

RULES CHANGE FOR WEB SALES

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Just as retailers are having to move into an online world, their legal advisers also need to make the transition.

So says former Tesco senior counsel and Colin Biggers & Paisley retail lawyer Stuart Clout, who warns that the shift from retail to e-tail requires a different legal approach. "Online involves a major loss of control over the customer experience," he says. "It's pretty well established how customers come first in the traditional model, which is easier to control in a physical sense. Retailers see [online sales], quite rightfully, as a fear because they're letting go of the brand and experience they have traditionally maintained and controlled."



One way lawyers can help is with advice on smart contractual relationships with suppliers and distributors to ensure the customer's end experience – much of which the retailer doesn't control such as delivery – is a good one.

"There's a lot of people [retailers] rely on, who are in control of how their customer ultimately feels," he says. "Suppliers, delivery companies, payment providers and web hosts all affect the retailer's brand."

The delivery of goods bought online, in particular, is important. "When something isn't delivered on time, it reflects on the brand you bought from," Clout says. "You don't think 'Oh I hate the courier company', customers think 'I won't buy from them online again because I was let down.'"

Clout says a collaborative approach and good contracts with service providers can improve outcomes. This year online retailing is expected to grow by 13 per cent from 2010 to hit total revenue of \$13.6 billion, according to research by PwC and Frost Sullivan.

CONTRACTUAL TIPS

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Stuart Clout offers these contractual tips for retailers selling online.

Get the right result: Link pricing terms to performance indicators from your service providers that count. Reward resolved help calls rather than paying for the number of calls answered.

Put risk where it belongs: Make your contractual partners responsible for what they can control. Your web host can control turnaround time, so insist on a fast response.

Sit down with your suppliers: The best contracts are those that don't need to be enforced.

Talk with your suppliers and agree on what's important, realistic and achievable.