

Why mobile apps and in-store wi-fi are central to B&Q's omnichannel retail strategy

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One of the outcomes of the consumer move towards ecommerce and digital technologies is that traditional 'big box' retailers have had to adapt in order to survive.

Many businesses that once relied on giant retail warehouses have needed to downsize their physical properties and move towards an omnichannel retail model that integrates digital and offline sales channels.

To find out more about B&Q's strategy I spoke to director of omnichannel Michael Durbridge, who will also be speaking at Econsultancy's JUMP event on October 9.

The definition of omnichannel can vary depending on who you talk to. What does the term mean for B&Q?

For us it's about going beyond multichannel and really putting ourselves in the shoes of our customers, because consumers don't interact with channels they interact with brands.

So rather than putting the choices of channels in front of the customer we try to understand what the customer wants and deliver that through all of our channels. It means that we need to completely re-engineer our business model.

I've been at B&Q for just over five months and we've already implemented a number of basic initiatives, but we've just agreed a five-year plan with the board that will get us to where we need to be. I'm hoping we can achieve it in three years though.

How do you track customers across different channels? Can you accurately track the customer journey across, desktop, mobile and in-store?

We've got full tracking in place across desktop and mobile if customers are logged in, but what we haven't got yet is the tracking between in-store activity and online.

The key challenge for that is coming up with a unique identifier for each customer that enables us to track them across the different offline and online channels.

One of our answers is the B&Q Club loyalty scheme and what we're aiming to develop is a very clear strategy for customers so that they see the benefit of using that card at every interaction point with B&Q, which would give us the unique identifier throughout the entire customer journey.

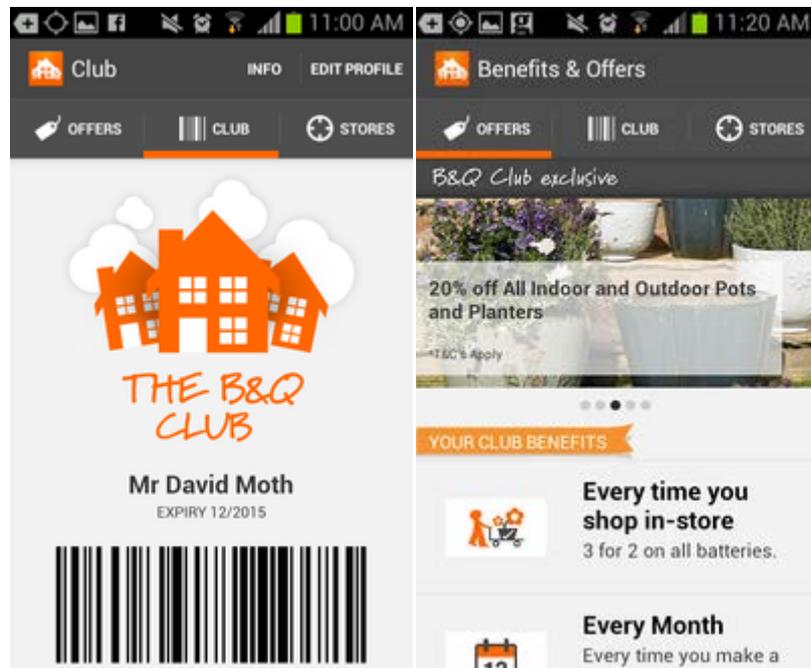
We've also just begun trialling Wi-Fi in-store which requires the same sign-in process as the web login, so we therefore get a wealth of customer about customer behaviour.

I'm a big fan of your new loyalty app. What has the uptake been like and has it had any noticeable impact on sales?

The uptake has been quite significant. It's been running for almost a year and there are currently 1.3m customers signed up to the B&Q Club, of which about 40% have downloaded the app.

One of the things we've been testing is bespoke promotional offers to Club members only and what we've found is that from an incremental return these are by far the most profitable promotions that we run.

It's certainly a core strategic pillar of our future plans for managing our relationship with customers.



How do you promote the free wi-fi to customers?

We've had it in five stores now for about three months and have learnt a lot about how to promote it to customers, as if you only have signage at the point of sale then it only goes so far.

What you really have to do is train staff to demonstrate to customers how wi-fi can improve their shopping experience because if you don't then people simply use it to login to Facebook or other activities that are nothing to do with B&Q.

Do you view offline and online sales entirely separately, or do you try to link them together in some way?

In terms of our physical reporting within head office offline and online are treated separately, but one of the first things I changed when I joined B&Q was to give our store staff attribution for online sales.

So store teams are now given attribution for online sales within their geographic location, as you won't move the dial very far if you don't give store teams credit for multichannel sales.

We first introduced that in July and in November all the daily reporting will change in-store so staff will see what sales they've had both offline and online.

How did staff react? Did they see it as a positive change?

The hardest part of any attribution change is how you deal with sales targets. Do you inflate people's targets to compensate for the fact that they'll now be given these sales, or do you just leave the targets the same?

What we've done is make it incentive based, so if you're achieving your personal store performance targets and all the associated metrics such as staff costs and cash management, then you automatically qualify for your online sales to be included in your revenue without any increase in the level of your target.

So it's a way of rewarding staff if they continue to do their day job, rather than just rewarding them regardless.

The image shows a screenshot of the B&Q website homepage. At the top left is the B&Q logo. To its right is a search bar with the text "Search...". Further right are links for "Register | Sign in", "Store finder", and "My basket". Below these are navigation tabs: "Shop by Department", "Offers", "Help & Advice", "One Planet Home", and "Unloved Rooms". A banner below the navigation tabs lists: "Next day delivery including Saturday*", "45 day returns policy", "Reserve & Collect in-store", and "Free delivery on orders over £50*". The main content area features three promotional banners for paint products. The first banner shows three cans of Crown Earth Balance paint with the offer "3 for 2" and the text "All Crown 2.5L & 5L standard, Earth Balance and Originals coloured emulsion***". The second banner shows two cans of Dulux paint with the offer "Buy one get one half price" and the text "Dulux & Weathershield paint**". The third banner shows two cans of Crown Magnolia Matt paint with the offer "2 for £25" and the text "10L Crown Non-Breathable matt emulsion". Each banner has a "Shop now" button. At the bottom of the page is a dark grey bar with six categories: "Savings on paint", "Interest free credit 0%APR", "20% off radiators", "Bathroom packs from £159", "Wallpaper from £3.98", and "Love your kitchen".

What digital technologies does B&Q currently implement in-store, and do you have plans to introduce any new tech in the near future?

We're currently trialling the use of tablets in 15 of our stores and what we're trying to understand is the correct mix of technology between a fixed, hardwired computer and then a mobile tablet device where you can help customers wherever they are in the store.

The other thing that we'll be trialling is a kiosk style setup, where a tablet is secured in a fixed location.

Have you done any trials with QR codes or do you plan to? What are your views on the technology?

Where we plan to do trials is more with barcodes than QR codes, as where we want to focus part of our app strategy is with helpful innovation to improve the in-store experience.

So for example a customer could walk up to any product, scan the barcode, and it will automatically link them to the product page on the website giving them access to product details, videos, reviews and other information. We're working towards getting that live this side of Christmas.

Other than free wi-fi, how do you deal with 'showrooming' customers?

My basic principle on this is that whether you like it or not, you can't prevent people from showrooming. Therefore you need to embrace it and try to control it rather than let it control your business.

The principle of us putting wi-fi in is to show customers that we're proud of the prices that we offer and we want to encourage comparison with other retailers.

But we're also aware that our stores are too big, so it's been pretty well-publicized that we'll be selling off space going forward. And actually showrooming is a really pertinent way of making better use of the space that we've got because we need to move away from the traditional 1990s big box retail model.

There are certain products and ranges that you don't need to hold in-stores, such as garden sheds, where customers want to come in and choose the product then have it delivered to their home at a time that is convenient for them.

So if we can get away from holding large products in-store then it frees up a hell of a lot of space and saves us money.

House of Fraser has been trialling showroom stores that don't stock any products, instead customers have to order online and have their items delivered at home. Can you see B&Q opening a similar store in the near future?

I don't think it's realistic to follow the absolute model of that where everything is online and nothing is held in-store.

But I think it's inevitable that we'll move to a hybrid model where some products are online only but merchandised in-store.

We're already trialling that in a couple of stores at the moment and you wouldn't be surprised at the kind of products that customers would prefer to have delivered at home rather than carrying them out of the store themselves.

I've read that B&Q plans to upgrade its website in 2014. How will the new design fit into your omnichannel strategy? And will it use responsive design?

The new site will launch in Q1 next year alongside an upgrade to the entire backend system.

This means that the website and in-store ordering systems will run off the same system but the user interface will be customised for each channel.

It will be built using responsive design, HTML5 and CSS3, and personally I would be very surprised if all businesses weren't moving that way because to try and run a separate mobile site is very difficult.

Link: <http://econsultancy.com/us/blog/63423-why-mobile-apps-and-in-store-wi-fi-are-central-to-b-q-s-omnichannel-retail-strategy>