



DIMENSION REPORT

Merchandising: March 2017

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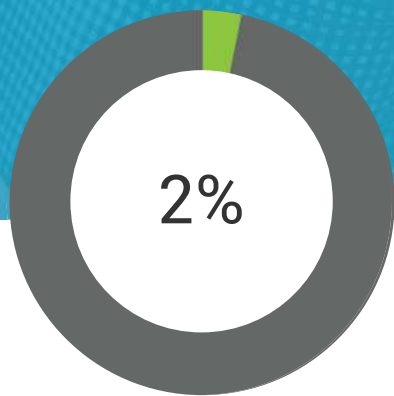


A Performance Dimension
Report as part of IREU 500 2017
InternetRetailing's Europe
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Jillian Brendlen
Site Merchandiser

uncommongoods

From the editor-in-chief

WELCOME TO THE latest IREU Top500 Performance Dimension Report, on Merchandising, which we've defined as the art of selling products online. Here, we examine the way that retailers from across the European Economic Area, plus Switzerland, approach a task that relies on communicating the product – for customers who fully understand the product are more likely to buy. Compiling this report, InternetRetailing researchers have measured traders' ability to communicate their products through the use of imagery, information and customer feedback via ratings and reviews, and through social media sharing. They've also assessed how easy traders made it to find products, through search, navigation and fast checkout, while considering how far retailers localised content to different markets.

I believe this Dimension Report offers detailed insights into how leading retailers set out their online stalls – and what it takes to succeed in this key area of retail best practice. This in turn means retailers can use the report's insights to benchmark company performance within the wider European ecommerce and multichannel retail industry, while also using its insights to reveal areas where there's room to take action to boost competitiveness.

This report is part of the IREU Top500 series of Performance Dimension Reports. It builds on research that first started by identifying the leading Top500 UK multichannel and ecommerce retailers, and then moved to analyse their performance through six Performance Dimensions: Strategy & Innovation, Merchandising, Brand Engagement, Operations & Logistics, Mobile & Cross-channel and The Customer. We've subsequently expanded the scope of our research from the UK market to the wider European market. At a European level, the scale of the challenge for retailers is much larger, since it encompasses not one but 32 markets, with 26 official languages. We aim, therefore, to learn from the hard data produced by the InternetRetailing research team, in partnership with our valued InternetRetailing Knowledge Partners, and to see how retailers make their merchandising initiatives work at scale across the continent.

We believe that in this report we've highlighted and analysed some interesting findings that should provide food for thought. We hope that our readers will share our interest and find this a useful resource as they look towards a European market that offers high potential rewards alongside the undoubted challenges of doing business. We always enjoy hearing from readers about their experience of trading in Europe, and their suggestions for how we can improve our research. Do get in touch. 🌈

Ian Jindal

Editor-in-chief

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The IREU Top500 Dimension Reports Series

Don't forget that this Merchandising Dimension Report forms part of our wider series analysing the performance of Europe's retailers.

Reports each year that focus on:

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- The Customer
- Operations & Logistics
- Brand Engagement
- Mobile & Cross-channel
- Merchandising

You can download the latest copy of any of our Dimension Reports, along with the overall IREU Top500 report, via www.internetretailing.net/IREU

Once you register, we will also send you the latest Dimension Reports as they are published, allowing you to keep abreast of the latest developments in the industry.

You can also find information about the IRUK Top500, our index of top retailers in Britain, via the InternetRetailing website.

Editors' comment

WE'VE AIMED, IN this IREU Top500 Performance Dimension Report on Merchandising, to understand the ways in which pan-European retail businesses approach the task of presenting products to consumers across a large geographical area of varying languages, currencies and cultural expectations.

It's a daunting task, but one that leading retailers are starting to tackle in earnest. Against this backdrop, we wanted to find out how Top500 retailers as a group merchandise their ranges, and we also wanted to know how what those retailers at the forefront of this group did in order to stand out.

Our researchers explain their approach in two features. Analysing the numbers (page 12) offers insights into the metrics used to assess performance, metrics that underpin our analysis of the results. The new research feature (page 32) considers the link between merchandising and revenue over mobile.

We take an in-depth look at the performance of leading retailers Zalando, Bol.com, Amazon and Baby-Markt through a series of case studies, starting on page 18; and on page 20 we interview Sally Beauty's Richard Surridge for an insider's guide to the merchandising strategy at the beauty products retailer, whose performance stands out in this area of retail craft.

We consider what tools successful retailers use in presenting wares to European audiences in our round-up of 12 approaches to merchandising on page 24. Our strategic overview feature (page 8) offers background and context. For our emerging practice feature (page 29), we look in detail at Fujitsu's efforts to link the online world and the store via personalisation initiatives.

Taking these articles together, we think they offer a unique picture of how leading European retailers approach the task of selling and communicating products across an enormous market. We also believe our research findings shed new light on how retailers are performing, and we hope that our readers find them useful. 🌈

Jonathan Wright and Chloe Rigby, Editors

Contents

IREU Top500 Merchandising 2017

- 06** Partners' perspectives
- 08** Strategic overview
- 12** Analysing the numbers
- 16** The IREU Top500
- 18** Lead interview and case studies
- 24** 12 approaches that work
- 29** Emerging practice
- 32** New research
- 34** Conclusion

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Are you making the right merchandising decisions?

Steven Ledgerwood, UK managing director at Emarsys, discusses why effective merchandising is so powerful



SUCCESSFUL PRODUCT OR expensive mistake? There's a fine line between the two. Merchandising departments need to tread cautiously to deliver the first outcome.

This is because merchandise no longer sells itself. Within the digital landscape, countless competitor products can be reached with a single click. Customer reviews, rating systems and social media endorsements have also emerged as important parts of the buying process. However, they add another layer of complexity.

Great product selection alone is not enough. Retailers need to present an item in its best light, and then spend time, energy and money maximising the item's sales potential.

Don't get me wrong, the above features are invaluable. I'm hardly calling for a return to the early days of internet shopping where you'd trawl through a website hoping to find the product you want. Reviews, personalisation and advanced product filtering mean customers can enjoy a retail experience that adapts to their personal tastes, preferences and shopping habits. It's incredibly fluid and satisfying.

Automation and predictive marketing make these outcomes even more attainable and are further improving the online shopping experience for customers.

Selecting the right merchandise

A product's digital marketability is now as important as the product itself. Merchandise, therefore, must

meet certain parameters to perform successfully on digital channels.

So, do you need to rethink merchandising within the context of omnichannel retail?

For example, will a product perform strongly on mobile channels? Is it difficult to classify using existing filters? The item might struggle to fit within upcoming email campaigns or could prove difficult to market to customers using social ads.

Furthermore, the merchandise's strengths need to be easily described, so a customer leaving a review can explain to others why they bought the product. Keywords should relate to common search terms and must fit customer profiles – in other terms, relevance and the ability to personalise an item to specific segments.

AI achieves incredible results

All of these factors really add up in terms of complexity. This is why the promise of Artificial Intelligence Marketing (AIM) is exciting so many retailers. Progressive marketers equipped with automation, AI, machine learning and data science can scale their personalised marketing campaigns easily and, in the process, enhance the merchandising department's performance.

Campaign data and real-time product performance feed into decision-making with impressive results. This contrasts with the current situation for many retailers, where merchandising defines purchasing based on ageing historical data,

only influences marketing and rarely reacts fast enough to customer preferences, trends or shifts in product performance.

The end goal should be marketing and merchandising working together collaboratively, more efficiently and with better commercial alignment. Online product classification, search engine performance, customer loyalty programmes and incentivisation should all improve due to a reduction in complexity and greater visibility on how products are performing across every channel.

Essentially, merchandising becomes more strategic, benefits the retailer's bottom line and makes for a more enjoyable customer experience. 🌈

About Emarsys

Emarsys is a leading global provider of marketing automation software and the first marketing cloud for retail and ecommerce. The Emarsys B2C Marketing Cloud enables true, one-to-one interactions between marketers and consumers across all channels – building loyalty, enriching the customer journey and increasing revenues. Machine learning and data science fuels customer intelligence in an intuitive, cloud-based platform. emarsys.com



How to hear the full voice of your customer above the din of the digital age

By **Raj De Datta**, BloomReach CEO & co-founder



SURE, EVERYONE WITH something to sell says that they want to hear “the voice of the customer.” But how many are really listening?

It’s not merchandisers’ fault. They really do want to understand consumers and consumers’ needs and desires. In fact, many gather all kinds of data from all sorts of sources to help them connect with their customers.

The problem? The tools they use are disjointed and the data those tools produce is disconnected. But we have entered a new era – the era of voice-of-the-customer merchandising.

Traditional merchandising tools focus too heavily on who bought what. And by relying solely on purchase data, they concentrate on the 2% of site visitors who convert, ignoring the 98% who don’t.

Think about that. Say on your daily drive to work, you paid attention to 2% of the cars on the road and 2% of the traffic signals guiding you on your way. Where would you be?

We can do so much better than that. The digital world provides access to the voice of the customer loud and clear. Digital is a two-way conversation, producing nearly boundless behavioural data showing how shoppers navigate your website, find products and express preferences through browsing and clicking.

Consumers today demand that you know them and understand their needs. Relying on the complete

voice of the customer builds loyalty. Customers who feel understood come back.

Customers who don’t feel heard? They’re just gone. Brigham Young University researchers found that 61% of customers searching on mobile devices would leave a site if they didn’t find what they wanted “right away”.

Our BloomReach Compass merchandising product provides merchandisers the power to fully hear their customers’ voices. Compass is powered by a machine learning system that understands how shoppers engage with a retailer’s catalogue – what they find, what they don’t find, where they get stuck and what they expect to see on the screen when they visit certain pages and categories.

Compass gives you a single tool that provides built-in tracking to let you see what makes an impact. It’s a tool that takes what your customers are telling you and instantly translates that into your biggest revenue opportunities – all while providing suggestions on how to capitalise on those opportunities.

Think of how that clarity and vision into a shopper’s intent transforms both a business and the people working to make it successful.

First, consider the business. When BloomReach customers act on Compass suggestions, real revenue results. For example, customers have

reported a 63% increase in revenue per visit on the specific Compass-inspired action they took.

And what about the merchandisers whose mission is to marry their expertise with data to create a fulfilling customer experience? With Compass, data is their ally, providing actionable insights – not a thicket of analytics offering pieces of a puzzle but a whole, complete picture. With Compass, merchandisers become a central source of customer insights for the enterprise.

Hearing the voice of all your customers is no doubt the future of merchandising and commerce. Because, after all, who doesn’t want to be heard? 🌈

BloomReach head of products Sharad Verma also contributed to this story

About BloomReach

BloomReach is a Silicon Valley firm that uses machine learning and big data technology to bring businesses the first open and intelligent Digital Experience Platform (DXP). BloomReach drives customer experience to accelerate the path to conversion, increase revenue and drive customer loyalty.



Make the difference

Chloe Rigby considers how European retailers are using merchandising to help visitors navigate their ranges

MERCHANDISING CAN MAKE all the difference for retailers competing to ensure that their websites stand out in the European Economic Area market (plus Switzerland). This geographic area is one of enormous potential, spanning 32 countries that are home to almost half a billion consumers. At the same time, it's a complicated market to target. The residents of those 32 countries speak 26 different official languages and, as InternetRetailing research shows, approaches to merchandising vary across different markets and regions. That's likely to mean that consumer expectations of websites and how they sell will vary as well. That's a challenge for online traders that are looking to sell widely across the continent.

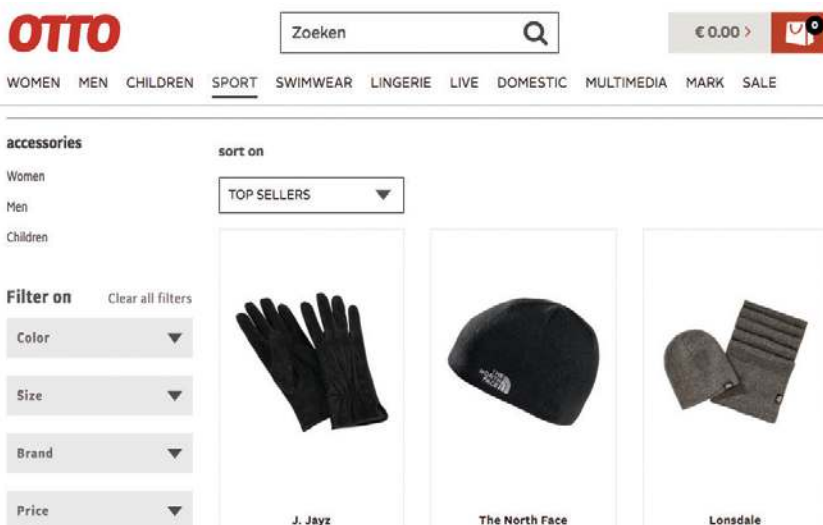
Those retailers that InternetRetailing research judges to have performed strongly in this Dimension are those that use key merchandising approaches to enable shoppers to find the products that are most relevant to them. That's important in a retail

environment where ranges often stretch to tens of thousands of items – and occasionally to millions. Visitors need help if they are to find the goods they want to buy, and that's even more important from a website that they aren't used to using. This means enabling potential customers to search for the products they want to buy. Effective search tools are important for those that know what they're looking for. Those users who don't have a specific goal in mind can instead browse for inspiration using effective and often highly comprehensive navigation.

In-depth product information, alongside high-quality, zoomable images that can inform as well as inspire, help shoppers to be sure that the item they've found will meet their needs. That's important since if shoppers don't trust what they see, they will click away to a rival site. InternetRetailing research shows that European retailers are adopting technologies that make it easier for shoppers to see and understand products. It found that most (95%) IREU Top500 retailers offered at least one navigational filter – most popularly filtering by product (69%) – while 75% offered dropdown search suggestions.

Raising the game

Leading European retailers are not only meeting the measures put to the test in InternetRetailing research, but are improving on them as well. They do this by developing new strategies that work for the devices that customers use to shop. Some retailers, for example, are bringing 'gamification' into merchandising as they look to make it easier for customers using smartphones to find products, often from a vast range of items. By doing so they find new ways to engage



Otto's use of navigation filters means customers can quickly narrow down their searches

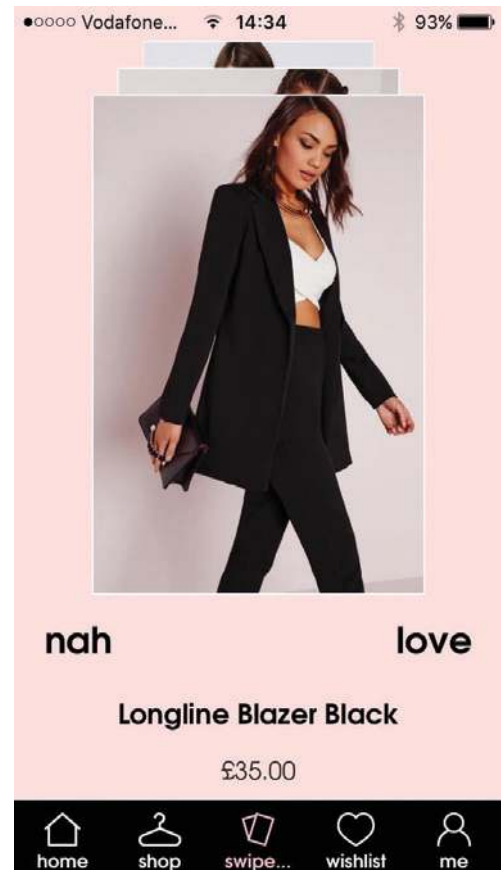
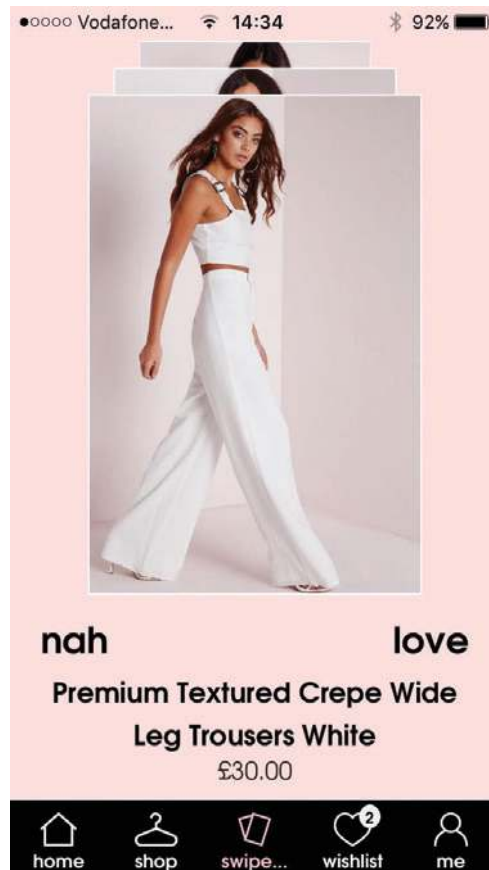


Image credit: Missguided

on-the-go shoppers as these customers explore increasingly wide online ranges, despite the restrictions of a small screen.

German general retailer Otto, for example, has introduced a Swipe Advisor that lets shoppers leaf through different living room looks. Shoppers swipe right when they see a look they like, and left to discard an idea. The technology learns from the individual's choices to provide a list of furniture and accessories that match their tastes and preferences.

"Our goal," says Francesco Ferreri, senior project leader in the Otto ecommerce competence centre, "is to make it easier and more fun for mobile shoppers to discover and explore interesting items on the go." He says the result is a "more engaging" mobile experience.

The technology comes from SmartAssistant, which says it has learned from trends in consumer behaviour, in order to develop decision-making solutions.

A similar effect is found at UK-based fast fashion retailer Missguided. The company's iOS app enables users to favour or discard fashions by swiping left or right, Tinder-style, on images of clothing.

The Tinder-like functionality of Missguided's app gives the retailer valuable information about which clothes individual customers like and dislike

Speaking on a recent InternetRetailing webinar, Michael Langguth, co-founder of app developer Poq, said: "Missguided has used this 'Tinder for fashion' to create a very exciting experience for consumers. From the retailer's point of view it is a very good tool to learn about your customer. Missguided has seen customer swiping hundreds of products, telling them which ones they love and which they hate." That means, says Langguth, that the retailer can see very early on which products will be most popular, while machine learning can make the experience more personal to the individual user.

He adds: "Generally an app should be incredibly convenient and highly engaging. Those are the two things to think about when you decide to make an app for your business: is this making the experience of the customer more convenient, and does it make it more engaging? Do they get something fun or interesting from downloading this app that they wouldn't get from the website?" That's also something to remember when it comes to developing merchandising that stands out from the crowd. ►

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Image credit: Sally Express

From the product listings pages at Sally Express, it's clear when customers share reviews

Socially speaking

Many European retailers recognise the important role that other people's opinions inevitably play when shoppers make buying decisions. They're enabling visitors to read reviews and see how previous buyers rated the products under consideration. By offering social media sharing, they're enabling shoppers to endorse their products via the channels on which customers speak to their family and friends.

But InternetRetailing research found the use of these tools varied by country and by region within Europe. Product reviews were more popular in the UK, where they were used by 53% of traders that sold in the market. Social media sharing was more popular among retailers trading in Ireland (67%) and, in southern European countries such as Italy (60%) and Spain (57%).

Sally Express, for example, a leading retailer in this Dimension, displays product reviews and ratings clearly from its product listings. But while it enables shoppers to follow the brand via social media, it does not have social sharing from individual product details.

Meanwhile, American Golf, which sells in Ireland as well as the UK, enables shoppers to share products through Facebook, Google+ and Twitter. It also enables speedy one-click checkout through a Facebook sign-in.

Checking out

Helping shoppers to buy quickly is an important part of merchandising. Speedy checkouts make it more likely that shoppers who have found the products they want to buy will go on to complete their purchases.

When UK fashion retailer New Look, for example, focused on improving its mobile checkout some time back, it removed any factors that might slow up the final payment – from data capture through to enabling a single checkout to work across desktop and mobile. Its conversion rate improved across both devices as a result.

Missguided has also cut down on its checkout in its iOS mobile app, reducing the payment process to a three-second, one-click checkout that uses fingerprint identification to confirm the transaction. "It's incredibly convenient," says Poq's Michael Langguth. "It makes people want to come back to that app and makes people want to buy more." In the first four months of having the app, Missguided saw revenue through that specific channel reach £30m.

As leading traders raise the expectations of their customers, those customers will demand similar service elsewhere

Looking to the future

While, as we've already noted, leading retailers are moving beyond the performance tested by InternetRetailing research metrics, there's room for improvement amongst the IREU Top500 as a group. Most retailers, as we've already seen, offer at least one navigational filter (95%) and dropdown search suggestions (75%).

Nonetheless, almost one third still (31%) don't enable shoppers to search by type of product. While some leading retailers offer one-click checkout, the average checkout takes almost four (3.67) pages. And while 51% offer social sharing, 49% still don't. Just as speedy checkout increased conversion for New Look, so these are all features that could make incremental improvements both to sales and at the bottom line.

In the future, merchandising is likely to get ever more personal, as retailers look for new ways to show the right product to the right person at just the right time. At the cutting edge of the industry, merchandisers are constantly improving their understanding of customers and the factors that influence consumers as they move through shopping journeys. Machine learning, as deployed by Poq for Missguided, and artificial intelligence are among the weapons now being brought to bear in the battle for the consumer's attention and buying power. These are approaches

that analyse data at scale to draw important and actionable conclusions about consumer behaviour and aspirations. The aim is to use these insights to show shoppers the most relevant items at the point when they are most likely to buy.

As leading retailers raise the expectations of their customers, it's likely that those customers will then demand similar service from the other traders with which they shop. Indeed, that effect is also likely to be seen as successful traders take their services further afield across the EEA (plus Switzerland). As a result, we'd expect to see improvements in the way that traders merchandise their websites across the region. That will come as more retailers develop websites in order to ensure that shoppers can search effectively for the items that they are looking for, and that shoppers can browse with the aid of high-quality images and product information.

Ultimately, what's expected is a virtuous cycle of continuous improvement that raises standards across the board and delivers on heightening customer expectations. 🌈

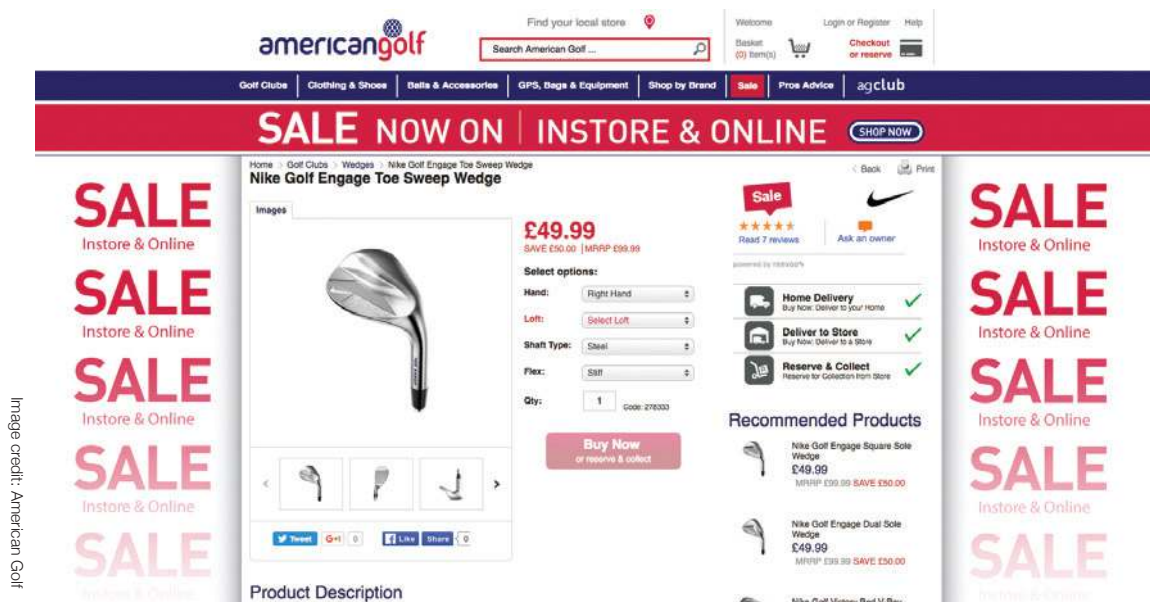


Image credit: American Golf

American Golf makes it easy for customers to share information about products via social media

Returning relevance

Polina Modenova explains how InternetRetailing researchers assessed IREU Top500 retailers' success in showing customers the most relevant products

THE RETAILERS THAT lead in the Merchandising Performance Dimension stand out for a user-friendly approach to website navigation.

They make it easy for those shoppers that want to find specific products, as well as for those that want to browse the site. They do this by deploying tools ranging from auto-suggest search and efficient navigational filters through to detailed product information and imagery. The research team set out to find how retailers across the European Economic Area (EEA), plus Switzerland, merchandised their websites. We assessed Top500 retailers' performance by measuring how effectively they used imagery, detailed product information, search and navigation, fast checkouts and social media.

What the Top500 do

It's a quick and accurate job for shoppers who are buying from leaders in this field to find the items for which they are looking. Retailers at the cutting edge offer detailed product information, auto-suggest search and navigational filters that help visitors to cut quickly through the volume of items on offer. Social sharing is common and checkout can be as fast as one click.

Some 62% of IREU retailers offered dropdown search suggestions, while 95% had at least one navigational filter. 'Filter by product' was the most popular option here, used by 69% of IREU retailers. Top500 retailers showed an average of three (3.07) images – with Italian retailers showing 3.6 images – and enabled checkout in an average of four (3.67) pages. Social sharing was used by 51%.

It's notable that some merchandising features have different levels of take-up in different countries. Dropdown search suggestions, for example, were most widely used in Austria, Hungary, Germany and Belgium, with the feature used by more than 70% of the traders that had a country-specific landing page for these markets.

Easy-to-use navigation was most widespread among retailers trading in the UK, followed by Spain and Germany, while product information was most comprehensive in Denmark, followed by Ireland, Sweden and Finland. Relevant search results were most commonly found among retailers selling in Latvia, Finland, Slovakia, Austria and Denmark.

Filtering search by brand was most common in Hungary, Ireland and Austria: more than 50% of retailers selling in these countries offered this filter.

One interesting metric analysed what happened when a 'no results' search was made. More than a third (37%) of the UK retailers in the IREU Top500 showed an alternative page, rather than returning a no results page. In Norway, 43% of traders had an alternative, with the Czech Republic, Denmark, Finland and Sweden all above 40%. But in the Netherlands, fewer than 30% of retailers took this approach. Three in five Austrian retail websites showed other products on the no results page. Retailers selling in Finland were most likely to use banner advertising: 70% of the 27 retailers selling in this market did so. A relatively modest 46% of the 265 retailers that sell in the UK took this approach.

The use of a 'bestseller' ribbon was most widespread in Austria, where 44 retailers sell, and Germany, where just over 100 sell. More than 10% of retailers in those two countries used the device.

The most prolific markets for merchandising practices

Measuring IREU Top500 retailers with more than €10m revenue from a country

97%

filter search by product type

92%

have dropdown suggestions in the search box

3

the average number of checkout pages before placing an order

39%

show social validation, for example, Likes, on the product page

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Product reviews were most commonly found in the UK, where 53% of retailers showed them, followed by Sweden, Denmark, Finland and Hungary (48%). British retailers placed the highest emphasis on enabling customers to interact with the website, with 91% offering product recommendations, 67% product reviews, and 64% product ratings. At the other end of the spectrum, just under 30% of traders in Portugal and Greece showed reviews.

Italian retailers offered the quickest checkout to customers, and had the least number of websites that prompted customers to register before proceeding with the order.

Social media sharing was most widely used in Ireland (67%), Italy (60%) and Spain (57%). At the other end of the scale, around 40% of retailers selling in Norway, Switzerland and the Czech Republic offered this functionality. Wishlists, finally, were most widely offered in Greece (64%), Austria (56%) and Germany 55%. Some 47% of UK retailers offered the function, as did, at the bottom end of the scale, around a third of retailers in Finland, Denmark and Norway.

Leading the field

Brands from across the region stood out in this Performance Dimension. British retailer Sally Express, which operates local currency websites both in the UK and in the Republic of Ireland, led the way for a highly relevant use of product search that offered suggestions as shoppers typed in their search term, while a 'no results' search triggered alternative recommendations. Navigational filters enabled customers to drill down by price, brand and product type, while users of its websites were able to share the products they found on social media sites including Twitter and Google Plus. Ratings and reviews were clearly visible from the product page.

Bol.com was recognised for a top-quality product search that enabled customers to filter by price and product across all categories. An extra navigational filter in the electronics range meant customers could search by model. The company encouraged user interaction through reviews and ratings functionality. Bol.com trades in Belgium and the Netherlands and is owned by Dutch group Ahold.

German pureplay Baby-Markt scored highly for its use of cross-selling and upselling

German pureplay Baby-Markt has 12 EEA websites but sees most of its traffic from the German and Austrian markets. It scored consistently across all metrics, scoring highly for its use of promotions, detailed product information, and for the use of cross-selling and upselling recommendations, both from the product page and once the shopper reached the checkout.

German fashion retailer Zalando keeps merchandising consistent across all of its 15 EEA local-currency websites, and on its iOS and Android apps.

Searches produce relevant results, while navigation filters include price and bestseller filters. Products are shown through an average of six images and ratings are clearly visible. Shoppers can use TouchID to log into the app. The app also enables them to share style images.

German-based health and beauty retailer Mein dm trades through stores in nine EEA countries, with ecommerce websites in two of those, Germany and Austria. Searches produced highly-relevant results, with dropdown product suggestions appearing while the customer types. Five navigational filters make it easy to zero in on a particular item. Home page products show promotions, including extra loyalty points, alongside product ratings. Social validation is enabled through Facebook and Twitter while the checkout offers upselling opportunities.

Other standout retailers in the Merchandising Product Dimension include Amazon, which trades via five EEA websites; offers dropdown search suggestions as the customer types, alongside brand and customer rating filters; shows an average of four product images; and offers fingerprint sign-in to its mobile app. Littlewoods offers customers the ability to rate a product, write a review and share a product on social media both through local currency websites – for the UK and the Republic of Ireland – and through an iOS app. Shoppers can see how many other people are looking at an item and how many have already bought it. Swiss retailer M-Electronics Migros, which sells online in three languages, offers a particularly easy checkout, with just three steps, while shoppers can compare products based on price, specification and size.

The UK-based Body Shop sells to 10 EEA countries through six online stores, and stands out for an advanced iOS and Android app that enables purchases and sends push notifications to alert shoppers to deals. Furniture specialist XXXL, which sells online in Germany and Austria, and has stores in these two markets plus Sweden and the Czech Republic, gives a high level of product information and enables shoppers to reserve products in local stores.

Czech-owned Alza ships to 25 EEA countries and has five country-specific websites. Striking features include a 'price watch' reminder. Shoppers name their price for an item on the Alza website and, once it's reached that, they are notified by email.

American Golf sells online in the UK and Republic of Ireland, and through 106 stores. Navigational filters include daily offers, as well as brand and price, while a sophisticated use of social media means shoppers can share products through Facebook, Google+ and Twitter, as well as being able to use their Facebook sign-in to enable one-click checkout.

Deichmann, which sells through stores in 17 EEA countries and local websites in nine, has an advanced iOS and Android app with a store stock checker. Where most of the retailers in the Top500 enable shoppers to share via one or two social networks, Deichmann offered seven.

What the Top500 brands do

We extended our research beyond pure retailers to cover the leading brands in Europe. We found that the largest brands outperformed retailers. Their websites were more likely to have advertising banners, and to be optimised to display alternative suggestions on the no-results page. They were also more likely to have auto-suggest recommendations in the dropdown menu, and to enable customers to save a product for later. Brands more commonly enabled customers to share products and to display other product recommendations.

Almost all Spanish brand websites offered product filter functionality, compared to 69% for the average Top500 offering.

Dutch brands offered more websites with sophisticated search bars, which allow customers to see product suggestions whilst they're typing. 🌈

IREU 500 Merchandising Dimension
In partnership with our Dimension Sponsor



**The Top100 retailers of the
IREU Merchandising Dimension**

Share your thoughts on #IREU500 with @etail

Merchandising Top50

Aktiesport	eBay	Miss Etam
Alza	El Corte Ingles	Morgan
Amazon	Electro Depot	Orchestra
American Golf	Empik.com	Phone House
Asos	Fnac	Pimkie
Baby-Markt	Galeria Kaufhof	Prenatal
Bever	H&M	Public.gr
The Body Shop	IKEA	Rue du Commerce
Bol.com	JYSK	Sally
BonPrix	Kiabi	Tesco
Boohoo.com	La Redoute	Vero Moda
Bristol	Littlewoods	Weltbild.at
Camaieu	M-Electronics Migros	Worten
Cultura-Socultur	Marks & Spencer	XXXL
Decathlon	Media Markt	Zalando
Deichmann	Media World	Zeeman
Disney Store	Mein dm	

Merchandising Top100

Alcampo.es	Castorama	Karwei	Next
Allegro	Christ	Kasa	Otto
Allopneus.com	Clas Ohlson	Kijkshop.nl	Roller.de
Apotek1	Conforama	Komplett	Sainsbury's
Aubert	Debenhams	Lapeyre	Saturn
Auchandrive.fr	Delhaize.be	Leen Bakker	Sport Zone
Bauhaus	eMAG	LeroyMerlin	SportsDirect.com
BCC	Eroski	Lidl	TK Maxx
Blokker	Euronics	Materiel.net	Toys ʼR Us
Boots	Expert	Mio Electronics Brand	Unieuro
Bottega Verde	Hunkemöller	Monoprix	Xenos
Boulanger	Intersport	Nespresso	
Carphone Warehouse	Intreza.nl	New Look	

Congratulations to the IREU Top500



This is our ranking of the Top500 in Europe, based upon each retailer's performance across our six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel.

Our Elite retailers are statistically ahead of all others and they represent the pinnacle of European multichannel retailing. Congratulations to Apple, Bon Prix, Decathlon, H&M, Next and Zara.



next

DECATHLON



ZARA



Alza
Amazon
Argos
Asda

The Body Shop
Boots
Carrefour
Currys
Darty
Deichmann
Euronics

IKEA
Intersport
John Lewis
Lidl
M&S
Media Markt
Nike

Otto
Sainsbury's
Saturn
Screwfix
SportsDirect.com
Tesco
Zalando



Asos
Auchan
Bershka

Coop
Debenhams
Dorothy Perkins
eBay
Fnac
Halfords

Homebase
House of Fraser
Kiabi
Leroy Merlin
Mango
Massimo Dutti

Mothercare
New Look
PC World
Pimkie



Accessorize
Albert Heijn
Alternate
B&Q
Bol.com
Boohoo.com
Boulanger
C&A

Carphone Warehouse
Clarks
Conrad
Disney Store
Douglas
Dunelm
eMAG
Empik.com
Ernsting's Family
Eroski
Esprit
Expert
F&F
Hema

Hollister
Hunkemöller
Jack & Jones
JD Sports
La Redoute
Matalan
Migros
Monoprix
OBI
Office
Phone House
Prenatal
Promod
Pull & Bear

River Island
s.Oliver
Stradivarius
Superdrug
Swatch
Tchibo
Thalia
TK Maxx
Topman
Topshop
Toys R Us
Unieuro
Wallis
Weltbild.at



Adidas
Auchandrive.fr
A.S. Adventure
Bauhaus
Blokker
Camaieu
Castorama
Claire's

Clas Ohlson
Conforama
Delhaize.be
E-shop.gr
E.Leclerc
Eduscho
El Corte Ingles
Evans
Foot Locker
Forbidden Planet
George at Asda
H.Samuel
Hagebaumarkt
Hornbach

JYSK
Konzum
Kruidvat
Index
Lloyds Pharmacy
Majestic Wine
Matras
Media World
Mein dm
Miss Selfridge
Oasis
Pandora
Quiz
Rossmann

Samsung
Schuh
Simply Be
Smyths
Spar
Staples
Swarovski
Toolstation
United Colors of Benetton
Vero Moda
Waitrose
WHSmith
Wilko.com
Yours Womenswear



Aktiesport
Allegro
Ann Summers
Apotek1
ATS Euromaster
Aubert
A.T.U.
Bata
Bathstore
Billa
Blue Inc
Bose
Bottega Verde
Brantano
Brico
Burberry
Burton
Cache Cache
Christ
D-Mail
Dänisches Bettenlager

Dia
Early Learning Centre
Electro Depot
Elkjop
Etam
Evans Cycles
Ex Libris
Footasylum
Forever 21
Galeria Kaufhof
Galeries Lafayette
Game
GAP
Gemo
Go Outdoors
Goldsmiths
Google Play
Hobbs London
Holland & Barrett
HP
Hugo Boss
Iceland
IKKS
Interflora
Intreza.nl
Jacamo
Jack Wills

JBC
Karen Millen
Karwei
Kasa
Kijkshop.nl
Kik
L'Occitane
Lapeyre
Leen Bakker
Lego
Littlewoods
Lush
Mall.cz
Micromania
Mondadori Store
Monsoon
Morrisons
MS Mode
Nespresso
Ocado
Orchestra
Oysho
Peacocks
Pets at Home
Post Office Shop
Public.gr
Roller.de

RS Components
Ryman
Sally
Scapino
Shoe Zone
Sport Zone
Spreadshirt
Superdry
Tape A L'Oeil
Tommy Hilfiger
Topps Tiles
USC
Vente-Privee
Very
Warehouse
Waterstones
We Fashion
Wickes
Wiggle
Worten
Xenos
XXL
YOOX.com
Yves Rocher
Zeeman



American Golf
Baby-Markt
bareMinerals
BCC
Bijou Brigitte
Boux Avenue
Bristol
BUT
Camper
CarpetRight
Cass Art
Cdiscount

Chaussea
Cotswold Outdoor
Cotton Traders
Crocs
Cultura-Socultur
Czc.cz
Dabs.com
Desigual
Dreams
Dunnes Stores
Dustin
Ebuyer.com
El-Giganten
Electro World
Ellos
The Entertainer
Ernest Jones

Fat Face
Fust
Games Workshop
Gamma
Gifi
Gigantti
Go Sport
Görtz
Gucci
Hippoland
hmv.com
Hobbycraft
Home Bargains
JD Williams
Jennyfer
Karstadt
Komplett
Komputronik

Kréfel
Lakeland
Laura Ashley
Libri
Lipsy
Louis Vuitton
M-Electronics Migros
M&Co
Maisons du Monde
MandM Direct
Maplin Electronics
Materiel.net
Medimax
Microspot.ch
Mio
Misco
Miss Etam
Missguided

Morgan
Mountain Warehouse
Müller
Net-A-Porter
The North Face
NotOnTheHighStreet.com
Obaibi-Okaidi
Okay
The Perfume Shop
Philips
Photobox
Plus.de
Puma
Real
Reiss
Rue du Commerce
Sole
Space.NK.apothecary

Specsavers
Stadium
Tati
Thorntons
Timberland
Tokmanni
Urban Outfitters
Vertbaudet
Victoria's Secret
Viking
Vistaprint
Wayfair.co.uk
Women'secret
The Works
XXXL
Zazzle



Achica
Adolfo Dominguez
AKI
Alba Moda
Albert
Alcampo.es
Allopnus.com
AllPosters.co.uk
AllSaints
Altex
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ao.com
Apart
Apotek
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AuchanDirect.fr
Avon
Babywalz
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Bensons for Beds
Berden
BestSecret
Bever
Bild Shop
Bimba Y Lola
Boden
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Cath Kidston
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Casadellibro.com
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ChaussExpo
Coast
Continente
Coolcat
Coradirect.fr
COS
Crazy Factory
DeLonghi
Delticom
Devred 1902
DFS

Dixons
Dr.Max
Dress-for-Less
e-Jumbo
Easy Buy World
Ecco
The Edinburgh
Woollen Mill
Euro Car Parts
Everything5pounds.com
Fashion Days
Fashion ID
Feelunique.com
Flanco
Fossil
France Loisirs
G-Sport
G-Star Raw
Gastra
Gall & Gall
Grazia Shop
Guess
Habitat
Hervis
Jacques Vert
JoueClub
Just Eat

Kenzo
King Jouet
Kjell & Company
Kotsovolos
Kwantum
LaFeltrinelli
LDLC
Manor
Mercadona
Merlin
Microsoft
Mimovrste
Mindfactory.de
Mister Good Deal
Monica Vinader
Monki
Moonpig
Mr Porter
Myprotein
MyTrendyPhone
Nature & Decouvertes
Neonet
NetOnNet
Oscaro
Overclockers UK
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The Range
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Reservix
Richer Sounds
Robert Dyas
Route One
Rowlands Pharmacy
Runners Point
Saldiprivati
SecretSales
Skatehut.co.uk
Smyk
Sportisimo
T.M. Lewin
T.S. Bohemia
Taobao
TechnoMarket

Thansen.dk
Thomas Sabo
Thuisbezorgd.nl
Ticketmaster
Timpson
Tom Tailor
Topachat.com
Trainline
Trespass
Vanden Borre
VanHaren
Vans
Vente-Exclusive.com
Villeroy & Boch
VM Zona
W. Kruk
Westwing
Witt Weiden
Zavvi
Zero
Zooplus
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Zalando: navigating with ease

SHOPPERS BUYING FROM Zalando websites across Europe can easily browse the ranges on offer for inspiration or find the item they want to buy in just a few clicks.

InternetRetailing researchers found that search returns relevant results from its website, while navigation is easy to use. Visitors can hover over a particular category to see dropdown navigation, narrowing down their choices through a number of filters – including by type of clothing, brand, bestseller status or price. That's important on a website that now offers more than 200,000 lines.

Once shoppers have found a product on the Zalando site, they can easily find the information they need in order to buy. The pureplay fashion and footwear retailer illustrates items through an average of six images that can be studied up close for detail, while measurements, materials, washing instructions, ratings and even delivery timings are all easy to find on the product page.

It's an approach that is consistent across all of Zalando's EEA local currency websites, as well as on its iOS and Android apps. Its app features cutting-edge additions such as the use of TouchID to log in, and the ability to share style images. Investment in the app meets the needs of Zalando's customers, since, its latest figures showed, 67% of traffic came to the site via mobile devices in the first nine months of 2016. In addition, more than half of orders were made via mobile.

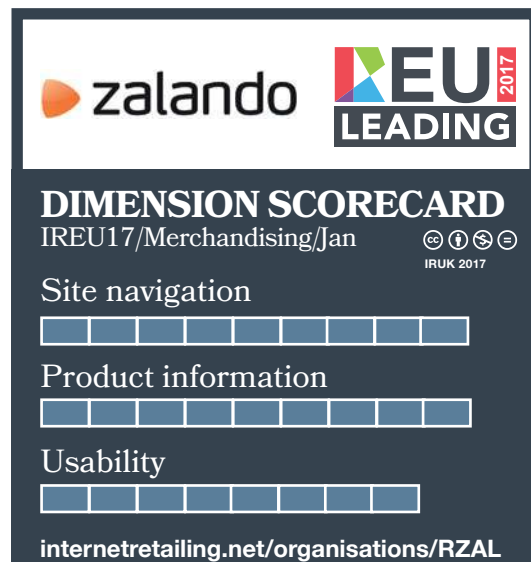
Those figures, published in November 2016, showed that the retailer had invested in mobile, brand and assortment, as well as convenience. It showcased its products offline as well as online, attracting more than 20,000 visitors to its Bread&Butter fashion event. During the event, Zalando enabled brands, including Tommy Hilfiger and Zalando's own exclusive Marni shoe collection, to showcase products. It measured its results through more than 800m impressions on media and



Image credit: Zalando

social media. At the time, David Schneider, co-founder and member of the Zalando management board, said that Bread&Butter represented a rethinking of the traditional fashion trade show. "We want people to get inspired by new trends, experience the latest products, and get them first," he said. "With Bread&Butter by Zalando, customers are no longer excluded from the fashion world but are invited to become part of it." 

Via its Bread&Butter show, Zalando invites customers to see themselves as part of the fashion world



Bol.com: exploring the product

VISITORS TO DUTCH online department store Bol.com can find the products they're looking for quickly thanks to search and navigation that InternetRetailing researchers rated as being of high quality.

Shoppers can filter their search against a range of criteria, including price and product, across all categories. Perfumes, for example, can be narrowed down by 14 filters, from category, brand through to type of fragrance, time of day it will be worn, rating and delivery availability.

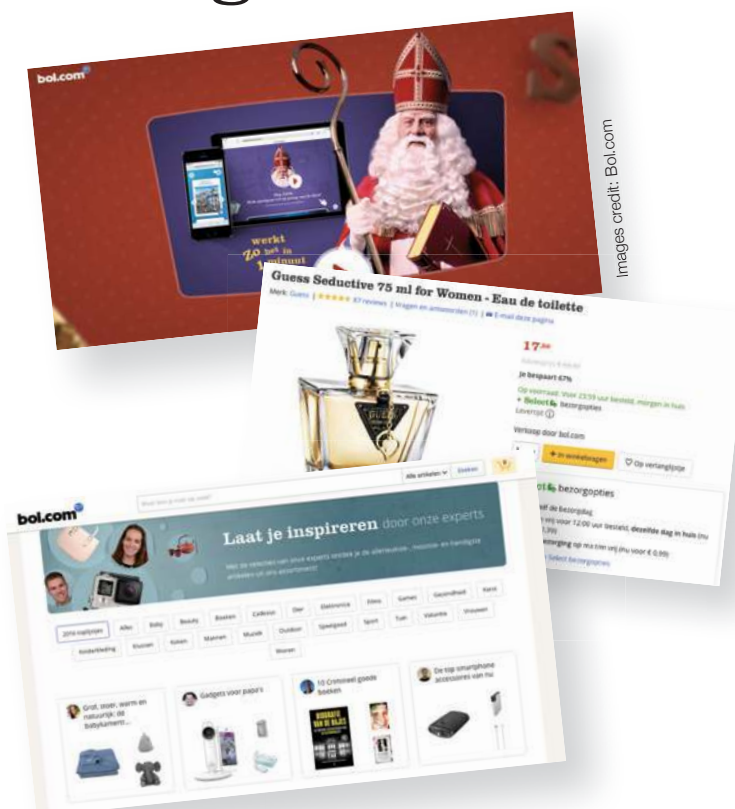
It's easy to explore products, which are described in full and illustrated through zoomable images. Average ratings, delivery information, social sharing and stock availability are also clear from the product page, giving shoppers the information they need in order to make a purchasing decision.

In electronics, users can filter their product choices against 13 variables, including model, type of connection and power supply. From the product page they can see previously asked questions – and answers – around common queries, and explore specifications and functionality.

Different categories are also explored through themes such as “winter wonderland”, “romantic villa”, “urban” and more, while bestselling items are brought together in easy-to-shop lists.

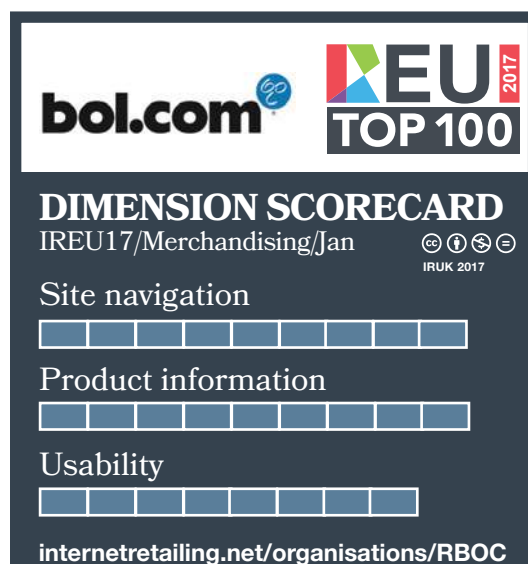
Wishlist functionality is one of the metrics that InternetRetailing researchers use to assess merchandising performance. Ahead of Christmas 2016, Bol.com developed its approach to this form of product saving by enabling children to create their own digital wishlists using a Santa Claus-themed gift machine. The machine opened via the bol.com app or on a dedicated website. Once a child had created a list, suitable for their age, it appeared on the parents' Bol.com account, ready for purchase.

The range is further explored through a series of online magazines covering areas from lifestyle to books. These bring products to life by showing them in use, or through literary discussions.



Bol.com uses a variety of imaginative techniques to appeal to different kinds of customers

Bol.com trades in Belgium and the Netherlands and is owned by Dutch group Ahold. It has also translated the site into English to increase accessibility and boost potential custom beyond its core markets.



Sally Express: sales by design

By understanding how customers want to navigate sallyexpress.com, the team behind it has designed its merchandising to work for the people who use the website

CUSTOMERS TO THE sallyexpress.com website, the UK retail arm of \$5bn turnover US hair and beauty supplier Sally Beauty, have a serious interest in the field. These are customers who are looking for professional-quality tools and equipment.

They want to find the products they are looking for quickly – and to be well informed about technical details. In response, the Sally Express team, led by Richard Surridge, Sally Beauty's head of ecommerce and customer services, UK and ROI, has learned from its customers how they want to navigate the site. That's happened partly through anonymised analytics and through A/B testing, and partly through telephone interviews and studies using eye-tracking technology Crazy Egg.

"From the eye tracking that we did, we found that no one was clicking on the promotional banners but heading for the sub-category navigation," says Surridge. "We redesigned the page with that in mind." Analytical tools, including Google Analytics, Optimizely, and Treejack, were used to test hypotheses about what customers wanted to see over the course of their website journeys, with the results then being implemented.

One such test was around the use of the failed search page. (A key metric in the InternetRetailing research is around whether 'no results' searches come back with a blank page, or with other suggestions, reflecting the importance of offering alternatives.) "Originally," says Surridge, "you'd search for something and it didn't appear with alternatives but it used to show you the top 20 products or the top offers. I found that a bit odd when I joined. If someone did that in a shop and said, 'I'm after this particular product,' and the sales assistant said, 'We don't stock that but how about this completely random product,' it wouldn't work.

"I think sometimes in ecommerce we don't necessarily think about how customers would

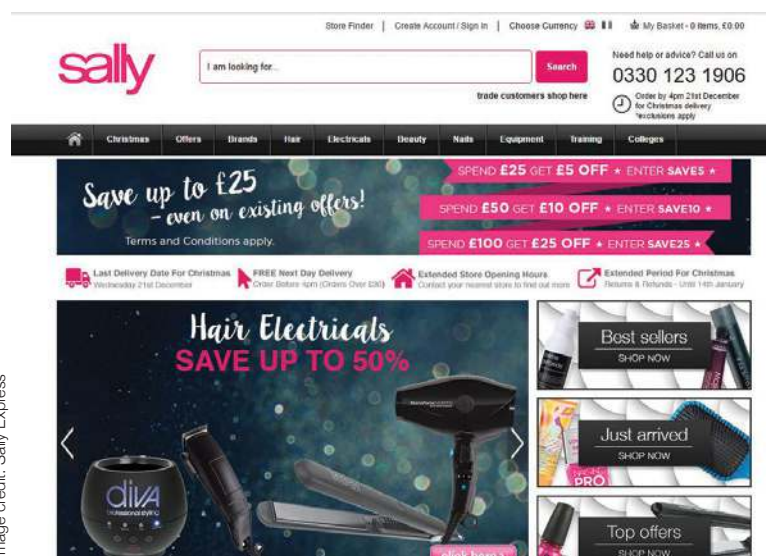


Image credit: Sally Express

behave in a store. We designed a different page, and I think it was a 45% increase in revenue that came out of that page." The new page encourages shoppers to take a different approach to the search, looking by brand or category, or rethinking the search altogether.

Working in partnership

Many of these customer-focused approaches to analysis, he says, were first put in by digital consultancy Good Growth, when it started the job of developing the ecommerce function. Now these approaches have become habit. "It's nice to see my team now using that on an ongoing basis on everything they do," says Surridge. He adds: "It is using that kind of customer insight, not being shy to game customers' ideas, and make sure that we're not overly confident that we know what we're doing – you can have all the best experience in the world but customers do some strange things every now and then."

InternetRetailing research found that Sally, which operates local currency sites both in the UK and in Eire, stood out for highly relevant use of autosuggest product search, while

For Sally, it pays to focus on offering clear product details

"I think sometimes in ecommerce we don't necessarily think about how customers would behave in a store"

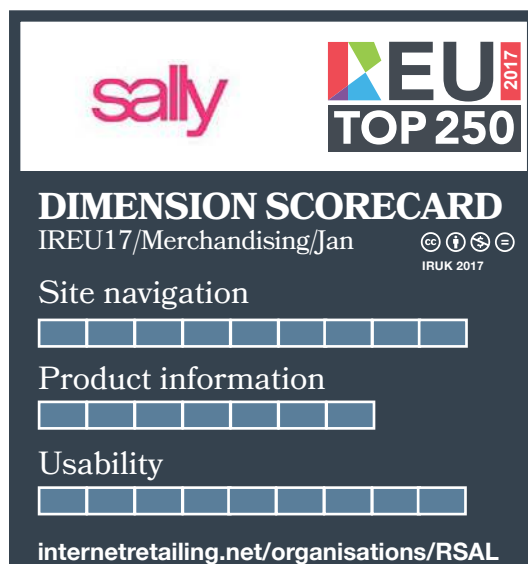
Richard Surridge,
Sally Beauty



navigational filters enabled customers to drill down by price, brand and product type. Ratings and reviews are clearly visible from the product page, and social media plug-ins including enable shoppers to share finds.

Surridge says it's been important to be driven by the data rather than the idea of making the site look attractive. "I haven't really touched the home page in terms of design," he says. "We found that maybe only 25% of customers go to the home page, so that would have been a vanity project and wouldn't necessarily have driven any sales. Most people are diving into category and navigation pages. We're focusing on where we can really make a difference."

That has also meant focusing on areas such as product information – technical details and quality are important for the hairdressers and interested amateurs that buy from the site. It's also meant making the checkout pages simpler, and removing distractions. Previously, says Surridge, there were too many different pages that shoppers could visit from the checkout page. Now, the site has been redesigned so that purchasers move through the checkout as quickly as possible to complete the sale. In addition, the number of checkout pages involved was reduced from two to one. "We did that from an analytical point of view," says Surridge, "asking where is the opportunity to increase conversion rate,



to reduce dropouts, and other individual steps – then we continually tested those pages. That worked quite well for us."

Site relaunch

There are more ideas to come once the website relaunched on Demandware – now Salesforce Commerce Cloud – next summer.

"There'll be an opportunity to start building from there," says Surridge, "with more content pages, creating a better opportunity to shop, and probably introducing a bit more personalisation as well. To a degree on our retail site, we have a database – [it's about] how we can link that in using something like the Emarsys marketing automation tool, how we can drive levels of content, or some of the email messages and service messages that go out post purchase."

Surridge thinks the new website will bring important changes, enabling sallyexpress.com to develop further, and with its merchandising honed around what the customer wants and how they want to shop.

"There are opportunities in the next 12 months," he says, "and hopefully we will see a paradigm shift with new website, with all the things I've been wanting to do for last 18 months finally coming to fruition." 🌈

Image credit: Sally Express



The Sally site is easy to navigate quickly

Amazon: helping customers choose

SHOPPERS BUYING FROM Amazon, whether from its UK, French, German, Spanish or Italian websites, have a range of millions of items from which to choose. Helping consumers narrow down that range is a challenge for the retailer, which combines search and precise navigational filters to help shoppers find the items they are looking for.

From the homepage of its Italian site, Amazon.it, for example, a first-time visitor can navigate via categories that include “my Amazon”, offers and gifts, with quick links to popular categories and banner advertising to categories such as women’s jeans.

A visitor who clicks on the “buoni regali” gift category, which features Amazon gift cards, can then narrow down their options using more than 30 navigational filters that range from “amore” (love), and “compleanno” (birthday) to recipient (child, family, man, woman and more), to price, delivery method and average star rating.

But the site really encourages a more search-focused approach to browsing the range. Its merchandising strategy helps to point visitors towards finding the most relevant item with a search of the whole site, or some 35 individual categories.

One way Amazon’s Italian site is localised is through a “Made in Italy” category. Visitors who search that category can browse a shop window of the country’s regions, learning more about what’s made in different areas of Italy through a series of area guides. Within the gourmet food sub-section, shoppers can use filters that include price, availability to ship abroad, seller, brand and star rating. Detailed product information is then clear from the individual product page, alongside shipping, tax and price information. Social media sharing, via email, Facebook, Twitter and Pinterest, is available from the product page and once a product has been bought.

How-to guides feature in categories on the site where purchase is likely to be less straightforward. Visitors can read a guide to buying coffee machines in the tea-making and coffee-making equipment category. Cross-selling and upselling are popular



Images credit: Amazon

merchandising techniques on the site, with alternative and complementary items appearing next to products on the details page and at the checkout.

These are techniques that are used across Amazon’s six EEA websites, which are also localised through the use of local languages, currency and payment options.

Allied with a use of highly informative merchandising and product information, these approaches help visitors from across the region to shop with Amazon. 🇮🇹

Amazon’s Italian site utilises region-specific merchandising techniques



Baby-Markt: explaining the range

GERMAN PUREPLAY BABY-MARKT'S merchandising task is to showcase and explain its range of more than 40,000 products to an audience that includes expectant and new parents who may not be familiar with what's on offer.

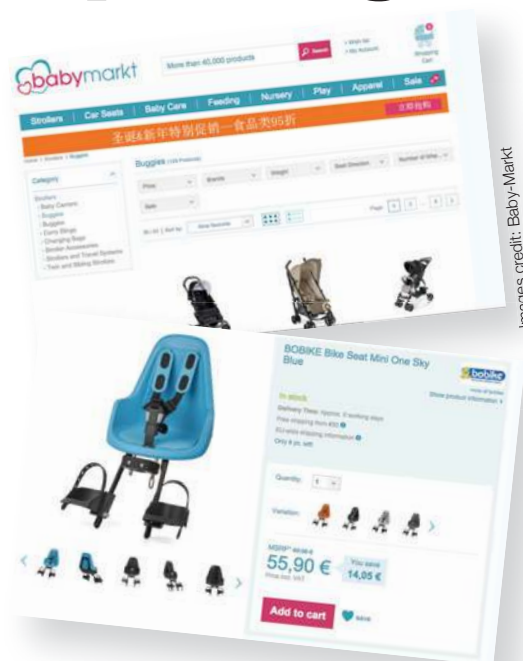
It does this through a navigation structure that focuses on the product function: key categories (on the English language baby-markt.com website) include strollers, car seats, feeding and play. Filters relevant to each main category then enable shoppers to narrow down their search still further. In the apparel section, users can search by age and size or by maternity wear, while the car seat category narrows down searches to seats that are for babies, booster seats and then by different weight ranges, as well as by bike seats. Within each sub-category there are further navigational filters, such as by brand, by weight and by whether it's in the sale.

Meanwhile, those shoppers who know precisely what they want can get straight to items via a search box that's located prominently on the homepage.

Once a shopper arrives at a product page, items are clearly illustrated through a range of images, with different colour alternatives clearly flagged. It's immediately clear from the page not only whether the item is in stock, but how many are available, and how quickly delivery can be made. Scrolling down, shoppers can then look in more detail at the product description, accessories that are available, as well as see service and shipping information. Price, including discounts, and payment methods are clearly marked.

The approach is consistent across all of its 12 websites in the European Economic Area, plus the baby-markt.com website, which features both the English language and strategic messages in Chinese characters. Some sites, such as the Dutch website (pinkorblue.nl) feature a local language blog.

InternetRetailing researchers judged that the site, which sees most of its traffic from the German and Austrian markets, scored consistently across all metrics. It stood out for its use of promotions, detailed product

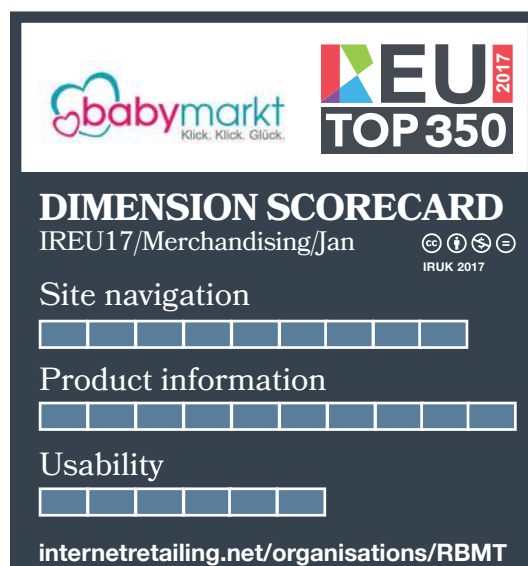


Images credit: Baby-Markt

Baby-Markt gives clear information about its products, which are quick to locate on the site through search

information, and for the use of cross-selling and upselling recommendations – both from the product page and once the shopper reached the checkout.

Overall, Baby-Markt rises to the challenge of enabling parents to identify and find the items that will be most useful to them in a clear and easy manner. It also makes it easy for users from other countries in the EEA, plus Switzerland, to buy from a site that's localised to their needs. 🇪🇺



12 approaches that work

Merchandising is all about encouraging the sale of products. In the real world, it can include visual displays, product assortment and availability, and promotional activity – anything that will encourage shoppers to buy. Online the same rules apply, to which we can also add such factors as ease of checkout, product reviews, effective search and social media, writes **Penelope Ody**

1 Highlight bestsellers

Only 7% of IREU Top500 sites use bestseller ribbons (flash strips across the corner of product photographs declaring the item to be a top seller), and the practice is most widespread among Austrian, German and Lithuanian websites. Even here, however, many prefer to highlight top sellers either in pulldown menus, as with German furnishings specialist XXXL (xxxlshop.de), or signal the most popular (Beliebtteste) when ordering search options as with Austrian cosmetics company, MeinDM. Another Austrian site, Weitbild, offering books, music and household goods, runs a stream of bestsellers on its website that changes each day.

Many of the IREU Top100 retailers, similarly put bestsellers on home pages: American Golf singles out bestselling golf balls and bags, while Polish site Empik has a home page column giving the top 10 “bestsellery” for each of the product categories that it sells. Click through and you reach listings of the top 100 sellers.

In an age when shoppers are often more concerned with keeping up to date with their peer group’s purchases than choosing something different for themselves, highlighting bestsellers is clearly an easy way to engage customers. Providing a top 100 seems a little excessive – especially if it involves searching through 10 pages of 10 items each. At peak times of the year, as in the run-up to Christmas, providing a daily list of “Unsere aktuellen Bestseller” (current bestsellers) may help sales.

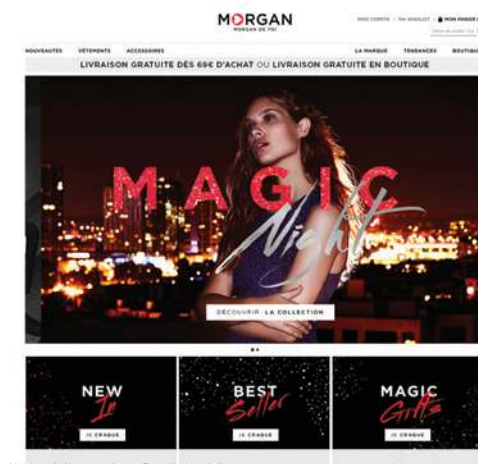
2 Filter search

Allowing shoppers to filter search by brand, product type, size, price or other relevant parameters can help make the process quick, easy and accurate as possible. Around two-thirds of the IREU Top500 offer some sort of filtering, most usually by product type. Clothing and sportswear retailers tend to be the most specific. Dutch retailer Aktiesports.nl offers filter choices by brand, style detail (fit, neck finish, leg length, etc, depending on garment), material, colour and price; French fashion retailer Camaïeu, like many other clothing sites, offers a broad-brush selection of lines in pulldown menus, with further filtration by size, colour, price and style sub-category; while German clothing site, Zalando, adds filters by occasion, pattern, discounts available, newness of product (“last month”, “last week”, “this week”) and season. Its approach may be a trifle excessive: selecting “business” for underwear, for example, produces some formidable navy blue items.

Consumer electronics companies also provide plenty of options. Search by brand on the Meletronics site, part of Switzerland’s Migros co-operative group, and users are given a choice of product categories for that label as well as direct links to the most popular lines currently being sold. Italy’s Media World – like Media Markt a subsidiary of the German Metro group – adds “availability” (“now”, “in three days”, “in six days”, “not available”) as well as the ability to specify particular relevant technical characteristics – such as memory size.

Striking the right balance between too many filtration factors and too few can be tricky. That’s especially true when clicking more than two or three options results in an extremely limited selection of products.

morgandetoif.fr is a French language site but its “ma wishlist” feature on the homepage is understood across borders



3 Consider a wishlist

Wishlists are popular with some customers – especially in the run-up to Christmas, and particularly if they can be accessed by those likely to take note and purchase a relevant gift. Making it obvious that saving items to a wishlist is possible also helps. Sites such as La Redoute, Littlewoods and Decathlon all feature the ubiquitous heart with “wishlist” label among the top right-hand icons on their web pages.

Most wishlists require an account ID to log in and access, but French fashion site Morgan de toi allows access to the wishlist from Facebook, which suggests that “friends” may be enabled to access an individual’s “wants” when hunting for suitable presents.

At Bol.com, it's possible to see not just a product's average star rating, but how many reviewers have given a product five stars or four stars, and so on

4 Product reviews and ratings

More than half the UK retailers in the IREU Top500 study use product reviews, although they are far less common in parts of southern Europe. Amazon is, perhaps, the greatest exponent of reviews with items generating hundreds or even thousands of them. A quick scan through a few items on the site reveals that one particular type of tablet computer has more than 21,000 reviews – one wonders how many are likely ever to be read (or how many are generated by the company offering the device...). Significantly, it is quite difficult to find products with persistently bad reviews, which may suggest (a) that disliked products are rapidly delisted, (b) bad reviews are edited from the site or (c) most consumers only want to say good things about their purchases.

Product ratings are also popular, with around 40% of IREU Top500 retailers providing them. Some just give an average star rating based on a variable numbers of reviews but most, including Amazon and Bol.com, provide a breakdown so that it is possible to see the precise number of stars awarded by reviewers. At Amazon, star rating is also a search parameter.

Many shoppers admit to being guided by reviews and product ratings when it comes to selecting items, but retaining a reasonable number of balanced opinions rather than presenting a customer with several thousand eulogies may be best.



Image credit: bol.com

5 Offer a sensible alternative

Not everything a customer searches for may be available on a particular site so offering an alternative suggestion, as a sales assistant may do in a real-world store, is another aspect of merchandising.

Some 35% of IREU Top500 companies adopted this approach, although sometimes their suggestions can be a trifle wide of the mark. Search for “vetiver” – a relaxing essential oil used in cosmetics and aromatherapy – on The Body Shop site and see that there are zero results “but we found four results for reviver”. Try “diapers” at Boohoo and you are told that your term has been “corrected to zippers” and there are two results (one of them a “Hallowe’en vampire zipper face make-up kit”). In contrast, look for Harry Potter at Disney Store, and Mickey Mouse points out: “Sorry, the character you searched is not part of the Disney Family,” and provides a catalogue of those that are.

Obviously search engines do not have an endless vocabulary, but occasionally “Sorry we don’t sell those” and a list of bestsellers or popular items that you do provide can be more appropriate than second-guessing that the search term has simply been misspelt.

6 Don’t forget to keep up appearances

In peak periods, such as Black Friday, Cyber Monday and the run-up to Christmas, it is hardly surprising that many websites end up looking like the catalogue of a bargain-basement retailer. All too often, the need to maintain brand image seems to have been entirely forgotten among the shouty headlines declaring “up to 50% off” or “offer ends at midnight”, accompanied by endless postage-stamp size images of assorted merchandise. Boohoo at least made an effort by incorporating fashion imagery into its Cyber Monday clickthroughs – even if they took up its entire home page. Danish furniture retailer, JYSK, may have declared 25% off in a dominating banner on Cyber Monday, but scroll down the page and there were the usual stylish room set images to click through to relevant products.

While most preferred to stick with standard seasonal nomenclature, Marks & Spencer opted to call the annual cut-price occasion “Mrs Claus’ gifting weekend”, which enabled a more stylish home page than those dominated by black banners or discount declarations in massive type. The web is a visual medium and, just because there are bargains on offer, there is no need to forget the basic retail tenet of creating an attractive display.

On Black Friday, Boohoo ensured it kept fashion imagery on its homepage

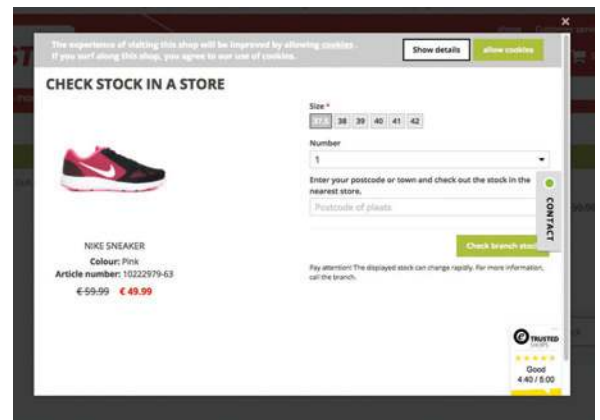


Image credit: Boohoo

7 Provide good product information

Whether shoppers buy online or in a store, many will do plenty of internet research beforehand. Not only will good product information ensure customers know what they're buying and help reduce returns, but it can also improve their total experience – which is what good merchandising is all about. German specialist Baby-Markt is a good example, with highly detailed product specifications given for everything from car seats to bath toys.

Fashion retailer Boohoo has a box on each product page offering pull-down information on styling, product specification and care, delivery options and returns. Dutch clothing retailer Bristol has a similar neat box on each product page giving a full description of the item, maintenance tips, and delivery and return details. There is also a click through to check branch stock with a pop-up window allowing shoppers to specify size, colour and preferred branch for an immediate update on availability – just the sort of added extra that can encourage customers to call in at the high street rather than opting for home delivery with its higher cost to serve.



Dutch retailer Bristol makes it easy to see which stores have specific products in stock

Image credit: Bristol

8 Make payment as easy as possible

Too many pages to click through or a need for complex registration in order to reach the checkout can become significant deterrents to completing a sale. In total, 295 of the IREU Top500 retailers required shoppers to register before checkout. Others, such as American Golf, also allow customers to checkout as a guest. While enforcing registration can help with future marketing and targeted promotions, it can be both irritating and unnecessary – especially when shopping for gifts at sites that a customer is unlikely to visit again.

On average, the IREU Top500 retailers manage checkout in 3.1 pages. In many geographies, the average is below three, suggesting that a number of sites in that market manage checkout in two pages. If a retailer's site takes more than three pages, the company should probably redesign the checkout to meet customer expectations.

9 Recommend similar products...

In all, 71% (356) of the IREU500 retailers make recommendations of similar products during the purchasing process. Generally, these really are very similar items but in alternative colours or styles or at different price points. Dutch clothing retailer Bristol sticks to similar items: look at one anorak and the product page will include thumbnails of half-a-dozen more. In general, the similar products are higher priced – although not always. Boohoo is one where offering cheaper alternatives also occurs. Offering similar products at a higher price may encourage some shoppers to trade up. While providing cheaper alternatives might just encourage an additional purchase of something similar, it may also persuade a shopper to trade down to a less expensive item.

10 Match style to expectation

In the real world, visual merchandising is often key to success. Window displays attract interest and customers; and product positioning – even as basic as ragu sauce next to pasta – can encourage linked sales. Online, many sites appear to forget this essential aspect of retailing, leaving assorted product images to jostle for space on pages cluttered with promotional banners. That is no doubt fine if the site is promoting purely on price, but if the retailer aspires to offer an exciting and rewarding customer experience, shoppers may be disappointed.

Czech electrical goods retailer Alza focuses on price deals and its homepage shouts this out loud and clear, but without seeming too cluttered. Camaïeu offers “all year round low prices” and its homepage has a distinct value image. El Corte Inglés manages to convey the design image associated with its Madrid flagship store, while even on Black Friday Asos still gave an impression of style and excitement while declaring “20% off everything”.

On Black Friday, Asos generated excitement with a prominently displayed money-off promotion, but did so without sacrificing brand values



Image credit: Asos

11 Share with friends

While real-world stores experiment with “magic mirrors” that allow shoppers to beam images of themselves in a new outfit to friends or family, sharing purchases – planned or confirmed – is far easier online. Amazon, for example, invites customers to tell a friend what they’ve just bought after every purchase. Many fashion sites allow shoppers to post images of themselves wearing purchases on Instagram, while DIY sites, such as Leroy Merlin, encourage shoppers to interact via a number of forums focused on such topics as decorating or plumbing. At Littlewoods, customers can check on the popularity of any item with details of how many people have bought a particular products in the last 48 hours displayed at the checkout. Customers can also use social media to share news of their purchases.

12 ... or something different?

Offering similar products is one approach, but many retailers in the IREU Top500 also suggest add-on lines, such as shoe polish with shoes, or else follow Amazon by highlighting the additional products bought by those who also purchased the item being considered. German retailer Baby-Markt adopts the last two strategies, showing thumbnail images of related products as well as those in the “also bought” category.

Dutch clothing retailer, Miss Etam, offers an odd mix of alternatives as well as add-on items. Look at a dress, for example, and users may also be shown images of a cardigan, coat, vest or another dress to complement a choice. German furniture and household goods retailer XXXL is another that shows a string of products that also attracted “customers that have interest in this article”. Those interests can be eclectic and the selection changes if users return to the page later: looking at a fish frying pan, for example, produced three other pans plus a baby car seat. Returning to the page a few minutes later, the add-ons had changed to two pans, a cake tin and a box of Christmas decorations. 🇩🇪

Make it personal

Online, shoppers are enjoying personalised customer experiences. However, the situation when it comes to stores is much patchier. **Chloe Rigby** talks to Rupal Karia of Fujitsu about how that might change in future



PERSONALISED CUSTOMER EXPERIENCES are now commonplace – online. In the store, it's not so straightforward. But retailers that recognise their most valuable

visitors in the store just as they do online could offer extra-special service that boosts revenues, argues Rupal Karia, managing director of retail and hospitality, UK and Ireland, at Fujitsu.

The technology company has developed ways of taking the personal approach that now work well from online to the store, and Karia says this could make a valuable difference to the customer experience. “High net worth customers are worth a lot to department stores,” he says. “But when I walk into a store as a high net worth customer, I still have to walk over to a special area before I get any special treatment. Using normal camera technology, you pretty much know when an individual has walked into the store. Why wouldn't we now get someone to greet them when they walk in? That person who goes over could have all the data available to them, whether it's on a tablet or Google Glass, or whatever you want.”

The online experience

When shoppers visit a Top500 European website, it's likely they'll be recognised. Where customers have the option of registering on the site, and opting in to share their data, they'll be greeted by name when they start a shopping visit. They'll be able to choose from purchases that are recommended to them, based on their buying history, or that they have previously saved to a wishlist. Once they've selected products they'll be able to checkout using previously saved delivery and payment details.



Image credit: Fujitsu

InternetRetailing research shows that 85% of Top500 IREU websites recommend products to shoppers, while 55% enable shoppers to save products to a wishlist. Three-quarters (75%) offer shoppers the option of registering before they buy a product. “When you go to the Amazon store, or any big website, when you log on they know a huge amount about you,” says Karia. “They remember what you bought a year ago and what you might like to buy now. In the store, you're the same person.” ▶

Fujitsu showcased its latest in-store technology at its Forum 2016 event

In-store analytics

Technologies are already available, says Karia, that could bring some of the personalisation that works well online to the store. In some ways, he says, it's a return to the service offered by the local shop where traders know the people who visit. "My parents used to run small shops," he says. "They knew the customers by name and would even know what they were going to buy to the extent that they'd get stock in for the day of the week they would visit. I think the world is going to go back to that and start personalising it – but this time using technology.

"Retailers can know who you are, thanks to facial recognition or the fact that you have downloaded their app, and have all this information about you, even though they've never met you."

Fujitsu's answer to how this might happen lies in its Retail Engagement Analytics solution, launched at NRF last year. It takes inputs from a range of different technologies in order to understand how people move around stores. Data sources, such as the wi-fi signal from an individual's smartphone, signals from television screens, facial

recognition, and information from a retailer's own app, can all be used to understand how both an individual customer would like to be treated, and how customers as a group might use the store.

Personalising the store

Retailers that recognise customers can bring the items they have ordered to them when they enter the store. They can also bring products that those customers browsed, in order to enable them to have a better look. Department stores, says Karia, have personal shoppers who inspire such loyalty in customers that customers follow them when they move to work for a competitor. But the information those personal shoppers hold could be stored online, so that even if one individual was not available to serve a valuable customer, another could find out about that customer from data in order to offer high service levels.

In one fashion store-based pilot, says Karia, the store manager knew where to deploy staff as a result of these in-store analytics, boosting service at the same time. When point-of-sale data is linked in as well, retailers can see how many people walked into the store at a given time, as well as the average transaction, showing hotspots and profitable times of day. Once demographic information is also included then, "At the most detailed level," says Karia, "you can say that at this time of day we have lots of mothers and children in store, and change the digital signage to have coupons and ads linked to that demographic. You could change the music and lighting in store and then change the way you treat the consumer." At another time of day, workers on their way home might prefer to see fast food, or wine. "You can customise a store five minutes away from another store in a totally



Image credit: Fujitsu

Above and opposite page:
Fujitsu has new ideas for
bringing digital technology
and personalisation to
retail stores



Image credit: Fujitsu

different way depending on the feeds into the analytics,” says Karia. “That’s how we see it going. We don’t see anyone doing it yet, but we see the components.”

So why isn’t all this being done more widely? “The challenge is how do you make that not feel creepy but do that in such a nice soft way so becomes much more about being a lovely sales orientated person, rather than someone who can tell you about the product,” says Karia. That’s important, he adds, since the facts around a product are now available online. “I feel it’s much more about softer skills, how you use your personality, your rapport with someone as they walk in to encourage them to buy more. That’s what I mean about personalisation. At the moment nothing is personal.”

Security, however, is also an important issue and one, says Karia, that clients often raise. “The challenge with security is it’s quite a big investment to make yourself feel secure

but you don’t see any return on that,” he says. “If you get it wrong and haven’t put the right measures in place, your brand can be destroyed in 24 hours, pretty much.”

Given the cost of security and the concerns about creepiness, is this something that’s ultimately going to be profitable to do?

Karia says that it will remain important for retailers to differentiate themselves from the competition in a world where many products are fairly similar, and he argues that in-store personalisation will be an important part of that. “The only differentiators are the customer experience – or, online, the supply chain and software.

“The software is being invested in hugely already, and personalisation is hugely available online but not yet in-store.” But ultimately, he says, the question is: “Can you survive without investing in these areas?” 🌈

Room for improvement?

Polina Modenova investigates the relationship between mobile apps and website merchandising

IS MERCHANDISING HOLDING European shoppers back from buying via mobile? Are apps not yet good enough at showing them the products they want to buy? How could retailers improve mobile apps in order to boost sales via mobile?

These are some of the questions we aimed to answer in new research that contrasts forecasts for the growth of mobile commerce with the functionality that is currently available from IREU Top500 retailers.

Understanding the context

Figures from Ecommerce Europe suggest that ecommerce generated revenues of €445.3bn (£373.93bn) in 2015. Around 60% of those sales were transacted with traders in the UK, France and Germany.

At the same time, mobile commerce accounted for \$45bn (£37.78bn). A 2017 Mobile Shopping Focus report from Salesforce Commerce Cloud found that 25% of orders were taken via smartphones in 2016. Mobile commerce will, according to a BI Intelligence report, triple in value by 2020. At the moment, though, it seems likely that figure is being held back by the fact that mobile converts at a lower rate than desktop.

The role of merchandising

As yet, mobile – and the smartphone in particular – is still used to browse rather than to buy. In part, that's likely to be down to the relative lack of ease in checking out online. But could effective use of merchandising help to boost sales by making it easier for shoppers to find relevant products that they would be more likely to buy? Once they've found those products, could an improved mobile checkout help shoppers to buy more quickly? Currently, the Salesforce report found, 52% of checkouts on mobile are completed. That's 11% below the average on all devices, and fell by 1.5% over the previous year.

We focused in our research on the three biggest ecommerce markets of the UK, France and Germany, and we analysed retailers' mobile merchandising performance in these markets. To do that, we measured the proportion of retailers that offered Android and/or iOS mobile apps, looking in more detail at the functionality that iOS apps offered in those markets.


We found that about half (55%) of all IREU Top500 retailers offered mobile apps. The rate of take-up was higher in the three countries, the UK, France and Germany, that are the focus of this research. Overall, more than three-quarters (76%) of Top500 retailers trade online in these markets. Most (85%) retailers that trade in these markets had a mobile app. All of those that had an app had an iOS app, while 82% of those with an iOS app also had an Android app.

Contrasting performance

We contrasted the functionality that retailers trading in these markets offered via desktop websites with that of their mobile apps.

We found that 58% of retailers offered customer ratings via desktop websites, while 28% offered the same functionality on mobile apps. Some 58% of retailers offered customer reviews, compared to 27% on the mobile app. More than a third (37%) offered the ability to Like a product on desktop sites, while 2% offered this on apps. More than two-thirds (68%) offered the ability to share an item with friends on websites, while 43% offered of retailers this on apps.

Overall, it seems retailers made it harder for customers to interact with social media and to share opinions through mobile app reviews than via websites.

Retailers also illustrated products better on websites than on apps. Some 85% of retailers showed more than one product image on desktop sites, while just over half (51%) did so on apps. The ability to save products for later was also more widely available on websites, offered by 56% of retailers, than on mobile apps (50%). 

Market findings

The United Kingdom

Customer reviews and rating in the UK were available on, respectively, 70% and 67% of websites, compared to 34% of retailers offering the feature on mobile apps. Wishlists were available for 61% of retailers' websites in the UK, compared to 52% on mobile apps.

UK retailers offered the highest number of websites with ratings and reviews, while German retailers offered substantially fewer customer reviews and ratings on websites, compared to UK retailers.

Germany

Customer ratings and reviews were available for 49% of the retail websites and 25% of mobile apps. Availability to Like a

product was available on 23% of websites and on 3% of apps. Shoppers could share items on 60% of websites, compared to 41% of apps. Almost two-thirds (65%) of German websites offered wishlists, compared to 55% of apps.

France

Customer reviews and rating in France were available on 47% of websites, compared to nearly 20% on mobile apps. Availability to Like a product was available on 36% of websites, compared to 1% of apps. Sharing items was available on 62% of websites, and on 41% of apps. Almost half (47%) of French retail websites offered wishlists, compared to 40% of apps.

Merchandising techniques

Direct-selling brands' selling behaviour on their websites and their performance compared to all IREU Top500 retailers

	Brands' Average	All IREU Top500 Difference
Filter search by product type	91%	↑
Product recommendations based on browsing history	86%	↑
Dropdown suggestions when typing	76%	↑
Registration required before checkout	71%	↓
Social media share buttons	68%	↑
Filter search by price	66%	↓
Save product for later (ie wishlist)	56%	↑
Written product reviews	47%	↓
Star-rating reviews	45%	↓
Upsell at checkout	19%	↓
Bestseller ribbon on product page	6%	↓

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Conclusion

MERCHANDISERS WORKING TO expand retail businesses beyond their domestic European markets have an important job to do to explain and sell their ranges of products to a new audience. These new visitors may be used to different approaches to illustrating and explaining products. They may rely on certain tools, from social sharing of a product to reading or writing a review, to aid their decision-making process.

Meeting those expectations is important for retailers: put simply, these may well be the tools that encourage new visitors to buy. When these new approaches are combined with the existing approaches that retailers employ to great effect in their own domestic markets, expansion becomes not only a means of garnering new sales but a highly effective catalyst for positive change. By bringing together what works in different countries, each retailer can potentially improve their approaches in all their markets. As more retailers do so, we may well find that we move towards a more common standard of European merchandising.

This IREU Top500 Merchandising Performance Dimension Report focuses on the work of those that are currently at the forefront across the region, pointing to effective practices and case study examples of approaches that really work. It also highlights practices that are more widely used – and perhaps therefore expected by consumers – in different parts of the large European Economic Area.

This Dimension Report exists not only to draw attention to the best. It's also a tool that all traders can use to benchmark their own work and take from it merchandising strategies that will work in the new markets that they are targeting.

We'll be continuing this research into European merchandising performance in the future. It's likely that the metrics we use to judge performance will change as customer expectations and competition between traders trigger new approaches. We'll continue to adjust our research approach as we do so – and we look forward to the task of understanding and communicating the development of this key retail discipline over the years to come. 



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