



SECTOR ANALYSIS

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SELLING SUCCESS

As the recession hit retail chains across the UK, organisations that turned to outsourcing as a cost-cutting solution saw some encouraging results...

Already, 2010 has witnessed London's exclusive retailer Selfridges take its first steps into the online retail sphere, through the pilot of new ecommerce site (set to send competitors NET-A-PORTER and Harrods into a spin). In fact, the past two years has seen major changes in the retail space, with some chains disappearing from the high street altogether. Pick 'n' mix favourite Woolworths collapsed, as did music store Zavvi after its main supplier, Entertainment UK – a Woolworth's brand – fell in late 2008.

Outsourcing IT, customer service and other operations is one way that the retail sector can cut costs and remain competitive in the economy – a tactic that needs to be

addressed, according to industry experts. A TPI report published last year indicated that outsourcing contracts in the retail market were up 40 per cent year-on-year, but average and total values of deals signed in the retail industry dropped to their lowest levels in five years.

Whilst many retailers outsource areas such as customer service and order processing, there has also been a rise in outsourcing e-commerce software development and website management in the height of cloud computing.

Daniel Naoum, co-founder of outsourcing research provider Valueshore, notes: "Improving business efficiency and reducing costs has been high on the agenda for many retailers, meaning that outsourcing IT and key business processes has proved popular," he explains.

"Some of the world's leading retailers are looking to emerging nearshore destinations, which offer a wealth of highly skilled staff without the hidden costs associated with outsourcing further afield."

Technology enablement is also starting to prove its worth in value. Through outsourcing customer websites, companies can serve their customers fully online by providing them with assistance 24/seven.

Bianca Slatter, retail marketing manager, at HP Enterprise Services, argues that, thanks to technologies such as cloud computing, the way retail companies can do business is changing at a rapid pace: "In this constantly changing landscape, the role of IT is changing, too. But IT must provide services that are an integral part of an organisation's business model, and enable rapid change and flexible relationships with customers, suppliers and partners," she explains.

And with many global retailers including Toyota, Vera Wang, Puma and Johnson and Johnson already outsourcing customer services, the trend looks set to take off. Retail service outsourcing is steadily on the rise, and whilst daily news stories on new outsourcing contracts flood in, more and more organisations could soon get in on the act.

READ ALL ABOUT IT!

Judging by what's made the headlines over the past few months, outsourcing in the retail sector is on the up...

- **Two million consumers dissatisfied with credit card customer service**

A uswitch survey indicated two million UK customers are not 100 per cent satisfied with the services offered by their credit card provider.

- **Bosch Opens contact centre in Philippines**

Bosch opened a new contact centre in Manila to expand the language capabilities of its customer services. The centre will initially take on 200 employees.

- **Qcom to provide network support for Psion Teklogix**

Qcom was appointed to offer sales support to wireless device manufacturer Psion Teklogix in the UK in a three-year outsourcing contract.

- **SABMiller outsources to Infosys**

Brewing giant SABMiller trialled Infosys Technologies' ShoppingTrip360 to evaluate and improve its in-store shopper marketing campaigns.