



# Bridging the gap between Offline and Online Retailing: **Multi-Channel Retailing**

*8<sup>th</sup> webinar of the retail ecommerce series*

*an **embitel** initiative*

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- Studied Computer Science at University of Stuttgart
- Entrepreneur since 1992
- Investor and business angel for 5+ IT companies
- Working in retail e-Commerce for last 16 years
- Responsible for development of e-retail sites like Neckermann, Kodak

Founder

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Germany

[www.dmc.de](http://www.dmc.de)

Chairman

Embitel, India

[www.embitel.com](http://www.embitel.com)



# Complexity of sales channels at argos UK



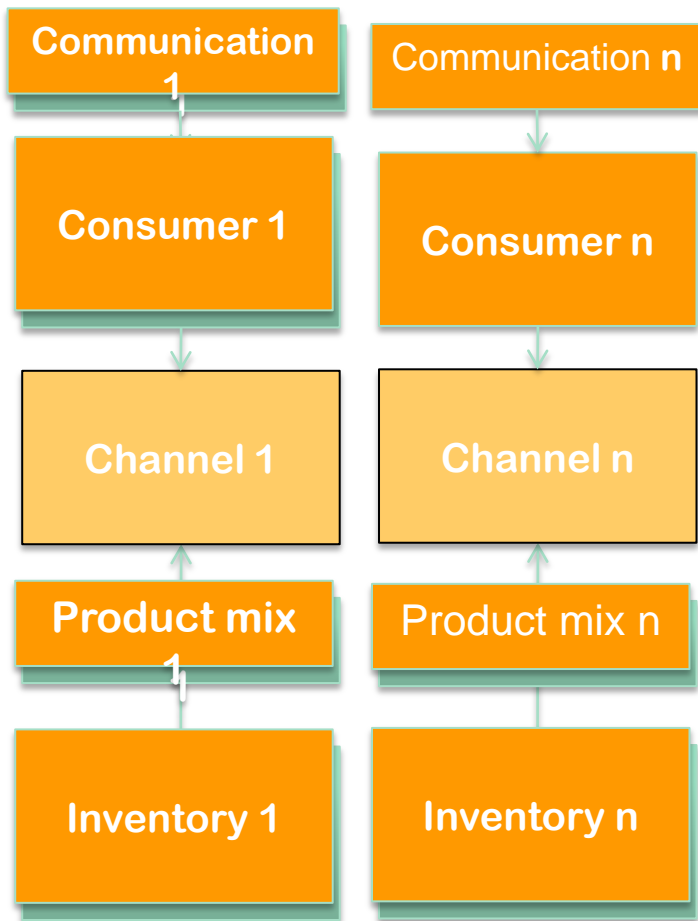
Source: argos, AT Kerney

- Idea of **Multi-Channel Retailing**?
- Is Indian customer **ready** for Multi Channel Retailing?
- Does Multi - Channel Retailing leads to **cannibalization** of your existing sales channel?
- **Channel Integration** in Multi-Channel Retailing
- **Worldwide** Case Studies
- **Suggested approach** for Multi Channel Retailing
- Multi - Channel Retailing **Outlook**



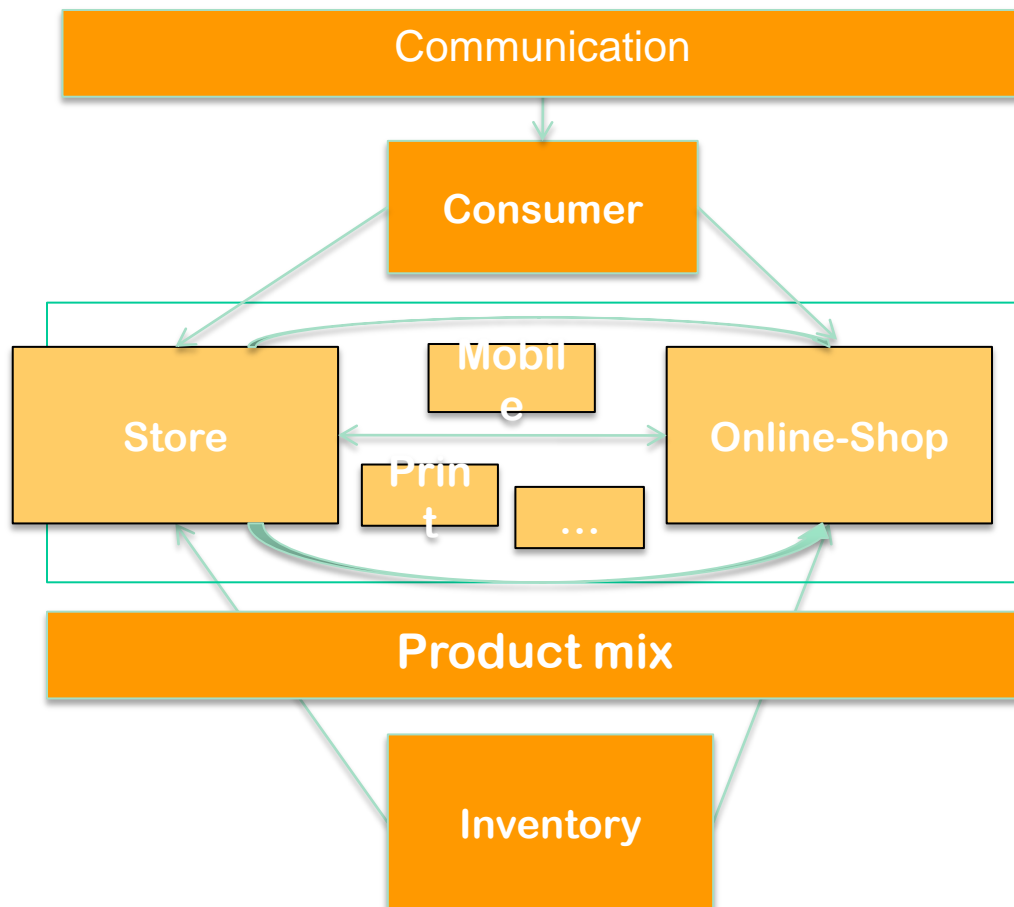


Idea of **Multi-Channel Retailing?**



## Multi-Channel

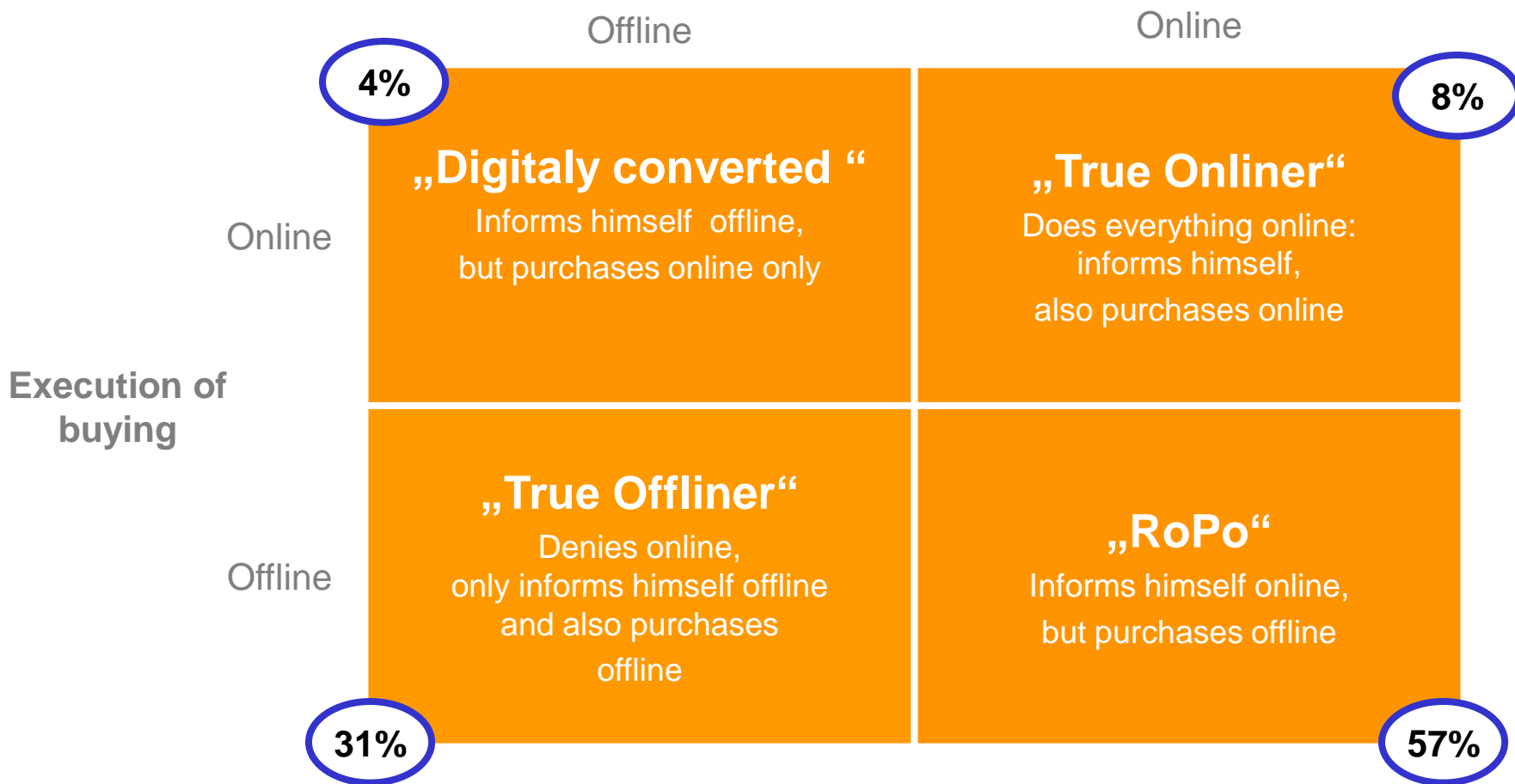
vs.



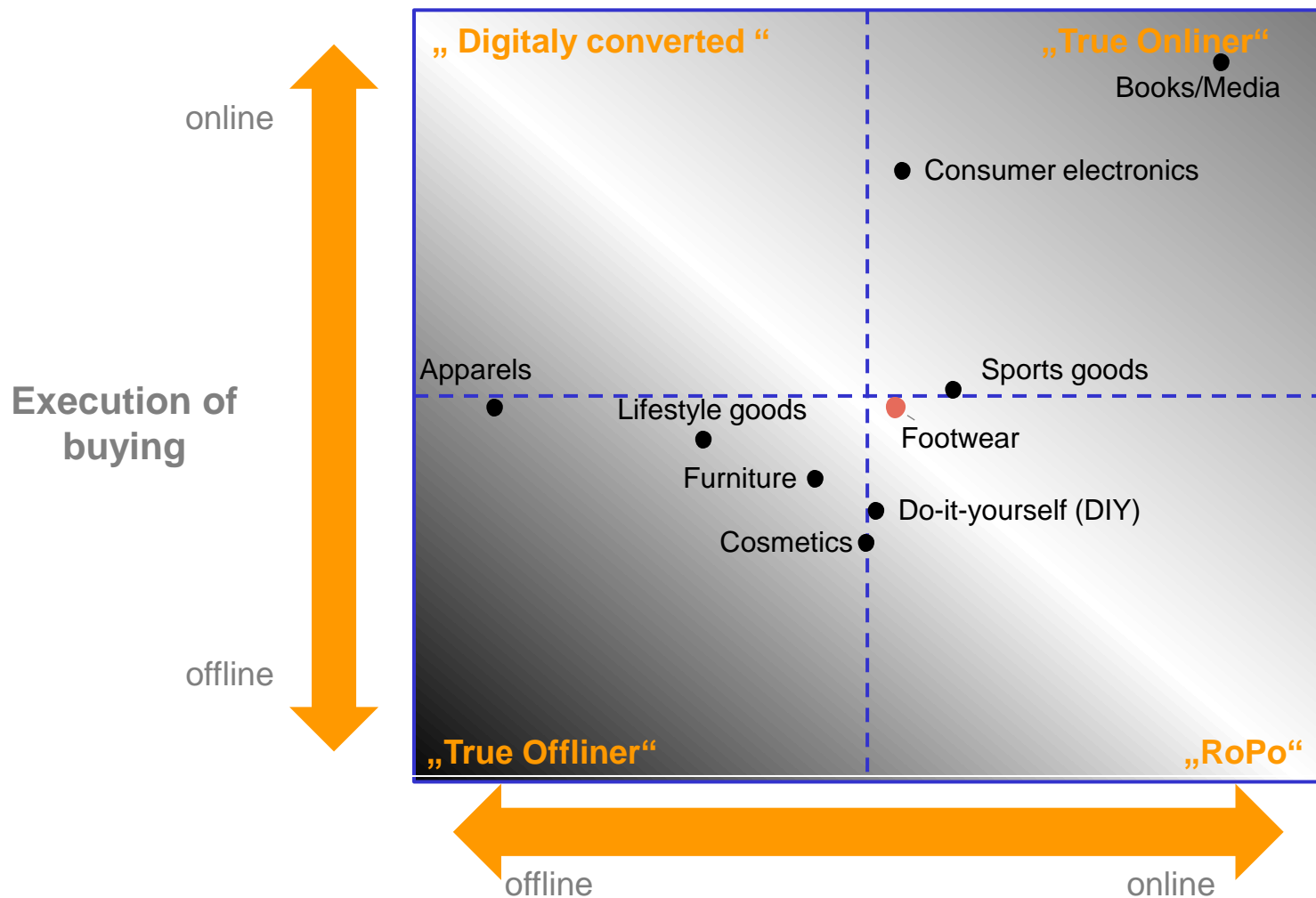
## Multi-Channel

Consumer doesn't care which channel he uses.  
Only the brand experience has to be the same.

## Preparation for buying(product information and price comparison)

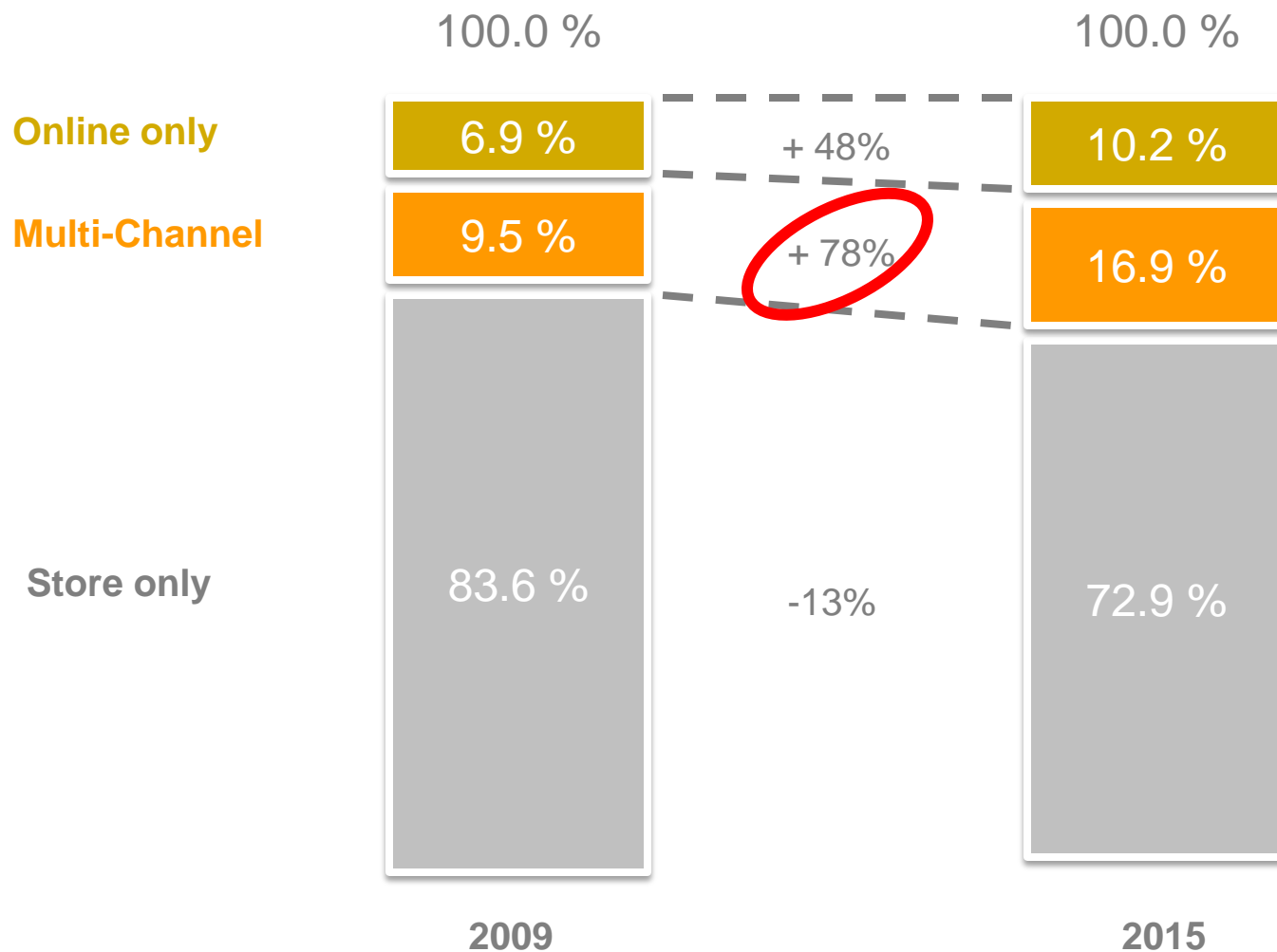


# Mapping of behavior matrix to verticals

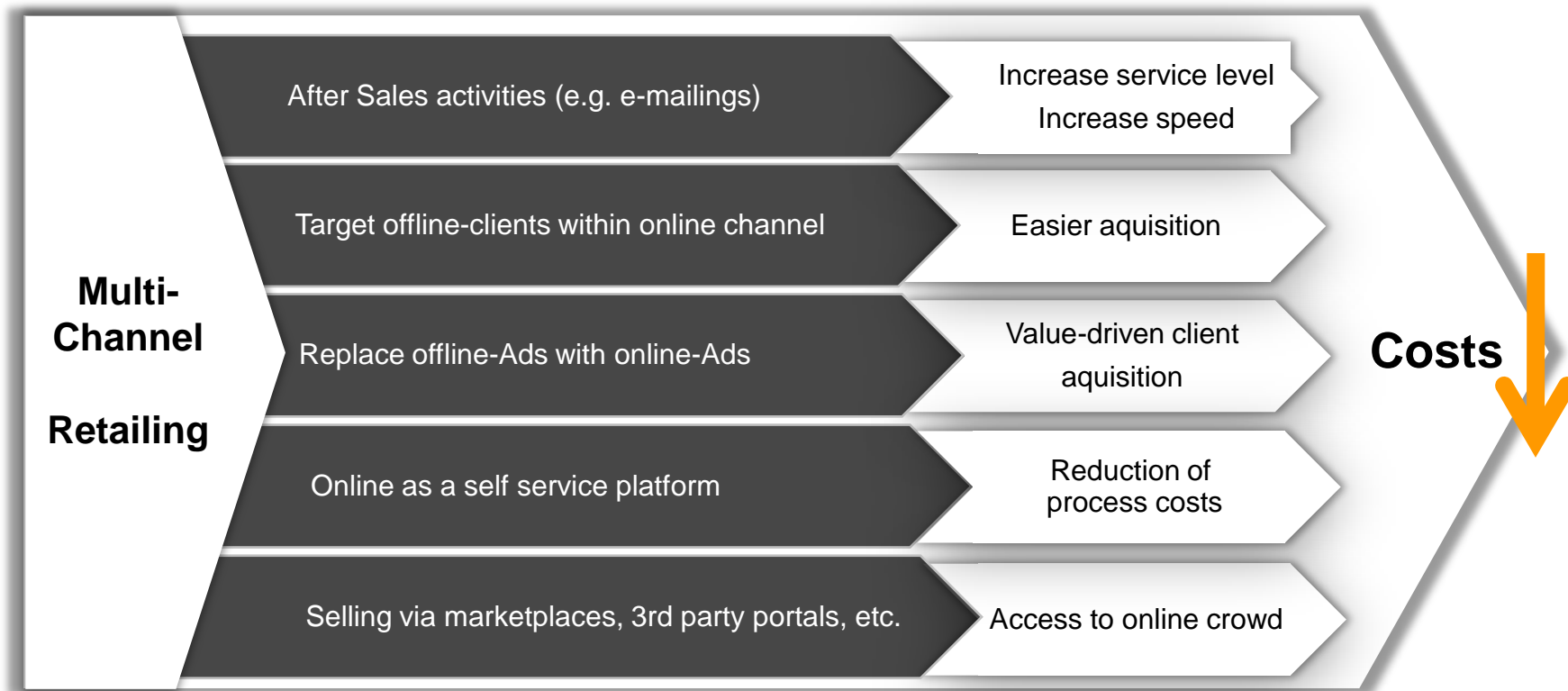


Preparation for buying(product information and price comparison)

# Forecast of non-food sales in Europe

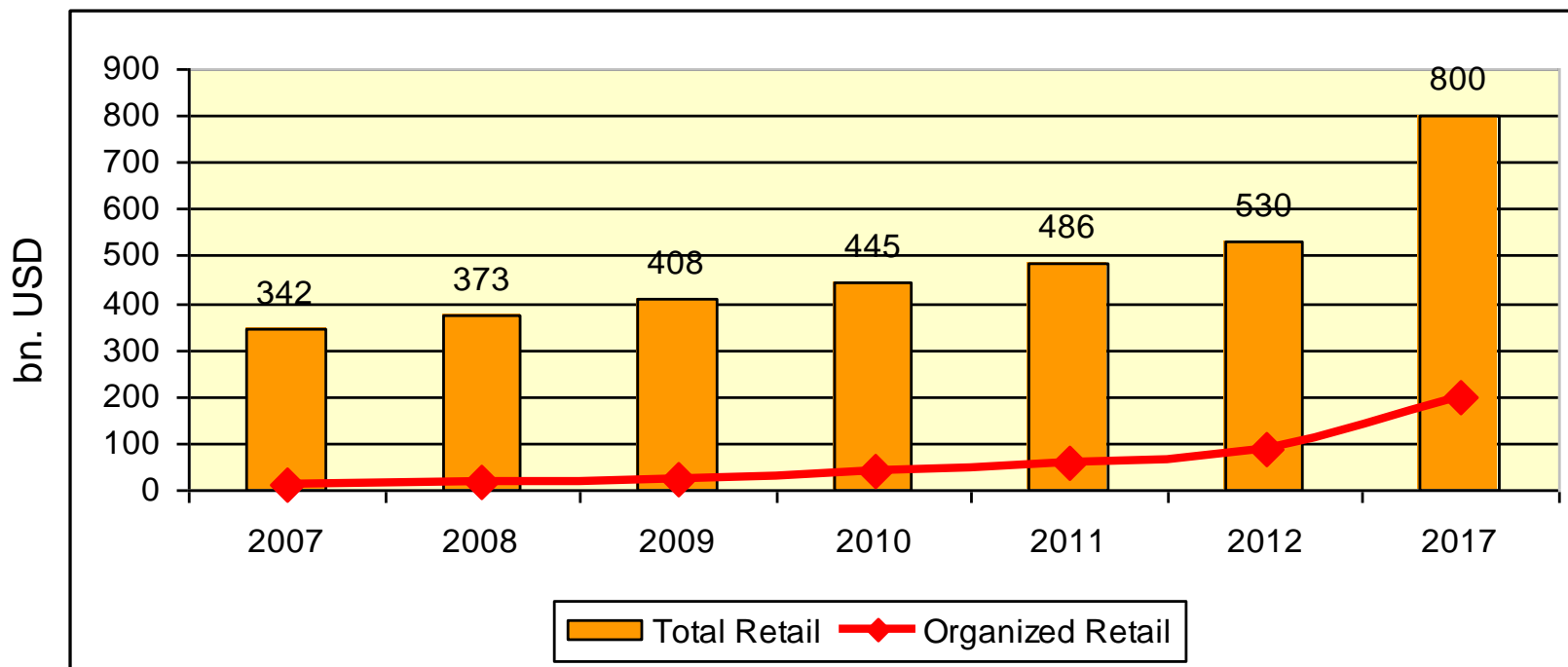


Source: Accenture, GfK





Is Indian customer **ready** for  
Multi-Channel Retailing?



- Boom in Retail
- Coverage of broad-band internet, including 3G mobile networks
- Web is primary source of information  
= First point of contact
- Trust and experience leads to:  
online buyer at second time

- Significant increase in mobile penetration – **M-Commerce / In-Store promotions/ Reviews and comparison.**

Example:

SMS/Bluetooth promotions at Spar- Hyper market

- An option to switch channel from interaction to transaction.

- Major Players:

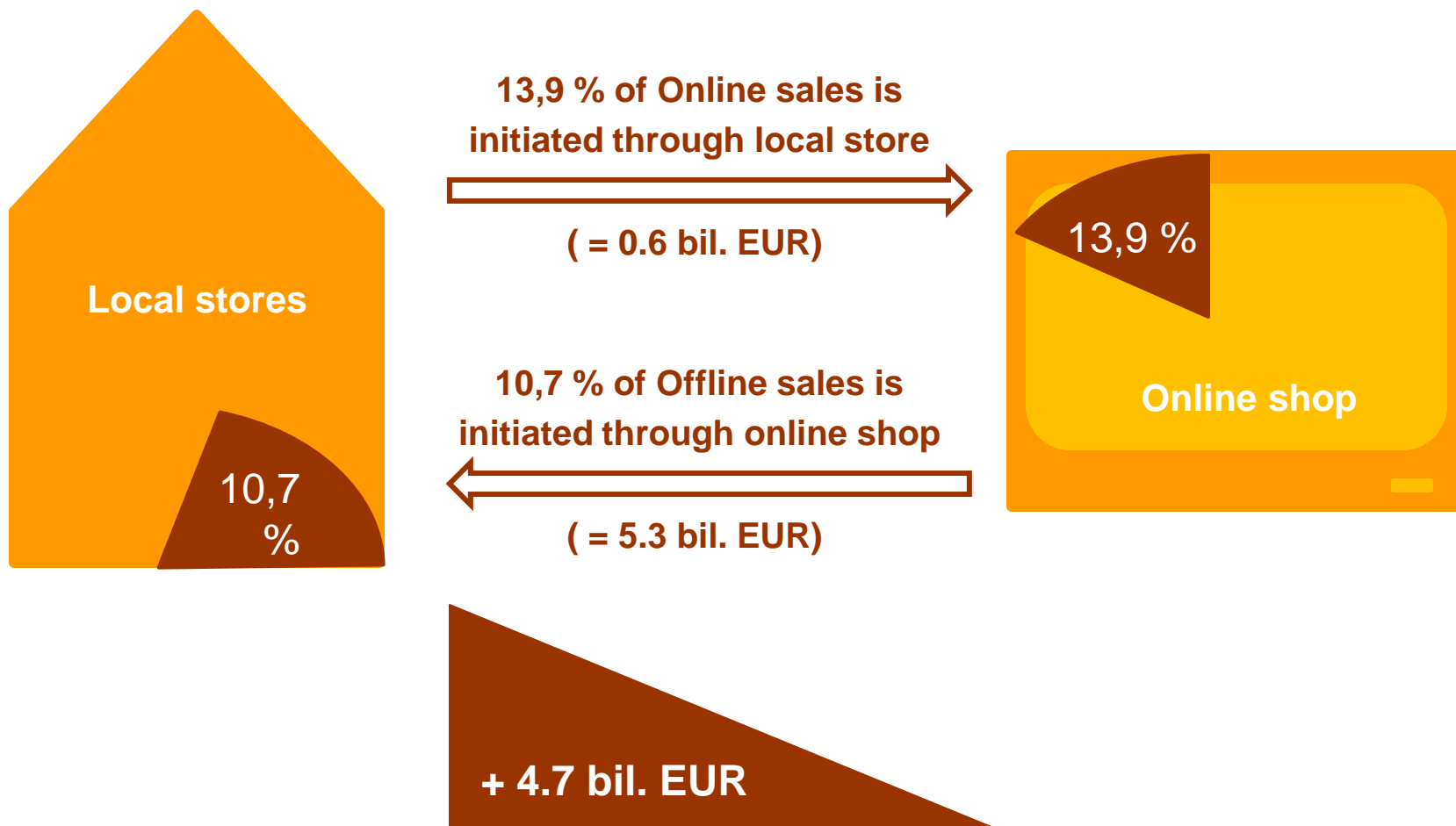
 **Bata** futurebazaar.com mom  
& me  
— Mahindra Retail —



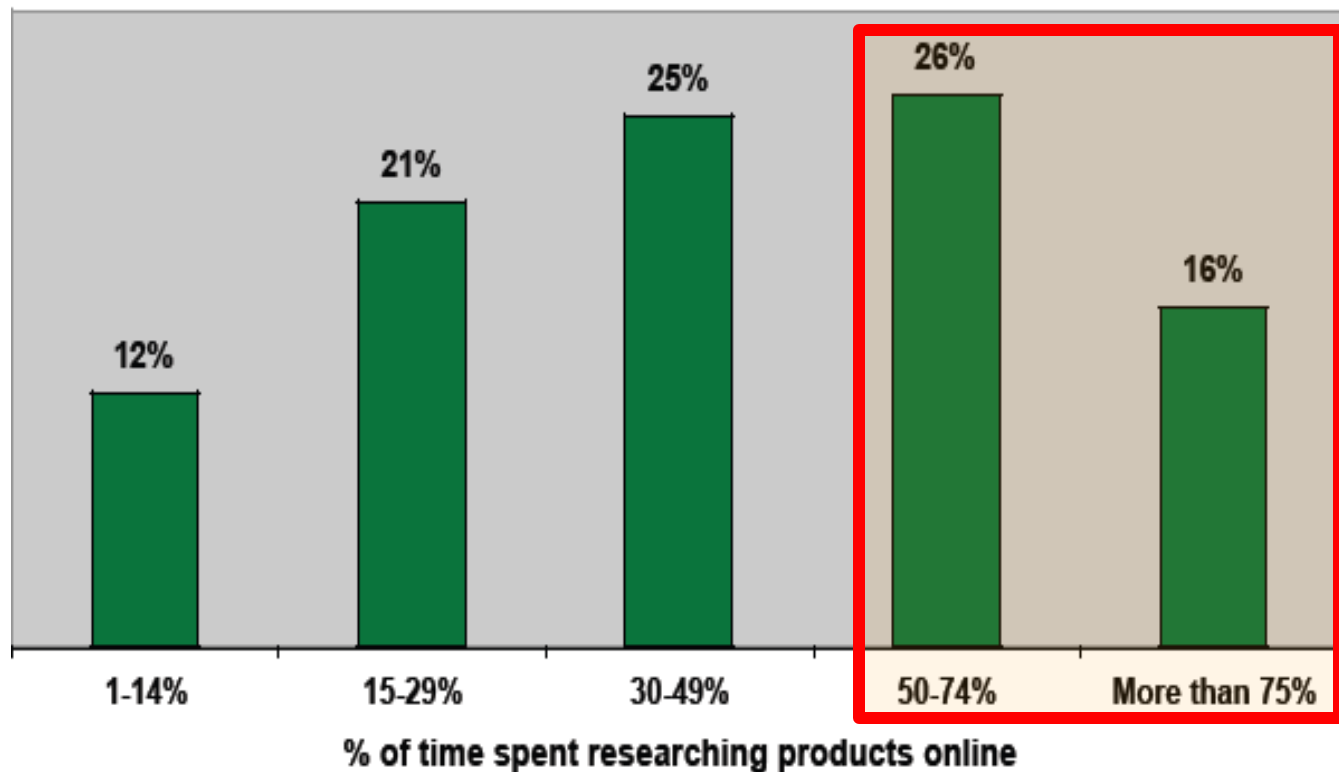
Does Multi - Channel Retailing leads  
to **cannibalization** of your existing  
sales channel?

## Case Study, Oct 2009, Germany

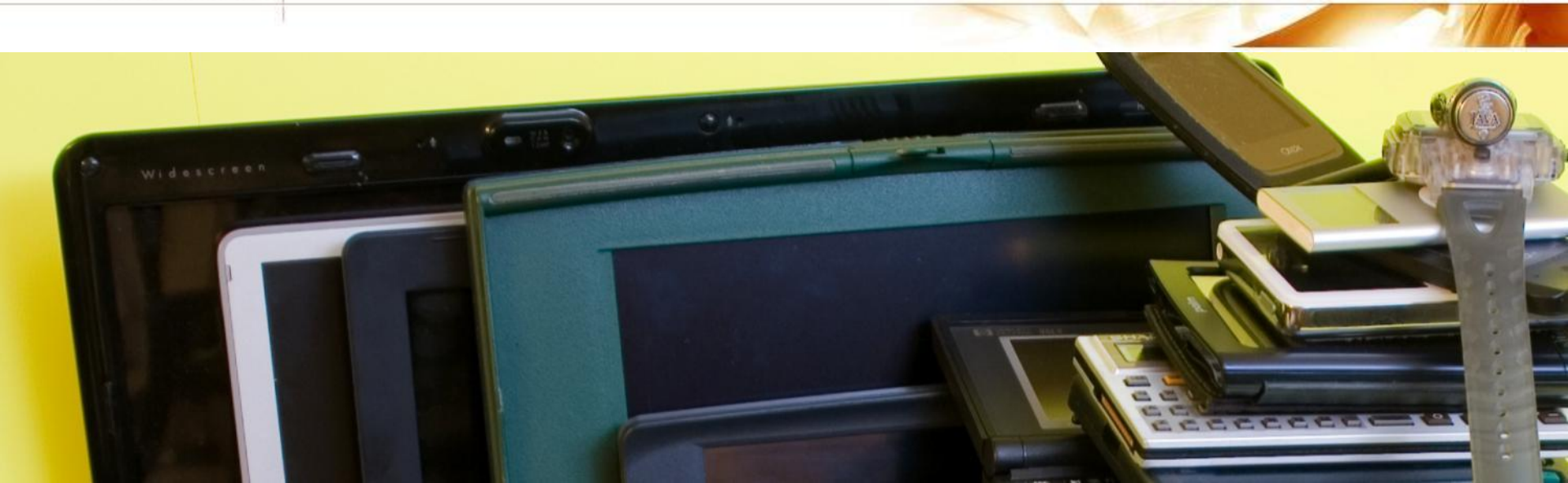
### Product segment: Apparels



What percent of the time you spend shopping  
(store/web/catalog) involves researching products online?



*42 % of  
consumers are  
using more than  
half of their  
„Shopping-  
Time“ for online  
information  
research!*



# Channel Integration in Multi-Channel Retailing



## POS: Store

- // Pick up at Retail
- // Return to Retail
- // Drive to Retail

## Pick up at Retail

- // Delivery to store
- // Stock reservation in store
- // Store finder for availability in store

## Return to Retail

- // Return product in store
- // Change product in store
- // Refund in store

## Drive to Retail

- // Online Marketing (Local SEM, Newsletter) to motivate consumers to visit store
- // Confirmation mails with information about nearby store
- // „Book personal shopping assistant“

## POS: Web

- // Pick up at Web
- // Return to Web
- // Drive to Web



## POS: Filiale

- // Pick up at Retail
- // Return to Retail
- // Drive to Retail

## Return to Web

- // Return via online distribution channel

## Pick up at Web

- // Longtail in Retail
- // Online order of sold-out products
- // Order in store, deliver to home

## Drive to Web

- // Promote URL in store (e.g. bags)
- // Vouchers to promote Webshop
- // Customer card services in Web

## POS: Web

- // Pick up at Web
- // Return to Web
- // Drive to Web



# Worldwide Case Studies



**John Lewis**

YOUR M&S

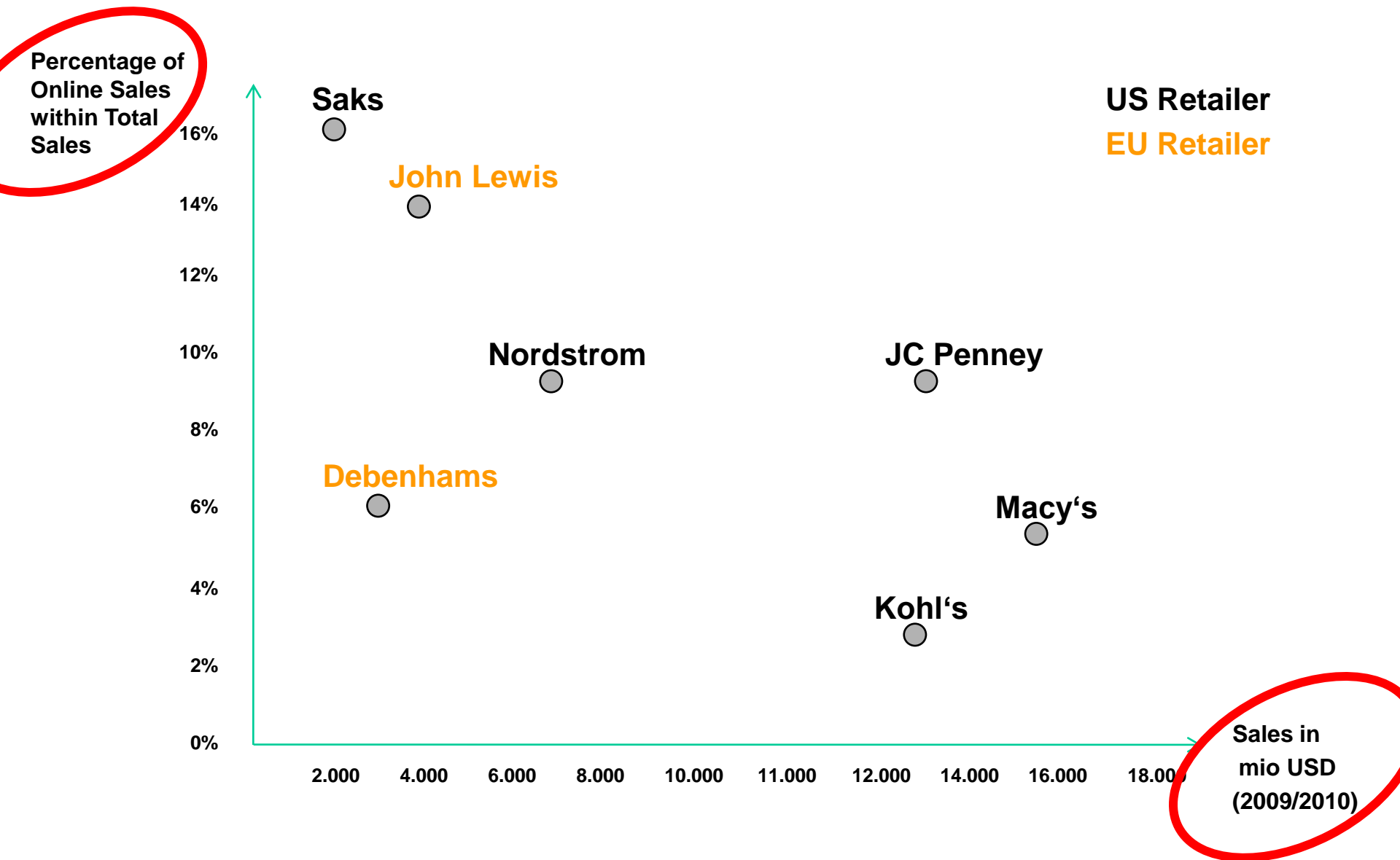
**NORDSTROM**



| Rank | Company               | Category               | Online Sales<br>(in mil. US \$) | Growth<br>(2009) |
|------|-----------------------|------------------------|---------------------------------|------------------|
| 2    | Staples Inc.          | Office Supplies        | 9.800                           | <b>27,3%</b>     |
| 6    | Walmart.com           | Mass Merchant          | 3.500*                          | <b>19,8%</b>     |
| 10   | Best Buy Co.          | Computer / Electronics | 2.458                           | <b>25%</b>       |
| 16   | J. C. Penney Co. Inc. | Mass Merchant          | 1.500                           | 0,0%             |
| 20   | Macy's Inc.           | Mass Merchant          | 1.243                           | <b>19,6%</b>     |
| 24   | L.L. Bean Inc.        | Apparel / Accessories  | 1.064                           | 2,0%             |
| 29   | Nordstrom Inc.        | Apparel / Accessories  | 784                             | <b>14,3%</b>     |
| 43   | Kohl's Corp.          | Mass Merchant          | 492                             | <b>38,1%</b>     |
| 45   | Saks Direct           | Apparel / Accessories  | 430                             | <b>13,0%</b>     |
| 50   | J. Crew Group Inc.    | Apparel / Accessories  | 347                             | 2,5%             |

Source: internetretailer.com

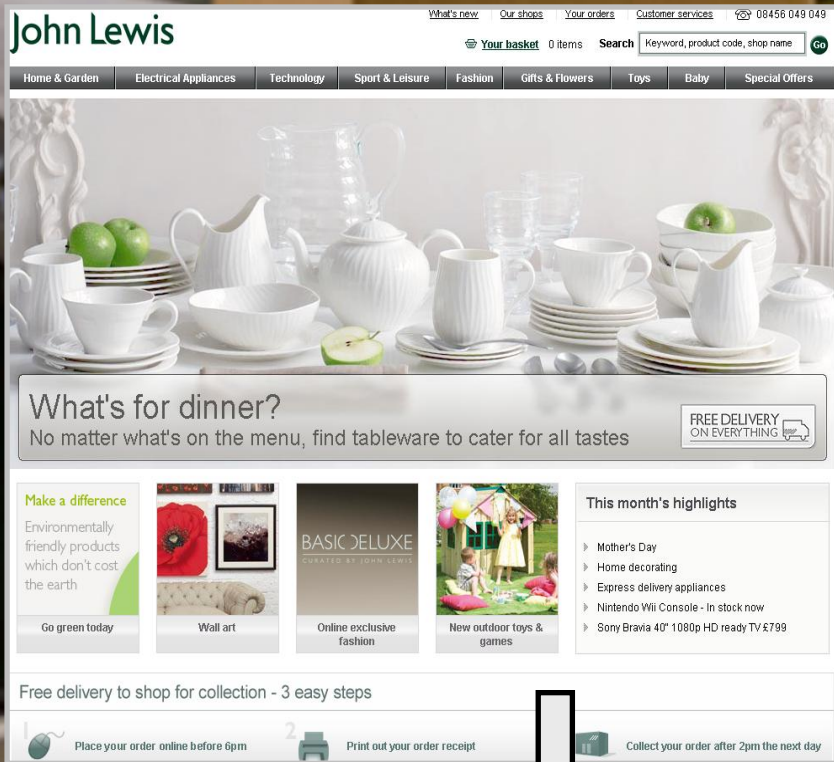
# Multi-Channel Retailing Benchmarks: Big Players



# Benchmark Multi-Channel: John Lewis

## Reservation of products in store

- Online Sales 08/09 = 327 Mio. GBP
- 12% of total sales
- 8% of all online sales are picked up in stores



The screenshot shows the John Lewis homepage. At the top is the John Lewis logo and navigation links: 'What's new', 'Our shops', 'Your orders', 'Customer services', and a phone number '08456 049 049'. Below this is a search bar and a category menu with links like 'Home & Garden', 'Electrical Appliances', 'Technology', 'Sport & Leisure', 'Fashion', 'Gifts & Flowers', 'Toys', 'Baby', and 'Special Offers'. The main banner features a white ceramic tableware set with the text 'What's for dinner? No matter what's on the menu, find tableware to cater for all tastes' and a 'FREE DELIVERY ON EVERYTHING' badge. Below the banner are several promotional tiles: 'Make a difference' (environmentally friendly products), 'Wall art' (a red poppy), 'Online exclusive fashion' (a 'BASIC DELUXE' collection), and 'New outdoor toys & games' (a child playing in a garden). A 'This month's highlights' section lists items like Mother's Day gifts, home decor, and electronics. At the bottom, a section titled 'Free delivery to shop for collection - 3 easy steps' is highlighted with a large white arrow pointing down to a larger version of this section.

John Lewis

What's new Our shops Your orders Customer services 08456 049 049

Your basket 0 items Search Keyword, product code, shop name Go

Home & Garden Electrical Appliances Technology Sport & Leisure Fashion Gifts & Flowers Toys Baby Special Offers

What's for dinner?  
No matter what's on the menu, find tableware to cater for all tastes

FREE DELIVERY ON EVERYTHING

Make a difference  
Environmentally friendly products which don't cost the earth  
Go green today

Wall art

Online exclusive fashion  
BASIC DELUXE  
CURATED BY JOHN LEWIS

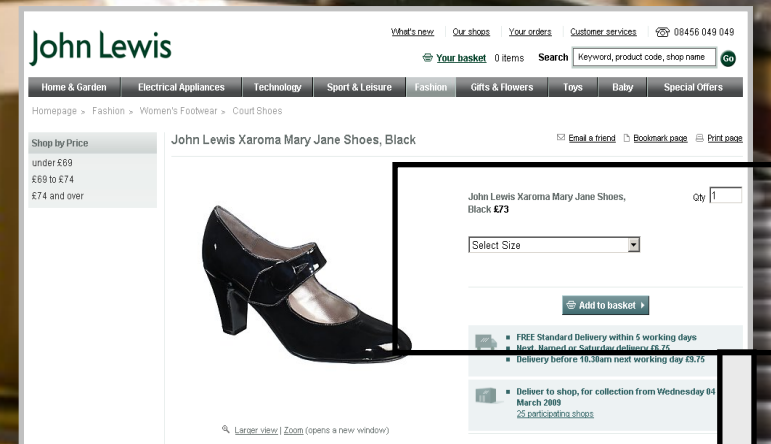
New outdoor toys & games

This month's highlights

- › Mother's Day
- › Home decorating
- › Express delivery appliances
- › Nintendo Wii Console - In stock now
- › Sony Bravia 40" 1080p HD ready TV £799

Free delivery to shop for collection - 3 easy steps

- 1 Place your order online before 6pm
- 2 Print out your order receipt
- 3 Collect your order after 2pm the next day



The screenshot shows a product page for 'John Lewis Xaroma Mary Jane Shoes, Black'. The page includes the John Lewis logo and navigation links. The breadcrumb trail is 'Homepage > Fashion > Women's Footwear > Court Shoes'. The product is shown with a large image of a black Mary Jane shoe. To the right of the shoe is a form with the product name, a 'Qty' field, a 'Select Size' dropdown, and an 'Add to basket' button. Below the shoe image are delivery options: 'FREE Standard Delivery within 5 working days' (Next: Thursday 16.03.09, delivery £8.25) and 'Delivery before 10.30am next working day £8.75'. At the bottom, it says 'Deliver to shop, for collection from Wednesday 04 March 2009 25 participating shops'. A large white arrow points from the 'Add to basket' button area down to a larger version of this section.

John Lewis

What's new Our shops Your orders Customer services 08456 049 049

Your basket 0 items Search Keyword, product code, shop name Go

Home & Garden Electrical Appliances Technology Sport & Leisure Fashion Gifts & Flowers Toys Baby Special Offers

Homepage > Fashion > Women's Footwear > Court Shoes

Shop by Price  
under £60  
£60 to £74  
£74 and over

John Lewis Xaroma Mary Jane Shoes, Black £73

Qty 1

Select Size

Add to basket

FREE Standard Delivery within 5 working days  
Next: Thursday 16.03.09, delivery £8.25

Delivery before 10.30am next working day £8.75

Deliver to shop, for collection from Wednesday 04 March 2009 25 participating shops

Larger view | Zoom (opens a new window)

Free delivery to shop for collection - 3 easy steps



1 Place your order online before 6pm



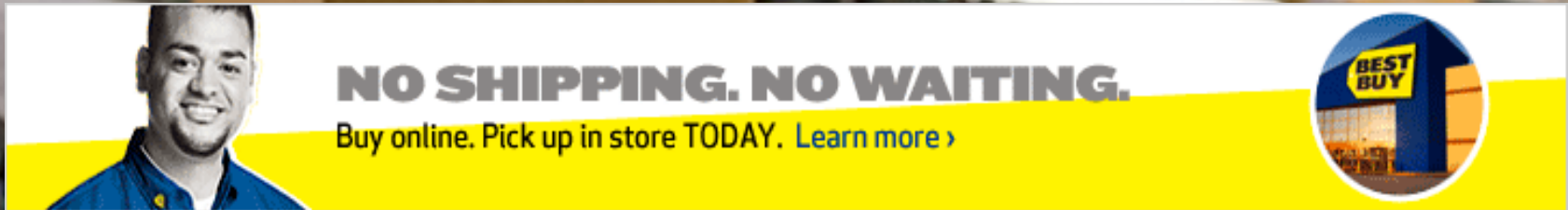
2 Print out your order receipt



3 Collect your order after 2pm the next day

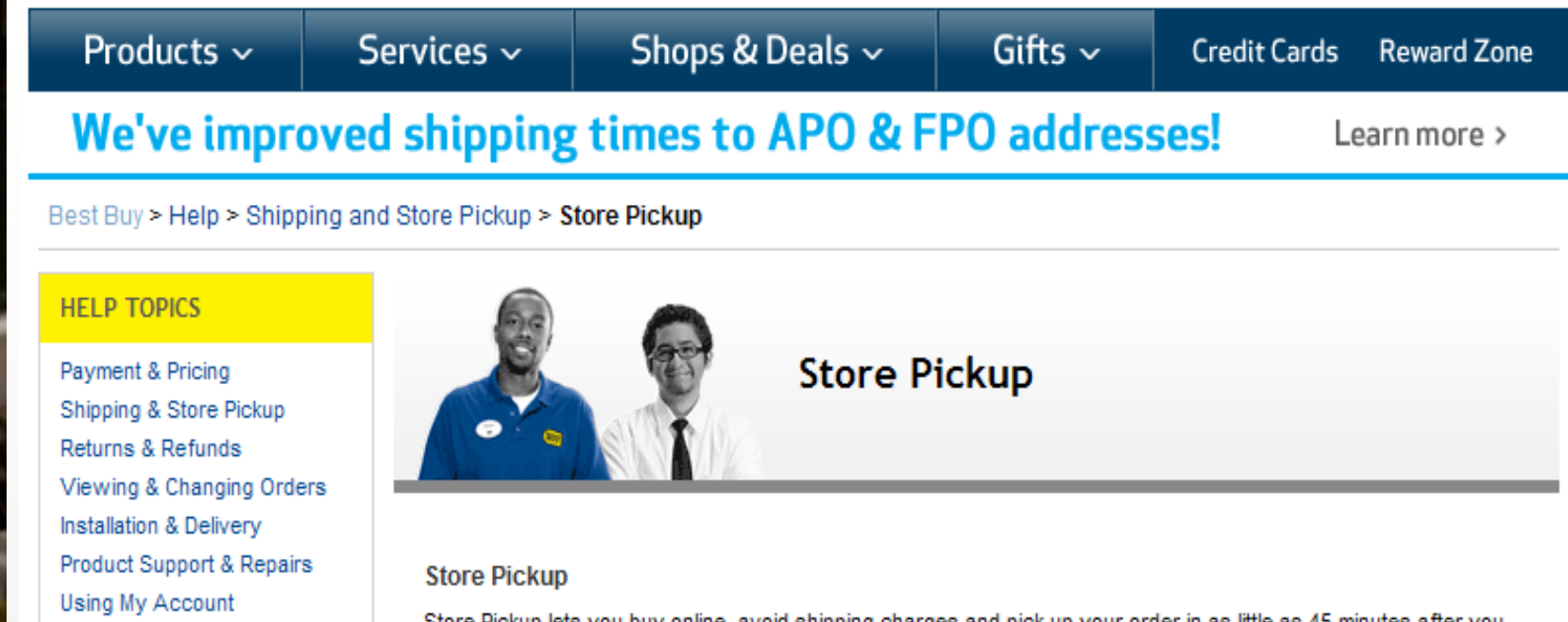
## Benchmark Multi-Channel: Best Buy

„...pick up your order in as little as 45 minutes after you place it.“



**NO SHIPPING. NO WAITING.**  
Buy online. Pick up in store TODAY. [Learn more >](#)

- 95% more sales with multi-channel customers
- With 80% higher margin!



Products ▾ Services ▾ Shops & Deals ▾ Gifts ▾ Credit Cards Reward Zone

**We've improved shipping times to APO & FPO addresses!** [Learn more >](#)

[Best Buy](#) > [Help](#) > [Shipping and Store Pickup](#) > **Store Pickup**

**HELP TOPICS**

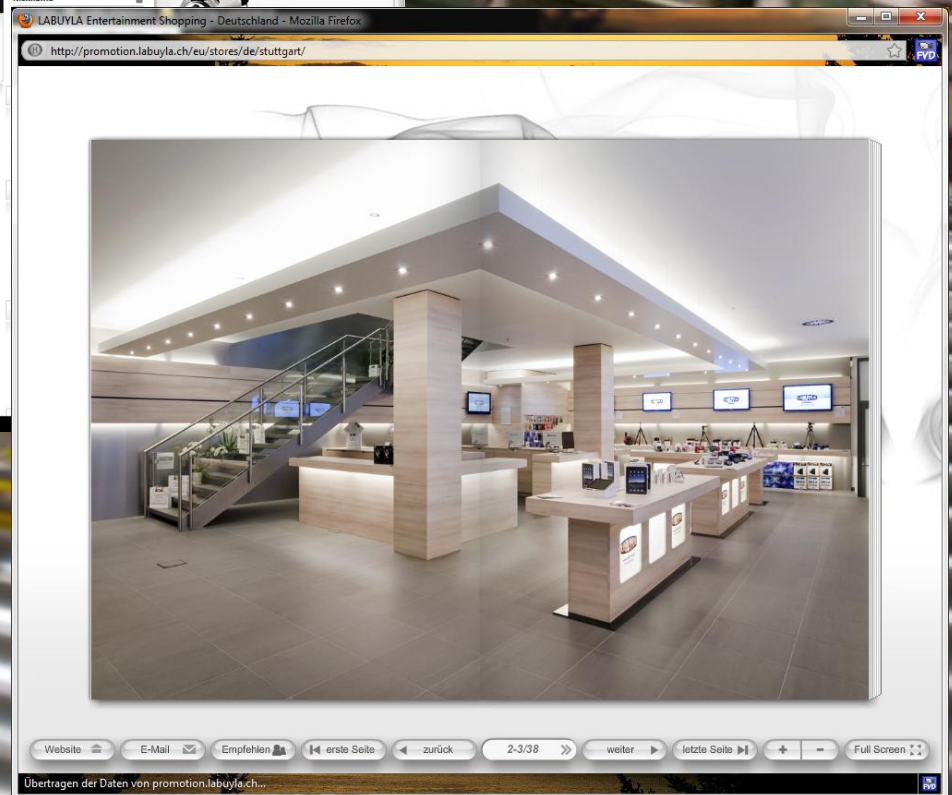
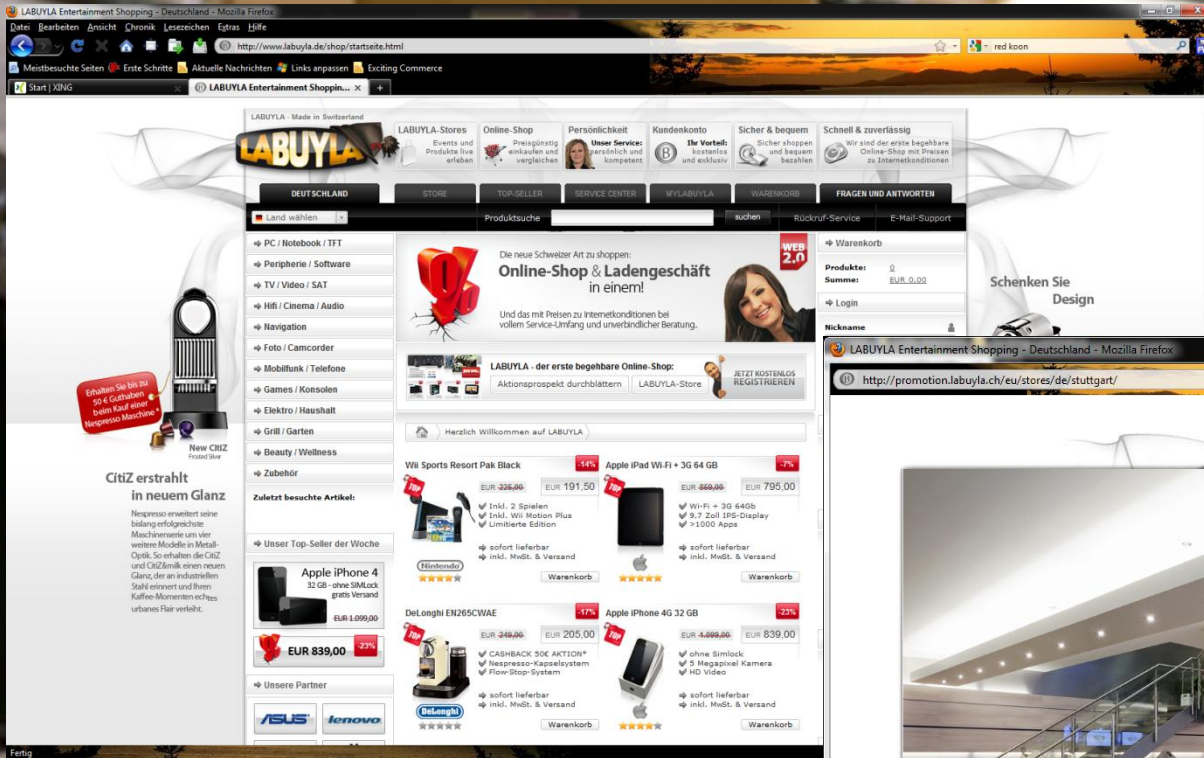
- Payment & Pricing
- Shipping & Store Pickup
- Returns & Refunds
- Viewing & Changing Orders
- Installation & Delivery
- Product Support & Repairs
- Using My Account

**Store Pickup**

Store Pickup lets you buy online, avoid shipping charges and pick up your order in as little as 45 minutes after you

# Benchmark Multi-Channel: Labuyla

## Entertainment shopping via Multi-Channel



The screenshot shows the Macy's website interface. At the top, there's a navigation bar with links for 'for the home', 'bed & bath', 'women', 'men', 'juniors', 'kids', 'beauty & fragrance', 'shoes', 'handbags & accessories', and 'jewelry & watches'. A search bar is on the left, and a shopping bag icon is on the right. A large banner for the 'SEMI-ANNUAL DIAMOND SALE' is prominent, offering 'FINE JEWELRY 30-50% OFF + AN EXTRA 15% OFF SELECTIONS'. A sidebar on the left lists categories like 'JEWELRY' and 'WATCHES'. An overlay for an 'IN-STORE SAVINGS PASS' is shown in the foreground, with text indicating a 'REGULAR PRICE \$275' and a 'YOU PAY \$126.23' after discounts. The pass also mentions 'FREE SHIPPING' and 'EXTRA 10% OFF'.

## Setup

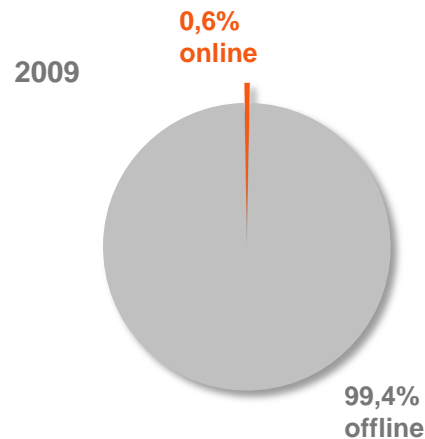
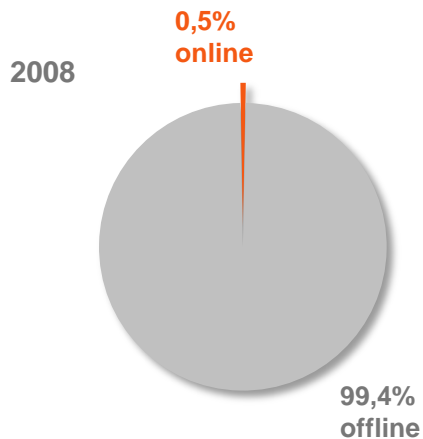
- Online-Shop [www.macys.com](http://www.macys.com)
- 800+ stores in USA
- Catalogue
- Mobile (ishop App)

## Specials

- Macy's ishop App (++)
- Book your personal shopping assistant (+)
- Macy's text messages (+)
- In-Store-Saving-Pass (++)
- Social Media /Social Shopping-Features (Facebook, Twitter, YouTube) (++)
- Macy's TV (+)



| 2008                 |                       |         | 2009                 |                       |
|----------------------|-----------------------|---------|----------------------|-----------------------|
| Sales– Online        | 117 Mio. \$           | + 20%   | Sales– Online        | 141 Mio. \$           |
| Sales – Offline      | 24.775 Mio. \$        | - 7,8 % | Sales– Offline       | 23.348 Mio \$         |
| <b>Sales - Total</b> | <b>24.892 Mio. \$</b> | - 5,6%  | <b>Sales - Total</b> | <b>23.489 Mio. \$</b> |



Source: Macy's Annual Report

# Benchmark Multi-Channel: Argos

## Reservation in store and availability across all channels

- 43% Multi-Channel sales of total sales
- 22% of total sales through „Check&Reserve“!

www.argos.co.uk

Hello | Sign in | Register | My account

Price & stock checker | Store locator | Customer services

My Trolley (0 items = £0)

Search by word or catalogue number  GO > A-Z Index Quick Shop

Kitchen & Laundry | Home & Furniture | Garden & DIY | Sports & Leisure | Health & Personal Care | Jewellery & Watches | Gifts & Hobbies | Home Entertainment & Sat Nav | Video Games | Photography | Office, PCs & Phones | Toys & Games | Nursery | Latest Price Cuts

Most popular searches: Wii Fit | Wii | iPod | ben 10 | Beds | Curtains | Freesat | PS3 | TV | Lego

How to Argos it

- Now even more choice over 20,000 products to choose from
- Have it ready & waiting reserve online for store pick-up
- Collect it today over 725 stores Find your local store
- Save yourself a trip Get it delivered only £5.80 per order
- Easy online shopping

NEW Spring home ideas Including over 500 savings and this seasons latest trends! Browse Spring Home Collection

PICK UP YOUR COPY IN-STORE NOW

### How to Argos it

- Now even more choice over 20,000 products to choose from
- Have it ready & waiting reserve online for store pick-up
- Collect it today over 725 stores Find your local store
- Save yourself a trip Get it delivered only £5.80 per order

Internet only

Lego® Technic Motorised Bulldozer. 396/0305 [...more detail](#) **£97.89**

Home delivery from 2 days\* Cannot be reserved for store pick-up [Check stock in your area](#) [Buy or Reserve >](#)

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LEGO® Technic Off Roader. 081/4904 [...more detail](#) **£69.99**

Home delivery currently out of stock Can be reserved, subject to store stock [Check stock in your area](#) [Buy or Reserve >](#)



### Reserve online

So your items are ready and waiting in-store



Home delivery currently out of stock



Can be reserved, subject to store stock

[Check stock in your area](#)

[Buy or Reserve >](#)



dmc digital media center

Find it. Get it. Argos it.

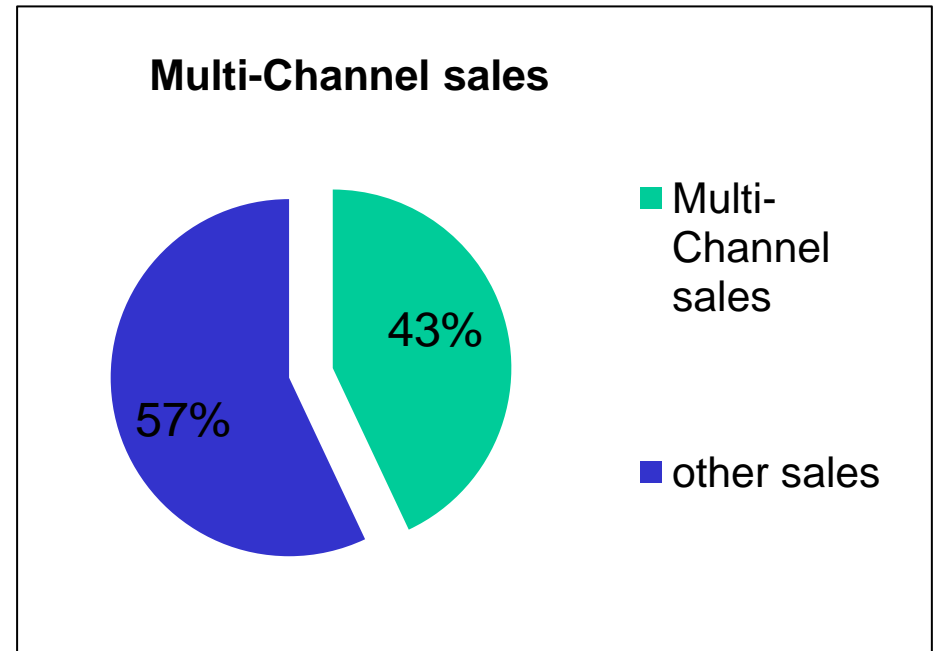
[www.argos.co.uk](http://www.argos.co.uk)



Multi-Channel Sales : £ 1,9 bn.  
(Total sales: £ 4,3 bn.)

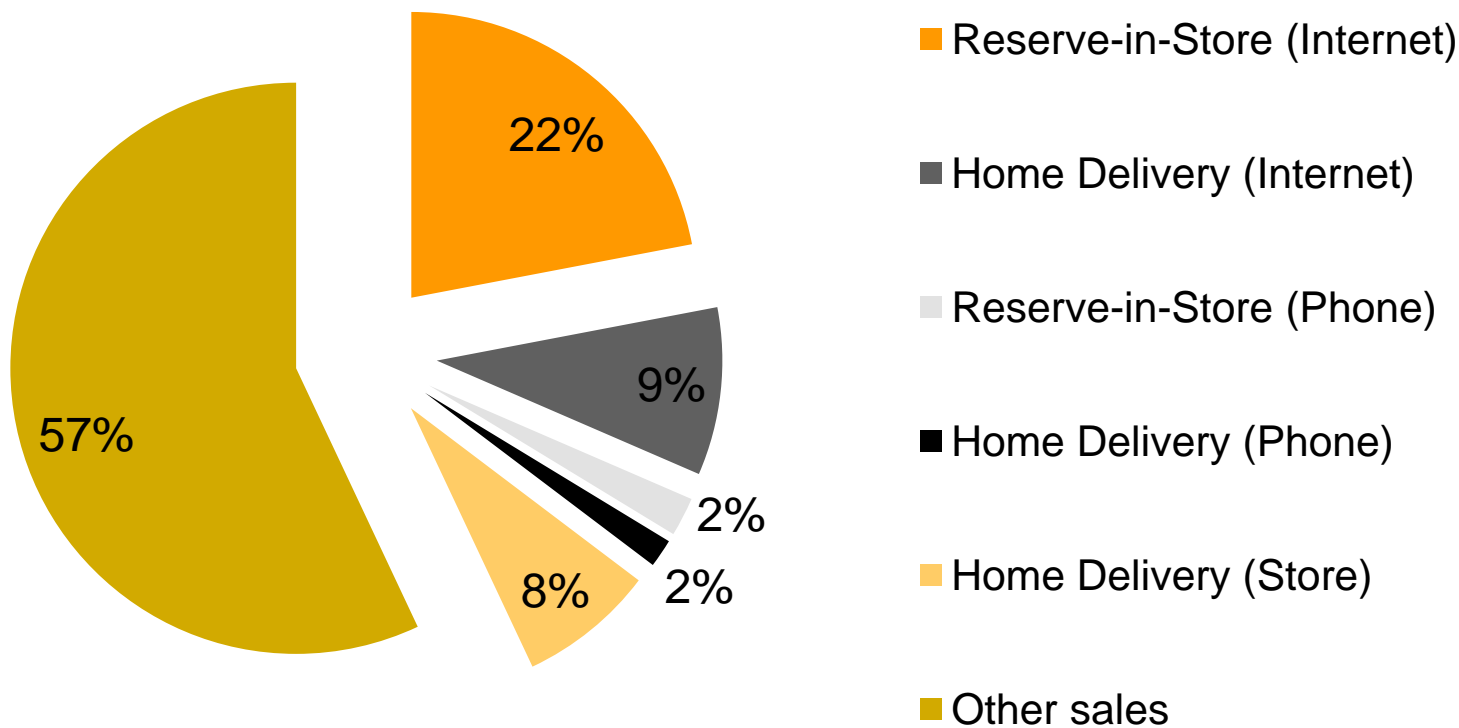
Multi-Channel features realized:

- Traffic of over 300 Millionen PIs
- Visits up 25%



Source: Argos (2010): Full-Year Results 2009

## MCR features used





# Suggested approach for Multi Channel Retailing



From  
Point-of-Sale  
to  
Points-of-Sale



- **Coordinated communication**

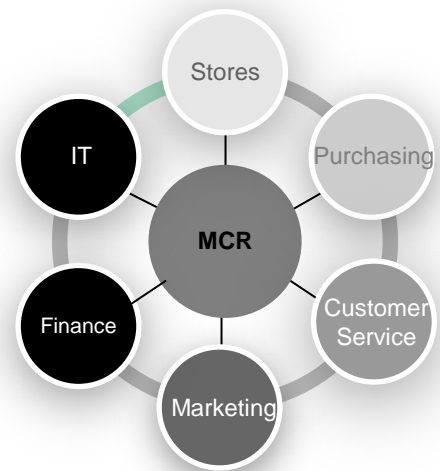
>> Related divisions in the organisation:  
Purchasing, Marketing, Stores

- **Centralized CRM**

>> Related divisions in the organisation:  
Customer Service, Marketing, Stores

- **Core category concept**

>> Related divisions in the organisation:  
Purchasing, Marketing, Stores



- **Common brand and corporate design**

>> Related divisions in the organisation:  
Marketing, (Stores)

- **Complexity and cycle-time reduction**

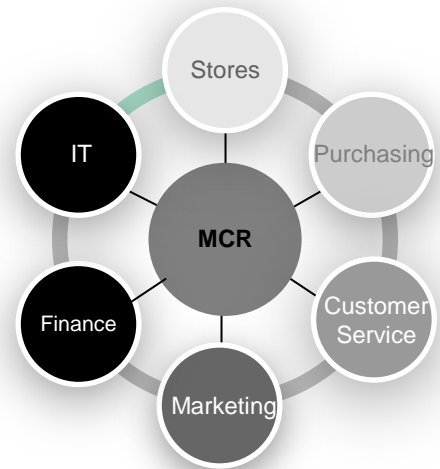
>> Related divisions in the organisation:  
IT, Customer Service, Purchasing, Finance, Stores

- **Channel controlling**

>> Related divisions in the organisation:  
MCR team, Finance

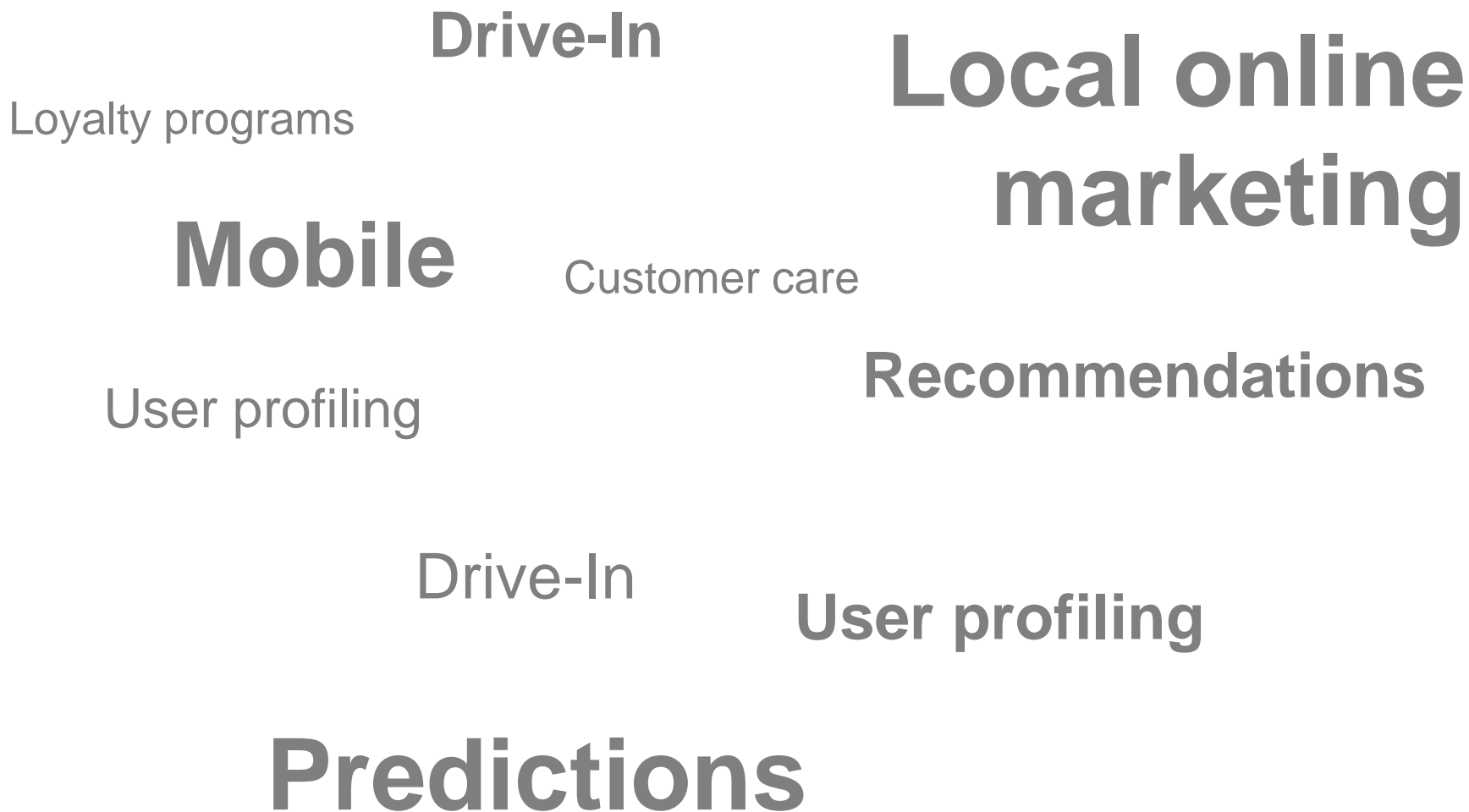
- **Corporate culture**

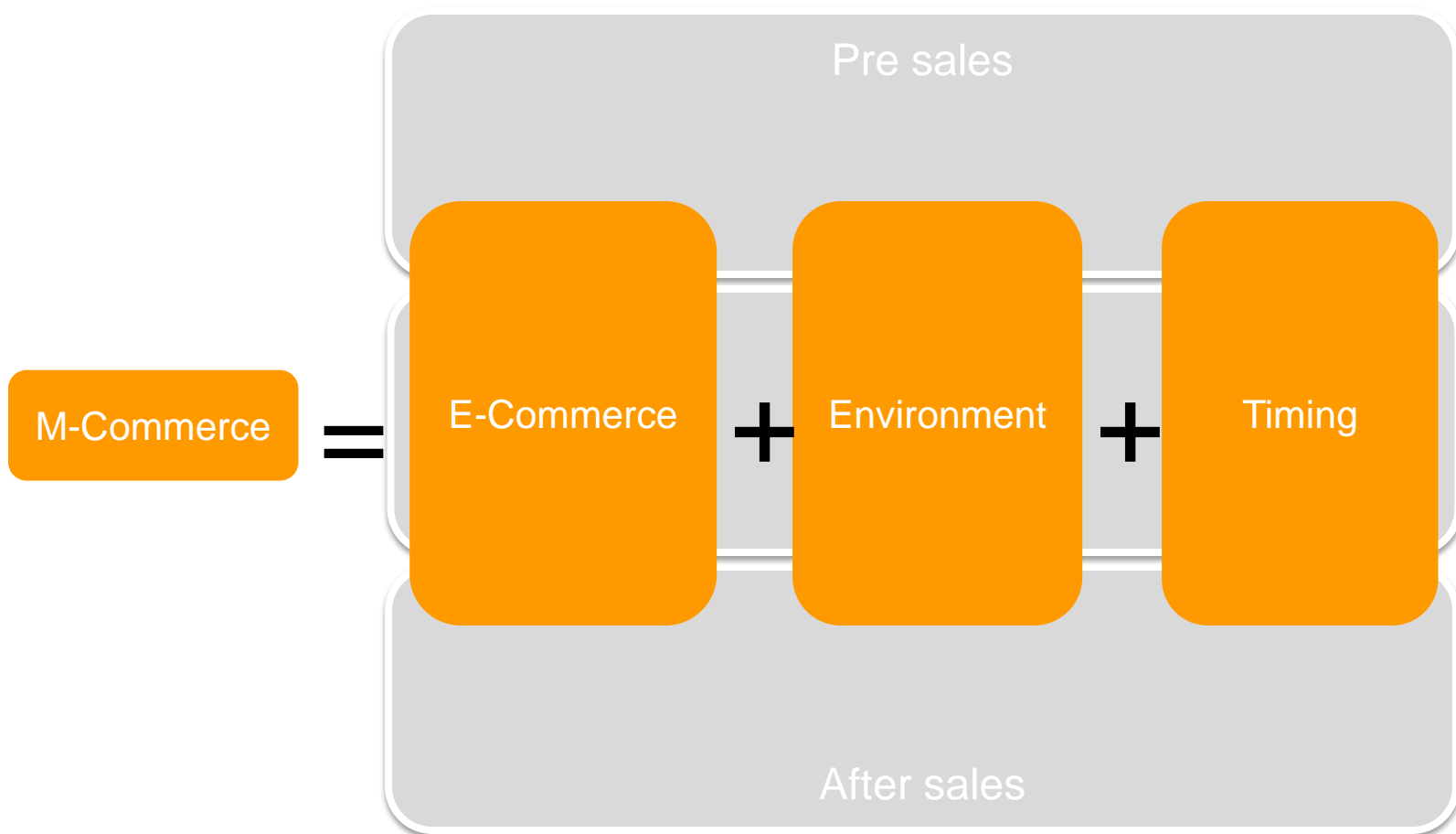
>> Related divisions in the organisation: all !





# Multi - Channel Retailing Outlook







Quelle: Andrew Turner, Drupal and ten GEospatial Web

Check-in at store, scan product and get your coupon



Multi-Channel is **not a future** thing.  
It is already there and **successfully** done.

Be aware of **key success factors**.  
And **prepare** your organization.

Don't be **afraid** of cannibalization yourself,  
or you will be **eaten by others**.

Take care that consumers experience  
is **same on all channels**.

- E-Commerce service company since 1995
- e-commerce projects in 30+ countries (incl. Europe, US, Australia, India, Japan)
- Responsible for ...
  - 100+ Webshops
  - **1.000.000.000+ USD**  
E-Commerce Order Volume/year
  - **5.000.000+**  
E-Commerce Transactions/year
- 350+ employees in Stuttgart (HQ) and Berlin, Germany
- 100+ employees in Bangalore
- Offering Online Commerce services in India and overseas
  - consulting
  - design
  - technology
  - hosting
  - shop management
  - online marketing (SEO, SEM, SMM)

See us at  
Retechnon in  
Mumbai (6th / 7th June)

- # 1: E-Retailing - A perfect storm in India
- # 2: Essence of Retail e-Commerce and its optimization
- # 3: SEO - More Visibility, More Traffic & More Sales for free?
- # 4: Social Media Marketing
- # 5: Customer Acquisition & Retention
- # 6: Mobile Commerce for Retailers
- # 7: Online Retailing using facebook



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[www.xing.com/profile/Daniel\\_Rebhorn](http://www.xing.com/profile/Daniel_Rebhorn)

[www.linkedin.com/in/danielrebhorn](http://www.linkedin.com/in/danielrebhorn)

embitel Technologies (India) Pvt Ltd.

[www.embitel.com](http://www.embitel.com)

[www.smarte-commerce.com](http://www.smarte-commerce.com)

[www.linkedin.com/companies/embitel](http://www.linkedin.com/companies/embitel)

[www.facebook.com/embiteltechnologies](http://www.facebook.com/embiteltechnologies)

## Thank you for your interest!

## Any questions?

