

# RETAIL LAB

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## Lessons in mobile and personalisation from Shop Direct



Shop Direct reported another year of double-digit growth earlier this month as full-year profits rose 43.6% to £150.4m. Group chief executive Alex Baldock (below) said he was already confident in another "record year" for the pure-play etailer's next set of results as it invests in artificial intelligence tech for Very.co.uk. So what can other retailer's learn from Shop Direct's tactics?

### It's not all about conversion

One of the things bemoaned by retailers is the gap between mobile traffic and sales, as shoppers spend hours browsing items on their smartphone without ever making it to checkout.

However, Shop Direct has bucked this trend as mobile purchases comprised 62% of overall sales at the etailer in its last financial year. So why are its shoppers proceeding to checkout?

Baldock says the use of personalisation is a vital tactic in grabbing shoppers' attention in the "three-second audition" of online retail.

He also stresses that lamenting the gap between mobile traffic and sales is the wrong way to think about online shopping.

"All the talk about conversion maybe misses the point. What we need to understand is not each individual 10-second interaction with us, it's each customer's journey," he says.

"A customer's journey to buy something from us might include 10 different visits to Very across three different devices on a couple of different days, drawing in advice and recommendations from us and from her social network," he adds.

"When you understand each individual customer as well as each individual purchase

journey, you're able to tailor the marketing to be relevant to her – be it through the homepage, the navigation, the advice, the recommendations, the order her search comes back in or how you stay in touch with her after she's bought. That's when you sell well on mobile and has been a big contributor to Very's 16% growth."

### Look outside the industry for talent

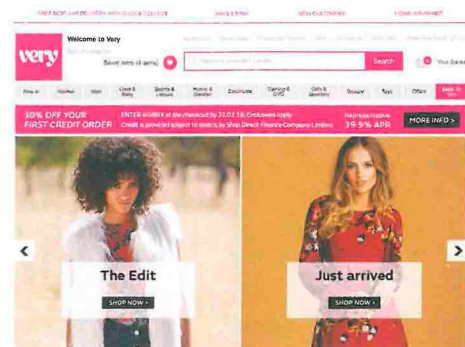
Shop Direct has made a series of senior hires in recent months to drive its use of data. Groupon vice president and EMEA chief marketing officer Sasha Berson will join the retailer this month as its group strategy and customer director, and it hired Assi Gol from management consultancy McKinsey & Co to take over the role of customer intelligence director, formerly held by Dene Jones, who left Shop Direct in April.

In June, Gael Decoudu joined Shop Direct from business card firm Vistaprint, as head of data science and digital analytics, completing a trio of senior hires made in quick succession, all of whom came from outside the traditional retail sector.

Baldock says that casting a wider net when looking for talent to drive Shop Direct's use of data was no accident.

"The point is to pull real insights out of the data and our judgement has been that the best skills in that area lie outside of retail," he says.

"We've trawled the world for our talent, we've trawled every country and industry,



we've tapped into industries like online gaming that have been further ahead in some areas of data science and analytics, we've tapped into consultants who do this for a living as well as other world-class businesses."

### Mobile mission

The importance of mobile to Shop Direct's plans for growth cannot be overstated.

"Mobile is crucial for us, it's where all the action is in the market," says Baldock. "[It] is the part of retail that's growing and it's where the customer is going."

This focus on smartphone shopping led to Shop Direct discontinuing its flagging catalogue arm at the beginning of last year and reallocate headcount and money to data use instead.

"We have a simpler business now but we also have a business more focused on the future and mobile innovation," Baldock says.

Shop Direct has no intention of opening stores as pure plays such as Missguided, Ocado and Made.com have, but is instead throwing all its weight behind digital, particularly mobile. "The pace of mobile innovation and the technology required to deliver it does not let up – we have got our hands full focused on digital pure-play and have no wish to distract ourselves with bricks-and-mortar retail," says Baldock.

### Invest, invest, invest

Shop Direct has spent big on personalisation and mobile innovation.

"We've invested over £250m in capex and other investments over our last five financial years," says Baldock.

He may be unafraid to get his cheque book out, but spends wisely.

"We have found it liberating to no longer be held down or held back by the catalogue. What that's allowed us to do is release people and time and money that was tied up in that part of the business, to invest in the future as well as boost profits," he says.

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**Alex Baldock, Shop Direct**

