

BABEL

Navigating the nightmare before Christmas:

How retailers can maximise
share of voice and mind

December 2020





What can players in the retail ecosystem do to make the most of new opportunities? How can they navigate and dispel the 'nightmare before Christmas'?



FOREWORD

That the retail sector has taken a massive hit in 2020 is undeniable. That the post-summer period has turned into a 'nightmare before Christmas', is also pretty hard to argue with. However, there is scope for optimism. Even as we look back at the early days of the pandemic, it's possible to identify some positives. In the same month that we saw a record fall in sales, we also witnessed a surge in ecommerce activity, with online shopping as a share of all retail [reaching a record high of 30.7% in April](#). Sales then rose a further 19.7% in May, during which a record proportion of food sales took place online.

There are also high hopes for the Christmas sales build-up. Photos of queues outside bricks-and-mortar stores may be a thing of the past, but that doesn't mean that shoppers aren't willing to wait to snag a bargain. [According to Uswitch](#), almost a quarter of consumers would be willing to wait longer than an hour in an online queue for a £200 discount, and 4% of Black Friday shoppers say they would happily spend six hours waiting. Despite everything that 2020 has thrown at us, there are still opportunities – and sales – to be enjoyed by retailers. And many have already enjoyed success.

So, what can players in the retail ecosystem – from the brands selling to consumers, to the tech companies selling to brands to help them sell to consumers! – do to make the most of these opportunities? How can they navigate and dispel the 'nightmare before Christmas'?

These were among the topics of conversation at a panel event held by Babel. Discussing these issues – and sharing their advice – were Andrew Goodacre, CEO of the British Independent Retailers' Association; Alex Sword, Editor of B2B publications Internet Retailing and eDelivery; Courtney Roe, Head of Global Content Strategy for digital asset management specialist Widen; and Steve Williamson, General Manager EMEA for digital experience company Acquia.

In this whitepaper, we'll examine retail in 2020, share details of the panel discussion, and examine how retailers can adopt new technologies and new approaches to best serve and communicate with the new consumer.

Jenny Mowat, Managing Director, Babel

2020 IN RETAIL

British retail sales plummeted by [a record amount in April](#), as the impact of the lockdown hit high streets across the UK. By September, the [Centre for Retail Research](#) had tallied almost 125,000 job losses in the sector. That wasn't including the more recent announcements from the likes of [Sainsburys and John Lewis](#), both of which were among the big names to report thousands of redundancies this year.

Post-summer, it soon became clear that the initial lockdown was just the first of a rolling – and ever-changing – imposition of measures to curb the spread of Covid-19. Lockdown 2.0 saw a [75% reduction in footfall](#) as non-essential retailers closed their doors for a second time. It was during this period too that the long-term effects of the pandemic have emerged. More than one in eight shops – over 5,500 –

which temporarily closed in March failed to reopen, according to analysis [by the Local Data Company and PWC](#). Furthermore, the government's furlough scheme may have been extended until the end of March 2021, but many retail managers will now be forced to make some serious decisions about their future HR strategies. Employees already laid off, meanwhile, will have to re-train and re-skill. This is what long-Covid means to the retail sector.

As for the short-term, the coming weeks are among the most valuable to retailers. China's Singles Day has come and gone, Black Friday – or Black November as it's been re-branded by many – has hit, and Christmas is just a few weeks away.

There have, of course, been retail successes this year. Who's winning and how can others replicate this success, we asked our panellists?



INFRASTRUCTURE, DATA, SCALE

The “real big winners,” said the British Independent Retailers’ Association’s Andrew Goodacre, are those companies that are already “experts” at trading online and have been doing it for years – the likes of Amazon, ASOS, Boohoo.

In its Q3 report, [Amazon revealed revenues had increased](#) 37.4% to a record \$96.15 billion. This included sales of its own products increasing nearly 33%, and the income from marketplace commissions and other fees increasing almost 55%. European fashion and lifestyle ecommerce brand [Zalando improved its outlook](#) for 2020 after a strong Q3. China’s Alibaba, meanwhile, had (another) storming Singles Day: orders on platforms during the November shopping event [topped \\$70 billion](#).

Apart from internet dominance – something far out of reach for the majority of retailers – what else is behind the winners’ continued winning streak? The key here is having

flexible infrastructure already in place, said Internet Retailing and eDelivery Editor Alex Sword. This infrastructure allows the big pureplay brands to quickly scale up and down as required and to offer an omnichannel experience without having to link in EPOS and data from physical locations – something many ‘traditional’ brands struggle with.

However, that’s not to say that ecommerce is an easy option. In fact, Sword pointed out, it’s quite hard to make ecommerce profitable compared with physical retail. This, he explained, is mainly due to shipping costs: an online brand has to ship to thousands of individual addresses, versus shipping palettes from warehouses to a single store or network of stores. “Scale is the crucial thing,” continued Sword, and “a great logistics network that works at scale,” is something Amazon has – and squeezes vast profits from.

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DON'T HAVE SCALE YOURSELF? TAKE ADVANTAGE OF OTHERS THAT DO

WHAT'S THE STORY?

Sword used the example of supermarket Morrisons, which was the last of the UK's big four to go online, back in 2014. That may seem like a while ago, but it's a fair few years after the ecommerce offerings of its competitors first appeared; Sainsburys, Asda and Tesco were all online in the 1990's.

WHAT DID THE RETAILER DO?

In order to catch-up, make the most of the boom in essential retail, and appeal to the 'stay at home' consumer, Morrisons launched a food box in March. Due to high demand, this was built out into a subscription service for the most popular boxes. Without a mature infrastructure of its own, Morrisons "launched a separate Shopify ecommerce site where people could order a food box for £30," said Sword. "This kind of supplemented their main distribution channels, which were vastly overstretched at this point." The agility and speed at which Morrisons was able to launch, scale up and then diversifying this offering would only have been possible via existing, third-party infrastructure, like Shopify.

WHAT WERE THE RESULTS?

Clearly, Morrisons isn't the only brand to have realised the benefits of using a specialist's existing reach and infrastructure. In its recent [quarterly report](#), Shopify announced \$767.4 million revenue in the third quarter, a 96% increase from the comparable quarter in 2019.

As for Morrisons, the supermarket [reported a surge in sales](#) in the first half of the year, with like-for-like sales up 8.7% over the six months to August. However, profits were down due to Covid related costs.

Having the right infrastructure in place also enables brands to adapt quickly, with minimal impact to their business and operations, and with maximum results.

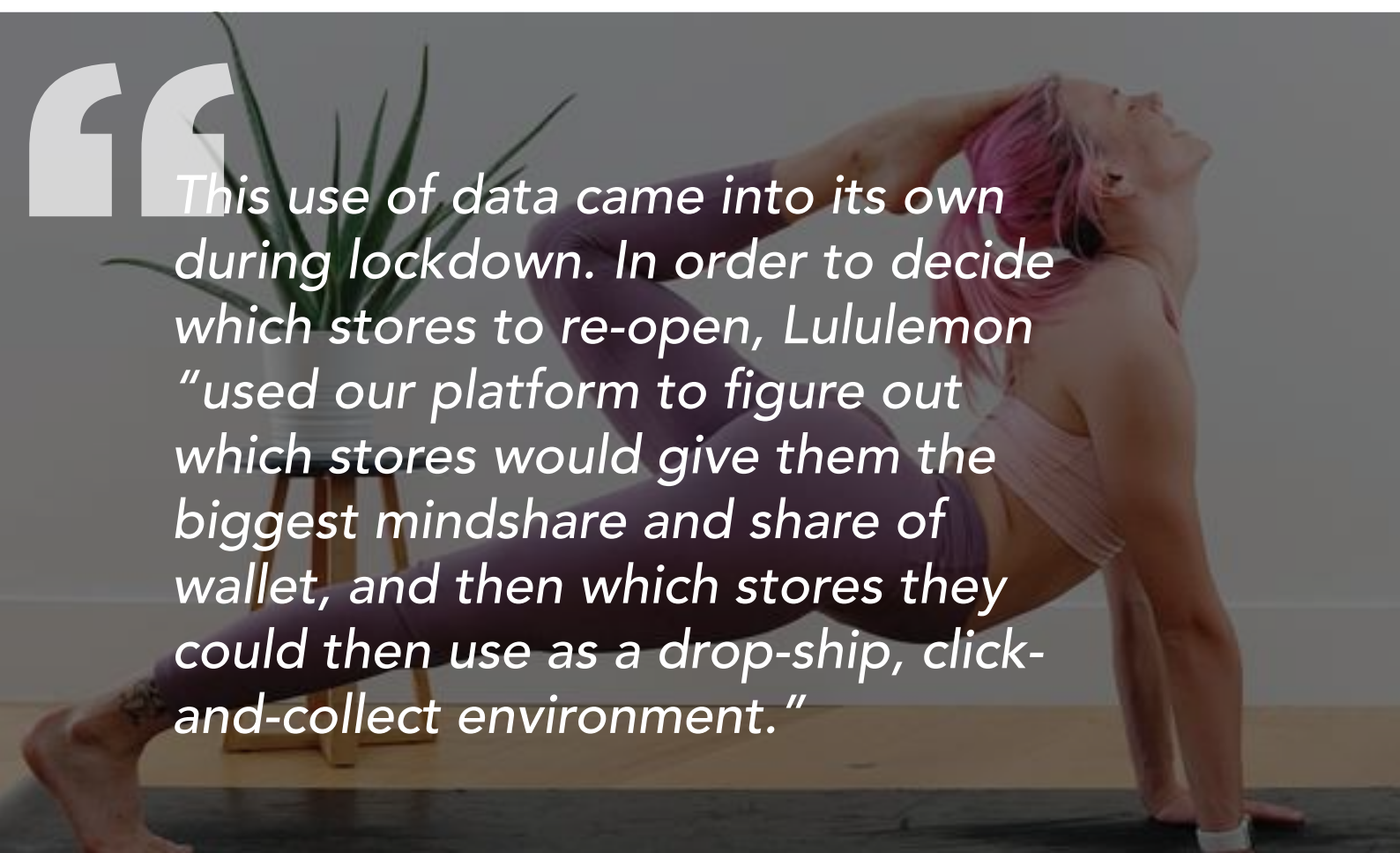
One example raised by the panel was of Lululemon. A non-essential retailer, the yoga apparel and lifestyle brand, like many others, had to close the doors of its physical outlets. However, to deal with consumer demand for its clothing it turned some of these stores into distribution centres. Its insight into its customers – a result of its approach to data management – meant Lululemon could continue to engage with consumers based on brand interactions in a highly targeted way.

Lululemon had earlier partnered with Acquia to collect customer data into a single location. This enabled the brand to connect the dots between its digital and in-person channels and customer touchpoints, understand customers on an individual level, and reciprocate engagement. Lululemon also uses customer data to help inform its manufacturing processes, allowing it to more efficiently move product while discounting more strategically and

selectively. This use of data came into its own during lockdown, as Acquia's Williamson explained. In order to decide which stores to re-open, Lululemon "used our platform to figure out which stores would give them the biggest mindshare and share of wallet, and then which stores they could then use as a drop-ship, click-and-collect environment."

The result? Lululemon's business has not only remained strong in 2020, it's seen significant growth. It beat quarterly revenue estimates in September, with its direct-to-consumer business, which includes its online platform, [rising 155% in Q3](#). This places it in good stead to make a success of its first acquisition: it bought fitness start-up Mirror in June for \$500 million.

Using data to gain that complete 360-degree view of both customers and stores is critical in helping brands to move quickly and adapt. It also offers a vital glimpse into how customers' behaviour has changed and how their demands have shifted due to the pandemic. This, in turn, can help to inform future decisions and help brands plan more strategically.



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BEHAVIOUR HAS CHANGED; THE NEED FOR TRUST REMAINS

How *has* behaviour changed? Well, pretty unsurprisingly, we're shopping online more than ever. **Forty per cent of consumers have bought more goods online in 2020 and 84% have used digital channels—including social media, mobile apps, and websites—more frequently than they did in 2019**, according to [recent research by Acquia](#).

With the increased use of technology by shoppers comes an associated rise

in the expectation they have of a brand. Nearly one third of consumers stated that the digital experience is now more important than ever. Furthermore, nearly one-fifth (18%) would rather interact with brands online. With a multitude of channels available (from email and online forms to chatbots, contact centres, SMS, and rich messaging) and the ease of digital communication (in theory at least), preferences are unlikely to revert to what we saw pre-pandemic.



The preference of online over bricks-and-mortar is supported by feedback from those attending and taking part in our event. When the question was put to the live audience, **50% said they'd be doing all of their Christmas shopping online, and 50% said they'd do a mix of online and in-store.**



50%
do all Christmas
shopping online



+



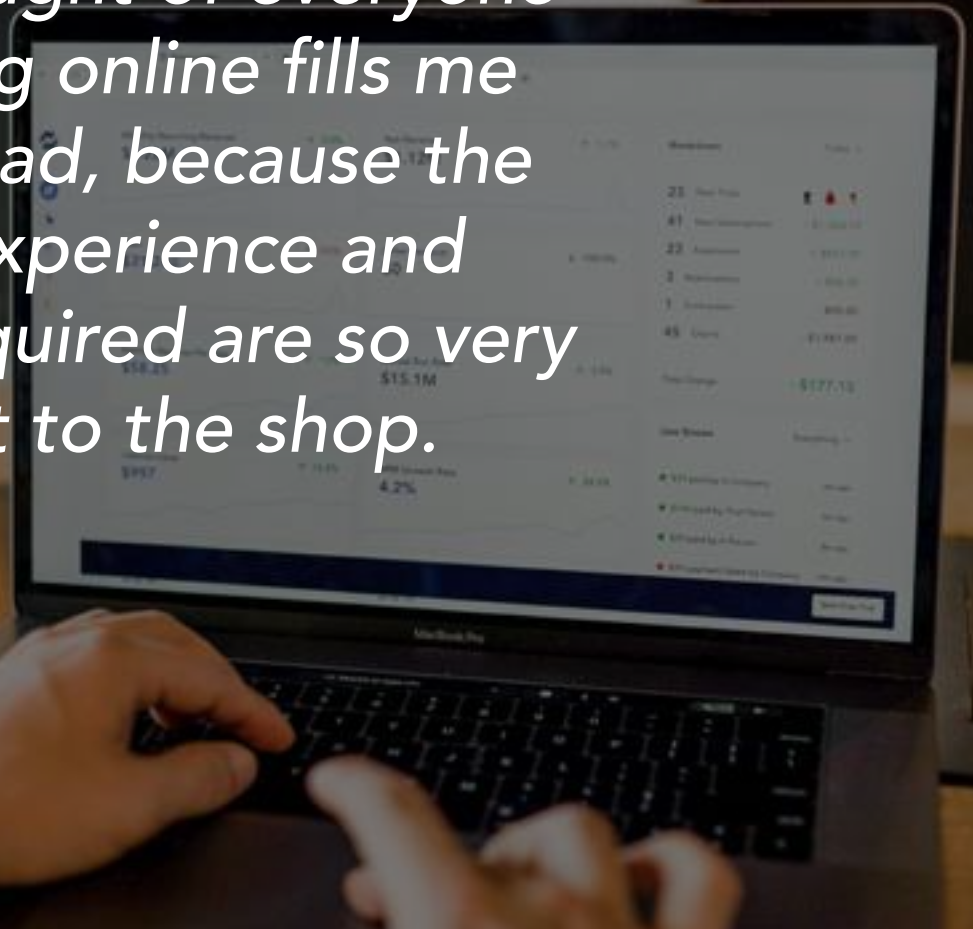
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However, it seems that there remains one significant hurdle for brands to overcome: trust. Acquia found that while 68% of UK marketers believe consumers trust them with their data more now than they did last year, just 57% of consumers agree.

Delivering relevant and timely engagements can help to build trust and for consumers to feel confident in a brand using their data. However, in order to deliver relevant and timely engagements brands need that data in the first place – it's a retail chicken and egg!



The thought of everyone shopping online fills me with dread, because the online experience and skills required are so very different to the shop.



TECHNOLOGY AND THE TALENT GAP

Many brands are unaware that they already have the data they need to effectively engage with consumers – or get started in doing so, at least. What's missing is the tech skills or tech tools to unite siloes of information and then understand how to translate this into action (which in effect means translating it into effective engagements and trust-building CX).

Nearly half of UK brands (44%) note that they face a brand leadership talent shortage and 23% report confusion on where to begin their CX technology journeys, according to Acquia. This is probably even more true of smaller retailers and independents. "The thought of everyone shopping online fills me with dread," Goodacre admitted, "because the online experience and skills required are so very different to the shop." Finding employees with the right skillsets to help

bolster an online presence is a daunting project – especially as already-squeezed budgets aren't likely to stretch into big HR drives.

The solution, posited Williamson, is to use technology. Use technology to gather, utilise and get value from data – as we saw with the likes of Lululemon – and ensure that that technology is itself filling a gap that would otherwise require a skilled human. When thinking about how to handle all this data, Williamson advises, ask yourself: "Can you automate it in a much more machine-like way?" This is a more realistic alternative than the approach many retailers use, of hiring "what I would call – though I shouldn't really – 'brains on sticks', who are very expensive, to try and help out, which is out of the pockets of most retailers." It's all about considering how "you use technology to enable that talent gap."

CONSISTENCY, ACCURACY, TRUST

The panel also shared a second means of building trust: consistency and accuracy in your engagements. Review your online offering and the way in which you communicate your brand and your product to your customers. This involves looking at both the front-end – how your customers view your offering – and the back-end – how you use technology and data to deliver the CX.

An important element of this, said Widen's Roe, is "reviewing your product data to see if there's anything in the wrong categories." This will then allow you to, "think about how you can clearly communicate stock levels, because that's a big deal for customers. They don't want to come to a site and [the retailer] not have what they're looking for." This applies not only to a retailer's website but to every digital touchpoint. When you've reviewed that data insight, Roe advised retailers to "tie that to the rest of your channels. And be sure that you avoid promoting items on social media that might have low inventory, and just frustrate your customers."

Having the right technology in place will help you achieve these things, and gain that agility and scale. However, Roe was also keen to warn retailers: **"I'd recommend not sacrificing accuracy and consistency for speed. We all know that with technology, you need to be scalable, you need to be agile and move fast. But you've [also got to balance that with] the importance of building that brand trust [meaning you have to] be accurate and consistent."**

That's going to be a big player in this."

How can technology help in this regard? Again, review how you manage your data – this includes not only data insights you've gathered, but data in the form of digital assets. Digital asset management (DAM) solutions are hugely valuable in this regard, yet Acquia's data points to low adoption by brands. Only 26% of UK and 35% of global companies have adopted content management systems. Perceived difficulties around adopting new marketing solutions (49%), getting existing marketing solutions to integrate with new ones (40%), and testing new marketing channels (39%), were all reasons for the lack of adoption.

Being able to store, find, edit, and share visual assets via a centralised hub is an important element in agility and adaptability. This is especially true when we consider the dispersed nature of today's remote workforces. Without having to think about the management of assets – the technology does that for you – brands and marketers have more time to be creative, to build brand image and maintain consistency, and gain that all-important trust.

Brands can then "find new ways to serve up rich and meaningful content across all your channels, especially in an omni-channel universe," said Roe. "This is not only going to help you build those engaging experiences for this season, but it's going to build that brand trust and that brand loyalty past the Christmas season." DAM is for life then, not just for Christmas.



PROACTIVE ENGAGEMENT

Finally, trust can be built via more direct customer engagements. The key here is consistency and proactivity – and retailers need to ensure they're equipped with the technology to enable this approach. The likes of Amazon are already winning in this area. Williamson admitted to being a firm fan of shopping ("I love the face to face interaction") and someone who tries "not to use Amazon; I try and use some of the smaller brands."

However, he admitted, Amazon is an effective communicator when it comes to one-to-one interactions: something many smaller brands find difficult. With many smaller brands, Williamson said, "ultimately, sometimes you're just let down by that trust building and let down by your experience. Lack of communication is one area where I would say a lot of retailers can do a far better job of with communicating – even if it's bad news. I think we forget that."

If a delivery is going to be late, inform the customer. If a parcel has gone missing, admit this has happened. If a customer reports an item as faulty, send a replacement rather than doubting your shopper and waiting for the original to return to your warehouse. Finally, don't ignore reviews, including those which present "bad news". Goodacre has worked both with and for small businesses and backs this type of engagement as a core part of any communications strategy. "I used to respond as Chief Executive to every complaint we had," he said. Consistency, speed, and honesty are all part of building that trust: brands must "respond and

acknowledge there's been a problem. Be honest about the solution and then deliver that solution."

However, while consistency is required in the frequency of responses on sites such as Trustpilot, it's still important to tailor your engagement depending on the customer. "There's not a sort of blanket approach," said Sword. **Communicating effectively "requires knowing a bit about the customer and what they might be receptive to: are they a first-time customer? Are they a disgruntled regular customer? All of these things have to be factored into the response."**

Replying to every customer complaint and tailoring every engagement can seem like a daunting prospect for retailers – especially small businesses run and operated by small teams. The key here is to have the right technology in place. This includes data insight and analytics, and a solution which integrates with third party platforms. This must also link up with the infrastructure used to plan and track parcels and logistics, giving you greater visibility of your business operations. As Sword pointed out, if retailers "have a firm, clear visibility of their network, where their parcel has got to, if they're communicating with their carriers and things like that, they can then answer the customer and say, 'yes, this is what happened, we're sorry about this, it will be with you tomorrow.'" As a result, "this kind of negative interaction can be turned into a positive one," by following up with actions such as "offering a voucher for your next purchase."

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WHAT'S THE STORY?

DIY and home improvement were two of the retail winners of 2020, due to hardware stores being classed as essential retail, and consumers spending more time in their homes and gardens. The result, said Acquia's General Manager EMEA Steve Williamson, was "a DIY boom."

Just because consumers are looking – and are able to – make purchases, there's still work to be done to ensure they make those purchases with you. Using customer insight and having the right technology in place allowed brands to adapt to the surge in shoppers. Wickes, a home improvement retailer and garden centre, is one such example.

WHAT DID DO THE RETAILER DO?

"Wickes had a particular challenge," said Williamson. "They used to outsource their CRM data, which cost them a lot, and it was very slow in terms of process." This involved a "two- or three-week turnaround" by the external companies tasked with investigating that data.

So, Wickes adopted a single piece of tech to do the job instead. The retailer used the solution to "harmonise the data across 50 sources, collect the data, and investigate it instantly, with the help of AI and some pre-built algorithms."

The data serves as the foundation for website personalisation as well as personalised emails, SMS messages and personalised customer contact centre communications. Crucially, Wickes was also able to engage with shoppers during their customer journey – right at the point at which they are deciding whether to spend with the brand or opt for a competitor.

WHAT WERE THE RESULTS?

By investing in technology and taking capabilities in-house, Wickes quickly realised significant monthly cost and time savings. The time taken to extract data and launch campaigns was reduced from two or three weeks to a process that is practically instantaneous. As well as recognising and rewarding shoppers who buy more frequently, Wickes has also gained a deeper insight into what people are buying, which can help it make more informed decisions about its loyalty programmes.

RETAILER FORTUNES THIS CHRISTMAS & BEYOND

With just a few weeks until Christmas, we asked our panellists to share their top tips for retailers hoping to maximise revenue. While we were talking specifically about Christmas, the discussion holds weight for any peak shopping period. It's important to note here that maximising revenue isn't only about having the tech in place to allow you to do those all-important things like engaging with consumers and updating your ecommerce offering quickly and easily. It's also about how you communicate what you're doing – and in doing so drive visibility of your brand – with the media.

TELL GOOD NEWS STORIES

What does the media want from retailers in order to communicate how they're improving their offering this Christmas? It's all about good storytelling – evidenced storytelling which includes results and that stands up to scrutiny. It isn't just about a retailer issuing a press release outlining how they've using a certain piece of retail technology or approach. It's about telling the story of how and why they're using it in an innovative way, the problems this is addressing, and the solutions it's providing.

"If click and collect has risen in popularity during the pandemic, which surveys show it has, what are the ways that click and collect can be made to work that will appeal to consumers who are, say, concerned about going into shops because of Covid?" asked Sword, giving the example of homeware

retailer Dunelm which "a few months ago launched a sort of 'to your car' service." Shoppers place an order online and notify the store when they've arrived in the car park. Employees will then carry the order from the store to the car boot.

That kind of story, says Sword, "is really interesting to us." Selling good news stories to the media is all about "finding a way of making something work in a particularly testing time as an example of innovation, and a kind of strategic thinking."

The same goes for every player in the retail ecosystem: so, not only retailers marketing their brand to consumers, but retail tech vendors marketing their brand to their retailer customers.

Alex Sword, Editor of B2B publications Internet Retailing and eDelivery, shares insider info on what the media want from retail sector players

- "We always focus on what retailers are doing rather than a flashy piece of technology."
- "We always want to see something in action rather than hearing about how it'll work."
- "I think the best stories that are coming through at the moment are those that are saying, 'we got this company online, this retailer, in two days – distribution, front-end etc. they're now selling this many units online. This has completely changed their business.'"
- [We're looking for] "stories of retailers, the companies these tech companies have worked with, that are doing great things and succeeding in the environment."
- Think about selling solutions to problems, not selling a piece of technology: "Retailers have a lot on their plate – they're not hunting for some new technology, they're just thinking, 'how can I get this done more easily; what's on my to do list today?'"
- "It's about being grounded in the practical. People aren't interested right now in future gazing, they just think – what can this do for me now?"

A black and white photograph of a person sitting in a room that is completely covered in newspapers. The person is wearing a grey sweater and has their hands clasped in their lap. A newspaper is held over their head, completely obscuring their face. The newspapers are stacked and layered everywhere, creating a dense, textured background. The lighting is soft, and the overall mood is one of being overwhelmed or buried in information. A large, stylized quote mark is positioned at the top left of the image, framing the text.

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Selling good news stories to the media is all about finding a way of making something work in a particularly testing time as an example of innovation, and a kind of strategic thinking.

BE NIMBLE AND ACT QUICKLY

Whatever you do, advises Goodacre, do it now. "There's no room for apathy and lethargy," he advises, and all retailers of all sizes need to realise that their business needs to change along with the many changes we're seeing in the "dynamic" retail sector of today. "Don't be afraid of change," he said, and the shifts we've seen in 2020 should be seen as "opportunities, not threats."

Be agile, be nimble, and be able to pivot: all of these approaches require the right underlying technology. Yet amidst all the talk of tech, our panellists also agreed that the human element should not be lost. This includes ensuring your own (human)

workforces are trained and skilled in using the required retail technology; that the data-driven insights you have can be translated into engagements that mimic the traditional in-store, human experience; and that in addition to technology you turn to real humans for help too!

"We've often said to people: speak to an expert in this area, speak to people who can advise you," said Goodacre. For many brands, expanding their digital offering and/or adopting new retail technology marks their entrance into "a new area", and in this already saturated market, "they've got a very short time span to make a very positive impression."



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CONCLUSION

Major ecommerce companies will always have a significant share of the online market. Their businesses were built on – and for – technology. But that's not to say that others cannot command a sizeable and profitable stake. This includes smaller businesses, independents, and those which have not historically had an online presence.

Adopting the right technology, of course, plays a significant role in this. But it's how you use the technology, and the long-term strategy you employ, that will also make a difference. Agility, customer experience and engagement, as well as investment in your team and an effective PR and communications strategy, are all critical to success.

At Babel, we're well aware of the dynamic nature of the retail and technology markets,

and work with both brands and the media to create opportunities from this rapid pace of change. This means creating, reviewing and adapting messaging which aligns with and capitalises on the news agenda – while always remaining on-brand. It means finding engaging ways to share content and tell stories. It means taking a proactive approach to media relations and engaging with the right influencers at the right time.

All of this helps ensure maximum impact for our retail technology clients. It's a strategy that has worked well before 2020, and one that's never been more important as we look to post-pandemic recovery in 2021.

Interested in finding out about how Babel's approach to PR and communications could work for your brand? [Drop us a line](#) – we'd love to hear from you.

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