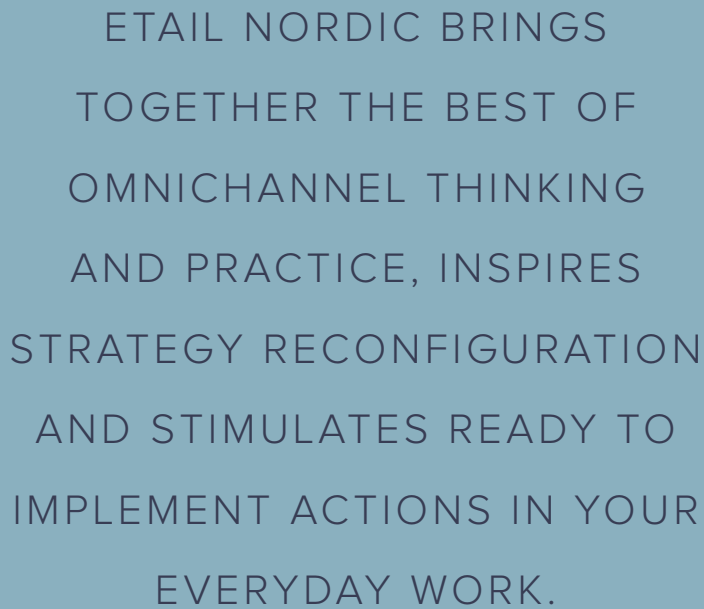




eTail
NORDIC

CUTTING
THROUGH
THE NOISE

A BENCHMARKING REPORT BY ETAIL NORDIC



ETAIL NORDIC BRINGS
TOGETHER THE BEST OF
OMNICHANNEL THINKING
AND PRACTICE, INSPIRES
STRATEGY RECONFIGURATION
AND STIMULATES READY TO
IMPLEMENT ACTIONS IN YOUR
EVERYDAY WORK.

RINA HANSEN

MARKETING & OMNICHANNEL DIRECTOR

BY MALENE BIRGER

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INTRODUCTION

Online shoppers today have more choice, more information and crucially, less time. You face the challenge of cutting through the noise. To compete with commercial giants like Amazon, smaller online retailers are finding ways to meet customers wherever and whenever they want to shop- but flexibility is no longer enough.

The convenience of online shopping was revolutionary a few years back, but since the market exploded in the Nordics to a €21.9bn industry, it has become a bottom line standard for any brand serious about competing in retail. Now, e-tailers need to find innovative new ways to personalise their offerings so they can build a loyal customer base- and they're going to need to harness customer data to do it.

The buzz around big data has been ringing in our ears for a while- but it's time to grasp the bull by the horns. Although investing in new technology too heavily has been the pitfall of many, the other critical error has been leaving it too late. Customers expect to be able to have a personalised experience from a cohesive brand across all channels. But how can retailers strike the right balance when it comes to upgrading their online commerce?

In Q2 of 2018, WBR Insights surveyed 100 Directors of E-Commerce from across the Nordics to find out more about the challenges they're facing and the innovative solutions being brought to the table.

The survey was conducted by appointment over the telephone. The results were compiled and anonymised by WBR Insights and are presented here with analysis and commentary by the eTail Nordic community.

CONTRIBUTORS



Allan Bo Christiansen

Digital Developer

Atea



Peter Hvidberg

Head of E-Commerce and Customer Service

Intersport



PART 1
WEBSITE
OVERVIEW

Do you offer these functionalities on your sales app / mobile optimised e-commerce site?

90% of e-tailers surveyed encourage social media sharing on their websites or apps, and 23% allow users to login using social media details

In my opinion, we will continue to see an increase in social media integrations in order to create a seamless experience for users, and optimise the cross channel user experience, along with the multiple options for cross channel personalisation.

Allan Bo Christiansen
Digital Developer, Atea

In the Nordics, social media isn't that well integrated yet, but I definitely expect that to change. The rise of mobile has seen social media becoming much more integrated with e-commerce apps and mobile websites. Coming from a consumer perspective, the voices of other consumers are becoming more important, which needs to be reflected in how we build our websites if we want commitment and loyalty from consumers. Take NYX cosmetics for example; I think about half of all their content is user generated.

Peter Hvidberg
Head of E-Commerce
Intersport Group

Multiple payment methods

98%

Social media sharing functionality

90%

User feedback feature

79%

Form auto-filling

75%

Cross-channel cart
(mobile and desktop synced)

46%

Click to call
(one touch calls to store or customer service)

40%

GPS enabled store locator

23%

Social media login functionality

23%

Click and collect

19%

(Respondents were asked to select all that apply)

Which best describes the way you personalise your e-commerce website experience?

To personalise their websites, 37% of Directors of E-Commerce surveyed use an algorithm-based solution which takes into account users' past behaviour, while 22% use real time personalisation based on individual profiles

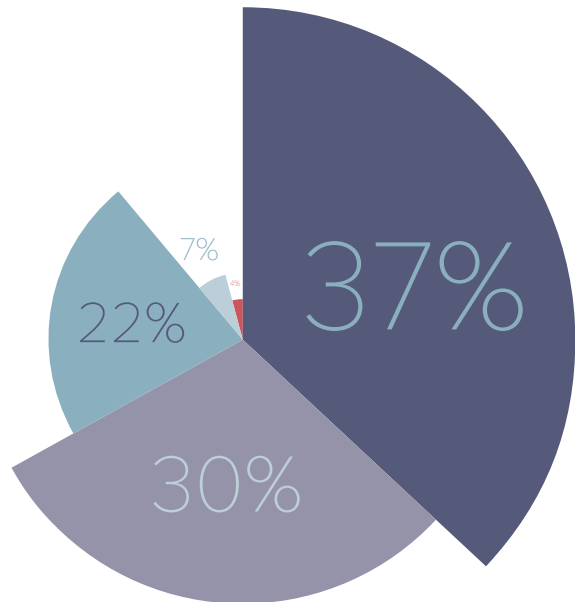
With the vast amount of data we collect on our users / customers, it is important to be very stringent on how they are processed and put back into play when trying to personalise the customer journey. There are many cases where using an algorithm for real time personalisation has led to misleading users and decreasing conversions. Hence it is important to focus on the user intent rather than their real-time behaviour.

When we recommend products, we focus on the type of content / products a customer has viewed and combine it with their intent, such as reading a review or a case study where a specific product has been a crucial part of a solution. By doing this, we are able to show relevant recommendations in the right context.

Allan Bo Christiansen
Digital Developer, Atea

Our website is built on AI, it's optimised towards the consumer and their behaviour in real-time. But you do encounter issues when you put a customer into a box, because you're excluding other things they buy. We know about 65% of our consumers are women, but we can also see they're buying clothes for children and men, sometimes for friends as gifts. You need to look on a broader perspective than a few personas. What if a customer likes brown in the winter and blue in the summer? We need to figure out how to make the algorithm sensitive to these minute details.

Peter Hvidberg
Head of E-Commerce
Intersport Group



- We do not personalise the website **37%**
- We personalise our website on a basic level using CMS data **30%**
- We personalise our website using CMS data and incorporate personalised marketing like email or social media **22%**
- We use an algorithm-based solution (plug-in / bespoke) to personalise the website based on a user's prior behavior / the behaviour of website visitors in general **7%**
- We use real-time personalisation for the website based on a user's individual profile **4%**

What percentage of your e-commerce sales occur on mobile devices?

More than 2/3 of our respondents make at least 30% of their online sales via mobile devices

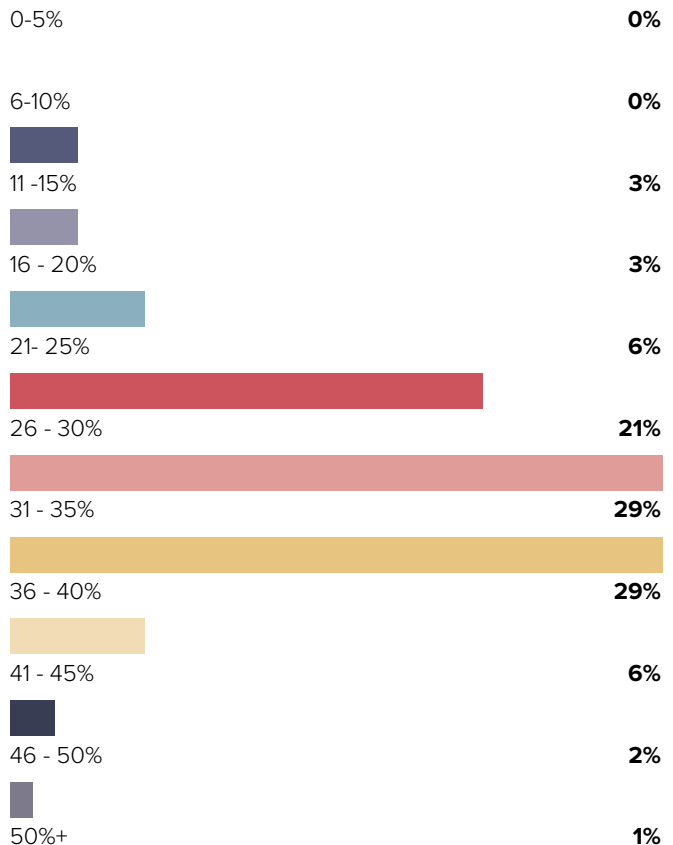
When going mobile, you need to know the behaviour of your users and which high converters you should focus on. For us as a B2B company, going mobile is primarily about optimising the customer experience from browsing to buying rather than conversion.

Allan Bo Christiansen
Digital Developer, Atea

It's a consumer driven world we're living in – we have to adapt to the way that consumers are behaving, which means focussing on mobile. Often we see websites built from a laptop perspective. Fundamentally the design is responsive to mobiles, but the translation isn't completely fluent because it's built first and foremost for a computer.

I think we're going to see more and more browsing happening on mobiles and less on tablets and computers, because these screens on mobiles are getting bigger and the quality of the websites is getting so good now that you don't need a big screen to purchase a product.

Peter Hvidberg
Head of E-Commerce
Intersport Group



Do you have a mobile optimised e-commerce website or an e-commerce enabled app?

All of our respondents have a mobile optimised e-commerce website, and 27% also have an e-commerce enabled app

“ We do not have an app since our focus is on B2B with a great amount of limitations and assortments, making the logic way too complicated for a mobile device to handle. Furthermore, almost all of our buying customers are coming from a desktop.

Allan Bo Christiansen
Digital Developer, Atea

“ Intersport doesn't have an app, but this is something which for us and many other companies has been in discussion for many years. If you're thinking about creating an app, you need to consider what difference it's going to make for the consumer. Consumers prefer to use a website unless the app has something extra, like a loyalty programme which offers discounts. The main thing is that it has to have a purpose for the consumers, and not just for the company.

Peter Hvidberg
Head of E-Commerce
Intersport Group

A mobile
optimised e-commerce
website only

73%

Both an
e-commerce
enabled app and
a mobile optimised
e-commerce website

27%

Amazon is about to enter the Nordics. How do you think this will impact your business?

Amazon is regarded as a threat by 46%, while over a quarter see Amazon entering the market as an opportunity

To see more than 45% reacting negatively to Amazon's arrival instead of embracing the potential for new solutions is very concerning. We should be working with them rather than against them.

In the same way as when Google made their entry, we need to readjust and optimise our supply chain to fulfil customer expectations and find a solution where we can meet the customer when their intent for purchase is peaking.

Allan Bo Christiansen
Digital Developer, Atea

Obviously, if Nordic consumers stop searching on Google and only use Amazon, we'll need to find a business model for that. But more and more companies are getting stronger.

Intersport has 6000 stores in 46 countries – we have a really solid platform and strong commitment from our suppliers, so Amazon is not going to be a threat to us. I think the biggest threat is towards the small companies.

Engaging with Amazon isn't going to be a necessity for us. We currently have a programme in Beijing with Tmall owned by Alibaba, who build these digital pop-up stores. These are the kind of digital vertical business areas I would be keen to pursue with Amazon.

Peter Hvidberg
Head of E-Commerce
Intersport Group

46%

Negatively -
They will disrupt
the industry and set
unrealistic standards

28%

No impact

26%

Positively -
It is an opportunity to
use an established
marketplace

PART 2
HARNESSING
DATA

What are your biggest challenges when it comes to improving your data-analysis capabilities?

The main challenge within data analysis for the Directors of E-Commerce we surveyed is translating data into actionable insights

The most important aspect of creating actionable insights from data is starting out small. Way too many projects try to aim at everything at once, and neglect the steep learning curve which naturally exists once starting to work actively with data. It is important to keep in mind that we don't know what we don't know.

Allan Bo Christiansen
Digital Developer, Atea

There's a huge opportunity for cost savings if you invest properly in data science to figure out how to use data. Unless you can collect your big data into small actionable KPIs, it's not useful. You need to break that data down into dashboards so that you have parameters and KPIs to handle and act on.

We can analyse so much with google, but I need another system to tell me if we're earning money. The more systems, the more confused we get. We need our data teams to pull the right information together and collect it into dashboards, one for each department. Then you can really act on it.

Peter Hvidberg
Head of E-Commerce
Intersport Group

Difficulties using existing data to get actionable insights

41%

Problems developing data to include predictive analytics

39%

Large volume of data / not knowing what to ask of it

34%

Our data doesn't tell us enough

27%

Dealing with legacy database problems

22%

Convincing board-level decision makers of the ROI potential

19%

Lack of in-house skills

18%

(Respondents were asked to select two)

How well has your company promoted a culture of digital adoption across the business?

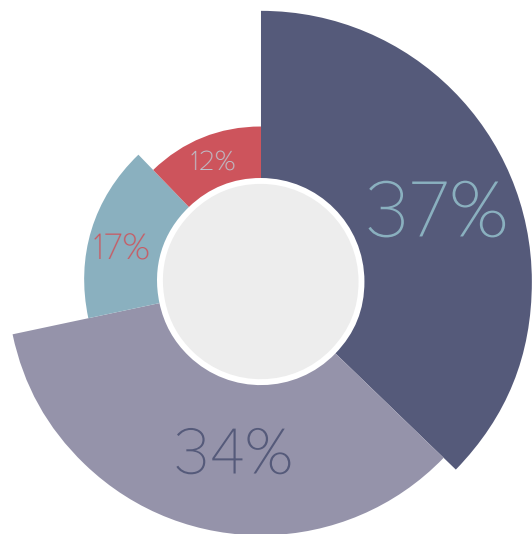
When trying to instil a culture of digital adoption, 37% of respondents still find it a challenge to convince management that new digital opportunities will be worthwhile

In order to properly set the scene for any kind of digital adoption, it is critical to have at least C-level conforming with the mind-set prior to any implementation. Once management are on board, it is easier to turn strategies into actionable tasks for the organisation, and will thus help onboard 'the man on the floor' to the digital vision.

Allan Bo Christiansen
Digital Developer, Atea

Older retailers in digital like to say their strategy is based on their knowhow and their creativity. In fact, what we are constantly adapting to is consumer behaviours. From an old retail perspective, digital is the platform which is stealing business from them, it's driving consumers away from their stores and online.

Peter Hvidberg
Head of E-Commerce
Intersport Group



- Our store associates are keen to take advantage of new digital opportunities, but senior level management are not yet convinced of the value **37%**
- Connecting the dots between online and in-store is a hot topic for senior management but in other areas of the business we have experienced resistance to change **34%**
- There is strong support for digital transformation across the business **17%**
- Neither our senior level management nor our in-store staff are convinced of the value of the proposition, and both are resistant to change **12%**

Are you currently using AI or Machine Learning in your marketing organisation?

1/3 of Directors of E-Commerce surveyed are using AI or Machine Learning in their marketing department

“ Since B2B volumes are massive, working with AI and Machine Learning should be prioritised the same way as a finance department is. The possibilities on how to incorporate AI and Machine Learning are endless, but it is important to keep in mind that AI and Machine Learning will only be as good as the data you're working with, which means that far from all aspects of marketing can be automated.

Allan Bo Christiansen
Digital Developer, Atea

“ I don't think AI is used as much as it should be in terms of the marketing department in some organisations, and I think it has to do with being in the mind-set of a traditional marketer. They've relied on a gut feeling their whole life, and if the numbers went up, everything was good.

Now we can say we know this country, we know how they're behaving online; we know how old they are, where they live, and their interests – let's use a more personal approach. They say, 'what if a customer isn't interested in that?', but it's better for them to look at a product that they might have interest in than one they've shown no interest in at all. Traditional marketing is dead. In a digital world we need to utilise AI and ML for a more consumer centric approach.

Peter Hvidberg
Head of E-Commerce
Intersport Group

Yes
33%

No
67%

In your opinion, what are the benefits you would expect to realise as a result of AI or machine learning in marketing?

75% would expect AI to benefit them primarily by driving systematic uplifts in a campaign

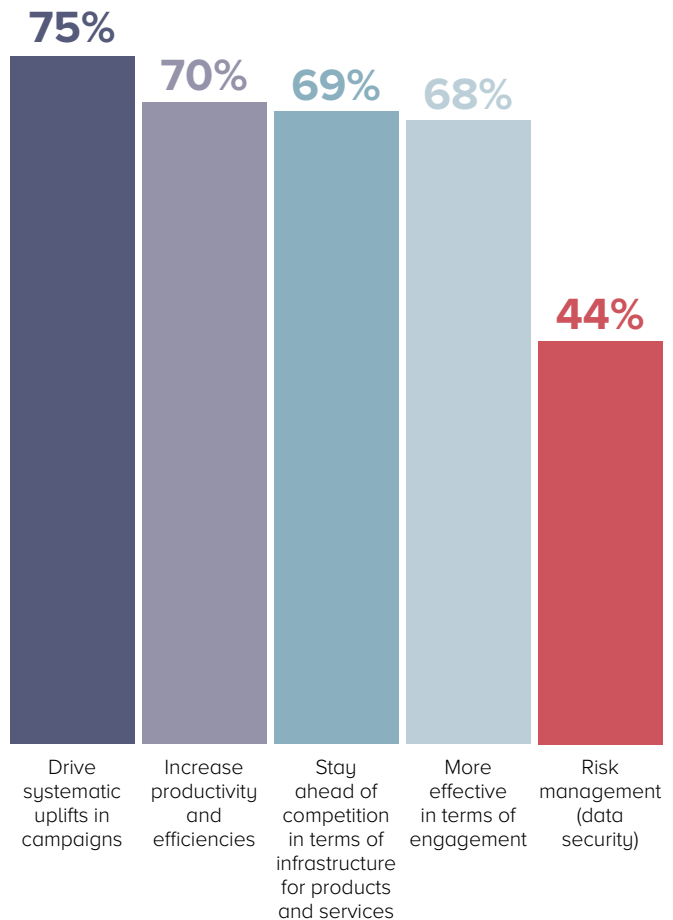
We are yet to implement AI/ML into our core business, but expectations are that not only will we be able to increase productivity, but more importantly we can start interacting and act upon our users' direct behaviour when they're using our platforms.

Seeing users with specific patterns trying to perform certain tasks on our platform before they actually end up in a dead-end will help us improve the customer journey and increase customer satisfaction.

Allan Bo Christiansen
Digital Developer, Atea

Everybody's talking about AI, but they need to actually implement it in a way that can predict rather than just compartmentalise. I was at a digital leaders meeting for big companies in Denmark where we discussed different cases from other companies, one of them was saying they were into personalisation – they had made 4 personas. I told them, four personas is not personalisation! It's putting people in boxes, and that's a threat to sales. There are 7.6 billion people in the world –that's how many personas you have. You can't build four and say everybody is covered.

Peter Hvidberg
Head of E-Commerce
Intersport Group



(Respondents were asked to select all that apply)

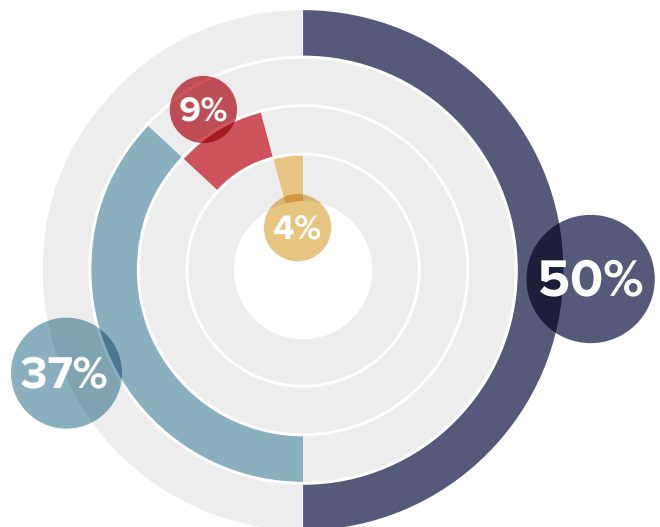
PART 3
CLICKS AND
BRICKS

How would you rate your omnichannel operation compared to those of your competitors?

Half of our respondents are struggling to keep up when it comes to creating a seamless omnichannel experience

Some of these people have been doing what they do for thirty or forty years. When we tell them they need an omnichannel approach, the reaction I get every time is that they say, 'It's my customer!' But it's not their customer anymore – the customer's changed! We don't control the consumer anymore, the consumer controls us. We need to get seniority to understand that an omnichannel approach is not the devil, it's actually the best friend.

Peter Hvidberg
Head of E-Commerce
Intersport Group



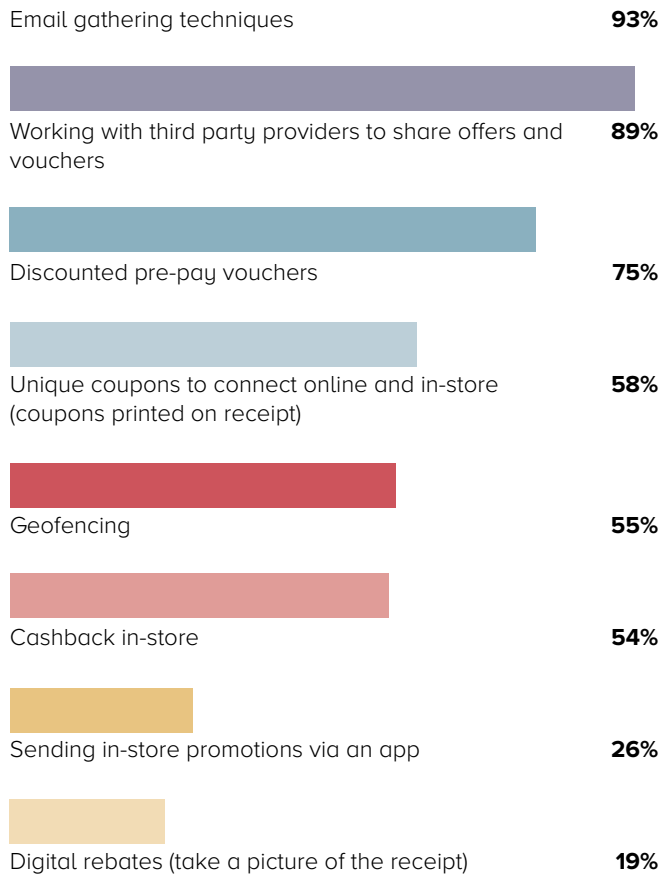
- We've started, but we're playing catch-up with our competitors **50%**
- We're on par with our competitors **37%**
- We're ahead of the pack **9%**
- We're not operating at an omnichannel level **4%**

What initiatives are you currently running to improve the synergy between online and in-store?

To create a seamless omnichannel experience online and in-store, over half of our respondents are using geofencing technology and coupons connecting online with in-store purchasing

I've been in digital now for 19 years – for a long time we were transforming everything in terms of our belief of what our consumer wanted. Now, the consumer is leading us to where we should be. If you want to give yourself an advantage, find the next new thing that the consumer is expecting. I think the personalisation of e-com is very important in terms of delivering relevant content to the consumer.

Peter Hvidberg
Head of E-Commerce
Intersport Group



(Respondents were asked to select all that apply)

Do you have separate teams for online, in-store and mobile, or are your retail teams integrated?

68% of Directors of E-Commerce surveyed separate their teams between in-store, online and mobile

As competencies are divided and people with in-store experience tend to lack online experience, I feel that we have a great opportunity to utilise the potential synergies when combining knowledge from both parts of the organisation. The key is to keep the focus on the customer journey, regardless of whether it's online, in-store or via mobile.

Allan Bo Christiansen
Digital Developer, Atea

Separate teams
for online, in-store
and mobile

68%

One integrated
retail team

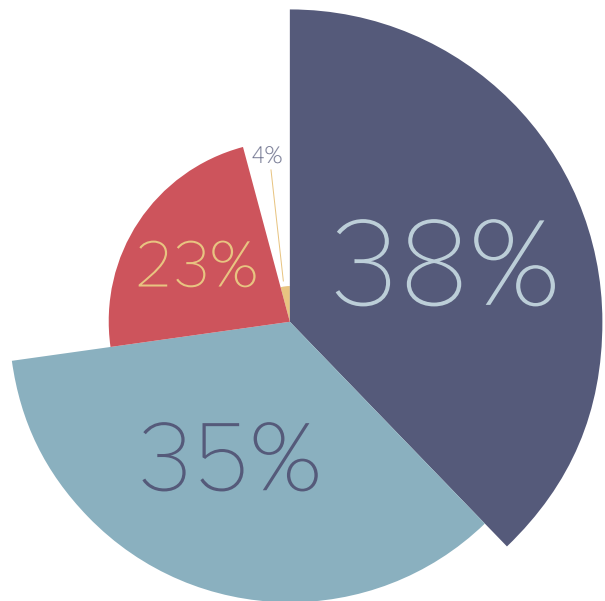
32%

How much of a priority are loyalty programmes in connecting and engaging with customers?

38% of respondents use loyalty programmes as a key part of their marketing strategy, and a further 23% rely on them as their main marketing strategy.

Loyalty is one of our main KPIs this year because historically Intersport has been bad at that in Denmark. Our stores are owned by entrepreneurs, local people with local knowledge. Many of them have done sports for many years and are experts. We wanted to explore that, and to tell those shopping at Intersport that we have people with knowledge who will give them the best service, the best advice and that special treatment. I think that's what going to differentiate us in the Danish market because that's not what we see from our competitors.

Peter Hvidberg
Head of E-Commerce
Intersport Group



- They are a key part of our marketing strategy **38%**
- Our strategy is split about 50/50 between attracting and retaining customers **35%**
- They are our top priority and the main marketing strategy we use **23%**
- We don't have a loyalty scheme, our main focus is on attracting new customers **4%**

CASE STUDY

INTERSPORT'S LOYALTY STRATEGY WITH PETER HVIDBERG



We sat down with Peter Hvidberg, Head of E-Commerce at Intersport, to pick his brain about how to grow a truly loyal customer base. Here's what he had to say...

Let's discuss what loyalty is first – is loyalty having a card, and going to a store when it has a good price or a sale? No – loyalty is when you put your wallet in the hands of a certain company and buy from them every time because you know they are delivering a good service. Perhaps they're not always the cheapest, but they do something special for you.

I think we need to distinguish when talking about loyalty what a truly loyal customer is. Loyalty is becoming a buzz word, if I look in my wife's wallet I'll probably see ten different loyalty cards, I'll even see cards from competitors in the same wallet. The biggest mistake in terms of loyalty is turning it into a discount or a cashpoint. You can't buy loyalty.

In Denmark we have a franchise owner who opened up a new store. He's a young guy with some fresh ideas, and his team decided to start a running club. They realised that to really engage with the runners in their small town of about 20,000 people, they could start this club. Word of mouth made it really strong and the club grew.

Everybody was so excited about this engagement in their town, local people joining this initiative to train together. Adidas said they would sponsor the club. The crown prince of Denmark turned 50 recently, and to celebrate he did these runs in five different cities in Denmark in one day. This running club went along for the 10km in Copenhagen, and they had 40 people training for this all together – that's creating loyalty.

This programme started half a year ago, and recently they did an evening where they invited all of their runners and their friends for a special night where they had a running expert coming in to give a talk. We gave the group a small discount that night, and it ended up being the best day they ever had for sales. Only 40 people turned up, but it was 40 committed people, and they bought so much merchandise. Our employees had become personal advisors to those runners.

It's so easy to say everyone should have a loyalty programme, I think what's more interesting is to bring up the conversation about what loyalty really means, and at what point a consumer becomes loyal. The biggest threat towards retailers is lack of loyalty. By having a bricks and mortar store, we can treat customers like gods when they arrive at the store. Spend some money attracting them online, then when a customer comes into the store, that's when you can create loyalty.



About WBR Insights

WBR INSIGHTS

At WBR Insights we conduct professional research amongst high-level decision makers in key industry verticals. We use this research to create content-powered marketing campaigns designed to kick-start dialogue, share insights, and deliver results.

From whitepapers focused on your priorities, to benchmarking reports, infographics and webinars, we can help you to inform and educate your readers and reach your marketing goals at the same time.

Contact us to find out how your business could benefit from:

- Year-round access to our network of decision-makers and industry leaders
- Lead generation campaigns that fit your priorities
- In-depth research on current fast-moving issues and future trends
- Promoting your organisation as an authority in your industry

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