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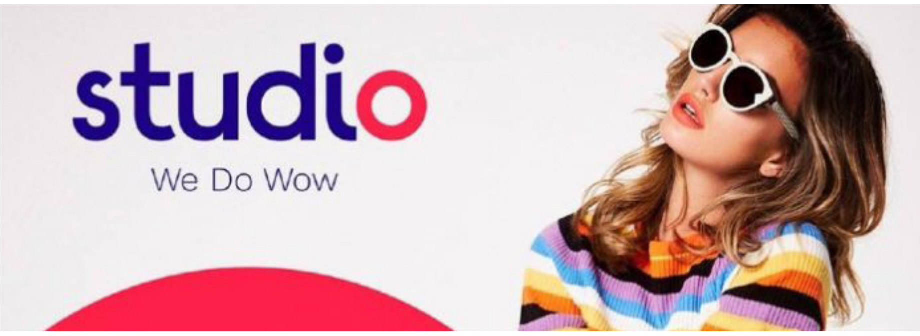
DIRECT COMMERCE

RELIABLY INFORMING THE ENTIRE DIRECT COMMERCE COMMUNITY

FRASERS TAKES STUDIO FOR £26.8 MILLION



Frasers Group has had its offer of £26.8 million accepted for Studio Retail Group Ltd which entered administration on February 24th.

Joint administrators Daniel Butters and Daniel Smith of Teneo confirmed that they had been in advanced discussions with regard to an accelerated M&A process for the business and assets of Studio Retail Group (SRG) and that the company had sold its shareholding in Studio Retail Ltd and certain other assets to Frasers Group, its largest shareholder. The deal releases SRG from its liabilities to its secured creditors under its revolving credit facilities and ancillary facilities. Studio Retail Ltd had called a temporary halt to order tasking but this transaction will allow trading operations to quickly recommence.

In a statement, Frasers Group said: "As Frasers Group continues to elevate its customer journey including a flexible repayment proposition, the acquisition of SRL will provide Frasers Group with expertise and synergies that will accelerate this ambition. Frasers Group is also pleased to have rescued another business out of administration and saved approximately 1500 jobs."

It had been rumoured that B&M had looked at the opportunity presented by the business but it has not been confirmed whether it made an offer. The administrators said that the transaction was in the best interests of the company's creditors as a whole. Studio Retail Group's shares will be cancelled this morning.

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MBO AT MR FOTHERGILL'S SEEDS

Mr Fothergill's Seeds (MFS) has undergone a £100m+ buyout with the backing of Harwood Private Capital.

The deal will see managing director David Carey continuing to lead the business along with its management team, supported by new non-executive chair Matt Atkinson. The transaction has enabled the exit of MFS founding shareholders, including its joint managing director John Fothergill, and provides an incentivised growth platform for the senior management team, supported by new growth capital from Harwood Private Capital and OakNorth Bank.

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Lots & lots of offers around at the moment. Many of the panic variety, sadly, as I plough through the week's mailings, inserts and emails.

Free delivery propositions for increasingly lower minimum spend which are definitely more about shifting costly shedloads of unsold stock than recruiting profitable new customers. Many sector businesses caught a cold with supply chain issues. For some who had become over-dependent on imports from the Far East it has already spelled the end. Not just for the likes of Studio which fell into administration last week, but for many smaller, less known online traders who, without stock with which to fulfil customer orders, have crashed.

There are few businesses which are not currently grappling with sharply increased freight costs or meeting the cost of storing seasonal stock which landed too late to be sold as planned. The cracks have been ever more visible over the past few months in many quarters. Whether measured by the prevalence of loss leading introductory offers, the constant bombardment of email promotions, it is clear that conditions are not great, and some would say, bordering on desperate. With consumers in most demographics facing soaring energy bills, food costs going up weekly, and escalating petrol prices (which we all know will further impact retailer margins), no one is in for an easy time. But we are all working on it, doing the best we can. Preparing to return to 'normal' times, feeling less concerned about the ongoing impact of Covid and keener than ever to get out to tradeshows, meet peers and suppliers. Now we find the world on the brink of war. I am sure I am not the only person to despair that a single regime can impact not just its immediate target 'enemy' Ukraine but can send a shudder that is being felt right around the world.

It seems crass to be working to get this issue out when there are people facing this day in genuine fear for their lives. But I realise how little I can practically do to help. I fear for those under attack and lacking the resources to defend themselves against this heavily armoured and spiteful enemy. Sadly, it seems that many of the world's leaders would rather bicker amongst themselves out of self-interest, than take action to support Ukraine. I hope that by the time I 'press the button' to publish this issue that peace talks will be in process and that Putin will have been brought in line.

JRH

The Monsoon and Accessorize group turnaround well underway

Adena Brands Ltd, parent company of the Monsoon and Accessorize brands, has announced strong trading results for 2021 and progress ahead of plan on its turnaround strategy. After...

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Ideal Shopping Direct changes hands

Ideal Shopping Direct, a subsidiary of AURELIUS Equity Opportunities SE & Co. has sold its remaining business, being the TV and web channels trading as Ideal World, to British entrepreneur and...

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Toys R Us prepares for new era

Toys R Us UK which is operated under licence by Toys R Us Australia and New Zealand is staffing up in readiness for an online relaunch later this year. The business has taken on a number of the former...

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Mamas and Papas returns to profit

Nursery products retailer Mamas and Papas has posted revenues of £71.5 million for the year to March 31st 2021, having seen a strong increase in its online sales and receiving a boost from the...

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Scotts & Co. launches Viva Vitality brand

Multi-channel retail group Scotts & Co. is launching a new venture called Viva Vitality which will specialise in direct-to-consumer (DTC) health and wellness solutions for the over-60s. It marks the...

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Gousto raises further funding

Gousto has secured US $230 million from its latest fundraising which was led by SoftBank V2. This latest round has added Fidelity International, Grosvenor Food & Ag Tech and Railpen to Gousto's...

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Joules increases sales but profits are down

Joules has reported its results for the 26 weeks to 28 November 2021 and like many apparel businesses, its sales had risen, in this case from £94.5m for the same half in 2020. However, its profitability had...

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Lovehoney secures Tesco deal

Lovehoney has agreed terms to supply six of its sexual wellness products to Tesco which will stock them in its Tesco Extra stores alongside products from Durex and So Divine. Lovehoney has been...

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Klarna brings rewards programme to UK

Klarna has announced that it will launch its global rewards programme in the UK. With the rewards programme, consumers earn points every time they use Klarna's 'Pay Now' immediate...

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Pets at home names new CEO

Pets at Home has confirmed its replacement for Peter Pritchard who steps down from the CEO role this summer. Lyssa McGowan was previously chief consumer officer at Sky UK, which she joined in 2010...

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Own label beauty ranges launched by boohoo and Next

boohoo has launched an own brand range of beauty products comprising fifty cosmetic items. The pricing is in line with boohoo's value positioning at from £3 to £25, with all products in recyclable...

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Weird Fish
WEAR THE WEEKEND

Weird Fish takes larger warehouse

Weird Fish which achieved total revenue of £35.5 million for FY21, up from £21 million in FY20 has taken larger warehouse premises in Bradford to support its growth. It is relocating to 90,000 sq.ft. ...

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Clipper Logistics could sell to GXO

Reports are that Clipper Logistics has reached agreement on a potential takeover by GXO which suggests a total valuation of 920p per share. The Clipper board has confirmed to GXO that in the...

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Laithwaites embraces recycled glass bottles

Laithwaites has launched the first 100 per cent recycled glass wine bottle as it moves towards its goal of halving its carbon footprint by 2030. The online wine seller, which operates the Sunday Times Wine...

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Whistl to offer Yodel 2-hour delivery option for small items

Following a successful trial, Whistl, has announced that it will offer its Whistl Parcels and Parcelhub customers Yodel's new Xpect Mini and Medium 2-hour delivery window services. Xpect Mini...

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Eve Sleep to sell via DFS website

Eve Sleep has agreed terms to sell its products via DFS. Initially starting with the DFS website, there are longer terms plans for DFS stores to stock a number of lines from the Eve Sleep range...

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ASOS to lose two senior people

ASOS has confirmed that Nick Loveday who currently holds the role of executive retail director for womenswear will be leaving the business in April after nine years. This was a planned move that...

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BIGCOMMERCE

BigCommerce acquires B2B Ninja

BigCommerce has announced the acquisition of Quote Ninja, Inc an enterprise software solution providing business-to-business (B2B) eCommerce capabilities for merchants of all sizes. A longtime...

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Q & A WITH... JEFF PERT

FINANCIAL AND OPERATIONS DIRECTOR AT THE CASHMERE CENTRE

CLAIRE HART, ASSOCIATE CONTRIBUTOR, DIRECT COMMERCE MAGAZINE

VIEW ONLINE

Given his background as a Commercial Banker of 25 years standing, it makes perfect sense that when Jeff Pert wanted to try out running a business for himself, he did so by joining The Cashmere Centre as their Financial and Operations Director, back in 2002.

The company had been founded 4 years previously, in North Buckinghamshire, by Dale Stillman, who concentrates on the product and marketing aspects.

Q. HOW DID THE COMPANY GET STARTED?

A. After leaving university with a Geography degree, Dale started working for a mail order company whilst saving to travel. After a year learning the ropes and then travelling for a further year, he realised he would like to give it a go himself, so started The Cashmere Centre in 1999, initially just selling Pashminas. Over the years, The Cashmere Centre has diversified into a broader range of high-quality cashmere knitwear and over 100,000 customers have purchased from us, producing a turnover of over £2.5 million last year. Additional brands have taken sales to over £6.5m last year

Q. CASHMERE IS A COMPETITIVE MARKET, SO WHAT SETS YOUR PRODUCTS APART

A. Our focus has always been on quality clothing, using high-quality natural fibres from Mongolian goats. True cashmere wool comes from a particularly fine-haired breed known as Capra aegagrus hircus, or the 'pashmina goat' as it is known in the Urdu dialect. The cashmere we use is pure white grade 'A' cashmere, which is combed from the goats in the spring when goats will naturally moult their winter hair. Combing is better than shaving, and is a centuries old practice which does not harm the animal in any way.

We have been dealing with the same factories for over 10 years and every piece is controlled and inspected by us to the highest specifications.

What sets us apart is the attention to the small details using traditional ways such as hand linked and seamed sweaters that avoids any lumps under the seams. We are also keen to ensure our garments are ethically produced.

CONTINUES OVERLEAF >

There are many different grades of cashmere and also many different manufacturing techniques. We believe our products keep their shape and do not pill as easily as thinner versions. Our service levels and guarantees also give our customers confidence in the quality of our products

Q. HOW HAS THE COMPANY EVOLVED OVER THE YEARS?

A. We have grown steadily, with a very loyal customer base. Much of our business is repeat sales and via word of mouth. We have many customers who have been with us from day one and who buy all of their cashmere from us on a regular basis. We understand our customers, so we launched a number of companies that sell complimentary products, designed to appeal to our customer base.

2010 saw the launch of The Pearl Company, selling a range of genuine pearl jewellery from around the world. The demographics of our customers fitted the bill, although buyers have a slightly younger profile. It has become a thriving company in its own right, enjoying steady growth in sales and the range of items we offer.

In 2012 we set up James Alexander Clothing (taken from the middle names of Dales' two sons), as a sister brand, also selling luxury fibre products, including Yak, Mohair, Alpaca, Camel, Merino wool, sheepskin and Harris Tweed. As quality fibre experts, we have selectively grown our product range. Shrugs, snoods, gilets and mohair bed socks are amongst our best sellers, helping us to achieve around £1millon turnover.

In 2016 we introduced a management team to facilitate further growth and launched Tesoro by Design, (Spanish for treasure), selling Gem jewellery, silk scarves, handbags etc

More recently, we bought out the well-known clothing company, Spirit of The Andes, which was established in 1993 and sells Alpaca based products from Peru and pima cotton clothing.

All our knitwear across the brands is designed in the UK by our in-house designer. We offer the more classic look rather than high end designer fashion and can count ex- prime ministers' wives and prime time newsreaders amongst our clientele.

Q. HOW DO YOU MANAGE CALL HANDLING AND FULFILMENT?

A. We have always managed all the calls in-house, but with the expansion of companies, we have recently started working with a supplementary call centre ZoomFS, who's service levels match our own. Our customer profile is affluent, age 60 plus, which explains why 65% of our sales coming in via the telephone.

Our team of 15 telephone staff also rotate on undertaking the picking and packing in our own warehouse near Milton Keynes. We feel it gives them a better appreciation and understanding of the products. During our peak season from September to October and January and February, we have an additional temporary staff to help. Our mail order management system has been in place for a few years now but remains very effective.

Q. HOW DID YOU COPE DURING LOCKDOWN?

A. Like everyone else, we found a way to get through it. Our staff were able to work from home, taking calls and we had a skeleton staff in the warehouse. During March and April 2020 our sales literally halved, so it was a very scary time. We also had supply issues. But fortunately, sales have been steadily picking up and from October 2021 sales went crazy. During lockdown we saw an increase in sales of most things but specifically slippers and lounge wear.

Q. HOW DO YOU SUPPORT SUSTAINABILITY?

A. We work closely with our suppliers to ensure fair pricing and ethical trading and try and visit their sites at least once a year (covid permitting!). We also work closely with those communities that are less fortunate to create a better quality of life through education, transport and technology. We're passionate about making sure that we create a closed-loop process. We have a very good relationship with our factory that is based just outside of Kathmandu in Nepal. It is a big employer in the area and after the earthquake in 2015 which killed one of their employees and damaged buildings, we organised fundraising for them. We also support their local school.

In addition, our products are sustainable, as they are designed to be long-lasting, investment pieces

rather than 'throw-away' clothing that only lasts a couple of years. We feel our cashmere improves with age and can last a lifetime. Our service to repair rather than replace is designed to extend the life of clothing, meaning that whatever the brand, as long as it is pure cashmere, we can restore the garment to prolong its life.

We also have a recycling scheme, whereby customers can trade in their old, unused cashmere, and we'll send them a £20 gift voucher to spend at any of our five luxury brands plus a FREE pair of recycled cashmere fingerless gloves.

Closer to home, we are trying to reduce our energy consumption by using movement-activated LED lighting, plus solar panels on our office roof. We also ensure all our catalogues are produced using paper from sustainable sources and ensure our mailing bags are fully recyclable.

Q. IS YOUR MARKETING MIX CHANGING?

A. We recognise the need to become more digitally focused, and our online sales currently represent around 30% of our sales. We do still get orders by post with a cheque!

Given the older age profile, our loyal customers do like to flick through a physical catalogue. Our recycled paper catalogues for Autumn/Winter go out in September, with an end of season sale in August. Our Spring catalogue comes out on 1st March. We still use off -the- page ads in titles such as You Magazine and The Telegraph.

Product dispatch inserts are used to cross sell between our other brands. We are now looking at inserts into press.

We have been a bit slow in embracing email marketing to be honest and we only introduced this around four years ago. Last year we started doing it properly and it is already paying dividends. Our customers are fantastic, and I enjoy new challenges and seeing what works.

We have a social media manager and two ecommerce experts, who looks after our website and PPC etc. We have also recently introduced new software from SalesFire, offering website popups etc for a more personal customer experience, designed to optimise conversion rates, re-engage lapsed customers and provide a more relevant visitor experience. We try and upsell by promoting add on products like moth prevention cedar blocks and cleaning care products.

We do undertake Direct Mail and are part of the Abacus data alliance.

We did open a retail store, called House of Buckingham near Milton Keynes, which was offering all five, luxury clothing and jewellery brands under one roof. It was unfortunately closed due to covid, but we hope to reopen at a new site in the spring.

Q. WHAT DO YOU GET OUT OF YOUR DCA MEMBERSHIP?

A. We have been members of the DCA for ten years now. We try and attend as many DCA members groups as possible. I especially enjoy the Behind Closed Doors sessions, which are really useful and delivered some practical nuggets of wisdom. It is a great way of sharing knowledge and expertise. I am always keen to learn, and this business offers new challenges every day, which is great because I hate standing still.

WELCOME BACK!

March 24th heralds a long-awaited return to live in person DCA events. We are staging the **DCA Mature & Niche Market Day** at the easily accessible Copthorne Tara, Kensington –a hop, skip & jump from High Street Kensington underground station. There is even parking underneath the hotel, requiring a fee, for anyone driving in ! There is plenty of space in the conference suite we are using to ensure it is comfortable, relaxed, and offers plenty of options for one-to-one meetings and the small 'huddles' that DCA events are renowned for.

Suffice to say we simply cannot wait to get back to 'normal', to be able to welcome everyone back, and see member company representatives pulling up their chairs to take part in the range of sessions we have on the agenda. We're still adding the final few speakers for the day's panels but as always it is the exchange of views, ideas and experience from everyone attending that combine to deliver a uniquely focused event. As always, it is those attending who shape the day's discussions and boy is there a lot to air this month ! There has never been such a raft of challenges to grapple with or need for support from peer companies as we all battle on to continue to serve our customers with great value, exceptional choice, rock-solid customer service and a constant flow of exciting new products – mindful that consumer confidence has taken a hammering in recent months.

Take a look at some of the topics and speakers, to date, on our draft programme and make a date to join us. We've taken the lead for the day's content from the suggestions and requests made from member companies and you will find that it should touch on many of the most compelling current issues. Click **here** to view rates & book your place.

MEMBERS CURRENTLY SEEKING...

Every week without fail we are contacted by member companies, as well as many who are considering joining, with requests for help.

Sometimes it is as simple as, and I quote, "What's the name of the company that John Ellis moved to." Or, "Where can I quickly get hold of small quantities of recycled poly bags while we wait for our new printed ones to arrive?" Often times, a member company will have heard of an administration of a business of interest taking place but not have the full details and will ask if we have the information or contact details for the administrators or will ask us to keep an eye out for any acquisition opportunities that might interest them?

From the seeking of advice on data protection law, copyright infringement, which order management system XYZ is using, which company offers the best contact centre over-flow or out of hours services.... Or recommendations of independent expert consultants for highly specific projects. You name it, we help with it.

But here are a couple of current ones we're still trying to help with – maybe you have a recommendation you can pass on?

Better results through Behavioural Customer Segmentation

As new shopping behaviours have become engrained through the past few years, niche and older markets have seen both increased opportunity, and increased competition. You probably have proven methods to measure and optimise your marketing spend but you can spend more on BOTH print AND digital recruitment when you segment according to your customer economics. Paradoxically, your digital teams can target a lower ROAS and your print teams can accept a higher CPA whilst achieving better efficiency overall.

more2's Chief Data Scientist, Kevin Davis will share how to drive this improved commercial performance by harnessing a behavioural customer segmentation for customer understanding, decision-making and audience targeting. more2 are a growth partner to direct and consumer brands like Hotter, Coopers of Stortford, Sarah Raven, Rohan, Harrod Horticultural and Leger Shearings Group.

How to create effective listings on Amazon using a simple 3-step formula

James Pitts-Drake, CEO of Optimizon, will show you how to use simple, proven strategies that you can implement with your teams straightaway to win sales on your Amazon channel, whilst also protecting your brand.

You will hear some of the secrets that Optimizon's expert teams use to consistently drive double-digit growth for clients. The Q&A will give you expert advice on specific topics including Brand Registry, VAT issues and winning the buy box. You will come away with a checklist of actions and ideas for your product pages, imagery and advertising strategy that will instantly boost conversions and give you a manageable roadmap to move forward within the world of Amazon.

Let go of the old and embrace the new: helping Cosyfeet evolve its multi-channel strategy to drive growth with its mature audience

Lara Bonney, Co-Founder of The Tapestry Agency

Far from being 'stuck in their old ways', the last few years have shown that older audiences are readily engaging with new channels regarding their purchasing decisions. And as audiences change, marketers need to follow suit.

The Tapestry Agency will discuss how, by taking a rigorous approach to understanding its marketing channels and re-evaluating its routes to market, it's helping Cosyfeet improve its engagement with its mature audience and maximise their acquisition and retention.

Off the Page is the New Black: Recruiting the Over 60's from the National Press at a Profit

Paul Hendrick, DJH Advertising

Imagine if it cost you nothing to recruit a new customer? Find out how your brand can become a big fish in a small pond at a fraction of the entry level cost of other channels and how you can tap into a £17.3 trillion pound sector. Advertising is the original influencing platform and currently the most profitable way to recruit a mature market customer. Whilst press circulations have fallen, pound for pound they still offer simplest way to put your brand in front of this affluent market. Find out why advertisers are doubling their budgets and seeing record response, whilst mailing has been hit by sky high postal and paper costs in an undersupplied market.

Live interview with Kevin Dorren, CEO of ParsleyBox

It is always great to put a face to a name and even better to hear 'from the horse's mouth' all about a peer business. We are delighted to welcome Kevin and to hear how niche challenger ParsleyBox has been successfully carving out a loyal customer base for its home delivered, nutritious meals for those confined to home or becoming a little too frail to cook from scratch for one, every day. This is a very competitive vertical with some long-established competition. Hear from Kevin how his business has evolved. There will be opportunities to field questions.

Profitable Mature Customer Acquisition – what is working post-lockdown

Kevin Dorren, ParsleyBox; Martin Harvey, Bio-Gard; Pete Mills, SmartResponse Media; Jeff Taylor, Scotts & Co & others

Join our panel of expert practitioners as they share insight into the constantly evolving art & science of acquiring profitable new customers as the world begins to return to "normal. We'll hear about TV and its place in the media mix, loose inserts, catalogue mailings, off-the-page advertising, and digital channels. The strongly emerging trend of developing symbiotic partnerships with non-competing brands who are serving very similar audiences and the role and efficacy, these days, of data co-ops.

Paper, Print & Postage

With paper in very short supply around the world, how can direct marketers ensure that are extracting optimum value from the paper they have secured. How can print catalogue and direct mail communication formats be adapted to ensure that paper is not wasted. How can targeting be tightened to ensure that each piece reaches the most responsive customers. How can we ensure that we are efficient not only in controlling costs but in retaining loyal customers as well as recruiting new ones.

1: A small charity is seeking a full direct trading service for its members. Full in this context means a business which can white label a good general assortment mature market catalogue & website with a small collection of its own branded products – handle all aspects from buying through to fulfilment of consumer orders, mailing to the charity's supporter file as well as to rented response names, handle digital promotions to its supporters and new customers, provide all reporting and return a percentage of the profit to the charity.

In the past there were several mail order businesses in this niche which specialised in supporting charities but they appear to have withdrawn their services or, in a few cases, ceased trading. Can anyone out there suggest good potential partners for this charity (and others).

2: An established niche multichannel retail business is seeking to acquire a gardening products brand which it can develop and trade via its existing resources. May consider a partnership but would ideally acquire a brand or business outright. Are you looking to divest? If so please contact us in confidence.

3: A small niche apparel business is looking to re-shore its manufacturing and is very specifically looking for recommendations for UK factories with experience in quality, high technical specification outdoor wear, including a proposed high ticket 'made to order' range. Strong eco-credentials are important. Can anyone recommend potential suppliers?

If you have a question or if you require help in any area of your business, **contact us** and we will help wherever we can. It is all part of the DCA's confidential service to its members.

WHICH RETAILER IS LOOKING LIKE A CHOCOLATE TEAPOT?

VIEW ONLINE

BY STEPHEN SUMNER, RETAIL GROWTH CONSULTANT

In business there's a couple of sayings that are quite apt for this article; "Don't Build Your House on Rented Land, and Don't Buy a Chocolate Teapot"

The latter should be obvious and I'll explain the former later on.

We know that all forms of retailers (on/offline) are finding these digital times extremely frustrating. Despite the gloomy headlines we also see lots of positive retail news, so perhaps it's not all doom and gloom as the likes of 'Selfridges' at one end and 'Primark' at the other seem to provide a spark of retail hope.

The traditional retail sector has lumbered along for many years, when the internet arrived far too many of them simply saw it as a threat to 'cannabilising' the physical store network and did very little, a few of them followed the herd and added a website, but all done at a very slow pace.

In my experience you can introduce new processes, new technology, and yes even new people, but if the mindset of the company (culture) doesn't change then it's all wasted time and effort.

The definition of what we consider as retail and "marketing" is changing and becoming broader. No longer is it just about branding and advertising, marketers must work together with other departments to focus on building great customer experiences and engaging customers for long-term relationships. The growth of online content has given consumers more power. They are no longer a passive party when it comes to learning about products. They're not waiting for you to tell them how great your products are. Instead, they're going out and doing their own research. So you have to offer them something more than information.

We see lots of companies who are keen to change but decline to discover the internal 'change makers' because of the lame excuse called 'culture fit' which roughly translated means they're a threat to the incumbent leaders. Change is pretty scary for many people, particularly if it seems like it's your job that could be cut as part of that change, but what if you had a crystal ball, what do you think M&S, Thomas Cook, Mothercare, Debenhams and others would have done different back when the sun was shining and before this crazy ongoing pandemic - correct answer is NOTHING, yup that's right, nothing!

We are all consumers of someone else's business, every day we make an unconscious bias in our decision to shop with one company/brand over another. When we in multi-channel retail reflect on the past 18 months what have we really learnt about the key drivers in consumer behaviour. Changes that as we now know were enforced on many businesses by this pandemic and not by foresight and innovation by it's leaders.

With HoF, Debenhams, John Lewis, M&S, Sears, Nordstrom and others finally succumbing to the reality that simply stacking the sales floor with the same old same old doesn't quite cut it in today's digital and socially savvy multi-channel world are we now seeing the green shoots of change from several innovative retailers?

Over the years I've seen and been involved with all kinds of 'transformation' projects. Very few have been proactive in nature, and most have been driven out reactive necessity to a decline in growth, loss of market share, along with the inevitable decline in profit.

Every company is in constant search of that 'silver Bullet' that will change the way the company can perform, operate, and grow. We all know there is no such thing as a silver bullet but it doesn't stop the deluded from buying into the tech vendors view of what 'Digital Transformation' should include, and of course it has to include their latest game changing technology solution. After all isn't that what we mean by being 'digital'?.

According to the MIT Sloan Management Review, companies that have embraced digital transformation are 26 per cent more profitable than their average industry competitors and see 12 per cent higher market valuation which has encouraged retailers jump into 'digital' feet first without considering the ROX (return on experience) by consumers.

Despite what you hear transformation isn't about digital, channels, tech, Apps, websites, or other fixed mindset stuff, it's totally about being consumer centric, then working out how you can add value by leveraging what you have to build the transformation bridges to the new future. Many retailers have done an amazing job during these trying times and have had no choice but to look inwards to resolve the external abandonment by consumers of their brand and proposition. I'm not going to name all of them but a few are literally standing out for all the right reasons and unfortunately many of them still stand out for all the wrong reasons.

A big shout out the the entire Marks and Spencer teams who have reinvented the food shopping experience but still seem totally lost with the fashion element as 'guest brand' partnerships are akin to the department store days of old. The website is so Web 2.0 I wonder why anyone would use it, the inclusion of the video link to the TV advert with the call to action saying 'Watch our TV advert' suggest the eCommerce team are still following the rules set out by the brand police because the 'local' store teams are producing some great 'social media' content of their own.

At no time in retailing history has consumer inertia been so much in the consumers favour. Today your website is probably one of the last places the consumer will go to look at products and services and find out who you really are. The reality is that the pace of change, opportunities and dynamics associated with the internet were for many retailers largely ignored other than those that bolted on a me too website and stayed in protectionist mode around the store portfolio. Social Commerce is simply the transactional part of that process today it's purpose is to distract the purchaser from having to go to your very expensive SEO driven eCommerce website!

Recruiting more 'leaders' from companies where innovation is evidenced to have been pedestrian would suggest that real 'change' is unlikely to happen - it's a sign that a retail incest strategy isn't all it's cracked up to be.

A retail game changer for me has to be the work that's going on at 'Frasers Group' in particular with both the 'Flannels' and 'Sports Direct' portfolios - the speed of change around store design and aesthetics is nothing short of amazing and from what we know about the growth numbers it seems consumers are voting very positively with their wallets continuing to take the transformation strategy in the right direction.

Clearly the drive to move away from 'pile it high and sell it cheap' served owner Mike Ashley extremely well during his growth years of the 80's and 90's but for the likes of 'Flannels' and other 'Fraser Group' fascia's on their mission to become ' the Harrods of

CONTINUES OVERLEAF >

the High Street, they need to be able attract luxury brands who previously would have steered well clear of Mike and is retail proposition - so far so good!

The great transformation is being led by incoming CEO 'Michael Murray' who I see as the key visionary behind most of what's going on whilst ably assisted by his COO David Al Mudallal who between them are not only reinventing retail that was but also breaking down the old school 'command and control' hierarchy management structures by empowering and rewarding respective portfolio teams to 'get on with the job'. The recruitment drive for young talent is breathtakingly insightful.

Company culture and brand are now merging and some experts already consider them to be synonymous. To put it another way, your branding and content marketing strategy can't be separated from your company culture as a whole. Employees who work in a trust-based company culture are 8x more likely to say they're proud to share where they work, which helps to promote the company brand.

The entire 'Frasers Group' social media presence is not only strategically aligned to each brand and proposition, its as customer focused as it gets so no wonder they are harnessing great engagement and obtaining feedback all in real time.

For brands to succeed in the new era of influencer marketing, where brand advocates are their own employees rather than celebrities and social media personalities, it's vital to build this culture of trust.

So that was a quick summary of some of the 'good' - what about troubled retail waters?

Q) Is working with 'The Hut Group' like buying a Chocolate Teapot' and building your house on rented land?

In the run up to the festive season and beyond, we will be keeping a very close watch on 'THG' given the ongoing issues in relation to shareholder revolts, underlying performance issues, and the knock on effect of cash reserves that's seen the share price plummet in the last quarter of 2021 and confidence rocked in the City.

THG (LSE: THG) has had a torrid time this year. Formally known as The Hut Group, its market value has plunged by nearly 75 per cent, from a share price topping 800p in January, to around 200p in November and currently trading around the £1.48 mark (Jan 24/2022).

It's the small but growing division 'THG Ingenuity' that's causing a stir. Ingenuity is an end-to-end technology platform that provides eCommerce solutions for consumer brand owners, including offering marketing services, brand development and global fulfilment.

There are many D2C brands which have signed long term (10 year) deals with THG on the basis of the 'Ingenuity' platform, along with gaining access to so called expertise in logistics and associated resource infrastructure. These include PZ Cuzzons and previously troubled retailer 'Homebase' so a careful eye needs to be hovering over these brands whose operations could end up as collateral damage if things continue to decline.

Finally: Sainsbury's acquired Argos, Habitat and Homebase in 2016, and then splashed out buying loyalty card Nectar in February 2018 what on earth did it think was a key priority? The reality is, after a number of years trying to grow through a variety of acquisitions it hasn't worked.

Today's retailers need to cease p****** about as if they have another 10 years to sort stuff out, they not only need to create an internal disruption team by identifying the internal 'change makers' (every single company has these) and get them to look at the business as if its going t*** up anytime soon because it probably is.......

I've said it before and I will keep saying it that retail in essence is a simple business, today it seems to be complicated by the arrogance and ignorance of senior leadership teams who don't seem to understand that it's the digitally savvy consumer whose in the driving seat, and the days of ignoring those at the retail coalface is no longer going to stack up.

I for one will be looking forwards to see what happens in this first retail trading quarter of 2022, what about you?

more2
THE MARKETING SCIENCE PEOPLE

DIRECT COMMERCE AWARDS 2022

CALL FOR YOUR ENTRY

We are now prepared to accept entries into these revered awards which are based upon results and breakthroughs achieved in 2021

- the deadline for receipt of digital entries + posted supported materials is strictly 4pm 16th May 2022.
- entries are judged by members of an independent panel of sector experts – our Judging Panel
- from the combined scores of our Judging Panel, a shortlist of the companies with the top scoring entries will be issued on 6th June 2022.
- The Awards will be presented on the evening of **23rd June 2022** at Millennium Hotel, Gloucester Rd, London SW5.
- All shortlisted entrants will receive 1 complimentary ticket. Further tickets may be booked through us.

Open for entries from
4th January 2022

Closing date:
4pm 16th May 2022

Shortlist Released on
6th June 2022

DEDICATED TO THE CELEBRATION OF EXCELLENCE FOR 24 YEARS

As we all get back to 'business as usual' from the swings, roundabouts and rollercoaster rides of the pandemic, it is time for us to come together to celebrate. Time to focus on the positives and draw attention to the tremendous effort, the sheer brilliance, and the staggering staying power that has enabled sector businesses like yours to succeed in spite of everything that has been thrown at you.

We have been constantly amazed and humbled by the tremendous efforts made by your teams not least your adaptability, resilience, grit and determination to keep striving. Indeed, as we've said before, as you prepare your entry you and your team will be reminded just how much you have all achieved across the past 12 months in what have continued to be immensely challenging times.

We're talking about the way you've placed the needs of your customers at the heart of every decision, with every department pulling together and working to deliver their best in the face of truly trying circumstances. It has been a gargantuan effort and now, as life becomes a tad less fraught, we can all reconnect and take what we've learned into our onward planning. Many of our sector businesses are exceeding both revenue and EBITDA forecasts, with others steadily rebuilding, a significant number entering new niches, exploring new channels, and making acquisitions for the future. Wherever your business sits, these unique awards are tailored for the celebration of your victories.

The 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 our past winners roll call containing some of the very best B2B and B2C direct and multichannel retail names, reaching the shortlist is a worthy achievement in itself, topped only by emerging victorious to receive a category winning trophy. Of course, to coin that much over-worked 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 in which your team's performance will eclipse all others. Choose your category (ies) and prepare to enter, you can even opt to call on the support of one of your supplier partners and have them work with you on your entry. All the guidelines for this year's contest can be found at **homeofdirectcommerce.com** along with our archive of **past winners**.

There is literally nothing to lose. All shortlisted entrants will receive 1 complimentary place at the Awards presentation dinner on 23rd June 2022 at the Millennium Hotel, Gloucester Rd, South Kensington, London SW5. Winners receive a trophy to display and commemorative photographs of the presentation and go on to enjoy great publicity via the Direct Commerce Award Winners Publication which includes selected comments from the Judges. This is shared digitally throughout the sector, in the UK and around the world.

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 a significant period of time, have developed outstanding businesses, created jobs, opportunities for partnerships, 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 BUSINESS TO CONSUMER PERFORMANCE

1. Baby, Children & Family
2. Active Lifestyle & Sports
3. Fashion & Accessories
4. Luxury & Prestige
5. Mature Market
6. Home & Interiors
7. Hobbies, Pastimes & In-home entertainment
8. Beauty, Health & Personal care
9. Food & Drink
10. Gifts
11. Gardening & Outdoor Leisure
12. Pet & Livestock
13. Charity

BEST BUSINESS TO BUSINESS PERFORMANCE

14. Office & General Business Supplies
15. Industrial, Technology & Warehouse Supplies
16. Facilities, Janitorial, Hygiene Services & Supplies
17. Education & Training Products
18. Professional & Scientific Supplies

CAMPAIGN, PARTNERSHIP & CHANNEL MASTERY

19. Catalogue Creative & Production
20. CRM, Attribution, Targeting & Personalisation
21. Door Drop, Direct Mail & Inserts
22. Digital, Performance & Social
23. TV & Video
24. Subscriptions & Continuity
25. Marketplace Trading
26. Fulfilment, Delivery & Logistics

DIGITAL & POSTAL ENTRIES ACCEPTED

OUTSTANDING EVOLUTION

27. Customer Experience
28. Business Transformation
29. Sustainability

ENTRY PRICES:

- DCA Members: £95 for any 2 categories then £45 per additional category
- Non Members: £95 per category then £75 per additional category

All rates quoted are subject to VAT at the prevailing rate.

Payment is required in advance of your entry and a receipted invoice will be provided.

Suppliers and their clients may collaborate to create entries for any categories.

Entries are judged on performance from the period commencing 1st January 2021 – 31st December 2021. All material, campaigns and developments used to create each entry must have been originated and deployed during this period.

Entries can be submitted digitally or via post, within the deadline stated.

OFFICIAL ENTRY FORM to be completed by all entering

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CATEGORY ENTERED (PLEASE TICK)

BEST BUSINESS TO CONSUMER PERFORMANCE		
1	Baby, Children & Family	
2	Active Lifestyle & Sports	
3	Fashion & Accessories	
4	Luxury & Prestige	
5	Mature Market	
6	Home & Interiors	
7	Hobbies, Pastimes & In-home entertainment	
8	Beauty, Health & Personal care	
9	Food & Drink	
10	Gifts	
11	Gardening & Outdoor Leisure	
12	Pet & Livestock	
13	Charity	
BEST BUSINESS TO BUSINESS PERFORMANCE		
14	Office & General Business Supplies	
15	Industrial, Technology & Warehouse Supplies	
16	Facilities, Janitorial, Hygiene Services & Supplies	
17	Education & Training Products	
18	Professional & Scientific Supplies	

CAMPAIGN, PARTNERSHIP & CHANNEL MASTERY		
19	Catalogue Creative & Production	
20	CRM, Attribution, Targeting & Personalisation	
21	Door Drop, Direct Mail & Inserts	
22	Digital, Performance & Social	
23	TV & Video	
24	Subscriptions & Continuity	
25	Marketplace Trading	
26	Fulfilment, Delivery & Logistics	
OUTSTANDING EVOLUTION		
27	Customer Experience	
28	Business Transformation	
29	Sustainability	

DCA Members: **£95** for any 2 categories then **£45** per additional category / Non Members: **£95** per category then **£75** per additional category. All rates quoted are subject to VAT at the prevailing rate.

Payment is required in advance of your entry and a receipted invoice will be provided.

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
4pm 16th May 2022

How would you like to submit your entry?

By Post ☐

Digital ☐

Please await instructions before submitting your entry

SHORTENING THE IMPACT OF RETAIL SHORTAGES – FROM THE CAPACITY CRUNCH TO RAW MATERIAL AND LABOUR

BY CHRISTOPHE PECORARO, MANAGING DIRECTOR, PFS EUROPE

VIEW ONLINE

Amid a sea of supply chain disruptions and challenges for the retail sector, the word "shortages" keeps ringing over and over. Whether that be a shortage of labour deriving from a perfect storm of Brexit and COVID-19, or a shortage of warehouse infrastructure to keep up with pandemic-fuelled growth in online retail. Experts at real estate advisory firm, Colliers, report that the take-up for large industrial distribution warehouses has increased to record annual levels – with only 18.1m square feet of available industrial space left for firms around the UK currently.

This capacity crunch alone is enough to contend with, but when combined with rapidly diminishing labour and raw material shortages, it is quickly wreaking havoc and placing additional pressure on an already strained industry. New data has revealed that the UK's retail industry lost 89,000 jobs in the second quarter of 2021 compared to the same period a year ago, due to reduced high street footfall, vacant stores, and competition for jobs in other sectors, such as hospitality.

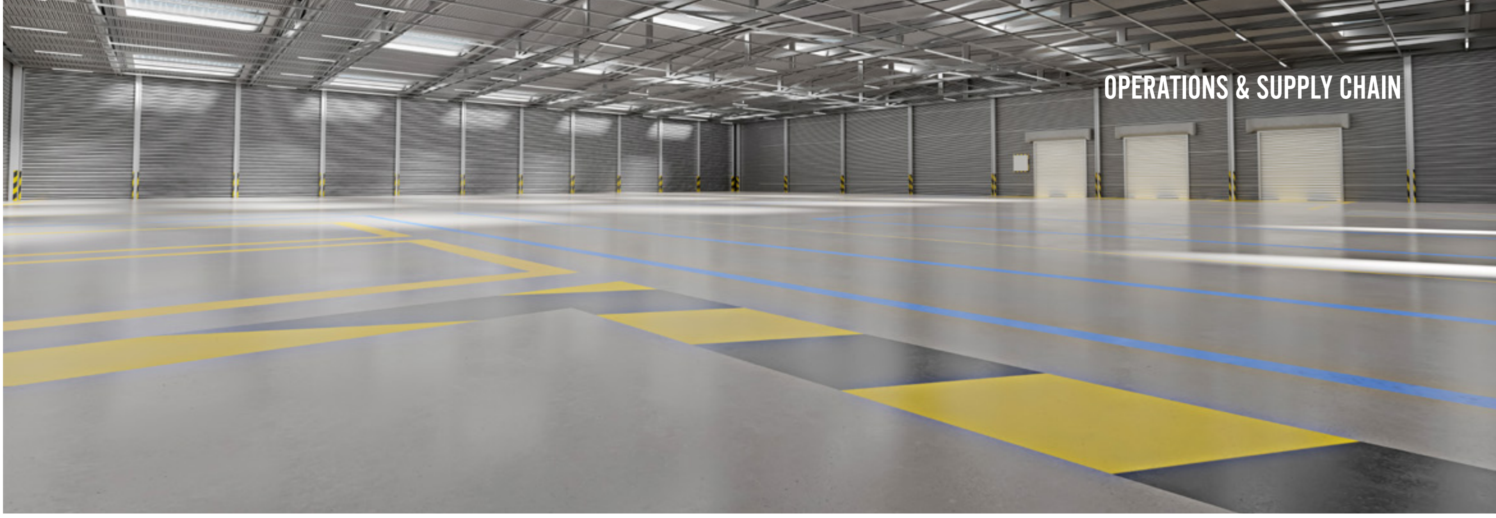
Meanwhile, a scarcity of materials such as plastic, paper and wood, continues to disrupt the global supply chain. So, how exactly can brands navigate the retail landscape in 2022 – not only keeping their heads above water but focusing on growth, when resources are tighter than ever?

REPURPOSING EXISTING RESOURCES

The first option when faced with a shortage of warehouse space for growing eCommerce demand, is to look at existing infrastructures and ensure they are being fully optimised. Brands must look beyond a centralised warehouse model, considering utilising existing physical store spaces that may have become redundant or that have the capacity to work smarter. With the right order management system and picking technology, brands can transform their brick-and-mortar sites into multi-node distribution facilities – fulfilling the needs of both in-store and online shoppers.

Even for brands that do have the warehouse space, with skyrocketing rent prices and hiking consumer orders to fulfil, it's vital to ensure it's being maximised. This can be achieved by ensuring that the warehouse is well equipped with the right technology and processes such as the implementation of automated storage and retrieval systems (AS/RS). This will ensure the smooth flow of goods in and out when the warehouse is full to the brim.

Cloud-based order fulfilment picking solutions will also prove valuable here. These flexible order picking solutions can be easily integrated



within existing systems and can help increase distribution efficiency, by not only speeding up the picking process but increasing picking accuracy.

BUT WHAT HAPPENS WHEN EXISTING SPACE IS ALL MAXED OUT?

Ironically, temporary fulfilment centres can offer brands a more permanent solution to this chronic lack of supply. Pop-up distribution centres (pop-up DCs) can be used as an alternative to investing in scarce – and costly – warehouse space. Due to their flexible nature, pop-up distribution centres can be quickly and easily implemented, providing a cost-effective option in the face of rising costs elsewhere.

OVERCOMING A DIMINISHING WORKER POOL

Recruitment can be challenging with so much competition within the hospitality industry, so again it comes down to optimising existing resources.

Retailers and brands should consider providing shop assistants – who may be experiencing less high street footfall – with the technology to fulfil online orders from their stores. By enabling a cloud-based omnichannel solution, you can effectively direct retail staff through the pick/pack/ship processes.

In the warehouse, implementing a robust Distributed Order Management (DOM) system to coordinate and take out the manual labour of locating stock – can also free up employee time and boost productivity. An advanced DOM system works by ensuring your order management system (OMS) can divert orders to the appropriate inventory pool – depending on delivery address and product type. This will have a significant impact on your ability to keep orders moving to meet consumer demand, despite a shrinking workforce.

Whilst not the right fit for every brand, in terms of cost-effectiveness and efficiency, another option is to turn to automation and robotics-powered solutions. These tools can take on a range of time-consuming – yet essential – tasks historically carried out by human workers. By implementing automation to perform these often-repetitive tasks, your intelligent workforce is then freed up to support with tasks that build brand loyalty.

MAKING SHORTAGES VISIBLE TO ENABLE A RESPONSE

When facing a shortage of materials, this can feel impossible for brands to handle. Recently, the UK was hit with a shortage of cosmetics and skincare products due to a major drop in the availability of a key chemical, ethoxydiglycol, found in a host of household items as well as medications. As a result, prices of the compound increased almost tenfold, rising from £12/kilo to £103.

There are, however, measures to put in place that can reduce the impact of such a shortage. For example, by having full visibility of stock levels across all retail channels, brands can limit the problems that may occur when it comes to maintaining brand loyalty. Equipping customer service agents with up-to-date information and insights into these shortages and the impact this could have on delivery timescales is vital to managing customer expectations.

Whilst shortages – in all their various forms – make a very real threat to the profitability of businesses across the globe, they don't necessarily mean getting caught short. For the retailers and brands that execute foresight, implementing the strategies and technologies that enable them to roll with the punches, these shortages present an opportunity to distinguish themselves from their competitors, aiding growth in the long run.

A BETTER UNDERSTANDING OF CUSTOMERS WILL LEAD TO A MORE SEAMLESS SERVICE

BY GARY BENNETT,
VP UKI/MEA/NORTHERN EUROPE,
ENGHOUSE INTERACTIVE

VIEW ONLINE

As more people become used to shopping online, there is a greater expectation for 24-hour customer service, where we are in an always-switched-on world. In fact there is no signs of eCommerce showing signs of slowing as it is expected to expand from US$4.28bn in 2020 to US$6.39bn by 2024.

In this increasingly digital environment consumers expect businesses to know what customers want, whether they are in a store or online, and expect prompt delivery of products and services. This has been driven by the convenience of online businesses from the likes of Amazon, where effective customer service across all channels is critically important. The delivery of this, with the help of online tools such as web chat and video chat, will allow organisations to make sure their brand is linked with the very best customer care.

Even those businesses that moved completely online because of the pandemic, are now looking at a hybrid way of working, offering both online and in store presence. They need to carefully define their customer service strategy as consumers will still want to go out and visit stores, despite the shift to online shopping. A joined-up approach should cover every type of communication and all channels whether physical or virtual. Customers will expect that if they have contacted a business online and then visited its store in person, it will know who they are and why they are there.

CUSTOMER JOURNEY MAPPING

The answer to getting all this right is putting in place a digital-by-design approach supported by customer journey mapping. Businesses need to consider segmenting their customers into different groups and then focus on working out what channels are best suited for each type, while taking into account their preferred device and the nature of their interaction. They should also consider what is going to give each type of customer the quickest journey time, with the least amount of effort and the highest level of reliability.

However, all too often we have seen instances of businesses adding on new digital channels for the sake of doing so. This can stem from the misguided perception that a business must do this simply because one of their competitors has it. However, approaches like this often fail to maintain the quality and consistency of the service expected, because they are driven by the quantity of channels.

Instead, their priority should always be to get their core customer interaction channels working to the very best standard. These should always include voice and email, but they may also include web chat and online self-service.

Increasingly in the retail sector, video is likely to be one of those channels. When consumers are thinking of buying expensive items, they may well appreciate a consultative approach that customer service staff can provide while at the same time

visually demonstrating how the product looks and works and what its key benefits are. Eventually we might see applications using technology such as virtual reality (VR) and augmented reality (AR), that are capable of showcasing products in a variety of different contexts and scenarios.

Whatever new channel is used, it is extremely important that it is fully integrated with those channels that are already in place to ensure that the customer always receives a seamless experience, no matter what kind of method of interaction is used. Otherwise, the business runs the risk that it will frustrate customers instead of delivering customer satisfaction.

An example of this is when a customer contacts a business through its website typing in detailed information about themselves and their enquiry. The interaction then fails, and they resort to calling the contact centre directly, only to be asked for the same information, leaving the frustrated customer where they started.

Instead, business should be looking to fully integrate their channels, allowing them to capture the context and present it to the customer services agent at the point of contact. Ideally, that agent should have the full 360˚ view of all the emails sent by the customer, the webpages they have visited, what they have filled in and where they got stuck. By doing so, they should be able to pinpoint how they have moved from one form of communication to another.

This is all very important and highlights that while technology is both powerful and liberating when used correctly, simply adding it into the customer service mix for its own sake will have limited value. Businesses need to ensure they are implementing a truly digital-by-design approach, with due diligence on what their customers really want and need, and by mapping the customer journey accurately, before adding extra channels.

GAUGING THE VOICE OF THE CUSTOMER

Businesses should always ensure they are capturing the voice of the consumer, analysing and reporting on it to improve the customer experience no matter what channel they have used.

This allows them to receive ongoing feedback on which channels are working well and why customers like or dislike certain elements of the service, so that improvements can be made. The latest tools that make use of embedded AI to extract intelligence from phone calls, web chat, email and social media, add further insights into customer behaviour.

CUSTOMERS COME FIRST IN THE NEW DIGITAL WORLD

As customers expect prompt and efficient service delivery, business must develop a digital-by-design model, where they integrate new channels seamlessly with existing ones and support the whole approach by capturing the voice of the customer. If this is achieved they will gain a better understanding of their customers and will be well placed to deliver the best possible levels of service.

WHY CAN'T BUSINESSES SOLVE THEIR CART ABANDONMENT ISSUES?

VIEW ONLINE

BY CHIRAG PATEL, CEO, DIGITAL WALLETS AT PAYSAFE GROUP

For the past four years, we have been commissioning independent surveys of online small to medium-sized businesses (SMBs) across the globe to find out more about their online plans and priorities when it comes to evolving their online checkouts. We surveyed over 900 online businesses in October 2021 for our report Lost in Transaction: Finding competitive advantage at the checkout.

One major issue that businesses have continually told us is that card abandonments are a pressing concern. And there is a good reason for this; cart abandonments can have a severely undermining impact on an online business. If customers either cannot or do not want to take the journey through an online checkout then the impact on revenues can be catastrophic.

So we wanted to find how the issue of cart abandonments had evolved in the past 12 months. We asked online SMBs in the UK, U.S., Canada, Germany, Italy, Bulgaria, Austria, and Brazil to tell us how they viewed their abandonment rates in 2021, whether their concerns had increased, and why they believe consumers are failing to complete transactions.

HOW BIG IS THE PROBLEM?

Managing abandoned transactions is a serious and virtually universal issue for many types of online businesses. Overall, 88 per cent of online SMBs say that cart abandonments are more than negligible in their online checkout, compared to 75 per cent when we asked businesses in 2020. Only 19 per cent say they are comfortable with the volume of abandoned transactions they are seeing, and 40 per cent of businesses view cart abandonments as more than minor issue.

These numbers have improved slightly since 2020, when 13 per cent of businesses said they were comfortable with the percentage of transactions that they see abandoned, and 47 Per cent said that abandoned transactions were more than a minor issue for them.However, overall, the issue of abandoned transactions is currently getting worse, not better. Half (49 per cent) of all businesses we spoke to in 2021 told us that the percentage of abandoned transactions in their online checkout has increased in the past 12 months, compared to only 9 per cent that have seen abandoned transactions decrease.

SO, WHAT CAN BE DONE ABOUT IT?

Tackling this spiralling issue is going to be critical for businesses as eCommerce becomes even more competitive in the next 12 months, and that begins with understanding why consumers are abandoning transactions in the first place. Consumers only coming to a website to browse or adding products to their checkout basket that they never intended to buy is the commonly cited reason by businesses. This consumer habit is unavoidable and there is

little businesses can do to combat it, but only 35 per cent of businesses name this as even a top three reason consumers are abandoning transactions. Of the other reasons that are most commonly mentioned, businesses can focus their checkout strategies accordingly. Some issues are non-payment related, such as delivery options or shipping times, but the majority focus on the payments experience. These consumer issues that are leading to abandoned transactions include:

- **Not being able to pay with their preferred payment method** – As we have discussed in previous articles, consumer payment preferences are becoming more diverse. Less and less consumers prefer to pay with cards, and overall 56 per cent of consumers say that they only shop with online businesses that offer their preferred payment method. Offering more payment methods in the online checkout is now imperative to keeping customers as the payments landscape continues to evolve.
- **Not being able to pay in their preferred currency** – As well as wanting to pay with their preferred payment method, overall consumers are more likely to complete a transaction if they can pay in their local currency. For businesses that already or plan to sell to consumers overseas, working with a payments partner that can offer the maximum number of currencies will expand target markets without increasing the risk of higher abandoned transactions rates.
- **Combat declined transactions** – In addition to abandoning a transaction out of choice, consumers are also leaving the checkout because their card payment is declined. This could be for a number of reasons in addition to not having enough funds in their account. Again, offering more payments methods is an effective solution; not only will the overall percentage of payments made by cards fall, consumers will also have options as a second preference to recover the transaction if their initial card payment fails.

Working with a payments partner that can offer more payment methods and currencies through a single integration is the key to many checkout best practices, including reducing abandoned transactions - something that businesses must consider as they see this issue continue to grow.

ARE YOU READY FOR MARKETING IN THE METAVERSE?

BY PROFESSOR STEVEN VAN BELLEGEM

VIEW ONLINE

'Metaverse' may be one of the buzz words of 2022 so far, but it is fair to say there are still many sceptics in the business world. It was described by Mark Zuckerberg as the "embodied internet" where users can enjoy watching movies, travelling, meeting friends and shopping via VR and AR headsets or other devices. While Elon Musk, in contrast, says he doesn't "get it". Whether you love or hate the idea, it is hard to ignore that we may be facing a new frontier. There are a few first movers experimenting to really understand it, but it could be the perfect moment for companies to start testing it in terms of marketing and customer experience.

METAVERSE MARKETING

So how can brands profit from the opportunities of the metaverse today? Should we already be experimenting with ways that it can benefit our brand, customer experience and maybe even make a profit from it?

Like with any marketing endeavour, it's important to draw up a strategy with clear objectives first, but here are a few ideas for how it might work.

1. ADVERTISING

Using old school methods in a new environment might not be the most exciting opportunity, but it does allow brands to reach a pretty massive audience at a more affordable price than some traditional channels.

In 2021 Dimension Studio – creators of virtual worlds and humans for the metaverse – earned US $6.5 million in revenue from making metaverse technology for fashion brands alone. Coca-Cola, Samsung, and Volkswagen have invested in virtual billboards within video games like Football Manager and Hyper Scape, while Roblox also began experimenting with interactive ads. Nas also used in-game audio ads to promote his album "King's Disease II," and saw a 1.275 per cent click-through rate.

2. VIRTUAL INFLUENCERS

Using influencers has perhaps already become a slightly "old school" marketing approach, but it is already crossing over into the metaverse. Daisy, for instance, is a virtual influencer created for online luxury discount site Yoox. She was featured in multi-brand campaigns, wearing clothes by Calvin Klein and Tommy Hilfiger. Other brands have a slightly different approach, using avatars modelled on real people. Dior created a digital doppelganger of the Chinese actress Angelababy to attend its show in Shanghai, while digital doubles of supermodels Naomi Campbell and Kendall Jenner starred in Burberry's collections.

3. ADVERGAMES

With this technique games are used as a means of advertising products or services. So, the brands do not advertise in the games of other parties, but they design their very own games. Tourism New Zealand, for instance, launched PLAY NZ, a 3D world-style adventure gaming experience to let people explore the country's greatest attractions in a completely new way. Luxury brand Balenciaga introduced video game "Afterworld: The Age of Tomorrow", while Louis Vuitton has "Louis The Game", a game that combines its heritage, innovation and NFT art.

4. VIRTUAL VENUES

Brands like Warner Bros., Hyundai, Adidas and Gucci are effectively claiming virtual real estate in the metaverse with their own virtual venues. DBS bank recreated Singapore's iconic Zouk night club in Fortnite, renaming it the 'Live Fresh Club' to advertise its credit card of the same name. Hyundai Motors launched five theme parks on Roblox to introduce younger consumers to Hyundai's products and future mobility solutions, while Vans launched a virtual skatepark that lets players try new tricks.

5. VIRTUAL EVENTS

The entertainment industry is already embracing this approach, and we've already seen attendance figures for virtual concerts run on Fortnite or Roblox that are much higher than in real life.

But businesses are also starting to understand the value of virtual events in their customer experience. Lindsey McInerney, Global Technology and Innovation Director at Anheuser-Busch InBev believes that "The future of sports, media, and entertainment is virtual. Almost 2.5 billion people are already participating in the virtual economy. This is the direction of the world's evolution."

6. METAVERSE COMMERCE

Perhaps the most interesting opportunity in marketing and CX in the metaverse sometimes called the direct-to-avatar (D2A) economy, where brands are starting to sell digital goods inside the metaverse. Of course, in-game commerce has been around for years already, and is even projected to evolve to $74.4 billion by 2025. More recently, however, corporate brands such as Clinique, Tencent, Anheuser-Busch and Gucci have made moves in metaverse environments.

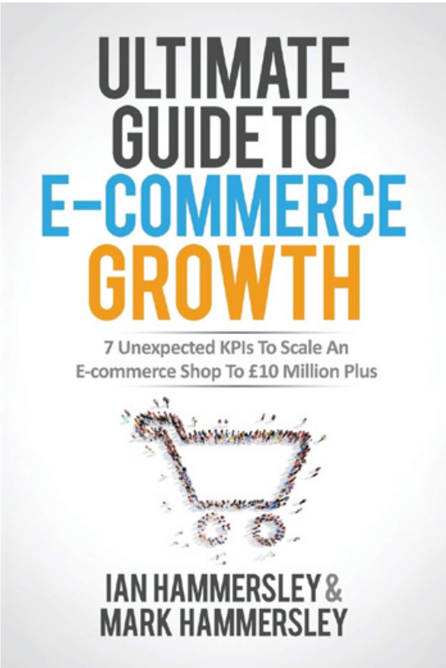
A big part of this is the non-fungible token (NFT) market that is turning virtual goods into unique content or collectibles using a smart contract. In the Metaverse, these NFTs enable virtual ownership of an asset. Visitors of the Gucci Garden virtual store can purchase exclusive, limited-edition avatar items, such as a digital bag on Roblox for $4,000. Coca Cola launched virtual wearable NFTs, while Samsung gave away rare avatar clothing such as jackets, helmets and shoes as NFTs.

But it's not just about NFTs. Brands are also selling 'regular' virtual products in the metaverse. Balenciaga has partnered with Fortnite to design virtual outfits, accessories, and weapons that players can purchase for their avatars. The Gucci Virtual 25 – a digital pair of sneakers – can be bought for between $9 and $12 to be 'worn' in augmented reality or used in partnered apps like Roblox and VRChat – so maybe it is time to think if your product could be converted for the metaverse?

ULTIMATE GUIDE TO SCALABLE eCOMMERCE PART 10

BY IAN & MARK HAMMERSLEY

VIEW ONLINE



BASKET-TO- ORDER RATE

Basket-to-order rate is the orders divided by the people that add an item to the basket. Typically, we split this down into basket to checkout and checkout to order, but sometimes there is so much funky stuff such as PayPal Express going on at the basket it's good to have an overall number. This is a great metric to improve and many sites want to jump to this straight away. However, we usually find we can get more revenue from improving the add-to-basket rate first and then optimising the higher numbers of shoppers later that this provides.

GETTING VISITORS TO PROCEED TO CHECKOUT

Remember, according to our statistics, an average of 55% of the people who have added something to their basket will click Proceed to Check Out. While this may seem like a low percentage, there are several reasons that people abandon ship at this point in time.

COUPON CODES AND PAYPAL EXPRESS

With one of our clients, for instance, the issue was occurring in the coupon code section of the basket page. After discovering this, we had the system e-mail us immediately each time there was a failed coupon. Most of the coupon codes entered that were considered duds had only one digit wrong. Because they didn't work, however, the customer abandoned his basket and left the website. This resulted in a lot of lost revenue for our client. To solve this, we made the decision, with the client, to apply the discount automatically. This way, even if the client accidentally got the coupon code wrong, he would still receive the discount and proceed to checkout. This one change alone makes the client over £1 million every year.

Another roadblock that may be discouraging customers from clicking proceed to checkout is actually PayPal Express. We found that this is beneficial when it comes to new customers, but not so much when it comes to recurring customers. After researching this phenomenon, we've determined that new customers enjoy using Paypal Express because it's a safer way for them to pay for your products. They don't quite trust you yet, so safety is key for them. Test it to see how it works for you.

To encourage customers to proceed to the next step, or purchase the items, make sure the basket clearly shows exactly what the product will cost them, and how long delivery is going to be and how much. Also make the payment icons really prominent on the basket page. Companies like Visa and Mastercard spend millions of dollars annually to associate their logos with trust. Leverage this marketing to increase the basket-to-order KPI. This takes away a lot of anxiety your customers may have about their purchase.

The browser abandonment pop-ups can be very useful here as well. If a customer starts to exit the page, a pop-up offering them an additional 10% off might just sway them to stay. Just make sure the pop-ups are timed perfectly to catch a buyer's attention.

GETTING VISITORS FROM CHECKOUT TO ORDER CONFIRMATION

Approximately 84% of visitors go from checkout to order confirmation. Most individuals with e-commerce sites worry about this part of the process, mainly because it's easy to see what the consequences (the lost revenue) are. As soon as you put your events into Google Analytics, you can see the amount of money, to the penny, you're losing.

That can be scary because seeing these numbers, you may say, 'Hey, wait a minute, we just lost twenty thousand pounds over the past month from one step of the checkout process to the next!'

The reality is, you're going to lose some of your customers at this step, but this is also the area where you can get the best win if you've established your value proposition right, have a competitive product, are selling at the right price, have your site merchandised properly and have your delivery terms sorted out. People are more likely to put up with a checkout process that doesn't work that well or is slightly confusing if they really want the product (because your value proposition is so good).

So, how can you easily improve the checkout process?

Here's some things to look at, but they may be disappointing for those of you looking for a quick fix or a one-size-fits-all solution...

DIFFERENT CHECKOUTS WORK ON DIFFERENT PLATFORMS AND DIFFERENT BUYERS

Finding the right checkout for your website requires a bit of testing. Certain checkouts work differently for certain platforms and certain buyers. For instance, we decided to do a test with a checkout that let users play with the quantity throughout the entire checkout process, up to the final stage. At any point, they could decide they wanted three of the product instead of just one. When we began using the checkout page on different platforms, we noticed that, on the iPad, the conversion rate dramatically increased. On the desktop, however, it made no difference in revenue at all.

Maybe it's psychological and iPad shoppers are in shopping mode instead of work mode, so they are more likely to increase their purchase amount. We haven't quite figured out why, but the point here is to go ahead and make small changes as long as you are tracking the results.

We have also tested different types of platforms and found that some are more likely to be used by those making rational purchases, while others are better for emotional buys.

The one-page checkout on the left in the above chart worked better on sites where rational purchases were made. It also appealed to younger buyers. The one on the right is a more methodical, step-by-step approach that the older generation and those making emotional, spontaneous purchases enjoy.

The extensions for e-commerce checkout pages are simple to work with, and most often, if you've taken the time to invest in the add-to-basket rate and basket to checkout, you won't have to worry much about the final checkout-to- order confirmation step. The secret to scaling your business is to figure out where you're losing customers.

Here's a checkout to go through to help raise the basket-to-order rate, i.e. what if it's below 30%? If you have 4000 people add something to the basket and less than 1200 proceed to checkout, then that's bad.

Let's look at the things that many people get wrong.

- Proceed to checkout below the fold. Even

CONTINUES OVERLEAF >

if people have a lot in their basket, don't let the Proceed to Checkout button get pushed down below the fold. Ideally have it both at the top and the bottom.

- Payment icons such as Visa, Mastercard, etc. These companies spend millions if not billions a year associating these logos with trust in the minds of the consumer. So, make sure you leverage this by showing them above the fold.
- Payment icons on every line item in the basket. I have seen split tests convert higher when payment icons are shown next to each item in the basket rather than just at the bottom.
- Use wording like 'continue securely' rather than 'proceed to checkout.' This split tested higher for us as people are worried about security online.
- Make sure that the basket is nicely laid out and does not look complicated. Remember perceived ease of use is pretty much equal to actual ease of use. Don't over complicate and get a usability designer to design your basket.
- Don't make your product images too small. People need to maintain the desire for the product they are buying and making them too small means they might lose their interest. The desire for the product must be bigger than the pain of paying for them.
- Have a clear colour for the Proceed to Checkout button. Make this a colour that is not used anywhere else in the design, so it stands out. Also, it should be the same colour as all the Move Forward buttons on the store, i.e. the add-to-basket, proceed-to-checkout and Confirm Order buttons should all be the same colour.
- Delivery should be clearly displayed—how long it will take and how much it will be. Preferably delivery will be free or free over a certain amount. If they have qualified for free delivery, shout about it and make it dynamic when the threshold is reached.
- If you have a free delivery threshold and the person has not hit that level yet, tell them exactly how much more they need to spend to hit free delivery, i.e. spend £5.50 more to qualify for free delivery.
- Make your return policy clear. People will be asking, what if I don't like it? Don't hide your return policy in the footer of the site. The return policy should be a good policy and it should be a selling point.
- If people use a lot of coupons on your store, make sure you monitor coupons that fail to trigger a discount. Get these to be emailed to you so you can spot common misspelling or typos of active coupons. Often you can create coupons of these typos so that you get the orders.
- Make live chat prominent on the basket page so that buyer questions can be answered quickly.
- Use countdown timers to show how long it is till they qualify for next- day delivery.

- Use countdown timers to show how long it is till the coupon they have used expires.
- Use third-party review stars and reviews to give people confidence that you can deliver the product on time.

HOW FAST ARE BUYERS ON YOUR CHECKOUT?

How do we know if the checkout is a problem?

Mark's son did swimming sports recently. He was doing well until, whilst doing backstroke, he cruised at the end because he was afraid of hitting his head on the wall. He only races once a year and he really isn't bothered about where he places.

But it made Mark think about how we had no idea if he was a fast swimmer or not. He swims a lot and seems fast, but it is only when he swims next to others do we find out if he is fast. Also, it clearly identifies an issue with his technique. Swimming at the end with one arm above your head for a quarter length of the pool, just in case you hit your head, is going to slow you down a bit. Now we know what's wrong we can fix it.

This is like your checkout page. It looks fine. Chugging all day and sending you order confirmation emails. But how fast is it? Let's have a look at five retailers and see how long people on average spend on the checkout page. After this we can compare the results.

Some of our clients use the one-step checkout, which is all the checkout on one page and thus makes it easy to find the 'time on page' for each one. Here's how they looked last month:

- B2B Site A selling spare parts: Average time on checkout page—3 minutes 7 seconds.
- B2B Site B selling lab equipment: Average time on checkout page—3 minutes 40 seconds.
- B2C Site C selling clothing: Average time on checkout page—2 minutes 50 seconds.
- B2B Site D selling protective equipment: Average time on checkout page—2 minutes 33 seconds.
- B2C Site E selling food: Average time on checkout page—2 minutes 32 seconds.
- B2C Site F selling flowers: Average time on checkout page—3 minutes 59 seconds.

So how does the checkout race look? Well, we might argue that Business 2 Business (B2B) site checkouts are a little slower than Business to Consumer (B2C) sites. This would make sense as people might have to look up addresses, etc., when buying for work.

But site F selling flowers does look slow, doesn't it? Almost 4 minutes against an average time on B2B sites of 2–3 minutes.

Next step would be to record some browser sessions of site E and then some browser sessions of site F. We could then compare the behaviour and find out what people are struggling with.

Where there is struggle, there is always checkout abandonment, so this will be very lucrative work indeed.

THINK ABOUT THE FLOW OF BUYER

Next we want to introduce the concept of 'visitor flow' through the website. Don't treat each page on your site as an island, just as important is how people move through those pages.

A good metaphor for an e-commerce customer journey is packing to go on holiday.

When Mark travels he likes to pack well in advance and check he has everything he might need. Contact lens solution, swimming trunks, glasses— all the things he has forgotten in the past. He packs and then checks his suitcase a lot to make sure it's still correct.

He always checks that he has his passport multiple times before he leaves the house, even though he knows it's there. He has multiple items to pack and he wants to be confident that he has them. His nervousness around packing is exactly how buyers feel about their basket on an e-commerce site.

Most e-commerce stores seem to think that there is a one-size-fits-all strategy to how the flow should work on their websites.

By flow we mean what happens when someone adds something to their basket, where they get taken and what happens. They go and see how Amazon does it or ASOS and then copy that.

Many sites keep people on the product page and then have a 'hover reveal' for the basket icon to show what's in the basket. If people want to

CONTINUES OVERLEAF >

actually visit the basket page, then they have to click in the basket reveal to see basket.

Often some of these sites funnel people directly to the checkout. Nobody seems to question this.

But the flow people take when moving through the site has a massive impact on the conversion rate. There is no one size fits all. Why is this? Because on some sites people tend to only add one item to the basket and check out (a dress website). Other sites, like a herb and spices site, people will tend to add five to seven items to the basket before checking out.

On sites that people add more items to the basket on average, the basket is an important page.

Coming back to our packing analogy. If we were packing a suitcase and could not look in the suitcase once we'd put something in it, then we would get nervous when leaving the house. How could we check we had everything we needed?

This nervousness increases with the number of items people add to the basket. We need to reduce this nervousness to a minimum if we want people to check out. On many sites with many items in the basket, the basket hover in the top right just doesn't cut it.

The customer is not aware of why they are nervous, they can see what's in the basket on the hover. But because the hover is small and hard to see it does not give them the confidence that seeing the products nicely laid out on the basket page does.

When we worked on the conversion rate for one of the world's largest wine sites we told them that people needed to be taken to the basket page when they added something to the basket. This simple change gave them an extra 3 million GBP in revenue per year. This was because the wine site made people order a crate of wine and choose at least six bottles. They needed to be on the basket page to see the collection they had chosen and fall in love with it. They couldn't engage with the wines they had chosen on a small hover window.

If you have a high average amount of different products in customers' baskets, don't skip the basket page. It's important.

You need to map out the flow of your site to fit how your shoppers shop. Don't blindly copy other websites; even your competitors have probably got it wrong.

The flow of the purchase is key.

HOW TO RAISE THIS KPI—BASKET TO ORDER RATE

Here are some quick wins for you from our time in the trenches.

- Make sure you use a tool like Mouseflow to capture users' sessions on the checkout pages. We built a team in the Philippines just to do this as we found lots and lots of errors and quick fixes on basically any site we looked at. Mouseflow has a good tag called 'click rage' which shows when people get really frustrated and this can lead to areas where there are problems.
- Look for JavaScript errors in Mouseflow recordings as it can highlight a particular platform, e.g. Amazon Silk, that does not work with your website. Often these are easy fixes.
- The basket page also needs to sell; don't have a tick-in-the-box basket page, it needs to drive momentum throughout the sale. Make sure the basket page answers all the objections people have at this stage such as:
  - How much is delivery?
  - What about returns?
  - Is this item difficult to deliver?
  - How much discount am I getting?
  - How quick is delivery?
  - What guarantees is there about this product?
  - Why should we do this today rather than tomorrow?
- Also, don't think that one checkout flow is going to work across all devices. What works on desktop might totally annoy on the mobile site. Split test each platform separately and find what works for each. Mobile is much more about ease of use; desktop is more about convincability.
- Is your lost password functionality annoying? If they have just typed in their email and got the wrong password, then for god's sake, remember the email just typed in on the lost password form. Such a silly, easy thing to do but hardly anyone does it.
- For people who cannot

remember their password let them check out as guests if they want and just add their order to the same email address if it exists in the database. Make it easy, not hard.

- Make reward points easy to understand, easy to add, paint-by-numbers approach rather than War and Peace.
- Keep a picture of the products all the way through the checkout, especially if you are selling aspirational items. Taking the product imagery away will separate the user from the want of the item, making it easier for them to abandon.
- Add social proof all the way through the checkout: David just bought, etc.
- Use secure wording on the checkout to show that the checkout is secure and not likely to get hacked.
- Bring payment logos like Visa, Mastercard above the fold and add them to each line item on the basket. These billion-dollar firms spend untold millions each year associating these brand logos with trust. Leverage their marketing spend to increase checkout conversion rates.
- Split test Checkout and Basket Proceed button colours; it can have more impact than you would expect.
- Split test removing the main navigation for the checkout pages. Do people get distracted and leave the site for Facebook, etc.?
- Split test using one-click ordering services like Amazon Pay, Paypal Express, etc., to see if this increases conversion.
- For B2B sites offer an invoice option.
- Offer an AfterPay-type payment service where the user can split the payment into 10 payments, interest free.
- Add live chat to the checkout page that listens for page activity that could signal issues, such as javascript errors, click rage, the filling out of fields over and over, or the repeated clicking of buttons. Then auto prompt, 'Are you having an issue we can help with?.' Make this help 24/7 by using UK and overseas teams for this important page. At the very least the chat support team can raise a ticket and make sure it does not happen again.

RECAP: BASKET-TO-ORDER RATE

The issues that prevent customers from getting from the basket to checkout are typically small, yet significant. Trouble with coupons or the use of PayPal Express are two of the most common problems we see.

KPI: BASKET-TO-ORDER RATE

The number of orders divided by the people that add an item to the basket.

Put it to use:

- Only 55% of people who add something to their basket will proceed to checkout.
- Simple things can result in lost customers, such as coupon codes with one digit wrong.
- PayPal Express works well with new customers, but not with recurring customers. New customers don't trust you yet.
- Display every detail, including cost of product, delivery options and payment icons on the basket page. There should be no surprises.
- 84% of customers go from the checkout to order confirmation.
- Split test different types of checkouts on different platforms to see what works best.

Answer the following:

- Do you offer coupon codes? If so, what happens, right now, if a customer enters the coupon code wrong? How would you handle it better? Think of it the same way a physical sales assistant would.
- Split test your checkout payment options. See which one works better: Paypal Express or credit card payments. Which one is more successful on your website?
- What does your checkout basket look like? Are all the details a customer needs in one place? Write down where the basket is excelling and where it is lacking.
- Does your checkout work on all platforms? Check this carefully. If your checkout isn't working on an iPad, but works on the desktop, you could be losing customers.

don't miss the next issue... KPI SUCCESS DEPENDS ON YOU

BLOCKCHAIN: SOLVING THE MEDIA AND ADVERTISING SECTOR'S CHALLENGES

BY TOM MARSDEN, HEAD OF DIGITAL ACTIVATION - DIGITAL INVESTMENT, MEDIACOM NORTH

VIEW ONLINE

There are over 6,500 different cryptocurrencies, all varying in size of market capitalisation, which have different followings and trading volumes. Some of these are meme coins which have a supporting business model flimsier than a house of cards. But the vast majority are new technologies being created that will disrupt practically everything we know.

There's a plethora of blockchain based companies and initiatives springing up which are focused on bringing the technology to the digital advertising market, yet while some sectors have embraced cryptocurrency with open arms, for the media and advertising sectors cryptocurrency is relatively untouched.

IBM is one company which is spearheading many of the key initiatives. It has partnered with MediaOcean to bring a blockchain solution to market with a view of delivering universal supply chain transparency. Alongside other acquisitions such as Flashtalking and 4C and current media systems and automation capabilities, MediaOcean looks primed to bring everything together in a very exciting way for advertisers and agencies alike.

So why up until now has cryptocurrency not been used in the media and advertising? We trade in dollars, impressions, and eyes on a screen. None of these things sit on a blockchain yet. Yet there are issues, particularly in the digital space, which might benefit from a blockchain-based solution.

We've put together a macro view of some of the challenges the media and advertising industries face and how blockchain might address them.

CONTENT MONETISATION

Probably the single biggest contributor to many of the issues around poor ad experience is how publishers monetise content. In days gone by, a newspaper might sell circa 3.8 million copies per day costing 20p which generated almost £800k in revenue. The Internet brought the notion of free content to the fore which quickly became an advertiser funded model with people designing ever more intrusive formats and charging premium prices for them. We now have regulations in place to limit this, but the experience is still sub-optimal, people are largely

ok with the ads/content trade off or can elect to pay for ad-free content if they wish, many don't.

Because it solves an ownership and copyright problem, blockchain more easily facilitates a micro-payment for content model which is one favoured by younger generations who would rather pay for what they consume rather than pay for a library of content. An ad-funded model can also exist for those unwilling to pay, but the value exchange will support end users being responsible for how much data they want to share, and they will likely receive both the content and some of the data fee (as cryptocurrency) in return, depending on how much is paid. In this model most of the sale of the impression would go to the content creator whether that be a company or a freelancer. Challenger browsers such as Brave are already rewarding people in this way with their Basic Attention Token (BAT).

AD FRAUD AND TRUST

The estimated cost of fraud to the industry is expected to increase to $50bn per year by 2025, but in theory much of this could be eliminated or vastly reduced. A blockchain network could prevent bad actors from entering the ecosystem at the same time as validating and legitimising ad placement to only non-fraudulent web traffic and content as well as based on physical location and device.

MEASUREMENT

If there's one thing blockchain is set up for, it's the verification and storing of data, because we will know who has consented to seeing which ads as well as when they've seen them and on which piece of content and subsequently if their wallet address goes on to make a purchase. We'll know who has opted out and we'll be able to more readily conduct incrementality analysis. Cross media effectiveness studies should also improve as the vast majority of media will in theory sit on the same blockchain and be internet enabled.

AD EXPERIENCE

People's experiences with ads have been poor at times, though companies are making continuous improvements having hit a real low-point with pop-ups and pop-unders in days gone by. We're regulating relatively well now but there's still too much clutter. This is one really which should resolve as a biproduct of resolving some of the other challenges. If we aren't experiencing lots of leakage from the ecosystem related to fraud and if everyone is getting paid their fair share and is happy about the way their data is being used, then overall ad experience will improve. There won't be the same need to cram as many ad slots into a page as possible to help cover the costs of the journalism.

Whether you believe Cryptocurrency is a fad or not, everything is changing as a result of Web 3.0 and blockchain technology works hand in hand with that.

But for media and advertising, it's a potential clean slate, a raft of new initiatives and products with a privacy and payment-centric approach with trust at its core. It's a chance for the industry to right the wrongs of the past and tackle the challenges of the future with more solid foundations and a greater sense of mutual respect for all parties involved, including (and especially) the much maligned and taken advantage of consumer.

The opportunities are here and they're ready for us to start taking advantage of them.

DRTV ADVERTISING VS. PAID SOCIAL MEDIA

BY PETE MILLS,
MANAGING DIRECTOR,
SMARTRESPONSE MEDIA

A TALE OF TWO VERY DIFFERENT RETURNS ON INVESTMENT

VIEW ONLINE

This week Meta Platforms, the owner of Facebook, for the first time in its quarterly financial reporting history found itself in very unknown territory – passing on bad news to the markets. This update resulted in the company share price plummeting by 26.4% in one day leaving Mark Zuckerberg struggling by on a reduced $90billion estimated personal net worth.

The primary drivers behind this extreme nervousness from Investors is two-fold – reduced daily users on the Facebook platform that are clearly now being attracted to younger and more desirable competing social media platforms, including TikTok, and also a significant drop in advertising revenue.

Since the introduction of the App Tracking Transparency Policy by Apple in April 2021 the effectiveness of Facebook advertising has been materially reduced. Many consumers opted for privacy in the iOS Apple update last year, therefore greatly reducing the amount of information that Facebook can collect on their users for targeting purposes. This was previously their standout strength as a media owner. This has made Facebook a much blunter advertising proposition for many companies and brands that primarily measure success by the hard financial metric of Return on Advertising Spend (ROAS).

By way of comparison, since the onset of the pandemic in March 2020 direct response television (DRTV) advertising has experienced a significant renaissance with markedly increased viewing audiences especially during daytime, lower commensurate media rates and a growing consumer propensity for online shopping for products and services.

Many established and new DRTV advertisers are now seeing record profitable ROAS from their broadcast activities with some recent campaigns in Quarter Four 2021 producing a ROAS of over £10 sales for every £1 invested on DRTV airtime.

Prior to the pandemic linear TV was, in some circles, being written off as yesterday's marketing. A huge amount of brand investment was migrating to digital media buying activity and in particular paid for social media. However, this marked shift in 2021 looks set to be here for the long term, and many brands are now looking to the potential of DRTV advertising to grow their businesses profitably whilst concurrently driving mass awareness.

Times are certainly changing in this new privacy restricted dawn.

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