

E-COMMERCE TRENDS

THEBUSINESSDESK.COM SPECIAL REPORT
NORTH WEST 2017

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SPECIAL REPORT NORTH WEST 2017

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ANYTIME, ANY PLACE, ANYWHERE

EDITOR FOREWORD



Little more than 20 years ago there was no e-commerce, no Amazon or ASOS. This fascinating sector has arisen on the back of the technology boom as internet use has transformed forever the way consumers shop.

Growth is such that online retail is expected to be worth \$2.5trn of sales in the next three years, with m-commerce (shopping via smartphone or tablet) seen as a particular driver of growth.

Having transformed itself operationally and financially over the last few years Liverpool-based Shop Direct is a leading innovator in e-commerce with its own in-house user experience lab to bring customers into its business to see how they shop and navigate its websites.

Paul Hornby, head of e-commerce for the Speke-based company, attended our round table on this topic and revealed the pace of change within the sector. Around 65% of all sales are now via mobile, with immediacy being the major driver.

This supplement looks at the incredible pace of change within this sector, where the opportunities lie, the increasing importance of social media as a selling tool and future trends in e-commerce.

It has been fantastic to work on this project with ANS Group and tap into its deep knowledge and insight of this subject. ■

Joanne Birtwistle,
Editor, TheBusinessDesk.com

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Andy Barrow,
chief technology officer, ANS

As a great believer in technology enabled change and business value IT, I work closely with customers to develop and deliver bespoke infrastructure designs that help businesses extract the most value from their IT.

As the digital disruption wave surges through the e-commerce sector, retailers are under more pressure than ever before to understand how best to utilize technology to provide exceptional customer experiences and find new ways to target increasingly demanding consumers.

Adopting an agile mind-set, embracing fast-moving change and being prepared to fail are vital components for success in the ever-developing world of e-commerce.

So too is understanding shoppers online – their habits, their interests and their needs. However, genuinely creating that right culture to adapt quickly and truly understanding those customer needs can both be difficult to achieve. This is where, organisations, such as ANS come in.

ANS is now working with an increasing number of clients to change their culture through the use of agile techniques and technology. One of the biggest challenges for retailers is the need to adopt and

adapt quickly when reacting to consistently shifting market trends and demands.

In response to this, lots of organisations are challenging traditional IT methods – organisations that were once doing three or four updates of their applications per year are now doing three of four in a single day.

ANS is helping organisations to transform their IT operations into a faster, continuous model while also supporting development cultures such as Agile and DevOps through our converged infrastructure solution, RAPID.

As well as providing automation features, RAPID is reducing organisations' project timelines from months or years to just 28 days – freeing up IT teams to focus on delivering business value IT, where it really matters.

Looking to the future, artificial intelligence is becoming increasingly more mainstream in helping to transform the sector and the way retailers interact with their

customers. Its increased use in analysing data and helping retailers target and better define and map out their relationship with consumers is just one of the trends they believe is set to dramatically change the online e-retailing landscape.

This “field trial”, coupled with the development of ‘touch print’ labels, conductive ink, and 5G technology could be the early makings of next generation shopping – replacing the bricks and mortar of the supermarket with printed labels.

Andy Barrow, chief technology officer, ANS

ANS is an award-winning Cloud Services Provider specialising in Managed Networks and platforms. It is committed to helping organisations become cloud enabled, offering over 600 customers the capability they need to achieve successful transformation, through Public, Private or Hybrid cloud and the supporting connectivity.





SHIFTING SANDS IN THE DIGITAL LANDSCAPE

ROUNDTABLE

The great e-commerce revolution shows no sign of slowing as it continues to dramatically reshape the retail sector and the shopping habits of consumers.

PWC'S 2016 'total retail' survey, published in October, revealed the impact of digital disruption on consumers across the globe and, nearer to home, the damage done to the traditional high street.

More than 2,600 UK high street shops closed in the first six months of the year, according to the survey. It also revealed that 33% of the nation's shoppers' buying behaviour is now influenced by online reviews.

Its in-depth report concludes: "As digital disruption continues to upend retail and global consumers are more



Paul Hornby
head of e-commerce,
Shop Direct

empowered than ever, retailers are struggling to remain relevant.

"The speed of technology adoption has raised the stakes for both retailers and their consumer packaged goods partners."

Today 'mobile first' is the mantra of progressive e-retailers as the focus is also put firmly on the customer and their personal journey, rather than the product that's for sale.

"THE FUTURE IS PURCHASES MADE DIRECTLY THROUGH 'BUY BUTTONS' ON SOCIAL MEDIA PLATFORMS."

In this fast and ever-changing landscape the perceived wisdom over retail websites is also being challenged, with some in the industry questioning if they are actually needed at all to make the sale.

To them the future is purchases made by savvy consumers directly through 'buy buttons' on social media platforms, with online 'influencers' playing a major role in sealing that deal.

Paul Hornby, head of e-commerce at Shop Direct, whose online brands include Miss Very and Littlewoods, explains just how important mobile and smartphones are in today's retail world.

He says: "Over 62% of all our sales are by mobile; our mobile sales have grown by 42% in the last year alone. As a result we class ourselves as a mobile first retailer.

"Everything we need to do we really need to think about that mobile device first. That's where our customer, Miss Very, wants to be."

The use of mobile and smartphones is changing customer behaviour, he adds. "We have got that three second audition.

THE ATTENDEES



Paul Hornby,
head of e-commerce,
Shop Direct



Sam Spence,
account manager,
ANS



Andy Barrow,
chief technology
officer,
ANS



Danny Buck,
founder,
Circulr



Phil O'Neil,
Manchester office
principal,
Thought Works



Lee Marriott,
head of marketing,
Domu



Anastasia Kenyon,
chief executive and
founder,
Palette



Joanne Birtwistle,
editor,
TheBusinessDesk.com

"She typically is snacking on a mobile device. She can look at it on a train or bus on the way to work; she can look at it while she's queuing for tickets.

"There's a far greater level of immediacy than with traditional computers or laptops. She can get there right away and research the dress that she wants for the party she's attending at the weekend."

it, just buy it direct from Twitter," he explains.

"Platforms are integrated now, direct with social networks; I'm starting to wonder what does a website need to do?"

However, for Lee Marriott, head of marketing at multichannel lifestyle retailer Domu, previously called Designer Habitat, "considered

"WE ARE USING SOCIAL MEDIA MORE FOR A CONTENT DRIVEN EXPERIENCE TO CAPTURE THEIR INTEREST."

Danny Buck, whose background is in marketing, is the founder of new watch retailer Circulr, which he has set up as a mobile-first business.

As he continues to develop his offering, he questions some of the perceived wisdom around selling online.

He says: "The brand that we are trying to be is purely social. All the research shows that it's the biggest revenue driver for me."

He wants his consumers to buy direct from social media platforms such as Facebook, Twitter and Pinterest, through 'buy buttons' and without the need to have a website populated with content about brand and product.

"You could get Wayne Rooney, for instance, saying he has just bought this watch and it is really good. And instead of going to a website to buy

purchasing" means there is still an important role for both websites and what he describes as "engaging content".

His company sells a range of home and kitchen products, with online and sales through Amazon in particular a massive part of the business. It also has its own dedicated retail website.

He says: "All the advertising we do around Facebook and Twitter gets very little response from a commercial point of view.

"We are using social media more for a content driven experience to capture their interest."

Getting people to engage brings with it other challenges, he adds. "There is a lot of digital noise.

"So many people are vying for kitchen and home products. It's



just cutting through that content that is out there. We are in content overload at the moment. It is too much.”

Anastasia Kenyon, 24, is one of a new generation of young, driven e-commerce entrepreneurs with an eye on future trends and markets. She has also described herself as part of the “Snapchat generation”.

Her online beauty venture Palette is a platform for make-up artists and all things cosmetics.

The artists on the site can build up their profiles and highlight their skills and it also takes bookings for them.

Kenyon is also looking to exploit advertising opportunities and is exploring a subscription model. She is also keen on the idea of ‘buy buttons’ on social media platforms.

She started work on the project at the beginning of 2016 and explains: “My platform merges all different social platforms together. It is one port of call.

“You can see what a make-up artist has got in one place and book them. It’s a no-brainer; it’s so simple and easy to use. It took six months to build, I thought of this idea in my bedroom in January.”

She adds: “My main point of call at the moment is ensuring that my social is on trend, everything is scheduled and that I understand what is going on in the industry.

“Whatever industry you are in social is going to take over regardless. There is no heading back, there is no other way.

“I don’t know any 15-year-old who doesn’t have Facebook. They are your customers of the future. That is what you have to remember.

“It is all about engaging beyond belief. I have created a community within six months. Without social I wouldn’t have been able to do it.”

She goes on: “People are obsessed with make-up, they live and breathe it. It’s an engaged market. Other

industries should look at it as a pioneering one. Social media has powered that.

“I want my platform to re-engage with users, it is important. It will work in every industry. I’m not going to stop with make-up; I will use my IP to go into different industries.”

“PERSONALISATION IS BECOMING INCREASINGLY IMPORTANT TO COMPANIES LOOKING TO PROMOTE AND SELL THEIR GOODS ONLINE AND THROUGH SOCIAL MEDIA CHANNELS.”

E-commerce has other big advantages over traditional retail - particularly when it comes to harvesting customer data - and drilling down and using that information on buying habits to create a personalised experience for shoppers - or as some e-tailers describe it, “the journey”.

Personalisation is becoming increasingly important to companies looking to promote and sell their goods online and through social media channels.

Shop Direct’s Hornby describes Facebook as “huge” for his business as it allows it to talk directly to customers. He says: “We find it a really excellent channel or finding new customers.”

And he goes on: “Personalisation is the option for us. We 100% believe that personalisation is huge.

“All customers, but definitely Miss Very, are drowned in choice when they are on Google, when they open their emails. And when they come onto Very.uk they’ve also got a huge volume of products.

“Our aim is to really use that unique data asset that we’ve got, to put the right content in front of the right customers, on the right device.

“When it comes to the right products, what context is the customer shopping in, what are they

looking for?

“We are a pure e-retailer, so even though we are not going to be able to have a human being there, walking round the shop with them, we’d definitely like to replicate that experience.”

With a million downloads of Shop Direct’s latest app. Hornby says the aim is to continue to enrich the experience for customers and he adds: “More and more we see the app as being the channel of choice for Miss Very.”

He adds: “Messaging platforms are exploding, a billion people are using Messenger, more than a billion use What’sApp.

“I genuinely believe over time it is going to be the standard way for people to communicate with the brand they love from a sale and eventually a service perspective.

“It is a completely different platform and is almost starting to change the experience away from a standard website.”

Whatever the platform, Phil O’Neil, Manchester office principal at creative technology consultancy Thought Works, believes there is still scope for new e-commerce businesses to act as further disrupters.

He says: “It’s become such a competitive marketplace. Start-ups have got a great opportunity to eat away at the marketplace of incumbent organisations.

“We are time poor, so is there a great opportunity there. The question is how will an organisation make that easier for me?” ■



BRAND AND THE POWER OF SOCIAL

It's not just celebs, bloggers and vloggers who are populating a new land where social media influencers rule.

Debbie Klein, one of the leading figures in the world of marketing, perfectly summed up the power of social media and the brave new world consumers and retailers now inhabit.

Writing for industry bible *PR Week* in October the chief executive of Engine Europe and Asia Pacific, revealed: "Facebook and Snapchat alone account for 18 billion video views daily, as social media influencers have become the brand ambassadors of choice."



Danny Buck
founder, Circulr

In this world of celebrity it's a trend that the new generation of e-retailers is already exploiting to their advantage.

Danny Buck, the founder of new watch retailer Circulr, which he has

set up as a mobile-first business, uses a single word to explain how these 'brand ambassadors' work: "trust".

He adds: It's that initial conversation with a customer. It's a new brand; they don't know who you are.

"FACEBOOK AND SNAPCHAT ALONE ACCOUNT FOR 18 BILLION VIDEO VIEWS DAILY, AS SOCIAL MEDIA INFLUENCERS HAVE BECOME THE BRAND AMBASSADORS OF CHOICE."

"I see it as the network link to your customers replacing what was a TV ad or what was old-school advertising.

"Coca Cola may have paid a fortune for a TV ad but while it is on the customer is staring at the screen on their phone looking at an instagram of Sam Faiers, or someone like that."

He adds: "You can grow your own following, grow your own reach, your own network and audience,

using their audience to introduce them to the brand as well."

However, it's not just celebs, bloggers and vloggers who are populating this new land where social media influencers rule. There are other social drivers.



Anastasia Kenyon
chief executive and founder, Palette

Anastasia Kenyon, creator of online beauty venture Palette, says: "People are more empowered by themselves now. It's more about engaging with themselves and showing themselves rather than looking to brands.

"If you go on social media and a girl has 19,000 followers then you think she must be special.

"People will follow girls who have all these followers because they

feel that they are influencers and if they can do a post with them they're sorted."

Buck says that the same tactic was used on television for years – a brand ambassador, someone like David Beckham, placed on a traditional advert.

That's now changed. He adds: "What's working with us now and other brands I've worked with is putting the brand ambassador on Facebook adverts. That increases the engagement."

He cites the influence of US reality TV celeb Kendall Jenner, who can

get 100,000 'likes' for one post.

Lee Marriott, head of marketing at multichannel lifestyle retailer Domu, says: "We see that across the market."

He says that when Kim Kardashian posts about a specific beauty range there is a "spike" on Amazon.

He adds: "We tend to work less with ambassadors and more with influencers."

Kenyon has one word of warning. It is important to get the right person for the brand, she explains.

One celebrity ambassador who is right for the Littlewoods brand is Myleene Klass, says Paul Hornby, head of e-commerce at Shop Direct.

He says: "We have celebrities who have their own lines within our products. The main one for us at the moment is Myleene, the ambassador for littlewoods.com.

"She is fantastic for the brand and is very relatable to the Littlewoods market. Her range has been fantastic as well. It's something that she enjoys, that we enjoy and more importantly something that the customer enjoys." ■



Myleene Klass

Littlewoods' brand ambassador



WHAT IS THE DEVOPS OPPORTUNITY?

Having an agile mind-set, embracing fast-moving change and being prepared to fail are vital components for success in the ever developing world of e-commerce, according to sector experts.

So too is understanding shoppers online – their habits, their interests and their needs. “Customer-centric” is the buzzword of the day.

However, genuinely creating that right culture to adapt quickly and truly understanding those customer needs can both be difficult to achieve.

To address the latter, Merseyside-headquartered online retailer Shop Direct has invested heavily in creating an in-house UX lab.

It also carries out detailed A/B testing of its sites and platforms –

which looks at how people interact and use them in order to maximise their effectiveness.

Fast-growing IT infrastructure specialist ANS, based at Manchester Science Park, is now working with an increasing number of clients to change their culture through the use of agile techniques and technology.

“IT IS EASY TO BE DRIVEN BY THE LATEST SHINY BITS OF TECH WITHOUT REALLY VALIDATING WHETHER THAT’S WHAT THE CUSTOMER CARES ABOUT.”

At the heart of both these approaches is being “prepared to fail”. Testing and failing is an integral part of the process that delivers online retail results.

Fail fast means adopting a culture of trying something out, getting feedback quickly and then inspecting

and adapting at speed. It is not for the faint hearted.

Paul Hornby, head of e-commerce at Shop Direct, says: “The challenge is that there is a natural level of distance between you and the customer.

“It is a buzz word but we do genuinely try to position ourselves as customer-centric. We’ve invested an awful lot on UX teams and quantitative a qualitative research to try and find out what Miss Very wants, rather than look at what our competitors do.

“One of our challenges is centring our development programme on the true needs of our customer.

“It is easy to almost be a magpie, driven by the latest shiny bits of tech without really validating whether that’s what the customer really cares about.”

The answer to that, he says, is to be “laser-focused”. He adds: “We have customers in a couple of days



Andy Barrow
chief technology officer,
ANS

a week and we set them a variety of challenges that highlight the pros and cons of a new idea that we are going to try out. And we use all of that feedback to inform our A/B testing.”

The perceived wisdom in the sector is that A/B testing is something that will save organisations an awful lot of money in the long term.



Paul Hornby
joint head of e-commerce,
Shop Direct

Hornby explains: “What we are not trying to validate is the importance of the product that we are trying to sell. What we are trying to highlight is how easy the customer experience is, we are trying to get under the skin of that experience.”

Hornby says that it is important to have senior management who understand the value of being customer-led.

“In the past it was so easy to have an opinion that was not based on any firm evidence or data.

“This is evidence led data. We are

able to bring senior stakeholders into the UX Lab and have them physically watch a customer struggling to do something which is relatively simple.

“Because the customer wouldn’t be able to complete what the stakeholder wants them to do that’s relatively sobering. That really does hammer home the importance of having this type of customer-centric focus.”

He says that the organisation can

“FROM OUR UX TESTING WE’VE FOUND THE MORE YOU TAKE AWAY INCENTIVISES THE CONVERSION RATE.”

run up to 100 tests just to identify what isn’t needed on its sites and platforms. “We obsess on removing friction from the journey. It’s taking things out and seeing what the impact is.”

And he adds: “Our background as a catalogue retailer gives us unique asset when it comes to customer data.

“We’ve also invested awful lot in scientists to try and unlock this unique data asset and find ways of using it to help the customer.

“It’s about understanding enough so we can put the right message in

front of her, in what context it is she’s shopping, and try and make that easier for her.”

Danny Buck, founder of new watch retailer Circulr, which he has set up as a mobile-first business, agrees with the Shop Direct approach.

He says: “We did lot of research, carried through our own testing and invested a lot of cash and found that for my industry there is no need for a category page.”

He cites an online sunglasses brand which puts all its products on its home page and has created a “circular website”. He adds: “From our UX testing we’ve found the more you take away incentivises the conversion rate.”

Phil O’Neil, Manchester office principal at creative technology consultants Thought Works, says: “You can be so wedded to the idea you want it to be successful but the customer doesn’t get it.”

He adds: “The challenge we feel working with organisations, is getting the voice of the consumer heard.



POPULAR Right Now



“A lot of organisations get into ‘feature-itus’. ‘We need that feature; we have got to have this feature.’”

He also believes another big challenge is using data which “is so big and is getting bigger” and good strong analytics to correctly predict the customer’s future needs.



Lee Marriott
head of marketing,
Domu

Lee Marriott, head of marketing at Manchester-headquartered multichannel lifestyle retailer Domu, says that before A/B testing, “We used to plough lots of money into something and then say it’s not working.”

However, he says data research and analysis can be difficult for smaller businesses to invest in and afford.

“In the last five years we’ve heard a lot about big data,” he says. “It’s how does a small or medium sized business use that kind of data and make it relevant if it can’t really afford to invest in UX and data scientists and all that kind of stuff.

“It can be very difficult to justify some of these positions from an SME perspective.”

He says his company’s UX research focuses on “usability” and looks to harness A/B testing to discover customer niches.

Andy Barrow, CTO at ANS, agrees that it can be very difficult to get the right data and it takes time and investment.

He adds: “One of the growth areas for ANS has been helping organisations that want to adopt more agile techniques in respect of e-principles.

“Call it DevOps, fail fast or agile technology,” Barrow says. “It is how

we reward that culture of failure, how do we get organisations to embrace change faster at lower risk.”

He adds: “Lots of organisations are throwing the IT rule book of 20 years away. We’ve seen organisations that used to do maybe three or four updates of their applications a year now doing three or four in the morning.

“We are helping them do that through the IT and structuring services we provide, helping organisations to innovate better and faster.”

Barrow says that in fast moving sectors like financial services, where there is a continuous drive to engage more with customers, the model of waiting nine months to turn an idea into a product that has just been tested is no longer feasible.

It is a sector where new agile competitors are arriving on the market with businesses being built round a single app.

“ HOW DO WE GET ORGANISATIONS TO EMBRACE CHANGE FASTER AT LOWER RISK?”

He says of this new approach to change, “It’s a very cultural thing, it is not something that you can buy: it is transformational.

“You can’t sell people a culture. We can only sell people a platform and the tools in which to do it along with support services.”

Barrow says one of ANS’ clients is a large-scale cinema operator looking to make the experience it offers more engaging, enticing and personalised and searching for ways of using IT to embrace its customers faster.

He says: “They have completely rewritten their culture, how they have been working for 20 years.”

He adds: “We almost fear change. Change is something we don’t like; when you have change there is risk.

“We are finding that right balance between uptime and speed and how

quickly we can innovate. The general trend, whatever you call it, is ‘how can we be faster and more disruptive?’”

O’Neil says he has seen organisations that have been transformed through “the lean principles of agile software delivery”, structuring it across their whole business as they focus on delivering customer experience.

And Hornby of Shop Direct adds: “We work through an agile development process that embraces experimentation. “

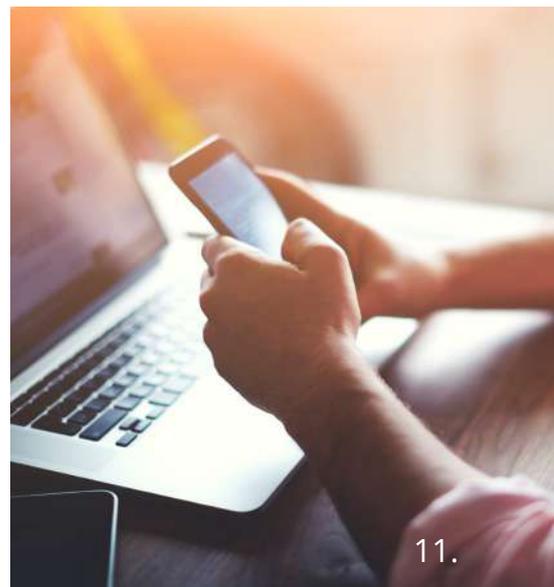
He agrees with Barrow: “It is a cultural thing, it is thinking about how you can organise and empower your people. And it’s about what you can do, rather than what you can’t.”

Domu’s Marriott has seen first-hand how difficult it is to change cultures and mind-sets to be prepared to fail in a previous role with a large catalogue business.

His present organisation works with agencies and as a result says it is quite easy to turn stuff around quickly.

He adds: “It is about building that culture and if trying to fail fast getting people into the mind-set that you’ve actually got the end goal in site.

“If you see constant failure and you are not actually improving anything it can be demotivating for the rest of the team. It is about switching that mind-set.” ■





FUTURE TRENDS

In the world of popular science fiction Artificial Intelligence is all about super robots and computers taking over the world and wiping out humanity.

In the equally futuristic world of e-commerce, AI is a much more user friendly tool that will increasingly help transform the sector and the way retailers interact with their customers, according to experts.

Its increased use in analysing data and helping retailers target and better define and map out their relationship with consumers is just one of the trends they believe is set to dramatically change the online e-retailing landscape.

Virtual reality may also make a difference to the online consumer experience. And, according to some crystal ball gazers, the development of smart labels and touch button sales is set to play an increasingly important role in next generation



Phil O'Neil
Manchester office principal,
Thought Works

shopping. The opportunities appear endless.

Andy Barrow, chief technology officer at ANS, is in no doubt that AI represents a “huge opportunity” for businesses to better understand the data that they capture. His organisation is already working with companies looking to bring it into their operation.

“TO PUT THE RIGHT CONTENT IN FRONT OF THE RIGHT CUSTOMERS, ON THE RIGHT DEVICE AT THE RIGHT TIME.”

Phil O'Neil, Manchester office principal Thought Works, agrees. He says: “Determining what the customer wants before they know they want it is a great opportunity.”

And Paul Hornby, head of e-commerce at Shop Direct, says his organisation is already looking at how AI can help in its quest to get closer to its customers. He believes it can play a big role in its work to develop a more personalised relationship.

He says: “AI is without a doubt a massive trend, because it reduces so many parts of the journey. It will allow us to crunch vast quantities of data and get something more relevant to a customer than ever before.

“Our aim is to really use that unique data asset that we've got, and to definitely use AI as it becomes more and more powerful, to put the right content in front of the right customers, on the right device at the right time.

“We are really trying to hone down the data that we hold.”

The business has invested heavily in an automated customer management programme which will start to personalise SMS, “push email and social media” and follow that to allow the content through to one site.

Personalised live chat is another area being developed by Shop Direct, with Hornby describing “conversational user interfaces” as another “big trend”.

He says: “We are launching a feature in the My Very app which enables Miss Very to interact like she was

interfacing with a friend.”

It will focus on service, helping the customer to find her order quickly and easily, organise her returns, make a payment and ask for an account number.

Hornby adds that there is a potential to extend it to become the customer’s personal stylist. “We’re trying to create that personal experience and also replicate that chatting to a friend.”

As well as AI, O’Neil believes that virtual reality could well play a role in next generation shopping. He also says: “Content is king. Content is really important, video immersive content.

“From a platform point of view, virtual reality is a bit out there, it’s a bit lonely. We’re doing some proof of concepts, of how it can be – buying a car in a virtual reality world. Shopping, a virtual experience in a store is the future.”

Barrow points to Amazon’s ‘Dash’ service, which means customers can push a wi-fi connected button when they run out of a product and within 24 hours a package will arrive on their doorstep via an order on a shopping app.

He believes it is a “field trial” that, coupled with the development of ‘touch print’ labels, conductive ink, and 5G technology could be the early makings of next generation shopping – replacing the bricks and mortar of the supermarket with printed labels.

Danny Buck, founder of online watch retailer Circulr, also believes that it will be easier for consumers to purchase what they want in the future – with buy buttons on social media platforms removing the need to go to a specific website.

He says: “For certain industries and for certain products people know what they want before they go to the website, so why do they need the website?”

His business is also looking at developing more game advertising as it looks at innovative ways to get to its target audience.

“We are looking at things like billboards on FIFA,” he explains. “Or certain games that you can advertise on and they can be personalised. We are looking at advertising methods like that.”

Anastasia Kenyon, chief executive and founder Palette, is another advocate of direct selling from social media platforms, through the medium of brand ambassadors and influencers.

“SUBSCRIPTION REVENUE IS MUCH MORE VALUABLE. IT’S A MARKET VALUATION.”

She is also looking at the subscription element of her online platform for make-up artists as she looks to build the concept and the business.

“I’m looking at a two month free trial then going on to £10-£15 a month and I want to build on that,” she explains.

“What I really need to know is how do you engage with your customers to make them see the relevance, why they are paying on a subscription basis?”

Sam Spence, account manager at ANS, says there are good commercial reasons for going down the subscription route and adopting it as a business model.

He says: “Subscription makes a business more valuable in terms of a potential business exit.

“Subscription revenue is much more valuable. It’s a market valuation. Any potential buyer would like to see that you’ve got a million users, locked in at £10 per month on a 12 month contract. It is whether the market is there.”

Buck believes it is about maximising value and cites successful businesses that have adopted the subscription model constantly adding “perks and content”.

He adds: “There always has to be

a reason for the customer to come back, otherwise it will tail off.”

The Amazon Prime subscription service is held up as an industry leader, and it has just launched in China as it looks to increase its global footprint.

But that subscription model is not a route that other online retailers are looking to take at the moment. Their priorities are elsewhere.

Lee Marriott, head of marketing at Domu, says: “Amazon released some details the other day. Their Prime customer is worth £143bn to Amazon. Their whole subscription model has really captured that market.

“They have 49 million Prime members at the moment paying £70 a year. They are getting that value added service, which is the real reason to sign up to that subscription.”

He adds: “A lot of our products are on Prime.”

But would a subscription model work for his business?

He says: “From our e-commerce side it’s really too expensive. We don’t see it at this moment in time. There’s huge work around customer lifetime value that we are working towards.”

Hornby at Shop Direct adds: “It’s not something we are looking at. We are still trying to stay focused on being accessible to more people and using that to create the level of loyalty we are looking at from our customers.”

The possibilities for development in the online retail world continue unabated. O’Neil explains how his company is working with a leading courier and delivery company in China to make the “last mile” of a transaction “an opportunity to upsell.”

