

## MAKING THE MOST OF DIGITAL SALES CHANNELS

### DIGITAL READINESS ON THE HIGH STREET

What did 150 ecommerce decision-makers in large organisations tell us about the current and future role of digital commerce in their industry and business?

#### DIGITAL COMMERCE:

The use of the Internet, mobile networks and commerce infrastructure to execute transactions with consumers or businesses (Gartner)

The high street has had a complicated relationship with digital technology. When online shopping first became available, it coincided with a downturn in the fortunes of high street retailers across the globe. The recession was coming, consumer confidence was low and spending dipped. As such, online shopping, with its convenience and apparent ability to help shoppers 'find a bargain', was often linked to what many feared was the impending 'death of the high street'.

However as digital commerce developed, so did its relationship with traditional retail. There were some casualties of the high street dip, notably previous high street staple Woolworths. But gradually, high street retailers began to view digital commerce as an extension of their services – a way of connecting to and selling to consumers in their living room.

The sector is now at a point where it is comfortable with digital commerce and ready to perfect its model to maximise digital sales. But what challenges do retailers see in the future? Just how vital do they feel digital technology is and what are their plans to utilise it?



### KEY STATS AT A GLANCE



**63%**

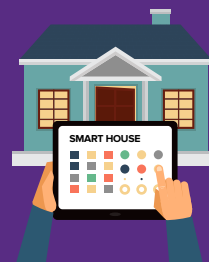
of non-grocery, non-luxury retailers use **mobile commerce** as a core sales channel



The **vast majority** (95%) of retailers agree they have experienced benefits as a result of mobile



Nearly **1 in 4** (23%) retailers believe **mcommerce** will drive **20-30% revenue growth** over the next five years



**47%**

of retailers are either already investing in the **Internet of Things** or plan to do so within five years

Digital technology on the high street has come a long way in the last five years. Brands like John Lewis, H&M, Zara, Sports Direct and others have already launched successful ecommerce and mcommerce websites; some have also launched bespoke mobile apps. Almost all have embraced the Click and Collect phenomenon.

In fact, those who have been slow to embrace online retail, such as HMV, suffered and their lack of investment in digital sales channels was pointed to as a reason for their downfall. In short, in the digital age, retailers eventually realised that they couldn't afford to treat online shopping as the enemy.

This study shows a retail sector which is using digital channels to drive sales – respondents state that digital commerce currently drives 26% of sales with that figure set to rise to 40% over the next five years. 90% of the retailers surveyed already offer ecommerce, 63% use mcommerce, 43% offer a Click and Collect and 43% provide customers with in-store automated ordering. The primary benefit of this move to digital multichannel is to increase brand awareness (24%).

The road, admittedly, has been far from smooth with almost all retailers (96%) facing challenges in developing ecommerce for the business. The main problems being: integrating ecommerce with other sales channels (44%) and the challenge of feeling unable to compete against dominant online channels (50%).

Yet retailers have persevered. The vast majority (95%) experienced benefits as a result of mobile commerce – with the top three benefits being: that mobile is a valuable sales channel to drive revenue (72%), it offers the ability to collect data and target customers more accurately (67%) and to showcase an entire product portfolio (61%). As a result, confidence is high. When asked to predict how much revenue will be driven by mobile, nearly one in four retailers (23%) pointed to 20-30% over the next five years – a significant figure. Many are also preparing for future

mobile trends with 47% of retailers either already investing in the Internet of Things or planning to do so within five years.

As digital commerce develops and new innovations become part of the ecosystem, it is vital that retailers learn from past mistakes and make the road to mobile-led retail as smooth as possible.

### **Tim Reay, Head of Grocery, Salmon**

---

Salmon is a global digital commerce consultancy that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

Established in 1989, with operations in London, New York, Sydney and Beijing, Salmon clients include AkzoNobel, Argos, Audi UK, DFS, Halfords, GAME, Premier Farnell, Sainsbury's and Selfridges.

Visit [www.salmon.com](http://www.salmon.com).

**Download the full report**



To assess the challenges and opportunities that lie ahead for your business, go to [www.salmon.com/digitalbritain2015](http://www.salmon.com/digitalbritain2015)