as the mailer controls release into the postal system and mailing houses don't tolerate shortfalls in circulation).
Score 35.

Scotts results: The Royal Mail 'Back-to-Business' incentive for incremental mailings was introduced to compensate for the impact of the pandemic. It has proved beyond any doubt that price reductions in postage cost can result in disproportionate increases in mail volume. In response to an effective discount of 35% on incremental volumes on mailings, in the year to 31st March 2021, Scotts will have increased its mailing volumes by over 22 million pieces, more than a doubling of mailed volume in the previous year. Scotts has increased the size of its database of 0-12-month customers by 50%. This will have a massive impact on the scale of our mailings which will be carried by Royal Mail at full postage price in 2021. Further vindication of this brave but smart strategy deployed by Royal Mail back in April 2020.

Next month: The 'Pecking Order' of affordability for online channels of recruitment.

So has Scotts 'given away the store' by sharing this information? We don't believe so. What we have come to realise is that success lies in the execution of a strategy, not the choice of strategy. It's how you use each channel of recruitment that makes the difference, not whether you're aware of the pros and cons. *This article looks at offline channels for customer recruitment. In the next article, we'll be looking at online recruitment channels*