



CONNECTING STATIONARY AND ONLINE SHOPPING



BRIDGING THE GAP BETWEEN ONLINE AND OFFLINE RETAIL

The ECE and OTTO shopping realms have been interlinked.

IMAGES: ECE



Reserving the latest sneakers online before picking them up at the center? Purchasing a video game console online and having it delivered from the shopping center to your home on the very same day? Based on the cooperation of OTTO and ECE, both of these scenarios will soon be possible. To connect online and offline retail, the partners have founded a joint venture, Stocksquare, based in Hamburg. The company is integrating the store networks of brick-and-mortar retailers with the otto.de platform—creating a unique partnership between e-commerce and traditional retailers unlike any ever before seen in Germany.

At launch, the new connected commerce services will be available to retailers who operate a store in at least one of the 90 ECE shopping centers in Germany. Both consumers and retailers will benefit from ECE's extensive nationwide network of shopping centers, with almost 60 percent of the country's residents living less than 30 minutes away from an ECE center—a true USP. Technically, the connected commerce concept ties in with ECE's existing "Digital Mall" technology, which allows customers to check the availability of products on the centers' websites.

During the first stage of the project, customers will be able to see on otto.de whether an item is available at a nearby store, such as one located in an ECE shopping center. As of today, otto.de is showing local product availability for around 29,000 articles from eight selected retail partners. Additional items, stores, and partners will gradually be added over time. The service will not only be limited to stores in

ECE shopping centers, but will also include products at other stores as well. In addition, the connected commerce concept has been designed to connect with other online platforms in the future as well.



ALEXANDER OTTO

CEO of ECE

“The shopping experience of the future will take place both online and offline. In this joint project, we are combining our knowledge from both worlds and enhancing brick-and-mortar retail by expanding its reach online. This is truly a remarkable pioneering project. In the process, we can draw on our long-standing partnerships with major retailers and our dense network of shopping centers as well as the omnichannel approach of our Digital Mall project.”



ALEXANDER BIRKEN

CEO of OTTO Group

“With this ambitious connected commerce project, we are building a bridge between online and offline shopping for our customers. Together with ECE, we have the opportunity to partner with brick-and-mortar retailers and brands throughout Germany and integrate products from the single largest network of shopping centers in the country into the otto.de platform. In this context, the two companies already share common values through their shareholders in order to provide a genuine alternative for partners and customers.”

“WE MAKE BRICK-AND-MORTAR PRODUCTS VIEWABLE ONLINE”

As Chief Digital Officer of ECE, Philipp Sepehr is responsible for ECE’s “Digital Innovation & Analytics” unit. In this interview, the 36-year-old reveals how the collaboration with OTTO came about, what both companies expect to gain from it, and why the Stocksquare joint venture was founded.

IMAGES: ECE



online shop a few years ago, we were also in talks with OTTO. Together, we discussed how we could make this project suitable for both companies, in a manner that would enable ECE to benefit from OTTO's online customer reach and OTTO to benefit from ECE's numerous connections with brick-and-mortar retailers.

ACROSS: *NEVERTHELESS, IT TOOK QUITE SOME TIME FOR YOU TO TAKE THIS BIG STEP. WHY DIDN'T YOU CHOOSE TO MOVE FORWARD WITH THE PROJECT YEARS AGO?*

SEPEHR: There were technological reasons behind our decision. Technological developments can take sudden leaps and bounds. This tendency can also be seen in the technological development of brick-and-mortar retail. Offline retailers are now in a position to connect their product databases, including local availability, to online marketplaces.

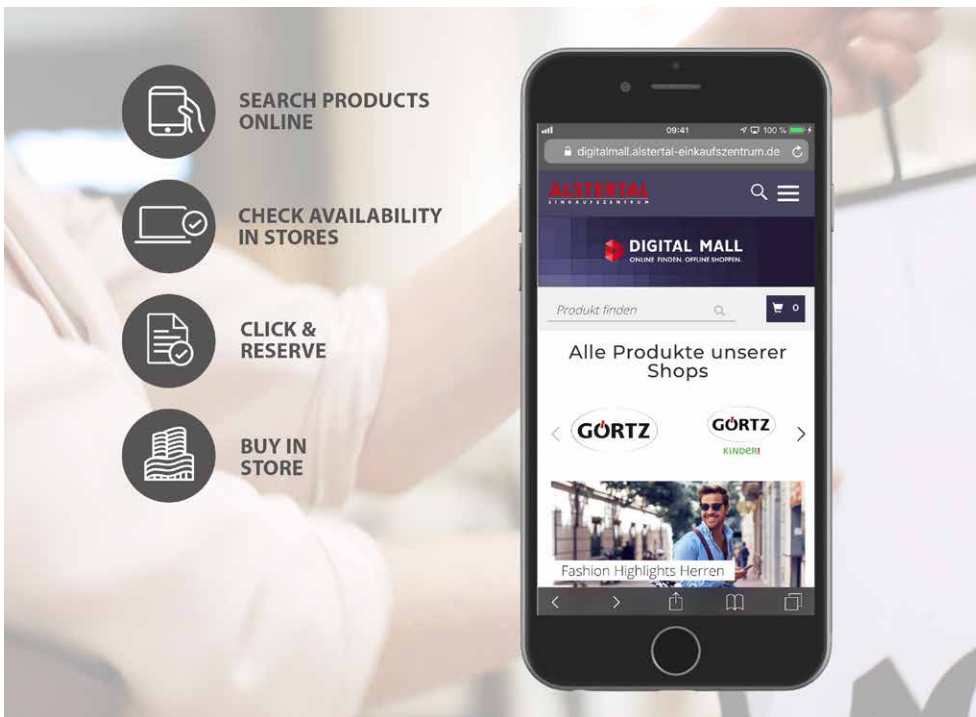
ACROSS: *WHAT DO THE TWO COMPANIES CONTRIBUTE TO THE COOPERATION?*

SEPEHR: ECE is deeply rooted in brick-and-mortar retail and has very good personal connections with approximately 10,000 stores in the German shopping center segment alone. Thanks to our large network, we also benefit from our proximity to end customers: 60 percent of the population can reach an ECE center within a maximum of 30 minutes, and close to 80 percent can do so within 45 minutes. This unique



ACROSS: *WHY IS ECE COOPERATING WITH OTTO?*

PHILIPP SEPEHR: The interlinking of the largest brick-and-mortar shopping network and the second-largest online retailer in Germany seemed like a natural choice—not least due to the close ties that exist between the two companies, both of which belong to the Otto family. When we launched the Digital Mall as a small



competitive advantage cannot be matched. As Germany's second-largest online retailer, OTTO naturally provides an incredible online reach as well as exceptionally good technical know-how.

ACROSS: WHAT DOES ECE EXPECT TO GAIN FROM THIS COOPERATION?

SEPEHR: More and more people are shopping online. That is a market reality. We intend to participate in that market development through our shopping centers. For quite some time, we were able to provide great shopping experiences at our shopping centers, but were unable to offer any points of contact with regard to the products either before or after the shopping center visits. Making the products that are available at our centers viewable online has enabled us to break out of this "black box" for the first time. In addition, through our cooperation with OTTO, we have generated an unfathomable reach and have gained new customers. For example, a person searching for a particular item on otto.de might see that it is available at a nearby store and spontaneously decide to make his or way to that center. As a result, we can convert online reach to additional footfall and turnover at our centers.

ACROSS: STOCKSQUARE WAS FOUNDED AS A JOINT VENTURE BETWEEN ECE AND OTTO. WHY WAS THAT NECESSARY?

SEPEHR: Stocksquare is a 50/50 joint venture between ECE and OTTO. It was founded in order to facilitate an open, neutral standard of operation. It serves as the technical and organizational data hub between the brick-and-mortar retailers and the online platforms. In the future, we intend to go beyond the ECE-OTTO structure to include brick-and-mortar retailers outside the ECE center network and online marketplaces outside the Otto Group and our Digital Mall.

ACROSS: COULDN'T ALL OF THESE GREAT DIGITAL PROJECTS RESULT IN FEWER AND FEWER CUSTOMERS SHOPPING AT YOUR CENTERS IN THE FUTURE?

SEPEHR: No. Quite the opposite is the case. Consumers are increasingly looking for and buying products online. We have responded to this change in consumer behavior by making our brick-and-mortar retail products viewable online. This has allowed us to convert online reach into additional footfall at our centers, generate additional revenue, and bolster brick-and-mortar retailing.



HOW SHOPPING CENTERS HAVE EVOLVED INTO OMNICHANNEL PLATFORMS

Digital Mall—find it online, buy it offline.



In light of the advancement of digitalization in the retail sector and the dramatic changes in customer demand, shopping centers are in need of comprehensive digital strategies. Until recently, the websites of the centers operated by ECE were only equipped with information relating to opening hours and shops. Consequently, those who were in search of product availability ended up buying online. The Digital Mall, ECE's online product search, has provided a solution to this problem. For the first time, customers can use a center's website or app to search for products sold by participating retailers, check their availability, and pick them up later.

This is one way in which shopping centers are shifting from brick-and-mortar marketplaces to omnichannel platforms. This strategic approach, which has been adopted by ECE, creates additional online reach, which is subsequently converted into brick-and-mortar footfall, thereby generating additional revenue for stores. The technology behind the Digital Mall also forms the basis of the cooperation with otto.de and, prospectively, with other platforms.

The Digital Mall, which is comprised of 50 partners is now online at 18 centers. More than 1.5 million items are currently available at nearly 250 stores. By the end of this year, ECE expects to have 35 centers and approximately 1,000 stores integrated.

Still to come: The next stage, “Click and Collect”, will enable consumers to purchase products directly via the platform. “Ship from Store”, the last stage of the expansion, will offer same-day or even same-hour delivery of products.



81%

OF CONSUMERS PREPARE
OFFLINE PURCHASES ONLINE

Source: Citero Shopper Story, 2017

59%

OF CONSUMERS WOULD LIKE TO
BE ABLE TO CHECK AVAILABILITY
ONLINE

Source: ECC Cologne, Factors of Success
at E-Commerce

MEETING THE RISING EXPECTATIONS OF CONSUMERS

According to Markus Bötsch, CSO of Jack Wolfskin, the availability of products across all channels is essential.

ACROSS: WHY DID JACK WOLFSKIN DECIDE TO PARTICIPATE IN ECE'S DIGITAL MALL PROJECT? WHAT DO YOU EXPECT TO GET OUT OF IT?

MARKUS BÖTSCH: The Digital Mall will allow our stores and franchise partners to benefit from the greater reach of their products on the Internet, which will ultimately result in higher customer footfall at the stores.

ACROSS: DO YOU REGARD THE DIGITAL MALL AS A WAY TO ENSURE THAT BRICK-AND-MORTAR RETAIL WILL REMAIN SUCCESSFUL IN THE FUTURE?

BÖTSCH: In an ever-changing market, consumer expectation of retailing is constantly on the rise. On the one hand, consumers make significantly more purchases online nowadays, but, on the other hand, they also expect new services to be offered by brick-and-mortar retailers. The availability of products across all channels is the be-all and end-all these days, which is why the Digital Mall is of such great importance. Consumers can receive advice from the outdoor experts who work at our stores or obtain information around the clock via our online shop.



IMAGE: JACK WOLFSKIN

ACROSS: HOW WAS THE TECHNOLOGICAL CONNECTION TO THE DIGITAL MALL CARRIED OUT?

BÖTSCH: Technological connection was established via Stocksquare, a data connector, using EDI architecture that was developed in-house, thereby enabling us to implement such solutions both quickly and flexibly.



CONTACT

ECE Projektmanagement
G.m.b.H. & CO. KG
Heegbarg 30, D-22391 Hamburg,
Germany
Phone: +49 40 60606 – 0
Fax: +49 40 60606 – 6230
Email: press@ece.com
www.ece.com