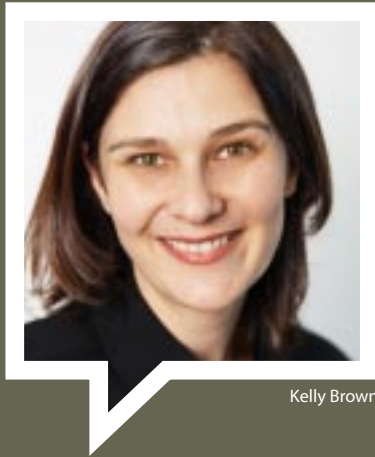


MANY CHANNELS – ONE TRUTH

Consumers are increasingly at home in a multichannel world, putting pressure on retailers to deliver an on-line experience that's consistent with what's in-store. Delivering on that expectation doesn't have to be daunting.



Kelly Brown

Step into Tiffany & Co's famous store on the corner of Fifth Avenue and 57th Street in Manhattan and you won't see a shopping trolley in sight. Nor will you at www.tiffany.com. On-line customers of the iconic jeweller do not drop their purchases into the on-line Amazon-style cart. They're placed in an on-line 'bag', coloured in the store's trademark pale blue, as if they were shopping in Tiffany's granite-and-mortar flagship store.

In another vertical altogether, Dick Smith Electronics (www.dse.co.nz) – where my husband shops – groups products in the same categories and uses the same colour coding on-line as in-store. Click on a product and the same level of information is available as would be available to an in-store customer.

Expectations rise as cross-channel shopping hits the mainstream.

These two web-stores, and countless others, are responding to consumers' increasing expectations that they will experience the same level of advice, product information, payment and fulfilment options on-line as they do in-store.

Not only are consumers increasingly shopping on-line, but the last few years have seen the rise of the cross-

channel shopper – shoppers who research on-line and buy in-store. Cross-channel has now hit the mainstream in the US with a survey showing that more than half the on-line consumers aged 60 or younger are looking on-line and buying off-line.

Industry analysts suggest that, while there are some outstanding on-line channels, the industry as a whole has to do more to catch up with the expectations of the cross-channel market – that in the US alone was estimated to be worth US\$126 billion.

As an indication of the gap between consumer expectation and what the industry is delivering, analysts point to the fact that conversion rates for cross-channel shoppers are just over 50 per cent.

Delivering on rising consumer expectations is not as difficult as many retailers believe it to be.

In the US market, 49 per cent of cross-channel shoppers purchased items from a different retailer to the one they used for their on-line research, creating an opportunity for retailers who embrace the multichannel world.

Delivering on rising consumer

expectations is not as difficult as many retailers believe it to be. While many retailers may struggle to match the resources of global premium brands, retailers of all sizes can create effective, multichannel on-line stores.

SMARTER ON-LINE EXPERIENCE

A medium-sized, regional, chain that has developed a well-designed and functional on-line channel is New Zealand menswear fashion retailer Barkers.

Voted New Zealand's top menswear fashion retailer in 2006 and 2007 by men's lifestyle magazine, *M2*, Barkers operates 23 bricks-and-mortar stores throughout New Zealand.

Its website – www.barkersonline.co.nz – reflects the ambience available in its stores, says owner Zac de Silva. "The same designer is used for shops and the web-store. Store windows and the website are both updated with the same messages every two weeks."

While the on-line store reflects a consistent brand expression, the site also recognises that web-stores have to be as functional as possible. Getting the right balance between brand consistency and functionality is the result of identifying the purpose of the website. While on-line

stores can be sales channels, they are also excellent brand and marketing vehicles.

Some retailers are all about on-line sales; others use the web presence solely to drive customers in-store. For Barkers, redesigning its website started with identifying that the website would primarily appeal to cross-channel shoppers – though it includes sales functionality.

"At first we tried to make it a pure sales channel. However, with hindsight, the website was always going to be a catalogue. The truth is it makes a profit and that's fantastic, but it's more about referring people into the shops," de Silva says.

ONE SOURCE OF TRUTH

To maximise the conversion rate, best-practice multichannel retailers ensure that customers lured by the on-line experience aren't disappointed in the off-line store. These retailers have adopted what I call the principle of one source of truth: customers, whether on-line or in-store, receive the same pricing, service options, product description and product availability information.

One source of truth means customers aren't travelling to a store for a product they've researched on the web only to find that it's



Above Zac de Silva, owner of Barkers.

unavailable in-store, or that it costs more, or that the specifications differ from those shown on the website.

This is not to say there's no place for web-specific special pricing but, ideally, this is advertised as such and handled using the same rules as other store-specific or region-specific special pricing. Sharing business intelligence and special pricing rules from the in-store point-of-sale software with the website's back end will ensure there is only one source of truth for customers.

Barkers' point-of-sale software – the Infinity Retail Management System – replicates sales information in the back office and at head office in Auckland in near realtime. This means Barkers has an up-to-date picture of stock availability in every store. This information is shared with the website so on-line browsers can check if any item is available in a store near them.

A further refinement is that Barkers uses its business intelligence tools, fed by the point-of-sale data, to work out the sales velocity for any item. It then factors in a margin to ensure that the item is removed from the website before it sells out. If an item sells at a rate of 10 a day, the item will be listed as unavailable at a store once the store's stock level falls below 10.

INTEGRATING SYSTEMS

There is scope for enhancing the Barkers website to create a world-class conversion rate. However, Barkers has created a solid platform for capitalising on the growing multichannel market.

And Barkers has avoided the two blockages to implementing an effective cross-channel strategy.

Firstly, by deploying point-of-sale technology that has the ability to support high-level business intelligence and special pricing rules. The second is by not only having a highly capable point-of-sale system, but also integrating it with the website.

Integrating point-of-sale, business intelligence and web systems opens up opportunities such as allowing on-line customers to reserve items in-store – so they know their trip to their local store won't be in vain. On-line reservation combines the immediacy of on-line purchase with the opportunity to inspect the goods in-store.

Retailers with integrated systems can also offer consistent purchasing methods, including the ability to buy and redeem gift vouchers on-line. Creating complementary business systems – such as applying the same rules for returning goods whether they are purchased on-line or in-store – can increase the gains from integrated systems.

There's also an opportunity for brand enhancement by ensuring that on-line customers receive their goods in the same way as they would in-store.

Which brings us back to Tiffany & Co. While researching the renowned jeweller, I couldn't help wondering if its on-line customers received their purchases in a pale blue bag as do its in-store customers. I e-mailed Tiffany's customer service department to find out. The response: "All Tiffany & Co. items are wrapped in our traditional blue, box tied with a white satin ribbon."

Works for me. ■

By **Kelly Brown**, a retail software specialist and chief executive of Triquesta International. Triquesta's Infinity Retail Management System is used by 2,500 retailers globally.

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