

## **What do Home Shopping marketers have to offer the multi-channel retail market?**

Let's start by defining multi-channel retail or distance selling: you don't go to the store, the store comes to you, by an increasing variety of means, many enabled by technology. But the paper option is still a valuable option, and when combined with other technology-based channels, becomes an even more powerful proposition.

Distance selling is very different to high street retail, requiring particular measures and capabilities as a minimum to succeed. Critical to the economics of distance shopping is customer acquisition and retention. It is significantly higher in cost terms to attract a new customer than to retain an existing one. This can be on average between ten and fifteen times higher, depending on the channel. A whole raft of techniques can be deployed, some generic, some specific, from the tried and tested "Recommend a friend" approach to unsolicited SMS text messages. The capture of the response source, against the costs of creating the response is a key driver of performance and achieving profitability. It is essential to review these results against plan, and to link the actual results into a reforecasting process to manage stock and service levels, and follow-up with non-orderers and orderers alike.

Acquisition costs, which are the total promotional costs multiplied by the response rate, i.e. the number of catalogues or e-mails sent out which elicited a customer order, must be tracked and monitored rigorously. Home Shopping marketers have built up this experience of what works, what responses can be expected and the relative success of different promotional methods.

Increasingly, data protection and both the controls and care needed when managing customer data is a key area. This starts from the appropriate options for the customer when capturing the data in the first place and the frequency and accuracy of the database update.

There are behavioural analysis tools and techniques which are increasingly adding value and driving share of wallet, from customer scorecards through to software which recommends products the customer might like to buy, based on previous purchases.

For any new distance selling channel or proposition, the marketing costs absorb a disproportionately high cost to sales ratio for at least the first two to three years, so a degree of patience is essential. However, experience can detect whether the proposition is a dog or a potential star, so the advice is get some advice!