



COMMERCE  
FUTURES

# DIGITAL STYLE

## INNOVATE TO DISRUPT

WHITE PAPER  
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**Klarna.**

zmags

# DIGITAL STYLE INNOVATE TO DISRUPT



**In any race, knowing the prize is the single biggest incentive to do your best. For eCommerce, that prize is a share of a total market that, according to Statista, is predicted to be nearly £70 billion[KP1] in the UK alone in 2019, out of a European market of £284 billion[KP2] and a global market of £1.5 trillion[KP3].<sup>1</sup> And it's growing fast: the global compound annual growth rate over the next 5 years is expected to be 8.0%.**

## WHAT MAKES YOUR BRAND STAND OUT?

Clearly, a portion of this pot would be nice. But what's more compelling is that eCommerce user penetration in the UK is already just a whisker under 80%, changing 'nice' to 'crucial': no brand can afford not to succeed in the digital marketplace when it dominates the overall B2C environment so emphatically.

There are many things to consider when putting together or refining any eCommerce strategy. For each of these strands, innovation is key – whether that's innovating compared with anything your brand has done before or doing something that no other brand has ever done. But first, you need to ensure the brand itself is in the best condition to attract customers.

At our recent Digital Style conference in Manchester, among the brand values that were universally agreed to be vital were authenticity, integrity and consistency. Other key values are being relatable, professional and relevant. All of these should inform your content and communications across all channels.

Michael Boyle, Head of Digital & Marketing for Manière De Voir posed the idea of strategic product placement to aid creation of an elevated online presence. "We know who our best sellers are but we don't want to put them on our homepage all the time because it doesn't necessarily reflect who we want to be as a brand."





Your brand needs to reflect both your internal values and take account of the overall marketplace – and how that is changing. Luca Calcamucchio, Global Store Design and VM Director explained how Charlotte Tilbury achieve this through their stance on democratisation in the beauty industry. “Beauty is an emotional category so you can create that connection with a customer. I can give you my vision but the customer opinion is so important. We actively listen and when they feel important they come back.” Brands need to consider their customers’ worlds and, where appropriate, tap into their emotions. The benefit is that a clear, consistent identity elicits consumer trust.

## MERGING DIGITAL INNOVATION WITH RETAIL

Having considered your brand, you then need to think about how that extends to your interface with your customers, whether you are a digital pure-play or a multi-channel business. For the latter, retail has often been the poor cousin of digital in terms of focus and spend, as everyone

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rushes to keep up with the ever-changing online world.

Mobile now represents the largest shopping channel for some businesses while for others it represents a smaller but still significant contributor to the bottom line. Lauren Percival, Head of Marketing at EGO Shoes revealed the staggering statistic that 70% of their overall sales now happen via mobile. Boyle revealed Manière De Voir’s latest tactic of targeting these on-the-go shoppers “We introduced Whatsapp as a marketing channel and actively encouraged people to sign up through it.” Acquiring this level of digital agility allows brands to capture shoppers of all habits with adaptable and relevant content.

However as mobile continues to charge ahead, there is also huge value in looking at opportunities for innovation in bricks and mortar stores. The sectors that benefit massively are those heightened by physical experiences and may include areas where technology can itself support face-to-face interaction. Chris Sheard, Head of Online Acquisition at CurrentBody notes the first hand benefits of venturing from a pure play retailer to opening their first pop-up store. “We sell technology that is relatively new to a UK audience. We can now engage more with customers, prove and share the concept with them and gather first hand feedback.”

Alongside this, Sheard described the unconventional benefits for a business investing in physical concessions. “We can leverage it for a number of reasons - we invited influencers, key partners and helped cement our relationships that have gone beyond the immediate monetary gains of a bricks and mortar store.”



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Luca Calcamucchio, Global Store Design and VM Director, Charlotte Tilbury



As Charlotte Tilbury's Calcamucchio explains: "Stores were traditionally places where people went simply to buy products. Now we need to change and become less 'shopkeepers' and more 'customer keepers'. This needs to be reflected in the store design – you have to give people a reason to go to your store because they can access your brand almost everywhere now." This is vital because if they aren't accessing your brand, they may be quite happily looking at someone else's.

"You need to change your store from a point of sale to a point of experience. So you need to think what you want to achieve with your store. For example, is it to build a community? Give people a reason to come to see you," adds Calcamucchio. "In addition, ensure every physical space associated with your brand is 'Instagrammable' – we design everything through the lens of a mobile phone."

For even more Instagrammable moments, and to engage even more senses, there are in-store 'events'. Isabella Rogers, Group Head of Communications & Media for the Shiseido Group agreed with the expected growth in experiential commerce in 2019 "It's going to be huge. Sometimes it isn't about making the customer journey or transactions simpler, but actually more fun."

## IT'S ALL ABOUT THE CUSTOMER...

Beyond the digital versus stores debate, you need to consider how to gain customers through digital and how to keep them. After all, ultimately, it is all about the customer – and their expectations of online shopping are getting higher all the time.

How you present the products to the customer is vital. The desire for personalised, curated content is growing as the consumer's desire to browse is extinguished and instead a demand for you to predict their needs has increased.

Whilst personalisation has proven it's status as the 'next big thing', Haroon Hussain, eCommerce Manager for EGO Shoes, touched on the issues surrounding responsible personalisation and the need to review your data regularly. "You're only as strong as your data. If you're tracking something about your customer and it's not accurate, it will hurt them." Highlighting that if you're merely bulk promoting, you may damage relationships with your consumers irreparably.

With the ever expanding number of pure-play retail offerings, consumers now have little reason to remain loyal. Competitor advantage now stems almost entirely from providing a positive customer experience and rewarding returning shoppers. "The moment you fail to adopt or honour these schemes as a contract with your consumers, you will lose them." adds Gary Donnelly, CTO at WHSmith.

EGO's Percival analyses the benefits of cherishing your most valuable customers. "We know 2% of our database are responsible for 13% of our revenue. That 2% of our customer base we really need to tap into to make sure they feel loyal to us." Further demonstrating that reward and loyalty schemes can be invaluable in customer retention.

## REFINING INTERNAL PROCESSES

Many of the things we're talking about here appear to be easier for larger companies to address because of the investment that's needed. However, in a company of any size it's essential to consider that an initial curated spend can drive greater return. Rogers of the Shiseido Group observed that although budget allocation for digital and social activity is growing, it's imperative to pin down which channels are most valuable for your brand as "the active players within that sector become more condensed."

Donnelly mentioned the importance of investing in digital transformation to aid that customer retention. With the increasing popularity of eCommerce service providers, it has now become necessary to outsource to maximise your digital potential. "If you want to be the most successful business, sometimes you have to buy the right capabilities for your success."

Whilst considering how to distribute finances is imperative, Donnelly also puts great emphasis on the need to refine all company processes and strategies to prevent falling behind in the ever changing marketplace. "Forget five year strategies. If you have a strategy that's 18 months, stick to it and refine every three to four months to make sure you're still on course and you're adapting. It's the way to keep pace with the industry."

Percival and Hussain of EGO shoes highlighted the importance of tackling your online drawbacks collaboratively, across departments. Hussain saw most effective results when the company did just that, instilling the mantra "Get together and learn. Share information; what are the problems, what can we do and what are the solutions."

## THE RISE AND RISE OF SOCIAL MEDIA

No online strategy can ignore social media, which continues to soar as a channel. It now has the ability to generate sales directly, as well as raising awareness of your brand and allowing users to interact with you.



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“In the beauty industry, Instagram has become so important – it’s a sales channel in itself and so we make sure our posts and stories are 80-90% shoppable the entire time.” Isabelle Rogers, Group Head of Communications & Media, Shiseido Group

“Social media is important as part of the bowtie funnel – as opposed to the traditional purchase funnel – in which you look all the way through from acquisition to retention of your consumers; from awareness, consideration and purchase, and then retention and advocacy,” explains Rogers of the Shiseido Group. “Social media underpins the entire process, which not a lot of other channels do. It has become so important in terms of the 360 degree consumer purchase journey.”

Instagram in particular has risen to become the pre-eminent social media channel for retailers. “In the beauty industry, Instagram has become so important – it’s a sales channel in itself and so we make sure our posts and stories are 80-90% shoppable the entire time,” adds Rogers.

The fashion sector are also finding Instagram a vital channel for sales and for brand awareness, via influencers and user-generated content. However where it was once relatively easy to garner views, the current algorithm determines who sees what on Instagram and this has been far harder to analyse - making it trickier to reliably present your brand and products to your audience. This has led to many brands

diversifying their social offering to multiple channels in order to hit consumers of every persona.

With Facebook driving 78% of their online product discovery Boyle comments on how this form of social has allowed Manière De Voir to highlight their unique selling point with online imagery. “We want to get our product out there. We invest a lot in paid social and I work very closely with Facebook. It has been really successful in helping us reach new audiences but also been very targeted with our lookalike audience as well.”

Whilst we acknowledge social won’t be disappearing anytime soon, we are reminded to not discount the more traditional mediums of advertising. Rogers of Shiseido and Boyle of Manière De Voir both noted the cross-industry boost physical copy can provide. “Print has evolved and plays a very important role for some types of consumer audiences, it’s a very powerful medium for some, especially luxury brands.” said Rogers. However, dubbed a fast-fashion brand also described their successes, with purchase being encouraged by 98% when their customers received their direct mailer.



## WHERE DO WE GO FROM HERE?

As ever, the discussion will remain fruitful when it comes to creating and maintaining a unique 'Digital Style'. The curve of digital offerings will continue to change focus and re-define the shopping experience both in-store and online. However the theme that continues to prevail is

innovation. Digital is an unpredictable landscape but with shoppers constantly demanding more it boils down to which brands can lead the arms race, and which can continue to please their customers whilst they do so.

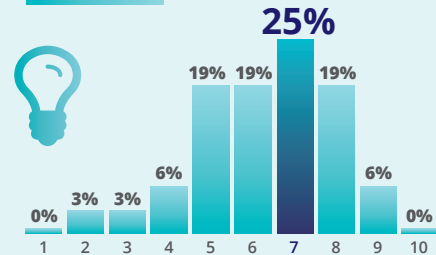
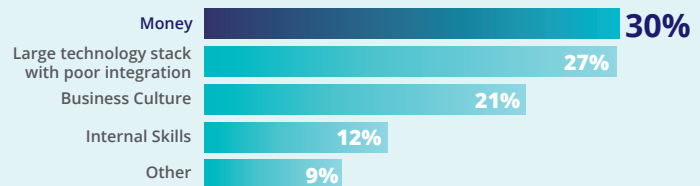


### INNOVATION

WHAT ARE THE THINGS THAT STOP YOU INNOVATING?

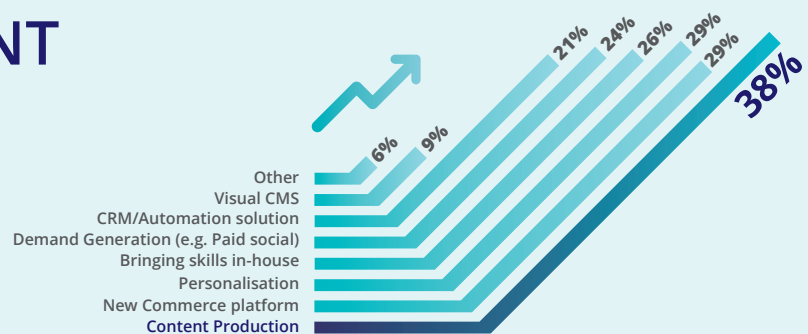
MARK YOURSELF OUT OF 10 FOR YOUR INNOVATION CAPABILITIES?

(1 BEING POOR - 10 BEING GREAT)



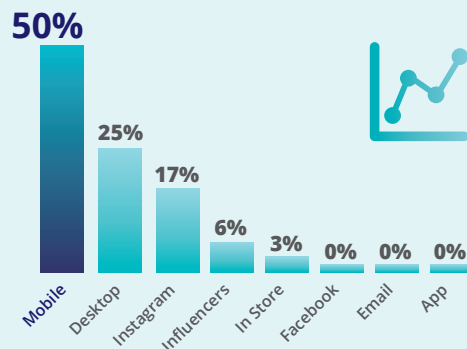
### INVESTMENT

WHICH AREAS ARE YOU FOCUSING YOUR INVESTMENT ON THIS YEAR?



### CHANNELS

WHICH OF THESE CHANNELS GAVE YOU YOUR STRONGEST SALES DURING PEAK?



<sup>i</sup> Statista; <https://www.statista.com/outlook/243/100/e-commerce/worldwide>; accessed 1 February 2019

[KP1] £69,825 million

[KP2] £284,092 million

[KP3] £1,509,354 million