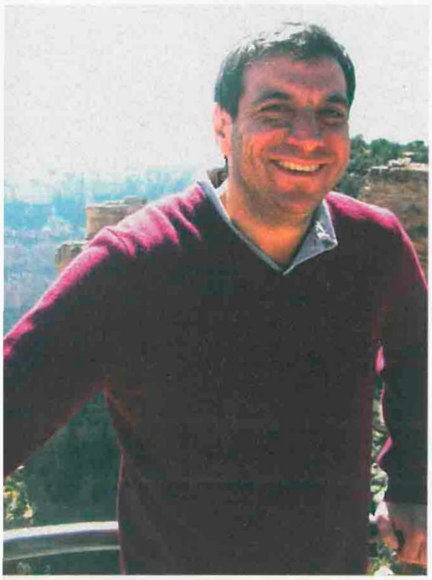
BUILDING A BETTER RETAIL EXPERIENCE



KEN SEIFF
Co-founder and
Managing Director
Beanstalk Ventures
New York City

by JANET GROEBER

Ken Seiff has logged 20 years as a retail entrepreneur with positions in merchandising, marketing and technology. As a young investment banker, he established golf clothing lifestyle brand Pivot Rules in 1991, following that with multi-brand online apparel retailer Bluefly in 1998 and Apple-meets-Staples office supply company Poppin.com in 2009.

Most recently Seiff served as executive vice president of direct and omnichannel for Brooks Brothers before creating Beanstalk Ventures.

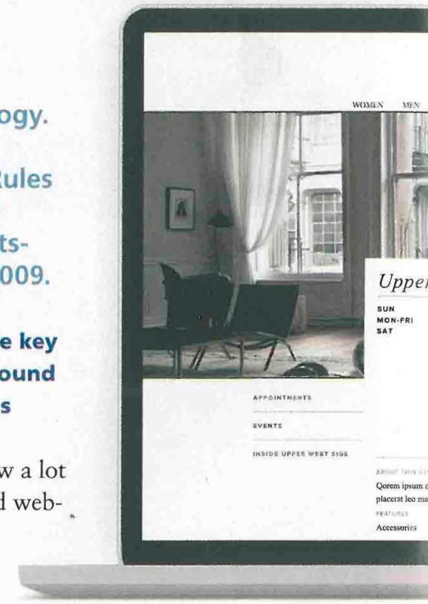
Beanstalk is a seed stage venture fund exclusively focused on revolutionizing the retail industry through high-impact and innovative technology. As managing director, Seiff oversees the fund's investments and helps its portfolio companies — Brickwork, Inturn, Knox Payments, PredictSpring and StealthCo. — grow rapidly.

Do you consider yourself a merchant, a technology investor, a "serial entrepreneur" or some combination of all three?

Almost as far back as I can remember, I have always liked to build things. Because I hated making my bed when I was about 8 or 9, I tried to create a self-making bed by using grommets, pulleys and Coleman stretch cords. I ruined a lot of bedding. But by the time my mother discovered all the sheets I'd destroyed, I had created a solution that sort of worked, at least for a few weeks.

Any job I've ever done has always come from the place of trying to build something better. … I look for the problems that are important to solve and try to identify or create a better way to solve [them].

Today I'm obsessed with solving some of the big problems in retail like improving the mobile phone conversion rate, creating a transparent market for excess inventory and driving traffic into physical retail stores.



What are the key challenges around moving excess inventory?

There are now a lot of sophisticated websites that sell excess products directly to consumers. But when it comes to the business-to-business side … brands have continued to sell this excess to the off-price retailers in virtually the same way as they did 25 years ago — using Excel spreadsheets. These spreadsheets can't handle the rich content and images that are now available.

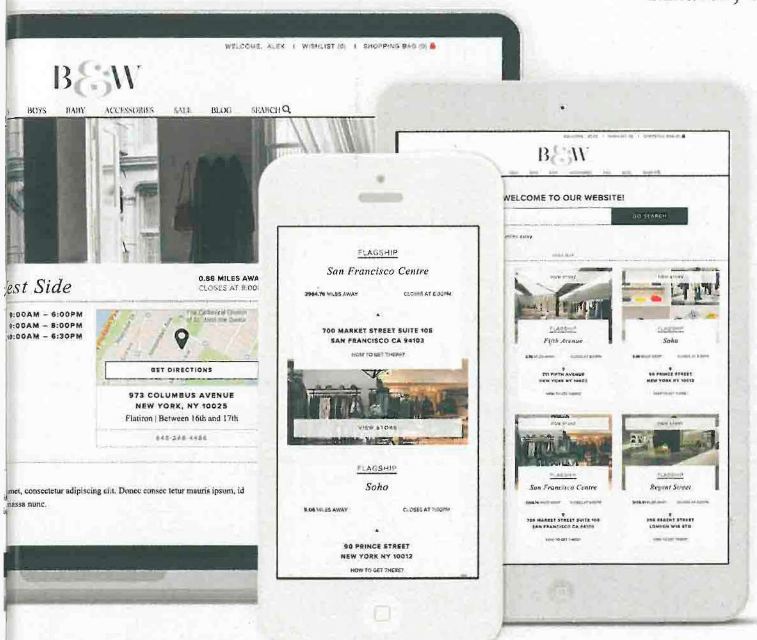
More fundamentally, inventory that exists globally doesn't make it to the buyers who most want it. And negotiating these transactions is manual, cumbersome and error-prone. The result is an opaque market with incomplete information, which is not good for either side.

What is Beanstalk doing to bridge online with bricks-and-mortar?

That's the realm of Brickwork and I love what they are doing … . Physical stores generate 85-90 percent of the industry's sales, and we know that as many as 65 percent of customers start that physical store experience online.

Almost every retailers' website is well-designed for these visitors to transact online. But these same retailers who have invested lots of money in optimizing for online sales have completely ignored their store customers. Instead they offer them just a lowly, poorly updated store locator.

Brickwork solves this problem by giving stores a robust and interactive online presence for less than the cost of a cable TV bill. … Each store using the platform can deliver far more robust store content that drives high-value customers from visiting online into stores. The results are impressive, increasing engagement by hundreds of percent and driving thousands of new customers into stores with much higher intent to shop.



You've been tough on traditional retailers' infrastructure and those who approach "fixing the pipeline" with stopgap measures. What should retailers be doing to get past the "perpetual, persistent lag" that affects the customer experience and sales outcomes?

The problem is primarily a technology issue. The installed base of legacy systems is the result of significant investments that may not yet be fully depreciated and are hard and costly to upgrade. While the speed of change is accelerating, we have been buying systems with the expectation of a longer life than we actually get. The industry transforms so rapidly that our technology systems are outdated before we are ready to change them.

The best companies have a new mindset: They no longer focus on upgrades every five years. Instead, they aim for perpetual, incremental improvements … . You will recognize these companies as the ones that continually raise the bar on customer expectations, which only serves to accelerate the obsolescence of the systems the rest of us use. The leaders of raising this bar are the companies we all love including Amazon, Warby Parker, Uber and Starbucks.

Speaking of Uber, you recently name-checked it along with Apple and HotelTonight as companies that have informed your view of retail/technology as a customer. What could retailers learn from these companies?

For most retailers, less than five out of 1,000 people who visit their mobile responsive-sites actually shop. But it is not because people don't want to buy on their phones. They do. But retailers are sending them to mobile sites that consistently have two significant obstacles. In my view, the principal reasons why only half a percent of mobile shoppers actually convert online are very slow site speeds and cumbersome checkout forms.

The average site page takes six to eight seconds to load on a phone, and filling out checkout forms on a little screen is painful. Uber and HotelTonight don't have these issues. They are built on native apps and pages load in fractions of a second. After filling out checkout [information] just once, subsequent purchases are completed with just a swipe.

The solution for retailers is to build a native app integrated with Apple Pay and Google Wallet. The resulting combination will deliver a lightning-fast mobile site with swipe-to-buy functionality. I predict that in the near future, this combination will make it easier and faster for customers to shop on a phone than on a desktop. Over time, I expect that mobile conversion rates will actually be equal to or higher than desktop rates. **STORES**

Janet Groeber has covered all aspects of the retail industry for more than 20 years. Her reporting has appeared in *Ad Week* and *DDI Magazine*, among others.