

ASK THE EXPERTS



Rich Lowe
CEO, BT Expedite

Q: WHAT IS THE CURRENT STATE OF MULTICHANNEL RETAILING?

A: Multichannel retailing has grown up, driven by shoppers spoilt for choice on where to spend their money. Buying on the web is an assumed basic, with around 95 per cent of retailers* offering this. What shoppers now demand is cross-channel retailing – the freedom to shop across your brand. This means they can browse, compare, select, purchase, receive and return goods however they want – in-store, at home, by mobile phone or through a call centre.

Q: WHAT ARE THE BIG CHALLENGES FOR RETAILERS IN DELIVERING CROSS-CHANNEL RETAILING?

A: It's about putting the customer journey at the centre of your business and providing a joined-up and convenient experience. But this requires the integration of processes and systems across all channels and few retailers are in this position. Recent research* shows that only 38 per cent of UK retailers have a single view of their customer. It's also vital that your staff embrace the cross-channel proposition. Without engaged, trained and motivated staff, the customer will have a frustrating, disjointed brand experience.

Q: WHAT ARE THE CRITICAL SUCCESS FACTORS?

A: First, gain board level commitment to a cross-channel vision that builds on your brand proposition. Second, work with a partner who has experience in implementing these services – both the business processes and the underlying IT systems. Third, don't let your customers down: What is a good experience for them? What happens if something goes wrong?

Q: WHAT IS THE PRIZE?

A: Web sales are predicted to increase by 50 per cent in the next four years*. This easily outstrips store sales growth, meaning cross-channel will become a basic necessity for retailers. You can steal a march on the competition now by offering cross-channel services – such as 'click and reserve' or 'save the sale' – that help build a loyal core of customers and deliver ROI to the bottom line.

* Martec International 'Multichannel Retailing 2010'

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Bringing it all together



Frank Lord
Vice President EMEA, ATG

Q: WHY SHOULD RETAILERS HAVE A MOBILE COMMERCE STRATEGY?

A: Mobile commerce is already a strong trend in the retail market, fuelled by an explosion of apps and increasing number of smartphone users. Consumers will expect more in terms of accessibility and choice from their mobile devices. Mobile will also be used in a completely different way to traditional online shopping. Understanding these new users will provide competitive advantage to brands. m-Commerce should be part of a broader commerce strategy, providing a seamless shopping experience across all channels.

Q: IS DEVELOPING A MOBILE APP THE ONLY WAY TO MAKE THE MOST OUT OF THE MOBILE COMMERCE OPPORTUNITY?

A: Many retailers are developing mobile apps. Tommy Hilfiger, for instance, has launched an impressive app allowing consumers to browse and buy on the go. Others have opted to improve their mobile site for shoppers, avoiding apps altogether. Retailers must first determine whether a mobile app is right for them: some apps provide content that could just as easily be made available via a mobile web browser. When developing an app, retailers must understand exactly what customers want, and decide whether it should be free or paid-for. For smaller brands concerned about costs, a charge might be worth considering. All retailers should also think carefully about functionality and ease of use.

Q: WHAT DOES THE IPAD MEAN FOR MOBILE COMMERCE?

A: The iPad is set to put cross-channel strategies to test like never before, and be a powerful catalyst for mobile commerce. Retailers will be forced to make the most of the increased screen size, and those who don't meet customers' higher expectations of interactivity will lose market share. Grabbing the attention of iPad users is increasingly difficult: consumers could be using the device anywhere, doing other activities simultaneously. Retailers must offer a captivating and highly personalised shopping experience.

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ASK THE EXPERTS



Phillip McGriskin
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Q: WHAT KEY PAYMENT CHALLENGES FACE UK BASED ONLINE RETAILERS SEEKING TO EXPAND GLOBALLY?

A: While credit and debit cards dominate payments in the UK, this is not the case in many countries. In Germany, for example, only 30 per cent of all online purchases are made using a credit or debit card. Services like Sofortueberweisung and Giropay, two real-time bank transfer services, are popular German alternatives. There is also evidence of low card penetration and a high prevalence of 'alternative' non-card payment services in other large established online markets, such as Spain, Poland, Sweden and the Netherlands.

When entering a new market it is essential for online retailers to offer the kinds of payment services that local customers know, use and trust. However, there are literally hundreds of 'alternative' payment services to choose from. Accurate usage statistics is notoriously difficult to obtain, making service selection a real challenge. Also implementing and managing these services is time-consuming and expensive - not to mention an unnecessary distraction from core business activities.

Q: WHAT ARE THE IMPLICATIONS OF NOT OFFERING 'ALTERNATIVE' PAYMENT SERVICES ALONGSIDE CARD SERVICES?

A: By failing to offer customers their preferred payment methods, online retailers are limiting themselves - and in some cases will be driving customers into the arms of competitors. When customers reach an online retailer's checkout page and find their preferred payment method is unavailable, 24 per cent terminate the transaction - that's a huge amount of lost revenue and wasted marketing spend.

Q: HOW SHOULD ONLINE RETAILERS APPROACH GLOBAL PAYMENTS?

A: A lot of retailers are partnering with online payment providers who offer the 'complete' payment service: card processing, 'alternative' payments and low cost localised bank collections and payouts. These online payment providers also take the headache out of managing payment services spanning different currencies, legal jurisdictions, time zones, languages and platforms, and enable online retailers to view, execute and report on all global transactions using one simple online portal. There are currently only a handful of companies who offer this level of service - one being Envoy Services.

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Simon Stokes
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Q: WHAT ARE THE LEADING THREATS TO PAYMENT SECURITY?

A: Brand erosion, fines and legal challenges are the likely fallout from a data breach. The fact that payment data exists on a retailer's system at all is probably the biggest threat to its security. If those valuable card details aren't there, they can't be stolen.

Criminal gangs and individual fraudsters identify and take advantage of weaknesses in external defences. And despite retailers taking every necessary step to hire the right people and train them in security policies and procedures, insider theft of payment data has become a real concern. Therefore, it's also important to look closer to home when reviewing payment security threats.

Q: HOW CAN RETAILERS PROTECT THEIR CUSTOMERS' DATA?

A: Many retailers have disparate systems with payment card data pouring in from multiple streams: online, point of sale, call centre, kiosk, mobile. This spread of payment data makes it much harder to keep track of. It's certainly very difficult to ensure you've 'locked-down' and encrypted every single bit and byte - the traditional approach to payment security.

Encryption can leave data sitting in a retailer's systems, passing through the organisation and being touched by multiple systems, databases and people. Furthermore, managing and securing payment data in-house can be a fairly costly exercise, due for example to the system upgrades that may be required to maintain PCI compliance. CyberSource's approach is to help retailers reduce their payment security compliance scope by removing sensitive data from their systems.

PCI-certified third party providers can capture, store and process payment card data on behalf of the retailer. There are a number of benefits: organisations can focus on their core business, whilst customer details are secured - only a token representing the card number is used, helping to reduce the burden and cost of PCI compliance.

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