



eTail

eCommerce Innovation Briefing

October 24, 2017

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Overview

In our reports and conferences, we pride ourselves on showing our audience a behind the scenes look at the most successful eCommerce and omnichannel retail initiatives.

As a retail executive, it is more critical than ever to stay abreast on how new technologies and strategies are deployed to gain advantages in customer acquisition and retention. With the growth of Amazon taking place besides massive store closings announced by large retailers like Macy's, Sears, and JC Penney, the risks and rewards of omnichannel innovation and eCommerce cannot be understated.

In this brief report, we give a snapshot of how several small and large retailers are accepting omnichannel growing pains, prioritizing customer experience, and reaping the benefits.

How Amazon is Taking to The Skies to Elevate eCommerce Deliveries



When **Amazon** started selling books to an online market in 1998, nobody could have predicted the company's meteoric rise. Today Amazon is one of the largest retailers in the world, and with a catalogue of around 250 million products on offer to its **300 million** customers.

Amazon has had a reputation for innovation from the start. The Kindle revolutionized the way in which people consumed the written word – to the contention of some bibliophiles – by allowing hundreds of books to be stored on a lightweight and portable device. The Kindle's paper and elnk **display** set it head and shoulders above other electronic reader devices.

Amazon Prime offers members unlimited free next-day delivery, as well as access to its Netflix-challenging video streaming service, and a load of other benefits.

Not everything has been a success for Amazon. Its foray into **smartphones** crashed and burned spectacularly – but Amazon has never been a company that dwells on failure for very long. Amazon would rather try something and have it fail, than never try it at all due to fear of failure. "I think neighborhoods, cities, and towns that have evolved are more interesting and delightful than ones that have been carefully top-down planned," says Amazon chief executive, **Jeff Bezos**. "There's just something very human about them."

Amazon Air

Despite offering next day – or in some cases, same day – delivery to its customers, Amazon thinks this just isn't quick enough. And so, in 2013, Amazon unveiled its intention to offer delivery

in less than 30-minutes using unmanned aircraft systems (UASs), better known as "drones".

The announcement was met with understandable skepticism by many. Commentators wondered how Amazon was going to cut through the red tape they would inevitably encounter when seeking license to populate airspaces with potentially hundreds of privately owned aerial vehicles. On top of this, drones have a PR issue in that they are generally seen as untrustworthy by the public.

"A lot of citizens believe that you can weaponize UAS," said **Mario Mairena**, Government Relations Manager for the **Association for Unmanned Vehicle Systems International (AUVSI)**, at the time. "Nothing could be further from the truth – you cannot weaponize UAS in domestic airspace."



Image source: [amazon.com](https://www.amazon.com)

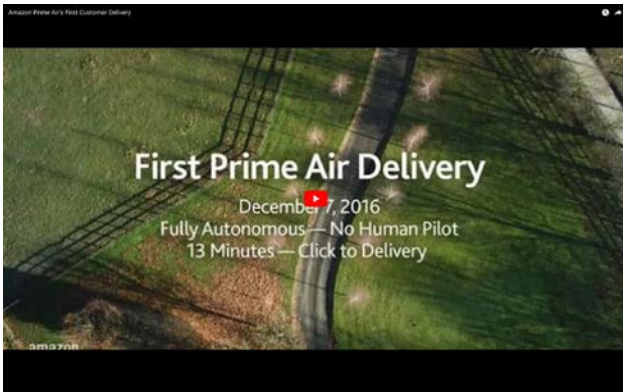
"Privacy is also a concern," he said, "with some worried that these flying robots will lead to the type of 'constant surveillance' allowed by military drones. This too is a misconception because non-military UAS are battery operated, and their flight times may range between 15 and 90 minutes, making it difficult for them to spy on anyone for extended periods."

Early Success

Fast forward to 2017, and **Amazon Prime Air** is almost ready to go live, having already

completed its first test delivery in Cambridge, UK, delivering an Amazon Fire Stick and a bag of popcorn to a customer within 13 minutes of the order being placed.

The system is still awaiting government approval before it can be rolled out properly, but the initial test shows it can work – with a few caveats.



Video source: [youtube.com](https://www.youtube.com/watch?v=813d3333333)

Presently, the delivery radius is limited to just a few miles of the distribution center, and packages can weigh no more than five pounds. It's also necessary for the recipient of the delivery to have a sizable outdoor area to their property in which the UAS can land.

A human pilot – even working remotely – may be able to increase the landing accuracy of the UAS, and therefore enable delivery to smaller properties. However, the automated UAS presently being used necessitates a wider area to compensate for slight navigational discrepancies.

Atmospheric conditions are also limiting the scope of the service. Deliveries are presently only permitted during daylight hours with low winds and good visibility. Rain, snow, high winds, and icy conditions all render the service unavailable.



Image source: [amazon.com](https://www.amazon.com)

While this may not be too much of an issue in climes such as those found in California, it's likely to pose problems for Amazon customers in regions with less reliable weather conditions, such as Canada, England and Scotland.

However, Amazon has stated the restrictions are temporary, and as data is gathered and safety can be assured, it will expand the conditions under which Prime Air can operate.

To the Moon and Back

Despite the initial skepticism felt by many when Prime Air was first announced, it's clear Amazon was being deadly serious. One of the main issues with ordering a product online – compared with walking down the high street and picking it up personally – is in having to wait for it arrive. Amazon Prime Air aims to drive delivery times down to the lowest they've ever been, getting products into customers' hands in less time than it would take to put on their shoes on and find the car keys.

The last word goes to **Jeff Bezos**. "We like to pioneer, we like to explore. We like to go down dark alleys and find out what's on the other side. It will work, and it will happen, and it's going to be a lot of fun."

Innovative delivery methods is set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

Download the Etail West 2018 Agenda to learn more.

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How Backcountry.com Is Delivering an Award Winning eCommerce Service



Beginning life with just two guys selling avalanche beacons from a Park City, Utah, garage in 1996, **Backcountry.com** has been in the ecommerce business since the infancy of domestic internet. Today Backcountry.com provides its customers with everything they could possibly need to explore the great outdoor spaces of America.

With a brand portfolio which covers everything from **cycling**, to **motorsports**, and even a European outdoor gear supplier based in **Germany** – Backcountry.com knows what it means to do business in the modern global space.

Backcountry.com doesn't just sell equipment for outdoor activities, but is an active participant in those communities as well. With arranged company expeditions and trips, and perks such as allowing dogs in the office – Backcountry.com takes work-life balance very seriously.

"Backcountry is a family of ecommerce websites, with a mission of connecting people to their passions," said CEO, **Jonathan Nielsen**. "So,

we only operate in specialty retail spaces [...] where customers are very passionate about their products. We look to hire people [...] who want to work in a growing company which is evolving with the way consumers shop online and the way they interact with brands, and consumers who are passionate about the outdoor space.

"I think we have a really unique opportunity here, given where we're located, and the fact we operate in passion-based industries, to attract people who have worked really hard, in really interesting places, solving big problems. I really feel I have the best confluence of a compelling career and a lifestyle that allows me to live as holistically as possible."

Delivering Innovation

Backcountry.com has been at the forefront of ecommerce innovation since before the term had even been coined. When the topic comes up, minds inevitably turn to factors such as how brands engage with their audience on social media, or whether their app has a cool new feature which makes the online experience simpler or more fun for their customers. However, Backcountry.com have recently been recognized for innovation in an area often ignored in such discussions – the mailroom.



Image source: themuse.com

In all the excitement around mobile and social media, the fact that ecommerce companies need to process orders and get them shipped out to customers in the most efficient manner possible sometimes falls by the wayside.

The United States Postal Service (USPS) however, are obviously rather invested in this element of commerce and present an annual Innovation in eCommerce Shipping Award to any company it feels has gone above and beyond in their efforts to innovate their distribution centers.

The CVP-500

Backcountry.com was nominated for the Innovation in eCommerce Shipping Award 2017 when a USPS representative was given a demonstration of its new **CVP-500** automated packing solution while on a tour of the company's facilities.

Able to produce more than 350 packages every hour, the CVP-500 represents a quantum leap forwards in the way ecommerce products can

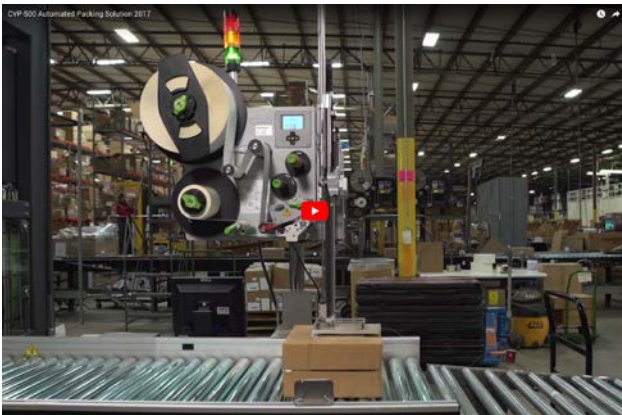
be delivered. Cardboard is taken from a ream and automatically cut to fit each laser-measured package – meaning less packaging per parcel, and less wasted material. The machine then neatly wraps the item in the packaging material, which is then weighed before the appropriate postage sticker is applied.

Not only are savings made in the packaging materials used, but the speed at which the CVP-500 operates allows for more deliveries to be loaded on each outgoing truck, further reducing the per-delivery cost.

The CVP-500 saves ecommerce companies between \$1 and \$2 per package. For a busy company such as Backcountry.com this can translate to thousands of dollars saved every single day. Not only can these savings be passed on to the customer to keep checkout-applied shipping prices down, but the machine's efficiency means consumers can receive their items quicker than ever.

“Many shippers believe that the customer experience ends with the ‘order’ button, but it’s important to note that it’s actually shipping (including returns) that concludes the experience of online shopping and alters customer lifetime value,” said **ProShip**, the company which developed the CVP-500.

“For instance, when an online shopper is presented with a single shipping option of receiving their item after the date they need it



Video source: [youtube.com](https://www.youtube.com/watch?v=...)



Many shippers believe that the customer experience ends with the ‘order’ button, but it’s important to note that it’s actually shipping (including returns) that concludes the experience of online shopping and alters customer lifetime value.

by, an average of 47% of the shoppers will abandon their cart and go with a competitor's site that offers better delivery options, so the customer can receive it within the timeframe needed. And that's nothing – 54% of shoppers will abandon their carts because of expensive shipping. That's more than half of your customers!"

A Win-Win Situation

In identifying the benefits of innovating, not just in the way the company engages with or makes sales to its clients, but also in the way each order is completed at the final stage, Backcountry.com has figured out how to retain more customers and cut down on abandoned cart rates – all while reducing unnecessary overheads.

The last word goes to **Jeff Carter**, Senior Vice President, Fulfilment Operations at Backcountry.

com. "It's great to be recognized by a national shipper for innovations that not only benefit us but also benefit the environment and the carriers. Ultimately for us, the CVP-500 leads to more efficient processes and reduces costs."



Backcountry is a family of ecommerce websites, with a mission of connecting people to their passions

Hear Diana Seung, EVP for merchandising, Backcountry.com at Etail West 2018 this coming February.

Download the Etail West 2018 Agenda to learn more.

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MOBOVIDA INCREASES REVENUE PER MESSAGE BY COMBINING PERSONALIZATION AND SEGMENTATION

↑33%
REVENUE
PER MESSAGE

THE COMPANY

Mobovida began selling mobile accessories online in 2001, operating the leading direct to consumer online retail store in the space, CellularOutfitter.com. With over 4 million customers, CellularOutfitter.com sells thousands of factory-direct mobile accessories for every brand of phone like Apple, Samsung, Motorola, HTC, and LG: all at wholesale prices.

THE CHALLENGE

While the Mobovida team had for years done an outstanding job acquiring new customers, they knew that in order to continue scaling the business they needed to strengthen their customer relationships and ultimately drive more repeat purchases.

Unfortunately, the technology on which the team depended was limiting their ability to do this effectively. First, because of their inability to engage with customers in real-time, the Mobovida team **had to rely on two separate systems to execute promotional and behaviorally-triggered campaigns** like welcome series and cart abandonment recovery. This led to uncoordinated messages and ultimately higher unsubscribe rates. Secondly, the main platform was **unable to track and leverage anything more than the most basic customer behavior data**, so their ability to segment and personalize campaigns was limited.

TO LEARN MORE ABOUT HOW ZAIUS IS HELPING B2C COMPANIES EVOLVE AND SCALE REVENUE, VISIT WWW.ZAIUS.COM OR CALL US AT 877-658-2570.

Zaius allowed us to communicate with customers on a more personal level, which dramatically improved the effectiveness of our email campaigns.

KENNY SMITHNANIC
Director of Marketing, Mobovida

THE ZAIUS SOLUTION

The Mobovida team set out to find a solution that empowered them to more intelligently target and personalize their customer communications based on a wealth of behavioral data. They chose Zaius as their marketing platform because it empowered them to:

- **Segment their customers more intelligently** to increase relevancy of their customer messages and reduce dependency on their legacy recommendations engine
- **Personalize their campaigns** based on a comprehensive history of each individual customer's browsing and purchase behaviors
- **Consolidate marketing systems** so they could better coordinate customer communications and reduce unsubscribe rates
- **Optimize their advertising spend using attribution** to understand the ROI of retargeting existing customers versus acquiring new customers

THE RESULTS

It wasn't long before the Mobovida team began to see remarkable results. Armed with a better understanding of how and why their customers shop, as well as the ability to segment customers and personalize their email campaigns based on that behavior, **Mobovida increased their revenue per send by 33% compared to their previous marketing platform.** Mobovida's intelligent targeting and dynamic, **personalized content had a massive impact on the effectiveness of their content** and ultimately, their ability to drive revenue.

As Mobovida continues to add new campaigns and optimize their existing campaigns, they're looking forward to extending the success of personalization to top-of-funnel campaigns. Because Zaius stitches previously anonymous browsing behavior to newly-identified shoppers, even the opportunity to personalize the content of welcome series is huge and expected to lead to significant returns.

How Boon + Gable is Bringing the Personal Shopper into the Digital Age



BOON+GABLE

The idea for startup **Boon + Gable**'s unique take on online fashion retail came from founder Diane Loviglio, a former qualitative user researcher at **Mozilla**. As with many people, Diane realized her busy working life had left her little time for clothes shopping – preferring instead to stick to tried and tested styles.

“I got super frustrated when I went shopping,” **Loviglio** explained. “I was at Mozilla, I turned 30, and I was wearing Teva’s, Gap jeans...and just a solid tee. And that was my uniform. [...] I had tried working with the in-store stylists at local retailers, but didn’t have any success until I met stylist Nicole Chiu-Wang, now Boon + Gable’s co-founder and COO. She helped me at my home, which made so much more sense than helping me at the store.”



Image source: bucketlist127.com

The Problem with Personal Shoppers

Personal shoppers can be very useful when customers need assistance in a brick-and-mortar store. They are familiar with the ranges their store carries and can make suggestions they believe will flatter your build and figure, while also able to put separate items together into a stylish and coherent outfit. However, personal shoppers have a few major drawbacks.

Firstly, they only have access to the items their store has for sale. This means they are unable to source products in other locations and bring them together for the customer. Personal shoppers also often work on commission, meaning their focus can often (understandably) be on making a sale, rather than making certain the purchases are the right choice for the customer.

While personal shoppers can be a great help in-store, their knowledge of individual customers is usually rather superficial. They may know the customer’s name, and can tell a certain amount about them from a chat and a look at how they are dressed at the time – but there’s no way they can know the whole story.

Then there’s the issue of buying clothes online. There’s no way to really tell if the clothes will fit or suit a person until they arrive at their home and they can try them on. This often leads to disappointment, and having to navigate inconvenient returns policies. Virtual personal shoppers and fashion clubs can send suggestions based on user preferences, but there’s still the delay before customers can find out if they like them – and still the returns policy to deal with.

Boon + Gable wanted to tackle all these issues by combining the elements of online shopping which are convenient, with the assistance and service of a personal shopper.

Enter the In-Home Personal Shopper

Boon + Gable has developed an app – available only on **Apple** devices at time of writing – which enables customers to explain a little about themselves, their favorite styles and clothing brands.

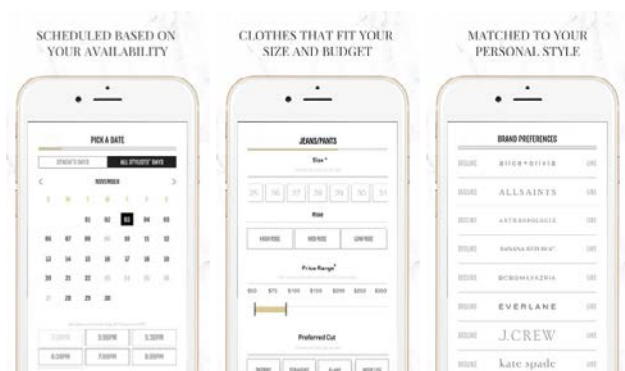


Image source: itunes.apple.com

Once a customer has entered their measurements, budget, personal information, and favorite brands, they book an appointment for a time convenient to them. Boon + Gable's bespoke recommendation engine, Clark, then uses the customer's information to browse the clothing available at local stores and whittle it down to a few hundred items which fit the parameters.

These items are then sent to the mobile devices of Boon + Gable's style experts, who select 20 items they think are the most suitable. The style experts then arrive at the customer's homes at the arranged time, and spend an hour helping them try the items on.

The service doesn't stop there, however. The style experts will also look at the customer's existing wardrobe, and offer suggestions on



Let our style pros do the running around then come to your home and fast-forward you to the good part

outfit combinations which will go well with the new items. Boon + Gable's style experts are paid a wage regardless of whether any items are purchased – so customers never have to feel like they're in for a hard sell.

“Kiia threw a bunch of fun clothes my way with fringes, floral prints and faux suede.” Said **Sarah Bur**, journalist and customer. “I tried all of them on and she gave me a thumb up or down. ‘I don’t like this one for you,’ she’d say. Or ‘What do you think? You could wear it on a night out!’ It felt like a good girlfriend helping me shop – albeit with an ulterior motive to sell me something. But Kiia seemed honest with me on most outfits, confirming what I already knew worked, or not, with my body.”

The idea is, as stylists make more visits to a customer, their recommendations will get better. Boon + Gable will continue to develop and upgrade the software which allows it to make its recommendations, but the company is equally committed to keep building rapport and relationships with clients.

The last word goes to **Diane Loviglio**. “You crash your car, you call a mechanic. You clog your sink, you call a plumber. Hungry? Order in. Style should be no different. It’s time to call a pro. Leave the whole shopping thing to someone who gets a kick out of it. Let our style pros do the running around then come to your home and fast-forward you to the good part.”

Hear Boon + Gable's Diane Loviglio, CEO and co-founder, at eTail West 2018 this coming February.

Download the Etail West 2018 Agenda to learn more.

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How Chubbies is Investing in a Nation for eCommerce Success

chubbies

When the four founders of US-based retro shorts retailers **Chubbies** graduated from university, they worried for the traditional lazy weekends of their youth. It seemed with the working week getting progressively longer, there was less time for people to relax and do the things they enjoyed, instead being forced to settle for extra helpings of work pressures and stress.

“The weekend has definitely become endangered,” co-founder **Tom Montgomery** bemoans. “Are there bigger problems on Earth? Absolutely. But it really bothers me that people are constantly frustrated and stressed, and not taking time to relax and care for themselves.”

The connection was made between carefree youthful exuberance and the wearing of shorts – shorts being the casual antithesis to the smart pairs of pants most working people must wear. And so Chubbies was born. After some initial success selling shorts out of backpacks, Chubbies was ready to take the act online, and subsequently opened its ecommerce store with **Shopify**.

“We wanted to sell our lifestyle to people,” Montgomery says. “When we decided to start this business, we wanted to sell the notion of fun and embody that in every pair of shorts we sold. [...] We saw an intense reaction, we sold out quickly and afterward people were offering to trade their shorts for the ones we were wearing.”



Image source: chubbiesshorts.com

The ChubNation

First and foremost, Chubbies prides itself on being 100% made in America. While this means Chubbies shorts are a little more expensive than those made overseas for a fraction of the cost, people don't seem to mind paying more for a quality, domestically manufactured product. Chubbies calls this philosophy “Investing in a Nation” – looking to spearhead a return to old-fashioned quality American workmanship.

The so-called “ChubNation” – the affectionate name Chubbies has given to its customers and subscribers – extends to the way Chubbies conducts itself online. Customers are encouraged to share pictures and stories of themselves embracing the Chubbies “Save the Weekend” philosophy.



Image source: chubbiesshorts.com

An extensive gallery is given pride of place on the store's homepage and features pictures of everything from people doing sports, hanging out with friends, tending a BBQ, and many funny stunts – such as burning smart pants while wearing shorts. There are also a bunch of old family photos, presumably of customers' parents wearing the same style shorts Chubbies sells – hammering home the message of recapturing one's youth.

"We have a mindset of let's earn their attention and trust," Montgomery says. "We create a lot of content, but the rule is we have to give them something they enjoy or we're simply not going to do it."

A Fresh Approach to eService

Chubbies philosophy doesn't simply begin and end with quirky social media campaigns and hashtags, but permeates every single facet of how the business conducts itself online.

If a customer has an issue with their order or wishes to ask a question, there are no email forms to fill out, and no waiting around for a response. There is, however, a live chat option and a **phone number**. There's even a **guarantee** – if nobody's available to take your call when you ring, Chubbies promises someone will call you back when they become free.

Rather than using the online space as something to hide behind and avoid communicating directly with customers, Chubbies is making every effort it can to speak to them person-to-person. Chubbies also makes returns and exchanges a breeze, allowing customers to arrange it themselves quickly and easily through a **dedicated section** of the website, without any negotiations being necessary. Chubbies even picks up the bill for the postage – even when the return/exchange is not their liability.



Image source: [fastcompany.com](https://www.fastcompany.com)

Dedicating itself to never talking at customers, but instead building online relationships with them, is making Chubbies a success story worth paying attention to. Proving ecommerce doesn't

have to be a robotic exchange of cash for goods, Chubbies is giving its customers as close to a human, retail shopping experience as the online space will allow.

Also set to branch out into winter wear with a line of half-zip tops, and a whole load of **other items** in-keeping with the retro style of its shorts, Chubbies isn't sitting still for a moment. The last word goes to co-founder **Rainer Castillo**, Head of Product, Manufacturing, and Design. "We wanted to bring back what we saw as a critical item for our dads and people of the '80s and '90s, but over time, we had this opportunity to morph from just a shorts company into something else."



We wanted to sell our lifestyle to people. When we decided to start this business, we wanted to sell the notion of fun and embody that in every pair of shorts we sold.

Hear Chubbies' co-founder Rainer Castillo sharing his insights on how to build an online community at eTail West 2018 this coming February.

Download the Etail West 2018 Agenda to learn more.

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How IKEA and Apple are Teaming Up to Create the Showroom of the Future



Founded in Sweden in 1943, by a 17-year old named Ingvar Kamprad, flat-packed furniture retailer **IKEA** has grown into an enormous multinational corporation – boasting 400 locations worldwide. Renowned for its trendy and quality furniture, and restaurants serving a variety of traditional **Swedish dishes** – including its famous meatballs – IKEA has become a household name, especially among millennials.

Apple is a company which needs little introduction, however. Responsible for popularizing the smartphone and making them the ubiquitous devices they are today, Apple has been at the forefront of technology for decades. Smartphones existed before the first iPhone, but they were **complex unwieldy machines** which were little more than PDAs with a built-in phone, until Apple created the simple app based system people know and love.

IKEA

Preferring to bring customers to its brick-and-mortar locations to get its full retail experience, IKEA has been somewhat late to the ecommerce party. However, the brand is looking to change this. Not only does IKEA now offer many of its products online, but also has plans to begin tests in selling items via third-party ecommerce sites such as **Amazon** and **Alibaba**.

“We want to open the doors and give you a peek into the future,” said **Torbjörn Lööf** – head of newly-formed business development and innovation unit, **Inter Ikea**. “I leave unsaid on which [platforms], but we will test and pilot to see ‘what does this mean, what does digital shopping look like in future and what do digital shopping centers mean?’”

IKEA knows its brand is popular with millennials, and is looking to connect with this and other demographics in new and exciting ways. The tests with third-party retailers are set to begin in 2018, with IKEA presumably hoping to draw in those potential customers who default to sites such as Amazon when seeking new products.

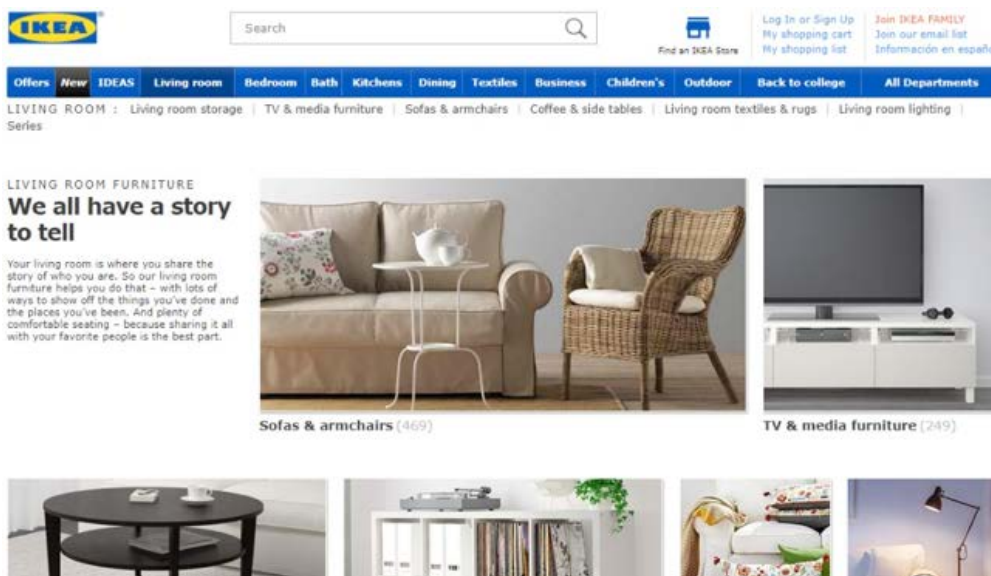


Image source: ikea.com

In Partnership with Apple

How then, does a Swedish furniture and meatball retailer relate to an American technology giant from Silicon Valley?

Apple recently **announced** its intention to begin supporting virtual reality (VR) and augmented reality (AR) in a big way. Steam VR is due to start support for the Mac format, meaning software developers will now have the option of creating virtual experiences for iOS devices. Showing demos – including a VR lightsaber battle with Darth Vader, and an improved Pokémon Go! experience which made the titular monsters appear more of a part of the environment than they had previously – Apple showed it was serious about finally embracing these technologies.



Image source: vrscout.com

However, one of the most innovative ideas to come out of Apple's announcement was a new app made in partnership with the Swedish furniture giants. The new app will enable IKEA customers to use their iPhones to inform their buying decisions in a new and exciting way.

One of the problems people have when purchasing new furniture is picturing just how it will appear in their home. Isolated images on an online storefront rarely give an idea of scale in relation to other pieces. Visiting a showroom can help, but this isn't always convenient, and while brick-and-mortar locations do a good job of trying to create a variety of room layouts, it won't ever look the same as in the customer's own home.

The new Apple/IKEA app is looking to change this by offering customers the chance to turn their own homes into an IKEA showroom. iPhone and iPad users will be able to hold their device up, and, using AR technology, overlay IKEA furniture items onto the display. This will empower customers to see exactly how the items they like will look in their own homes and with their existing possessions.



It's just one among our many initiatives to make our products available for as many people as possible. And we are seeing big opportunities by leveraging upcoming digital technologies to their fullest.



Michael Valdsgaard, Leader of Digital Transformation at IKEA Systems said, “This will be the first augmented reality app that will enable you to make informed buying decisions.” Valdsgaard also indicated plans to include additional ecommerce features into the app in the future: “Ideally, you could put a sofa in your home with the help of the app, and then with one click add it in the shopping cart on the ecommerce site.”

This would allow IKEA customers to not only get a genuine sense of scale and congruence with their existing property and furnishings, but also remove a barrier to making the sale by allowing the purchase to be made directly in the app.

With both IKEA and Apple being popular among millennials, and VR/AR technology being at the forefront of the tech world’s consciousness, this innovative partnership seems like a marriage made in heaven. The last word goes to Torbjörn Lööf. “It’s just one among our many initiatives to make our products available for as many people as possible. And we are seeing big opportunities by leveraging upcoming digital technologies to their fullest.”

Virtual and augmented reality technology is set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

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How Kroger is Taking Uber Steps to Innovate Grocery Deliveries



Image source: businessinsider.com

With revenue at \$115,337 million, and its place at number 18 on the [Fortune 500](#) list, [Kroger](#) is the largest grocery supermarket brand in the United States. Beginning life way back in 1883, in Cincinnati, Kroger has seen the world change around it, and has had to constantly remain agile and flexible to keep up with a developing industry.

ClickList

In the second century the brand has operated in, this obviously means embracing the digital world. Kroger adapted to the digital leap by launching its [ClickList](#) web and app based service. ClickList allows Kroger customers to order their groceries online, and then arrange a convenient time for the order to be ready by. Customers then simply collect the order from their local store, where they only need pull up in a designated parking

space, and a Kroger employee will load the shopping for them.

Kroger understands its customers lead busier lives now than ever before, and attach a high value to the amount of convenience a brand can offer them. Gone are the days when one half of a co-habiting couple staying at home to look after the house was the norm. Instead of spending an hour doing the grocery shopping, customers can place the order, and then simply swing by the store on their way home to collect it.

Customers value their time, but they also still value their money. Thankfully, ClickList has this covered as well, as it has functionality which allows customers to apply voucher codes – with some discounts being exclusive to online orders.



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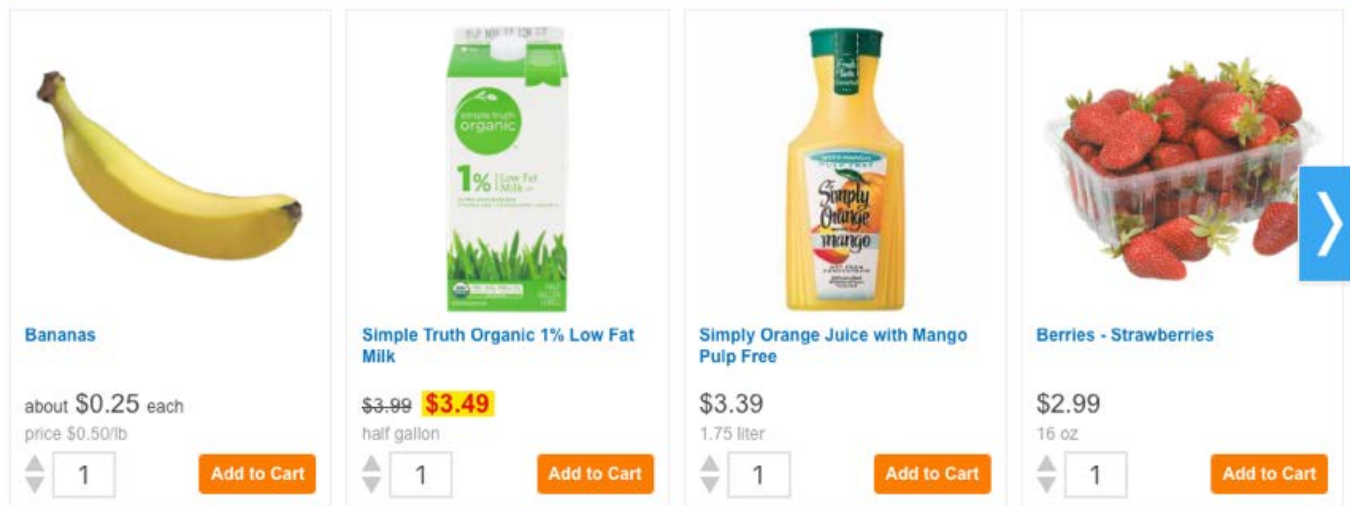


Image source: businessinsider.com

ClickList has another excellent feature which enables customers to streamline their experience even further. When customers set up their account online, they are asked to register their Kroger loyalty card details. While adding this information allows them to use their accrued discounts with the online service, it has another useful feature besides. Information regarding previous purchases is naturally stored by the loyalty card, so ClickList can easily bring up suggestions based on this data.

This means customers can quickly and easily place repeat orders. Most people buy the same things when they go grocery shopping – with only slight variations based on offers, etc. – so, being able to place identical orders at the touch of a button makes the whole experience even more convenient. This method can also save customers money, as it cuts down on the amount of browsing they must do – reducing the chances of being tempted by extra items.

“The site used my Kroger rewards number to populate the items I purchase most often,” said journalist and Kroger/ClickList customer, **Hayley Peterson**. “That made it easy to start building my shopping list. For other items, I used the

search bar and found exactly what I was looking for in a matter of seconds. This saved me at least 20 minutes of criss-crossing the store in search of random ingredients. And it was so easy to compare prices. Gone are the days of wandering around the condiments aisle trying to pinpoint the cheapest ketchup or mustard brands in a sea of dozens of choices.”

Uber

Unfortunately, Kroger’s position as king of the grocery supermarket is far from stable. With retail giants Amazon and Walmart both venturing into their market, Kroger needs to remain agile to compete. ClickList is a fantastic service which has proved popular with Kroger’s customers, but improvements can always be made.

“As our customers change and evolve, we are taking steps to meet them where they are and more importantly where they are going,” **Rodney McMullen**, Kroger’s chairman and CEO, said. “We’re making meaningful investments in digital. We feel great about these investments because customers tell us they are important to them.”

Kroger is therefore looking to make online grocery shopping even more convenient for customers by offering home delivery alongside the click-and-collect service. However, instead of hiring new staff and purchasing an entire fleet of vehicles, Kroger is partnering with ride-hailing taxi company, [Uber](#).

Initially tested in a select few locations, with more to be added as the scheme rolls-out, customers can choose whether to collect their order in-person, or have a local Uber driver bring it to their home. Not only does this initiative offer more convenience to the customer, but also helps support local economies, by offering additional jobs for drivers. Taxi work can often be unstable,

therefore the chance of earning regular income by facilitating Kroger deliveries will likely be welcomed.

Offering new and increasingly more convenient methods to shop for groceries will help Kroger keep up with the competition. The last word goes to Kroger CEO, [Rodney McMullen](#).

“We’re testing with Uber delivery in several locations with plans to expand in 2017, where our customers can order through ClickList and choose to have their groceries delivered by a local Uber driver. We could stop these investments given the headwinds our industry is facing. That might make our results look better today, but we are playing for the long-term.”



Kroger is therefore looking to make online grocery shopping even more convenient for customers by offering home delivery alongside the click-and-collect service.

Home delivery and click-and-collect services are set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

Download the Etail West 2018 Agenda to learn more.

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How Levi Strauss & Co. is Using Artificial Intelligence to Create a Virtual Stylist



Levi Strauss & Co. began life in 1853 when the eponymous Bavarian emigrated to San Francisco, California, with the original intention to open a West Coast branch of his brother's dry goods store. However, one of Strauss' customers – a tailor named Jacob Davis – came to him with a business idea.

Davis had noticed customers coming back time and time again with damage to the pockets and button-fly of their denim jeans. This gave him the idea of using copper rivets to reinforce the heavy fabric at the weak points. Unfortunately, Davis lacked the capital to put his idea into action, so approached Strauss – who owned the store from which Davis purchased denim material – with the idea of going in together on the venture.



Image source: seeklogo.com

The new partners were granted a patent on the riveted jean design and the world's most iconic brand of denim jeans – **Levi's** – were born. Initially worn by West Coast working men, such

as farmers, cowboys, and lumberjacks, denim jeans became fashionable in the 1950s-1980s among subcultures such as mods, rockers, greasers, and hippies. From these humble beginnings, denim jeans became more and more popular, until becoming the ubiquitous fashion items they are today.

The Death of the Cowboy

The wild west, and the rugged cowboy image on which Levi's built its name is long gone. And as times have changed the jeans manufacturer has changed along with them. Diversifying its product portfolio to include other types of clothing, as well as khaki brand, **Dockers** – plus **Signature**, and **Denizen** – represents just a portion of Levi's commitment to keeping up with a changing marketplace.

"With our roots as a traditional wholesaler and brand, we did not really have direct-to-consumer interactions," said former Senior Vice-President and CIO at Levi Strauss & Co., **Roland Paanakker**. "With little retail of our own (though we had plans to expand our bricks-and-mortar presence) and no direct digital presence, we had a lot to do to position ourselves to engage directly with consumers. You have to be much more responsive and nimble to meet their needs."

"A couple of years ago, we started to shift the entire organization toward operating in real time," Paanakker continued. "To get there, we're emphasizing the technology side of the house. We needed to shore up IT's relationship and credibility with business leaders by creating an IT structure that matches the business structure."

Embracing digital technology is another way Levi's has kept itself up to date. Teaming up with Google, Levi's created the "Levi's Commuter Trucker Jacket with Jacquard by Google." This "**smart-jacket**" combines classic Levi's hard-wearing fashion design, with Google digital

technology to create a garment which uses conductive Jacquard Thread woven in to link to a mobile device via Bluetooth. With a tap or brush of the cuff, the wearer can control music, screen phone calls, or get directions.



Image source: phandroid.com

“We wanted to make a garment, not a gadget,” says **Ivan Poupyrev**, head of Google’s Advanced Technology and Projects (ATAP). “And working with Levi’s to create the manufacturing process for the jacket, I think we’ve come a long way toward achieving that goal.”

Virtual Stylist

However, one of the most exciting developments coming from Levi’s is in how digital technology – and specifically artificial intelligence (AI) – is being leveraged to create a fantastic ecommerce experience for its customers.

Levi’s virtual stylist program uses an AI chatbot which can assist customers with purchasing decisions – 24-hours a day. Designed with **TrueFit** technology, the virtual stylist helps customers find a pair of jeans which fit and look great – cutting down on dissatisfaction and returns. The AI incorporates the same training Levi’s employees receive, and is programmed to ask questions, such as, “How do you like your jeans to fit through your hips and thighs?”, and

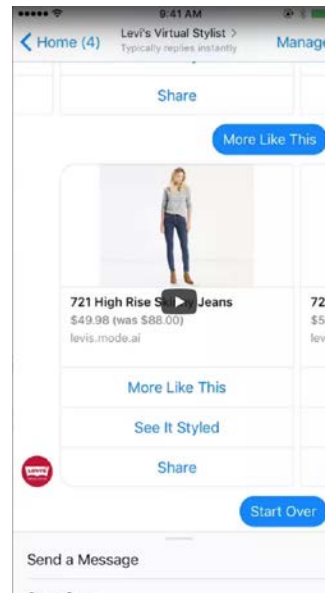


Image source: youtube.com

considers factors such as leg shape, rise, and stretch, to give the best recommendations possible.

The service is available online, on mobile, and even via Facebook Messenger (see video above), meaning Levi’s customers always have access to professional advice – even when shopping on the internet.

The last word goes to Marc Rose, Executive Vice President and President of Global Ecommerce at Levi Strauss & Co. “We are on the leading edge of a challenge that all retail companies face today – how to create a seamless and personalized shopping experience for consumers, and new technologies like our Virtual Stylist are integral to that evolution at Levi Strauss & Co. No matter where the consumer chooses to shop, we want to give them a personalized experience that leverages our expertise in fit and style to address the biggest challenge of finding the pair of perfect-fitting jeans.”

Hear Levi Strauss & Co.’s Grant Barth, chief merchandising officer, at Etail West 2018 this coming February.

Download the Etail West 2018 Agenda to learn more.

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How Target is Turning Cartwheels Over its Ecommerce Initiatives



With revenue at \$69,495, and its place at 38 on the **Fortune 500** list, **Target** is America's second largest discount store retail brand behind Walmart. Founded in Minneapolis in 1902 as Goodfellow Dry Goods, Target has been serving the people of America for over a century and offers everything from toys and technology to clothing and furniture.

Target hasn't survived for this long by being afraid of innovation and has several programs running to make sure it is up to date with the latest trends in retail technology. Not least among them are the ones dedicated to creating exciting and unique experiences to its ever-growing base of ecommerce customers.

One such initiative with the codename "**Goldfish**" was recently scrapped. Details are scant, but it seems the program was considering ways of allowing third-party sellers to offer their products through the Target website – much in the way that the Amazon Marketplace operates.

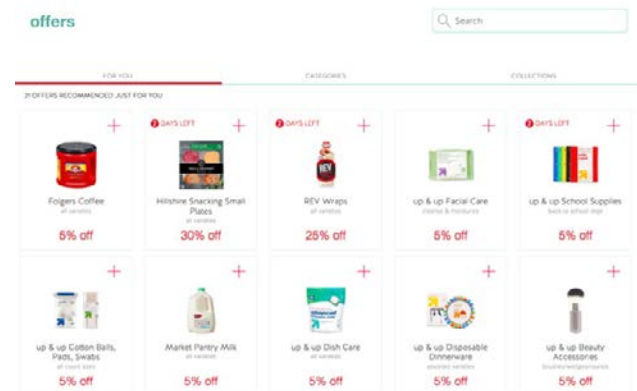
While some innovations are doomed to be flushed like the proverbial goldfish, there are others which have survived and come to fruition.



Image source: bizjournals.com

Cartwheel

Cartwheel is Target's omnichannel discount savings and rewards program. Initially beginning life as an independent service, Cartwheel was recently merged with the main **Target app**. Customers download the Target app onto their smart devices and they can start accruing points with every purchase they make – both on and offline. The app also gives them access to exclusive rewards and discounts which would otherwise be unavailable.



If customers don't have access to a smartphone or tablet, they can still take advantage of Cartwheel. Customers can browse the offers online, then print a unique barcode which they can present in-store in the same way as a coupon. This ensures all Target's customers can have the best chance to access Cartwheel initiatives and not just the tech-savvy.

"We know our guests love a great value, and Cartwheel offers another fun and easy way to save money at Target," said **Casey Carl**, Target's president of multichannel, at the launch of the service. "Cartwheel bridges the in-store experience with social technology to help our guests discover and share personalized deals and inspiration with their friends."

Target Restock

Restock is another fantastic ecommerce initiative Target is deploying to stay relevant in the online age. In July 2017 Target REDcard

holders in the Minneapolis area could test the service, with a planned nationwide rollout to follow shortly afterwards.

Target Restock allows customers to quickly and easily fill an online shopping cart with their everyday essentials and have them delivered next day for a flat rate of \$4.99 per box. The box can weigh a maximum of 45lbs and a progress bar shows customers how much space is left before its full. The program started with over 10,000 items available and has already risen to 15,000.

With a quick and simple way for customers to order everyday items, Target hopes to shape itself into an online convenience store. "Target Restock is all about making the Target Run easier and helping our guests save time in their busy lives," said **Mike McNamara**, Chief Information and Digital Officer at Target. "We look forward to seeing how guests in our hometown market respond to this new offering."

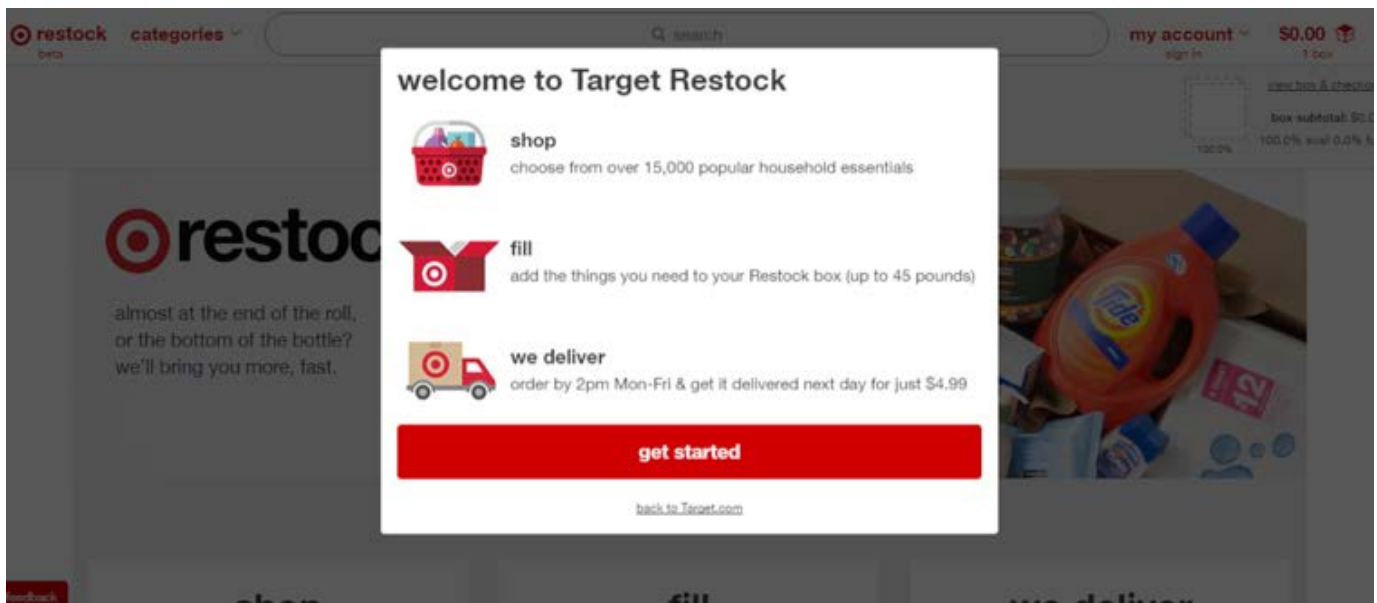


Image source: [target.com](https://www.target.com)

Virtual Showroom

A big part of Target's business comes from the sale of furniture. However, one of the issues customers have with purchasing new furnishings for their homes is it's often very hard to imagine the items in situ. Pictures of furniture online rarely have a sense of scale, or how they look when placed in a home.

One solution is to visit a physical showroom where mock homes will often be set-up, but this isn't always convenient.

Target is attempting to correct this issue, by offering customers an online virtual showroom. Customers can choose from four different styles of home – modern, farmhouse, mid-century or traditional – and view selected furniture items within it in 3D. Customers can then select the items they see in the showroom and add them to their basket with a click.

Target's virtual showroom employs the same special effects technology seen in Hollywood blockbusters, with the company looking to employ around 40 new CGI artists to further develop the service.

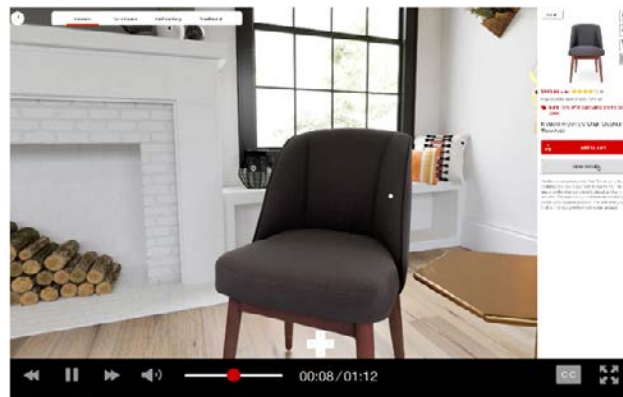


Image source: [target.com](https://www.target.com)

It's clear Target isn't holding back when it comes to innovating their ecommerce business. Whether through omnichannel reward schemes, online convenience stores, or virtual showrooms, Target is showing the kind of thinking which has kept it around for over a century.

The last word goes to **Mike McNamara**. "We're constantly searching for new ways to inspire our guests and make shopping at Target an easy and inspiring experience. And we're just beginning to tap the power of CGI with this virtual reality living room – there's a ton of potential to create even richer, engaging digital experiences for our guests."



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Virtual technology is set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

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How The Home Depot is making the eCommerce Unfriendly, Friendly



Founded in 1978, **The Home Depot** aimed to build the biggest home improvement superstores America had ever seen, while retaining the “mom and pop” store sensibilities which identified smaller businesses. “Bernie and I founded The Home Depot with a special vision – to create a company that would keep alive the values that were important to us. Values like respect among all people, excellent customer service and giving back to communities and society,” said co-founder, **Arthur Blank**.

Today, The Home Depot boasts over 2,000 locations, spread all over North America – including Canada, Mexico, The District of Columbia, Puerto Rico, The Virgin Islands, and Guam – and has in more recent times embraced the worlds of digital technology and ecommerce.

Two Types of Customer

The Home Depot has two types of customer it serves on a day-to-day basis – tradespeople and the public. Tradespeople make up a smaller proportion of The Home Depot customer base, but contribute nearly half of the revenue. This is because contractors tend to buy larger quantities of materials more regularly, while the public tends to make one-off large purchases, or cheaper everyday items.

“We have a much more intimate relationship with [contractors],” **Kevin Hofmann**, The Home Depot’s CMO explains. “They don’t need a store map; they know our store. The marketing challenge there is more relational. It’s, ‘How are we helping them make money on their job?’ It’s more B-to-B versus B-to-C.”

For regular consumers, however, it’s a slightly different story. “Sometimes they’re there to pick up paper towels or laundry detergent,” says Hofmann. “Other times they’re there because they’re doing a \$30,000 kitchen remodel. Trying to pick up those signals is a big challenge, and it’s a different type of message.”



Image source: homedepot.com

These two types of customer are looking for different things from their Home Depot online experience as well. “The contractors are heavy mobile users – they’re hardly ever in front of a tablet or PC, and they’re more interested in product features, specifications, price, and if we have contractor-like quantities available,” Hofmann says. “The average consumer is engaging in once or twice-in-a-lifetime purchases: granite versus quartz counter tops, figuring out what that means.”

This means that the digital marketing strategy is slightly different for each type of consumer – the public receives targeted online messages with content such as DIY guides, while professionals get product specifications and bulk purchase deals.

eCommerce Unfriendly

The issue The Home Depot had was that many of its products are what may be described as “ecommerce unfriendly.” There is generally more to purchasing building materials or kitchen and bathroom suites than simply making the purchase and receiving the goods. Consumers will generally want advice or recommendations on the installation and/or use of many of these products.

This naturally causes problems for online ordering.

The answer The Home Depot came up with for the issue of ecommerce unfriendly products was a robust omnichannel strategy. If a customer knows what they want and orders a product online, they can arrange to collect it in-store and have their questions answered while they’re there.

Inversely, if they need advice ahead of making a purchase, they can travel to their nearest brick-and-mortar location and speak to one of The Home Depot’s staff. If they are then ready to place an order, the staff member can do it on their behalf with the smartphones carried by all Home Depot personnel. Alternatively, if the customer needs to think about it a little longer, or make measurements etc. they can place the order online themselves when back at home.

“Our economic engine used to be driven by new square footage,” says CFO **Carol Tomé**. “However, our crew have shifted away from that model by integrating digital and in-store shopping, paying particular attention to products that tend to be unfriendly for ecommerce. Customers who crave in-person advice can now order via the website but pick up at a retail location, or select items in-store and buy online from smartphone-wielding sales associates. We had to invest in the experience that our customers wanted.”

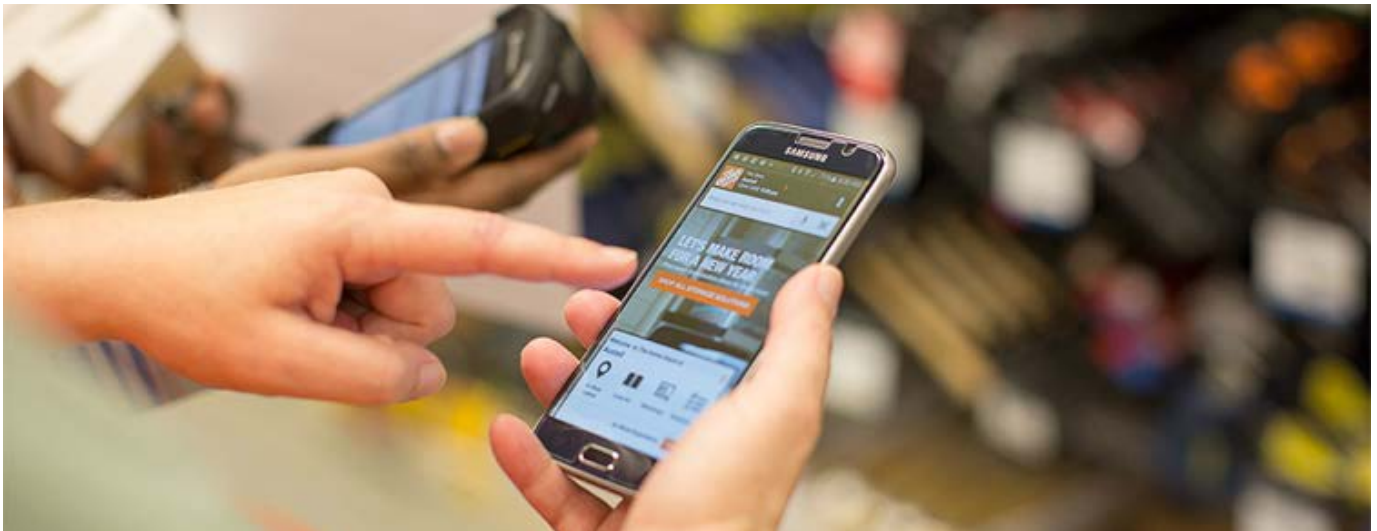


Image source: adweek.com

Augmented Reality

The Home Depot is also using augmented reality technology to make ecommerce unfriendly products more accessible to online customers.

Smartphone savvy customers can use their devices' cameras to overlay products in their home. For example, if a customer wants to see what a new countertop may look like in their actual kitchen, they can. Customers can also take photos of their walls, and then test different colors before settling on a pot of paint.

Whether through making it easy for customers – both professional and amateur – to get the right advice after or before a purchase, or using digital

technology to inform buying decisions, The Home Depot is clearly dedicated to befriending their ecommerce unfriendly products.

The last word goes to CMO, Kevin Hoffman. “One of the biggest barriers for consumers is visualizing, so we’ve blended the physical and digital world. We’re solving the challenges of home improvement with digital tools: knowledge, know-how, buying guides, expertise. It may not result in an online transaction, but it results in a more confident, knowledgeable consumer in the store, buying paint. People are more likely to buy paint from a place if they can say, ‘they helped me out.’”



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Ecommerce-unfriendly products are set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

Download the Etail West 2018 Agenda to learn more.

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How Walmart is Taking the Fight to Amazon Prime for the eCommerce Throne



Walmart is the world's **largest company by revenue** – netting around \$485 billion, according to the **Fortune Global 500 List**. However, its position at the top means constantly looking for new and innovative ways to keep its huge network of stores in pole position.

Amazon has recently been making roads to disrupt physical retailers with its own foray into the brick-and-mortar space. **Amazon Go** is looking to revolutionize the concept of the self-serve convenience store – making it only natural for retail giants to want to hit back, by taking a swing at the ecommerce market.



Image source: [wikipedia.org](https://www.wikipedia.org)

Walmart has been offering ecommerce solutions to its customers for some time now, but it's only relatively recently they have been taking things seriously and looking at avenues to really innovate the ways in which their products are accessed online. Recent highly publicized acquisitions of **Jet.com**, **Hayneedle.com**, **Shoes.com**, **Moosejaw**, and **Modcloth.com**, have also demonstrated Walmart's commitment to becoming a key ecommerce player.

However, Walmart has realized it holds a key advantage over Amazon which it can leverage to offer services the online kingpin simply cannot – its nationwide network of physical store locations. Amazon may have its sights set on brick-and-mortar stores, but Walmart is already there, at the top of the game.

Walmart is therefore looking for opportunities to bring the in-store and online arms of its business together, to offer customers unique ways to access its products and services.

"Meeting customers' needs is critical as they adopt more digitally-driven lifestyles, expectations increase, and, increasingly, shopping options do not require a trip inside a store," explained **Jeff Muench**, Sr. Director of Business Development at Walmart. "By rethinking stores and testing new ideas with customers in real-life stores, we are improving customers' experiences and making it easier than ever for them to get what they need as quickly and easily as possible."



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Endless Aisles

Being tested in select stores, the endless aisle system is one of the ways in which Walmart is seamlessly integrating its in-store and online shopping experiences.

A kiosk placed at the end of a physical aisle allows customers to access the entire online Walmart inventory. If a customer has come to a location looking for a specific product, only to find the store doesn't carry it, they need simply access the terminal and place an order.



Image source: designretailonline.com

They can then arrange to either collect the item from the store, or have it delivered to their home. Any disappointment a customer may feel by having not been able to buy the product they were after is likely to be tempered by them being able to order it. The endless aisle concept also reduces the chance of a customer visiting a competitor's store after an unsuccessful trip – meaning fewer lost business opportunities for Walmart.

Walmart Prime

One of Amazon's most notable products is its Prime membership service. With Prime, Amazon customers pay \$99 per year to gain access to streaming services such as Amazon Video and Amazon Music, as well as unlimited next day delivery on items – at no extra cost. With **Prime Air**, drones are set to take to the skies to offer delivery in thirty minutes or less – also at no extra cost to subscribers – making Amazon's competitors are understandably nervous.

Walmart already attempted to compete with Amazon Prime with its ShippingPass service. ShippingPass offered unlimited delivery for \$49, but a lack of engagement by Walmart customers resulted in the service being **pulled**, and subscribers refunded. Walmart replaced ShippingPass with an offer of free shipping for orders exceeding \$35 to all customers, but hasn't given up on trying to come up with an alternative to Amazon Prime.

“Two-day free shipping is the first of many moves we will be making to enhance the customer experience and accelerate growth,” **Marc Lore**, president and CEO of Walmart ecommerce said. “ShippingPass was a great way to test what we ultimately wanted to offer customers.”

Again, Walmart realized its greatest asset was in its brick-and-mortar stores. While their attempt to compete with Amazon Prime directly had failed, an almost inverse strategy may have more success.

Many companies which have an online and physical presence already give customers the option to avoid shipping costs by having their order delivered to a local store instead of their homes. The customer gets an email, SMS, or phone call, informing them when their order has arrived and is available to collect. With the final leg of a package's journey being the most expensive, this option allows both the retailer and the customer to save money, at the cost of a modicum of convenience.



Image source: wellconnectedmom.com

Walmart decided to take this incentive one step further, however. From April 2017, Walmart began offering its online customers discounts on thousands of products if they selected the option to collect their items in-store. The amount of discount varied between products, with low-cost but heavy goods seeing the most significant reductions.

By effectively paying customers to collect their packages in-store, Walmart once again demonstrates it understands the value of omnichannel marketing strategies. Instead of viewing ecommerce and in-store retail as two competing revenue streams, Walmart views them as complementary. In doing this, Walmart

not only offers a tangible alternative to Amazon – with real differences in the benefits on offer to customers – but also draws more people into its stores, increasing the opportunities for additional business.

The last word goes to Walmart CEO **Doug McMillan**. “The acquisitions have received a lot of attention, but our plan in e-commerce is not to buy our way to success. The majority of our growth is and will be organic. The acquisitions are helping us speed some things up. So overall, we’re making progress in providing the seamless shopping experience our customer’s desire and we will keep moving along this journey.”



The acquisitions have received a lot of attention, but our plan in e-commerce is not to buy our way to success. The majority of our growth is and will be organic.

The ever-fading line between online and offline is set to be a hot topic at Etail West 2018, taking place at Palm Springs, California, this coming February.

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