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14 ● MERCHANDISING



EARLY SEARCHANDISERS USED TO CLAIM THAT THEIR TECHNIQUES REPLICATED THE SKILLS OF AN EXPERT SALES ASSISTANT IN RESPONDING TO CUSTOMER ACTIVITY TO UPSELL OR CLOSE A SALE. TODAY, SEARCHANDISING INSIGHTS ARE BEING USED TO IMPROVE IN-STORE MERCHANDISING – BUT JUST HOW EFFECTIVE IS THIS APPROACH AND WHAT SORT OF TECHNOLOGY IS NEEDED? **PENELOPE ODY** INVESTIGATES

Retailing, as the old saying puts it, is all about having “the right goods in the right place at the right time” – and achieving that was always as much about merchandising flair as supply chain efficiency. Today, technology plays an ever greater part, with systems that can predict the performance of new products within hours of their going on sale or can monitor sell-through rates to improve availability and assortment.

New channels, too, play their part with online sales often giving an early indication of how products are likely to perform, as can

the enthusiasm – or lack of it – of Facebook fans. As the retailing cycle accelerates, such rapid feedback is vital to drive replenishment and promotions, but what happens online is not always indicative of what happens in store nor is it always quite what the merchandisers expect.

“Retailers can trial a new assortment on the web,” argues Robin Cole, director of supply chain consulting at BT Expedite, “and that can highlight the fact that the lead product – the one that drives the purchase – is not the one that the merchandisers anticipated, or that the social demographics and age profile of the customers are quite

different from expected or different from the target market.”

Trialling on the web can also have its pitfalls since shoppers are increasingly cross-channel and can be irritated if the items they’ve just browsed on the web are not yet available in their nearest store. Even so, insights obtained by monitoring online activity can help re-focus ranges or hone marketing campaigns as well as guide merchandise displays in store, but while it is easy to reorder a list of recommendations or change searchandised offers online, constantly rearranging stock in store to reflect that

day's dominant customer buying patterns is impractical.

Despite most retailers appreciating the need for branding, promotions and assortments to be consistent across all channels, the actual shopping experiences and operational constraints are obviously very different. A customer can browse a website for as long as they like searching for a particular item or assembling a group of related goods. In store – apart from at the very top end – time is money and sales staff are not always available to give such personalised service.

"Consistency is obviously important," says Simon Evetts, partner, IBM Global Business Services and Smarter Commerce leader for UK and Ireland, "but if you triple the time it takes to serve a customer costs go up and you start to lose sales. If you are going to offer the sort of personalised merchandising and recommendation found online you need to do it very rapidly and that means using technology."

DEMOGRAPHIC FACTORS

That technology will also differ significantly depending where retailers are positioned on a continuum that extends from low price/low service to high price/high service – a continuum that can also reflect staff capabilities and selling skills. At the high service end, tablet computers are already gaining ground for assisted selling, whereas lower down the scale the same technology – firmly bolted in place – can offer customers access to remote experts for online chat for product and merchandising questions that store staff lack the time or ability to answer.

"You can't expect the same degree of competence that you'd find somewhere like the Genius Bar in an Apple store from every sales assistant in every shop," says Tim Robinson, partner at consultants Kurt Salmon, "so providing access to remote experts can be one solution. With tablets you can now put systems in store to replicate the online experience."

Right Now has already developed in-store kiosk-style chat solutions for some of its US customers. "It's not the same as simply providing access to the website within the store," says Ian Tickle, vice president EMEA at Right Now. "You can either use software and screens to give the answers to frequently asked questions or use proactive chat from the same devices to link to experts at a call centre. Chat can be better than actually talking to someone as it offers more privacy and is ideal for answering complex queries."

FLAGSHIP STORES

"Ultimately every store should be a flagship store because virtual inventory systems mean that stock is always available everywhere, so every outlet can offer an extended product range and you can ship direct to the customer if it doesn't happen to be at their current location."

Tony Bryant, head of business development, K3



WHAT THE EXPERTS SAY



MERCHANDISING VS SEARCHANDISING

"Merchandising has an aspect of being about what the customer wants, but searchandising is often driven by metrics when it should be based on what is best or new or most appropriate for that customer."

Darren Hitchcock, vice president, UK and Europe, RichRelevance

SMARTPHONE INTERVENTIONS

"If a customer has a mobile out in a store there is a good chance they're on a price comparison site, so sales staff need to be armed with the information and training to tackle that – to address the price issue, negotiate and close a sale."

Simon Evetts, partner, IBM Global Business Services



USING SOCIAL MEDIA

"Facebook data means you know what else the customer likes so sales associates can focus on lifestyle and not just merchandise and rewards, and recommendations can be personalised."

Tanya Bowen, head of CRM and loyalty, BT Expedite

AUTOMATING TOP-END SERVICE

At the top end the "little black books" of clienteling – where individual sales staff build long-term relationships with high spenders – are also being automated. BT Expedite, for example, has developed an iPad-based clienteling tool currently being trialled by two users: one US and one global. "It gives sales associates access to everything the client has bought so that they can make appropriate recommendations," says Tanya Bowen, head of CRM and loyalty at BT Expedite. "Recommendation online is far simpler: the shopper can ignore it if they want, but face-to-face it has to be highly appropriate and based on more precise knowledge of the customer as it can damage the relationship if it is wrong."

Recommend something which the shopper has previously eschewed and a sales assistant can all too easily lose hard-earned credibility. BT is currently working on a recommendation engine that could be appropriate for assisted selling in a wider range of stores.

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While in-store merchandising and recommendation has traditionally involved visual displays and attentive sales staff, in the past it was never totally altruistic: staff were often incentivised to sell particularly slow-moving or over-stocked lines to gain extra commission, while the pushy sales assistant forcing the cringing shopper to buy something inappropriate has been a favourite cartoon character since *Punch* was in its heyday. Modern searchandising techniques may emphasise predictive analytics and customer behaviour but many also push well-stocked lines to the head of the page

AURORA GOES WITH IPAD

Fashion chain Aurora started piloting iPads for mobile point of sale and assisted selling in eight of its stores in London and Oxford during the summer.

Staff can use the tablets to access the chain's various brands' websites from anywhere in the store, check product availability across the UK, place online orders for shoppers if stock is not immediately available as well as take payments. As yet

they are not being used to check customer databases to review buying history or preferences or help with recommendations, but all such functions are possible in future.

As Ish Patel, Aurora's group strategic development director, explained at the annual Internet Retailing Conference in October, mobile is becoming a significant channel for the chain. "We had to consider if we should add another channel or join them all

together," he said, "and our view is that we should join them. Introducing iPads is not about technology it is about the whole experience and bringing online, mobile and in-store together."

Patel also believes that the multi-functionality of tablets will ultimately reduce the amount of technology in store "but it also increases the capability of staff to do what they do best".

so are, in many ways, no different from classic in-store tactics.

"The two key factors to remember are context and preference," says Darren Hitchcock, vice president UK and Europe at RichRelevance. "From online activity you can learn about a person's preferences – such as which brands they like or whether they always opt for tailored styles – but any recommendations have to be in the context of what they are interested in at the time. In a store, good sales staff ask questions and find out what the shopper wants but many online systems simply recommend what other people have bought, which doesn't take account of known preferences."

Hitchcock is equally critical of those searchandising tools which will use rules-based engines to suggest items that happen to be high margin or over-stocked rather than based on personal shopper preferences. Rather than replicating the skills of a top-end sales assistant to satisfy customer needs and build a long-term relationship with that shopper, so that they keep coming back to the store, he argues that too many online tools focus on selling what the retailer most wants to shift, looking to increase basket size rather than lifetime value.

GETTING TO KNOW CUSTOMERS

To deliver one-to-one personalised offers successfully, it is obviously important to know who the shopper is before they reach the checkout. That's easy online and in high-end stores, where shoppers may even make an appointment to see their personal assistant: for most real world retailers, however, it remains a key challenge.

Numerous attempts have been made to persuade shoppers to swipe loyalty cards or other ID tokens as they enter the store but few have had any success. More practical are in-aisle self-scanning systems, as used by supermarkets such as Waitrose, which do identify the customer at the start of the shopping trip. Offers, which are not indicated on the shelf, are thus easy to make to individual

customers and, indeed, such promotions have been used for years.

Today, interest is growing in using mobile phone ID and geolocation both to identify shoppers and improve store merchandising. "With in-store wi-fi and a mobile phone you can track how shoppers walk around the store," says Robin Coles, "so you know which route they took, where they stopped and looked at products, or how the layout and merchandising influence sales."

Such systems, mainly based on video or infra-red, have been used to monitor footfall and movements in stores for decades but were always expensive. New systems based on wi-fi can be far more effective, cheaper, and use basic triangulation algorithms to track shoppers accurately. According to Coles, several trials using the technology are already underway and he expects a number of significant roll-outs within the next six to 12 months.

UK company Path Intelligence is already marketing a similar system for shopping malls which, while retaining shopper anonymity, allows them to be tracked by their phones as they move between stores and logs which stores they visit and where they buy. The system recently went live at a mall in Queensland but has already sparked an outcry in the Australian media with privacy specialists describing it as "seriously creepy".

While this sort of tracking is anonymous, retailers can identify shoppers if they offer free wi-fi and customers have to register in order to use it. Their individual movements could then be tracked to add real-world browsing to information from the web about pages viewed, baskets abandoned or click throughs. The problem, of course, is that useful insights are easily lost among the vast amount of data that would be generated.

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STORES OF TOMORROW

Some argue that with computing costs falling, and with neural networks now a viable option, it is not that difficult to manage this mish-mash of data and pull out relevant information. Others would maintain that it is only transaction data that matters and putting personal customer history in the hands of store staff, with the aid of tablet computers, is no longer an issue.

What is perhaps more significant about this approach is the impact it is likely to have on store design and staff activity especially for speciality stores and those at the upper end of that low-to-high continuum. With tablets, carried by sales staff, providing not just customer information but product and stock availability data and capable of accepting card payments as well, there is no longer any need for a fixed pay-point. Small packing stations scattered through the store, perhaps, but no longer a permanently staffed single cash desk. As already happens in Apple stores staff will simply approach shoppers, deal with their requests or close the sale and even send an email receipt, so no need for messy bits of paper.

Instead of the traditional and rather cumbersome web kiosks providing information in a remote corner of the store, fixed tablets can provide shoppers with self-service access to anything from remote experts delivering product information to extended inventory choices for home delivery.

Whether in the hands of a skilled assistant of bolted to wall for customer use, tablets could thus replicate web-style searchandising and recommendation in the store – if, and it is still an 'if', that is what shoppers actually want. ■