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THE HOT 100

The 100 most innovative e-retail
companies from around the globe,
as selected by our editors
and researchers.

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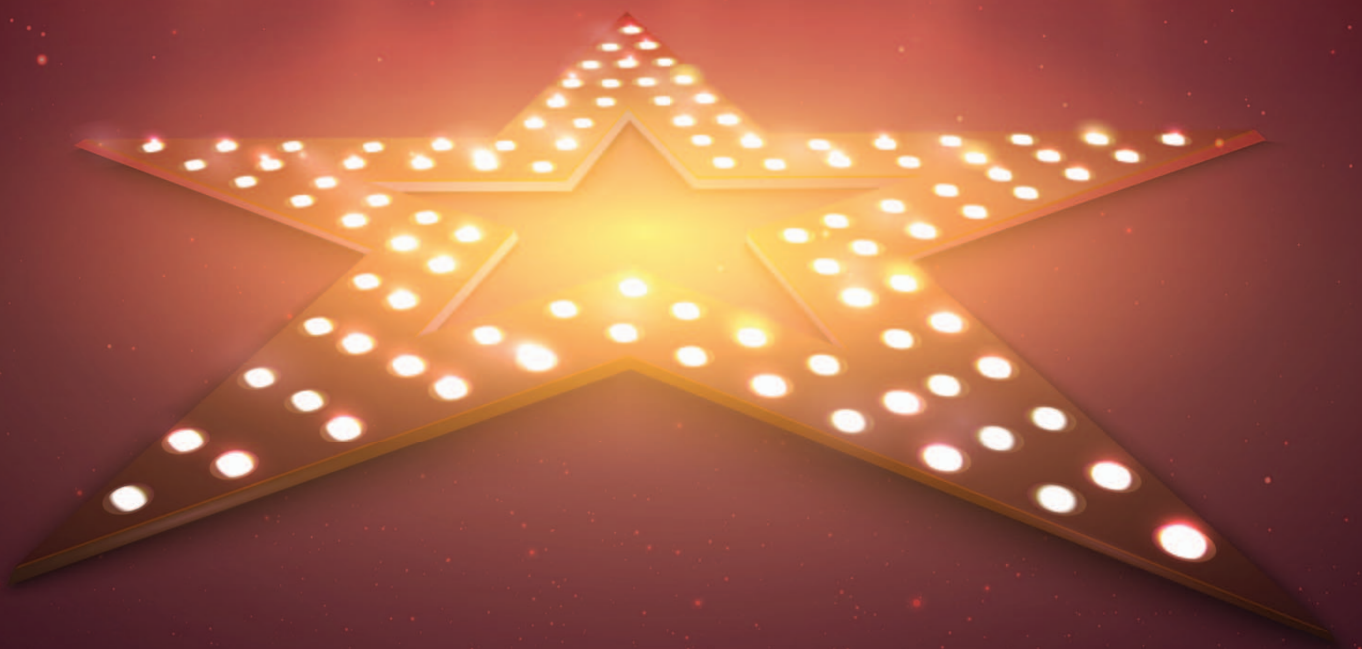
6 overview

FRESH THINKING

The 100 retail companies featured in the 2019 Hot 100 have taken 100 different approaches to drive consumers to make a purchase—from revamping their websites and apps to opening up forward-looking stores. In doing so, they're offering a glimpse of where retail is heading.

BY ZAK STAMBOR

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There is no normal

The internet is a great liberating force. To succeed, a retailer doesn't need prime real estate on Rodeo Drive or 5th Avenue, it simply needs a compelling product or customer experience and means of building brand awareness.

And, as the saying goes, there's more than one way to skin a cat. In this year's Hot 100, we showcase 100 different ways that merchants are skinning the proverbial cat—even among those with similar products. For instance, Joybird and Feather have taken very different approaches to rethinking how consumers furnish their homes. Joybird sells custom-made furniture that enables a shopper to choose the specific fabric type and wood stain she wants while Feather is a subscription service that enables consumers to rent new or like-new furniture from brands, such as West Elm or Pottery Barn.

It takes us five months to put together the Hot 100, a list that highlights the most innovative merchants within e-commerce. The process started in June, when each Internet Retailer editor and researcher nominates 25 or so retail companies for the list, complete with an explanation as to why the company should be featured in the Hot 100. Then we break into three teams and start debating. We explore various aspects of the business—from its business model to its design and everything in between. The discussions take time, but eventually, the list takes shape. Once the list comes together, we sort the finalists into categories. This year's categories are business model, content, design, growth, marketing, omnichannel and technology.

The wide range of merchants—large, small, startups and companies that have been around for more than a century—shows there is no normal way of selling online.

Of course, the Hot 100 is subjective list. Some merchants are snubbed and others that some might deem unworthy are included. Debating the merits of each is part of the fun of it. It's a painstaking process, but one we enjoy. We hope you enjoy paging through this issue. Perhaps you may even find yourself inspired to think differently.

Zak Stambor, Editor

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Fresh THINKING

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BY ZAK STAMBOR

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By the end of this year, Made In Cookware plans to open a storefront in its hometown of Austin, Texas. But the storefront won't house a traditional store; instead, it will serve as a hub of Made In Cookware activities such as cooking demonstrations and classes.

The idea is to use the space to offer consumers experiences that feature the brand's cookware, as well as to create content that can live online, says Jake Kalick, the company's president and co-founder. For instance, it might stream cooking demonstrations on Facebook Live or Instagram Live, and it might post images from its classes to its blog.

For a digitally native, vertically integrated brand like Made In Cookware to thrive, it needs to offer more than just products, Kalick says; it needs to create a lifestyle around the brand. And that's why, if everything goes as planned, the Austin storefront will likely be the first of several Made In Cookware storefronts that are dotted in urban areas across the country. Each will have one simple goal, he says: "We want to drive people to talk about our brand."

Made In Cookware is hardly alone among digitally native retailers in examining how physical storefronts can help them attract new customers and boost sales. For instance, there's Casper, which earlier this year launched a "branded nap destination" called the Dreamery that enables consumers to pay $25 to catch a 45-minute nap inside a sleeping pod furnished with a Casper mattress and covered in sheets, pillows, blankets, socks and an eye mask. And, of course, Amazon.com Inc., which in January opened the first of its AmazonGo cashierless stores to the public. Several more opened throughout the year, including five in the third quarter alone. The retail giant reportedly plans to open 3,000 AmazonGo stores by 2021.

Those three merchants' rethinking of physical retailing—and connecting that offline experience to their online channel—is why each of them is listed in this year's Hot 100, which showcases the retailers and online marketplaces that are at the forefront of online retail innovation. However, the span of that fresh thinking extends far beyond the physical world into website and app design, fulfillment processes and technological breakthroughs. The retailers included in this year's list cross a broad spectrum from upstarts such as Imperfect Produce, a produce delivery retailer that aims to combat food waste by selling subscriptions that ship consumers a collection of odd-sized and unattractive fruits and vegetables, to retail giants like Home Depot and everything in between. While their businesses, and business models, vary wildly, each has found novel ways to gain an edge.

Take Clandestina, which in October 2017 became the first Cuban brand to sell online.

Because the Office of Foreign Assets Control—the U.S. agency that administers and enforces economic and trade sanctions—draws a distinction between the sale of physical products versus services to U.S. customers, the brand's online products are designed in its Havana studio and then uploaded for a manufacturer in South Carolina to screen print on T-shirts from a supplier in Nicaragua. The American manufacturer can then ship to consumers in the United States and abroad.

While the process has enabled Clandestina to operate, it isn't without its logistical difficulties. For example, shipping to the European Union has been problematic because of some red tape. And although Clandestina's products are

manufactured in the United States, test products still have to return to Cuba for quality checks and marketing photos, which is a struggle without a "proper" postal service there, says Idania del Río, the company's co-founder. As a result, she and co-founder Liere Fernández have resorted to flying overseas to pick up inventory or relied on a wide network of traveling friends to fill in as personal couriers by retrieving and delivering their shipments.

Clandestina—which translates to hidden, forbidden or illegal—is known for its statement-making T-shirts. Del Río says the brand's most famous graphic T-shirt reads, "Actually, I'm in Havana," with more than 100 online orders to date for the label's best-selling product. More than a quarter of its patrons are repeat buyers, and Clandestina is growing its network of fans who eagerly await each new product release, she says.

On the other end of the spectrum is Home Depot, which is on a relentless quest to tighten the bonds between its online and offline operations.

Already, 46% of its U.S. online orders are picked up in stores, and 10% of online sales are generated in stores when customers are looking for an item that isn't in stock in the quantities they need, according to Dave Abbott, the retailer's vice president of integrated media. The majority of returns come to stores as well.

> As Amazon's influence grows, it's putting pressure on other retailers to evolve. That may be difficult, but it isn't impossible.

Still, Home Depot sees room for growth given that only 7% of its revenue is generated online. One way it is seeking to do so is by working with startups Roadie Inc. and Deliv Inc. in its top 35 metro markets to offer same-day delivery on online orders made before noon of about 20,000 products. It's also putting self-service lockers at the front of stores so customers can pick up online orders without going to the customer service desk.

At the same time, Home Depot is seeking to leverage the massive trove of data it collects—which ranges from local store inventory to weather patterns to on-site actions—about its online and offline shoppers to bolster its ability to present

HOT 100 profiles were written by Internet Retailer editors Fareeha Ali, April Berthene, Bill Briggs, Stephanie Crets, Allison Enright, Katie Evans, James Melton, James Risley, Zak Stambor and Jessica Young.

the right items to the right shopper on its site and in its ads.

Home Depot's approach is, in part, aimed at insulating itself from the threat posed by Amazon. Amazon accounts for more than 80% of online transactions across numerous categories, according to an analysis by marketing analytics firm Jumpshot. The study is based on anonymous consumer actions on U.S. mobile and desktop devices across 500 e-commerce sites and online marketplaces in the second quarter. For example, Amazon accounts for 89.9% of electronics transactions, 83.8% of home improvement transactions and 88.8% of household essentials purchases.

And Amazon is increasingly extending its reach offline via AmazonGo stores, as well as via Whole Foods, where it offers members of its Prime loyalty program exclusive discounts at the grocery store. That benefit, as well as the other perks associated with Prime, has helped the retail giant grow membership of its loyalty program to 97 million U.S. subscribers, according to Consumer Intelligence Research Partners. Those shoppers are incredibly loyal to Amazon; they spend an average of $1,400 a year on Amazon, compared with $600 for non-Prime customers, the research firm says.

As Amazon's influence grows, it's putting the pressure on other retailers to evolve. That may be difficult, but it isn't impossible as the companies featured in this year's Hot 100 demonstrate. ■

Shaking up the status quo

Amid an increasingly competitive environment, the retailers that will succeed are often those with innovative business models or that have been willing to shake up existing models to adapt to consumers' evolving expectations.

Take Kroger Co., the nation's second-largest grocer. Founded in 1883, the retailer is hardly a startup, however, it's in the midst of an ambitious, multiyear plan aimed at remaking itself into an omnichannel merchant that can compete with Amazon.com Inc. and Walmart Inc. And it is taking a multilayered approach to doing so via acquisitions, partnerships and changes to the way it operates.

For example, the retailer in August took its first steps into China by announcing it is running a test with e-commerce giant Alibaba Group Holding Ltd. Kroger wants to see whether shoppers in China will buy products from Kroger's natural and organic private label, Simple Truth, through Alibaba's Tmall Global platform.

Meanwhile, back in the United States, it is examining a broad range of options to make it convenient for online shoppers to get their groceries. For example, Kroger is working with autonomous vehicle startup Nuro to test the delivery of groceries in unmanned road vehicles that can steer from one of its grocery stores to a shopper's home. It's also testing a new format and concept that allows a customer to order Kroger grocery items online and pick them up at a Walgreens drugstore. Then there's its offering of home delivery ordered online via Instacart; as of late-October, it offered the service from nearly 45% of its roughly 2,800 stores.

Plenty of startups are also introducing fresh ideas to selling online. For instance, there's NomNomNow which makes and sells personalized refrigerated meals for pets.
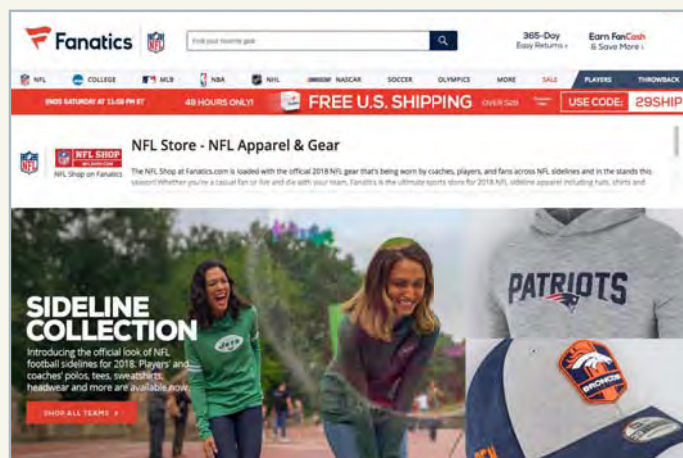
At NomNomNow's website, shoppers fill out a questionnaire about their pets, providing details like weight, target weight, birthday and food preferences. It then uses that information to tailor its food to the individual pet. Each meal is cooked fresh in a commercial kitchen, portion controlled and approved by a veterinary nutritionist.

And then there's sports apparel retailer Fanatics, which is on a relentless quest to ensure that it is the go-to place consumers turn to for sports apparel. The retailer this year signed a 10-year deal to make it one of two (along with Nike Inc.) primary suppliers of apparel to the NFL's teams and fans.

To reassure consumers considering making a pricey purchase, Fanatics also recently launched its Jersey Assurance program, which allows a shopper to exchange her player jersey within 90 days if the professional athlete switches teams.

There are many paths to innovation as demonstrated by the retailers featured in this year's business model section.

Retailers need a holistic view of the customer to provide personalized experiences

MATTHEW RHODUS
director and industry principal for strategic initiatives at Oracle NetSuite

Amazon.com Inc. is a force to be reckoned with; the retail giant accounted for 30.7% of all Top 1000 sales last year, according to Internet Retailer estimates—and that doesn't even include sales by other merchants on its platform. One key to Amazon's success stems, in part, from its ability to tailor its recommendations based on what its data suggests a consumer might be looking to buy.

"Amazon has set the bar so high for many aspects of customer service that all retailers feel the need to match or beat its service," says Matthew Rhodus, director and industry principal for strategic initiatives at Oracle NetSuite, a business management platform provider.

One key to providing a highly satisfying customer experience that competes with Amazon is for retailers to remove data silos between channels to bring together their data. "They need to have a 360-degree view of the customer to see all of a customer's purchases—regardless of whether they occurred online or in a store," Rhodus says. "It allows the retailer to better understand the customer and her history and use

that information to personalize the experience."

However, many retailers fail to do so because they don't have the right technology in place. That's often because they are working off of a number of disparate systems that may not be integrated or that may be very old. "We often discover that these retailers are keeping all their data in spreadsheets, completely outside of systems," he says. "They're trying to run their business from all these different systems that aren't talking to each other—and it just doesn't work."

Innovation within e-commerce can only begin after a retailer establishes a consistent and consolidated view of data in one place for items, customers and orders by implementing enterprise resource planning (ERP) technology, Rhodus says. "There is a lot of effort required to implement or migrate to a new ERP solution, but at the same time, the reward is worth it," he says. "Retailers can better serve customers on the front end, when they have better visibility to customers, items, and inventory and orders on the

backend—allowing them to better engage the customer on any given channel."

Innovative retailers share a single trait, he says. "They know what their core competency is," he says. "It's not designing, writing and maintaining software—it's placing a priority on creating an Amazon-like experience for their customers."

To do that, these online retailers invest resources in customer-facing applications while focusing on all aspects of their product offering and every detail of the customer experience, Rhodus says. He suggests retailers look toward technology, such as Oracle NetSuite's, that can offer that single system of truth for items, customers and orders.

"NetSuite integrates with other systems, and because it's cloud-based, it enables retailers to focus on differentiation and innovation, rather than shoveling coal to make sure systems are still up and running," Rhodus says.

Alton Lane was previously working on fragmented systems, which didn't allow the fashion retailer to access the more holistic, detailed view of its business it wanted. So the company implemented NetSuite's unified cloud platform. Now, with a single source for customer relationship management, financials, inventory and order management data, Alton Lane is able to provide highly personalized customer experiences that weren't possible with fragmented systems.

Rhodus says the days of system, database and network administrators maintaining large and complex on-premise ERP systems are over. "With cloud-based solutions out there that manage financials, customers, orders, items, warehouse, human resources, e-commerce and point-of-sale, a brand new company can support the entire business operations with a single, unified cloud platform," he says. ∎

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A fresh take on dog food

NomNomNow is taking a fresh approach to dog food by using the web to sell fresh, ready-to-eat meals for pets.

NomNomNow.com launched in May 2015 as a site where a shopper can buy a week's worth of freshly prepared meals that she stores in her refrigerator for her cat or dog. The meals are tailored to the pet based on its weight, target weight, birthday and food preferences.

NomNomNow positions itself as a healthy choice consumers should make for their dog. Each meal is cooked fresh in a commercial kitchen, portion controlled and approved by a veterinary nutritionist.

"This is not something that is meant to be a treat, not something you buy occasionally, not something you should be mixing in with other food," says CEO and co-founder Nate Phillips.

The fresh twist seems to be working, as NomNomNow has thousands of customers and generated "millions" in revenue in 2017, which was a 600% sales increase over 2016, Phillips says. For 2018, the retailer projects 400-600% sales growth, Phillips says.

After years of high growth, NomNomNow has moved through a series of commercial kitchens to keep pace with its orders. It owns and operates a kitchen in California and opened a second kitchen in Tennessee in October.

In addition to its human-grade, veterinary nutritionist-approved food, the retailer has more ingredients to its business model that has made it a success, such as its custom built e-commerce site and back-end system. The retailer's back-end technology sums

NomNomNow
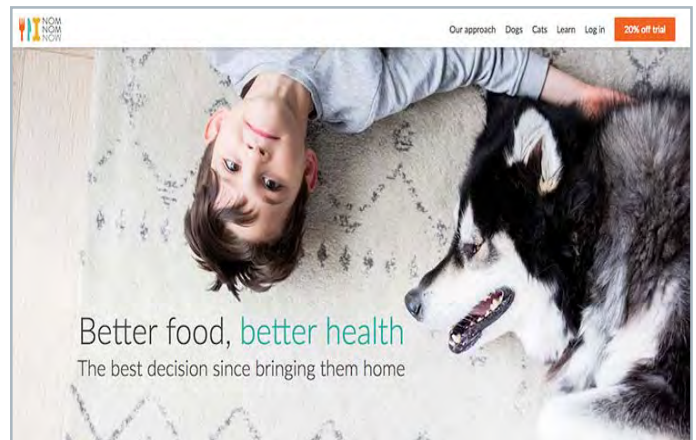
all of the orders and translates it so NomNomNow knows how many ingredients it needs to buy to cook all of the meals and the number of box labels it needs.

The retailer also pre-portions every meal to ensure that consumers don't overfeed their pets.

"Everyone fills a scoop differently, and this can lead to over feeding," Phillips says. "This level of granular personalization though, had never been done in this space, and we didn't see any kind of solution that would serve our needs. That's why we knew we needed to create a completely customized system."

The retailer's co-founder and chief technology officer, Wenzhe Gao, engineered the system, which is "incredibly critical to our offering, and is the reason that we're able to offer customization at the level that we do, fully scale," Phillips says.

Scaling up

Tuft & Needle no longer looks like a fledgling startup. The retailer in August announced a merger with the much larger mattress maker Serta Simmons Bedding LLC.

The combined company plans to maintain its distinct brands, which include Serta, Beautyrest, Simmons and Tomorrow. But, by joining forces, Tuft & Needle and Serta hope to benefit from economies of scale, reducing the operating costs for each company.

Tuft & Needle, a digitally native, vertically integrated brand founded just over six year ago, sells products on its own website, but also is among the top brands sold on Amazon.

Tuft & Needle
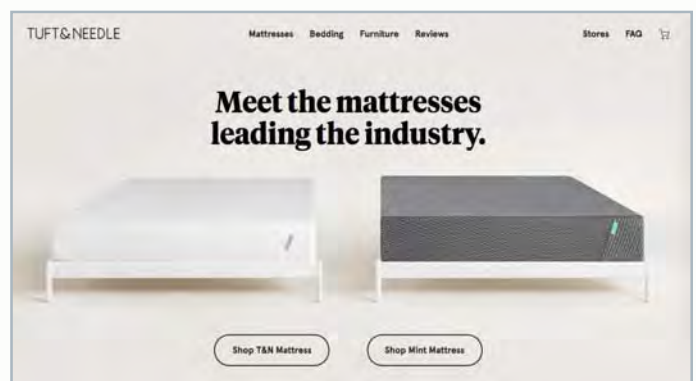
Meeting customer demand

When Tictail launched in 2012, it wasn't the online marketplace it is today. It launched as a technology platform provider for entrepreneurs and small businesses that wanted to sell online. It offered merchants tools for marketing and setting up their own shops online.

But soon after, the company saw demand from its customers wanting more guidance on how to grow sales and customers, says Carl Walderkranz Rivera, co-founder and CEO of Tictail.

The company two years ago launched an online marketplace for apparel and home goods, charging sellers a 10% commission for the sale of each of their products. Uniquely, the marketplace has a retail store in New York City, in which it showcases products from its marketplace.

Tictail
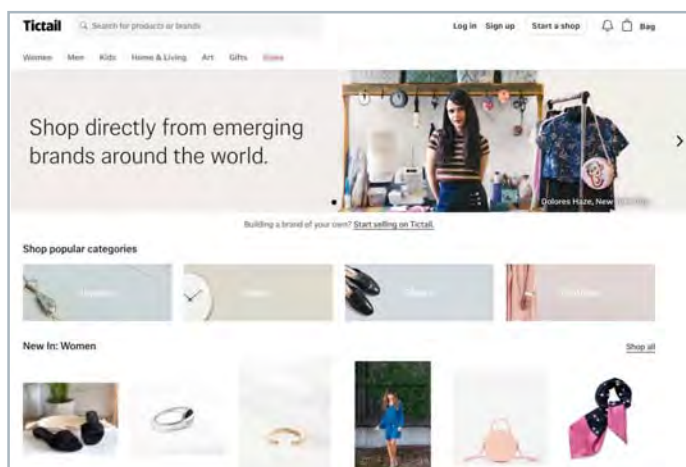
To the Market

An artisan incubator

To the Market is a direct-to-consumer "artisan incubator" set up as an online marketplace for handmade apparel, accessories and home goods, says CEO and founder Jane Mosbacher Morris.

Artisans include those who have been affected by abuse (domestic violence, human trafficking), conflict (war widows, refugees) and disease (from populations affected by HIV/AIDs) and purchases support jobs for at-risk youth in the U.S., HIV/AIDS populations and more.

To the Market also works with social enterprises and nonprofits that have already set up shop, hired and trained survivors to produce items.

Building on its current approach, the company is currently working on an e-commerce site for brands and retailers to buy products wholesale.

The sweet spot

Anker's revenue jumped 56% last year to 3.9 billion yuan ($609 million), and profit grew 9.9% to 356 million yuan ($56 million), according to its annual report. While roughly half of its revenue comes from the U.S., its China sales doubled last year.

That growth has come from the retailer's strategic positioning: It has identified and seized upon gaps in the technology industry. For example, it has targeted the opening between Apple Inc.'s costly iPhone chargers and the low-quality replacements that clutter Amazon and other online marketplaces.

The approach has helped Anker build a brand selling products online and, more recently, in almost 4,000 Walmart and 900 Best Buy stores throughout the United States.

Anker
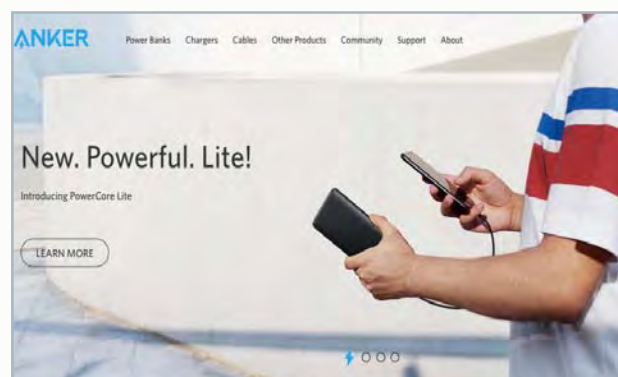
Turning misshapen lemons into lemonade

An early and recurring criticism of online grocery shopping has been that you can't see produce before you buy it. Who wants to grab the warped bunch of carrots when the ones around it look like they could be in a Bugs Bunny cartoon? Imperfect Produce flips that idea on its head, taking the produce that wouldn't sell in stores and shipping it at a discount to hungry online shoppers.

Imperfect Produce's produce isn't exactly Instagram-ready, with peppers that seem too small, lemons that are a bit green and oranges that more closely resemble a football than a baseball. However, the food retailer's fruits and veggies sell for 30%-50% less than grocery stores and it claims to have saved 19 million pounds of food from the trash heap so far.

Instead of getting produce that shoppers don't buy at grocery stores, the retailer works directly with the farmers to take the items that grocery stores won't even accept.

One of the most common reasons produce is handed over to imperfect Produce is because it's too small. Grocery stores handle a high volume of product, so they need it to be in standard sizes to fit in storage areas and on store shelves. But a small apple or really large potato aren't a problem for many consumers and can be sold directly to avoid the problems with inconsistent sizing.

The subscription business offers options for organic produce, all

Imperfect Produce
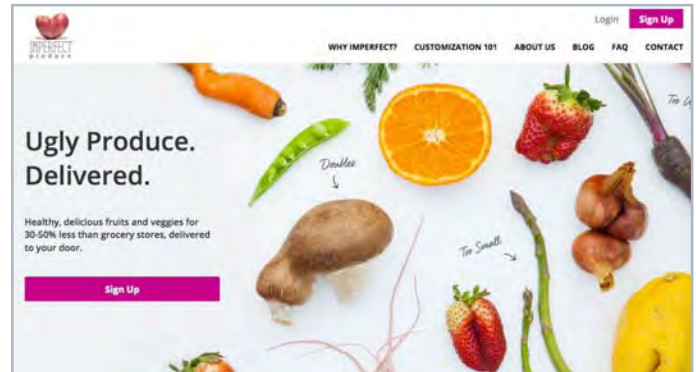
veggies, all fruit or a mix. Boxes are sold by weight, ranging from 7 to 25 pounds, that arrives either every week or every other week. To reduce its carbon footprint, the retailer assigns delivery days based on a shopper's neighborhood.

A consumer can choose which fruits and vegetables he wants in each box, often from 30 or more items that change depending on what is in season. If a customer doesn't choose, Imperfect Produce selects the items on the shopper's behalf.

The company also operates a blog that aims to inspire customers to use the items they've received, as well as to showcase other ways to cut down on waste.

Living feather light

E-commerce site Livefeather.com is targeted at shoppers who frequently move.

Feather, which launched in April 2017, allows shoppers to rent new or-like new furniture from premium brands, such as West Elm or Pottery Barn, for months at a time.

"For people in that transition phase of their lives, ownership of big-ticket items doesn't make a lot of sense," founder and CEO Jay Reno says. "Today, everyone owns [furniture] because that's the only solution they've been offered."

In offering a furniture subscription service, Feather aims to help shoppers avoid being "bogged down" by too many personal possessions. "Living feather light," hence the brand's name, resonates with millennials, Reno says.

Feather
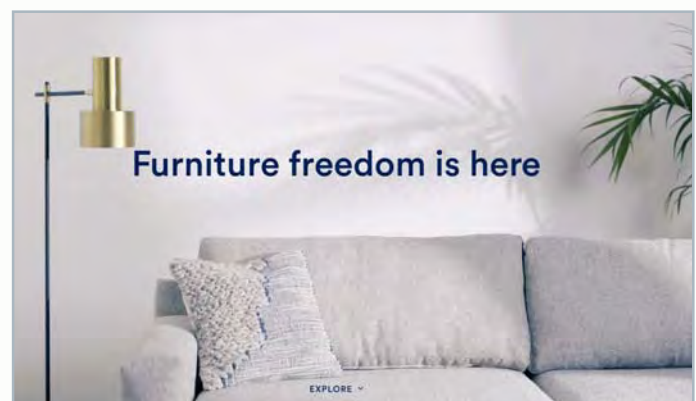
E-commerce and embargoes

There is a digital awakening occurring in Old Havana.

One clever designer found a way to take her local apparel brand—popular with the burgeoning tourist set—worldwide despite decades of Cuba's isolation from global markets. In October 2017, Idania del Río's Clandestina became the first Cuban brand to sell online. Even to the United States.

The move took some finagling, with del Río and co-founder Leire Fernández finding a loophole to sidestep U.S. legislation. The importation of goods from Cuba is heavily restricted, but the law allows for Cuban designers to provide their services to U.S. customers. So the brand's products are designed in the Havana studio with images uploaded for American manufacturers to print and ship to customers in the United States and abroad.

The last 12 months have been a period of trial and error as the Clandestina team has familiarized itself with e-commerce. Challenges crop up daily.

"When we least expect it, any service we use becomes banned for Cuba due to the embargo, and we have to find an immediate solution," del Río says.

Employees have to use virtual private networks for almost everything—sometimes even using VPNs to access other VPNs to skirt censorship or geographic online restrictions.

Clandestina
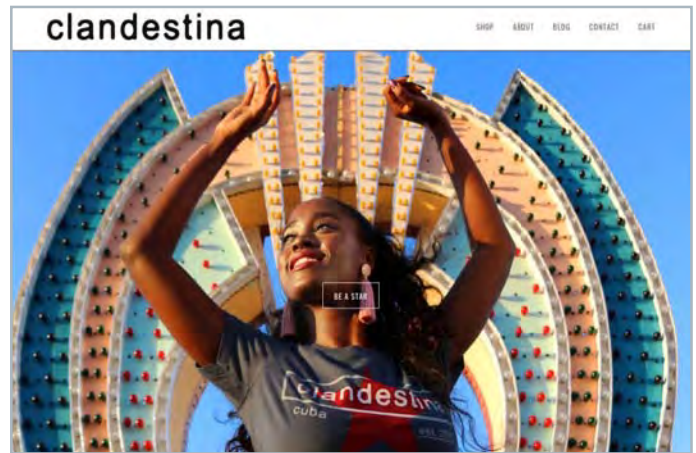
Clandestina calls the task of managing e-commerce from the brand's home country, where internet access is spotty, "a little nightmare." Wi-Fi is expensive, and the connection is highly inconsistent and painfully slow. For the first three months after the Clandestina launched its site, del Río had to run the online store from hotspots around the city before she started getting a signal from the office.

But despite the logistical issues, the team says it tries to abide by the Cuban philosophy to "resolver."

Going abroad

After a strong two-year run in the U.S., electric bike maker Rad Power Bikes launched sales into 28 European countries late last year. Its Europe initiative fits the company's goals of provide efficient and affordable transportation in countries with deep cycling cultures.

"Connecting with people online was key to growing our direct-to-consumer company," says Ty Collins, co-founder and chief marketing officer at Rad Power Bikes. "E-commerce has allowed us to reach a massive amount of people from around the world that would otherwise take an infinite number of physical storefronts to achieve."

Earlier this year Rad Power Bikes rolled out a commercial division that aims to provide sustainable transportation and last-mile delivery options for commercial customers including logistics and delivery companies, courier services, and fleets for corporate campuses and universities.

Rad Power Bikes

Retailers should place a high priority on omnichannel customer care

RICARDO LAYUN
vice president of customer care services, Radial

ROBIN GOMEZ
director of data and analytics, Radial

Every retailer needs to offer a highly satisfying customer experience. After all, 86% of shoppers will pay more for a better customer experience, according to a recent study by customer experience consulting firm Walker Consultants. The report notes that customer experience will overtake price and product as the key brand differentiator by 2020.

The experience online retailers offer shoppers is often the difference between winning and losing a sale. For example, marketing intelligence company Aberdeen recently reported that companies with the strongest omnichannel customer engagement strategies retain about 89% of their customers, compared to only 33% for companies that don't prioritize omnichannel initiatives.

"In today's e-commerce environment, online retailers need to understand the entire journey a customer goes through from his or her first visit to the site or product page to the point of purchase, and all the way through to order fulfillment and delivery," says Ricardo Layun, vice president of customer care services at Radial, a global omnichannel

technology and operations provider. "They need to understand their customers' preferences and have a full view of past interactions with those customers to provide them with a personalized experience. Customers demand those types of relationships with retailers."

Customers will gravitate to retailers they see placing an emphasis on creating value for them through the level of service they are willing to provide, says Robin Gomez, Radial's director of data and analytics. "Making shopping easy and creating personalized experiences shows customers that retailers care," he says. "And that builds brand loyalty."

Retailers that succeed in providing highly satisfying customer experiences are implementing omnichannel strategies and investing in the technology tools that makes it possible, Gomez says. In fact, global research firm Gartner Inc. suggests that by next year more than half of all organizations will redirect their investments to customer experience innovations, such as collecting and analyzing customer data.

"Technology plays a big role in

making customer care agents' jobs less complex," Layun says. "Retailers should implement tools that arm agents with information about the customers they interact with so they don't have to engage in complex navigation to find answers to their questions." Additionally, technology enables retailers to gather customer experience data, which retailers can use to create those personalized experiences.

"Technology also provides retailers with self-service tools such as bots, automation, Visual IVR and traditional IVR," Gomez says. "These tools help customers get the information they need on their own, in the channel they desire—freeing up agents to handle more complex issues."

For example, fashion retailer Aéropostale had been using Radial's traditional Interactive Voice Response (IVR) tool for years, and while it had proven to be helpful, only about 25% of issues were resolved through the tool, with the rest being routed to customer service agents. A further review found that 60% of the customers calling into its customer service center were using mobile devices, which was the realization that led Aéropostale to implement Radial's mobile IVR.

With Visual IVR, it was able to achieve a 70% containment rate, compared to the average 25% with traditional IVR. Aéropostale also reached a 90 in its Net Promoter Score—which measures consumers' likelihood of using the tool again or recommending it—indicating that customers who interact with Visual IVR have a positive experience.

Creating that excellent customer experience isn't easy, Gomez says. "But there's help through technology and vendor partners with insights and data," he adds. Layun agrees. "Finding the right combination of people and technology brings it all together," he says. ∎

Regular experimentation

Tree Hut Design isn't afraid to put a website feature in front of shoppers that it knows isn't perfect, says CEO and founder Julia Olson. Instead, it believes it will find the best results by testing and learning from consumers' responses to its actions.

That's why the wooden watch retailer regularly A/B tests features, such as a button color or font size. Then, after a few months, it will revisit those same tests to see if the initial results hold.

"What Tree Hut has done really well is small, incremental tasks," Olson says. "It doesn't matter if we have what we want in the end. It's always good to have something in hand to test. Without testing or talking to the customer, you don't know what they want."

Treehut

State Bags
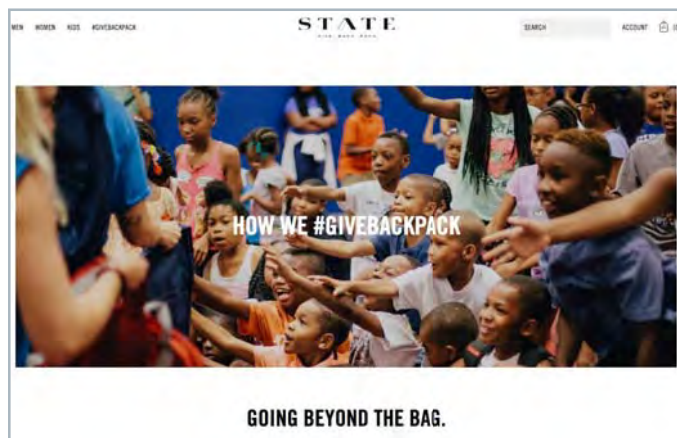
A new approach

Online retailer State Bags is looking to reinvent the one-for-one business model, in which the company gives a product away to charity for every product sold.

"We have always drawn a hard line that we didn't want to be another one-for-one," says co-founder Scot Tatelman, who founded the business with his wife Jaq in 2013 after noticing kids carrying their belongings in trash bags and shopping bags at a weeklong summer camp they started in New York. The difference is two-fold: "We were giving bags away before we were selling bags," Tatelman says, pointing to the fact that they had a mission before they became a retailer. Second, they give away the same backpacks they sell, instead of opting to give away a cheaper product as some retailers with charitable models do.

The company has grown more than 30% over the last couple years and expects to grow e-commerce 60% next year.

An online superstore

When building a home gym, consumers often look for a broad range of products that a company like Nautilus offers. However, Nautilus has historically broken up its products into different brands, like Bowflex, Modern Movement and Schwinn.

The company this year launched e-commerce websites for Nautilus, Modern Movement and Schwinn fitness equipment brands, joining the existing Bowflex website. But to make it easier for someone building their home gym, Nautilus allows customer to add to a single cart across all sites, and then finance their entire purchase at once. The new sites are the first time these brands were available online.

Nautilus
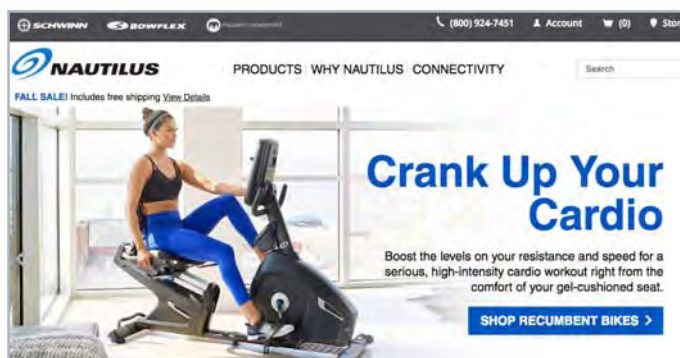
Thriving under pressure

It's often said of athletes involved in major sports that a big game isn't too big for them to excel. In other words, they can handle the pressure. The same can be said of Fanatics, an online merchant of licensed sports merchandise.

The seller serves football, baseball, basketball, soccer and other sports fans who are passionate—yes, sometimes fanatical— but the company's success rides on preparation, says Chris Orton, co-president of North America direct-to-consumer/omnichannel at Fanatics.

For instance, Fanatics was ready when New Orleans Saints quarterback Drew Brees in October became the all-time NFL leader in passing yards. The retailer worked with the NFL to print commemorative T-shirts that it began to sell as soon as the record fell. "Drew Brees broke the passing record and almost immediately fans wanted products. Literally in a minute," Orton says.

Sporting events and individual performances might fuel fans' demand for sports apparel and accessories, but Fanatics has come to depend on the extensive data pool it uses to build algorithms to predict shopper demand. Without going into detail, Orton says Fanatics has grown sales coming from social networks from about 1% in the second quarter of 2017 to more than 10% in third quarter of 2018. "Data under the covers allows us to make use of huge platforms like Facebook," he says.

E-commerce agility meant building a responsive online platform several years ago to accommodate massive sales spikes on mobile devices, from which many fans place orders during a sports event. That helped prepare the merchant when Cleveland Browns rookie quarterback Baker Mayfield entered a September game against the New York Jets and directed the Browns to its first victory since the 2016 season. Demand for Mayfield and Browns gear saw more demand in two hours than that of superstar quarterback Tom Brady, Orton says. And 70% of those Browns game sales came through mobile devices, he adds.

Fanatics cemented its relationship with the NFL in May when the league approved a new 10-year agreement that makes Nike and Fanatics the primary suppliers of apparel to the league's teams and fans. As of 2020, Nike will continue to make all on-field NFL apparel, including player jerseys and base layers. All of the fan gear—replica jerseys, warm-ups, championship T-shirts—will have the Nike logo, but they will be made and distributed by Fanatics.

Fanatics and Under Armour Inc. have a similar deal in place with Major League Baseball.

Fanatics

Strategic investments

Tmall.com, a Chinese online retail marketplace, has its roots in providing a venue for Chinese and global retailers to reach millions of Chinese consumers. The marketplace is part of China's global commerce juggernaut Alibaba, which is now one of the 10 most valuable brands in the world after a whopping 92% increase in value over the last year according to WPP/Kantar.

Alibaba bought about 9% of U.S. flash-sale retailer Zulily.com earlier this year, in a move many observers say signals Alibaba's entrance into U.S. retail. Zulily is owned by Qurate Retail Group.

Other Alibaba investments include delivery giant ZTO and Chinese home improvement and furniture stores Beijing Easyhome Furnishing Chain Store Group Co. to its 1-hour grocery delivery offering.

Tmall

Swimwear buoyed by data

Direct-to-consumer swimsuit brand Summersalt, which launched in May 2017, touts its under-$100 price tag for designer suits that are all about fit.

The company says it cuts out the middleman and took 1.5 million body measurements from 10,000 women to design its collections. Summersalt employs 3D body scanning, mass customization and computer-aided design with a patented process it calls "TrueMeasure" to make its suits and automate its supply chain.

The company retailer says its textiles are made from recycled fabrics and are five times more durable than the average suit.

The retailer offers an at-home, try-on program that lets consumers mix and match four pieces in a discovery pack and return suits they don't love.

Summersalt
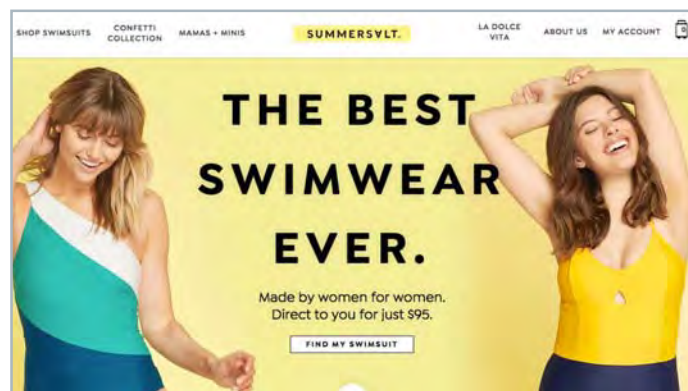
Home Chef

Cooking up a deal

Many meal kit operators are specialized. Some, for example, appeal to vegans, while others are aimed at consumers on diets. But Home Chef isn't targeting such a niche. That wide appeal may be helping it succeed.

In May, Kroger paid $200 million for Home Chef, which says its revenue totaled $250 million last year, while also posting two profitable quarters. Home Chef, which at the time of its purchase had 1,000 employees and three distribution centers, maintained its e-commerce site, while also assuming responsibility for Kroger's meal kit business. The deal could be with $700 million if Home Chef hits performance targets.

Home Chef is going strong while many other meal kit operators are hurting. Chef'd ceased operations in July and the publicly traded Blue Apron has been losing customers and revenue.

Tapping a new customer base

1stdibs, which offers furniture, fine art and jewelry via its site that connects 4,000 dealers in 28 countries with collectors and interior designers, expects to generate $250 million in sales in 2018.

Roughly 30% of those sales will be made by interior designers, a 10 percentage point increase from last year. That's thanks in part to 1stdibs' launch of a loyalty program for the 45,000 interior designers in its trade program—a group on track to spend $80 million this year on 1stdibs. The program offers cashback rewards that increase as designers purchase more.

1stdibs also introduced a workflow feature which makes it easier for interior designers and architects to manage numerous product inquiries and purchases on 1stdibs.

1stdibs

A retail event

Wayfair launched a one-day sales holiday, Way Day, in April, which it touted in TV, digital and print ads that promised "the lowest prices of the year" and free shipping on all orders. The event offered discounts on roughly 70,000 of the retailer's more than 10 million SKUs, with new deals launching every six hours.

In launching a sales holiday, Wayfair was following a path paved by some of the largest e-commerce companies, including Alibaba (which hosts Singles' Day on Nov. 11) and Amazon (which launched Prime Day in 2015 to celebrate its 20th birthday).

Way Day offered Wayfair a chance to show that its aggressive investments to build out a logistics ecosystem, expand internationally and develop customer-facing and back-end technology were coming to fruition. And it did so at a time when consumers typically shop for home goods, says Liza Lefkowski, the retailer's head of brand and promotions.

Looking at Wayfair's comments about Way Day's top-line numbers, the sale appeared to work. Wayfair posted its biggest-ever day in terms of revenue despite the sale taking place on a random Wednesday in April, says Steve Conine, the retailer's co-founder and co-chairman.

That success has helped spur Wayfair to try other experiments.

Wayfair

For instance, the retailer for the first time is operating two pop-up shops this holiday season.

The 400-square-foot stores allow shoppers to browse home goods products, and then place orders for next-day or two-day delivery. The shops will also have a "how-to" section that features more than 100 fabric swatches so shoppers can touch and see what the fabric would look like if they want to purchase an upholstered piece.

VENDOR SPOTLIGHT | SIGNIFYD

Personalized for pups

Subscription-based dog food retailer Ollie customizes meals for dogs based on a customer's dog's profile, recommends the appropriate portion for the dog and delivers a ready-to-serve meal to the shopper's door. Every meal comes with a custom scoop, so the customer can dish out the correct portion for their dog.

In June, the retailer began selling on Walmart Inc.-owned marketplace Jet.com, where shoppers can purchase Ollie's chicken and beef recipes and its single-ingredient snacks. This is the first time since Ollie's launch in October 2016 that it has sold its line of healthy dog food recipes via a third-party site.

Ollie does not use any third-party fulfillment vendors and runs its cold chain, or temperature-controlled, operations out of its three distribution centers in Oklahoma and Pennsylvania. The positioning of those warehouses enables it to reach the continental United States within two days for ground shipping.

Ollie

Just for you

Furniture retailer Joybird sells custom-made furniture, built to a shopper's exact specifications, such as fabric type and wood stain. The retailer also offers fabric swatches so consumers can "bring the showroom" to their home and a 365-day home trial period for consumers.

"You'll be able to get the full experience of how your new furniture will feel for a lifetime," the retailer declares on its website. "Break it in, live your life on it and discover how superior materials and hand craftsmanship makes all the difference."

The site features a plethora of detailed images, as well as videos that showcase the retailer's factory, detail the company's history and explain product care, such as how to clean microfiber. Additionally, the retailer showcases customer photos in a gallery with customer names and product details such as the name, thumbnail and Shop the Look buttons.

The retailer uses the videos, photos and its "about us" page to articulate its vibe and differentiators: "We bring new meaning to throwback Thursdays, being inspired by the Mid-Century movement of the 1950s and '60s, from designers such as Frank Lloyd Wright, Cara Greenburg and Eero Saarinen," Joybird says on its site. "We have a great passion and respect for building high-quality furniture. We live, eat and breathe mid-century modern inspired furniture and are thrilled to do what we do."

Under its "resources" tab, Joybird offers several helpful tips for shopping. The "fit" guide comes with sketches to help shoppers figure out how to ensure their furniture item of choice will fit in their home and can be easily delivered, which includes elevator instructions. The furniture retailer also will bring the item inside, set it up in the customer's spot of choice and even take the packing materials back once setup is complete. Joybird also provides kid- and pet-friendly materials that are "hard-wearing, easy-to-clean fabrics and as stunning as they are strong." On the pet-friendly page, Joybird showcases pets on Joybird furniture and encourages its customers to submit their own photos.

To help shoppers find the right item, it offers a personal design consultant. They can take a style quiz to develop their style profile before they work with a designer to figure out their budget, style and space. After three days, a shopper's designer will provide an initial set of ideas and then refine the design until they find the right fit.

Joybird
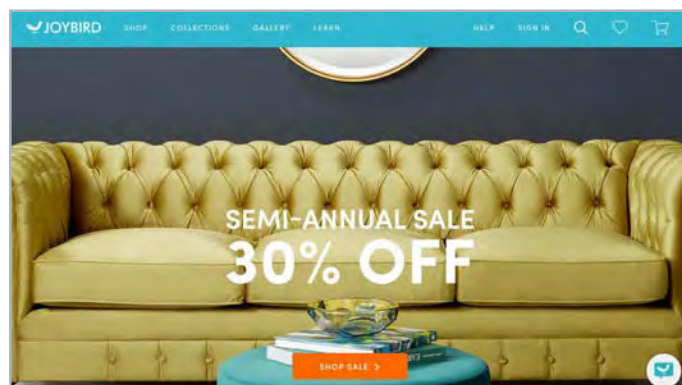
Simplifying gift registries

Zola, an online wedding registry and an e-retailer of more than 60,000 products from more than 600 brands, in October began enabling consumers to register for over 3,500 Crate and Barrel products on its platform.

To date, Crate and Barrel is the largest retailer to launch on Zola. And the relationship aims to allow both brands to enhance the registry experience for couples.

Zola take a unique approach to gift registries. It offers free shipping and free returns and 20% off remaining gifts on a couple's registry for six months after the wedding. It provides price matching, a thank you note manager that tells couples who sent what gifts and each gift giver's address, and its site has a section that enables couples to create a wedding website.

Zola
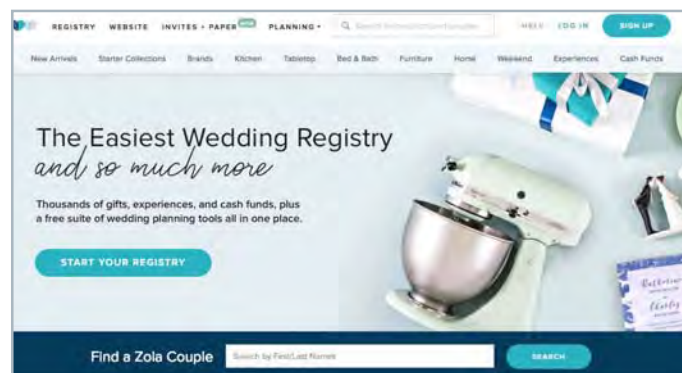
'Shopper-first' retailing provides the blueprint for retail success

RICK KENNEY
head of consumer insights,
Salesforce

The legacy retailing model is under attack on multiple fronts. While the U.S. retail industry is growing—it is up nearly 6% year-over-year, according to the U.S. Department of Commerce—it is also changing. More than 13,000 retail stores have closed their doors since 2017, according to Coresight Research. Shoppers are changing their buying patterns—increasingly buying from online marketplaces and direct-to-consumer brands that offer innovative products and experiences. And Amazon's market share continues to grow as it sets shoppers' expectations for speed and convenience

"At the center of today's e-commerce experience is the intersection of AI-powered experiences on the shopper's most precious possession: her phone," says Rick Kenney, head of consumer insights at Salesforce, a customer relationship management (CRM) software company. "We are absolutely careening toward a mobile-only shopper."

Phones currently drive 65% of all e-commerce traffic, according to the Salesforce Shopping Index, the benchmark for e-commerce metrics.

And this holiday season, Salesforce predicts shoppers will make more purchases on their phones than on any other device. Retailers should pay close attention to the growing shift toward mobile. "This mobile mandate means retailers must surface relevance quickly—from products to content to promotions," he says.

The shifting relationship between shopper and brand is the topic of a new research report from Salesforce and Publicis.Sapient, titled "Shopper-First Retailing." The report details why brands and retailers must be "shopper-first" to compete and drive today's interruption-prone shopper to make a purchase. That approach starts with retailers renewing their product catalog to meet customer demand, creating unique and compelling products such as limited edition collections and exclusive products, and acting with urgency to win and retain their shoppers before they attrite to competing brands.

Shoppers want retail brands to transform to "be where I am" and contextualize the brand experience into the everyday life of the shopper, Kenney says. "This spans from reducing friction in the existing journey to distributing the brand and product into new channels and points

where consumers are looking for inspiration," he says.

Retailers can strengthen their relationships with shoppers through their expression of values, loyalty and even personalization, proving that they know the shopper beyond the transaction, he says.

Many innovative retailers that adopt a shopper-first model are using artificial intelligence (AI) to connect shoppers with relevant products. "AI is at the center of retailers transforming the digital and in-store shopping experience," he says. While this has traditionally meant providing personalized product recommendations, advances in machine learning have accelerated AI-fueled experiences.

Online fashion retailer Rebecca Taylor, for example, is using AI to go beyond traditional "you may also like" suggestions by allowing its shoppers to search visually. A shopper can take a picture of an item, such as a dress, and search the product catalog for that or similar items. "This is a brand new way to connect shoppers and products that makes shopping easier and more fun for the shopper," Kenney says.

Taking a shopper-first approach and leveraging AI in this way is paying off for retailers. According to the Salesforce Shopping Index, more than one-third of all of revenue now comes from shoppers that engage with recommendations. "We're just seeing the beginning of AI's impact on shopping, as voice and visual search promise to make the journey even faster," Kenney says.

To be and act "shopper-first" retailers must recognize, engage and service shoppers across the entire shopper journey, Kenney says. "Salesforce provides the intelligent customer success platform that provides one view of the customer—enabling brands to create a personalized experience at every point of the journey," he says. ∎

NEW RULES: 3 WAYS TO BE SHOPPER FIRST

After examining the behavior of half a billion shoppers worldwide, we put together rules of retail that will help you provide more meaningful, unique, and accessible shopping experiences.

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Flying high

After 60 years manufacturing and selling its $1,000 parkas to stores for resale, Canada Goose has embraced direct-to-consumer sales online—and it is reaping the rewards for having made the leap.

Canada Goose launched direct-to-consumer sales within Canada in 2014, and today operates e-commerce sites in 13 markets across the U.S., Europe and Asia, as well as stores in top markets, including Beijing and Hong Kong. It also launched on Alibaba's Tmall Luxury Pavilion this fall.

After just a few short years, the company's direct-to-consumer revenue—much of it online—is now greater than what Canada Goose generates wholesale. The sales are also more profitable: the gross margin on direct-to-consumer sales was 76.3% versus 50.7% for wholesale in the first quarter.

Canada Goose
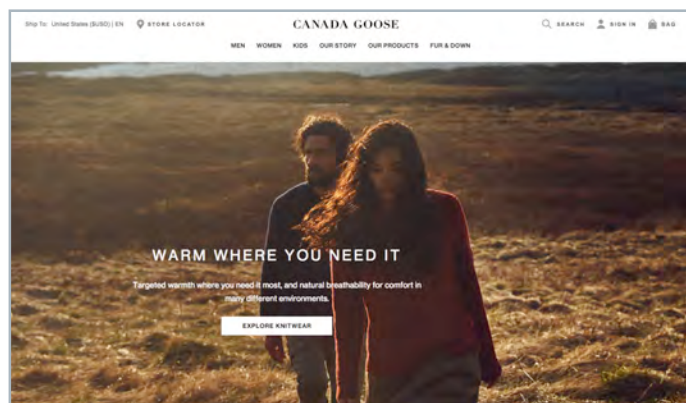
Grove Collaborative
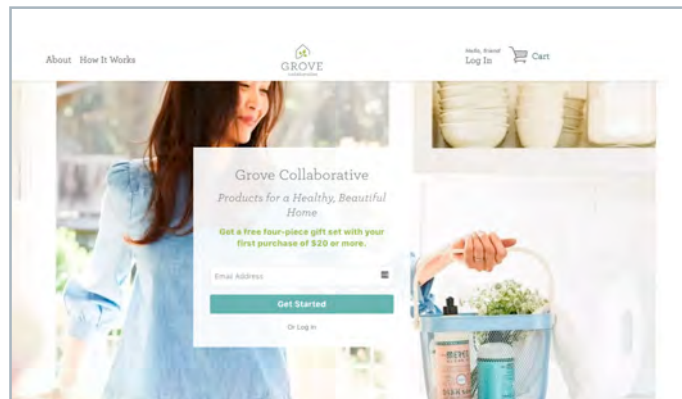
Natural convenience

Visiting Grove Collaborative's website is a bit like trip to a farmers' market. "Grove Guides" assigned to each customer offer product advice and answer questions on products that may not be familiar to many shoppers. But instead of answering questions such as "What do I do with a rutabaga?" Guides suggest eco-friendly and natural substitutes for mass market household and personal care products.

Once a shopper sets up with a cartful of products, the 2-year-old e-retailer automatically reships orders on a schedule the customer can adjust to their preferences so she doesn't run out.

A $20 annual VIP program includes free shipping, free gifts and early access to new products—including a robust lineup of private label goods—to encourage trials and expand cart size.

Treating Amazon as an ally

Best Buy made a bold move in April when it began selling on Amazon after getting the retail giant to agree to make it the exclusive seller of Amazon's smart TVs.

Consumers can buy the TVs in Best Buy stores, on BestBuy.com and, for the first time, from Best Buy as a third-party seller on Amazon.

"The partnership with Amazon is an example of Best Buy's unique role in working with the world's foremost technology companies, helping to commercialize their innovations and bring them to life for the consumer," Best Buy said in a statement.

Best Buy isn't alone, other brands including Chico's and J. Crew announced this year they would sell on Amazon.

Best Buy
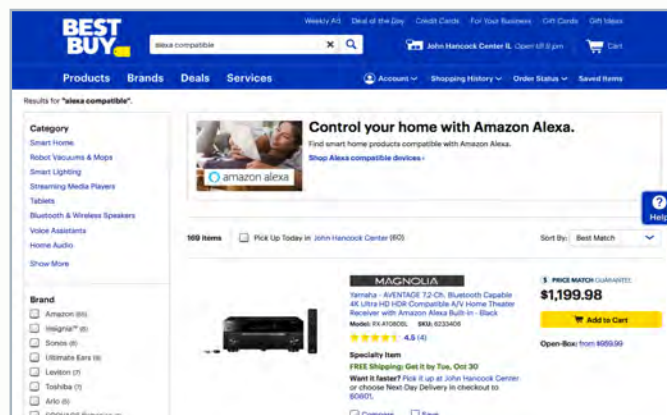
Not boxed in

When online grocer Boxed launched in 2013 it targeted consumers with food products and supplies available in bulk quantities. Along the way a funny thing occurred: businesses discovered the company, opening the doors to a new market. Last year Boxed formally launched a business-to-business division.

"We've found that our B2B business has grown organically as general brand awareness has increased," says Chieh Huang, the retailer's CEO and co-founder. "For example, many of our B2B customers begin shopping with Boxed for personal use, then shop on Boxed to stock up their offices with snacks, paper products, cleaning supplies and fresh grocery."

Boxed has been quick to adapt and grow its most promising prospects; for instance, B2B sales now account for 25% of company sales. The retailer is also adapting to changing consumer shopping preferences with the recent rollout of fresh grocery delivery service Boxed Express and Boxed Spirits for alcohol delivery in certain markets.

Boxed
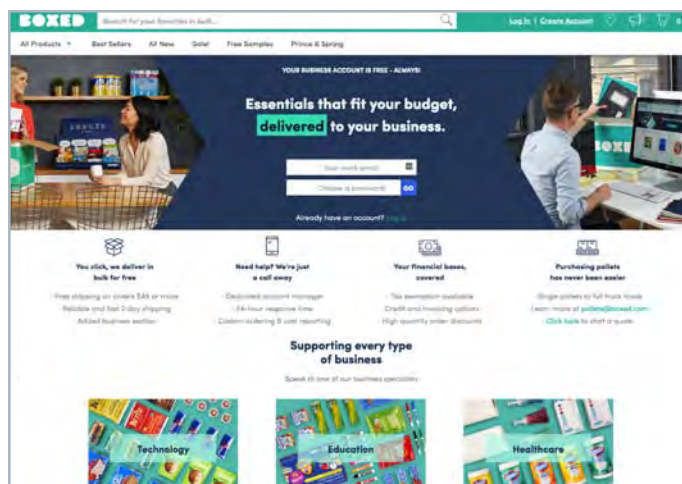
And operational changes are underway as well. "We're working to improve our in-house fulfillment technologies to keep up with consumer demand, introducing autonomous guided vehicles in our warehouses," Huang says.

Building a community

Online outdoor retailer Cotopaxi gives 2% of its annual revenue back to the community, with the mission to alleviate poverty. It works with organizations such as Educate Girls and International Rescue Committee to improve quality of education and health in developing countries.

For its products, it takes a sustainability approach to create good design. For instance, the company uses llama fiber to insulate jackets and uses scraps of leftover fabric for some of its products.

It has raised $22 million in funding to date. The company also looks to engage its customers and create a community through its Questivals—a 24-hour adventure race in which teams of two to six friends explore their city. The events occurs year-round across the country and each participant pays a fee, typically around $40. During the 24 hours, the teams compete for prizes and complete challenges. Each racer gets a Cotopaxi backpack for registering.

Cotopaxi
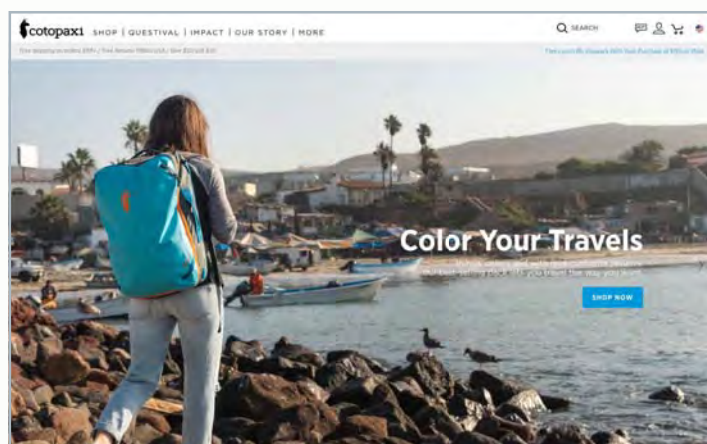
Rethinking grocery shopping

K roger is working hard—and investing a lot of money—to transform the way consumers buy groceries. In doing so, the company is making significant changes to its business model.

The integration of online grocery ordering became a more urgent priority for food retailers after Amazon.com Inc. acquired Whole Foods Market last year. Now the race is heating up to attract consumers who want to skip the store altogether and have their online grocery orders delivered. Kroger is moving quickly to become a player in the business of bringing online orders of groceries to consumers' homes.

It's all part of the grocery chain's strategic plan called Restock Kroger that aims to expand the company's digital and e-commerce efforts and make broader use of customer data.

In May, Kroger spent $200 million to buy meal-kit retailer Home Chef. That same month, Kroger bought a stake in U.K. online grocer Ocado Group PLC and said it will license Ocado's automated warehouses and delivery technology. Then, during the summer, Kroger began working with autonomous vehicle startup Nuro to test grocery delivery via an unmanned road vehicle and launched Kroger Ship, a direct-to-consumer e-commerce platform that delivers non-perishable grocery items. It also expanded its relationship with app-based delivery service Instacart to 75 additional markets by late October. After the expansion, Instacart service will be available from more than 1,600 of Kroger's 2,800 stores, starting with stores in the Atlanta, Nashville and Memphis areas.

In addition to expanding the availability of home delivery, Kroger has been aggressively adding pickup points for orders purchased online.

Kroger
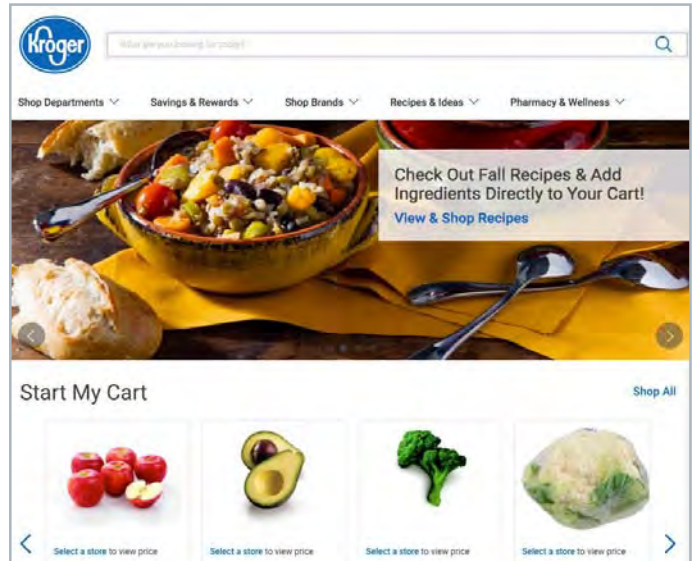
Kroger has roughly 1,100 pickup points, up from the 221 it had in March 2016, according to company reports.

Kroger's omnichannel push seems to be paying off. In the second quarter ended Aug. 18, online sales rose more than 50%. And it now offers digital sales to 80% of its customer base, up from 75% in the first quarter of the year.

Kroger's new digital headquarters in Cincinnati currently employs a team of 600, but Kroger announced that the team will grow to 1,000 by 2020—a sure sign that management believes e-commerce grocery sales are here to stay.

Cutting out the middle man

M en's fashion brand Alain Dupetit sells suits that start at $39, some of which are machine washable.

Because Alain Dupetit manufactures its own products and sells them directly to consumers, it can sell suits at a price that does not include the usual layers of markups.

The company's least expensive suits are made from synthetic fabrics. Natural wool suits are pricier but start at a modest $129.

Launched in 2015, Alain Dupetit also sells its shirts, ties and fashion accessories, such as tie bars.

Alain Dupetit
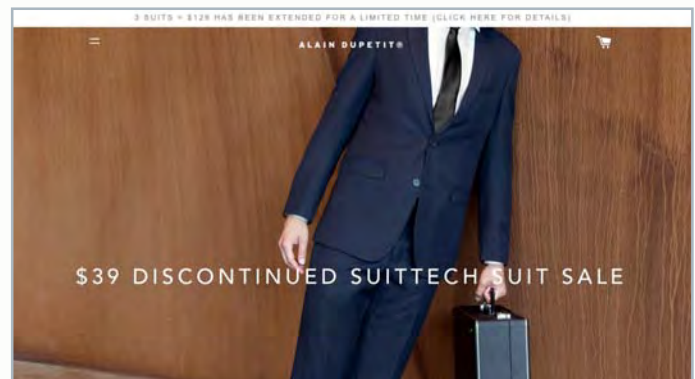
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Who The Attendees Are:

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12% Buyer / Merchandiser
8% Product Dev / Fashion Designer

3/4 Attendees are the Final Decision Maker
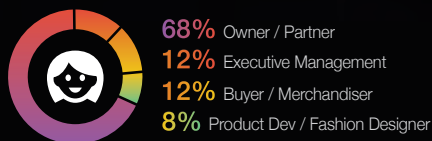
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Buyers Who Attended:

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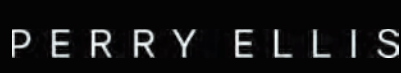
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Show, don't tell

Content is crucial to driving an online shopper who cannot handle or examine an item before purchasing it to click the Buy button. Good content not only shows off the benefits of the product, but convinces the shopper that buying from this particular site will get them the best experience.

The online retailers featured in this year's Hot 100 content category put their products at the center of stories they tell—from how products are designed and tested to how they can improve a buyer's daily life. And they do so in a variety of ways—from videos that showcase the product in action to in-depth interviews with experts.

In particular, video is becoming an increasingly common way merchants such as like Black Diamond Equipment and Hodinkee build connections with fans and shoppers. For example, Black Diamond uses videos to show off products on sheer rock faces and snowy mountain tops, while Hodinkee's lifestyle shows are centered on watches the company offers.

Other online retailers in the list pack the product pages themselves with helpful content. Skin care retailer Drunk Elephant gives precise details on what its products do and how to use them right on the product page so buyers know if one will fit into their routines. Goodr's sleek product pages use humor to convince shoppers why its sunglasses are better than the competition.

Showcasing how products can be used is another place where content shines. Lion Brand Yarn pulls in photos from Instagram showing off what customers make with its yarns, needles and patterns. It also offers learning resources and patterns to customers at discounted prices, helping those buyers create more with the yarn-maker's products. Tortuga Backpack's blog offers articles like how to best pack its luggage for different kinds of packing lists, but also reviews of products the company doesn't sell that a customer may pack in the retailer's bags, like umbrellas, wallets and journals.

VINTAGE WATCHES A 1983 Rolex Submariner Ref. 16808 In Gold, A 1960s Universal Genève White Shadow, And A 1990s Patek Philippe 'Jumbo Ellipse'
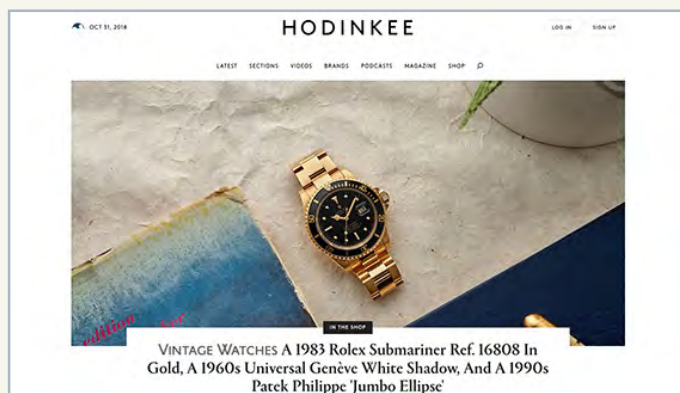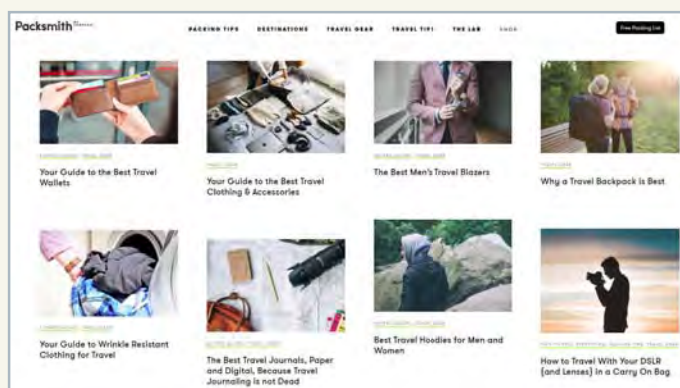
Ultimately, the content needs to sell the product. And shoppers want to know more before buying a food freeze dryer for thousands of dollars. HarvestRight's homepage is full of details on what freeze drying can do for a customer's cooking, and the product pages feature videos on how to use the product. A "Why Freeze Dry" section of the site dives deep into the advantages and has animated charts showcasing the benefits over other preservation methods.

Good content goes beyond the standard marketing spiel and makes consumers feel that the products are made for them, making brands stand out among endless online offerings.

Showcasing its wares

Radically engineered dress clothes retailer Ministry of Supply debuted its first product on Kickstarter in 2012 and raised more than $400,000. Following that success, it launched MinistryofSupply.com.

Built on the Shopify platform, the Ministry of Supply website features a wealth of details about the retailer and the products it sells. "They're not only experiencing our brand online, but also learning detailed information about all of our products and the technology we use to create them," says CEO Aman Advani.

"Selling clothing online comes with many challenges, as customers are unable to experience things like product fit and hand-feel, and over time, we've developed a formula for sharing this information and educating our customers," he says.

To overcome these issues, the retailer uses video content, detailed product descriptions, including how the fabric feels and how the item will fit, and reviews from Ministry of Supply customers that address how the product performs and how it fits.

On its "technology" page, the retailer shows how each type of fabric has been developed and the function it serves in the overall garment, such as increased flexibility or stretchy fabric that doesn't break down over time. When a shopper clicks on an image— for example, "Kinetic"—she is led to a product page featuring products with only that material, such as "women's kinetic blazer" and "kinetic pencil skirt."

Every article of clothing begins at the research process in which Ministry of Supply attempts to solve a consumer's problem, for example, by pressure-mapping feet or interviewing people about how much they sweat. Products then undergo testing for durability and performance in the lab and in the real world with field testers. The retailer then takes the feedback and applies it to current and future clothing design decisions.

"People today are accustomed to performance clothing in the gym," says Advani. "Merging the worlds of style and performance and tapping into their engineering expertise, Ministry of Supply applies the latest technologies and manufacturing processes to reinvent apparel so that it can flex with the demands of the modern professional."

Ministry of Supply has also experimented with physical storefronts; it operates seven bricks-and-mortar locations, as well as the occasional pop-up shop. Even so, Advani says the brand is still primarily a digital-first company.

Ministry of Supply
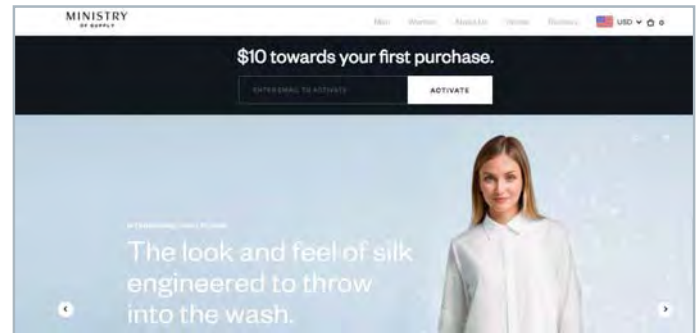
"We've found a great multiplier effect where customers get to know the brand through a physical experience, but can continue to build and grow a relationship with the brand online," he says. "We've also found great ways to engage online, too—by prioritizing customer service, encouraging phone calls, and using social media to share more about what it looks like behind the scenes. We're letting our customers get to know us."

Harvest Right

A good explanation

How do you convince consumers to spend thousands of dollars on a freeze dryer? You use good content that explains what the product is, how it works and why consumers need it.

The approach helped Harvest Right, a freeze dryer manufacturer, increase online sales 387% in 2017.

Product pages on the Harvest Right website provide videos showing how its products are set up and used, and how food, once dehydrated, can be rehydrated for consumption.

It also features other content, such as a seven-page PDF that explains "how a freeze dryer could save your life" during a disaster such as a power grid failure or a pandemic.

Guaranteed fraud protection helps reduce friction at checkout

STEFAN NANDZIK
vice president of marketing,
Signifyd

Online retailers face a growing dilemma: They want to streamline their online checkout processes but they don't want to do so at the risk of opening themselves up to fraudulent activity.

That's a challenge because retailers often seek to curtail the threat of fraud by throwing up barriers that alienate customers.

"There is a risk in shipping an order that might have been placed by a criminal, but there's an arguably bigger risk in not shipping an order that was placed by a legitimate customer," says Stefan Nandzik, vice president of marketing at Signifyd, a provider of e-commerce fraud management technology. "By declining orders from legitimate customers, the retailer loses a sale and possibly even a valuable customer."

As a fraud-prevention measure, online retailers often require a shopper attempting to complete a purchase to create an account—which may mean completing a long form that asks for personal information—or to recall her credentials for her previously created account. "These safeguards that require customers to jump through hoops are only going to drive them away—especially in this Amazon era when shoppers expect to find, buy and get goods in no time," he says.

Retailers need to find ways to remove barriers that cost them orders and loyal customers, Nandzik says. For instance, they can adopt a guaranteed fraud protection model, which leverages big data and machine learning to combat fraud while taking the friction out of the buying experience for consumers. That approach also shifts the cost burden from the retailers to the vendor providing the tool.

"It comes down to speed and accuracy, and guaranteed fraud protection models can make a ship-or-don't-ship decision in milliseconds," he says. "That means online shoppers won't face the anxiety of wondering if the merchant actually received their order or whether the merchant is actually fulfilling it. They know it's coming."

Guaranteed fraud protection models also dramatically reduce false positives—or legitimate orders that are declined because they are incorrectly categorized as fraud—by using machine learning to sift bad orders from good ones quickly and accurately, he says.

He points to Signifyd's guaranteed fraud protection model as an example. "With 10,000 customers around the world and across all retail verticals, we're able to ship orders that might well be fraudulent—and we cover the merchant's liability," Nandzik says. "If the order was indeed fraudulent, our machine learns from that. And if the order was legitimate, our machine learns from that, too. That way, the machine becomes better at distinguishing between good orders and bad ones—and legitimate customers are far less likely to be disappointed in the future."

Wine and spirits online retailer ReserveBar recently faced this dilemma. The company wanted to continue to offer its customers the luxury experience they expected but needed to better manage its fraud losses. After implementing a guaranteed fraud protection model, ReserveBar experienced a 95% drop in orders reviewed and a 10% increase in orders approved. And because the fraud model is guaranteed, the company has not generated any chargebacks.

"We chose Signifyd because it guarantees protection against fraud," says Lindsay Held, president and co-founder of ReserveBar. "If Signifyd is wrong about an order, it is the one paying the fraud loss, including shipping, fees, taxes, everything."

Nandzik emphasized that proper fraud protection can be a revenue engine for retailers. "It's a way to ship more orders and eliminate chargebacks and related costs due to fraud," he says. "But more importantly, it's a way to provide a friction-free buying experience for customers, which is key to e-commerce success." ∎

"Signifyd's ability to eliminate friction in the shopping experience sets it apart from the competition."

— FROST & SULLIVAN

Frost & Sullivan Names Signifyd the Leader in the Guaranteed Fraud Protection Market

SIGNIFYD

Download the Report at
www.signifyd.com/frost

Problem solving

I f a retailer wants a shopper to shell out a few hundred dollars for a product online, it needs to show her that it can solve her problems, says Taylor Coil, marketing director at Tortuga Backpacks. That's particularly important for a brand like Tortuga, which sells unique products—luggage that's intended for urban travel that melds aspects of hiking backpacks with a design that's optimized for air travel.

For Tortuga—which took its first steps into e-commerce in 2011 before "launching as a real company" two years later—that means featuring a wealth of content on its blog (which relaunched last year), on product pages and throughout its site that's aimed at addressing a consumer's travel problem or packing question, she says.

For example, recent blog posts include "Folding vs. Rolling Clothes for Packing: Which is Better?" and "How to Pack for a Business Trip in a Carry On." "The blog tries to solve problems for customers that are related to the problems that our products solve," Coil says.

The retailer's product pages, which were redesigned in November 2017, aim to do the same. That's why they feature a surfeit of images that showcase a backpack from nearly every exterior and interior angle, as well as on actual travelers (complete with the traveler's height to help a shopper determine how the piece will fit on her). And then there are the details.

Tortuga Backpacks

Tortuga aims to enable a shopper to find the answer to just about any question she may have, Coil says. At the most basic level, there are details such as the backpack's dimensions and weight. Then there are more in-depth details, accessible by clicking an Expand button, such as what types of items fit inside the bag, a video showcasing the bag's bells and whistles, and in-depth product features, including a page that walks a shopper through all of the backpack's pockets and features.

Most site visitors don't bother to click the Expand button, Coil says. However, the ones that do find it "quite valuable" and have a higher conversion rate than other site visitors. Moreover, the content is also valuable to the retailer because it can be crawled by search engine spiders. That search engine optimization benefit ultimately helps other consumers discover the brand, she says.

Hodinkee
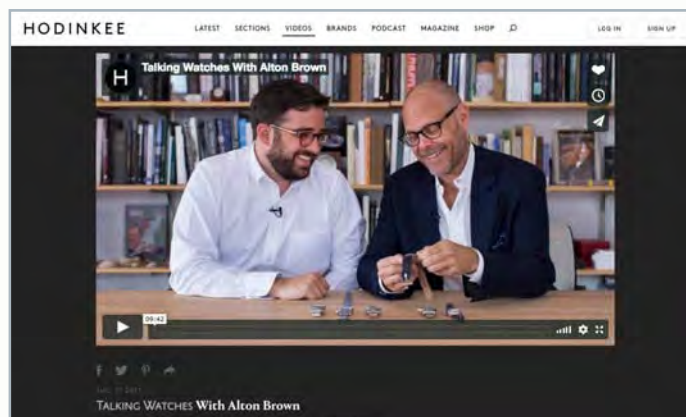
Focus on the details

H odinkee launched in 2008 as an online magazine and resource for watch enthusiasts. Four years later it launched an online store.

In the years since, it has added a slew of rich content—including in-depth articles, videos and podcasts about watches and related lifestyle content—that helps it connect with its target audience. That approach is consistent throughout its site. Product pages, for example, feature large images and descriptions written by experts.

The goal is to explain why such products are special—not just give the specs. That makes sense because buying a luxury watch is not about making a practical choice. It's an emotional decision. Details, and passionate prose, matter here.

Cut to the chase

Cutco makes no bones about its message to online shoppers: Its products are manufactured in the United States. In today's world of product imports from around the world, Cutco looks to separate itself from the competition with domestically crafted knives, tableware, cookware and other kitchen accessories. The manufacturer sells directly to consumers online and in 16 retail stores in nine states.

Cutco's website features a Learning Center devoted to product care and videos on how to use individual tools such as paring, butcher and chef knives, and other products. It also includes a blog with recipes, cooking guides and kitchen tips. Its Facebook page has about 80,000 followers.

Cutco.com prominently displays its other key marketing message on the homepage—all knives are guaranteed for life. And to ensure they keep on cutting, Cutco offers free sharpening of their blades (owners are responsible for shipping fees). A page is dedicated to the steps required to send knives to the company and offers cut-off dates so customers can get them back in time for Thanksgiving and Christmas.

Cutco
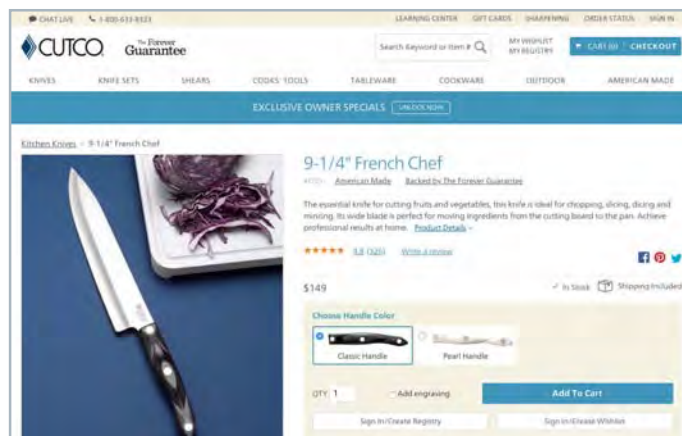
Elevating its brand

Black Diamond Equipment takes its products and its sports seriously. Not only does the company manufacture outdoor gear aimed at mountaineers, backcountry skiers and hikers, it sells directly to consumers and through other retailers. Its website is brimming with information on its products, including sizing, material and country of origin for apparel and detail such as videos for sizing gloves.

But Black Diamond is also deeply involved in providing resources for climbers, skiers and hikers on the Black Diamond Experience section of BlackDiamondEquipment.com. The section provides inspirational stories, photos and videos from athletes, employees and partners. It also lists events and advocacy efforts designed to advance knowledge and support open lands and conservation. Community efforts include financial and technical support for climbing and skiing service organizations that have developed mobile apps for avalanche information centers in the Northwest.

Black Diamond Equipment
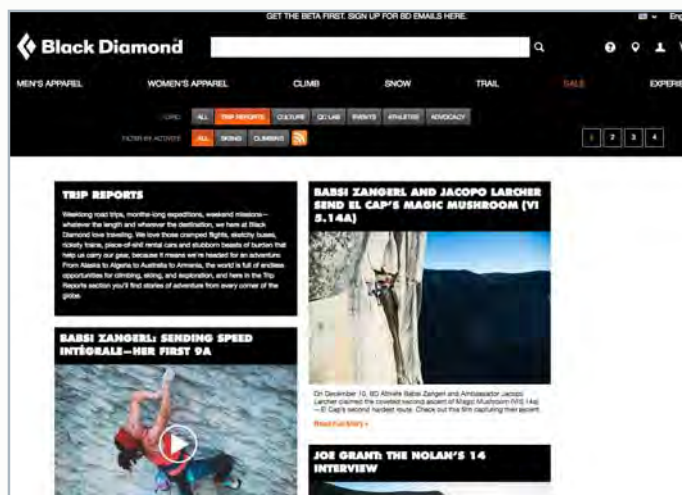
The combined efforts are paying off. Black Diamond grew online sales by 63.7% in 2017, to $82.8 million, according to Internet Retailer estimates.

Reclaiming American-made furniture

Furniture retailer Room & Board takes its commitment to American craftsmanship seriously.

More than 90% of its products are manufactured in the U.S., and the retailer works with family-owned businesses, artisans and workshops across the country to manufacture its products.

Throughout RoomandBoard.com's site, such as in its "ideas and advice" section, blog and "about us" section, the retailer features videos, blog posts and articles about its craftsmanship and commitment to beautiful, American-made furniture.

For example, shoppers can watch an interview with Room & Board's founder John Gabbert on the importance of American manufacturing. Or shoppers can read articles on how Room & Board has given back to local charities and its work with environmental sustainability. Shoppers can read about examples of these initiatives via Room & Board's blog, which is a persistent navigation button at the top of the site.

On the retailer's "about us" page, shoppers can "meet" Room & Board's craftspeople. The retailer lists the manufacturers it uses and provides pictures and details about each one, such as where they are located, their history and where they source their materials from. At the top and bottom of the page, shoppers can click a button to specifically shop for products made by one craftsman.

Room & Board's commitment to American craftsmanship is exemplified in its recent initiative "Urban Wood Project."

Room & Board

The program in September was featured on the retailer's homepage, as the first tile underneath the site's main hero image. When shoppers clicked on the Urban Wood Project craftsperson, they could learn more about the project.

The project brings together Room & Board, social service agency Humanim and U.S. cities. Currently, Room & Board is working with the city of Baltimore to salvage wood from vacant row houses in the city. The workers salvaging and prepping the materials are employed by two agencies, Details Deconstruction and Brick + Board, which employ people who have barriers to employment, such as previous incarceration or lack of education.

When shoppers click on the Urban Wood Project link from on the homepage, they are taken to a landing page of products all made by reclaimed wood from the Baltimore row houses.

Focus on fabric

Aella

Aella takes a multipronged strategy to convey its value proposition to shoppers: It's a fashion brand that offers versatile and durable garments that are suitable for both work and social activities.

For instance, the web-only brand's "Meet the Fabrics" blog posts help shoppers learn about the fabric feel and breathability so they can decide between options like "Matte Skin" and "Techno Crepe." Close-ups of the fabric provide a look at the material's texture and how it drapes over various contours.

Each of the six fabric types have their own pages, with links to shop for products using those materials. Aella also offers cleaning instructions and links to products on these pages, further driving customers to click and buy.

The booze brain trust

Minibar Delivery works with local liquor stores to deliver wine, beer and liquor to busy, urban professionals unwilling to spend their time running errands. On-demand delivery within an hour has expanded to more than 40 U.S. markets.

After launching the service, the company noticed many customer calls were coming from shoppers who were throwing happy hours or parties and weren't sure what they needed. That realization led the Minibar team to build a tool to help respond to inquiries. Ultimately, the retailer decided to make it a customer-facing resource via an "event planner" page on the site, says co-founder Lindsey Andrews.

The planner tool prompts shoppers to enter the number of hours for an event they're planning on hosting, the time of day, the number of guests, and what types of alcohol they're offering (wine/liquor/beer or a combination). Once the Get Info button is clicked, the site spits out a drink menu analysis with the number of drinks that are likely to be consumed, a sliding scale to adjust the percentage of wine versus beer offered, a bottle summary with the number and size of beverages, and a breakdown of white versus red and domestic versus imported.

Tips are sprinkled across the bottom: "Summer and daytime events call for more white and rose, while red may be better suited for winter and evening events. In the summer, it's best to chill your wine—even your reds—if it's over 90°. If you want a champagne toast (most weddings), we suggest you add four bottles to the total above" and "For summer or outdoor events, lighter beers are the way to go, whereas a nice dark ale or lager can do wonders for a winter or indoor party. Make sure to grab extra ice to chill your beer." Beneath the event proposal, buttons redirect users to the retailer's inventory in a given category.

As an added bonus, the "Book a Bartender" feature allows customers to schedule a professional mixologist to serve at their next event in more than 15 cities.

The average Minibar shopper spends $70 per order, co-founder Lara Crystal says, but customers organizing events spend more than double what others shell out. The event planner content can help guide clueless party hosts—which is especially important during the Super Bowl, Cinco de Mayo and the holiday season from Halloween through New Year's. These are key times when traffic and sales spike for Minibar, Andrews says.

Minibar Delivery

"Online sales are still only [about] 1% of total alcohol purchases in the U.S., so our biggest competition is existing retailers," she says. "We deliver an experience that's more convenient and educational than offline retail. We're just trying to bring more of the overall market online."

Goodr
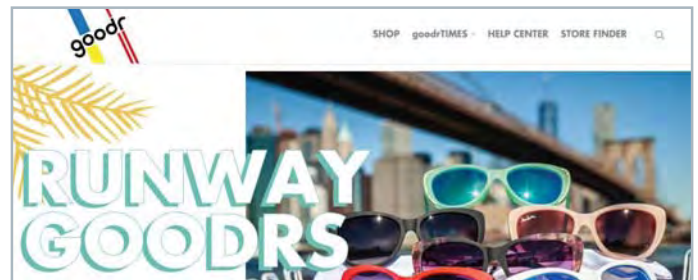
Running with absurdity

With eyewear products named "My Cateyes are up Here" and "Flamingos on a Booze Cruise," running sunglasses brand Goodr doesn't take itself too seriously.

Cleaning instructions recommend "laying them on a gold-encrusted pillow at night" to maintain pristine sunglasses, and exchanges should be accompanied by "a hand-drawn picture of a pirate fighting an octopus."

The retailer started a Gluttonous Alcoholic Mile Series of races with quarter-mile stops for piña coladas or whiskey. The wacky, charismatic content has gained a loyal following, and Goodr is seeing triple-digit year-over-year growth in 2018, says Stephen Lease, the retailer's co-founder and CEO. The goal is to make people laugh, he adds, calling the company's voice "positively fun, irreverently absurd."

Building connections

Lion Brand Yarn launched in 1878. But a look at the yarn and knitting products retailer and manufacturer's digital strategy shows it hasn't slowed down with age—at least not when it comes to using the web to generate buzz, make product decisions and drive sales.

The retailer has been quick to leverage the power of the web to sell directly online and generate more business from the chain retailers, such as Hobby Lobby Inc. and Michaels, that sell its products, says Evan Blumenthal, the retailer's chief sales officer.

E-commerce accounts for about 10% of total sales at Lion Brand, and LionBrand.com hosts 10,000 pages of content on its website, including an ample selection of knitting patterns.

"[Giving away patterns] helped us not only identify what products people like to make, such as scarves or baby sweaters, but the actual type of pattern," Blumenthal says. "Then, we communicate those trends to stores based on what we are seeing and say which patterns are really popular."

Over the past decade, Lion Brand's community has grown bigger than its website: It's garnered nearly 600,000 Facebook likes. Its email list has grown to 1.9 million subscribers and open rates for its email newsletter hover around 40%, Blumenthal says.

Lion Brand Yarn

The high email engagement helps generate buzz and sales for specific products. For example, it promoted a "Mystery Box" of nine balls of yarn for $9.99—a typical price for such an assortment would be $50-$55—and promoted it almost solely via email.

Sales of the boxes exceeded expectations by nearly tenfold in one week and, perhaps even more important, as consumers learned about the boxes via email, they took to social media and created a special page specific to the mystery boxes. Within a couple days, the page had already garnered hundreds of followers.
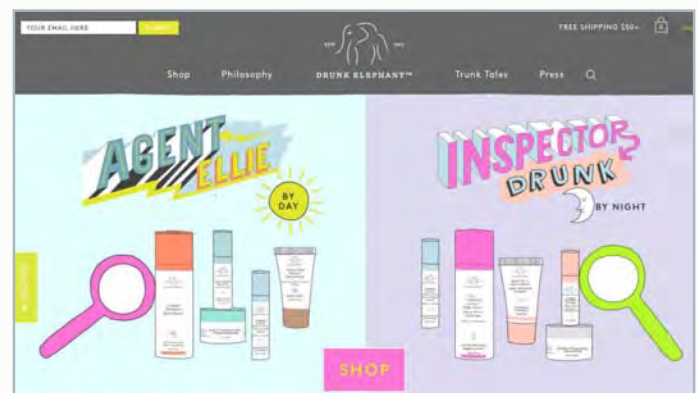
A differentiator

Skin care products maker Drunk Elephant's e-commerce site aims to help consumers cut through the clutter to learn what ingredients are in every item it sells and whether the product does what it claims to do.

Product pages describe what an item is, what it is formulated to do, various other details under the heading "what else you need to know" and consumer testing results.

Most product pages also feature a video that describes the product and Instagram images shared by consumers who have used the item.

Altogether, the idea is to zero in on the "Drunk Elephant difference," which the company describes as its deep commitment to using only ingredients that directly benefit the skin's health or support the integrity and effectiveness of its formulations.

Drunk Elephant

Index to Advertisers

Solving intimate problems

Tom Patterson and his wife Erin Fujimoto launched Tommy John in 2008 with the goal of solving the problems Patterson had with ill-fitting undershirts by using premium fabrics, innovative fits and problem-solving designs. And its website aims to highlight how its products manage to do so.

For example, it uses videos to show how the undergarments stay secure and don't "ride up." Product page content also explains why the products are different than other undergarments and worth the steep price tag (one pair of women's underpants will cost you $22). For instance, a product page highlights how one of its products stays two to three times cooler and dries up to five times faster than normal cotton.

The retailer recently launched its newest product: The Stay-Tucked Dress Shirt. "This product was in development for six years," Patterson says. "I started my career as a medical device salesman and wore a suit and tie every day. My biggest pain point was that my undershirt and thereby dress shirt would never stayed tucked in. I solved the problems with the undershirt 10 years ago when we launched Tommy John, but I realized that with all the innovation in the apparel industry, the design of the dress shirt had not evolved since it was introduced 122 years ago."

The Stay-Tucked Dress Shirt has a patent-pending design that allows for a full range of motion without the shirt coming untucked, an invisible elastic hem that secures the shirt to the hip, and other fabric-based technology that eliminates billowing and bunching. It's made with a cotton stretch fabric that moves with a consumer so he can stretch, twist and reach without restriction, Patterson says.

In addition to selling via its e-commerce site, the retailer's products are also available through more than 1,000 wholesale distributors and in two branded retail stores.

The retailer has sold more than 5 million pairs of underwear to date and has grown sales 500% since 2014, Patterson says. Tommy John has more than 80 employees at its headquarters in New York City.

When looking at its most successful steps as a company, Patterson says launching women's products "was a huge milestone moment for the brand. After hearing women continually ask us to make product designed to solve their unique problems with underwear, we determined there was an unmet need for comfortable, functional and sexy underwear. The launch was a huge success and we sold through six months of inventory in six weeks," Patterson says.

Tommy John
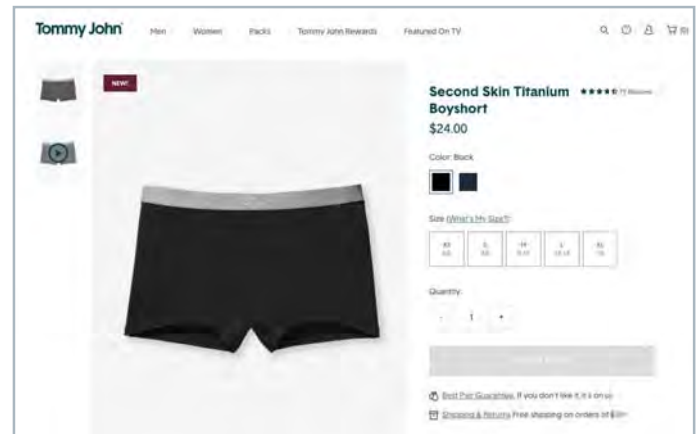
An environmental pitch

How do you convince someone to pay $10 for a manual toothbrush? Give it a broader purpose.

Boie does that by focusing its brand on sustainability, noting the brush's recyclability right alongside how soft the bristles are. The consumer brand manufacturer's product features a removable head that eliminates the need to construct a new handle when only the brush needs to change.

The product page also features frequently asked questions with recycling information and details about the plastics used in the brush. Boie will take back brush heads if a customer's local waste handler doesn't offer recycling options.

Boie USA
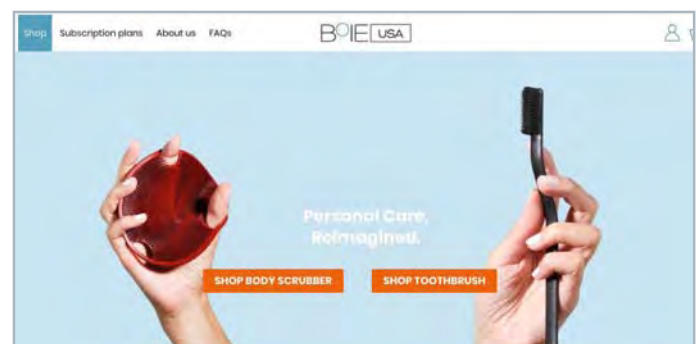
It's all about the experience

It's not enough for online retailers to sell unique products or offer low prices; the increasingly competitive e-commerce environment makes it essential for merchants to stand out by delivering a well-rounded customer experience. The ultimate experience rolls up multiple key design elements into a website that's a visual treat, as well as a highly functional destination.

The merchants highlighted in the design category have upgraded their website experiences using technological tools, along with new design approaches. Those features are essential. Shoppers expect elements such as site search to serve up products with precision based on their search terms. They also want detailed backstories that show how the retailer and its products match the shopper's lifestyle and sentiments.

One of the most important functions is steering the shopper to the right product with a minimal amount of friction. For example, when France-based sporting goods retailer Decathlon.com launched its first U.S. website in late 2017, it included a machine-learning site-search algorithm from Adeptmind, an artificial intelligence search technology vendor. The technology enables the retailer to feed products into the search engine and the engine learns based on what shoppers look for, click on and purchase. And it learns without being programmed. For instance, instead of having to tag a T-shirt that is "red" with every variation of red such as cherry, crimson or maroon, the algorithm can learn that all of those colors are similar and associate them with a red search query.

Machine learning was attractive to Decathlon because consumers' search behaviors for products vary by country, and even among individuals, says Tony Leon, Decathlon's chief technology officer. Three shoppers may all want hiking shoes, but one shopper might type in the search bar "I want to go hiking," another "shoes for mountains" and another "hiking gear." Decathlon wanted to ensure its site search worked well for all types of queries. The results are telling. Decathlon says its search conversion rate, or conversion
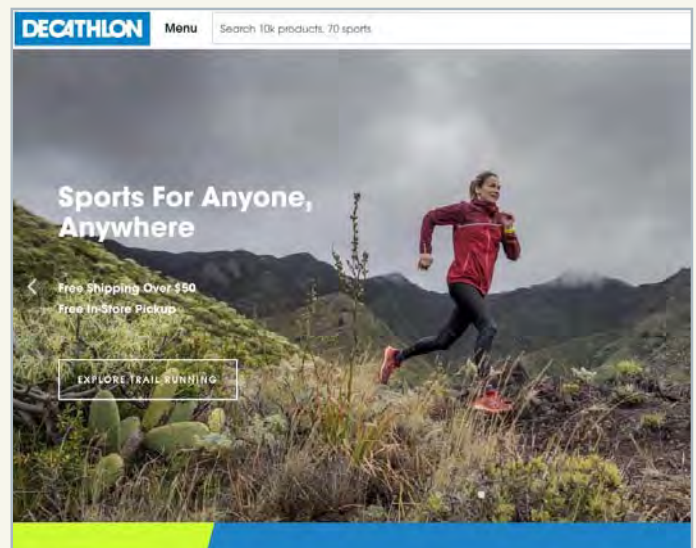
rate from when a shopper uses the site search bar, increased more than 175% from January through April.

Enriching the shopper experience was behind eco-friendly Tarte Cosmetics' website redesign late last year and the upgrades drove double-digit growth in online sales this year. "We focused on becoming more engaging, adding social content and imagery that ties back to our brand in a bigger way, telling the ingredients' stories, and making images really huge for mobile shoppers," says Stephanie Urban, executive director of digital marketing and e-commerce at Tarte.

Video tutorials are now shoppable, and Tarte.com has more guided-selling tools like a makeup foundation quiz that's had "insane" engagement, she says.

As these and other web merchants spotlighted in this category will show, there are many ways to enhance the shopper's experience and a great experience means they will buy—and come back for more.

A hands-on approach

J erry Hum, co-founder and CEO of Touch of Modern is a lifelong craftsman. As a result, he appreciates designers of all types and that helps form TouchofModern.com.

"I've been making things with my hands from a very young age," Hum says. "Some people turn that into a career. When someone makes a product that's not like anything people have ever seen before, the most difficult part of that is often finding the market for that product. Traditional retailers are slow to adopt new product. We can move a lot faster with our model and we've built a place where people come every day to discover that which is new, unusual and exciting."

Touch of Modern built its website on unique and stylish products presented with sleek images and crisp videos. The members-only site targets young trendy males with innovative products ranging from levitating mini-college football helmets to organic bamboo bedding to portable power sources for jump-starting dead car batteries.

New and unique products often come from small product designers and manufacturers and that fits the Touch of Modern model, Hum says. "It's a lot easier nowadays to manufacture a product than it was a few years ago and while that's great for innovators, it also creates a lot of noise. A place like Touch of Modern is necessary to help the most noteworthy products and their creators cut through the noise and reach their intended audiences."

Among recent design changes, Touch of Modern revamped its mobile app. "The biggest difference is in navigation," Hum says. "We added a bottom tab bar and did away with the hamburger-style (collapsed menu) navigation that our app previously relied on. Previously, anything in the old hamburger navigation barely got used."

Touch of Modern puts its mobile payment buttons close to the bottom of the screen where they are easily accessible to a consumer holding a phone in one hand.

The retailer also detects the device the shopper is using and only shows relevant payment methods. For example, it will hide Apple Pay if the shopper is using a Samsung phone that would not support the Apple payment service.

Touch of Modern
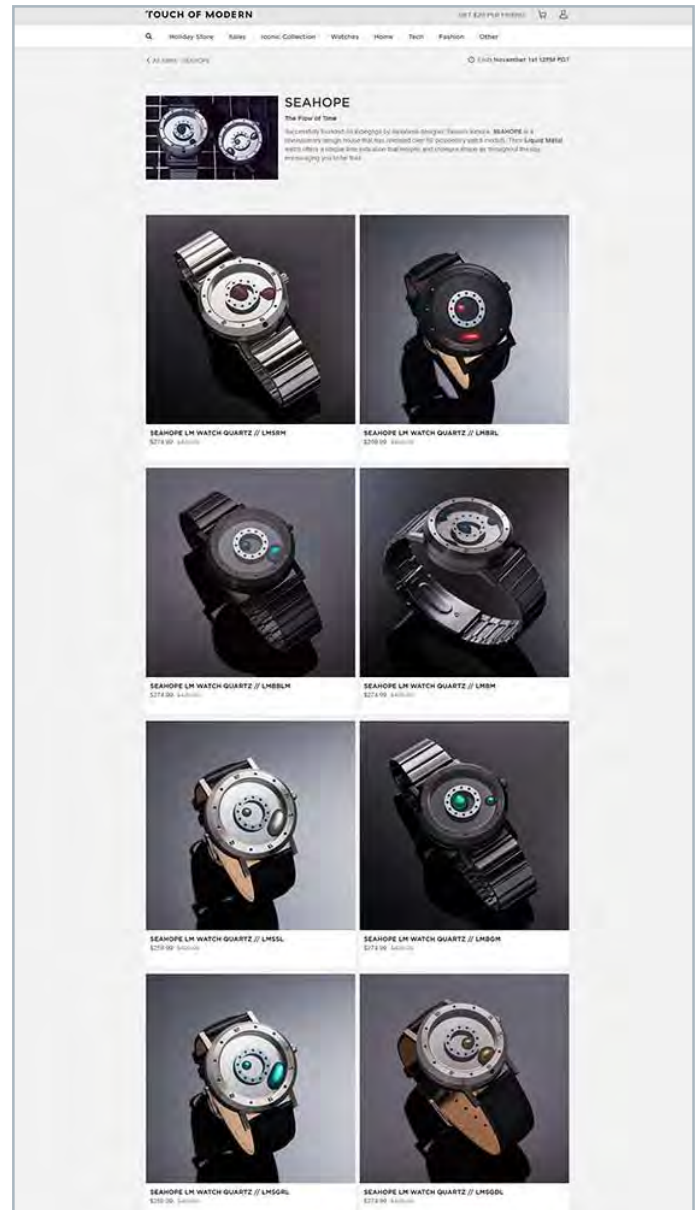
The web-only retailer resonates with its customers. 2017 online sales reached $142.7 million, according to Internet Retailer estimates, up 23% from 2016.

Offering transparency

Govberg Jewelers

Govberg Jewelers, which operates three physical stores and began selling online in 2016, offers a mobile app that will tells a consumer what amount it will sell his watch for—and what Govberg will pay for it. For example, the app might say the watch is worth $6,200 and that Govberg would buy it for $5,000.

It's a simple design element. But one that it believes is key to its success.

"Being transparent will bring us more customers. We have to make money," says Danny Govberg, the retailer's owner and president. "Being transparent will bring us more customers."

The approach seems to be working: Govberg Jewelers was the fourth-fastest growing retailer in Internet Retailer's 2018 Top 1000. 2017 web sales grew an estimated 284% for the No. 781-ranked retailer, and sales hit $38.4 million. The company says sales of used watches have been growing an average of 40% annually, while sales of new watches have increased about 3-5%.
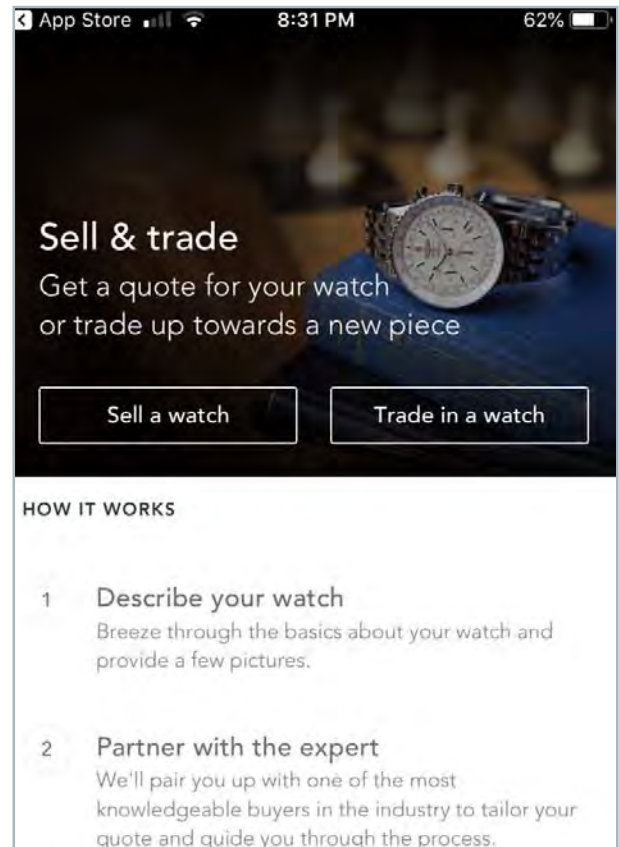
Digital makeover

Tarte Cosmetics
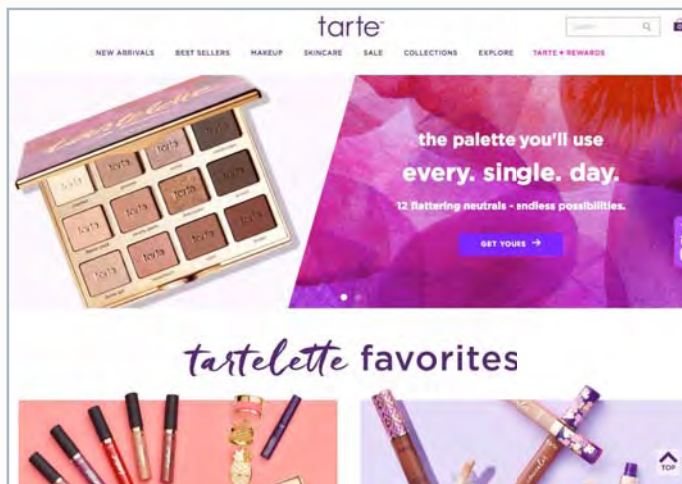
Cruelty-free and eco-friendly Tarte Cosmetics launched its redesigned website in the third quarter of 2017. The resulting changes have helped the retailer generate double-digit growth in online sales this year.

"Every page on the site got redone," says Stephanie Urban, executive director of digital marketing and e-commerce. "We focused on becoming more engaging, adding social content and imagery that ties back to our brand in a bigger way, telling the ingredients stories and making images really huge for mobile shoppers."

The team spent a full week in the studio reshooting every product detail image on models in various skin tones with before and after shots. Video tutorials are now shoppable, and Tarte.com has more guided-selling tools like a foundation quiz that's had "insane" engagement.

Creating a destination

Knowing that musicians are passionate about their craft, Sweetwater Sound long ago made it its mission to serve as a confident to its customers, as well as to serve as a source of gear. Yes, the retailer's website, Sweetwater.com, is a productive channel for selling instruments, accessories and sound engineering gear. But success means using the internet to bond with shoppers and customers, says Mike Clem, senior vice president and chief digital officer at Sweetwater.

Connecting materially and socially is an important part of Sweetwater's mission and that means regularly adding features and tools to serve online shoppers. A recent example is New Gear Day, which encourages shoppers to visit the website and share their joy of music via social media. The channel is designed to prompt communications about the latest in musical instruments and technology by inviting customers to share images and descriptions of their newest gear. The idea is to create "moments where customers don't just come to buy and transact but support that sense of music" by building camaraderie, Clem says. Cultivating relationships helped Sweetwater grow 2017 online sales by an Internet Retailer-estimated 22.3%.

New Gear Day develops conversations on multiple social media sites, such as Facebook, Instagram and Twitter. In-house designers and technology provider Tag Board combined efforts to build a thin-layered interface to reach into all social media networks, "to normalize those feeds" and connect with Sweetwater.com through

Sweetwater Sound

one channel, Clem says. New Gear Day rolled out earlier this year and is located near the bottom of the homepage.

Sweetwater's goal is to serve as a destination for education, as well as products. Sweetwater.com offers lessons for specific instruments and about 75,000 pages of research and details on instruments and equipment. Underneath it all is the theme that Sweetwater, at its core, is a consultative-based business model.

"400 sales engineers are on the phone all day around the country," Clem says. They get 13 weeks of product training before they pick up a phone and they are composed of experienced musicians and engineers. The shopper is paired with the same representative from that point forward, he says, "then relationships build."

Better recommendations

Lonely Planet
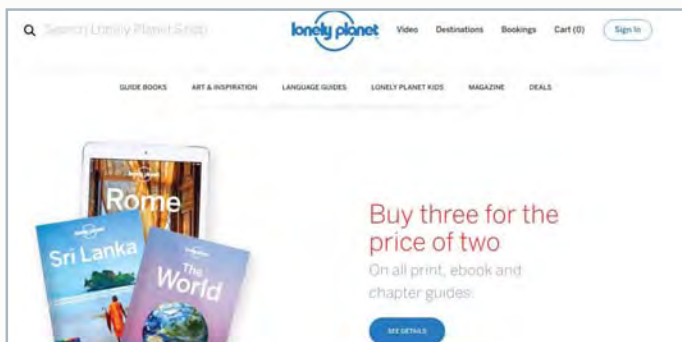
Travel guidebook publisher Lonely Planet redesigned its e-commerce site earlier this year. As part of the website overhaul, the merchant revamped its recommendation engine to look at both the shopper's behavior and how consumers in the same market behave and then recommend the best titles.

The customer profiles allow Lonely Planet to serve the best personalized recommendations as it uses data from a shopper's behavior on Lonely Planet's forums, destination pages, video portal and apps.

"Our website crowdsources what's trending right now, based on other users, and we display that to people in different markets," says Mike Nelson, Lonely Planet's global director of e-commerce and commercial partnerships. "We give you the best experience in that sense."

Vivid imagery

Hims sells male wellness products, such as skin care products, generic erectile dysfunction medication, generic hair growth medication, scented candles and a limited selection of apparel. The unique brand positioning has enabled it to raise $97 million since its founding last year, according to Crunchbase.

The retailer's website is filled with vibrant imagery, such as the homepage's animated hero image that shows leaves falling from a tree as the consumer's mouse hovers over the image, detailed product descriptions (that include side effects of the drugs) and menus that direct the user to learn the science and purpose behind the generic medications it sells. To further educate its male shoppers, the web-only retailer features a "journal," or a blog, with posts segmented by men's specific grooming needs, such as skin and hair, and lifestyle, sex and science.

Hims
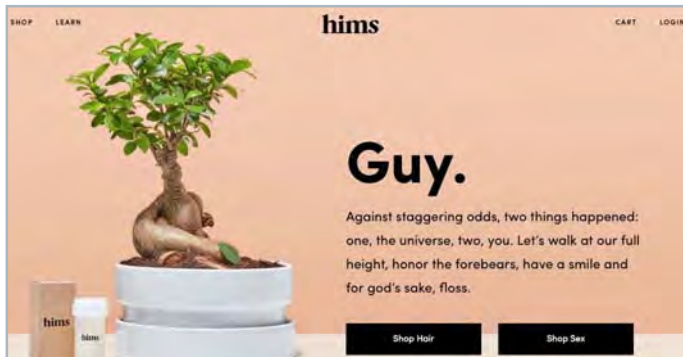
Apple

Ditching the details

Apple's stable of products rarely need explanation. This frees the computing giant to forgo the details you'd often find on product listings, like megapixel count or processor speed, in favor of more experiential pages dedicated to its phones and computers.

For example, the iPhone XS page feels more like a highly interactive article than a place to buy a product. All the details on the phone swim across the screen as the customer scrolls, with animations showing the phone's size compared to other models, a glowing internal rendering of the chips that power its various features and a video showcasing the latest updates.

Capturing attention

No doubt about it, $300 to $600 is a lot to pay for a coffee maker. But Spinn Coffee uses full-screen video and high-quality photos to make the case its machines are worth the money.

The website shows how Spinn's WiFi-connected and app-controlled coffee maker starts with unground coffee beans and delivers—with a few clicks on its mobile app—just the amount of java the user wants.

The coffee makers can be paired with a $5-per-month subscription coffee service, which allows customers to choose a local roaster and put their coffee orders on autopilot.

Spinn Coffee

Racing ahead with machine learning

Decathlon.com is giving its new U.S. e-commerce site a winning start.

The France-based sporting goods retailer launched its first e-commerce site for U.S. shoppers last December. The retailer has 1,200 stores in 50 countries and operates roughly one e-commerce site for each country.

When building its U.S. site, the retailer decided to use a machine-learning algorithm for its site search with artificial intelligence search vendor Adeptmind. The technology enables the retailer to feed the search engine products and the engine learns based on what shoppers look for, click on and purchase. Plus, it learns without being programmed. For example, instead of having to tag a T-shirt that is "red" with every variation of red such as cherry, crimson or maroon, the algorithm will be able to learn that all of those colors are similar and associate them with a red search query.

Machine learning was attractive to Decathlon because consumers' search behaviors for products varies by country, says Tony Leon, Decathlon's chief technology officer.

For example, in the U.K., consumers may search for "trousers" and "football," whereas U.S. shoppers look for "pants" and "soccer." Besides cultural differences, consumers search for products differently, Leon says. Three shoppers may all want hiking shoes, but one shopper may type in the search bar, "I want to go hiking," another "shoes for mountains" and another "hiking gear." Decathlon wanted its site search to work well for all types of queries.

Decathlon
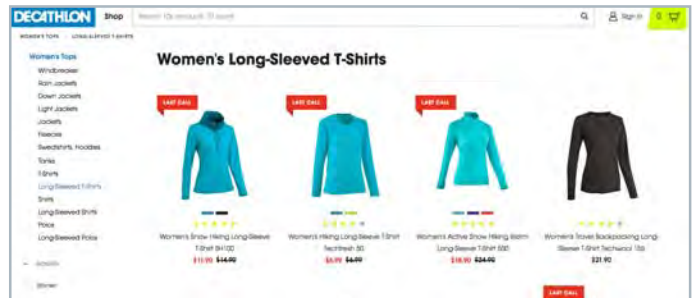
The time it takes from when a shopper lands on Decathlon.com to making a purchase decreased by 48% between January and April. Additionally, a shopper's exit rate after using site search has decreased 63% during the same period. In addition, its search conversion rate, or conversion rate from when a shopper uses the site search bar, has increased more than 175% in this time period, Decathlon says. While Decathlon.com has had the site search tool since it launched its U.S. site, this shows the tool continually learns and improves over time, the retailer says.

The technology also saves the retailer on resources. In Europe, Decathlon has employees dedicated to analyzing search queries and updating its site search, and Decathlon doesn't need these dedicated employees in the U.S., Leon says.

"[The tool is] less work day to day and it produces better results," Leon says.

Only the best

Brooklinen
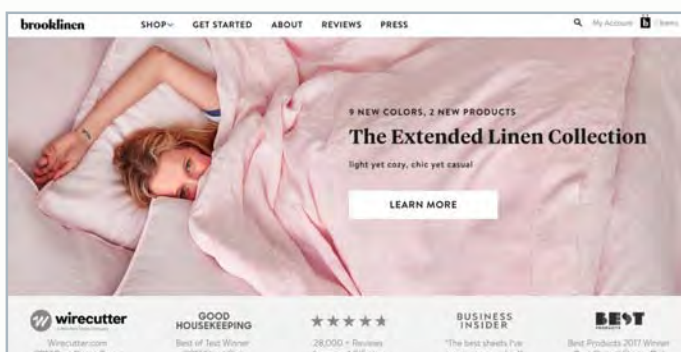
Brooklinen claims it has the best sheets in the business. And its e-commerce site does its darnedest to prove that to shoppers.

The web-only sheet retailer cleanly explains to consumers step by step—with cute icons and diagrams—how its long fibers are finer but stronger to create soft threads and a luxurious weave.

Shoppers seem to be convinced as Brooklinen has more than 7,000 five-star reviews on some of its sheet sets, as well as explosive sales growth. Its 2017 web sales grew 79% over 2016, according to Top500Guide.com, that ranks the retailer among the top 500 online retailers.

Many paths to growth

Amazon.com Inc.'s outsized growth is making it difficult for other online retailers to compete. After all, more than half of respondents in a March Internet Retailer/Bizrate Insights consumer survey said Amazon is the first site or app they visit when shopping online, and the retail giant is gobbling up a growing share of previously impenetrable categories like food and home improvement products. But difficult is not impossible, as the retailers featured in the growth category in the Hot 100 can attest to.

Last year, U.S. e-commerce grew 15.8% while fast growers like Spring, a fashion and beauty marketplace, and Govberg Jewelers, a luxury watch retailer, nearly tripled their sales. Others outpaced the overall market with less astronomical but still impressive growth numbers. For instance, Moda Operandi, a luxury apparel destination, increased sales by an estimated 93%, and alcohol marketplace Drizly registered an estimated revenue bump north of 60%.

The retailers featured in the growth category employed a variety of tactics to achieve growth.

For example, as retail chains are shuttering storefronts, there's a reverse trend afoot. Some ambitious digitally native brands have turned to physical stores to capitalize on brand buzz.

Thanks to blurbs in GQ and Vogue prior to launching in 2010, eyewear upstart Warby Parker had a waitlist of 20,000 right off the bat, and the founder opened his home to customers who asked to preview out-of-stock items. The retailer later opened a showroom and went on a cross-country tour with a school bus as a mobile storefront to test markets before signing leases. Executives have said they could envision 800 to 1,000 locations in the brand's future, and the retailer has opened 86 stores to date.

Allbirds, an online brand of sustainably made footwear that launched in March 2016, similarly branched out by opening three permanent retail storefronts in New York, San Francisco and London. Co-founder Tim Brown says the company has been "blown away" by in-store sales and the reception of customers.

Allbirds expanded to Canada this year and has its sights set on customers in the United Kingdom. The merchant also is diversifying its shoes by sourcing from new materials—tree and sugar products rather than just wool.

Meanwhile, lingerie and costume retailer Yandy capitalized on its peak season—Halloween—by adding 1,500 new costumes to its inventory last year in an effort to have new offerings ready for the influx of traffic in October. Drizly is on track to more than double the number of retailers that sell through its marketplace.

Apparel marketplace Poshmark partly attributes its success to being an early adopter of technology that lessens friction for customers. It was one of the first merchants to add mobile service Venmo as a payment option—a good fit with 90% of Poshmark's orders placed in-app. And it was the first retailer selected by social network Snap Inc. to integrate Snapchat features like stickers and Bitmojis into the app.

The functionality on Govberg Jewelers' mobile app helps the trade-in or resale of watches by allowing customers get a quote for what their timepiece would sell for—smart when the used watch market has been growing 40% year over year while new watches have seen only a 3% to 5% uptick.

The diverse retailers featured in the growth section demonstrate that there's more than one way to boost sales online.

A social commerce leader

Online marketplace Poshmark has sold more than $1 billion worth of apparel products since launching in 2011. Technology and community engagement have been the company's key growth drivers thus far, says Manish Chandra, the online marketplace's founder and CEO.

While Poshmark initially launched as a peer-to-peer site for the sale of used goods, now one in three products sold is a new item. The marketplace has 5 million sellers on its marketplace with 75 million items for sale. It takes a $2.95 commission on all sales under $15 and a 20% commission on any sales above $15. And, in addition to its peer-to-peer marketplace, Poshmark operates a wholesale marketplace on which more than 100 fashion brands sell their items to retailers.

One key to Poshmark's growth has been its push to position itself as an early adopter of new technology. For example, it was one of the first merchants to use mobile peer-to-peer payment service Venmo in 2016—an addition that made sense as 90% of Poshmark's transactions at the time were made in its app. The marketplace integrated PayPal Inc.-owned Venmo into its checkout just three months after Venmo announced it would allow merchants to use the payment method.

In the same vein, social network Snap Inc. selected Poshmark as the first retail partner for Snap Kit, a platform that developers can use to integrate Snapchat features such as stickers and Bitmoji into their apps. Poshmark is leveraging the Creative Kit, Story Kit and the Login Kit as it aims to create a link between its online marketplace and Snapchat. The Story Kit enables Poshmark to add Snapchat stories into its app, while the Creative Kit aims to add a prominent button on Snapchat that links back to Poshmark.

"Though we're still in the early stages of this partnership, we've already seen massive opportunity for our community to reach a new audience—about half of the Poshmark community who market their closet on social media also have a presence on Snapchat, offering promising engagement with closets that are marketed on Snap," Chandra says.

In July, the company launched Posh Markets, an in-app feature that groups products into categories for a more tailored shopping experience. Building Posh Markets required the company to index all 75 million listings and countless brands, Chandra says. "This indexing, combined with the underlying technology, will

Poshmark
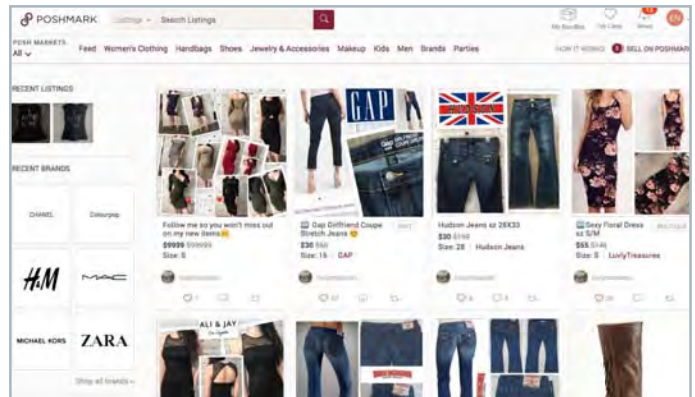
enable Poshmark to create new and niche Posh Markets, including the option to create temporary markets to serve specific shopping moments, such as Coachella," he says.

Zenni Optical
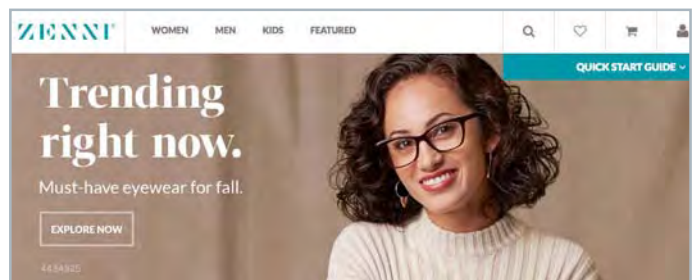
A bold vision

Zenni Optical is growing quickly. The digitally native, vertically integrated brand sells 15,000 pairs of glasses each day, which helped its sales surge 29% in 2017.

Zenni is most known for its frames starting at $6.95, but the average order is closer to $45. It owns more than 1 million square feet of lab space staffed by more than 1,000 people producing its own lenses. That volume has enabled it to get in on the cutting edge of new lens technology, with machine manufacturers letting Zenni test new techniques before many competitors.

Getting buzzed on growth

D rizly is rapidly expanding into new markets. The web- and app-based alcohol e-commerce marketplace is now available in more than 100 cities across the U.S. and Canada. "Looking ahead, we're on track to more than double the number of retailers and do well over $100 million in sales through the platform in the next 12 months," says Justin Robinson, the marketplace's co-founder.

Drizly's alcohol marketplace provides shoppers online visibility into alcohol inventories from multiple local retailers at once so they can comparison shop. Orders are delivered by the retailers in an hour or at a scheduled time and can be picked up by the shopper after the purchase is made online.

The approach appears to be working: It accounted for 60.8% of the growth in the online beer, liquor and wine category for the two-year period ended Jan. 31, according to research from Rakuten Intelligence. Drizly's revenue grew 61.8% in 2017, nearly twice as fast as online alcohol sales overall, according to Rakuten. Online alcohol sales of beer, liquor and wine grew 32.7% last year.

"In the last 12 months, we've focused on bringing as much supply onto the platform as possible," Robinson says. "More stores means more selection, better pricing and better delivery times, all driving to happier customers. The results have been clear. Our conversion rates double when a customer is shopping from three stores and over 5,000 SKUs, an experience they can only [have] on Drizly. "

Drizly
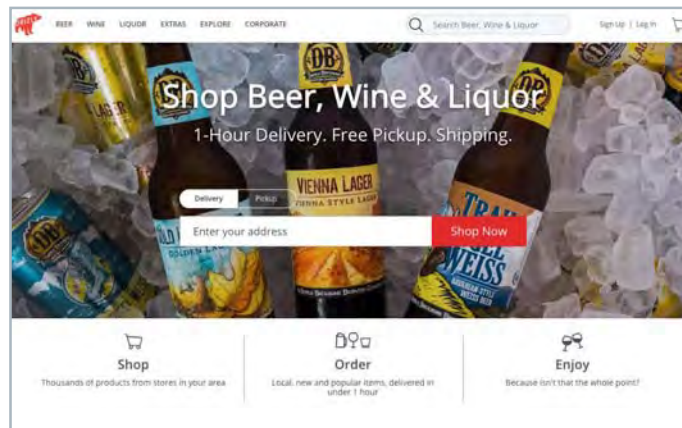
In May, the company announced a new office in San Francisco. That office will focus on technical improvements to the Drizly site and app. The company, which has raised $35 million, plans to have 20 new employees in San Francisco within a year. Drizly has offices in New York, San Francisco, Denver and its headquarters in Boston.

Drizly is currently working on beefing up the analytics and data it provides retailers selling on its platform. "We're working to enable our retailers to manage their business in an even more productive way by giving them insights and access to data that's going to allow them to make better decisions that will help grow their business," he says.

Speeding ahead

I n just four years, beauty retailer Glossier has become a leader in U.S. e-commerce.

The retailer's online sales last year grew an explosive 275% and crossed an Internet Retailer-estimated $250 million—up from $5 million in its first year of business in 2014.

Glossier launched as a spinoff of Into The Gloss, a blog that features interviews with models, makeup artists and other influential women. Over the past four years, Glossier has evolved into a maker of a wide range of beauty products.

The makeup and skincare brand, which mostly sells online, expanded its store footprint in 2018. It opened a retail location

Glossier
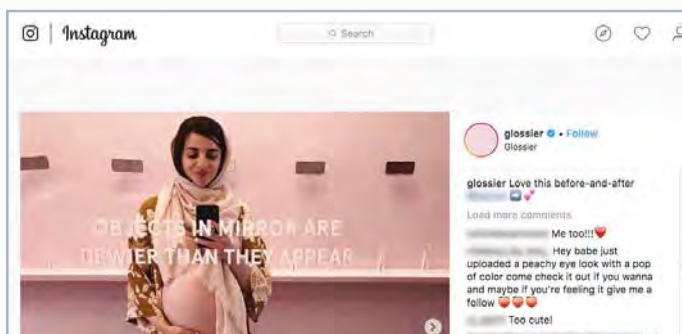
in Los Angeles and a temporary pop-up shop in Chicago this year. Glossier says that half of shoppers to its physical storefronts, including pop-up shops, make a purchase.

Kittens, explosions and laser beams

Dubbed as the card game for people who are into kittens, explosions and laser beams, Exploding Kittens is the most-funded game on Kickstarter.

The retailer had more than 200,000 backers spend $8.78 million on the platform to bring the project to fruition. Soon after, Exploding Kittens began selling on Amazon (on which it now has more than 7,500 customer reviews for the product with an average rating of 4.5 stars).

Its recent initiatives are geared toward expanding internationally, specifically through Amazon's international marketplaces. It quickly became a best-seller in Europe by using Amazon's global tools, such as translating product detail pages, adding enhanced brand content such as videos to its Amazon pages and using Amazon's different global fulfillment options.

Exploding Kittens is available from online game stores and distributors in Canada and Mexico as well as Asia, Europe (including France, Germany, Poland and Spain), Oceania (Australia

Exploding Kittens

and New Zealand), and South America (including Argentina, Bolivia, Chile and Colombia).

Men want luxury items

Moda Operandi

Luxury retailer Moda Operandi allows shoppers to buy items such as a $3,850 Johanna Ortiz dress or $1,650 Givenchy boots directly from designers.

The approach has spurred strong growth—web sales grew an estimated 93% to $90.7 million in 2017, part of a trend toward more online shopping for luxury goods. And those returns have helped the retailer raise $165 million in late 2017, bringing its total funding to $297 million.

Now the retailer is looking to a drive growth by reaching out to a new customer base: men. In June, the retailer launched Moda Operandi Man, marking the first time the e-retailer has sold men's apparel. Moda Operandi Man debuted with more than 50 luxury brands, including Prada and Burberry.

A better experience

The swimwear shopping experience is broken, says Melanie Travis, founder and CEO of online-only women's swimwear retailer Andie Swim. And she aims to fix it by making shopping for the right swimsuit an easier—and maybe even enjoyable—process.

Travis aims to save shoppers a trip to the store, which can often be a frustrating experience when attempting to find a swimsuit that is both price- and age-appropriate.

The swimwear retailer sells its products directly to consumers on AndieSwim.com. It offers 26 swimsuit styles and 135 SKUs, which will increase to 225 SKUs when it launches a new resort collection this month.

Launched in April 2017, Andie Swim has grown sales 500% year over year, she says, declining to provide specific figures.

Andie Swim
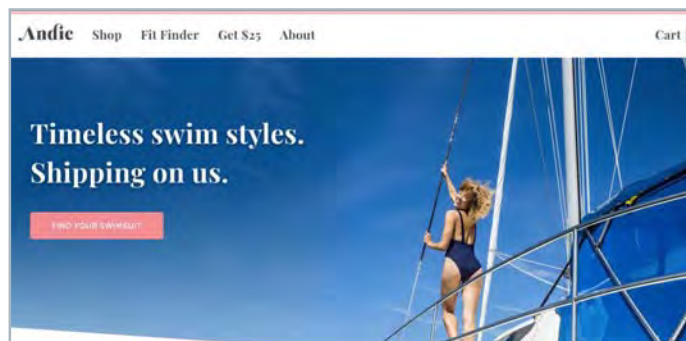
Dormify
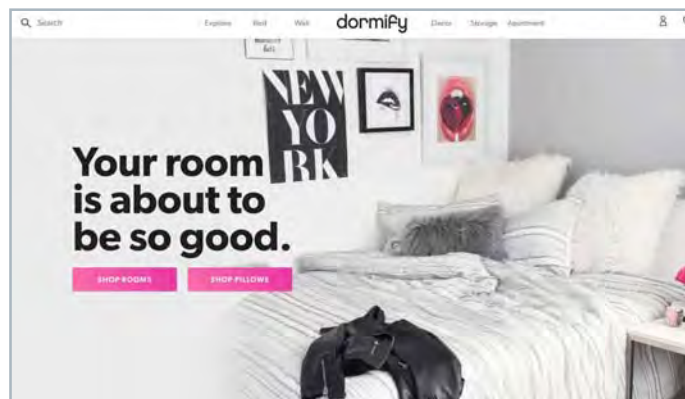
Make dorms look great

Dormify exists to help college students and others decorate dorm rooms and small spaces. Originally created as a site offering tips for decorating dorm rooms, Dormify launched an online store in 2013. The company sells bedding, pillows, wall art and other accessories.

Dormify grew sales 192% from 2015 to 2017 and has generated millions in sales annually. Dormify projects that it will double revenue in 2018.

Although all of the sales are technically online, the company estimates that sales from "styling" appointments at its New York headquarters are about 5-10% of its total revenue. The company also operates pop-up shops during the summer months as students prepare for college.

Turning a profit

Eyewear retailer Warby Parker reached a critical milestone earlier this year: In mid-March, the eyewear retailer announced that it's profitable.

The company, which has shaken up the optical industry, has raised $290.5 million in funding to date and is eyeing an IPO. The retailer is using those funds to expand offline. It currently has 86 stores, with plans to have 90 in place by year-end.

Having a number of physical storefronts enables the brand to offer consumers a robust omnichannel experience by allowing them to wade through its array of frames and seek assistance from a store associate.

Warby Parker
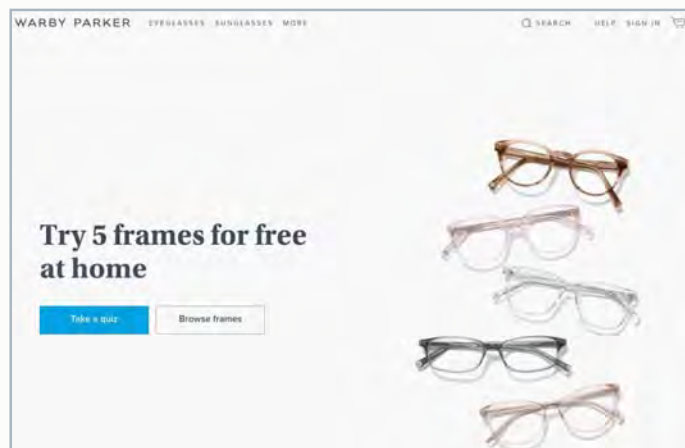
Driving repeat sales

Fashion and beauty online marketplace Spring features more than 1.5 million SKUs—mostly in apparel and accessories—from more than 2,000 brands, including Burberry and Gap.

The marketplace aims to be a digital shopping destination for the urban millennial woman. "There's clearly a strong preference for shoppers to be in a multi-brand environment," says Marshall Porter, Spring's president. "Consumers get the full catalog of the brands, and there's also a convenience factor."

One way it encourages repeat business is through its loyalty program called SpringBack, which the marketplace launched in late January. When a shopper makes a purchase, she automatically receives 4% of the purchase price back as cash back to spend on a future Spring purchase after 60 days. The funds are listed as "pending" until the 60 days are up to allow for all returns to be accounted for before processing the SpringBack credit. Spring also offers double or triple SpringBack promotions to drive higher order values.

Spring
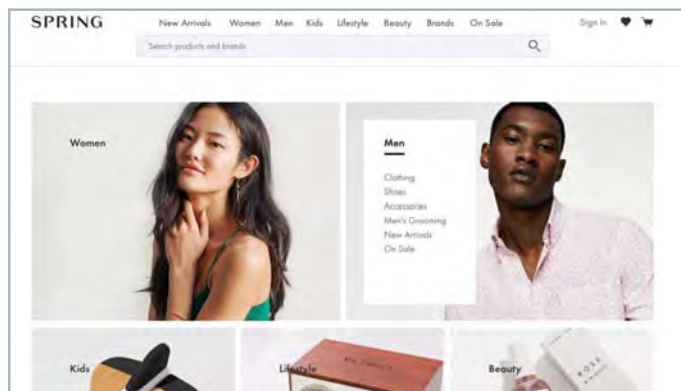
ShopSpring.com has more than 1 million monthly visitors, 60% of whom are repeat visitors, says Porter. Spring's revenue—about half from mobile shoppers on its app and half from its website—grew 273% last year, he says.

Social media influence leads to high growth

Kylie Cosmetics
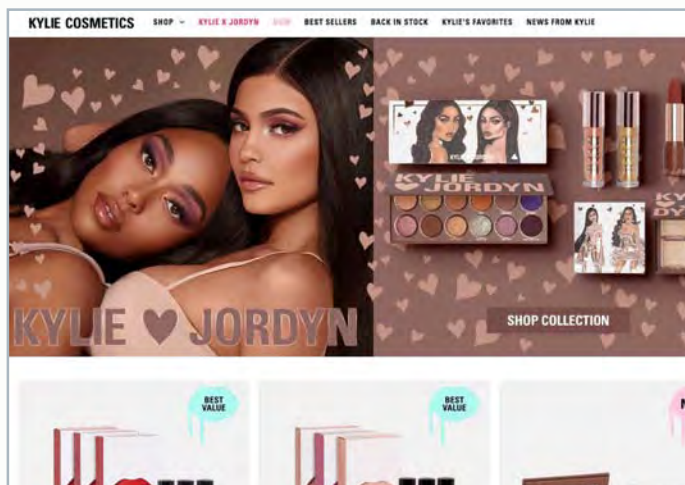
Kylie Cosmetics, the makeup brand founded and owned by 21-year-old reality star Kylie Jenner, launched in 2015. Within a minute of Jenner debuting her e-commerce site, KylieCosmetics.com, all 15,000 lip kits (a pack of lipsticks and matching lip liners) sold out. The popularity among consumers came from Jenner's influence on social media, where she teased the launch of her products.

Jenner teased the launch of her site on Instagram, where she has more than 115 million followers. She also has 25.5 million followers on Twitter and 21.6 million likes on Facebook.

Looking at site traffic for 2018, 9% of traffic to KylieCosmetics.com comes from social media, according to data from SimilarWeb, a web measurement firm. To compare with other beauty retailers, MAC Cosmetics gets 4% of its traffic from social and Benefit Cosmetics gets 5%.

VENDOR SPOTLIGHT
Affiliate Marketing

SIGNIFYD

Fetching a profit

It's been six years since Bark launched with a simple idea: It would offer a monthly subscription box called BarkBox that it would fill with dog toys and treats. The service now has 500,000 subscribers and sales from BarkBox.com grew 70% last year.

In addition to BarkBox, Bark operates a separate e-commerce site, BarkShop.com, where shoppers can purchase single products. It also sells its toys at Target.com, Target stores and Urban Outfitters Inc.'s online marketplace, UO MRKT.

The multipronged approach is working. Bark became profitable in the first quarter of 2017, having sold more than 50 million products. Bark's total 2017 sales were $150 million, up from more than $100 million in 2016. It projects $250 million in sales this year.

Bark
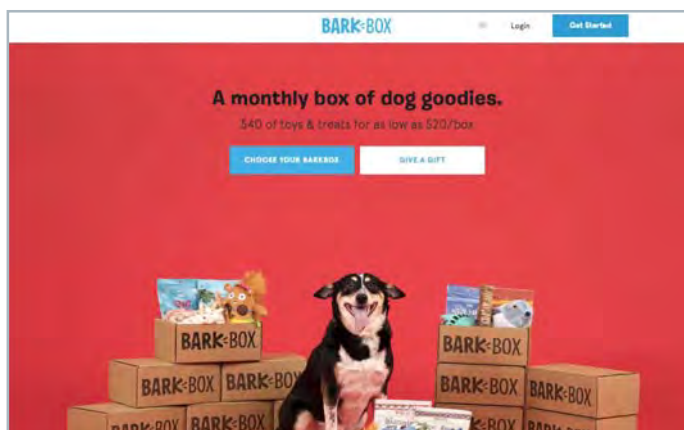
Bombas

A business and a cause

The online-only Bombas grew its sales nearly 200% in 2017. That's thanks in part to the retailer's mission-driven plan. For Bombas, selling socks is not its whole mission. Bombas is a Certified B Corporation—a certification based on an "impact assessment" of its business practices pertaining to workers, suppliers, the community and the environment.

Bombas aims to make an impact by giving away one pair of its socks to its network of around 1,200 U.S. charities whenever one pair is sold.

Bombas says its donated socks are designed to meet the needs of people who might not be able to change them every day. As of late September, Bombas has donated more than 9.3 million pairs.

A Halloween destination

Lingerie and costume e-retailer Yandy knows its niche.

Given that about 5,000, or 20%, of Yandy's SKUs are Halloween-related, it aims to establish its site as a go-to destination for risqué Halloween costumes. In fact, it added 1,500 new costumes last year.

The retailer's intense focus on Halloween has helped boost traffic to Yandy's site; the uptick begins in September and then soars once the calendar flips to October. Traffic to Yandy.com in 2017 increased 46.2% in October compared with its average in August, according to data from web measurement firm SimilarWeb.

Yandy

The tried-and-true and the cutting-edge

When it comes to retail, one thing doesn't change: Merchants need to market their brands. Small retailers need to get the word out about their brand and why their product is great, and large retailers need to keep their brand top-of-mind to keep shoppers coming back.

Retailers have endless ways to position themselves to capture shopper attention. And the merchants featured in this year's Hot 100 marketing category are among the industry leaders, using a variety of marketing methods ranging from cutting-edge practices like artificial intelligence to old-fashioned methods, such as billboards—yes, billboards.

On the far end of the spectrum are retailers like luxury sleepwear brand Natori, which are leveraging the latest technological tools to build brand awareness and drive sales.

Natori uses artificial intelligence, which is a machine learning tool that learns over time the more information that is fed into it. The brand uses AI to find the best-performing social media ads. Here's how it works: Natori uploads its individual creative assets into the tool, such as product images, advertising images, videos and advertising copy text. The tool then produces different types of ad formats, mixing all of these elements, such as carousel ads or sidebar ads on Facebook.

The AI tool has a whopping 700% return on ad spend, making it Natori's best performing ad category, says Ken Natori, president of Natori. What's more, paid social went from almost nothing to up to 25-30% of its digital marketing budget, he says.

Then there are the retailers finding success with "old school" techniques, such as offline channels, like billboards, as well as more traditional digital methods, including video and search engine optimization.

For instance, Pet Comfort, a retailer that sells a line of healthy pet feeding systems, is building brand awareness via highway billboards—a decidedly old-fashioned channel. It is hardly alone;
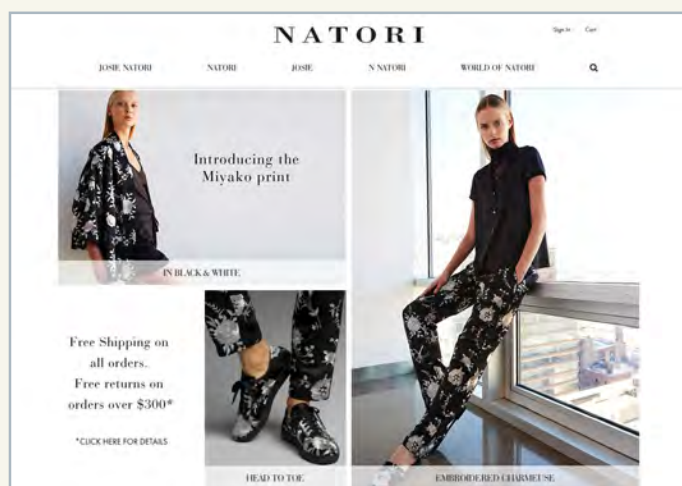
outdoor advertising spending is expected to increase 3.1% this year, according to ad measurement company Zenith. That's because billboards enable retailers to cut through the panoply of digital clutter that is constantly bombarding consumers.

A number of retailers, including beauty products brand Glossier and luxury consignment retailer The RealReal, are taking a similar offline marketing approach by opening up physical storefronts where associates can interact with shoppers.

And then there are those that are mastering the bread-and-butter digital marketing techniques. For instance, outdoor grill brand Camp Chef created a funny video with a "Grill God" that pointed out the grill's features. The video has tens of millions of views, helped generate hundreds of thousands of visits to its site and increased revenue, says Craig McLaughlin, direct of e-commerce at Camp Chef.

This year's Hot 100 showcases how many marketing methods, old and new, yield results.

Finding the right influencers

With celebrities Kylie Jenner and Cardi B constantly singing the praises of Fashion Nova on Instagram, the fast-fashion giant has perfected the social influencers game. Founder and CEO Richard Saghian has said the company is profitable and grew by 600% in 2017—all without employing traditional marketing campaigns.

The brand targets millennials with a decidedly urban vibe and a focus on minority and curvy or plus-size shoppers. Fashion Nova recruits its customers to help build buzz: "Do you have what it takes to be a #NovaBabe? Are you the OOTD [Outfit of the Day] Queen who can literally rock anything?! Do you have your own style that is admired by others?? If that's you, we want you to join our Nova Squad!"

The merchant engages its social media-savvy demographic by asking customers to take selfies while wearing Fashion Nova outfits, tagging the brand and using the #NovaBabe hashtag. This gives them the chance to have their photo reposted or featured in the Instagram feed on FashionNova.com.

But as much as the grassroots push has worked—Fashion Nova now has 13.3 million Instagram followers who see staffers' posts every 30 minutes throughout the day—it's the big names that do the heavy lifting. A single post from Jenner, who gets paid for wearing the label and promoting it to her 116 million Instagram followers, can mean $50,000 in sales, Saghian has said.

According to SimilarWeb data through the first half of 2018, an impressive 8.6% of FashionNova.com traffic came from social networks—more than double the median of 4.0% for Top 1000 apparel retailers in 2017.

Cardi B, who has been a longtime promoter of the brand and has even memorialized the label in some of her rap lyrics, is collaborating with Fashion Nova on a massive collection that's set to launch in the fall. The artist's "out-of-my-closet"-esque posts to her 33.9 million Instagram followers undoubtedly have increased the retailer's name recognition. And that helps explain why Fashion Nova was one of the most-searched fashion brands in the United States in 2017 along with Gucci, Louis Vuitton and Chanel, according to Google's year-end data.

38.0% of FashionNova.com's traffic came from organic search in the first half of the year while the 2017 median for Top 1000 apparel retailers was 30.0%. The legitimacy that's come along with celebrity endorsements has resulted in 46.9% of its traffic stemming from consumers typing in the retailer's web address, higher than the collective apparel group's median of 35.5% from this source in 2017.

Fashion Nova

Sleep on it

Casper has long employed some goofy marketing ploys: podcast ads for its dog beds, building mattress-testing huts in shopping malls and partnering with Target on exclusive products that are only tangentially sleeping related.

This summer it took those efforts one step further with the Dreamery, a "physical sleep experience" that lets city dwellers book 45 minutes of downtime in one of its nine private rooms. The concept store, located just behind its Manhattan flagship in Greenwich Village, provides pajamas, essential sleep oils and meditation through the mindfulness app Headspace, for $25.

Casper
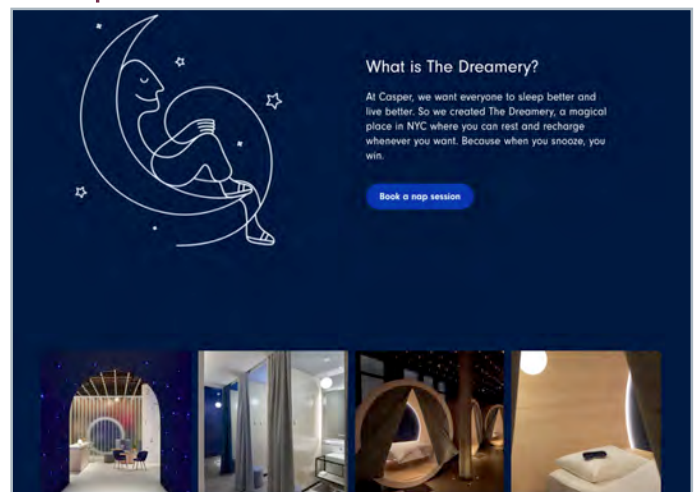
A sustainable message

2.5 billion pounds of clothing end up in landfills each year, according to luxury consignment retailer The RealReal. And fashion is behind only the petroleum industry when it comes to carbon dioxide pollution.

Rather than contribute to the problem, the retailer aims to encourage consumers to shift from a "buy, use and discard" mentality to one in which they "buy well" then "resell" when they're tired of an item.

It kicked off a campaign on Earth Day with Stella McCartney called "The Future of Fashion is Circular" that aimed to drive shoppers to think differently about luxury fashions; the campaign rolled out across TV, radio, and The RealReal and Stella McCartney's social media pages.

Then, in October, The RealReal promoted National Consignment Day with the message: "Be kind, consign."

The RealReal
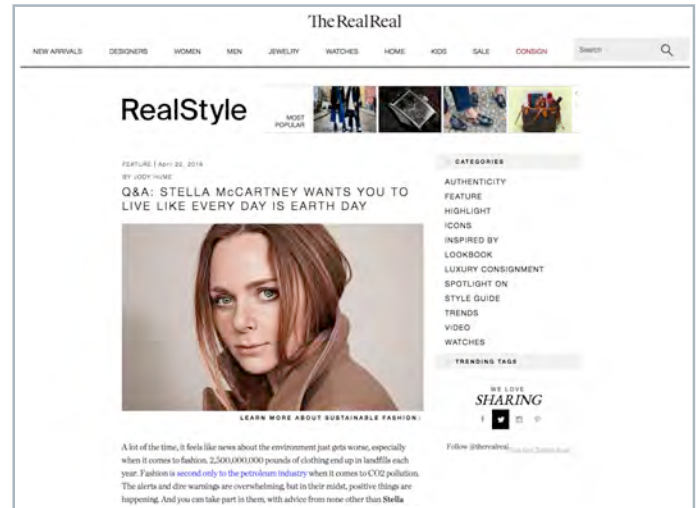
Zeroing in on millennial shoppers

Burrow was founded with a simple idea: To make furniture delivery easy. It manufactures and sells sofas, loveseats, chairs and ottomans that are flat-packed and shipped to a shopper's door. Each item arrives in 50-pound boxes. And, once delivered, the brand's furniture is designed to be assembled in just 10 minutes, without tools. Also, modules can be added or subtracted as seating needs change and pieces are made to be easily disassembled for easy moving.

Burrow takes multiple tacks to communicate that simple idea. For instance, it created an augmented reality iOS app that enables shoppers to "place" a product image in their homes. It also recently launched an app called Couch Potato, billed as "the world's first sit-tracker," which measures a user's inactivity. As the user sits, he or she is rewarded with a growing virtual potato.

The retailer also operates a blog called "Under the Cushions," which deals with lifestyle topics of interest to young families.

The retailer has sought to build name recognition by sponsoring podcasts and, in September, opened its first retail store in the SoHo section of Manhattan. It also operates a showroom at its headquarters and shows off its furniture at a store that sells high-end sneakers and a co-working space, both in New York.

More than half of Burrow's customers are 25- to 35-years-old and the company's merchandising and fulfillment are set up to appeal to those millennial shoppers. For instance, one of the site's six choices on the navigation menu at the top of its site is an "our story" section

Burrow
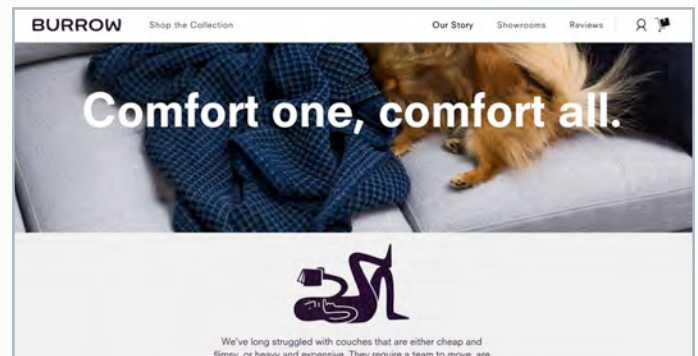
that explains its value proposition, why its products are high quality and bios about the co-founders. All of that content is there to help shoppers feel more connected to the retailer—which is important to millennials.

The company also emphasizes its fast and free shipping without a purchase minimum. It ships its products via UPS ground shipping within a day of a shopper placing an order.

Burrow is not trying to differentiate by offering the cheapest furniture—a three-seat couch costs $1,195—instead, it emphasizes that its direct-to-consumer model reduces the cost to the buyer.

"By delivering our couch directly to you, we're able to remove all retail markups and over 70% of standard shipping costs. That's over $600 in sofa savings to you," the retailer's website explains.

Heavy lifting by social media

While other retailers grapple with how to optimize their social media efforts, U.K.-based activewear online retailer and manufacturer Gymshark built its brand by marketing to shoppers on social channels. Since the brand launched in 2012, the retailer has engaged with shoppers on social media—and Instagram, in particular—by posting vivid, provocative images of well-toned, well-known social media influencers wearing Gymshark athletic apparel.

And shoppers have responded in kind. The retailer has attracted more than 3 million social media followers who regularly respond to images shared on Facebook and Instagram by well-known social media figures such as U.K. fitness influencers Lex Griffin and Meggan Grubb. The influencers' posts, which also are posted to Gymshark accounts, typically receive thousands of likes and hundreds of comments and questions.

Gymshark

Strategy shift

Harry & David recently shifted its marketing strategy away from catalogs to a more focused approach in which it sends targeted direct mail pieces based on a shopper's browsing or previous purchases.

For example, if a shopper had previously bought a truffle gift box in July, Harry & David may use truffle photos in its display advertising, direct mail and marketing emails around the same time next year.

The retailer is also focused on keeping its brand top-of-mind outside of the holiday season, which is why it recently launched a new marketing campaign called "Share More" that highlights Harry and David's non-holiday gift products such as items intended to be given for events like birthdays. Harry & David hopes that with the campaign title Share More, consumers may be more inclined to share their photos on social media with #ShareMore to create more buzz around the campaign.

Harry & David
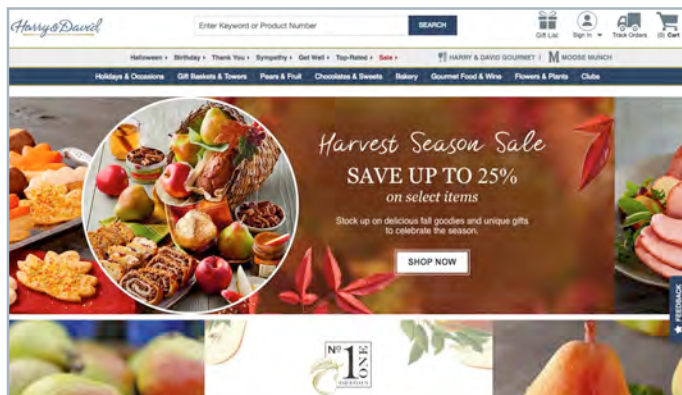
Knowledge leader

The search "how to tie a tie" is hot real estate, with more than 1 billion Google matches including video tutorials, images and full articles competing for the 800,000 searches per month. But the top spot is owned by Ties.com, a tie retailer that prominently appears near the top of the Google results.

That prominent real estate, along with a wealth of other valuable digital content that educates and inspires, has helped Ties.com grow its revenue at least 30% each year over the last five years, says CEO Omar Sayyed. The retailer filters topics through keyword research to uncover the phrases and questions that get the most search volume.

Ties.com

Building buzz

Monica + Andy may only be 4 years old but it's no toddler when it comes to retail development, merchandising and marketing. The children's apparel company's retailing model blends the best of online and store retailing to drive sales.

The company first launched its website in 2014. A few months later it opened its first "guideshop" store where consumers could browse the Monica + Andy product line in person and place an order on MonicaandAndy.com for delivery in two days.

If the guideshop showroom concept sounds familiar, it's because the Andy in Monica + Andy is Andy Dunn, now a digital commerce executive at Walmart and the co-founder of Bonobos, the men's apparel brand that championed the concept in that brand's early days. Monica + Andy CEO and founder Monica Roye and Dunn are siblings and he's an investor.

Monica + Andy today has eight guideshops, which aim to help build word-of-mouth buzz and brand awareness about the brand. The guideshops, which the retailer assures parents are "stroller, sippy cup,

Monica + Andy

and even, meltdown-friendly" host events such as storytimes, music classes and prenatal yoga classes. Of course, they also aim to use the shops to drive sales (the retailer will ship the majority of items to shoppers' homes although they also feature a limited selection of products consumers can buy and take with them, aimed at gift buyers). Shoppers can make one-on-one appointments with staff (called "storks") to select a gift or design baby's first full wardrobe. Online, shoppers can select similar layettes ranging in price from $250 to $1,000 with one click.

Kopari Beauty
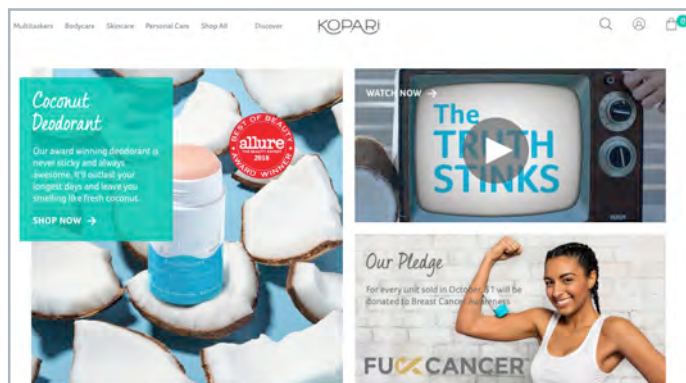
Cutting through the clutter

Text messages cut through the marketing clutter.

That's why the channel has been extremely effective for coconut products retailer Kopari Beauty, which has used SMS marketing for a little more than a year.

Marketing text messages bring in a double-digit percentage of the retailer's monthly revenue, and have nearly a 40% click-through rate, which is the highest of any marketing channel, says Megan Whitman, the retailer's chief digital officer.

"SMS fits in with who our customers are," she says. "We know our customer is on her phone. It wasn't an issue of getting them on the mobile site. It was us being there and communicating with them."

Finding the right terms

Content marketing is helping shoppers discover GhostBed.

That's because consumers Google how to remove urine or menstrual blood from mattresses with "unbelievable" daily frequency, says Marc Werner, the founder and CEO of the mattress brand.

While his site's robust education center offers more than 40 articles on everything from when to add a box spring to sleeping better with acid reflux, GhostBed ranks high particularly on questions about soiled mattresses, and the retailer has done well organically. SimilarWeb 2018 traffic data through August shows the retailer's website received 53.2% of its traffic from organic search— significantly higher than the 34.0% median share for Top 1000 retailers in 2017. In the six months since beefing up content marketing, Werner says he's seen conversion rate swell by 30.0%

GhostBed
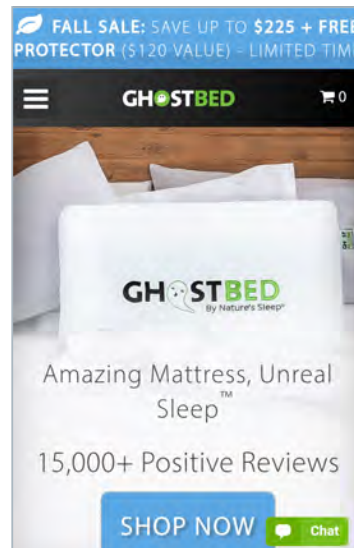
Smart sleepwear

Natori
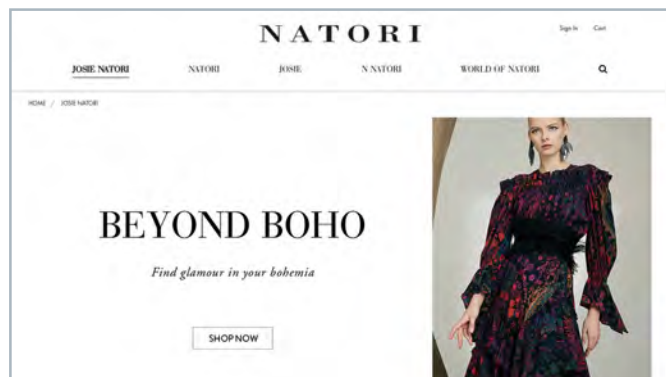
Luxury sleepwear designer and manufacturer Natori uses artificial intelligence-powered social media marketing to bolster its online sales.

Because most of Natori's resources are tied up in wholesale, it decided AI, which is a machine-learning tool that learns over time, would be the best fit for Natori.com, says president Ken Natori.

The tool produces different ad content and formats and serves the content to consumers on social media. The ads that performed the best were served to consumers more often—compared with the ads that had less engagement. Natori's return on ad spend is up to 700%, Natori says.

"Every month our return on ad spend has gotten better and better," he says.

Safety first

After losing three dogs to cancer, David MacNeil, founder of car floor mat company WeatherTech, launched a line of non-toxic pet feeding systems under the PetComfort name.

"We're very transparent about what we make the products out of and the testing that goes into it," MacNeil says in a 10-minute video featured on the brand's homepage. The site meticulously lists FDA and NSF certifications with links to compliance letters and lab testing reports, and there's a robust section explaining how the pet bowls are radiation-, phthalate- and lead-free. PetComfort.com also touts that the made-in-America products are certified as safe for human consumption.

Beyond digital content, the retailer also spreads word of its products via an old-fashioned channel: highway billboards. The approach has helped the retailer boost brand awareness.

PetComfort

Live from the red carpet

As exposure across traditional mass media and stores declines, cosmetics conglomerate L'Oréal Paris SA is bringing its powerful marketing machine to bear across digital media. For instance, L'Oréal leveraged its sponsorship of the high-profile Festival de Cannes, aka the Cannes Film Festival, to reach Chinese consumers with a celebrity-studded campaign across social media and commerce platforms. China is L'Oréal's second-largest market for sales.

L'Oréal used its own photographers to document red carpet looks and hosted a daily talk show called "Worth It" from a seaside studio that streamed across social media. Staff sliced-and-diced media assets to share on Instagram, China's Weibo and WeChat, Alibaba's Tmall, and others.

L'Oréal Paris

Premium brand positioning

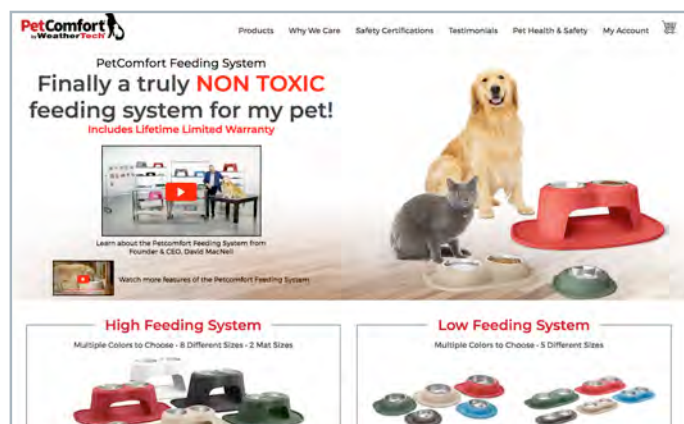Yeti is, quite literally, cool. The outdoor goods brand is known for making coolers that stand up to abuse—tested to be grizzly-proof, there's a YouTube video to prove it—and sell for hundreds of dollars. The rapidly-growing brand upset the product category, and has developed a cult-like following among consumers in the process. Direct-to-consumer sales—mostly e-commerce—accounted for 30%, or $194.4 million, of the brand's net sales in 2017, up from 8% of net sales in 2015, according to the IPO prospectus Yeti filed with the U.S. Securities & Exchange Commission in October. Yeti raised $288 million in its IPO (however, the majority of the funds went to its owner, private equity firm Cortec Group).

Recently Yeti branched into products such as insulated drinkware, cooler bags, waterproof blankets and more—all at premium price points for their categories. A Yeti-brand dog bowl is $50.

In 2016, it changed its URL from YetiCoolers.com to Yeti.com and was running its business, CRM and marketing operations on the Salesforce.com platform. This year it connected its e-retail site to the vendor's Commerce Cloud service and boosted its marketing juice with additional services that maximize touch points and relevance for its enthusiast customers. For instance, Yeti.com's existing customers see content and offers personalized to them, based on data pulled from prior site visits and purchase behavior, location, and other information they share with the brand.

Yeti

Online shoppers can now also customize drink tumblers in the Yeti Custom Shop, uploading logos or images Yeti will add to the tumblers, or choose from a selection of themed designs, such as college logos or images of National Parks.

"Our DTC channels provide customers an immersive and Yeti-only experience, which we believe strengthens our brand," the prospectus says. "We believe our control over our DTC channel provides our customers the highest level of brand engagement and further builds customer loyalty, while generating attractive margins." Yeti spent more than $50 million on marketing in 2017.

A viral video sizzles

Camp Chef, a manufacturer of outdoor grills, expected its e-commerce online sales to grow more than 100% by the end of the company's fiscal 2018 after a campy viral video featuring the "Grill God" promoting the launch of a pellet smoker went viral.

Camp Chef invested north of $1 million in the short, which aimed to help the brand as a major player in the quickly growing category, says Craig McLaughlin, the director of e-commerce.

In the video, which has received more than 33 million views, a toga-clad barbecue master bursts through the grates of a grimy grill and preaches the divine benefits of a pellet smoker to a misguided suburban dad. After the campaign went live, monthly online sales swelled in excess of 200% year over year.

Camp Chef

Blurred lines

The retail industry has been abuzz about omnichannel for years now. And it's no wonder. Most consumers don't distinguish between a merchant's online and offline operations, which is why a number of retailers are generating positive business results from their efforts to connect the dots between channels.

Retailers that do omnichannel right make it easy for a consumer to shop for, buy, collect and return goods using any avenue she pleases—web, mobile web, app and stores. It also means taking a holistic view of the company. That might entail, for example, making all inventory—including products from any store or fulfillment center—available to any shopper regardless of how she is buying and the ability to pick up and return online orders at a store.

And consumers are attracted to these omnichannel features. For example, Internet Retailer surveyed consumers in March 2017 and again in March 2018 asking whether they have purchased products online and picked orders up in stores. The number of shoppers who said yes increased four percentage points year over year, with 62% of consumers in the 2018 survey saying they had purchased a product online and picked it up in store in the past year, compared to 58% in 2017.

> Retailers that do omnichannel right make it easy for a consumer to shop for, buy, collect and return goods using any avenue she pleases—web, mobile web, app and stores.

Shoe retailer DSW, for instance, has invested heavily in omnichannel elements to enable consumers to pick up online orders in stores, reserve online and try on in stores and view stock availability before they visit a store. The investments have started to pay off: The retailer's online orders grew more than 30% in the 2018 first fiscal quarter. In the 2017 holiday season, stores fulfilled about 40% of web orders.

Meanwhile, retail chain David's Bridal has emerged as one of the few top retailers to leverage its stores to fulfill online orders. For context: Only 29 of the 140 retailers ranked in Internet Retailer's Top 500 ship items from its stores. For David's Bridal, stores fulfill about 20% of the merchant's online orders. This gives the retailer an alternative to discounting its items in stores if it's out of season—like prom dresses, for instance. Before, prom dresses would be discounted inventory in its stores. But now, David's Bridal posts the inventory online, where it is more likely to sell that dress at full price.

Some retailers have given a new meaning to omnichannel using advanced technology. At apparel retailer Zara's flagship store in London, shoppers can swipe clothing on a full-sized mirror to see a hologram-style image of what they'd look like as part of a full outfit. In addition, robotic devices get e-commerce orders into shoppers' hands at the online order section of the store.

There's many cases for the investment in omnichannel. The retailers that put in the time and resources required to get omnichannel right will win the long-term loyalty—and dollars—of shoppers who are increasingly crossing shopping channels.

Creating experiences

Digitally native, vertically integrated (DNVI) cookware retailer Made In Cookware wants to be a lifestyle brand.

"One thing that separates the good from the great DNVIs is that the great ones have the ability to create a lifestyle around the brand," says Jake Kalick, the company's president and co-founder. The approach aims to help Made In Cookware appeal to its target customer group: millennials who are just starting to outfit their homes with items such as cookware.

Made In Cookware aims to undercut high-end brands, such as All Clad, in price—its 10-inch non-stick frying pan sells for $79 compared with $140 for an All-Clad—and it also aims to engage with consumers in multiple ways offline. Those range from a series of cooking demonstrations at South by Southwest featuring various Austin, Texas chefs, to its plans to use an Austin storefront where it can build a test kitchen and offer cooking classes.

The South by Southwest event, which took place on March 18, was a prime example of Made In Cookware's desire to offer "educational" content, says Bradford "Chip" Malt, CEO and co-founder. "The idea is to create compelling content that can be shared online and offline."

For instance, the South by Southwest event attracted 6,371 RSVPs and 1,020 attendees who were able to taste food and drinks prepared by chefs such as Andre Molina using Made In Cookware products. "We're creating experiences that people want to share," Kalick says. In fact, the retailer attracted nearly 220,000 social media impressions from posts related to the event. Those posts,

Made In Cookware
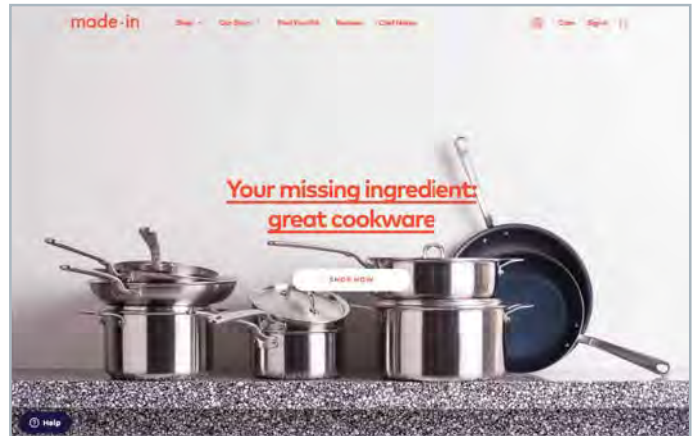
in turn, helped boost the retailer's organic search volume 20% from March 9-18 (the span of South by Southwest). Moreover, the number of consumers who converted on MadeInCookware.com after clicking from a social network jumped nearly 91% in March.

Those results have driven Kalick and Malt to focus on finding other ways to help consumers "experience" its products, Kalick says. That led it to take a cue from Casper, which earlier this year launched a "branded nap destination" called the Dreamery. But rather than offer naps, it aims to use physical storefronts as a hub of food-related experiences. It plans to open its first in Austin by the end of the year. And, in an effort to bring the offline experience online, it plans to use the storefront to create content that lives online. For instance, it might stream cooking demonstrations on Facebook Live or Instagram Live, or take photos for its blog.

Blending fashion and technology

Zara

Zara's store in London is outfitted with technology, automation and style.

The store, which opened in May, enables shoppers to collect online purchases or buy without an associate. Self-service checkouts let customers pay via mobile phone or credit card. Online order pick up points can store up to 2,400 parcels. Customers swipe a receipt on a sensor and a robotic arm retrieves the box.

Employees carry iPads to complete a shopper's order online if a store doesn't have what she wants. And, to see how separate pieces look as an ensemble, shoppers can swipe garments along a floor-to-ceiling mirror to see a hologram-style image of how they look together.

Grocery gains

2018 is the year that Amazon tightened its grip offline.

The retailer in January opened the first of its AmazonGo cashierless stores to the public. Several more opened throughout the year and it reportedly plans to open 3,000 AmazonGo stores by 2021.

When a consumer walks into an AmazonGo store, he needs to check in on the retailer's smartphone app. Then, as he navigates the store and takes items off shelves, cameras and other sensors track him and add items such as salads, sandwiches and snacks to the virtual cart that's linked to account. Once he's all set he can walk out of the store without interacting with a cashier. The relatively seamless process is a fundamental rethinking of physical stores.

The retailer also tightened its connection with Whole Foods by offering members of its Prime loyalty program exclusive discounts at the grocery store.

In doing so, it may have helped bolster Whole Foods' business, which had been losing ground to rivals that had bulked up their organic food offerings. For example, a study of more than 100 U.S. locations found that Whole Foods' gained foot traffic at the expense of Trader Joe's, Walgreen and Dollar Tree Stores in the past year, according to Sense360, a Los Angeles company that tracks location data from millions of smartphone users.

The data suggests that Amazon is luring some loyal Prime members to its physical stores via discounts.

Another way Amazon is building connections with Whole Foods is by adding a curbside pickup option for Amazon Prime members ordering groceries through its Prime Now service and Whole Foods, as well as Prime Now delivery of Whole Foods grocery items in some metropolitan markets.

In adding more fulfillment options, Amazon is seeking to compete with Walmart, the largest grocer in the United States. Walmart this year expanded curbside pickup of groceries ordered online from 900 locations in 2017 to 1,200 locations. Walmart is also adding a home delivery service of perishable groceries and says it will be available in 100 metropolitan areas by the end of this year.

While the vast majority of grocery sales happen in stores, Amazon is positioning its business for a market that is expected to rapidly shift online. By 2025, as many as 70% of U.S. consumers will be buying at least some groceries online and those purchases will total more than $100 billion, according to a recent report from the Food Marketing Institute and The Nielsen Co.

Amazon

Stores as distribution centers

Only 57 Internet Retailer Top 1000 retailers ship goods from their stores to consumers. But for David's Bridal, making its 300 stores and two distribution centers work in harmony has allowed it to decrease inventory costs and sell more products at full price.

The retailer operates two warehouses that, ideally, fulfill online orders because they offer the most cost-efficient method when factoring in the efficiencies and opportunity cost of using store labor compared with warehouse labor. However, if a distribution center doesn't have an item on hand, its order-management system looks to stores to fulfill the order. The system factors in the distance between the store and the customer, the store's current workload of fulfilling online orders so it doesn't have too many orders and the store's inventory levels.

David's Bridal
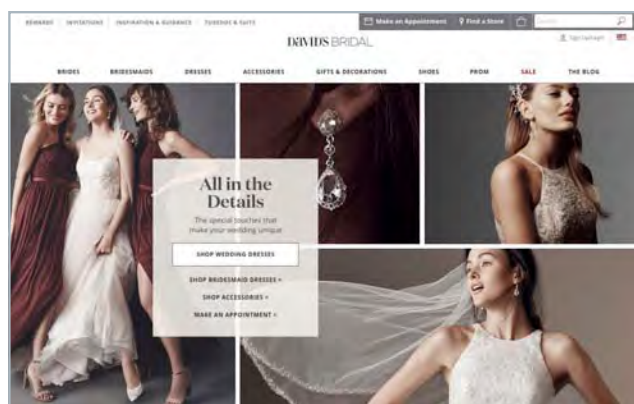
Use 'em if you've got 'em

Walmart has been busy as of late. And leveraging its massive store footprint to drive its omnichannel strategy has been the focus of many of its steps.

For example, in an omnichannel convenience play, the retailer in March announced a plan to place FedEx Office locations in 500 of its stores over the next two years. Shoppers can pack, print and ship packages at the FedEx locations in the stores, as well as have online orders from any retailer that are being delivered by FedEx held at Walmart stores for up to five days.

The following month Walmart announced it was adding its Pickup Towers, which allow shoppers to retrieve online orders in stores via their smartphones, to more than 700 stores by the end of 2018. The towers are located near the front of the stores and resemble giant vending machines. Once installed in the 700 stores, the towers will be available to nearly 40% of the U.S. population, Walmart says. Walmart sends consumers who opt to pick up their online order in a store an email or text notification with a unique code when their order is ready. Then she walks to the Pickup Tower in the Walmart store she's selected, scans her code and can retrieve her order in less than 15 seconds.

The retailer also offers a Pickup Discount program that provides cheaper prices on select items when a consumer buys online and picks up in store—and it will hold online orders at the store for a week.

Walmart

And, to help busy shoppers, Walmart offers dedicated parking spots for online grocery order pickup and has added robust store functionality to its app. For example, to make returns faster and easier, late last year the retailer added an app feature that allows shoppers to initiate the return of items bought online before going to the store. Once there, shoppers move through a dedicated express lane to scan the products and hand them over. The system is meant to shave the return process from about five minutes to 30 seconds. 90% of U.S. consumers live within 10 miles of a Walmart store, Walmart says, and the chain says it serves more than 140 million customers a week.

A push offline

China's JD.com, which is backed by Chinese social media behemoth Tencent Holdings Ltd., Walmart Inc. and Google parent company Alphabet Inc., is pushing into physical stores, recently opening a chain of high-tech supermarkets in Beijing. The stores represent its biggest step into bricks-and-mortar and an attempt to secure more consumer data by connecting online and offline shopping.

JD's stores feature automated carts that follow customers as they shop and screens display information on products consumers select.

It's also adding warehouses across Western Europe and within two years says it will cover all of Southeast Asia. To bolster fulfillment in China, it also recently partnered with Walmart Inc. to invest $500 million in Chinese logistics firm Dada-JD Daojia.

JD.com

A digital brand gets physical

Online shoe brand Allbirds celebrated its 1 millionth customer in September—just two years after its launch.

The company began selling "the world's most comfortable shoes," by its description, in March 2016 after co-founder Tim Brown partnered with his co-CEO Joey Zwillinger, an engineer and renewables expert. They teamed up to build a sustainably-made Merino wool sneaker, which they call now the Wool Runner.

Now Allbirds has sold more than 1 million pairs of shoes and will hit an Internet Retailer-estimated $150 million in sales in 2018. Word-of-mouth has been the most fruitful marketing strategy to attract new customers, Brown says. "Most of our new buyers find us through personal recommendations," he adds.

One way it aims to build buzz is by joining the growing list of digitally native brands that have opened physical stores. The brand sells on its website and through three permanent retail locations in San Francisco, New York City and London.

Allbirds

DSW
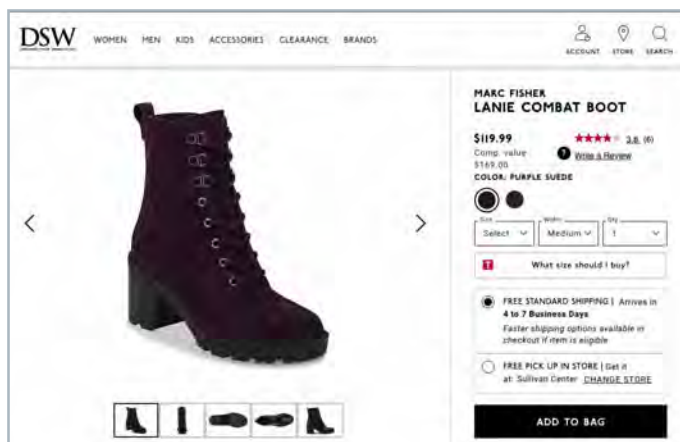
Giving shoppers options

Shoe retailer DSW is investing heavily to bolster its omnichannel capabilities to enable consumers to order online for pickup and to view stock availability before they visit the store.

"We can truly satisfy our customers' needs no matter where or how they purchase," says Brian Seewald, the retailer's senior vice president, customer experience and operations. "Our omnichannel capabilities ensure that we can get the shoe they want to them, regardless of where they purchase."

The retailer's efforts helped it boost its online order rates 36% in its fiscal quarter ended May 5. While the retailer didn't break out e-commerce sales in the second quarter, Seewald tells Internet Retailer that its comparable sales for stores and online grew 10% compared with last year.

Why stores matter

Consumers don't have much patience to wait for their online orders to arrive. One way some merchants, including Bluemercury, are dealing with that challenge is by shipping products from stores.

That's one reason the Macy's Inc.-owned beauty brand is on the path to open 55 new stores by the end of next year, bringing its total to 215. Those stores let it expand within-an-hour delivery in New York and Los Angeles.

It is also working on technology that recognizes customer phones as they enter stores to offer them targeted offers and later sending them reminders about products they looked at while browsing the store.

Bluemercury

Driving results

Technology sells—if it makes shopping easier. And each retailer featured in this year's Internet Retailer Hot 100 technology category has found unique ways to leverage technological advancements to drive sales.

Take Eaze, an online marijuana marketplace that enables a consumer with a mobile device that features a camera and access to text messaging access to the growing field of cannabis distributors and brands in California. To use Eaze, a consumer can text her email and phone number and a picture of her ID to verify her age and Eaze will text her back once approved to purchase cannabis, enabling her to order her pick of marijuana via the marketplace. The process beats standing in a lines at a dispensary. Eaze, which started out supplying medical marijuana, has amassed 350,000 users in California. Talk about a technology high.

Retailers' top technology budget priorities for 2019

83% of merchants plan to increase their technology spending next year.

E-commerce platform	**49.0%**
Social media	**32.9%**
E-mail marketing	**28.2%**

Source: August 2018 survey of 183 e-commerce executives conducted by Internet Retailer.

Then there's Benefit Cosmetics, which is easing the somewhat tricky process of purchasing makeup online by using technology to accurately portray how make up will look on a shopper. After capitalizing on advancements in augmented reality technology for its virtual makeover tool, Benefit, which specializes in brows, can now render eyebrow hair more realistically. Thanks in part to more accurate makeup depictions, the beauty brand has boosted conversions by 80%.
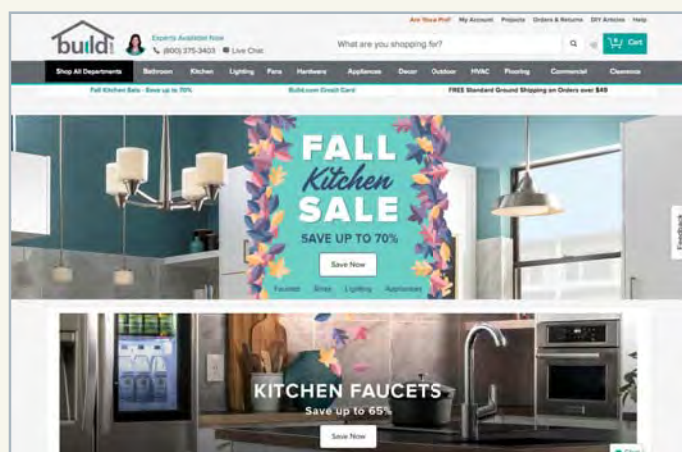
On the other end of the product category spectrum is home improvement retailer Build.com, which offers more than 1,700 SKUs shoppers can view on their phones in augmented reality. Shoppers with smartphones that allow for AR can view objects to scale on their phone screens to see how they would look in their own homes, as well as to virtually turn faucets on to get a feel for how hardware will really look in their prized kitchens. And shoppers are using the feature—about 5,000 each month to be specific.

In an August Internet Retailer survey of 183 online retailers, 83% of merchants planned to increase their spending on technology over the coming year. When asked why they planned to do so, the top response, cited by 73% of merchants, was to attract new customers, while the second-most popular response was to boost conversions. The examples above are just a small sampling of what you'll read about in the pages ahead in this year's Hot 100 technology category. Read on for more inspiration.

The proper perspective

Augmented reality took off last year thanks to the inclusion of ARKit on iOS 11, Apple's software for the iPhone. That update allowed many retailers to quickly port in 3D files of objects the sell into a system that could overlay those digital objects against the backdrop of a customer's actual environment.

For many retailers, this meant adding a button to a listing of a chair or a lamp that popped open a camera view with the product appearing life-sized in front of the consumer's eyes. But many of these augmented views were buried in product pages, and only available for a subset of all products sold.

Instead of bulking up its main e-commerce app, Ikea created a new one. Ikea Place is an iOS app that collects all the 3D product images in one spot and lets users design whole rooms in its app.

To see how a piece of furniture would look in a shopper's home, the consumer first browses the selection of available products. The app organizes these in collections by room or type of furniture. The user clicks a Try It In Your place button to see a virtual version of the product in her home.

The product can then be compared to existing furniture or placed in its expected location to make sure it fits. A user can also add more items to the virtual test, for example putting a lamp next to a chair to see if it would fit the space.

A shopper can tap the Heart button to save her favorite products

Ikea
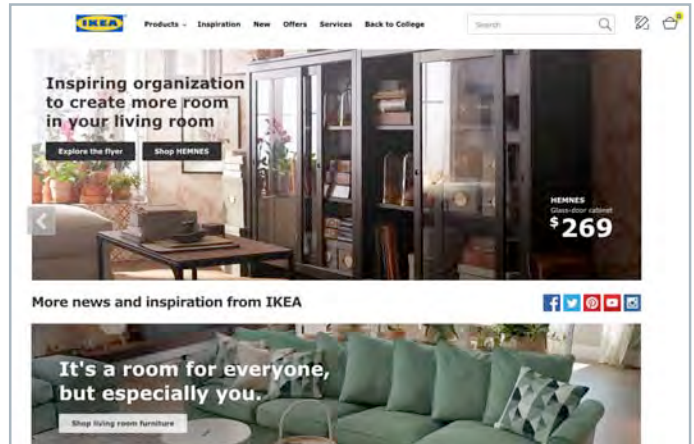
for later comparison or to test in different rooms. Once a consumer has found the products that fit her space and style, she can click through to be taken to the Ikea website to buy or to check in-store inventory.

Ikea Place includes 2,200 virtual items, with a focus on the larger items sold by the Swedish furniture giant like couches, dining room tables and beds. Because Ikea designs and produces most of the products it sells, it can more easily obtain the information needed to create the virtual rendering for augmented reality applications than a retailer like Overstock or Wayfair, which offer many items from outside sellers.

Car-buying is…fun?

Carvana

Online used car retailer Carvana is delivering on its marketing process: It makes car buying fun. That's evidenced in a number of ways, the most unique being its "vending machines" that disgorge autos with the drop of a commemorative coin.

Like the coin, the machine is something of a token in that the car purchase has already occurred online before the buyer arrives at one of its 13 locations to take ownership. But the process has captured many customers' hearts, says Ryan Keeton, co-founder and chief brand officer. "We get families who Instagram the whole experience," he says. About half of shoppers choose to retrieve their car this way, he adds.

The retailer has also made sure to deliver a powerful experience online no matter how shoppers are viewing its site. The investments have paid off as roughly 20% of Carvana shoppers complete the whole transaction—from finding a vehicle to viewing it to financing—on a mobile device, Keeton says.

# Smarter fulfillment

Gap

With e-commerce order volume rising, Gap Inc. is investing tens of millions of dollars in machinery to increase efficiency and reduce manual work at its warehouses.

For example, Gap recently invested in two machine-learning mechanical arms that can sort 250,000 products a day in total, says Kevin Kuntz, Gap's senior vice president, global logistics fulfillment.

"The expense is coming with great payback," Kuntz says. "It is reducing our dependence on labor, and these projects are having a [ROI] of 20%."

Shipping an online order with seven garments to a shopper's door is much different than replenishing store inventory. The labor needed to fulfill an online order is six to seven times of store inventory replenishment labor, Kuntz says.

Jetblack
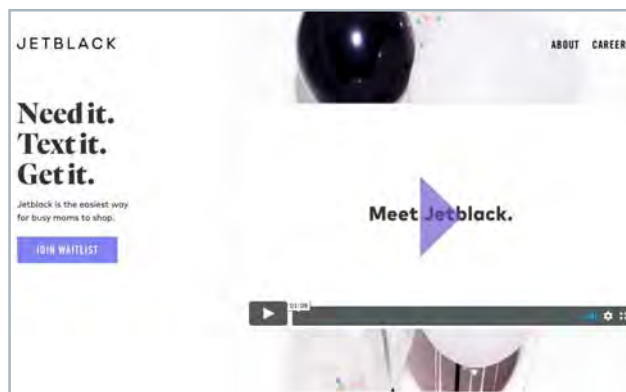
Click-free shopping

Jetblack is the first "portfolio business" startup to emerge out of Walmart Inc.'s Store No. 8 technology incubator. And it is utterly distinct from its parent company.

Jetblack is a high-end personal shopping subscription service that enables consumers to shop via text message. The service offers same-day delivery for most orders placed before 2 p.m. and next-day delivery for most other items.

A courier collects a shopper's entire order, which he delivers in a tote bag. A shopper also can text the service to return items, which the courier will pick up.

The service is currently available in Manhattan; it plans to expand to other New York locations soon, including the Hamptons next summer.

More than a retailer

Ocado, a popular online supermarket in the U.K., makes most of its money selling groceries, but it is growing revenue faster selling to other grocers the e-commerce platform, order management and warehousing technologies it built from scratch over the last 10 years.

Grocery is one of the fastest-growing segments online, and many traditional grocers have been flat-footed in figuring out e-commerce.

Leading supermarket retailers Sobey's (Canada), Groupe Casino (France) and, most recently, Kroger (U.S.), license Ocado's services. Kroger, the second-largest grocer in the U.S., bought a 5% stake in Ocado in May and has exclusive rights to its technology in the U.S. It plans to operate as many as 20 automated distribution centers running Ocado's technology within three years.

Ocado
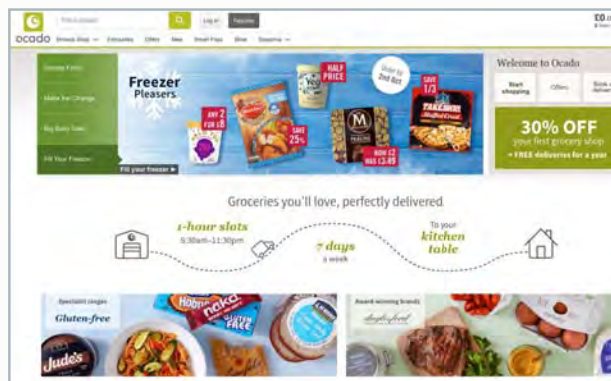
An integrated experience

Home Depot is putting more than $11.1 billion into its technology backbone through 2020, and nearly half of that is going towards growing its omnichannel prowess through its "One Home Depot" initiative.

Already, 46% of its U.S. online orders are getting picked up in stores, and 10% of online sales are generated in stores when customers are looking for an item that isn't in stock or isn't available in the quantities they need, says Dave Abbott, the retailer's vice president of integrated media. The majority of returns come to stores as well.

However, Home Depot could be doing better online, he says. 93% of sales are in stores, despite nearly 2 billion site visits in 2017. Some of that is intentional—customers can easily see if a product is in stock and even where it is in the store, meaning that an online visit can lead to an in-store sale.

Home Depot is working to use its stores to fulfill more online orders. It is also putting self-service lockers at the front of stores

Home Depot

so shoppers can pick up online orders without having to go to the customer service desk.

At the same time, it is upgrading its distribution network to better meet e-commerce demand, as well as examining ways to leverage the more than 1.7 trillion data points it tracks.

A technology gone high

When California joined the pot of states legalizing recreational use of marijuana on Jan 1, Eaze was ready.

California-based Eaze, launched in 2014, connects cannabis brands, dispensaries and doctors to customers through its site and app. To use Eaze, a consumer registers with her email and phone number and a picture of her ID to verify her age. Eaze texts her back once approved to purchase cannabis and she can order her goods, although she must pay when the product is delivered.

Eaze, which started for medical marijuana, has amassed 350,000 users in California. Generation X consumers spend the most with Eaze at an average of $189 a month. Eaze features 427 products from 61 brands.
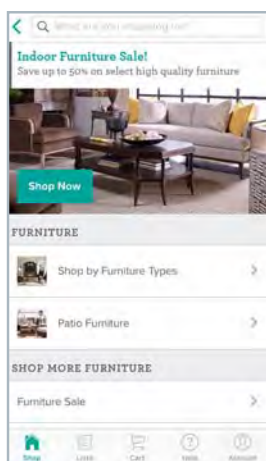
Eaze

All in on 3D

Home improvement merchant Build.com is making augmented reality a reality for shoppers. AR allows consumers with smartphones that have depth-sensing cameras to view to-scale objects on their screens.
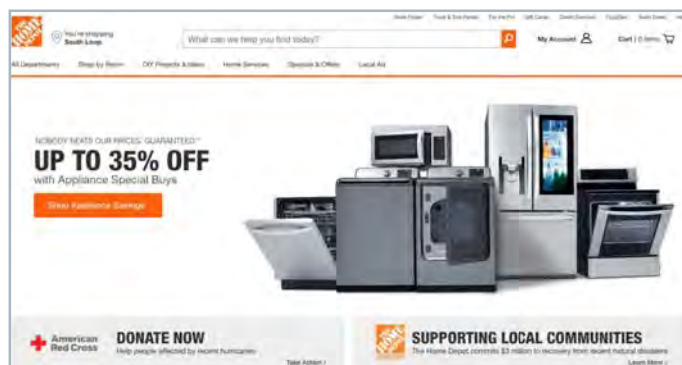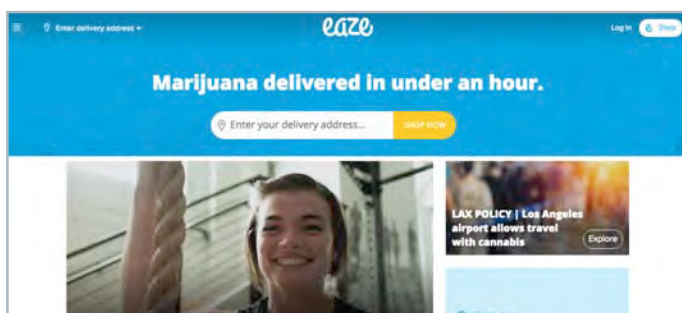
Build.com has more than 650 products and 1,700 unique SKUs to view in AR, including vanities, fans, toilets, tubs, sinks, faucets and lighting. And about 5,000 shoppers a month are using the feature, says Dave Nickens, the retailer's head of emerging technology.

Build.com also goes a step further and has animations for the images. For example, a consumer can tap a button on her smartphone to turn the faucet on and the knob will move and the water will flow on the image on her screen.

Build.com

Browbeating conversion rate

Cindy Shen, vice president of global digital at Benefit Cosmetics, had long been disheartened by virtual eyebrow try-on tools that produced lackluster results. For years, augmented reality left faces looking unrealistic and cartoony.

"With lipstick or foundation try-ons, you're just manipulating color tint," Shen says. "But when you tried to tackle brows, it would almost look like you were slapping a sticker over your face. It didn't look like hair."

A few years ago, Benefit tried out a virtual brow try-on tool, but the simulators were "frustratingly primitive" back then and left eyebrows looking flat, she says. In 2017, Benefit found a solution when it paired up with Modiface, a firm that creates augmented reality technology for beauty brands. The two teams spent a year developing next-generation technology that's exclusive to Benefit to detect and replicate each user's unique hair while limiting manipulation to what's realistically attainable for an individual's own brows.

Users can test various looks by choosing from more than a dozen different brow styles and customizing them by adjusting the shade, arch, thickness, definition and placement. A shopper can then navigate to the "Get this brow" tab, where she can book a service like a brow wax and add suggested products—replete with recommendations down to the color of a pencil—to her bag so she can execute the digital makeover at home.

Because Benefit doesn't offer an app for U.S. shoppers, the virtual brow feature is primarily browser–based, which makes it the world's first browser-based, live-video beauty application, Shen says. That allows a user to try on brows in real time 3D using the device's camera. While that functionality exists in apps, web-based users typically are limited to using an uploaded or stock model photo.

More than 1 million unique visitors have interacted with Benefit's new tool, and users try on an average of 6.6 different brow looks, according to Shen.
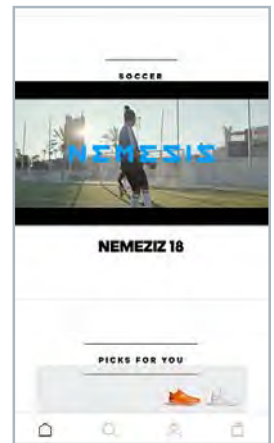
Benefit Cosmetics
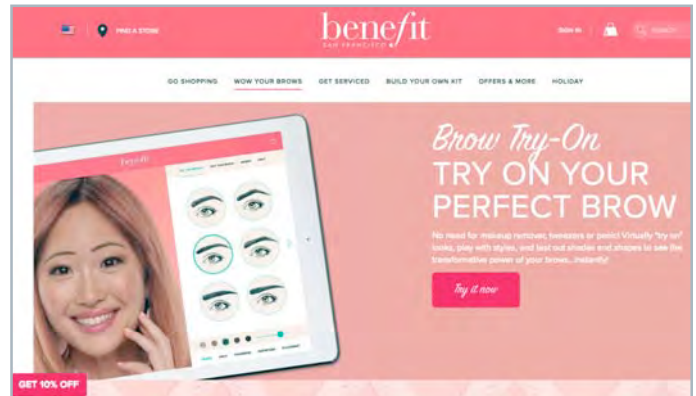
A fresh approach

Redefining Adidas' digital presence is a key part of the brand's ongoing strategic plan, called Creating the New. And the athletic apparel and equipment maker is pushing the boundaries of e-commerce technology.

Adidas

This year, the brand rolled out a mobile app that serves up content—such as customized product recommendations, articles, blog posts, videos and real-time sports updates—based on the user's preferences and behavior.

The company also was among the first to use the recently created shopping functionality in Instagram Stories, a part of Instagram that allows users and brands to post photos and videos that disappear after 24 hours.