

## The Only Post-Brexit Strategy Any Ecommerce Business Needs is: Consumer-Centricity

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Following last week's symbolic parliamentary vote on whether or not Britain should remain in a UK-EU customs union post-Brexit<sup>i</sup>, just days after the House of Lords voted against the government's proposed withdrawal from such a union<sup>ii</sup>, speculation now is that a final yes or no may now not be decided until the end of the year. Brand owners tempted to adopt a wait-and-see approach before revising their ecommerce strategies should think again, however. For there is considerable future-proofing they can and should be doing now – even before the outcome of customs union discussions is known.

The UK is one of the world's most dynamic ecommerce markets.

According to the Ecommerce Foundation, ecommerce in the UK grew by 17.8% to 174bn Euros in 2016, with the total number of online shoppers rising to just over 57m<sup>iii</sup>. UK department stores experienced almost 20% growth in online sales during the same period. Meanwhile, 15% of UK businesses now sell online. And, based on anticipated growth rates, the same analysis predicted total UK ecommerce would be worth 197bn Euros by the end of 2017.

Small wonder, then, that recent predictions suggest UK ecommerce will account for over a quarter of UK retail sales by 2021<sup>iv</sup>.

However, with Brexit looming, the UK is now facing significant changes to its online retail ecosystem with the brunt of change likely to be born by UK retailers with continental European ecommerce consumers.

Whether or not the single customs union continues will result in some of the most likely changes to the ecommerce environment post-Brexit.

For example, should the UK no longer be part of a single customs union, the cost of distributing products overseas is likely to increase and understanding where to mitigate increased costs such as this will be essential. Furthermore, fluctuations in currencies are expected in the near-term so ecommerce pricing strategies will be required that can absorb these swings when necessary while having minimal consumer impact.

Meanwhile, new nervousness can also be expected amongst EU consumers purchasing products from the UK – especially around cost and speed of delivery, and this will need to be counteracted with sensitivity. Reviews and recommendations – already important – will become more so to build confidence through reassurance.

In the light of all this, the most accessible and dynamic consumer base for UK ecommerce businesses post Brexit will undoubtedly be within the UK itself and success in the online retail space – for UK multi-channel retailers, especially – will be critical. No longer can ecommerce be viewed as an afterthought or complimentary sales channel but an activity that touches every part of a business. And success will come from creating genuine 360-degree ecommerce strategies with consumers and their purchases at the heart.

It goes without saying that all businesses must be ready for the change that's coming and willing and able to adapt and flex to accommodate it. This could mean re-thinking how to fulfil orders, or where to ship to. And it is likely to involve installing and implementing new structures, systems and processes. Different sectors and different businesses will face different challenges and need to respond – and change – in different ways. Yet all will need to do the same thing if they are to respond effectively: be truly customer-centric.

Many talk of putting the customer first, of course. For all the bluster, however, too many focus instead on their business needs and the bottom line – even though ecommerce is powered by and should, ultimately, be structured around the consumer.

An important first step towards consumer-centricity – especially in a post-Brexit world - is to understand not only who your consumers are but which of those consumers is most and least valuable. If a UK company's most profitable ecommerce consumers are in Germany, then they will need to optimise their approach to those consumers to ensure they retain and deepen their relationships with that audience post-Brexit.

In contrast, if those consumers are of least value to their business, then they should consumer reassigning related resources elsewhere.

Another critical aspect of customer-centricity, however, is understanding the purchase journey – something every business should now obsess about. It should be entrenched in business strategies and the foundation of everything a business decides to do. Evaluating consumer behaviour through this lens is business-critical and a fundamental basis not just for building a successful ecommerce strategy but a healthy business in today's technology-advanced, dynamic market.

Digital native brands such as Amazon are already pass-masters in identifying their most profitable customers and understanding their purchase journeys. Often, more traditional, heritage brand owners are less adept. Argos, however, is a notable exception. Following heavy investment in in-store technology and a shift towards consumers purchasing via digital kiosks and using click and collect to buy from home, it was recently named the UK's best multichannel retailer<sup>v</sup>.

Tomorrow's UK ecommerce winners, then, will be those who put the consumer at the heart of everything they do. Getting on top of this is therefore essential for every business moving

forward whatever challenges they face, amongst which Brexit will be just one. Build a business strategy around consumers wants and needs, however, and the rest – success included – will surely follow.

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i <https://www.independent.co.uk/voices/brexit-customs-union-vote-there-a-may-government-a8323891.html>

ii <http://www.bbc.co.uk/news/uk-politics-43812360>

iii <https://ecommercenews.eu/ecommerce-uk-increased-17-8-percent-2016/>

iv <https://www.emarketer.com/Report/UK-Retail-Ecommerce-eMarketers-Updated-Estimates-Forecast-20162021/2002188>

v <https://econsultancy.com/blog/69450-what-makes-argos-the-uk-s-top-multichannel-retailer>