



Pictures: Metro AG

Local hero

When it comes to the European market, how important is it to be local? Chloe Rigby assesses how and why retailers can and should be considering the local angle, and takes an in-depth look at one pioneering project to improve the European in-store experience.

WHEN A CUSTOMER in Paris or Hamburg can easily buy from a retailer as far afield as Aberdeen or Athens, just how important is it to the customer that the transaction seems to be local? And what does local mean? Is it just about getting your website translated, or is it much more than that? The answer seems to be that the more local the end product seems to the consumer, the more business it will attract. As Olivier Bourgeois, founder of French e-commerce fulfillment

specialist Proxi-Business, points out, "The markets are different and have to be approached locally."

And yet, keeping the brand values intact will inevitably mean keeping control from the centre. So it seems there's a balancing act to be done between localisation and centralisation, between addressing customers locally and controlling the way the message is put across from head office.

Familiar destinations

Visitors to the e-commerce sites of many global brands and retailers find that once they arrive, access to local information is still a few clicks away. Some ask them to specify which country they're viewing from before they can see relevant information, while other sites take them to a landing page dictated by the language of the web browser from which they've arrived.

Yet the page that consumers arrive at can dictate whether they make a purchase or not, it seems. That's what Continental Airlines found when it introduced new geolocation technology from Quova that identifies, when a visitor logs on, exactly where they are and takes them to the relevant country website – the continental.com website is localised for 56 countries and is offered in six territories.

Today when a visitor logs onto continental.com a query to Quova's GeoPoint database is made and the location of that IP address is returned instantly. Based on the answer, the visitor is automatically re-directed to the geographically relevant Web page. The company has seen a significant increase in conversions leading to ticket sales from its international properties. Even a slight increase in conversions represents a major increase in revenue for the company.

It has also started to use geotargeted homepage banner ads within the US – with the result that the company has seen a 200 per cent increase in click through from its localised banner ads.

Ken Penny, managing director of Internet planning and development, Continental Airlines, says: "Within today's Internet landscape, customers are very familiar with site navigation and expect to go from search to purchase with a minimal number of clicks. Integrating Quova's data is helping align our web properties with consumer demand for a quick, clean shopping experience. Being able to geographically locate the IP address of each shopper improves conversion rates and the efficacy of online promotions and strengthens our brand around the world."

BEING LOCAL: ON THE HIGH STREET

When it comes to opening stores overseas, many retail brands choose to do so through franchising rather than through wholly-owned subsidiaries. But while this takes risk away from the retailer, it can also present them with the problem of making sure their brand is used consistently in their overseas stores. Indeed, says Tristan Rogers, managing director of the Concrete Group, which advises retailers on managing their brand internationally, it's far easier for a multichannel retailer to control brand use online than in store, an issue that, he says, can be "very tricky". Most franchisers, he says, will issue brand guidelines that they deem "sacrosanct" – but on the ground, he says, lower local procurement costs will be more important. "Local markets will procure from the mannequin supplier down the road who does a good deal – and that's why you get such a varied in-store experience," he says. For clients including M&S, the company has set up internal business-to-business web-based e-commerce tools that allow franchisees to buy centrally approved mannequins and other shop fittings online. "It



gave our customers the brand control they needed, but from the franchise partners' perspective, they also got the best price," says Rogers. "Suddenly there was a global deal around the price yet the local freedom to procure when they needed it." The tools, he says, also allow franchise partners to respond to the requirements of the local markets, without deviating from brand guidelines.

By dealing with other brand issues – making marketing materials to point of sale promotional goods available centrally – franchise partners can have the flexibility they need to respond locally, giving their input online as well.

BEING LOCAL: ONLINE

Many visitors to the UK sites of European retailers would hardly know that the brands in question are not British – except for the links at the bottom of the home page to other country websites. From French fashion company



laredoute.co.uk to Swedish homewares retailer ikea.com/gb, the emphasis is on being as relevant to the local audience as possible. Go from the UK home page to another country home page and the front page alters dramatically. However, beyond this page, the catalogue contents are simply translated and currency changed while other features remain the same.

Some UK retailers trading abroad do the same: tesco.co.uk has a much more sophisticated look than its Hungarian site, tesco.hu, while Boden.co.uk adapts the front pages for different markets in its European websites, bodendirect.at (Austria) and bodendirect.de (Germany).

According to Steve Davis, president, international, of e-commerce solutions company GSI Commerce, looking

European in-store innovation

One example of how stores and the Internet channel work together at the cutting edge of European retail can be found in Tönisvorst, a small town near Düsseldorf, Germany. For it's there that new ideas in retail technology are tested in the Metro Group Future Store initiative.

The Future Store, opened in May 2008 under the Real brand, as an "innovation workshop" for more than 90 companies in sectors from retailing, consumer goods manufacturers, to IT and the service sector. There, ideas are tested and developed for use – before then being rolled out for use in other Real stores around the country.

It's possibly the only supermarket to have a visitor centre attached. More than 9,000 people from more than 30 countries have toured the store since it opened – on top of those that shop there regularly. In its sports department, customers can test equipment before they buy, checking details on an information terminal. In its butchers shop, they can watch meat being prepared while a smart freezer monitors sell by dates on the meat it contains. And in its wine department, customers can taste up to 16 types of cooled wine before they buy – accessing the service through a tasting card that is only dispensed after age is proved. Meanwhile, in the beauty department, customers can use the information terminal to test their skin type and choose relevant beauty products.

Customers can choose between degrees of convenience when it comes to paying for their shopping, with options ranging from a staffed checkout, to an express self service checkout – using a barcode scanner themselves – or they even can even choose to pay for shopping by fingerprint.

The latest idea, introduced this year, is the Mobile Shopping Assistant, a software application. Customers can use their mobile phones to access shopping lists they have previously created online as well as to scan products at the store, using the phone's autofocus camera, so speeding up the checkout process.

These innovations have proved to have a positive effect on the bottom line – customer numbers at the Real Future Store rose by 20 per cent in the first year of operation, and sales by 15 per cent. Customer satisfaction levels have risen at the same time. In September 2008, 88 per cent said they were satisfied or very satisfied with their shopping. By May of this year that figure had risen to 98 per cent.

Roland Neuwald, Real's managing director, sales, says: "Our objective was to get innovations off the ground with the Future Store and the results show we have been very successful. But we are acutely aware of the fact that the deployment of new technologies only makes sense if it supports our overall goal of achieving 100 per cent customer satisfaction."

What the experts say



Franchise factor

"With the franchise model it becomes quite tricky. It's your brand but somebody else's money."
Tristan Rogers, managing director, Concrete Group

New ideas score

"By providing product information on mobile phones or introducing new checkout processes, Real's Future Store takes a pioneering role in the rollout of innovative retail services."
Zygmunt Mierdorf, member of the management board of Metro Group



Increased sales

"Creating a shopping experience online which is as close to an offline, local experience as possible is the secret to boosting cross-border sales."
Steve Davis, president, international, GSI Commerce

local is key. "Ultimately, the biggest secret is not to make it feel like a cross-border shopping experience," he says. "Try to make the shopping experience feel as 'local' as possible, from payment processes to fulfilment to call centres and customer service. Understand how local retailers serve their customers, map your own capabilities and try to close the gap between the two."

And on the technical side, says Richard Sedley, director of customer engagement at digital marketing company CScape, in some European countries, such as France, having a local domain name is fundamental. He says that for a company to appear at the top of search engines in France, they must have a local site with a .fr domain name. Not only must a French site have a local domain name, he says, it must also be hosted locally as well.

ADVANTAGE UK: ACROSS THE CHANNELS

But it's also important to remember that the UK is generally acknowledged to be more developed when it comes to e-commerce, and that innovations successful at home can successfully translate to Europe and give UK retailers a competitive advantage. Olivier Bourgeois, founder of French e-commerce fulfilment specialist Proxi-Business, notes that a number trends already seen in the UK are likely to be followed in France.

"More and more traditional retailing will get involved in e-tailing and the stores will change. They will become showrooms and the buying decision will be postponed – to be made from home, for example, after price comparison. These store changes have already started in the UK, and the evolution is really interesting, seen from France."

He also points out that the knowledge of and use of social media, such as Facebook and Twitter, also give UK retailers a competitive advantage since they are more widely used here. At the same time, though, he says it's important to bear in mind that: "French people are different from British people." ■