

Europe

European eCommerce Forum

The inaugural meeting of the European eCommerce Forum (ECF) – the culmination of four years of conversations with leading retailers – was held in Amsterdam in April. ECF co-founders Ian Jindal and Joris Beckers reflect on its genesis, the pressing issues in eCommerce and the organisation's next steps as preparations start for the second meeting in London this October.

If the first wave of the commercial web was characterised by customer acquisition, then the second was defined by the development of dimensional or faceted navigation, in which retailers attempted to increase online sales by helping customers find the most appropriate products more easily. The current drive is towards cross-channel integration, in which store, web, paper and phone all work seamlessly together from the customer's perspective. But this latest phase simply shows that we haven't really finished the work started in the 'browse' stage – the work of 'merchandising' our products to customers.

Online merchandising is often misunderstood, or seen simply as the online correlative of traditional retail merchandising – the organisation, planning and ranging of products online. This is not to denigrate in any way the complex work of merchandisers, but rather to point out that, on the web, merchandising is the very heart and soul of selling.

We know that despite advances in technology and skills, the two invariable limitations are time and space: the amount of time a customer will dedicate to a site given the increasing number of calls upon their online attention, and the maximum pixel area of their screen, which limits the number of items we can show at any one time.

We've mentioned elsewhere in this issue the notion of the web as a store with 'elastic walls'. Retailers can now offer hundreds of thousands of SKUs via the web, yet the presentation of these products is akin to letting customers wander directly through an untidy warehouse rather than a flagship store! Online, the concepts of visual merchandising, adjacencies, ranging and category management have some analogies (user experience, site journeys, elementary product grouping, web analytics) but the practices are fragmented.

Thinking of our offline colleagues we could see that the disciplines of category management – product ranging, selection and presentation taken to the level of a strategic art-form – and visual merchandising had much to teach us online. We also saw that, in some ways, we have an embarrassment of riches online: deep and extensive analytics, including insights into behaviour, contexts and, of course, the in-depth information on products, baskets and profitability. Closing the loop, we could also see information on returns, contacts in call centres and other operational data, either via the web platform or enterprise CRM systems.

So the challenge – and the opportunity – was to take the best of the offline strategies, online analytics and tools, and to combine these to develop the art and craft of selling online, to present the best combination of products to the customer and



The ECF was jointly founded by Ian Jindal and Joris Beckers, and is supported by Internet Retailing and made possible by the generosity of Fredhopper.com. Membership of the ECF is strictly by invitation only to senior retailers with experience of complex businesses with more than €70million in online sales. We're always keen to find ways to engage peers and disseminate learning, so please address thoughts, along with suggestions for members that we may have missed in error, to forum@fredhopper.com.

maximise the retailer's profits. As Joris Beckers pointed out to me back in 2004: "Online, we have a lot more customer interaction data to make category management potentially work better than offline, where there is less data."

During this conversation, we enthused about the insights and demands of some of the leaders in retail. Both of us came into contact with other passionate, enthusiastic retailers, and we knew that they had a desire to meet and share ideas with other professionals.

The impetus for finally organising the forum came as a result of a change in the questions we were hearing. No longer was it enough for retailers to install very capable merchandising systems, nor to learn how to use them well. Rather, they were beginning to look to a time when all of their competitors would have equally capable systems, so instead needed to develop the insights, approaches and intense customer focus that would distinguish the retailer, irrespective of system.

The ECF

At the inaugural meeting in Amsterdam, we decided early on that the ECF would be a private exchange platform for the most senior experts across Europe. Invites would be personal – not simply for 'someone from Big Company X or Y' – and we would focus on companies with complex operations, operating at scale online (€70million or more) and concentrating on innovation and excellence. Joris was pleased that: "Over 50 senior online

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business leaders from across Europe responded to the invitation to work together for a day and attempt to advance the art of online selling in a meaningful and practical way." The ECF is a strictly no-sales, confidential space for peers, and this spirit of joint endeavour characterised the day – so much so that Joris didn't even mention his company when introducing himself!

The day

We invited expert speakers from disparate, non-ecommerce disciplines to give us an insight into approaches that might inform our work. The theme was how research could help mitigate the challenge of limited 'space' online.

The first presentation was from Martin Heinsbroek of McKinsey, whose theme was 'From granular insights to targeted actions'. His case study looked at the transformation of Signet Bank into Capital One, and the lessons to be drawn from data-driven insights and the benefits of experimentation as part of a rigorous and consistent test-analyse-implement business-wide culture. The lessons of this for retailers were clear, especially given our enviable access to web analytics, trading metrics and the ability to A:B test online.

We then stood back from the data and were treated to an inspiring presentation from Ian Worley, Director at Flow Interactive, on 'The power of cross-channel research to uncover granular merchandising insights'. His starting point was ethnographic research – observing customer behaviour while shopping (see Internet Retailing, issue 3). Using case studies that included the Early Learning Centre, Ian showed how significant insights from offline research can have a subtle impact on a website, yet still be remarkably and demonstrably effective. The lesson here was that improved profits come from a combination of taking a holistic view of the customer's needs, behaviours and preferences; making the web a part of a cross-channel engagement strategy; robust research and analytics; and, finally, a ruthless focus on delivering the customer's expectations and needs rather than looking at web design and features in isolation.

In the afternoon we were treated to a tour de force from Ed van de Weerd, VP Merchandising at Albert Heijn supermarkets. It's difficult to convey in print the combination of popping eyes, dropping jaws and mental lightbulbs illuminating as Ed took us on an insider's tour of category management in supermarkets. Feedback afterwards was unanimous: the strategic approach to range, stock, pricing and brand positioning was a revelation. As a group there was a real enthusiasm to adapt this discipline to retail.

All of the presentations prompted detailed questioning, and in between every session there was plenty of time for discussion – or so we thought! At each break no-one would leave their tables since they were deep in conversation. We've taken note of this for the October meeting where we'll allow even more time to share ideas and issues.

Next steps

Feedback from delegates was very positive and we've agreed to get together twice a year, with members conducting joint experiments throughout the year and feeding back to the group.

We've also been working on the next agenda which – although not yet finalised – will continue our quest to learn everything we can from our offline colleagues. We're currently looking at visual merchandising. Joris has been considering the

Companies represented in the ECF include:

Otto, Vergelijk, Telegraaf Media Group, GAME Stores Group, Figleaves.com, Thomas Cook, Conrad, Neckermann, Interflora, e-consultancy.com, V&D, Maxeda, Nedis Group, Marks & Spencer, Clarks, Adidas, Ferio, Bijenkorf, KPN, Waitrose, Quelle, arvato systems, Mexx, Albert Heijn, Woolworths, Bol.com, Samsonite, Procter & Gamble, Toys R Us, Acuista, Manutan International, Lovefilm.com, House of Fraser, B&Q, Apple, Amazon, Staples, La Redoute, HMV, Sainsbury's, Next, Redcats and H&M.

convergence of product merchandising and advertising and, via the ECF, he hopes to: "achieve a point some day where we know as much about selling online as we know today about selling in the real world".

At Internet Retailing, we'll be bringing the learning from these sessions, along with the debates and issues, to the pages of this magazine as well as our portal. We're also interested in hearing your thoughts on the key issues, challenges and opportunities in online merchandising – do let us know them and help set the agenda for progress in online selling.



Joris Beckers of Fredhopper.com