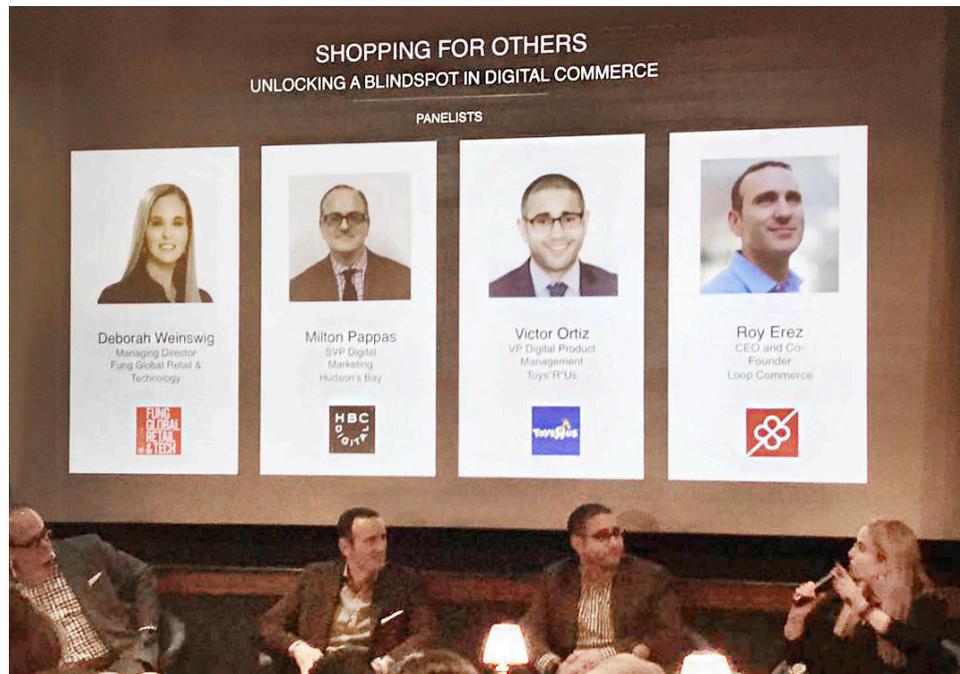


Top Three Takeaways from Loop Commerce’s “Shopping for Others: Unlocking a Blind Spot in Digital Commerce” Event



On June 13, the Fung Global Retail & Technology team attended a Loop Commerce event in New York entitled “Shopping for Others: Unlocking a Blind Spot in Digital Commerce.” Our top three takeaways were:

- 1) Retailers should have strategies in place to help alleviate the anxiety of gifting.
- 2) Personalized marketing is now expected by most brand-loyal customers, who do not see it as creepy—and gift data is critical to effective personalization.
- 3) Gifting can also be an opportunity to showcase experiential retailing, acquire new customers and reduce returns.

On June 13, Fung Global Retail & Technology Managing Director Deborah Weinswig emceed a VIP retail event in New York City hosted by Loop Commerce. Entitled “Shopping for Others: Unlocking a Blind Spot in Digital Commerce,” the panel discussion focused on the gifting economy. Panel participants were Milton Pappas, SVP of Digital Marketing for Hudson’s Bay Company’s HBC Digital division; Victor Ortiz, VP of Digital Product Management for Toys “R” Us; and Roy Erez, CEO of Loop Commerce. Below are our top three takeaways from the discussion.

1) Retailers should have strategies in place to help alleviate the anxiety of gifting. Gifting is a \$200 billion-plus business, yet the gift-giving process can be challenging both for the giver and the recipient. The giver’s goal is often to provide an ideal experience for the recipient, rather than just a gift card, and the recipient usually would appreciate a gift that could be modified in terms of size, shape and color as needed. Many recipients also would like to be able to indicate where they would like their gift to be shipped.



FLASH REPORT

That was the exact problem that Roy Erez was aiming to solve when he and cofounder Alex Sirota launched Loop Commerce in 2012. Erez told attendees at the event about a time when he wanted to buy a present for a friend online, only to realize that he did not have the friend's shipping address. To solve that problem, Loop Commerce has pioneered a technology platform called GiftNow that allows buyers to purchase any product as an e-gift on a retailer's website, and then have an email sent to the recipient notifying the recipient that he or she has received a gift. The email has a link allowing the recipient to view the product, add a preferred shipping address, and pick the size and color desired. The email even allows the recipient to write a thank-you note. The technology allows retailers to offer a smooth gift-giving experience, as well as capture a new customer in the gifting process. According to Erez, GiftNow is currently available on the websites of retailers such as Coach, Neiman Marcus, Ralph Lauren and Lilly Pulitzer.

Erez stated that people are nervous when it comes to gifting, with thoughts like, "Facebook tells me it's a birthday and, oh my, what do I get?" He also said that givers are concerned about the nuances of a gift and that they do not want the recipient to see the price.

Victor Ortiz of Toys "R" Us added that he is seeing a trend on Facebook where parents are making wish lists for their children on their own feeds, making a gift-giving occasion not only about the children, but also the parents. So, Ortiz said, givers need to think about who a particular gift is actually for. Toys "R" Us puts gifting in the minds of shoppers right at the front of the store by suggesting certain items, signaling shoppers that they "don't have to worry about it—this thing is a hit," and thereby reducing the friction and anxiety surrounding gifting.

2) Personalized marketing is now expected by most brand-loyal customers, who do not see it as creepy—and gift data is critical to effective personalization.

Deborah Weinswig asked Ortiz how Toys "R" Us thinks differently about the customer gifting experience. He responded that "nearly everything at Toys "R" Us is a gift, even beyond the birthdays, karate awards and good grade incentives. For instance, baby gifting is easier with an online registry."

In response to a question about whether there is a "creep factor" when it comes to e-gifting, Ortiz said that, in a one-to-one trusted brand relationship, he does not believe there is a creep factor. He said that the retailer and customer have a conversation and it becomes more personalized. "We can now make it very, very relevant to the consumer," Ortiz said.

Milton Pappas of HBC said that there was no creep factor at Saks Fifth Avenue, either, and that clients almost expect personalized marketing given their relationship with the brand. Pappas said that there is a way to do it tactfully and "creep-free."

Erez commented that with traditional gifts, the giver and the retailer cannot close the loop. "Now, with the technology of e-gifting, we can connect the dots," he said. "And it's amazing how much more info you actually get."

Ortiz pointed out that the challenge is even greater for Toys "R" Us because toy trends can change so quickly. "Children's interests change rapidly," he said. "Perhaps a child wants Lego Batman, and then two weeks later, he likes Spiderman, not Batman." Data is important in understanding these changes, he noted.



FLASH REPORT

3) Gifting can also be an opportunity to showcase experiential retailing, acquire new customers and reduce returns.

Pappas said that it was all about the experience, and the linking of the store and online experiences. On the Saks website, customers can now chat with a stylist on the home page and even choose which store and which associate they want to speak with. This addresses shoppers' anxiety, Pappas said. Store assistants can create a look book for customers and interact with them via live chat.

With gifting, Pappas said, the key is educating customers—letting them know that they can use GiftNow and that they do not need to worry about size or color. Moreover, Saks uses GiftNow as an acquisition tool for new customers, he said.

Pappas added that anything that reduces returns—a big challenge in retail—and satisfies customers is important for the business. Saks also has the advantage of physical stores, which enable customers to make returns in person. Fit guides and other tools also help to reduce return rates, he noted.

Erez said that, with traditional gifting, retailers might have a return rate of up to 70%. New gift card accounting makes it difficult for retailers to recognize the breakage income, so it is better when a gift card is used toward a thoughtful e-gift, which also provides a better customer experience.

On the topic of retail technology in general, Erez said that he has seen a shift over the last few years. Retailers are much more open now to asking for technology that will help them rather than putting up a wall. Gifting features should be “added to the bucket of tools a retailer has,” he said.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Michael Zung
Marketing Director

Hong Kong:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

London:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

New York:

1359 Broadway, 18th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com