IRBX TOP100

InternetRetailing Brand Index 2018

Direct-selling brands in Europe

A special report drawn from the IREU Top500 ecommerce and multichannel retail performance index

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>
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Evgeniya Mynzhanova
Global Digital Marketing & Media Planning Manager

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From the editor-in-chief

WELCOME TO THE second InternetRetailing Brand Index, in which we're again focusing on brands selling direct to consumers across Europe. In the context of a global economy where overall growth forecasts are buoyant and consumers increasingly optimistic, it seems an apposite time to be returning to this subject. Increasingly, as consumers, we don't just stick with brands from our own countries. Quite the opposite, as we're all drawn to international brands that seem to represent values that are distinct from those of domestic names. This can lead to some seemingly unlikely cross-cultural collisions, such as when the hip-hop community adopted Clarks shoes in the 1990s.

But whether they come about through such fortunate accidents or as the result of more structured work, well-run brands build on the opportunities afforded by cross-border trade. As they do this, they have a key advantage over more conventional retailers, a sense that brands are so consistent that a pair of shoes bought in Los Angeles, London or Paris will be of the same quality and design.

Last year, we looked in depth at how this was a potential threat to more conventional retailers, that by going direct brands would somehow eclipse retailers. This year, though, our focus has shifted. One of the great advantages of doing original research is that you are able to test ideas. With the benefit of hindsight, we probably over-emphasised the tension between direct-selling brands and their retail customers.

The best retailers, after all, showcase brands' wares in ways they can't in their own stores and enable brands to reach different parts of the market. It's safe to say there are consumers who would much rather buy Apple products from a John Lewis associate than a roving Apple employee in a store that looks a little like an open-plan office.

This kind of dynamic, a microcosm of what's happening across the world, will be fascinating to observe in the years ahead, especially as new technologies come online that enable both brands and retailers to gain richer data about customer behaviour. As to which brands are best set for this brave new world, the pages ahead, which draw on our ongoing research for the IREU Top500, should offer plenty of clues as to which companies will prosper.

We also aim to highlight effective and practical ways of performing at the highest level. We hope it will prove a useful tool for both brands and retailers across Europe as they look at how their peers and colleagues in other countries trade.

Ian Jindal
Editor-in-chief
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Editors' comment

FOR OUR SECOND InternetRetailing Brand Index, we again put the focus on direct-selling brands. These are businesses that sell direct to customers and also supply their goods via the wholesale market.

As part of our ongoing research for the IREU Top500, our performance-based ranking of Europe's top retailers, we have been looking at how these direct-selling brands are both shaping and reacting to a changing market. We've done this across six Performance Dimensions in order to establish what works, in areas of retail craft ranging from Strategy & Innovation to Operations & Logistics.

First, though, we set the context in our strategic overview (page 8), in which Chloe Rigby, editor of InternetRetailing.net, explores the tensions between the typical strengths of brands, their authenticity and standardised offering across territories, and their typical weaknesses, notably potential difficulties with localisation and personalisation. We set out our pan-European findings by listing the biggest and best brands (pages 12 & 14 respectively) and illustrating their geographical spread in heatmaps (on pages 13 & 15).

To see our in-depth analysis and discover what leading brands do in Strategy & Innovation, The Customer, Merchandising, Brand Engagement, Operations & Logistics and Mobile & Cross-channel, turn to page 16.

We also investigate two Elite brands – Adidas on page 28 and Clarks on page 29 – through case studies. Both are fascinating for being brands with a rich heritage, yet which continue to reinvent themselves in order to prosper in the 21st century.

Our Knowledge Partners have once again been generous in contributing their expertise and insights. We'd like to thank website assessment company BuiltWith, customer experience management specialists Clarabridge, app developer Poq, email experts Return Path, web traffic monitoring company Similar Web and NCC Group, which, among other services, offers website monitoring and consultancy services to retailers.

As always, we welcome your thoughts on new areas of research as we add to our primary data and analysis on retail and brand commerce in the UK and across Europe. Please email: jonathan@internetretailing.net and chloe@internetretailing.net

Jonathan Wright and Chloe Rigby, Editors

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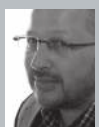
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Focus on international markets to drive growth

Nick Fletcher, VP, Client Success, Rakuten Marketing, explains why brands need to be looking beyond the European Union

WHEN THE NEXT step isn't obvious, is it better to do nothing and wait, or press ahead in the hope that you're doing the right thing? That's the problem facing most British businesses right now, who know that Brexit will affect them but don't know how, or even when.

"We still don't even know if it will be a hard or soft Brexit," says Nick Fletcher, VP of Client Success at Rakuten Marketing, the global leader in integrated marketing solutions, spanning affiliate, display and search. "All we really know is that it's already had a big impact, weakening sterling considerably against all the major global currencies. This means British goods have become a lot more attractive and affordable to other markets. Combine that with the uncertainty around trading conditions with the EU and I think that UK brands can start to focus on marketing to countries outside the EU."

As an example of what to do next, Nick points to the British fashion industry, which showed a buoyant £10.7bn of exports in 2016. Significantly, the top three markets – the US, Hong Kong and Australia – were all outside the EU, suggesting that opportunities lie further away from home than Europe.

"One of the reasons driving this success is the perception of 'Britishness'," says Nick. "Brands such as Harrods, Fortnum & Mason, Matches Fashion and Net-a-Porter are all generating demand outside the UK but also outside of Europe. I don't see these British brands significantly changing their core offering, as being seen as authorities on what is fashionable has become their global voice. Instead, they have worked on their customer experience to have a site in a local language and a local currency that offers reasonable shipping times overseas."

While Rakuten Marketing see high-end fashion brands doing well on the global market, they think the high street is lagging behind. "High-street brands need to localise their messages more as global consumers become increasingly comfortable with shopping across borders," notes Nick. "In this respect, I like HSBC's tagline: 'the world's local bank'. Their point is that they are a massive global business which also boasts local expertise. This sort of 'glocal' message is what brands should aim to get across too."

While Brexit will inevitably affect sales strategies during 2018, lack of clarity around trade terms doesn't have to paralyse businesses. Instead, they can take the initiative now to stay ahead of the curve. "Potentially, the UK is about to lose some of the massive trading advantages it has with some of its closest and biggest trading partners," says Nick. "Therefore, brands need to look elsewhere. In the case of the fashion space, Brexit actually represents an opportunity. I think the trading picture for British goods outside Europe is actually going to improve significantly, especially since a weak sterling creates an organic demand for goods overseas. As a result, we believe that 2018 could provide brands with the opportunity to continue what they've already started and focus on selling more overseas, especially outside the EU."

About Rakuten Marketing

Rakuten Marketing employs over 200 staff in London, Brighton and Paris alone. Rakuten Marketing is a division of Rakuten Inc. (4755: TOKYO), one of the world's leading internet service companies. With UK offices in London and Brighton, the company is headquartered in San Mateo, California, with additional offices in France, Australia, Brazil, Japan and throughout the United States. Discover what the Rakuten Marketing team can do for your business at rakutenmarketing.com or call +44 (0) 207 427 8120

A brand evolution

Brands are responding to the challenge as customers choose to buy across sales channels, finding new opportunities as they do so, writes **Chloe Rigby**

AS SHOPPERS ACROSS Europe are growing ever-more conscious of brands, they are also becoming eager to buy directly from them. A growing number are now keen not only to browse the brand website or store for information about the product they sell, but also to buy directly from the names they trust. They do so trusting that their products are more likely to be authentic and to be

made to a global standard. They also expect that when their purchases do not meet their expectations, the brand will prove responsive. Brands, after all, have more to lose when things go wrong.

In interacting directly with brands, shoppers have started to learn their stories and understand their values in the face of growing consumer concern around issues ranging from employee welfare to the environment. Shoppers who buy direct from a brand understand they don't always get

Image credit: Apple
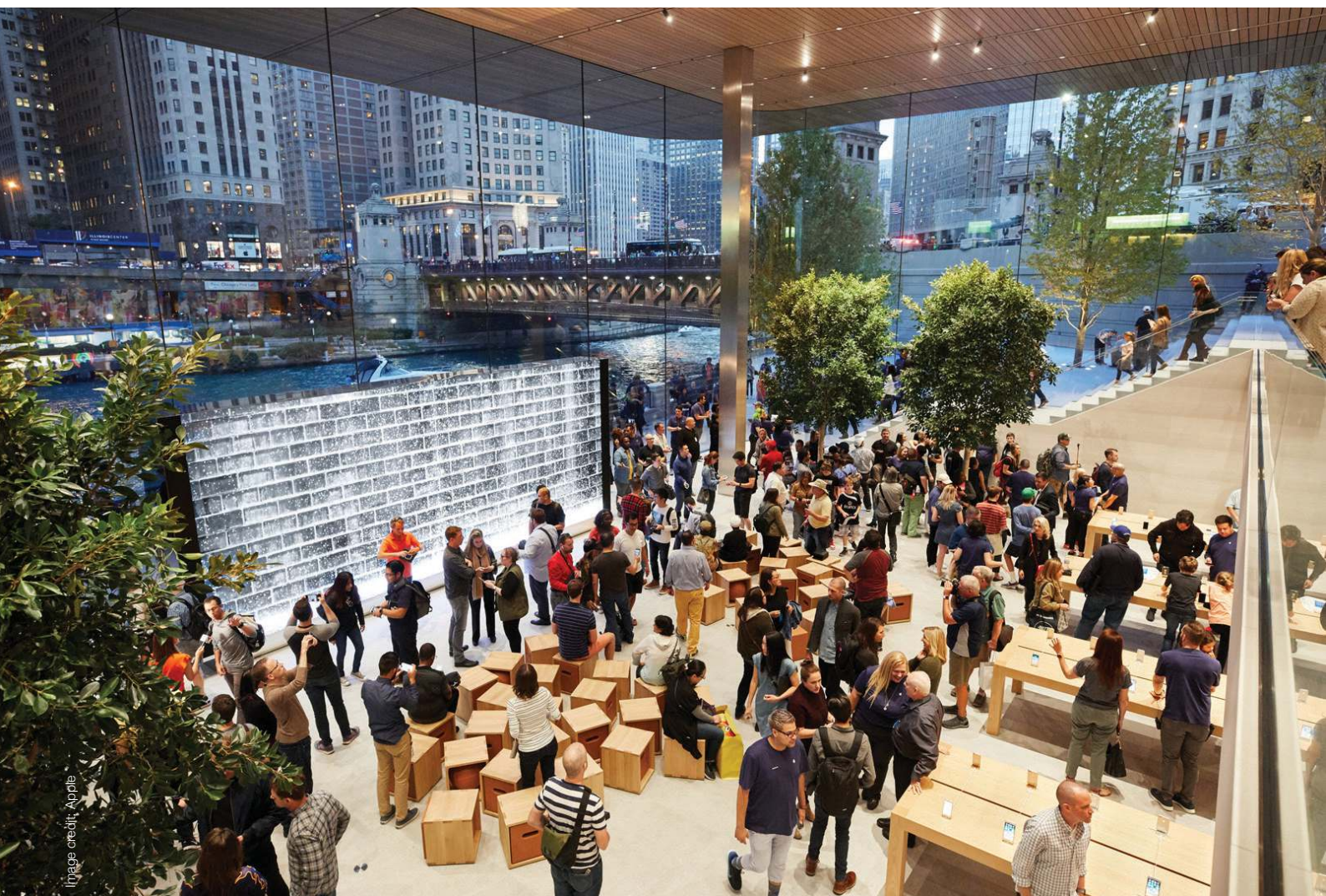
Apple Michigan Avenue may be the brand's most impressive store to date, yet every Apple Store shares the same aspirational values as this flagship store on the Chicago riverfront

STORE LOCATOR   LOG IN / REGISTER

WOMENS   MENS   ORIGINALS   **Clarks.**   GIRLS   BOYS   SALE   0

SALE UP TO **70% OFF**

PURE MOVEMENT
WRAP YOUR FEET IN COMFORT

SEE THE FEATURE   SHOP WOMENS SMART STYLES

SHOP MENS SMART STYLES

Image credit: Clarks

Clarks is a brand that has developed a strong multichannel relationship with its customers

> **In interacting directly with brands, shoppers have started to learn their stories and understand their values**

the best price. Rather, they are buying into the greater certainty that what they receive in return will meet their expectations. These are 'gold standard' products that will, the expectation is, reflect the brand.

For the brand, the direct channel may well be a minority channel, existing alongside larger wholesale relationships with third-party retailers. Indeed, buying direct from the brand will not be a priority for every customer, with many opting for discounts and offers from other trusted retailers. But it will be an important channel and many are now realising its importance, responding as never before to the consumer's growing desire to buy direct.

Brand successes

Some brands are already well established in the market. Computer maker Apple and shoe manufacturer Clarks (both listed Elite in the InternetRetailing Brands Index 2018), along with coffee company Nespresso (listed as Leading) are among the brands that have thriving multichannel relationships with shoppers. Each uses both its own website and stores to showcase its products in its own brand image. In its stores, US technology company Apple enables shoppers to try out the latest computers, smartphones, tablet

computers and watches with advice and help on offer from knowledgeable staff and Genius Bar advisers. Nespresso, part of the Swiss-based Nestlé group, shows off its full range of coffees in a growing network of shops that demonstrate its range of coffeemakers while showcasing its environmental credentials with a commitment to recycling. Clarks, the UK shoe business, has built a global brand from a starting point of making sure its shoes fits its younger customers and feel comfortable for its older ones. More recently, its appeal has widened to shoppers including the millennials and rap musicians who praise its Clarks Originals range. Shoppers visiting one of these stores know what to expect, wherever it is located. That experience is often replicated consistently on their website.

But while a key attraction and strength of brands has been in their global standard, that has historically proved a weakness as well, since it restricts the way in which the shopping experience can be personalised. Brand websites have often been centralised and global, hosting the definitive shopping experience. That's given opportunities to third-party retailers to sell goods in the ways that some customers in their local markets want to buy.   ▶
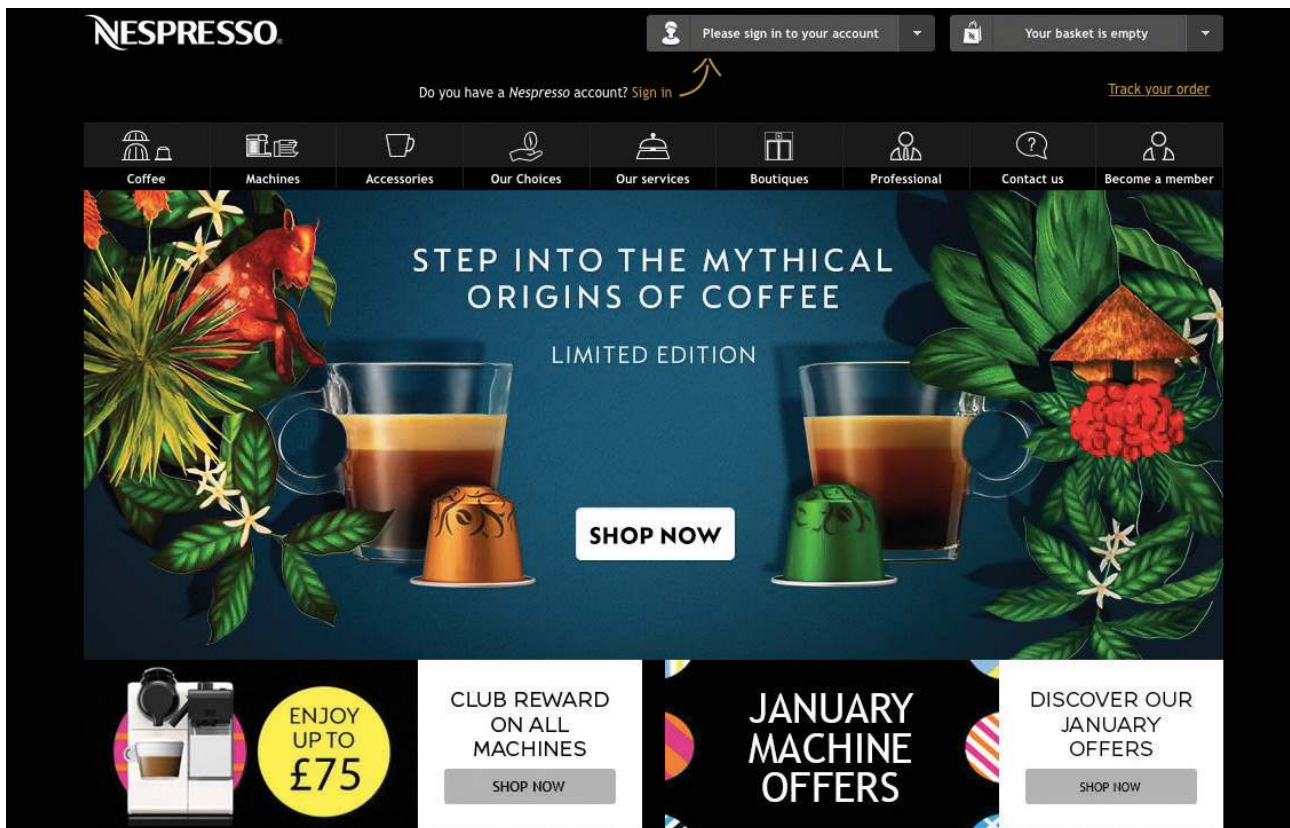
Large brands such as Nespresso are now using AI technology to deliver personalised service on a global scale

> Consumer behaviour is changing at least as fast as regulation and economic borders, if not more so

New disruptions

Now that's being disrupted once more by new technologies. In the age of the Internet of Things and machine learning technologies such as chatbots, a monolithic brand has never been better placed to reach individuals and niche demographics. Nespresso, for example, now holds personalised conversations with customers about their orders and deliveries through its chatbot, enabling shoppers to ask their individual questions and receive answers that make sense to them within their context. US-based Nike, another Elite brand, has pioneered the personalisation of its shoes through Nike iD, available both online and in stores. These are examples of personal interactions that enable customers to get the exact information or item that they want, even when they are dealing with a global brand.

As such approaches develop, brands are likely to become ever more relevant to the lives of their customers. Another way this might happen is through convenient service. Burberry (Top100 brand) enables shoppers to take delivery of their goods in the way that makes most sense to them. On-the-move shoppers can order clothing or other products online for delivery to their address, to a convenient store or even to the airport that they'll be passing through on their travels.

In the future, it seems likely that brands will increasingly automate their relationship with the shopper. Already, retailer Amazon is enabling its customers to order direct from a third-party brand at the touch of a Dash button. The related Dash replenishment service is an early practical example of Internet of Things-based automated ordering, moving towards devices such as dishwashers and printers eventually being able to reorder their own consumables.

Top50 computer brand HP enables owners of its printers to order ink refills automatically, through its Invisible Ink service that supplies ink when it's needed.

Understanding brand behaviour

This year's InternetRetailing Brand Index asks new questions of brand performance in order to better understand how businesses are serving their customers differently across Europe. It found, for example, that brands in the Netherlands and Switzerland were among the most innovative, with 91% opting to enable barcode scanning through their apps. As a result, customers of those brands can now gain instant access to product information, adding items to shopping lists and, in a significant minority of cases, adding items to shopping lists.

The research also looks at the use of different languages, as well as the sophisticated delivery and collection offers that often rival those available from leading retailers. Next-day delivery, for example, is most commonly offered by UK retailers, with 44% doing so, compared to 4% in Denmark. The level of competition in each market has a part to play in shaping the demands of customers. But as brands standardise their offer across Europe, it seems likely that they will have an influence on customer expectations in different markets, as well as on how other brands then behave.

The Brexit effect

By the time of the next edition of this report, the shape of Brexit may be clearer than it is now. That will have an effect on brands selling across Europe, whether they are British or from elsewhere in the region.

But this is just one way in which European brands are working within a fast-changing environment. Consumer behaviour is changing at least as fast as regulation and economic borders, if not more so.

From next year, the Brand Index will reach a point at which researchers can start to measure trends in behaviour across the European market and to take lessons from those trends. In the meantime, it seems a sensible approach to planning for disruption is to plan to be agile. For disruption is likely to come no matter how the political environment changes. Shoppers expectations are rising fast and the brands that prosper in this 21st-century market will be those that change along with the people that they serve. 🅁

What is a brand?

Brands are companies that sell own-label products. Direct-selling brands are retailers, selling to the general public, though most are also wholesalers. To qualify as a brand in our meaning of the term, the company must mainly sell its own-label products; therefore supermarkets with their store-branded items are excluded. To determine whether the brand is "direct-selling", that is, a retailer too, we employ the same definition used in our Europe Top500 report:

Destination: the brand has created a destination that customers visit in order to buy a product, service or experience. That destination might be a shop, a website or an event.

Purpose: the brand has created goods and/or services in order to sell them to consumers.

Merchandising: the brand actively sells, rather than acting as a portal to accept customers' payments. That means choosing, promoting and tailoring offers to customers.

Acquisition: the brand actively markets, recruits and attracts customers with a promise or proposition to the destination.

Sale: the brand takes the customer's money. The brand owns the transaction as the merchant of record.

Recourse: the brand is responsible for the service, fulfilment and customer service owing from the sale.

Fascia-focused: the assessment focuses on individual trading names, rather than a parent company that may operate more than one brand.

The biggest direct-selling brands in Europe

We publish our Europe Top500 Retail Performance Index separately, most recently in July 2017. That Index revealed that direct-selling brands are among the most widespread and successful retailers in the single market. Here we focus on brands alone. Listed below are the 250 Largest brands according to their 'Footprint'. This is a combination of retail revenue both online and offline, web traffic and store numbers and is an indication of their retail presence in the mind of the European consumer. The brands are clustered by Footprint size and listed alphabetically. Factoring in their performance in our six Dimensions, the final performance ranking of the Brand Index Top100 is shown on page 14.

Largest 50

Accessorize	Hollister	Monsoon	s.Oliver
Adidas	HP	Nespresso	Samsung
Ann Summers	Hugo Boss	New Look	Superdry
Apple	Hunkemöller	Nike	Swarovski
Clarks	IKKS	Oasis	Swatch
Desigual	Jack & Jones	Obaïbi-Okaïdi	Tom Tailor
Diesel	Karen Millen	Oysho	Tommy Hilfiger
Dorothy Perkins	L'Occitane	Pandora	Topman
Ecco	Laura Ashley	Pepe Jeans London	Topshop
Esprit	Lego	Pimkie	Tous
G-Star Raw	Louis Vuitton	Pull & Bear	United Colors of Benetton
Gucci	Mango	Reserved	
Guess	Microsoft	River Island	

Largest 100

Abercrombie & Fitch	Dior	Gant	Miss Selfridge	Thomas Sabo
Adolfo Dominguez	Disney Store	GAP	Mohito	Thorntons
AllSaints	Dolce & Gabbana	Garmin	Monki	Timberland
Asics	Dr. Martens	Habitat	Montblanc	TomTom
Bose	Dune London	Kenzo	The North Face	Trespass
Burberry	Evans	Lacoste	Prada	Vans
Burton Menswear	Fat Face	Levi's	Ralph Lauren	Victoria's Secret
Carhartt	Fossil	Lipsy	Reiss	Warehouse
Cath Kidston	French Connection	Logitech	Skechers	Weekday
Coast	El Ganso	Medion	Ted Baker	White Stuff

Largest 150

Armani	Converse	Jacadi	Missguided	Tiffany & Co.
Asus	Dell	Jack Wills	Mulberry	Triumph
Barbour	Engelbert Strauss	Joules	Olymp	Ugg
Bergere de France	Estée Lauder	Kärcher	OnePlus	Under Armour
Billabong	Farrow & Ball	L.K.Bennett	Phase Eight	Uterqüe
Burton	Fendi	La Perla	Polar	Versace
Calvin Klein	Fred Perry	Lands' End	Puma	Wallis
Cartier	Hackett	Lenovo	Scotch & Soda	Whistles
Christian Louboutin	Hobbs London	Links of London	T.M. Lewin	WMF
Clinique	Hotel Chocolat	MAC Cosmetics	Tag Heuer	Yves Saint Laurent

Largest 250

Acne Studios	Creative	Great Plains	Molton Brown	Rohan
Agent Provocateur	Crew Clothing Company	Gymshark	Monica Vinader	Salomon
Aldo	Crocs	Hawes & Curtis	Myprotein	Sennheiser
Alexander McQueen	Crucial	Hermès	Netatmo	Sheego
American Eagle	Custo Barcelona	HTC	New Balance	Skagen
Aspinal of London	DBrand	J Crew	Oakley	Smythson
Banana Republic	DC Shoes	Jacques Vert	Orvis	Sonos
bareMinerals	Denby	Jaeger	Patagonia	Steelseries
Belkin	DJI	Jigsaw	Paul Smith	Superga
Bodum	Dulux Decorator Centres	Jimmy Choo	Peter Hahn	Sweaty Betty
Bottega Veneta	EAST	Joe Browns	Philips	Thomas Pink
Boux Avenue	Ermenegildo Zegna	Kiehl's	Playmobil	Tripp
Brabantia	Ferrari.com	Kurt Geiger	Pretty Green	Tumi
Brother	Fired Earth	Lascana	Radley	Villeroy & Boch
Camper	Fitbit	Loewe	Rapha	Vivienne Westwood
Cheap Monday	Free People	Longchamp	Ray-Ban	Wacom
Church's	Gabor	Loro Piana	Razer	Wedgwood
Corsair	Gamiss	Lyle & Scott	Reebok	Western Digital
Crabtree & Evelyn	Geox	Marc Jacobs	Regatta Outdoor Clothing	Whittard of Chelsea
Craghoppers	GoPro	Maxi Nutrition	Rituals	Yankee Candle

The Largest 250: countries where they operate

This heatmap shows the countries where the Largest 250 brands have significant retail operations. A large direct-selling brand might operate in only one territory, while another might operate across many countries. More than 160 of the Largest 250 have significant retail operations in each of the UK, France and Germany. Spain, Italy, the Netherlands and Belgium are the next most important markets to the average Largest 250 company. This analysis reflects both how conducive a market is to the retail activities of Europe's largest direct-selling brands and also how familiar a consumer in a given country is likely to be with our list of brands.
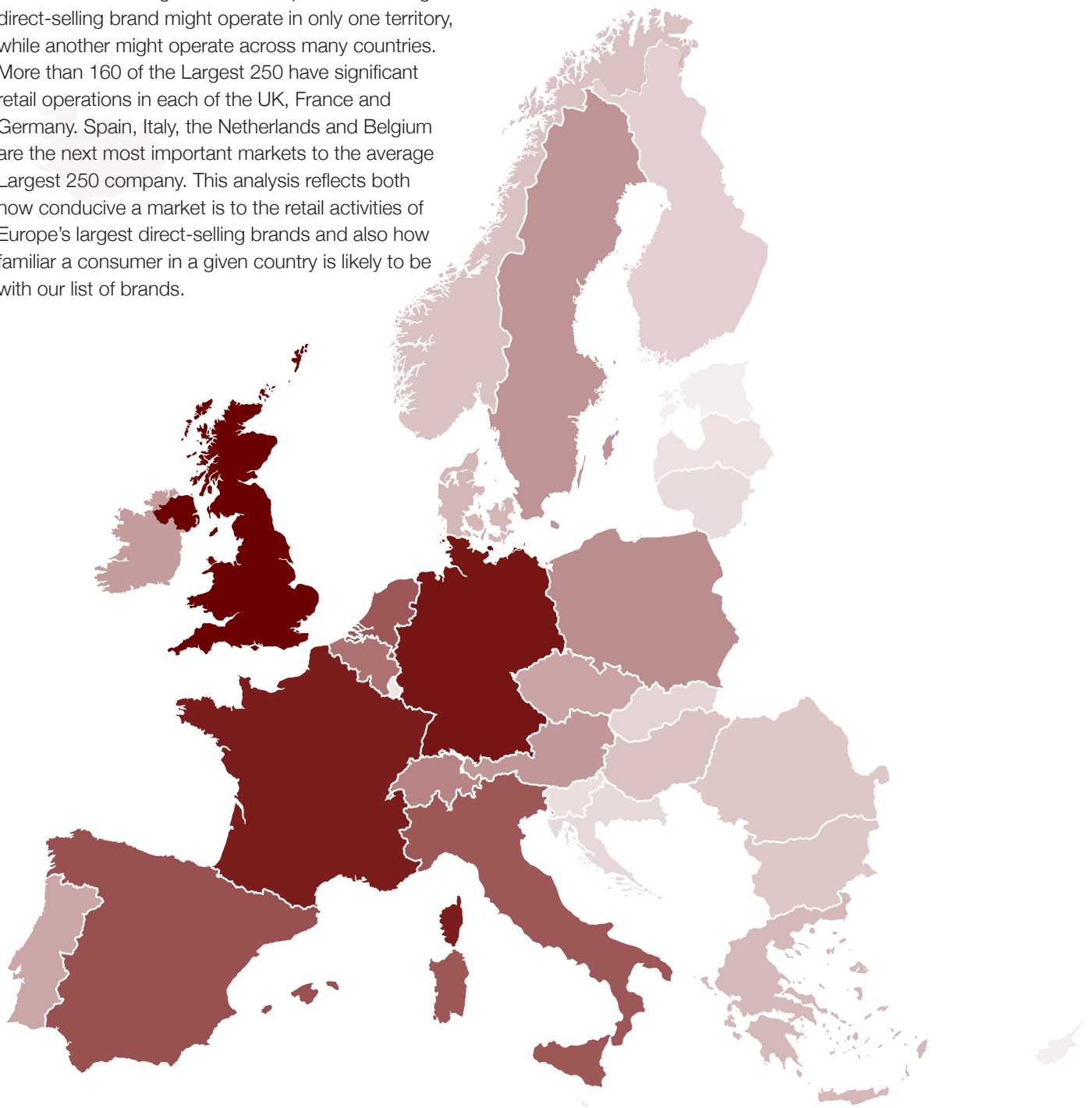
Congratulations to the IRBX Europe Top100 2018

This is our 2018 ranking of the Top100 direct-selling brands in Europe, based on each brand's retail performance across our six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel

Elite

Our Elite brands are statistically ahead of all others and represent the pinnacle of retail practice by brands in Europe. Congratulations to Adidas, Apple, Clarks, Missguided, New Look and Nike

Adidas
Apple
Clarks
Missguided
New Look
Nike

Leading

Burton Menswear	Jack Wills	Orvis	Swarovski
Coast	L'Occitane	Pull & Bear	Thomas Sabo
Dorothy Perkins	MAC Cosmetics	Radley	Tommy Hilfiger
Dune London	Mango	Samsung	Ugg
Hotel Chocolat	Nespresso	Superdry	

Top 50

Abercrombie & Fitch	French Connection	Miss Selfridge	Topman
Accessorize	Hobbs London	Monsoon	Topshop
Ann Summers	Hollister	Obaïbi-Okaïdi	Wallis
Cath Kidston	HP	Pandora	White Stuff
Esprit	Jigsaw	Reiss	
Evans	Joe Browns	River Island	
Fat Face	Laura Ashley	s.Oliver	

Top 100

Banana Republic	GAP	Lipsy	Sweaty Betty
Bose	Gucci	Louis Vuitton	T.M. Lewin
Boux Avenue	Hackett	Microsoft	The North Face
Burberry	Hawes & Curtis	Molton Brown	Thomas Pink
Burton	Hugo Boss	Mulberry	Thorntons
Crew Clothing Company	Hunkemöller	Oasis	Tripp
Desigual	Jack & Jones	Paul Smith	Under Armour
Diesel	Joules	Phase Eight	Vans
Disney Store	Karen Millen	Pimkie	Warehouse
Dr. Martens	Kurt Geiger	Ralph Lauren	Whistles
Ecco	Lands' End	Reebok	Whittard of Chelsea
Estée Lauder	Lego	Skechers	
G-Star Raw	Links of London	Swatch	

The biggest markets:

the number of Top100 brands for which a country is the largest retail market in the EEA

This heatmap displays the member states that are most important to Top100 brands' retail Footprint – a measure of revenue, web traffic and stores. At one end of the extreme, the UK, France or Germany is the largest market for a majority of direct-selling multichannel brands. At the other, most countries aren't the most important retail market for a single Top100 company.

Providing added value

When it comes to innovation, top brands are differentiating their offers with enhanced services and novel functionality

> **Same-day collection requires real-time inventory information, which is still a challenge for many retailers**

LAST YEAR, OUR research revealed that virtually all top direct-selling retail brands across Europe now provide a localised as well as an English version of their sites, with those in multilingual nations – Switzerland and Belgium – offering the greatest number of languages.

As click and collect is now a standard option for many retailers, InternetRetailing's researchers this year focused on strategic innovation in enhanced collection attributes, including speed of item availability and additional collection locations. While the UK leads when it comes to offering collection (55% of the UK's Largest brands tested do so), it lags behind Germany and France in enabling same-day collection services. Same-day collection requires real-time store inventory information, which is still a challenge for many retailers. Largest 250 brands localised to only four EEA countries have this capability. Germany (17% of Largest

250 brands) followed by France (13%), the UK and Spain (both at 11%) are the most likely to offer this service. At the opposite end of the scale, barely a quarter of Swiss or Portuguese-localised Largest brands offer any form of collection service.

Same-day collection is clearly a premium service, but the median availability of items for collection across Europe is four days. Brands in the Netherlands perform better with three days as the median standard timeframe – possibly helped by the country's more compact geography – while Spain lags behind with a median five-day collection offer by its localised Largest 250. Perhaps surprisingly, while a growing number of retailers use third-party collection lockers – services already very well established in Germany and the Nordics – very few of the Largest 250 have yet started providing store-owned lockers. This would seem to be a potential area for adding brand differentiation in future.

Leading practice by country

We've measured the fraction of localised brands in each member state that offer a service, providing an insight into how the largest 250 trade across the single market. Some markets have over 100 localised brands, while others have fewer than 30.

Similar or bundled items are recommended on the product display page		User-managed wishlist		Return via pick-up from home		Same-day collection		Nominated-day delivery	
Sweden	80%	Spain	69%	Portugal	28%	Germany	17%	Hungary	9%
Netherlands	72%	Poland	67%	Spain	20%	France	13%	UK	7%
Italy	69%	Sweden	67%	Poland	20%	UK	11%	Slovakia	7%

Our researchers also measured web performance, following established engineering standards across a range of load and design metrics for both mobile and desktop.

Hungarian Largest 250 brands performed the fastest for desktop browsers. Landing pages localised to Austria, Germany and France led in mobile browser performance, with shoppers using mobile phones in those countries having a significantly better experience with the average Largest 250 brand website than those in other countries.

With mobile already dominating online sales for many retailers, Largest 250 brands have been focusing on strategic developments in this area. Daily deals, bar code scanning, predictive search and store stock checks are among the functions that many with an iOS app are now offering. In this respect, Dutch and Swiss Largest 250 brands are among the most innovative, with 94% and 91% of them respectively opting for iOS. Around half of these apps enable barcode scanning to provide shoppers with instant product information or an easy means of adding items to shopping lists. Additionally, 45% of the Swiss-localised iOS apps and a third of the Dutch apps allow shoppers to check store stock levels.

In contrast, stock-checking capability is least popular in the UK, with barely a quarter of UK brands with local apps offering this functionality. UK brands, though, lead the field when it comes to daily deals – offered by 25% of UK top brands. Although French brands come second on this metric, they lag a long way behind, with just 4% with this facility.

Several of last year's leading brands in this metric retained their positions – including Apple, Nike, Adidas and Pull & Bear – but there were many newcomers that scored especially well on Strategy & Innovation, including Thomas Sabo, Hotel Chocolat, Jack & Jones and Missguided.

Same-day collection is clearly a premium service but the median availability across Europe is four days

Strategy & Innovation Leaders 2018

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Abercrombie & Fitch	Lego	Radley
Adidas	MAC Cosmetics	Samsung
Ann Summers	Mango	Skechers
Apple	Missguided	Superdry
Hollister	Nespresso	Swarovski
Hotel Chocolat	New Look	Thomas Sabo
HP	Nike	Tommy Hilfiger
Jack & Jones	Oasis	
Jack Wills	Pull & Bear	

Improving speed and stickiness

Brands are upping their game so that they can meet changing consumer expectations

> **Collecting returns is an expensive option but it could be a valuable point of difference for those at the top end**

CUSTOMERS TODAY– AS every online retailer knows – are demanding, impatient and intolerant of any shortcomings. If it takes more than a few seconds for a page to load, they will probably bounce right over to a competitor's site.

This year, InternetRetailing's researchers took a closer look at customer behaviour, ranking brands by how long customers typically spent on their sites, the number of pages they browsed and how quickly they moved off elsewhere. While the best brands achieved significant site stickiness, bounce rates – the proportion of shoppers who looked at only one page before leaving the site – reached one in three (33%) of site visitors to the websites of the largest brands from Iceland, Poland and Cyprus. Shoppers in these countries also looked at the least number of pages per site, typically browsing across just five to six, according to data from Knowledge Partner SimilarWeb. By contrast, just one in four shoppers in Belgium, Ireland or Austria navigated away after looking at a single page, while brands selling to Slovenians achieved the greatest site stickiness, with shoppers viewing a median of eight pages per visit.

Page loading speeds, and therefore customer experience, also vary by geography, with mobile access clearly influenced by differences in data networks and coverage, as well as how efficiently brands have optimised their sites. Our research, conducted in partnership with NCC Group, used a standard connection speed to benchmark all websites localised to all geographies as equally as possible. Websites localised to the Czech Republic, Greece and Hungary fared best, with most pages visually complete in five seconds or less. Customers in the UK and Germany need to be more patient, with mobile pages in these countries typically taking 7.5 seconds and 7.7 seconds respectively to be visually complete.
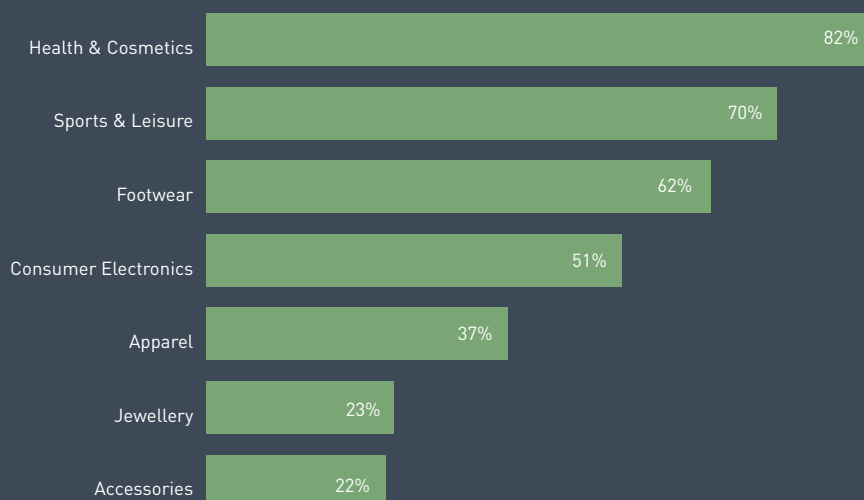
Despite the need for rapid loading, mobile websites across the European Economic Area (EEA) have increased in size in the past year, typically by 0.5MB. Pages are largest in the UK and Germany, where median values are 2.4MB, while brands' landing pages that are localised to the Czech Republic – along with Ireland and Sweden – manage to present shoppers pages of a median of around 1.5MB. This factor no doubt also influences the difference in loading speeds recorded.

As well as preferring easy-to-access websites, many customers will also check a site's returns policy before clicking the buy button to see a process that's flexible and simple (for them) as providing a better customer experience. For omnichannel retailers, returns can be simplified – for the customer at least – with a return-to-store option. The largest brands in the UK lead the field here, with 42% accepting store returns of ecommerce orders, closely followed by brands in Spain and Poland. Bottom of the list is Austria, where only 18% of localised Largest 250 brands will accept store returns. German-localised brands are only slightly better at 23%.

Collecting returns from a shopper's home remains a minority option across Europe, offered by between 13% of brands in Denmark to, at most, 28% in Portugal. Collecting returns is an expensive option but it could be a valuable differentiator and cost-effective for those at the top end of the market.

Where customer reviews make a difference

The prevalence of customer reviews by sector

Sector	%
Health & Cosmetics	82%
Sports & Leisure	70%
Footwear	62%
Consumer Electronics	51%
Apparel	37%
Jewellery	23%
Accessories	22%

RetailX 2018

Curiously, there is a correlation between geography and returns policies. EU law stipulates a minimum of 14 days for accepting returns and brands in Sweden, Poland, France, Denmark, Austria and Switzerland are most likely to offer this, while Germany is slightly better. Further south, brands in Portugal, Spain and Italy, as well as Belgium and The Netherlands, are most likely to have a 30-day returns policy. The UK also favours an extended period, with a median of 27 days for returns. UK customers are also likely to receive a returns refund within 12 days – slightly quicker than the 14 days in France, The Netherlands, Belgium, Germany, Spain and Italy.

IRBX TOP100
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The Customer Leaders 2018

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Apple
Banana Republic
Burton Menswear
Cath Kidston
Clarks
Disney Store
Fat Face
Hobbs London
HP

L'Occitane
Lipsy
Microsoft
Monsoon
Nespresso
New Look
Nike
Oasis
Pandora

Samsung
Superdry
Swarovski
T.M. Lewin
Tommy Hilfiger
Topman
White Stuff

Encouraging collection

As online sales grow, brands differentiate with innovative offers, while at the same time aiming to keep their overheads to the minimum

ONLINE BUSINESS FOR some omnichannel retailers now accounts for 30-40% of sales, with John Lewis recently admitting to 42% of sales online. With such strong sales, providing the services that customers have come to expect is vital for success. The Top100 brands leading this Dimension clearly appreciate the important role that logistics plays in ecommerce and offer a wide range of delivery options, as well as efficient returns processing and novel collection services.

This year, InternetRetailing's researchers have focused in more detail on collection, looking at cost, timeliness and convenience for customers. While same-day collection is a comparative rarity – no doubt due to the difficulties of maintaining accurate real-time store stock records – next-day collection is increasingly popular. It is offered as a premium option by almost a third of Spanish (32%) and UK (30%) brands. Spanish brands tend to have standard collection at five days, so next-day no doubt proves a popular consumer choice. In Germany and the Netherlands, standard collection is generally three days so next-day is a less attractive premium option (that's provided by fewer than one in five brands) – although Germany leads the field for same day collections, which is offered by 17% of its top brands compared to 11% in the UK.
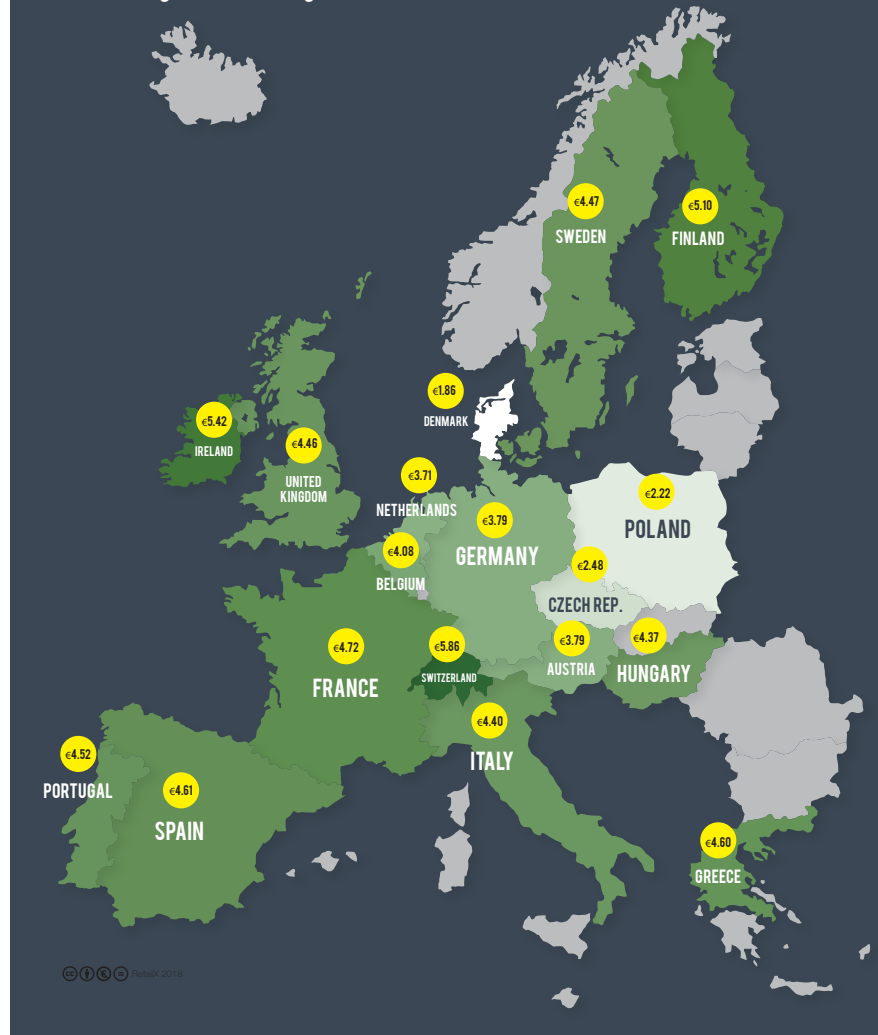
Reserve and collect – perhaps most familiar in the UK at Argos – generally also requires real-time store stock records, and across the European Economic Area is offered by an average of 8% of top brands. However, like same-day collection, it is most popular in Germany, provided by 22% of top brands. Perhaps one reason for this German enthusiasm is the continuing – albeit gradually diminishing – national preference for paying by invoice after online purchase. So for the retailer, reserve and collect encourages payment in store at the time of purchase.

While only 8% of UK top brands offer reserve and collect, they are far more innovative when it comes to delivery. One in five offer Saturday delivery, compared with just 2% of French brands, while only UK brands (8%) offer a Sunday delivery service. Nominated day delivery services are not at all widespread in Europe: they are most common in Hungary where they are an option provided by 9% of top brands, followed by UK and Slovakian brands, both at 7%.

UK brands (44%) are also most likely to provide next-day delivery. Elsewhere it is a real rarity, offered by only 6% of Finnish top brands, 4% of Danish and fewer than 3% of top brands in other EEA countries. While Danish brands may be reluctant to offer next-day delivery, they do offer the best deals when it comes to delivery charges. Free delivery is typically available for orders of €32 or more – this is the lowest threshold in Europe – while their standard delivery cost is a median of €1.86. Polish brands are second on both counts, with a free delivery threshold of €33 and a standard delivery charge of €2.22. Irish and UK brands are at the opposite end of the scale, with free delivery threshold medians of €67 and €55 respectively. Swiss top brands charge the most for standard delivery (€5.86), closely followed by Irish brands with a median of €5.10.

> While Danish brands may be reluctant to offer next-day delivery, they do offer the best deals when it comes to delivery charges

Danish brands are also the most generous when it comes to pre-paid returns – which is provided by 73% of them. At the opposite end of the scale, UK brands are the most parsimonious, with pre-paid provided by only 40%. However, the UK is leading with its use of third-party return options thanks to such services as Collect+ and retailers such as Asda acting as drop off points. More than a quarter of UK top brands offer third party services, with Swedish brands in second place with 14%.

The UK has the largest market for online retail sales in Europe, closely followed by Germany and with France a long way behind in third place. Clearly the larger the market, the greater the associated service costs for delivery and returns. When online sales formed a small proportion of retail turnover, UK brands could afford to be generous with free delivery and returns but as those sales reach 40% or more, the overhead becomes significant. Where online as a proportion of total retail sales remains in single figures – as in Poland – then the cost for brands remains manageable.

Median standard delivery cost by country

SWEDEN	€4.47
FINLAND	€5.10
DENMARK	€1.86
IRELAND	€5.42
UNITED KINGDOM	€4.46
NETHERLANDS	€3.71
POLAND	€2.22
GERMANY	€3.79
BELGIUM	€4.08
CZECH REP.	€2.48
FRANCE	€4.72
SWITZERLAND	€5.86
AUSTRIA	€3.79
HUNGARY	€4.37
ITALY	€4.40
PORTUGAL	€4.52
SPAIN	€4.61
GREECE	€4.60

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Operations & Logistics Leaders 2018

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Adidas	Fat Face	Missguided
Ann Summers	Hackett	Nespresso
Apple	Hotel Chocolat	Pull & Bear
Banana Republic	Jigsaw	Radley
Boux Avenue	Joules	Ugg
Crew Clothing Company	Kurt Geiger	White Stuff
Dune London	Laura Ashley	Whittard of Chelsea
Ecco	Links of London	
Estée Lauder	MAC Cosmetics	

Meeting customer expectations

Improving search functions and adapting to changing consumer
behaviour are among merchandising priorities for top brands

TOP BRANDS ACROSS Europe have this year made significant improvements in search techniques and merchandising services, such as customer generated lists, according to Internet Retailing's researchers. Many more have added apps, too, although these newer ones tend to offer more basic functionality.

Across the European Economic Area, the Largest 250 brands studied significantly improved search filter options: a 25 percentage point (pp) improvement in the use of filters for product type, a 12pp uptake in the use of brand filters and a 10pp increase for price filters. Shoppers increasingly expect search to be not only quick and easy to use, but also to generate accurate and appropriate results. The major increase in the use of focused filters reflects this demand. Of the brands studied, 87% now offer product filters and 70% price filters. Brand filters are less common (used by 25% of top brands) but since many brands only sell their own label lines, brand filters are not appropriate to all.

Researchers also found increased use of customer wish lists – up by 15pp and now used by two-thirds of brands studied. Use of drop-down suggestions when typing a search query was up by 12pp and is now used by

The Top100's year-on-year change in website merchandising

This selection of Merchandising metrics is indicative of the bigger picture. All features
are used by more of the Top100 this year than the same companies measured last year.

Bar chart showing 2017 and 2018 values:
- Filter search by product type: 71% (2017), 90% (2018)
- Banner advertising on landing page: 64% (2017), 85% (2018)
- Filter search by price: 69% (2017), 77% (2018)
- Recommend similar items on product page: 72% (2017), 75% (2018)
- Autocomplete in search bar: 62% (2017), 73% (2018)
- Add products to wishlist: 56% (2017), 72% (2018)
- Product reviews: 45% (2017), 57% (2018)
- Guest checkout: 64% (2017), 69% (2018)
- Share product on social media: 56% (2017), 56% (2018)
- Website suggests alternatives when search yields zero results: 29% (2017), 47% (2018)
- Filter search by brand: 13% (2017), 29% (2018)

Legend: 2017, 2018

> **There was a decline in sites linking products to social media, which may reflect changing attitudes**

69% of brands. Upselling techniques on the product page were up by 17pp but are still only used by fewer than a third of the Largest 250 brands. Although rather more than last year, a similar low number of brands (36%) manage to generate a search page offering alternative suggestions when there are no directly relevant results. A 'no results' page can quickly send a customer clicking to a competitor's site but so too can irrelevant suggestions. The majority of brands appear to see this as a difficult area to manage well.

Interestingly, there was a significant decline in the need to register before checking out – down by 10pp to an average of 28% across the EEA. While many sites have never insisted on registration, a growing number now offer a guest checkout option. Again, this may reflect changing consumer behaviour: since shoppers buy from many sites, often only once, they have no desire to be automatically signed up for email promotions by registering for an account.

There was a decline, too, in sites linking products to social media, with falls of 5pp both in the number of brands supporting social media 'Likes' of products and the visibility of whether 'friends' on a social network had 'Liked' products.

Such functions are now offered by only 13% and 19% of the largest EEA brands respectively, which may reflect changing attitudes to social media demonstrated by Facebook's recent announcement to focus on "meaningful interactions" between friends and family rather than encouraging input from brands and news feeds.

While there is little overall change in the use of product reviews and ratings – both now used by around 45% of the brands studied – there are a few notable geographic differences year-on-year. Those of the Largest 250 which have localised to Spain have increased their use of product ratings by 12pp in the market (now used by 45% of those studied) and use of reviews by 9pp (now used by 48%), while 49% in the UK now provide product ratings (up by 6pp). In both Germany and Italy, the Largest 250 increased their use of product reviews by 5pp to 40% and 35% respectively of those studied.

Year-on-year comparisons for mobile app functionality is difficult given that many brands have added apps for the first time. These tend to be rather basic, so provision of more sophisticated tools – such as push notifications, wish lists or image zoom – have declined overall. But this is largely because of the increased sample size and limited functionality of the newer arrivals. New attributes investigated by IR's researchers included augmented reality, supported by 3% of the Largest 250 mobile apps. Recommendations, based on a user's browsing history and demographics, are offered by 22%, while predictive search is offered by 12%.

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Merchandising Leaders 2018

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Adidas	Fat Face	Missguided
Ann Summers	Hackett	Nespresso
Apple	Hotel Chocolat	Pull & Bear
Banana Republic	Jigsaw	Radley
Boux Avenue	Joules	Ugg
Crew Clothing Company	Kurt Geiger	White Stuff
Dune London	Laura Ashley	Whittard of Chelsea
Ecco	Links of London	
Estée Lauder	MAC Cosmetics	

Reach out to build trust

Brands need to prove they understand their customers in order to create loyalty and long-term relationships, but how are they doing here?

IN THE YEARS ahead, customers will expect service to become increasingly personalised. They will want offerings to take account of such factors as previous purchase history, location and the kind of device being used. In order to provide this kind of service, both direct-selling brands and retailers need to persuade customers to part with rich data that can be used to underpin marketing and merchandising efforts.

Since customers are keenly aware of what different brands signify, it's commonly supposed that brands have the edge over conventional retailers in engaging with customers in these new ways, and that customers will more easily share data with the companies they identify with.

However, our research reveals a more complex picture. By going beyond the theory of why brands should have an edge in this Performance Dimension, and instead looking at the research metrics and comparing them to

our IREU Top500 Index, we find that leading third-party retailers also perform strongly.
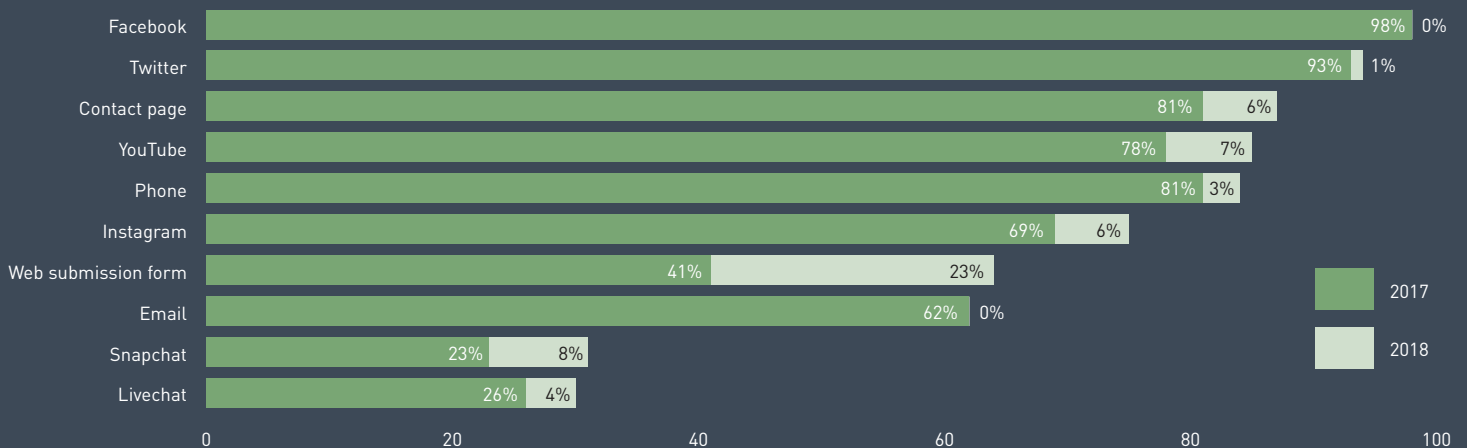
So, what do top-performing businesses do? Firstly, they incorporate feedback into their marketing and merchandising, monitoring and responding to what people are saying about them. Secondly, they distribute brand information and content on the channels their potential consumers already use.

Localised content
For any brand operating outside a home market, this in part means localising content. In this context, our research showed that, within the EEA, 46% of the Largest 250 retailing brands offered product reviews. This was most common among brands localised to Poland (56%), Sweden (53%) and Spain (48%) but least offered by those in Italy (38%) and France (35%). In certain markets, it appears to be more important, or at least more expected, to offer this.

Web submission forms increase in popularity year-on-year

The Top100's use of channels to the customer, as it has changed over the past year, comparing the same companies

Channel	2017	2018
Facebook	98%	0%
Twitter	93%	1%
Contact page	81%	6%
YouTube	78%	7%
Phone	81%	3%
Instagram	69%	6%
Web submission form	41%	23%
Email	62%	0%
Snapchat	23%	8%
Livechat	26%	4%

Brand Engagement Leaders 2018

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Adidas	L'Occitane	Pull & Bear
Apple	Microsoft	Samsung
Bose	Missguided	Skechers
Burton Menswear	Nespresso	Swarovski
Clarks	New Look	Tommy Hilfiger
Disney Store	Nike	Topshop
Dune London	Orvis	Ugg
Esprit	Pandora	
HP	Pimkie	

Turning to gathering information on customers, three-quarters of the Largest 250 localised to the UK (77%) don't require customers to register to make a purchase. This may seem counterintuitive if the aim is to gather data, until you consider that customers are often suspicious of efforts to gather personal information at too early a stage. Softer approaches, such as asking for an email address in a store and emailing out a receipt, are also effective ways to gather information. Spanish-localised (62%) and Italian-localised (59%) brands are also cautious when it comes to asking for registration information. In contrast, just 42% of Belgian-localised brands offer a guest checkout facility.

Nevertheless, it's crucial for brands to try to gather personal information. One approach is to use loyalty accounts. Here, retail brands operating in specific territories perform significantly better than elsewhere in the EEA. A quarter of Largest 250 retailers (with mobile apps) operating in the Netherlands offer customers the facility to scan their loyalty card, as against an EEA weighted average of 3%. Brands operating in the Netherlands also excel when it comes to offering the ability to create a new loyalty account via mobile app (13% against an EEA weighted average of 6%) and offering the ability to enter loyalty card details via mobile app (13% against an EEA weighted average of 6%).

As for encouraging customers to use apps in social sharing, three quarters (75%) of the Largest 250 with a mobile app localised to Switzerland enable shoppers to share an item on social media. The same feature is enabled by two-thirds of the brands in Italy (67%) against an EEA weighted average of 34%. Retail brands localised to the Netherlands (63%) and France (58%) also perform strongly here.

Reaching out

Turning to metrics that reveal an ability to reach out across channels, the Top100 brands perform impressively on the most commonly used social media platforms. At the time of research, 98 had a Facebook page, 94 had a Twitter account and 85 had a YouTube channel. These figures drop down when it comes to Instagram (75), Pinterest (59) and Snapchat (31).

We were surprised to learn that just 51 of the Top100 operated a blog at the time of research. In terms of other channels, 30 offered live chat, 62 had a customer service email address, 64 had a customer service web submission form and 84 had at least one customer service phone number in the single market.

While acknowledging the difficulties of producing localised content (the Largest 250 retailing brand support on average two-to-three languages across the single market), we would suggest that brands need to remain responsive to consumer trends in this space where social networks can be born, grow old, and die in the space of a few years.

> The Top100 brands perform impressively on the most commonly used social media platforms

Seamless service

Brands are taking practical steps to enable customers to buy goods, as well as to take delivery of them, in ways that fit around busy lifestyles

RETAIL BRANDS THAT excel in the Mobile & Cross-channel Performance Dimension are those that work to offer seamless service across channels. This means analysing how customers interact with the brand across different channels and focusing in particular on the following areas:

• Collection options
• Returns options
• Mobile apps
• Optimised mobile web performance

Our research focused on these areas and how brands are doing now. However, it's also important to note that work in these areas helps to prepare businesses for what lies ahead in an era when customers will become impatient at any instances of friction between channels.

Before looking in more detail at our findings, a note on our methodology. The results refer to retail brands in the IRBX Europe Largest 250 that have localised to specific regions. So, for example, the 41% that offer collection in France refers to the 56 brands we analysed within the territory.

Collections
Overall, it's becoming the norm for retailers in the EEA to enable collection, with 52% of the brands we analysed offering this service. Brands in the UK (55%), Netherlands (52%) and Spain (50%) lead the way here. However, it's worth noting that the sheer number of retailers that operate in the UK somewhat skews the figures. To put this in context, the equivalent figure in Sweden is 32%, while in Portugal it's 26% and in Switzerland 24%. When it comes to same-day collection, this more sophisticated offering is far less commonplace. Across the EEA, it's offered by a weighted average of 10% of the Largest 250, although brands in some territories do better than the average: Germany (17%), France (13%), the UK (11%) and Spain (11%). Surprisingly, even next-day collection is still

only widely available in western Europe, offered by 32% of brands localised to Spain, 30% to the UK and 26% to France, against an EEA average of 29%.

There's also room for improvement in reserve-and-collect services, offered by a weighted average of 8% of the Largest 250 within the EEA. Brands in Germany (22%), France (17%), Belgium (13%) and Spain (11%) do better here, with those in Germany and the Netherlands offering the quickest standard times until an item is ready to collect – three days against a weighted average for the EEA of four days – the same figure as for Belgium and the UK.

Germany leads on same-day collection despite low uptake of click and collect

The percentage of top brands localised to a country that offer same-day collection

*A weighted average of the Largest 250 operating across the Single Market
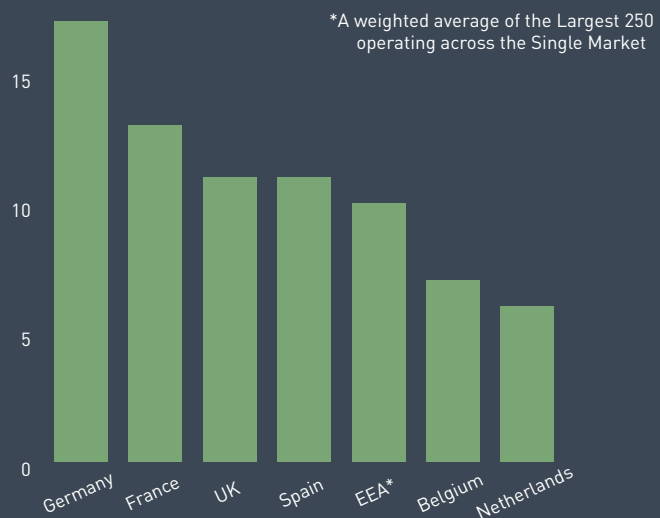
Returns across channels

Customers want to be able to return items quickly and easily. Here, brands with a UK presence lead the way, with 42% of the brands we surveyed offering a return-to-store service for ecommerce orders. Other leading territories include Spain (39%), Poland (36%), Belgium (33%) and Sweden (33%).

Turning to brands offering return via drop-off at a third-party location, this is a service offered by 26% of the UK localised brands we measured, followed by brands in Sweden (14%), Denmark (13%) and Belgium (13%). The equivalent figure within the EEA is 19%. We would expect the number of brands offering this service to increase in the year ahead as, for example, lockers at transport hubs become more commonplace.

Mobile apps

An increasing recognition of the importance of apps is reflected in the growth of the number of brands offering Android and iOS apps. In the UK, for example, 38% of brands offered an Android app when we measured in 2017, a figure that had grown by 12 percentage points (pp) to 50% in our most recent research. The year-on-year growth in the UK for the number of brands offering an iOS app was 10pp, from 45% to 55%.

In other territories, the headline figures were far less impressive, but this is a case where our methodology has an impact in that we have measured the performance of more brands in the UK than elsewhere. In the Netherlands, for example, the figures for the number of brands offering an Android app (88%) and an iOS app (94%) didn't change between 2017 and 2018.

Mobile web

Page size and load time on mobile are important because consumers on the go won't wait for pages to load and will move to another site or app. Mobile data networks across the Single Market vary according to reliability, coverage and speed. The Largest 250's median mobile page size is 2.4MB, the same figure as in Germany and the UK. The figure is lower in other territories, notably the Czech Republic (1.6MB), Sweden (1.6MB) and Ireland (1.4MB). Brands localised to Austria, Germany, the Czech Republic and France demonstrated the fastest load times on a mobile browser of their homepages using the Speed Index aggregate metric as measured by Knowledge Partner NCC Group.

> We would expect the number of brands offering returns via drop-off to increase as lockers at transport hubs become commonplace

Mobile & Cross-channel Leaders 2018

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Adidas	Hollister	Skechers
Ann Summers	Jack Wills	Superdry
Apple	Mango	Swarovski
Burton Menswear	Missguided	Thomas Sabo
Cath Kidston	Nespresso	Tommy Hilfiger
Coast	New Look	Topman
Dorothy Perkins	Oasis	Ugg
Ecco	Radley	
Evans	Samsung	

Adidas: embedding the brand in day-to-day life

The strategy of this sports brand is all about being open and responsive, a way to ensure it prospers through the continuing athleisure boom

IN RECENT YEARS, 'athleisure' brands – sportswear companies that sell sports clothes and shoes also worn by customers in their day-to-day lives – have enjoyed a boom. By 2020, according to research from Morgan Stanley, this worldwide market will be worth more than $350bn. That's a figure that encompasses both high-end fashion brands and budget brand leggings.

Adidas, an Elite brand in our research, has been a huge beneficiary of this trend. That's in great part because it has successfully marketed itself on the basis of its rich history. This is a brand with a story that dates back to 1924. Its three-stripe logo – branding purchased from a Finnish company in 1952 – is instantly recognisable. In the forthcoming World Cup in Russia, it will adorn the shirts of, among other nations, Argentina, Spain and the defending champions, Germany.

But heritage is clearly not enough in itself to sustain a company that generated revenues of €19.29bn in 2016, especially with direct competitors such as Nike constantly trying to take market share. Rather, the history of Adidas is necessarily one of reinvention – and also of having an overarching strategy. The group's current business motto is "creating the new", an idea that rests on three strategic pillars – "speed, cities and open source".

Speed here refers to being quick to react, "fast in satisfying consumer needs, fast in internal decision-making", while open source refers to the way the company wants to collaborate with "external partners from the worlds of industry, sport and entertainment as well as consumers". The company's collaboration with rapper Kanye West, for example, has generated huge publicity.

Perhaps most intriguingly from the perspective of retail, the reference to cities refers to six key metropolitan centres: New York, Los Angeles, London, Paris, Shanghai and Tokyo. These are united in being cities where consumers buy above-average volumes

Stormzy and David Beckham: celebrity and style are as important as functionality in Adidas' "creating the new" business philosophy

Image credit: Adidas

of sporting goods, which in itself means they're places where Adidas can generate sales.

They're also cosmopolitan cities that play an influential role in shaping trends elsewhere in the world. As long as the athleisure boom continues in these areas, it will likely continue around the world, so it makes sense for Adidas to focus its marketing in these cities. Part of that presence is via flagship stores and the company is also investing in its digital offerings, although it's worth noting here that a recent Erudite report criticised its UK mobile performance.

Taken overall, the strategy reveals a company that's working hard to incorporate an outward-looking ethos in all that it does, a way to use its presence in consumers' lives to ensure it continues to be a favoured brand. And if that involves some old-fashioned marketing pizzazz, like a recent stunt to sell trainers in Berlin at €180 a pair that doubled as annual travel tickets valued at more than €700, don't be too surprised.

Clarks: reaching out to millennials

The footwear brand, established in 1825, has customers of all generations. How does it differentiate its offerings to them?

ALL BRANDS HAVE to have an eye on the next generation, on those who will hopefully be their most loyal customers 20 years down the line. But how do you go about winning these new customers when your brand is, certainly to generations of Britons, associated with the dreary ritual of buying school shoes at the end of the summer holidays?

As Giles Delafeld, global CIO of Clarks, acknowledged while speaking at InternetRetailing Conference 2017, this is a constant challenge for the long-established show manufacturer and retailer. "Typically, most will think of Clarks as a brand you go to when children have their first shoes," he said. "We know that increasingly when a child is perhaps eight or nine, sometimes sooner, they are now much more brand aware." At this point, he said, young consumers, worried that Clarks aren't seen as cool, often want to switch to other brands.

At the other end of the age range, the perception that Clarks shoes are both made to high standards and comfortable plays into their popularity amongst an older demographic. These are customers in their 60s, noted Delafeld, who will often want to buy more or less the same pair of shoes they purchased last time around.

This doesn't sound too promising when it comes to winning over new customers, yet Clarks also has a sizeable following amongst consumers in their 20s and 30s. To understand why, it's instructive to look at the history of Clarks Wallabees, moccasin-style suede shoes with a crepe soul first launched in the 1960s. In 1993, New York hip-hop collective Wu-Tang Clan released their debut album *Enter The Wu-Tang (36 Chambers)*. The Clan's nine members, it turned out, were Wallabee aficionados. Fast forward a few decades and both Kanye West and Drake have been spotted sporting Wallabees.

Clarks has sought to make the most of such associations though its Clarks Originals sub-brand, which has the tagline "Iconic. Authentic. Individual". Certainly in Britain,
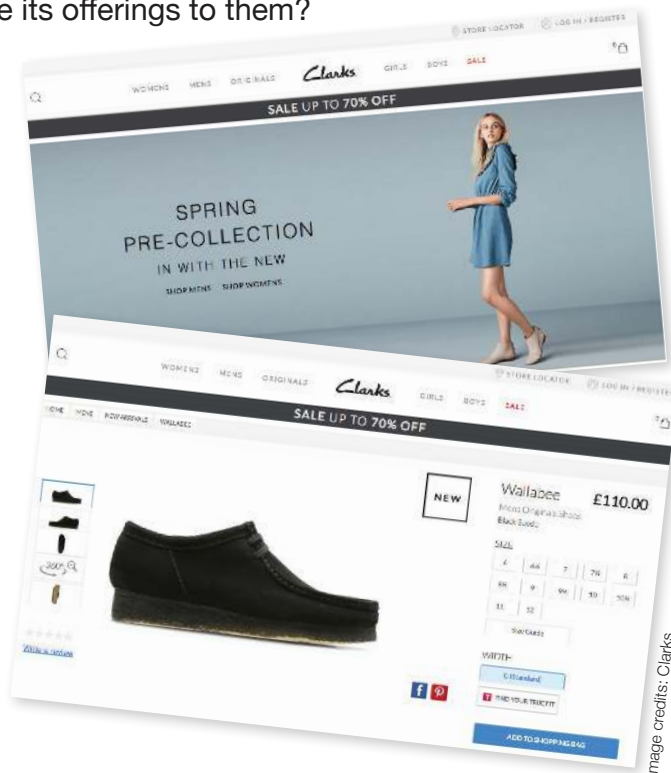

Image credits: Clarks

The Clarks ecommerce campaign aims to hit the sweet spot between serving the brand and encouraging sales

this builds on shoppers' sense of familiarity with Clarks and positions the brand as eternally stylish rather than fashionable. "This is a brand that's been innovating for nearly 200 years," said Delafeld of the company's efforts here.

This innovation extends to embracing new digital techniques. "Technology and digital need to be deeply embedded in the organisation," said Delafeld, adding that companies need "a digital mindset". Accordingly, Clarks recently launched its UK website to be a mobile-first offering, even though it still expects older customers to favour desktop ecommerce.

Further challenges lie ahead when it comes to winning younger customers. Talking about millennials' love of rich online content, Delafeld pointed out that "great content" can be too immersive and impact on sales when it's presented within an ecommerce environment. Better, he said to strive for the balance between "content worth reading that enhances your brand" and content that drives sales.

Conclusion

AS WE HAVE touched on throughout this special report, the retail sector as a whole is on the cusp of some profound changes. To take just three developments, the advent of the Internet of Things, the increasing ubiquity of voice-activated devices and the use of artificial intelligence to analyse customer behaviour will all play a part in shaping the sector in the years ahead.

As we have also noted, brands and retailers alike need to be preparing for these changes now. Typically, this requires two kinds of work. There's work that engages specifically with new technologies and techniques, the kind of research that goes on at innovation labs. Just as importantly though, companies also need to do the day-to-day work of making sure they're at the cutting edge of current techniques. There's no point in being able to take an order via a voice-activated device but not be able to offer the kind of delivery options a consumer demands.

Our suspicion – and that's all it is at the moment – is that retail brands may enjoy an advantage when it comes to innovation lab-style thinking. That's because direct-selling brands have access both to rich product information and to rich customer data, so can marry the two together in new ways.

Turning to day-to-day work, though, here we suspect retailers may enjoy an advantage because they have the expertise and systems needed to react quickly when consumer behaviour shifts, as it did with the rise of the smartphone.

From a new angle, this shows again how direct-selling brands and conventional retailers coexist in a state of dynamic tension. This will continue to be true in the years ahead but we shouldn't mistake this for stasis. We expect our research to reveal a retail sector developing in ways we haven't even begun to sketch out yet, and we expect brands to be central to this story.