IRUK TOP 500

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INTERNETRETAILING 2018 TOP500 REPORT

This fourth annual edition of our research assesses leading UK ecommerce and multichannel retailers from a unique performance-based perspective

INSIDE

- Top500 UK multichannel retailers
- How Elite and Leading retailers stand out
- The next generation: the traders that are bubbling under
- Analysis and insight of winning strategies

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INTRODUCTION

HELLO AND WELCOME to the InternetRetailing UK Top500 2018 report. This fourth annual edition of our research assesses leading UK ecommerce and multichannel retailers from a unique performance-based perspective.

It stands apart because it goes beyond a ranking based simply on retailers' revenues, store networks or web traffic to focus instead on their work across our six Performance Dimensions – Strategy & Innovation, The Customer, Merchandising, Brand Engagement, Operations & Logistics, and Mobile & Cross-channel. By doing so, we aim to analyse not only which retailers are excelling in the highly competitive retail environment of 2018 but also how they are doing so, by asking what are the approaches that work.

We look at emerging technologies, watching to see where and how they are adopted. We also look at those approaches that retailers are now starting to leave behind as their businesses mature and change. Our aim is to understand what it is that leading retailers do that works for their businesses, and how others can learn from this in order to boost their own businesses for the future.

We believe that our research offers practical and useful insights into the best practice of what we term 'RetailCraft'. This report is a tool for retailers who are eager to learn from the best. We are sure you will find it useful.

Ian Jindal,
Editor-In-Chief

Our research covered seven Performance Dimensions (see page 25 for more details):

0. FOOTPRINT: UK retail turnover, ecommerce turnover, web reach and store estate of retail businesses give the 'heft' and a preliminary rank. We then modify and weight that analysis through consideration of the following Dimensions:
1. STRATEGY & INNOVATION: the extent to which the retailer is adapting for growth, international commerce and customer responsiveness
2. THE CUSTOMER: measuring the experience from the customer's point of view
3. OPERATIONS & LOGISTICS: delivery, returns, collections
4. MERCHANDISING: displaying and describing
5. BRAND ENGAGEMENT: making their brands familiar to the customer and connecting with them
6. MOBILE & CROSS-CHANNEL: beyond single ecommerce or store channels

PERFORMANCE CLUSTERS

We've ranked the UK Top500 in statistically similar groups. Elite retailers have performed at an exceptional level across all Dimensions, statistically separate from the subsequent clusters. In 2018 they are Amazon, Argos, Boots, Marks & Spencer, Screwfix and Tesco. Our congratulations to new entrants Argos and Screwfix and to Amazon, Boots, Marks & Spencer and Tesco for retaining their positions. Together with Leading retailers, these retailers, combining both size and capability, represent the leading edge of UK multichannel retail.

Top50 retailers bring us to the 50-retailer point and represent the current standard of UK best practice in ecommerce and multichannel retailing, exemplifying RetailCraft at its best.

Between the Top100 and the Top500, retailers are grouped in a way that expresses their measured performance in a way that goes beyond their variation in size, reach and turnover. Throughout 2018, we will be continuing our testing and measurement of the whole group, with our findings contributing to the 2019 ranking.

JUDGEMENT

Our current system started with the IRUK Top500 in 2015. Since then, research methods and metrics have developed steadily. The criteria regarded as cutting edge this year will necessarily differ from those of last year, since many one-time innovations have now moved firmly mainstream.

KNOWLEDGE PARTNERS

We could not have done this research without the generous advice and practical help of our Knowledge Partners. We thank Brand View for sharing data on the Top500's price strategies and the information they provide on product pages; BuiltWith for tracking the Top500's websites and providing information on the software used, such as ecommerce platform and payment methods; and Edited for measuring apparel retailers' product sell-through rates, as well as discounting strategies and stock turnover. Thanks to Geoblink for its dataset on the location of physical stores and the demographics of people who live nearby; Hitwise for sharing data on website interaction and the demographics of visitors; and NCC Group for measuring the performance and load times of Top500 websites on mobile and desktop browsers.

> “Elite and Leading retailers, combining both size and capability, represent the leading edge of UK multichannel retailing”

We are also grateful to Poq, for researching the features and capabilities of the Top500's mobile apps; to Return Path for measuring the email interaction that retailers enjoy, including how often they send emails, and open, deletion and marked-as-spam rates of those campaigns; and to SimilarWeb for sharing data on the visits and interaction that Top500 websites receive. We thank them all for their knowledge, hard work and generosity in approaching this project and look forward to sharing more of their findings over the coming year.

ELITE RETAILERS

Congratulations once more to the InternetRetailing Elite retailers for 2017: Amazon, Argos, Boots, Marks & Spencer, Screwfix and Tesco.

Ian Jindal, editor-in-chief, InternetRetailing

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MEET THE TEAM...

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THE IRUK500

THE ELITE OF 2018: AMAZON, ARGOS, BOOTS, MARKS & SPENCER, SCREWFIX, TESCO

InternetRetailing congratulates all the members of the Top500 in 2018 as leaders in UK multichannel and ecommerce retailing.

This list was put together by an assessment of retailers' size and performance. For more detail on the research parameters, see page 25.

Amazon	Elite
Argos	Elite
Boots	Elite
Marks & Spencer	Elite
Screwfix	Elite
Tesco	Elite
Asda	Leading
B&Q	Leading
Currys PC World	Leading
Debenhams	Leading
Dunelm	Leading
Halfords	Leading
Holland & Barrett	Leading
House of Fraser	Leading
John Lewis	Leading
Morrisons	Leading
New Look	Leading
Next	Leading
Oasis	Leading
Sainsbury's	Leading
Schuh	Leading
Superdrug	Leading
Toys Я Us	Leading
Waterstones	Leading
Wickes	Leading
Ao.com	Top_050
Apple	Top_050
Asos	Top_050
Carphone Warehouse	Top_050
Clarks	Top_050
Dorothy Perkins	Top_050
Dune London	Top_050
Evans Cycles	Top_050
Game	Top_050
GO Outdoors	Top_050
H&M	Top_050
Homebase	Top_050
Hotel Chocolat	Top_050
JD Sports	Top_050
Littlewoods	Top_050
Maplin Electronics	Top_050
Mothercare	Top_050
Ocado	Top_050
The Perfume Shop	Top_050
Simply Be	Top_050
Smyths	Top_050
Superdry	Top_050
Topshop	Top_050
Waitrose	Top_050
Wilko	Top_050

Accessorize	Top_100
American Golf	Top_100
Ann Summers	Top_100
Axminster	Top_100
Blue Inc	Top_100
Chain Reaction Cycles	Top_100
Claire's	Top_100
Cotton Traders	Top_100
Early Learning Centre	Top_100
eBay	Top_100
Ellis Brigham	Top_100
The Entertainer	Top_100
Estée Lauder	Top_100
Footasylum	Top_100
The Fragrance Shop	Top_100
Goldsmiths	Top_100
H.Samuel	Top_100
Jacamo	Top_100
JD Williams	Top_100
Kaleidoscope	Top_100
Laura Ashley	Top_100
M&Co	Top_100
MAC Cosmetics	Top_100
Mamas & Papas	Top_100
Matalan	Top_100
Millets	Top_100
Miss Selfridge	Top_100
Missguided	Top_100
Moss Bros.	Top_100
Nisbets	Top_100
Office	Top_100
Pets at Home	Top_100
Post Office Shop	Top_100
Richer Sounds	Top_100
Selfridges	Top_100
Shoe Zone	Top_100
size?	Top_100
SportsDirect.com	Top_100
TK Maxx	Top_100
Toolstation	Top_100
Topman	Top_100
Topps Tiles	Top_100
Uniqlo	Top_100
Urban Outfitters	Top_100
Very	Top_100
White Stuff	Top_100
Whittard of Chelsea	Top_100
WHSmith	Top_100
Wiggle	Top_100
Yours Clothing	Top_100

Andertons Music	Top_150
AppliancesDirect	Top_150
Bathstore	Top_150
Blacks	Top_150
Bonmarché	Top_150
Boux Avenue	Top_150
Cath Kidston	Top_150
Crew Clothing Company	Top_150
Decathlon	Top_150
Ebuyer.com	Top_150
Euro Car Parts	Top_150
Evans	Top_150
Fat Face	Top_150
Fragrance Direct	Top_150
Freemans.com	Top_150
Getthelabel.com	Top_150
Grattan	Top_150
Hobbs London	Top_150
Hobbycraft	Top_150
Home Bargains	Top_150
Hughes Electrical	Top_150
Jack Wills	Top_150
Jigsaw	Top_150
JoJo Maman Bébé	Top_150
Joules	Top_150
Karen Millen	Top_150
L'Occitane	Top_150
Laithwaite's	Top_150
Lakeland	Top_150
Lloyds Pharmacy	Top_150
MajesticWine	Top_150
Monsoon	Top_150
Mountain Warehouse	Top_150
Nike	Top_150
Pavers	Top_150
Quiz	Top_150
Radley	Top_150
Reiss	Top_150
River Island	Top_150
Ryman	Top_150
Samsung	Top_150
Space.NK	Top_150
Specsavers	Top_150
Ugg	Top_150
Victorian Plumbing	Top_150
Wallis	Top_150
Wex Photographic	Top_150
The Works	Top_150
Zalando	Top_150
Zara	Top_150

Adidas	Top_250
Aldo	Top_250
Arco	Top_250
Aria Technology	Top_250
Beaverbrooks	Top_250
Bensons for Beds	Top_250
Blackwell's	Top_250
Boden	Top_250
The Body Shop	Top_250
Boohoo.com	Top_250
Burberry	Top_250
Burton	Top_250
Burton Menswear	Top_250
Cass Art	Top_250
Charles Clinkard	Top_250
Charles Tyrwhitt	Top_250
Clas Ohlson	Top_250
Coast	Top_250
Costco	Top_250
Cotswold Outdoor	Top_250
CycleSurgery	Top_250
Deichmann	Top_250
Disney Store	Top_250
Dr. Martens	Top_250
Dreams	Top_250
Ernest Jones	Top_250
F. Hinds	Top_250
Feelunique.com	Top_250
Fitness Superstore	Top_250
Foot Locker	Top_250
Foyles	Top_250
French Connection	Top_250
Furniture Village	Top_250
GAP	Top_250
Gear4music.com	Top_250
Guitarguitar	Top_250
Harrods	Top_250
Harvey Nichols	Top_250
Hollister	Top_250
HP	Top_250
Hugo Boss	Top_250
Iceland	Top_250
Ikea	Top_250
Interflora	Top_250
Jaeger	Top_250
Jessops	Top_250
Just Eat	Top_250
Kurt Geiger	Top_250
Lands' End	Top_250
LaptopsDirect	Top_250

Links of London	Top_250
Lipsy	Top_250
Long Tall Sally	Top_250
Louis Vuitton	Top_250
Lovehoney	Top_250
Lush	Top_250
Mango	Top_250
Marisota	Top_250
MenKind	Top_250
Microsoft	Top_250
Mint Velvet	Top_250
Molton Brown	Top_250
Mr Porter	Top_250
Net-A-Porter	Top_250
The North Face	Top_250
NotOnTheHighStreet.com	Top_250
Oliver Bonas	Top_250
Orvis	Top_250
Outdoor & Country	Top_250
Overclockers UK	Top_250
Pandora	Top_250
Paperchase	Top_250
Peacocks	Top_250
Phase Eight	Top_250
PrettyLittleThing	Top_250
Reebok	Top_250
Robert Dyas	Top_250
Rohan	Top_250
Route One	Top_250
RS Components	Top_250
Scan	Top_250
Skatehut.co.uk	Top_250
Snow+Rock	Top_250
SoleTrader	Top_250
Stella McCartney	Top_250
Surfdome	Top_250
Swarovski	Top_250
Sweaty Betty	Top_250
T.M. Lewin	Top_250
Ted Baker	Top_250
Thorntons	Top_250
USC	Top_250
Vans	Top_250
Victoria's Secret	Top_250
Warehouse	Top_250
Watch Shop	Top_250
Whistles	Top_250
The White Company	Top_250
Wynsors World of Shoes	Top_250
Yankee Candle	Top_250

Abercrombie & Fitch	Top_350
Agent Provocateur	Top_350
Aldi	Top_350
AllSaints	Top_350
Anthropologie	Top_350
Avon	Top_350
Banana Republic	Top_350
Barbour	Top_350
BonPrix	Top_350
The Book People	Top_350
Bose	Top_350
Bravissimo	Top_350
Calendar Club	Top_350
Card Factory	Top_350
CarpetRight	Top_350
Cloggs	Top_350
The Cotswold Company	Top_350
Countrywide	Top_350
Craghoppers	Top_350
Dell	Top_350
DFS	Top_350
Dobbies Garden Centres	Top_350
Dulux Decorator Centres	Top_350
EAST	Top_350
Ecco	Top_350
The Edinburgh Woollen Mill	Top_350
Esprit	Top_350
Everything5pounds.com	Top_350
Fashion World	Top_350
Figleaves.com	Top_350
Firebox	Top_350
Flannels	Top_350
Forbidden Planet	Top_350
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Fortnum & Mason	Top_350
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Gant	Top_350
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Kitbag.com	Top_350
L.K.Bennett	Top_350
La Redoute	Top_350
Leekes	Top_350
Lego	Top_350
Liberty	Top_350
Machine Mart	Top_350
MandM Direct	Top_350
MatchesFashion.com	Top_350
Max Spielmann	Top_350
Mobile Fun	Top_350
Mole Valley Farmers	Top_350
Monica Vinader	Top_350
Mulberry	Top_350
Musto	Top_350
Myprotein	Top_350
Naked Wines	Top_350
Nespresso	Top_350
Novatech	Top_350
The Outnet	Top_350
PartyCity	Top_350
Paul Smith	Top_350
Pretty Green	Top_350
Pull & Bear	Top_350
Puma	Top_350
QVC	Top_350
Ralph Lauren	Top_350
The Range	Top_350
Rapha	Top_350
Russell & Bromley	Top_350
Sally	Top_350
Skechers	Top_350
Slaters	Top_350
Staples	Top_350
Sunglass Hut	Top_350
Tessuti	Top_350
Thomas Pink	Top_350
Thomas Sabo	Top_350
Tiffany & Co.	Top_350
TJ Hughes	Top_350
Tommy Hilfiger	Top_350
Trainline	Top_350
Trespass	Top_350
Tripp	Top_350
Under Armour	Top_350
Viking	Top_350
Wayfair	Top_350
Abel & Cole	Top_500
Achica	Top_500
Acne Studios	Top_500
Adobe	Top_500
AliExpress	Top_500
Armani	Top_500
Asics	Top_500
Aspinal of London	Top_500
Asus	Top_500
ATS Euromaster	Top_500
Austin Reed	Top_500
Balenciaga	Top_500
Bang Good	Top_500
bareMinerals	Top_500
Barker & Stonehouse	Top_500
Belkin	Top_500
Berry Bros. & Rudd	Top_500
Bershka	Top_500
Bettys	Top_500
Billabong	Top_500
Bondara	Top_500
Build-A-Bear Workshop	Top_500
Calvin Klein	Top_500
Carhartt	Top_500
CeX	Top_500
Chaos Cards	Top_500
Christian Louboutin	Top_500
Clinique	Top_500
The Co-operative Electrical	Top_500
Converse	Top_500
COS	Top_500
Crabtree & Evelyn	Top_500
Cromwell	Top_500
Demon Tweeks	Top_500
Diesel	Top_500
Dior	Top_500
Dover Street Market	Top_500
Dunnes Stores	Top_500
END.	Top_500
Escapade	Top_500
Farfetch	Top_500
Farrow & Ball	Top_500
Fendi	Top_500
Field & Trek	Top_500
Fired Earth	Top_500
Fitbit	Top_500
FitFlop	Top_500
Footpatrol	Top_500
Fraser Hart	Top_500
funkypigeon.com	Top_500
G-Star Raw	Top_500
Gabor	Top_500
GAK	Top_500
Garmin	Top_500
GearBest	Top_500
Glasses Direct	Top_500
Google	Top_500
Graze	Top_500
GroWell	Top_500
Guess	Top_500
Habitat	Top_500
Hamleys	Top_500
Harveys	Top_500
Hattons	Top_500
Hawes & Curtis	Top_500
Hawkshead Country Wear	Top_500
The Idle Man	Top_500
ITS	Top_500
J Crew	Top_500
John Smith's	Top_500
Juno Records	Top_500
Kärcher	Top_500
Kenzo	Top_500
Lacoste	Top_500
Levi's	Top_500
LightInTheBox	Top_500
Lindex	Top_500
Loaf	Top_500
LookFantastic	Top_500
Lyle & Scott	Top_500
Made.com	Top_500
Mainline Menswear	Top_500
Massimo Dutti	Top_500
Mobile Phones Direct	Top_500
Monki	Top_500
Montblanc	Top_500
Moonpig	Top_500
Muji	Top_500
Muscle Food	Top_500
National Trust Shop	Top_500
Neptune	Top_500
New Balance	Top_500
Offspring	Top_500
OnePlus	Top_500
The Original Factory Shop	Top_500
Oysho	Top_500
Pepe Jeans London	Top_500
Photobox	Top_500
Planet Organic	Top_500
Playstation Store	Top_500
Plumbase	Top_500
Polarn O. Pyret	Top_500
Prada	Top_500
Printing.com	Top_500
RedBubble	Top_500
Regatta Outdoor Clothing	Top_500
Rich Tone Music	Top_500
Rokit	Top_500
Roman Originals	Top_500
The Royal Mint	Top_500
Samuel Windsor	Top_500
ScS	Top_500
Seasalt Cornwall	Top_500
SecretSales	Top_500
See Tickets	Top_500
Select	Top_500
Sevenoaks Sound and Vision	Top_500
Sneakersnstuff	Top_500
SportsBikeShop	Top_500
Steam	Top_500
Stradivarius	Top_500
Superga	Top_500
Swatch	Top_500
Tate Shop	Top_500
Thomann	Top_500
Timpson	Top_500
TomTom	Top_500
Toolstop	Top_500
Travis Perkins	Top_500
Tredz	Top_500
Triumph	Top_500
UK Ecig Store	Top_500
United Colors of Benetton	Top_500
Vape Club	Top_500
Versace	Top_500
Walls and Floors	Top_500
Warren James	Top_500
Watches of Switzerland	Top_500
Watchfinder	Top_500
Wedgwood	Top_500
Weekday	Top_500
WeirdFish	Top_500
Wish	Top_500
Wolf & Badger	Top_500
Woodhouse Clothing	Top_500
Wyevale Garden Centres	Top_500
YvesSaintLaurent	Top_500
Zavvi	Top_500
Zooplus	Top_500
& Other Stories	Top_500

LEADERS OF THE PACK

A place in the Elite and Leading groups of the IRUK Top500 marks out the retailers that demonstrate leading practice in a competitive market. We take a look at how these have changed in recent years

OVER THE FOUR YEARS that the IRUK Top500 index has been published, just nine companies have been named Elite retailers. These are the high-performance, high capability traders that are at the cutting edge of the ecommerce and multichannel industry in the highly competitive UK market. In total, 38 companies have appeared in the Leading group of retailers, which perhaps best exemplifies the 'leading practice' standard of UK RetailCraft. Here we take a look at how the two groups have been composed over that time, taking the four-year view in search of trends that may point to a longer-term direction of travel.

ELITE RETAILERS

Amazon is the only company that has consistently remained in the Elite group of IRUK Top500 retailers since the first edition of this research in 2015.

In this fourth year of publication, it's joined in the Elite by Argos, Boots, M&S, Screwfix and Tesco. None are new to the top rank though. Argos and Boots, for example, have been listed as an Elite retailer in three out of four years. This is also the second – and consecutive – year of inclusion for Tesco and Marks & Spencer.

In 2018, the Elite group is represented by six retailers trading in eight categories, from fashion to grocery and home, garden and DIY. Four have a number of 'departments' while three sell consumer electronics. Department stores have been relatively well-represented in the Elite group over the four years: in 2015 there were five such stores, falling to four in subsequent years. Each yearly group of Elite retailers has also featured three selling consumer electronics. Perhaps department stores and consumer electronics retailers are more likely to sell goods made by other businesses and must therefore work harder to compete.

LEADING RETAILERS

Some 39 companies have been named Leading retailers over the four years of the index, including 19 that are included this year. The larger representation has perhaps meant that those included have come from a broader range of categories, with grocers (4) well-represented alongside department stores (5), fashion and apparel retailers (4), health and cosmetics (3) and consumer electronics. Less well represented are retailers from the children's goods and digital goods categories, while footwear retailers are less well represented this year than in previous years.

> “What it means to be Elite changes every year, most notably in the Strategy & Innovation Performance Dimension”

Retailers that have not fallen below Leading in the last four years include Debenhams, Halfords, New Look, Tesco and John Lewis. The latter is this year named a Leading company after three years as an Elite retailer.

Martin Shaw, head of research, RetailX, said, "Part of this change and churn across both groups comes are a result of the continually evolving focus of this index on 'RetailCraft'. What it means to be Elite changes every year, most notably in the metrics considered in the Strategy and Innovation Performance Dimension. The change is also a reflection of the close-finish nature of this 'race'. Retailers who are contenders for Elite and Leading are all innovating to some extent and they're usually large companies that can afford to try out a lot of the newer technologies and practices sooner than others. You will notice, however, smaller companies that punch above their weight and rub shoulders with the others."

NEW AND BUBBLING UNDER

The membership of the UK Top500 changes from year to year. While new retailers enter the index each year, a larger – and up to now invisible – number are on the borderline between 'in' and 'out'. One year a retailer may be just in the Top500 while the next they may just miss out. Here we list the new members for 2018 that were not in the Top500 last year, shining a light on the larger list of 'bubbling under' British retailers that are close to featuring in the index.

NEW THIS YEAR:

Acne Studios
Adobe
AliExpress
Balenciaga
Bang Good
Billabong
Carhartt
CeX
Chaos Cards
Christian Louboutin
Clinique
Converse
The Cotswold
Company
Dior
Dover Street Market
Escapade
Fendi
Field & Trek
Footpatrol
Foyles
GearBest
GroWell
Hattons
The Idle Man
ITS
Leekes
Levi's
Lindex
Loaf
Monki
Muji
Muscle Food
Musto
National Trust Shop
Neptune
New Balance
Offspring
OnePlus
Oysho
Pepe Jeans London
Planet Organic
Playstation Store
Polarn O. Pyret
RedBubble
Rich Tone Music
Rokit
The Royal Mint
Samuel Windsor
Scan
Seasalt Cornwall
Skatehut.co.uk
Sneakersnstuff
SportsBikeShop
Steam
Stella McCartney
Stradivarius
Superga
Tessuti
Travis Perkins
Tredz
Triumph
UK Ecig Store
Under Armour
United Colors of Benetton
Vape Club
Versace
Walls and Floors
Watchfinder
Weekday
WeirdFish
Wish
Wolf & Badger
Woodhouse Clothing
YvesSaintLaurent

BUBBLING UNDER:

Ambrose Wilson
Angling Direct
Approved Food
Armani Exchange
Baker Ross
Berghaus
Better Bahtrooms
Blinds2Go
BookDepository.com
Bottega Veneta
Bradfords
Brandon Hire
British Home Store
Brora.co.uk
Browns Fashion
Bulk Powders
BullionByPost
Buyagift
The Cambridge
Satchel Company
Camper
CCL Computers
Cheap Monday
Chemist Direct
Clifford James
Corsair
Crazy Clearance
Crocs
Crocus
Cruise
Cult Beauty
Cult Pens
Damart
Dawsons
Denby
Dermalogica
Desigual
DJI
DronesDirect
Eglobal Central
Emma Bridgewater
eSpares
Euroffice
Euronics
Eventim
Fashion Eyewear
Feather & Black
Fetch
Fifty Plus
Find Me A Gift
Fiorelli
Fish Tec
Furniture123
Gamiss
Gemporia
GettingPersonal.co.uk
GolfOnline
Hawkin's Bazaar
Heinnie Haynes
HelloFresh
High & Mighty
Hornby
Hotline
Ideal World
In The Style
IWOOT
Jarrold
Joy
Just Last Season
JustFab
JYSK
La Perla
Leisure Lakes Bikes
Lenovo
Linzi
Liz Earle
LN-CC
Loewe
Logitech
Loveknitting.com
Mattel
Merlin Cycles
Military 1st
MissPap
Mobiles.co.uk
Moda in Pelle
Music Room
MyMemory
Nest
Nintendo
Nomad Travel
Notcutts
Oak Furniture Land
Oakley
Oddbins
Oponeo
Parrot
Patagonia
Patrol Base
PeruvianConnection
Peter Christian
Premier Man
Prezzybox
Primrose
Pro-Direct
Protyre
QD Stores
Ray-Ban
Razer
Reserved
Rowlands Pharmacy
Sarah Raven
Scotch & Soda
Scribbler
Séraphine
Shoeaholics
Skagen
Smythson
SockShop
Sofa.com
Sonos
SportsShoes.com
Ssense
Stanley Gibbons
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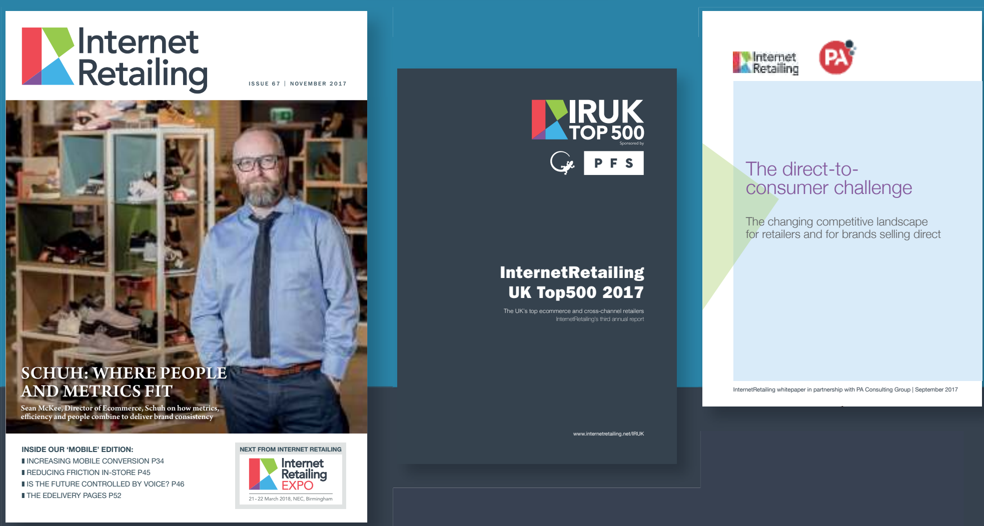

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CRAFTING POST-PURCHASE EXPERIENCES THAT INCREASE REVENUE AND CUSTOMER ENGAGEMENT

Saima Alibhai, managing principal consultant, EMEA at Oracle + Bronto, on the importance of post-purchase messages

MANY RETAILERS don't realise that the post-purchase period is a time when consumers are most receptive to your messages. Many more still don't realise the importance of creating personalised messages for recent buyers.

These messages shouldn't be limited to the traditional order and shipping confirmations, or a plea for a product review. Instead, they should take customer engagement to the next level, by offering value, support and additional resources, or by simply continuing the conversation.

GIVE THANKS

Customers love feeling appreciated… we all do. When it comes to effective post-purchase marketing, a simple "Thank you" goes a long way. In fact, these are some of the best performing messages from a revenue standpoint. Remember… it's not just the polite thing to do, it also incentivises them to make another purchase, or provides a customer service oriented call to action, such as linking to your customer service portal or a resource centre.

If consumers happen to take advantage of the incentive, you can then create a second, non-incentivised version that sends if the contact makes another purchase over a set number of days. This way, the customer will not expect an incentive every single time.

GET SOCIAL

We're now firmly living in the age of social media. While it can be difficult to quantify ROI, there's no denying its ability to help humanise the brand and create a dialogue with customers. Consider implementing social themes into your post-purchase messaging that call on your customer to share their experience. This includes introducing them to your social media sites, asking them to leave a review on Facebook, or encouraging them to share a photo of their purchase on social media for a chance to win a prize.

IT'S ALL ABOUT BALANCE

When constructing your post-purchase messaging, balance promotional content that encourages another purchase with content that offers value to the customer. Product care tips and additional resources both benefit the customer, whereas cross-sell and reorder reminder messages benefit you. If all your messages ask customers to buy more things, you're not providing value to the subscriber. However, if every message only benefits the consumer, you're likely leaving money on the table.

MAKE IT PERSONAL

Consumers today expect more from their shopping experience and that expectation will only continue to grow with the integration of new technology. By understanding the importance of targeted post-purchase messaging and meeting the demand for greater personalisation, you'll not only drive revenue, you'll also build customer loyalty.

IMPROVING THE SHOPPER EXPERIENCE

Well-planned and innovative services underpin the offers of highly strategic retailers

RETAILERS STAND OUT in the Strategy & Innovation Dimension when they offer customers a convenient, reliable and innovative service, with flexible delivery options, fast-loading websites and mobile apps that improve the customer experience.

The Strategy & Innovation Dimension brings together the IRUK Top500 metrics that InternetRetailing researchers consider the most strategic and innovative, including more than 40 different measures of retailer performance that cover delivery, collection and returns, how easy it is to load and use a website, and mobile app functionality. These metrics have evolved since last year. Where once offering click and collect services was seen as a significant innovation, now researchers measure how quickly shoppers can pick up their online order from the store. For the first time, they assessed whether retailers include augmented reality, live chat or visual search in their mobile apps, as well as such features as predictive search (57% do so) to a 'hamburger button' enabling easier navigation (93%) in their mobile websites.

WHAT THE TOP500 DO

Some 62% of Top500 retailers offer click and collect, up from 57% in 2017, with just over a fifth (22%) offering same-day pick-up and 1.3% offering pick-up from in-store lockers. On average, a click and collect order is ready for collection 3.3 days after the online order was placed.

Next-day delivery is also mainstream, offered by 59% of Top500 retailers. Less common are Saturday delivery, offered by 28% of Top500 retailers, nominated day (15% down from 19% in 2017) and nominated time (5%) delivery, Sunday delivery (11%) and same-day delivery (6% from 4% in 2017). Those retailers that enable shoppers to name the time of delivery and to request same-day deliveries are real outliers, while those that offer a broad choice of options really stand out.

Almost half (46%) enable shoppers to return an online-ordered item to a store, up from 39% in 2017, while 18% enable returns via home pick-up. Top500 retailers process refunds in a median 10 days. Shoppers can get in touch with Top500 retailers using a median of eight channels, including phone, email and social media.

Researchers considered that the online shopping experience would be boosted by fast web speeds. Top500 desktop sites start to render in a median of 1.9s and are visually complete in 8.2s. Mobile websites start to render in a median 2.0s and are visually complete in 7.2s, with page sizes a median 2.1MB. Researchers drew on data from InternetRetailing Knowledge Partners Hitwise and SimilarWeb to discover visitors spend a median time of was 4m 29s on Top500 retail websites.

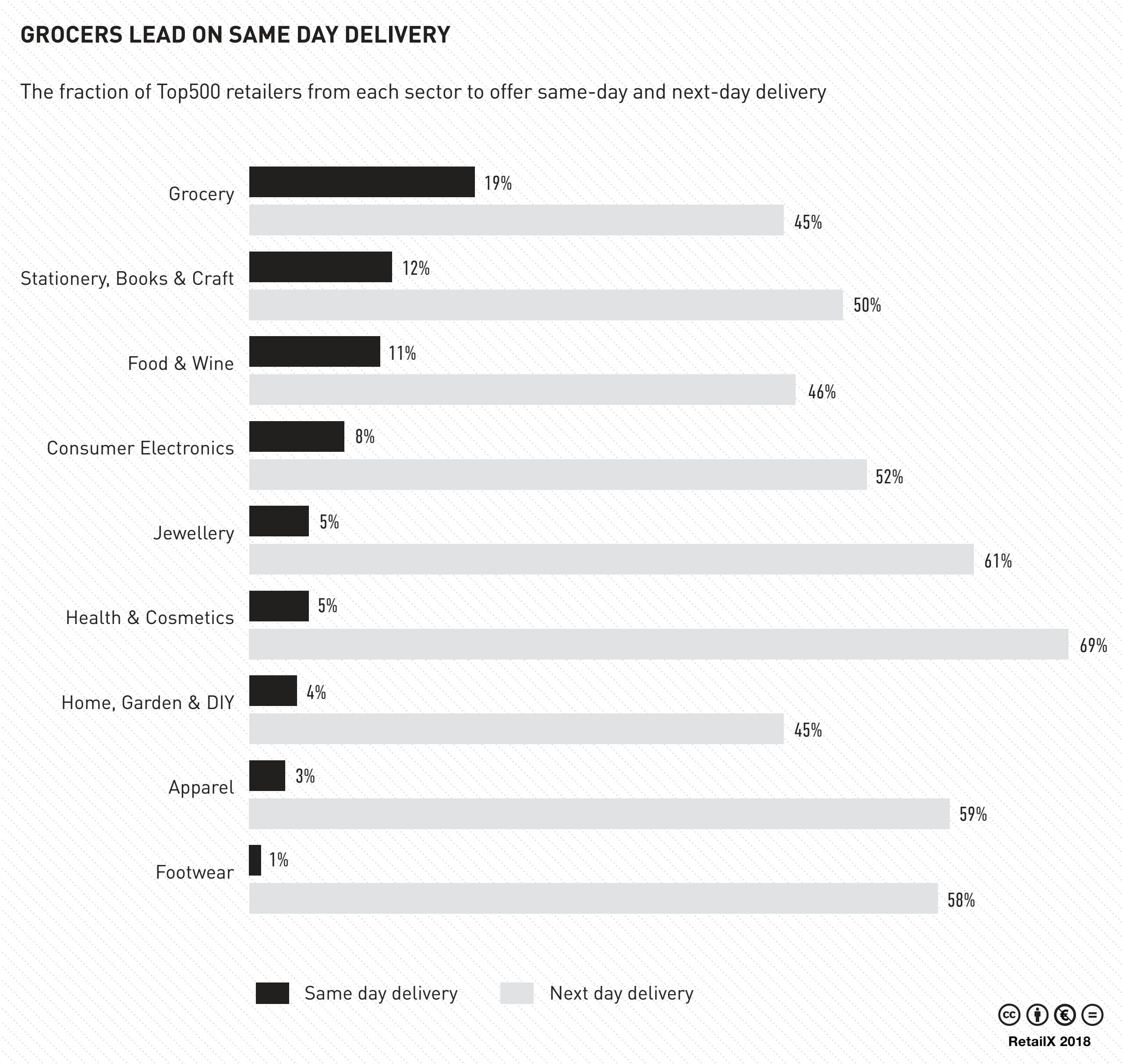
Almost half (49%) of Top500 retailers offer shoppers a mobile iOS app, according to research conducted in collaboration with Knowledge Partner Poq. Researchers did further research on every iOS app offered by the Top 500 to find a small number offering highly innovative features. Live chat is available in 6% of Top500 mobile apps, while visual search is offered by 3%. Augmented reality is available in 3% of apps and used to enable shoppers to visualise a potential purchase. More commonly, researchers found that 26% have a barcode scanner, 37% offer daily deals, 48% show a choice of product images – an average of four – on a product display page, 50% enable zooming on images and 27% offer predictive search in their apps. Just over a fifth (23%) have a store stock checker in the app.

Researchers tested the online shopping experience and found that on average, shoppers using Top500 websites can see three to four product images on the average product page and can complete transactions in two to three checkout pages. More than two-thirds (69%) of retailers recommend similar products on the product page, while 66% allow liked items to be saved a wishlist.

WHAT LEADING RETAILERS DO

Argos stood out in InternetRetailing research because it offers some of the least common services. It is among the 4% of retailers that offer same-day delivery and among the 22% with same-day collection. Returns can be made via a pick-up from the house, offered by 19% of Top500 retailers, while the retailer also enables shoppers to check stock from the mobile app.

Shoppers buying from Halfords can pick up their online order the same day or arrange a nominated day delivery.



They can check store stock on the go and learn more about products in the store using a barcode scanner.

Amazon performs strongly on logistics, with same-day delivery and in-store collection via lockers. Its mobile app is highly innovative, with features including live chat and visual search.

Morrisons stands out for offering convenient delivery and collection, with in-store collection lockers, nominated time and day delivery as well as same-day collection of online orders. Next competes on logistics, offering options including same-day delivery and returns via pick-up from the house. It makes it easy for customers to find products from the Morrisons app, using predictive search, and to check local availability, using a stock checker.

Among the 3% of retailers using augmented reality in their mobile apps are DFS, which has a room planner app; Wayfair, with a 'view in room' product visualiser; Dulux, which enables paint buyers to see how different colours will look in their rooms; and Feelunique, which uses its augmented reality capability to show how make-up might look on the shopper's face.

BEST-IN-CLASS CUSTOMER EXPERIENCES

Leaders in this Dimension met demanding shopper expectations of both service and usability, InternetRetailing researchers found

IT WAS BY GIVING the customer the best online experience that retailers stood out for their performance in The Customer Performance Dimension. Researchers measured customer service and the user experience of desktop and mobile websites and apps.

Analysis included new metrics for 2018 in order to assess an experience that is constantly evolving. New measures include the average time shoppers spend on a website, as calculated with InternetRetailing Knowledge Partners Hitwise and SimilarWeb. The relevance of search results on a desktop and a mobile website, the use of personalisation on the website and a number of mobile website-specific user experience (UX) metrics are also assessed for the first time. Ease of navigation and the use of a 'hamburger' button – the three lines that are standard in modern mobile navigation – are also factors in this ranking.

Around half of Top500 retailers have one or more mobile apps and these retailers are also assessed for their apps' usability and customer experience, although retailers without apps are not marked down. Metrics here include whether live chat – one of the most popular customer service channels – is available on the app, along with different features that retailers can use to personalise their experience. Whether app users can scan in a store loyalty card or sign in with an existing store membership are measured because they enable retailers to complete a single view of the customer across sales channels.

WHAT THE TOP500 DO

Top500 retailers enable shoppers to communicate with them via a median of eight channels. Almost all use Facebook and Twitter (both 98%), followed by phone (96%) and email (93%). Least used of the 13 channels assessed are Tumblr (17%), Snapchat (22%) and live chat (37%). Retailers responded to an email enquiry in a median 16h 13m and to a Facebook query in a median 34m. It was three days before the channels showed an equivalent proportion of responses, when three quarters of the Top100 had responded on each channel (see inset chart). Research conducted in collaboration with Knowledge Partner NCC Group found that the median desktop home page is 2.6MB (up from 2.3MB in 2017), starts to render in 1.9s and is visually complete in 8.2s. That's longer than the 7.4s time to completion in 2017, when Top500 websites were faster.

Mobile websites are also larger this year than last but unlike desktop browsers, mobile sites load. The median mobile home page starts to render in 2s, is visually complete in 7.2s and is 2.1MB. In 2017, the median home page was 1.8MB and was visually complete in 8.2s. Research carried out in conjunction with Knowledge Partners Hitwise and SimilarWeb showed that the median shopper visits seven pages per visit to a Top500 website, spending 4m 45s on it. However, 30.4% of visits bounced. Reasons for this failure to visit a website likely include a page failing to download quickly enough.

Researchers assessed how well websites inform customers and allow them to submit feedback, finding that 62% of Top500 retailers offer product ratings – up 11 percentage points from 51% in 2017 – and 61% offer product reviews, up by seven percentage points from 54% in 2017. Most retailers that show product ratings also show reviews.

Testing customer service around returns, 49% of Top500 retailers fully refunded an item and 22% refunded the cost of a return. Retailers give shoppers a median of 28 days to return an item – the same as in 2017 – and took a median of 10 days to process a refund.

About half of Top500 retailers have an iOS app. For the first time, researchers assessed whether apps added to the customer experience by offering live chat – 6% do. Only 2% offer the ability to scan a loyalty card.

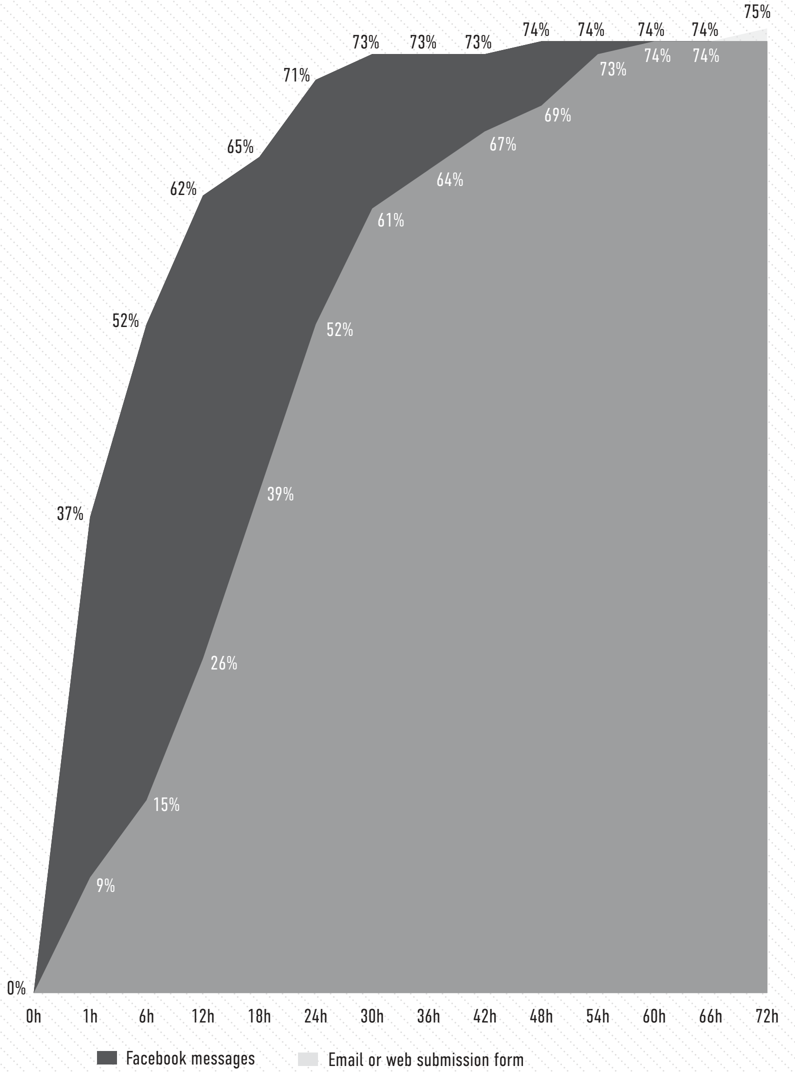
The customer's app experience also seems to have improved since last year's research. In 2017, 29% of Top500 apps had serious bugs but that's down by 11 percentage points to 18% in 2018.

WHAT LEADING RETAILERS DO

Leading retailers stand for offering services that are relatively uncommon among the Top500, suggesting that they are ahead of the competition in an area. Marks & Spencer stands out for a generous policy that sees both the

CUMULATIVE NUMBER OF CUSTOMER SERVICE RESPONSES RECEIVED FROM THE TOP100 OVER 72 HOURS

During research, Facebook answers (dark grey) were generally faster, with a majority being answered within six hours. This suggests that many retailers treat the channel separately to email (light grey) where the median response took 24 hours. RetailX researchers asked simple questions via the Top100's publicly listed customer service channels and monitored the time to respond and the quality of the responses.



return and the cost of the return refunded. It also enables written product reviews and scores well on personalisation. Researchers rated Sainsbury's highly for the quality of its service by email and Facebook. The supermarket supports a high number of channels and customers tend to stay on the website for longer, visiting a relatively high number of pages. It also refunds the cost of returns.

Oasis performs well on website personalisation and for the quality of its service. Tesco is among a minority that enable shoppers to scan their loyalty cards. It has been highly rated for personalisation, and responds quickly to customers' Facebook queries.

Boots' mobile app combines with top-class customer service to place it among the leaders in this Dimension. It shares reviews on both its desktop website and mobile app.

Superdrug performs strongly for customer service and for personalisation. It also refunds both returns as well as the cost of returns.

KEEPING THE DELIVERY PROMISE

Retailers that offer fast and flexible delivery, collection and returns come in ahead of the competition

FLEXIBLE AND SPEEDY delivery promises help retailers to stand apart from the rest in the IRUK Top500 Operations & Logistics Performance Dimension. When the promise is allied to convenient collection and easy returns, they lead the pack.

The Dimension listing was developed through an in-depth analysis of the fulfilment promise that Top500 retailers make to their customers. This year, researchers measured performance against new metrics that reflect the increasing speed, efficiency and responsiveness of logistics across the sector. In 2017, the analysis measured whether a retailer offered click-and-collect. For this year, researchers investigated whether retailers offer same-day or next-day collection, and how widely the service is offered through the retailer's store network, or even beyond. They also counted whether a retailer offers check and reserve alongside the click-and-collect options, as well as how easily a shopper can check stock from a smartphone or other mobile device.

WHAT THE TOP500 DO

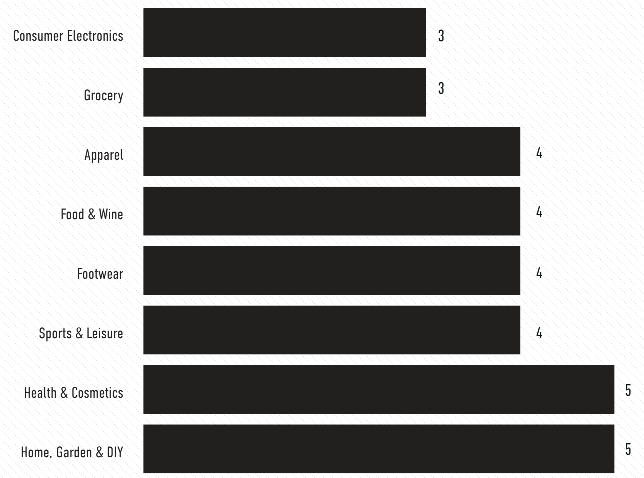
Almost two-thirds (62%) of Top500 retailers offer collection – up from 57% in 2017 – with 44% offering next-day collection and 22% offering same-day pick up. Where retailers offer click-and-collect services, they do so from a median of 50 stores. Just over a fifth (22%) offer same-day collection, while 14% offer reserve and collect. Traders promise to have orders ready to collect in a median of three days. The average cost of collection is 83p but the median is zero, revealing that the majority of Top500 retailers do not charge shoppers to collect their online orders.

Over the last year, delivery appears to have become slightly less flexible, although it costs less as well. Standard delivery now takes a median of four business days and costs a median £3.95 – a 21% reduction from £4.97 last year. Those that offer free delivery for shoppers spending a certain amount put that threshold at a median of £40, down by 20% from £49.70 last year. Retailers offer a median of three delivery options.

More than half (59%) offer next-day delivery, 28% offer Saturday delivery, followed by nominated day (15%) and time (5%), and same-day delivery (4%). Last year, 6% of retailers offered same-day delivery, 32% offered Saturday delivery and 65% offered next-day delivery: slightly fewer retailers offer these services this year compared to last year. More than a tenth (11%) of the Top500 offer Sunday delivery. Looking at returns, Top500 retailers accept returns in a median of 28 days

THE GROCERY AND CONSUMER ELECTRONICS SECTORS HAVE THE SHORTEST DELIVERY TIMES

Median standard delivery time (days)



and process them in a median of 10 days, unchanged from last year. More than three-quarters (79%) offer return via post, up from 74% last time, followed by return to store (46%), via drop-off at a third party location (26%, from 25% last time) and pick-up from the house (18%). Some 31% offer pre-paid returns – up from 13% last year, and a rise of 18 percentage points. 22% refund the cost of the return.

Just over a third (34%) of Top500 retailers reveal on their website whether a product is in stock while 20% of multichannel retailers show if the product is available at stores.

WHAT LEADING RETAILERS DO

Tesco stands out for the speed of its collection and the flexibility of its delivery service. Shoppers can collect their online orders from its in-store lockers, while orders can be delivered or collected as swiftly as the same day. Tesco is one of just 1.3% of retailers to have their own lockers and the supermarket is one of a small minority to offer nominated time delivery.

Fellow supermarket Sainsbury's also stands out in this Dimension for a flexible delivery offer that includes same-day, nominated time and Sunday options. It is one of the 23% of retailers with iOS apps that has extra stock checking features on its mobile app.

Marks & Spencer earns its place for a generous returns policy that includes drop-off at a third-party location and promises to refund the cost of the return, among other things. It has a large number of stores that offer collection and its mobile app offers extra stock checking features.

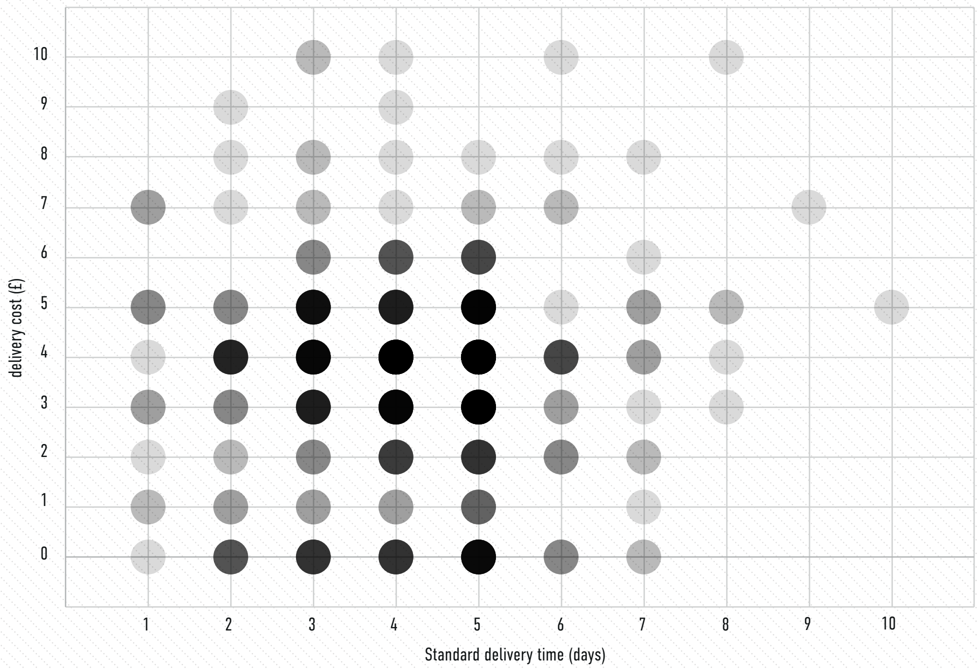
Fortnum & Mason rounds off a strong showing for grocers, food and drink retailers, with a promise that includes Sunday and nominated day delivery, as well as picking up a return from the house and refunding the cost of returns.

Fashion retailer New Look has a flexible delivery offer that enables shoppers to name their time and day of delivery and also includes Sunday delivery. Shoppers can return an item through drop-off at a third party location.

Builders merchant Screwfix offers same-day collection and Sunday delivery. It also enables customers to check store stock from the mobile app and to make a return via a pick-up from a private address.

CONSUMERS AVOID REAL COST OF DELIVERY

The popularity of subsidised delivery ensures there is no correlation between speed (horizontal axis) and the consumer's cost (vertical axis) of delivery. There's a real relationship but when shopping from many retailers, it's invisible to the customer. All Top500 retailers' standard delivery time and cost is plotted here – darker circles indicate a greater concentration of retailers at those points.



SELLING ACROSS CHANNELS

Viewing products from a leader in the Merchandising Dimension is as easy from a mobile device as from a desktop

RETAILERS THAT ENABLE shoppers both to browse products for inspiration and to find specific items quickly stand out in the 2018 IRUK Top500 Merchandising Performance Dimension. The assessment focuses on how easily customers can navigate both desktop and mobile websites as they look for products, for inspiration, and for what other customers thought, whether that's through reviews or social media sharing.

This year, researchers broadened the metrics they use to assess performance, as a result gaining new understanding of how well retailers present their products on mobile websites and apps. Retailers with iOS apps were assessed for their use of innovative approaches such as augmented reality, native shopping, visual search, product videos and recommendations. This added to existing metrics that considered retailers' use of merchandising tools from social sharing, wish lists and navigational filters through to ratings and reviews.

InternetRetailing Knowledge Partner Edited contributed data on how quickly products sell out at 28 leading apparel retailers, while Hitwise and SimilarWeb showed how long shoppers spent on leading retail websites. Brand View contributed data on selected retailers' use of images, videos, reviews and promotions.

WHAT THE TOP500 DO

There's evidence that in 2018, UK retailers are simplifying website navigation. Researchers found that 75% of Top500 retailers offer drop-down suggestions when a user is typing a search query, up from 63% a year earlier, while more retailers enable filtering products by price (84%, from 70% in 2017), by brand (59%, from 46%), and by product type (91%, up by 32 percentage points from 59% last year). When no results are found for a search, 34% of retailers offer something other than a blank page, whether that's alternative results or an information page. This is up from 21% last time. More retailers offer product ratings (62% from 50% in 2017) and the ability to save a product to wishlist (66% from 48% last time). Checkouts are speedier to navigate, with Top500 retailers improving by a median of 33%, from 3.5 pages to 2.1. There has been a move away from discounting: 51% had an obvious promotion when researchers visited their website, down by 17 percentage points from 68% a year earlier. This year, 32% employ upselling techniques on the product page, up from 12% in 2017. The average Top500 mobile app has fewer features, with fewer offering native shopping (26% 2018, from 35% 2017), a choice of images (48%, from 54% in 2017), and zoomable images (46% from 52%). This is partly due to an increase in the number of retailers offering apps, with the new apps generally supporting fewer features. Push notifications are employed by 52% (54% in 2017) while fewer (42% from 48% in 2017) offer a store finder. But more offer a wishlist in their mobile app (47% from 46%), and product reviews (61% from 53%).

Mobile app features that researchers consider cutting edge are being used by relatively few. These include visual search (3%), as well as augmented reality (3%) and product videos (2%). The barcode scanner, however, is more widely used, by 26% in 2018.

Retailers show a median of four product images on both mobile web and desktop product display pages.

The average UK shopper views eight web pages in 309 seconds on each visit to an IRUK Top500 website – though almost a third of visits (30%) bounce, or navigate away from the website after viewing only one page.

WHAT LEADING RETAILERS DO

General merchandiser Argos stands out for a sophisticated approach to merchandising in its mobile app, which offers product reviews and ratings alongside social media Likes. It also scores highly for its use of personalisation.

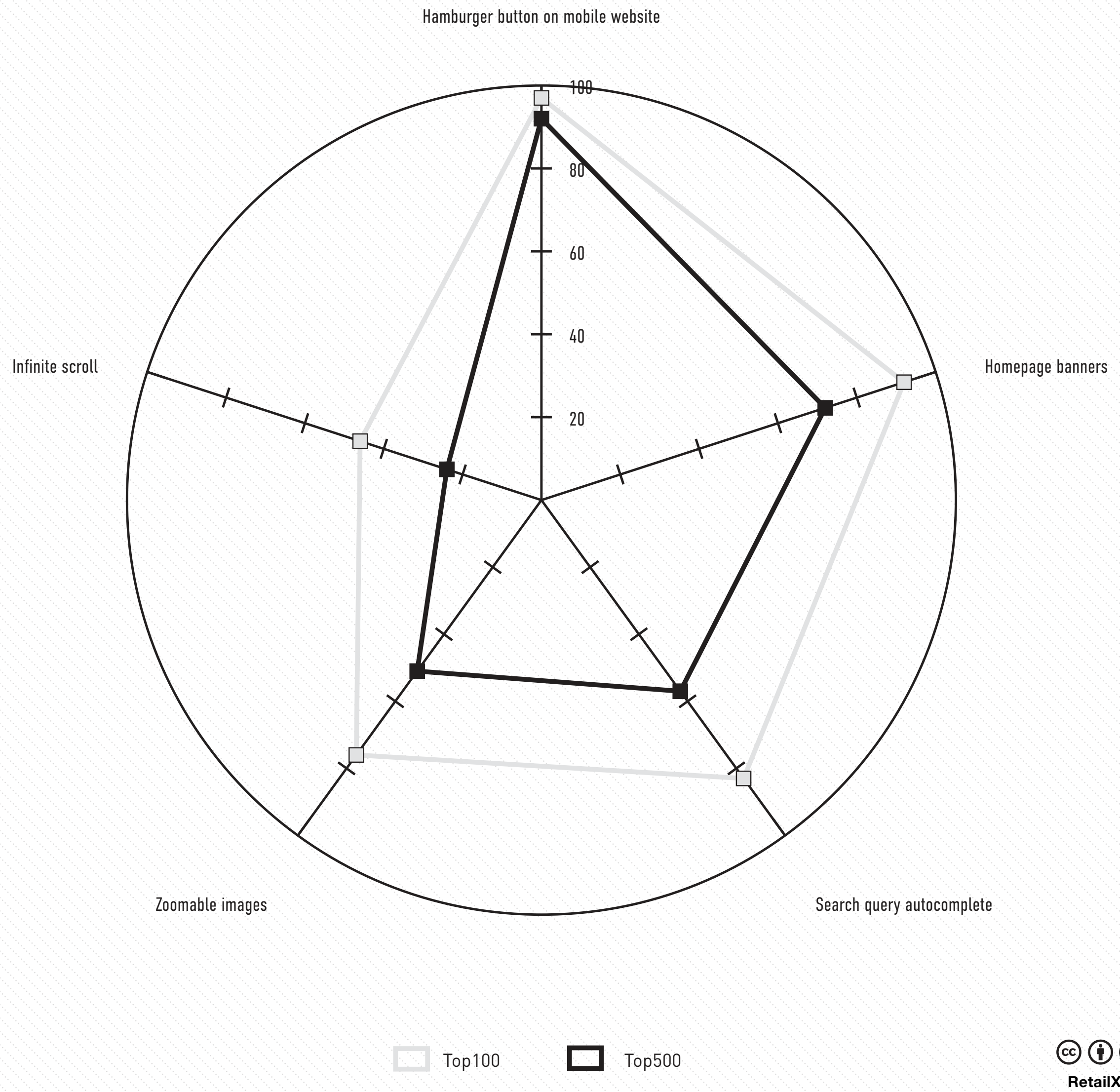
Wickes is among the 25% that use infinite scrolling in their mobile website, and also offers a choice of zoomable product images as well as a store finder in its mobile app.

Supermarket Morrisons has been highly rated for its use of personalisation and also for infinite scrolling in its mobile app.

Mobile is also key for Marks & Spencer, Debenhams and Ocado, which all have barcode scanners. M&S and Ocado show written product reviews, while Debenhams has predictive search.

THE TOP100 LEAD ON THE USE OF WEBSITE MERCHANDISING TECHNIQUES

By comparing the use of selected site navigation and product information features by Top100 and Top500 retailers, it becomes clear where each group exceeds the average



SUPPORTIVE RELATIONSHIPS

Retailers that enable shoppers to ask questions and share their experiences stand out in this Dimension

IT'S WHEN RETAILERS work to build an audience that they lead in the IRUK Top500 Brand Engagement Performance Dimension. When they enable two-way conversations by offering different ways to get in touch, engaging in a personalised manner via those channels and encouraging shoppers to have their say by rating, reviewing and sharing products, they are at the forefront of the best practice that is celebrated here.

For 2018, researchers looked beyond the number of channels that retailers support and the tools they use to enable customers to share their opinions and experiences. They added to these metrics a new level of detail about which channels Top500 retailers most widely offer, how visible those retailers are when shoppers search for products they sell (thanks to InternetRetailing Knowledge Partner Hitwise) and whether traders with an iOS mobile app enable shoppers to register with their existing account or use their store loyalty cards, thus tying together channels and helping to achieve a single view of the customer.

WHAT THE TOP500 DO

Retailers engage with customers via a median of eight communication channels – up from two last year. The increase reflects the widening of the research parameters to include more channels. Most Top500 retailers have a Facebook page (98%) and a Twitter account (98%), while a majority have a presence on YouTube (92%), Instagram (91%) and Pinterest (87%). Snapchat (22%) remains a minority channel.

Some 6% of the 265 retailers that have an iOS mobile app enable their customers to talk to them via live chat in the app. InternetRetailing research suggests that since last year there's been a clear move to enable shoppers to share their experiences on the retail website but at the same time, a move away from social media. More IRUK Top500 retailers enable shoppers using their desktop websites to rate (62% from 50% in 2017) and review products (61% from 53% in 2017).

Fewer (18%, down from 26% in 2017) enable shoppers to use social media for social validation (to see if friends also Like a brand, for example), to share (52% from 54% in 2017) and to Like products (16% from 24% in 2017). There has been a large decline in social sharing on mobile apps – down by 11 percentage points to 33% from 44% – while the number enabling shoppers to leave reviews (26% from 27%) and ratings (26% from 28%) via the app remains stable.

Fewer retailers support loyalty accounts from their mobile apps: the 2% of retailers with mobile apps that enable shoppers to set up an account on their mobile app halved from 4% in 2017 while 6% (down by a third from 9% in 2017) enable shoppers to enter the details of an existing loyalty card. Measured for the first time in 2018, 2% enable shoppers to scan their cards from the app. The same proportion support product videos in the app. These mobile app figures are affected by the fact that there was a seven percentage point increase in the number of retailers with iOS apps, with these new apps likely to support fewer features. More than a third of retailers (37% from 36%) require shoppers to register before checking out.

> "Since last year, there's been a clear move away from social media"

Hitwise data showed that Top500 retailers saw 82% of new visits originate from search, along with 18% of returning visits. Overall, an average 55% of visits came from search.

WHAT LEADING RETAILERS DO

Clarks enables its customers to have their say by offering social media validation and sharing, as well as product reviews and ratings from its desktop website.

Superdrug also enables social validation and sharing while scoring highly for the level of personalisation on its website and offering daily deals.

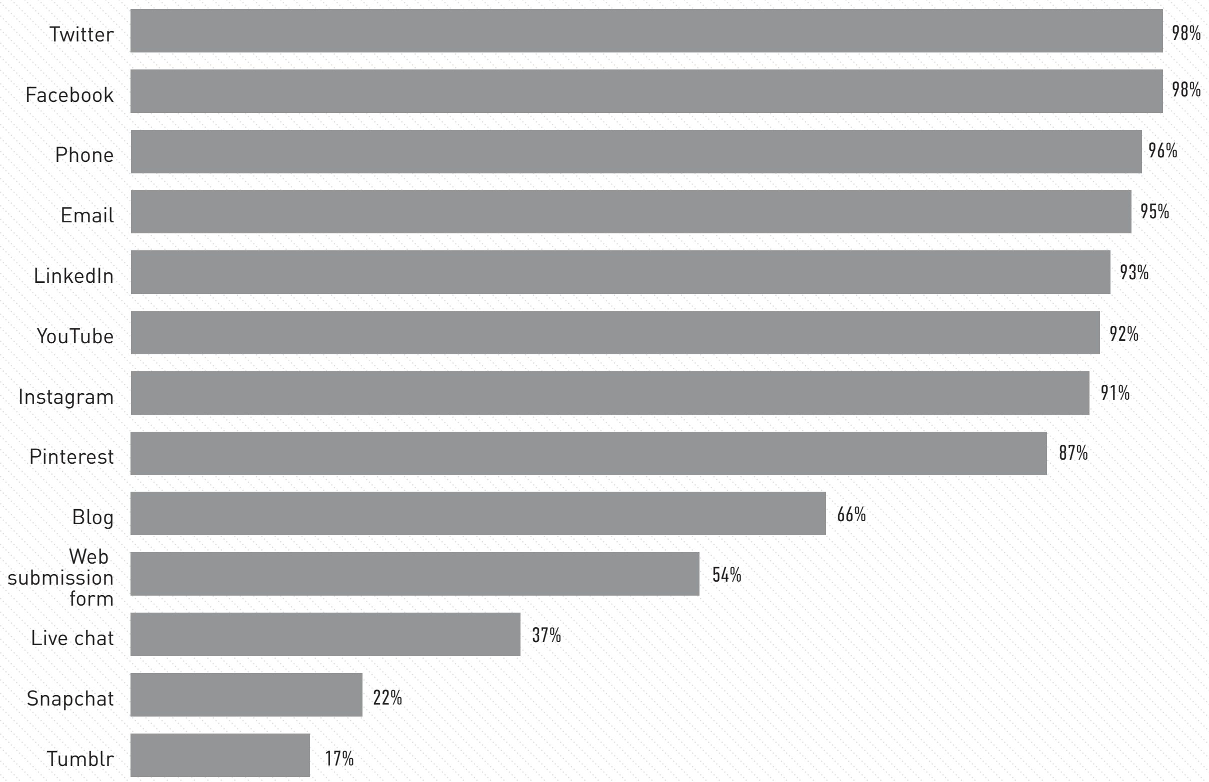
Homebase is among the retailers that enable shoppers to leave product reviews and ratings from its mobile app and to share and Like products on social media.

Argos scores well for a mobile app that includes strong personalisation, social media Likes, written product reviews and star ratings.

Wickes enables shoppers using its desktop website to share products via social media, as well as to leave reviews.

TWITTER IS AS POPULAR AS FACEBOOK IN 2018

The share of Top500 retailers that utilises a communication channel to the customer



JOINED-UP SERVICE

Retailers that connect the store and offline perform strongly in this Dimension

CONVENIENT CROSS-CHANNEL services plus mobile websites and apps that enable shoppers to research and buy on-the-go are the hallmarks of leading retailers in the Mobile & Cross-channel Performance Dimension. In 2018, this Dimension maps increasingly sophisticated services that bridge ever-more efficiently the gap between the store and online. While, for example, click-and-collect used to be the exception rather than the rule, now most IRUK Top500 retailers offer the service, with many of them improving on their offer.

Researchers assessed the Dimension through metrics that this year also included a focus on checking stock from the mobile website, and whether retailers had started to use the emerging technology of augmented reality in their mobile app.

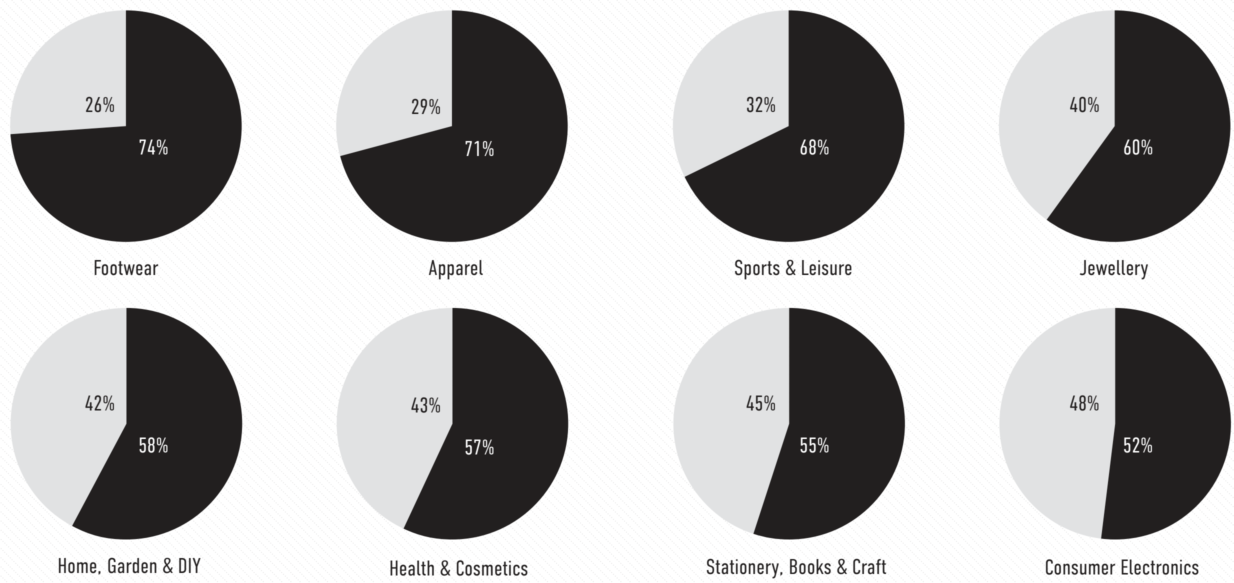
WHAT THE TOP500 DO

Some 62% of IRUK Top500 retailers offer collection of online orders in 2018, up from 57% in 2017. For the first time, InternetRetailing research showed that a significant minority offer relatively speedy collection, with 44% enabling next-day pick-up, and 22% same-day.

Fewer (14%) offer reserve and collect, where the product does not need to be paid for on ordering. Where retailers offer collection, they do so from a median of 50 stores, they take a median of three days to fulfil the order for collection, and they charge an average of 83p for the service or a median of £0, a figure that reflects the fact that most of the Top500 do not charge for the service. Some 1% of retailers enable collection from their own lockers. Almost half (46%) enable shoppers to return their online orders to a store,

RETAILERS OF WEARABLE ITEMS ARE MORE LIKELY TO OFFER CLICK-AND-COLLECT

The share of Top500 retailers in a sector to offer click-and-collect



and more than a quarter (26%) enable returns via a third party location, up from 24% a year earlier.

More than a third of Top500 retailers (34%) show stock visibility through their mobile website, while 58% have store finders and 20% store stock checkers. Mobile websites download in a median of 8.8s, starting to render in 2s and are visually complete in 7.2s. Average site speeds are slower than in 2017, when sites downloaded in 7.4s and were visually complete in 6.3s – although start of render stayed similar at 2.1s. Sites are probably 18% slower to render because they are 20% larger, at 2.6MB from 1.8MB in 2017.

Researchers found that more retailers have a mobile app in 2018: 46% of the IRUK Top500 have an Android app, up from 38% a year earlier, while 49% have an iOS app – up from 42% in 2017. Very few (3%) use augmented reality in their mobile app. Some 57% of iOS apps are transactional, with native shopping available in 26% (35% in 2017). Both figures are down from last year, when 64% were transactional and native shopping was offered by 35% of retailers. More mobile apps store stock checkers (23% from 18% in 2017), but fewer have store finders (42% from 48% in 2017). Slightly fewer use push notifications (52% from 54% in 2018). A smaller fraction of apps have a serious bug, at 18% in 2018 from 29% in 2017. These mobile app figures are partly due to the increase in the number of apps operated by the Top500 this year, with new apps less likely to have most features.

WHAT THE LEADERS DO

Argos and Screwfix stand out for a performance that includes offering reserve and collect alongside same-day collection. They are among the 23% of iOS apps that offer additional stock checking features.

Apple is among the leaders in this Dimension, with a suite of services that include same-day collection and extra stock checking functionality.

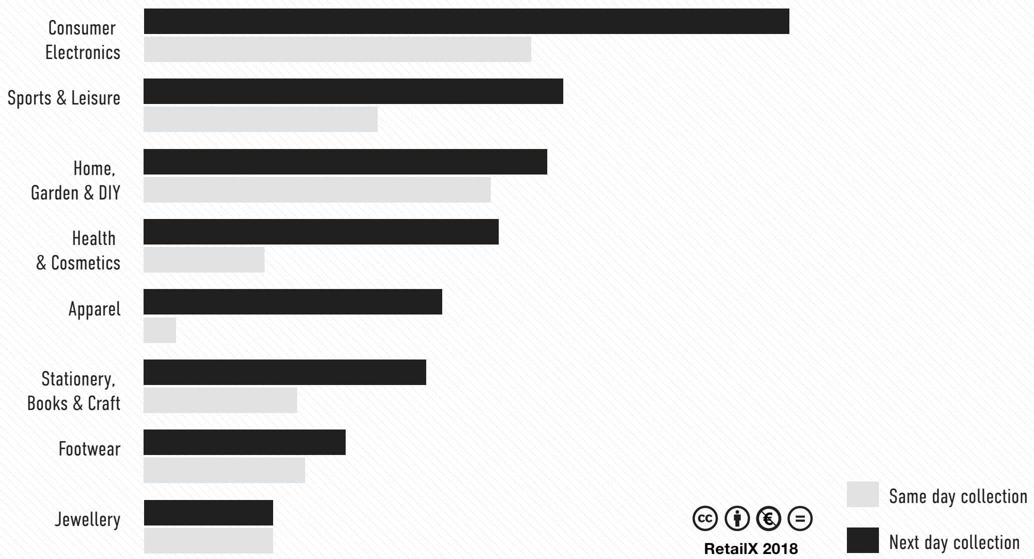
Dunelm offer same-day collection alongside reserve and collect. It is one of the 26% of Top500 retailers that offer return via drop-off at a third-party location.

Sainsbury's mobile performance includes the use of native shopping from its app, a store finder, extra stock checking and return via a third-party drop-off point.

Wickes' flexible service offers same-day collection, returns via a third party site, visibility of stock and a store finder in its mobile app.

PROPORTION OF RETAILERS OFFERING COLLECTION TO FULFIL ORDERS THE SAME DAY AND NEXT DAY

The majority of consumer electronics retailers that offer collection will make it available the next day and about half of them will do so on the same day



WHAT CONSTITUTES A RETAILER?

THE MULTICHANNEL LANDSCAPE is more complex than merely 'having a website' or 'operating a store'. In choosing which companies to include in the Top500, we have considered companies' intent, capabilities and activities around the recruitment and monetisation of customers. The definition of a 'retailer' for inclusion in our research is:

DESTINATION: the retailer has created a destination that, in the minds of customers, is a source of product, service or experience. Whether this destination is a shop, a site, a place, a time or an event, it's the sense of 'locus' that counts.

FASCIA-FOCUSED: the assessment focuses on individual trading names, rather than a parent company that may operate more than one brand. Since the group structure is invisible to customers, it does not have a bearing on the position of brands owned by a group. The challenge is to turn group capabilities into trading advantages that the customer would notice across brands.

PURPOSE: the retailer has created goods and/or services for the specific purpose of selling, for consumption by the purchasing consumer.

MERCHANDISING: the retailer actively sells and is not just a portal for taking customers' money. This means the selection, promotion and tailoring of retail offers for customers.

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

SALE: the retailer takes the customer's money. The retailer owns the transaction as the merchant of record.

RECOURSE: the retailer is responsible for the service, fulfilment and customer satisfaction owing from the sale.

EXCEPTIONS: in every good list there's an exception, where we may include a certain business due to its influence upon retailers and retailers' customers. Some of these companies will be included within the Top500 and others are tracked for information on their impact on retailers.

COMPANIES EXCLUDED FROM THE TOP500

MARKETPLACES: where a candidate retailer is simply a marketplace, the company is not featured. Where a marketplace undertakes customer acquisition, manages payment, customises offers and recommendations and offers recourse on purchases, then the company will be eligible for inclusion.

PURE TRANSACTION/TARIFFS: where ecommerce is ancillary to the primary purpose of a business, we will not necessarily include them. Online payment for gas or electricity is excluded since the purpose here is to supply energy. Travel companies are not included in the Top500. We have also excluded media-streaming services.

BUSINESS-TO-BUSINESS AND DIRECT-SELLING BRANDS: while the scope of retail is normally direct to consumer, two trends are challenging this – the move for brands and previously solely B2B businesses to sell direct to consumers; and the increasingly retail-like behaviour of B2B brands, in terms of acquisition, promotion, personalisation and service. We have therefore included certain B2B businesses and direct-selling brands.

Summary of elements included in each Dimension:

0. FOOTPRINT DIMENSION
0.1 UK retail turnover, ranging from £3.75m to £40bn – average £370m
0.2 The ecommerce subset of the above, ranging from £2m to £7.3bn – average £45m
0.3 UK web traffic, ranging from 365,000 to 2.5bn page views per annum – average 88m views per annum
0.4 Number of UK stores, ranging from 0 to 11,500 – average 129 stores

1. STRATEGY & INNOVATION
1.1 Strategic practice, including an expert-designated selection of metrics that catalogue a retailer's embrace of technological or organisational best practice
1.2 Innovative practice, including a selection of metrics from other Dimensions that, to date, are only used by the leaders

2. THE CUSTOMER
2.1 Customer service response time and helpfulness – Facebook and email
2.2 Desktop and mobile homepage performance, including engineering and responsiveness
2.3 Mobile and desktop website navigation – the ease of finding a desired product, including tabs, icons, search and filtering
2.4 Customer feedback – incorporation of customer reviews and product ratings on the product display page
2.5 Mobile app – the incorporation of customer reviews and product ratings in mobile app product display pages and the personalisation, performance and user experience of apps

3. OPERATIONS & LOGISTICS
3.1 Delivery capability including 10 metrics covering the range of options, and competitiveness of timeframes and pricing
3.2 Returns capability, including 10 metrics covering the ease of the returns and refund process to the customer, and the range of options, including return to store
3.3 Collection capability, including nine metrics covering the number, type and convenience of collection locations and the costs and timeframes of the services
3.4 An assessment of the mobile website's usefulness to customers who want to see the availability of stock, both for ecommerce orders and in local stores
3.5 Mobile app – visibility of stock availability and locations in the app [retailers with mobile apps]

4. MERCHANDISING
4.1 Customer-perspective review, including 23 metrics covering design, navigation, the relevance of search results, product information and visual appeal
4.2 Mobile app assessment, including nine metrics covering use of notifications, product display and personalisation [retailers with mobile apps]
4.3 Merchandising and product review, including number and depth of promotions, the fraction of a retailer's range with reviews and descriptions, the number of images per product and the fraction of range that is out of stock [largest retailers]
4.4 Assessment of apparel retailers including level of discounting, days to sell out of the average product and the fraction of the range that is comprised of new stock [largest apparel retailers]

5. BRAND ENGAGEMENT
5.1 Search assessment including total applicable keywords, total reach, share of search compared to other retailers and relative visibility in search results
5.2 Social media presence and availability, including 22 metrics, taking into account size of audience and interaction with it on Twitter, the net change over three months and use of 10 social networks, email, and blog
5.3 Mobile and desktop website review – assessing the integration of social media, sharing and social validation
5.4 An assessment of mobile apps' incorporation of social media, sharing and social validation [retailers with mobile apps]
5.5 Email assessment, tracking hundreds of thousands of emails to panellists, assessing content, volume and interaction – open rate, delete rate, etc [largest retailers]

6. MOBILE & CROSS-CHANNEL
6.1 Mobile home page performance, including engineering and responsiveness
6.2 Mobile website assessment, including the use of screen real estate, the ease of navigation and the ability to track the availability of goods at physical stores
6.3 Multichannel features, taking into account use of physical store estate for order fulfilment and return, store information on the website, in-store functions of apps and cross-channel loyalty accounts [retailers with stores]
6.4 Mobile app, including 24 metrics, measuring the usability and functionality of apps and weighting features according to their impact on average order value (AOV), time spent on app and conversion rate

SENDING THE RIGHT MESSAGE

Understanding which emails are most likely to be read can make all the difference to campaigns

EMAILS SENT BY members of the IRUK Top500 are proving more likely to be read and less likely to be marked as spam. Amazon and M&S led the field in analysis carried out in partnership with InternetRetailing, which took into account inbox placement, read and deletion rates and what percentage of a campaign was marked as spam.

InternetRetailing Knowledge Partner Return Path analysed emails sent by selected members of the IRUK Top500 2018 between July and September 2017 in order to find out how widely read – or deleted – their messages were. From that, it's possible to infer how receptive customers were to these emails. This will be an interesting metric to track over the next year, in the light of the GDPR directive from the European Commission, which comes into force on May 25. The incoming legislation will mean that retailers must get full consent from each shopper before including them in their database for purposes that include sending emails. One expected potential outcome of this is that retailers will get better results from their campaigns, since they are only sending them to customers who have already shown an interest.

The study found that read rates reached 23.4% in the latest research, up by 1.5 percentage points from 21.9% in 2016. Emails were more likely to reach inboxes (93.4% from 85.8%), suggesting that these brands are less likely to be filtered by their ISPs (Internet Service Provider). Those emails marked spam by their end recipient fell to 6.6% from 14.2% in 2016.

"On the whole, companies are doing better," said Guy Hanson, senior director, professional services at Return Path. "Inbox placement is up compared to last year and filtering by ISPs is down. I think companies are more aware of ISP filtering and are working harder to be more engaging with the ISPs and end recipients."

The study also showed some distinct changes in the way different types of emails received, while the way emails were designed also changed.

SUBJECT LINES

The study found that more retailers sent emails with longer subject lines, and that ISPs appeared to be more likely to accept those subject lines than in 2017. In 2017, the difference in the read rate for emails with longer and shorter subject lines closed to 1% from 1.5% in 2016, when shorter subject line emails were more likely to be read.

The move towards longer subject lines might be, said ReturnPath's Guy Hanson, because companies are putting more information in their subject lines in order to drive up open rates. However, he warned, this might have a negative effect on those reading emails on mobile devices since it could cut off the end of the line. He also noted that ISPs may now be accepting longer subject lines because customers are engaging with them in a more proactive way.

Despite longer subject lines, retailers are tending to put any discount rate at the beginning of the line, thus ensuring that even those on mobile see this message first. Many retailers are not using financial amounts in their offers and that may be preferred by ISPs, said Hanson, since they appear to filter those emails less. Read rates for emails that contained a discount moved closer to those that did not in 2017. There was also less of a spike for emails marked as spam among messages with an offer, compared to those that did not.

Offers that contained a question enjoyed more engagement than in previous years. They were read by 1.2% fewer people than emails without a question in 2017, compared to 7.8% fewer in 2016.

Emails containing an exclamation mark seemed to be less widely used in 2017, when they were received by 17% of subscribers, than in 2016 (20%).

EMAIL TIMING

In 2016, Tuesday saw the highest read rates compared to any other day, albeit a marginal advantage at +0.3%. In 2017, Friday and Wednesday had the highest read rates, although Friday scored higher because it had a lower rate of messages marked at spam. It was not clear whether emails sent in the first or second fortnight of a month were more successful.

"You would think the second half might do better as it's nearer payday," said Hanson. "However, not everyone will have the same payday, since some will be weekly and others bi-weekly rather than monthly."

EUROPE'S TOP BRANDS

The InternetRetailing Brand Index names the elite and leading brands in Europe

ADIDAS, APPLE, CLARKS, Missguided, New Look and Nike are the Elite brands in Europe, according to the InternetRetailing Brand Index 2018, published in association with Rakuten Marketing. These brands, selling goods from fashion, sportwear and shoes to computers and mobile phones, make up the top group of this year's list, which brings together the leading names currently selling their own-label goods direct to European customers.

The Brand Index names the largest 250 brands selling across 32 countries – the European Economic Area plus Switzerland. It goes on to list the Top100 in an assessment based on their retail performance across the six InternetRetailing Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement and Mobile & Cross-channel. The Elite group heads this list, followed by 15 Leading brands, including Ugg, Jack Wills, Nespresso and Hotel Chocolat. The analysis goes on to consider which are the main target markets within Europe for the Top100 brands and to analyse the performance of brands through case studies.

This year's list comes at a time when what it means to be a brand is changing quickly. No longer do brands depend entirely on the third-party retailers that have historically presented brands' products to their own customers. Rather, those shoppers, enabled by the internet and related technologies, are now choosing to go beyond their local store to buy products that they trust from names they recognise. Shoppers have bought direct from brands such as Clarks and Apple over many years and now a significant number are choosing to take a step further and buy direct from the other brands that matter to them.

This presents both a challenge and an opportunity for brands. The challenge comes when companies used to selling directly and in bulk to retailers have to adapt to sell those items directly, one at a time, maintaining both the website and the logistics that support them. As many retailers have before them, some brands are choosing to outsource this job to retailers that already have the logistics and systems in place. Brands may not see most of their trade come via the direct channel – and indeed that's just how many will want it – but in offering this option they are giving shoppers the chance to buy direct if they wish. By doing so, they also stand to benefit by developing relationships with and understanding of the shoppers that buy from them. By enabling shopper feedback, whether in the form of reviews, ratings or over social media, brands can find out from those that shop with them what it is about their products that works, and how they might be improved. Doing so can give them a new way to approach the future, confident in the knowledge that their products are still meeting customers' needs.

Ultimately, it's by engaging with their customers that brands will best understand how their business should develop in a new connected era of commerce. The brands highlighted in the Top100 of the InternetRetailing Brand Index 2018 are successfully doing just that.

• Download the InternetRetailing Brand Index 2018 at internetretailing.net/irbx


InternetRetailing
Brand Index 2018
Direct-selling brands in Europe
A special report drawn from the IREU Top500 ecommerce and multichannel retail performance index

BALANCING ONLINE AND THE STORE

Chloe Rigby considers the changing role of the shop in multichannel retail

REMEMBER WHEN ONLINE was expected to kill off the high street, with shoppers opting to buy online rather than travel to the store?

As yet, that prediction has not come to pass. Far from it, since in 2018, most leading UK retailers sell both online and via one or more stores, according to IRUK Top500 research. Some 85% of IRUK Top500 retailers are multichannel, while 15% are online-only pureplays. (Given the ecommerce and multichannel nature of the index, none are without a transactional website.) Of course, not all of multichannel retailers' stores are on the high street. Some are in retail parks, others in shopping centres. Some Top500 multichannel retailers have just a few stores, while the largest in this index – The Post Office – has 11,500. The average is 129.

But however many outlets a retailer has, each of these stores represents an opportunity to come face-to-face with customers, enabling them to touch and feel products and take possession of them in a way that works for them. By putting to work sophisticated cross-channel services, multichannel retailers can offer customers an ever-more convenient and efficient experience.

IRUK Top500 research found that in 2018, some 62% of retailers offer collection, up from 57% in 2017. More than half (58%) enable customers to look up their stores from their mobile websites, giving on-the-go shoppers an easy way to find their nearest branch. The number of Top500 retailers that enable this facility from their mobile app fell to 42% in 2018 from 48% in 2017.

In 2018, almost half (46%) of multichannel retailers enable shoppers to return their online orders to the store, up from 37% last year. Fewer enable shoppers to check stock before arriving at the store via their mobile website (20%) and/or mobile app (23%).

Clearly these are services that retailers perceive as important to their shoppers. It's notable that leading pureplay retailers are now moving to offer more convenient delivery and to enable shoppers to use click-and-collect services that directly compete with the efficiencies offered by their multichannel rivals.

Amazon, for example, delivers in as little as an hour to its Amazon Prime customers and also enables click-and-collect via a range of third-party collection systems, including its own lockers alongside pick-up from points in the CollectPlus, Royal Mail, Doddle and Pass My Parcel networks. Meanwhile, Shop Direct recently said that over the Christmas trading period, 28% of its online orders were delivered via drop-off at a CollectPlus point – its click-and-collect provider of choice.

That statistic flags up room for improvement. In 2018, just over a quarter (26%) of Top500 retailers enable shoppers to return their online purchases to a third-party collection point, up from 24% in 2017. The fact that a pureplay retailer such as this finds that a significant minority of shoppers opts to pick up their goods suggests that the service provides an important channel of choice for retailers. Altogether, stores are proving their role in a multichannel model – they are more than a 'nice to have'.

> "There's anecdotal evidence that in-store events are proving to be a useful way for retailers to bring online shoppers into stores"

There's anecdotal evidence that in-store events and services are also proving to be useful ways for retailers to engage with online shoppers and bring them into the store. This factor may well boost the importance of the store in the future.

Given the weight that multichannel retailers have in this year's findings, it seems likely that future editions of this research will continue to help map the importance of the store to the consumers. The focus will remain firmly on the cross-channel services that Top500 retailers offer, inferring from these the importance that retailers understand these tools to have in improving the shopping journey for their customers.

THE GLOBAL CONTEXT

Retailers that lead in the UK have a global reach, as this heatmap illustrates

MUCH OF THE ANALYSIS that goes into understanding which names make up the UK's leading retailers comes from the UK context. This heatmap, completed using data sourced from InternetRetailing Knowledge Partners Hitwise and SimilarWeb, puts the IRUK Top500 in a global context.

It's a way of mapping the interest that potential customers from around the world have in the retailers that form the UK index. The strongest interest in these companies comes from those who have a language in common, in the United States, and from near-neighbours in France, Germany, Spain and the Netherlands. But this map also shows the reach that retailers that lead in the UK have around the world, with significant amounts of traffic coming from the Russian Federation, Japan, India and China, with small but measurable amounts from the Solomon Islands and Tonga.

Of course, some of those featured on the IRUK Top500 list are not themselves headquartered in the UK. Amazon and Toys R Us from the US appear on the list alongside European retailers H&M and Estée Lauder. But the list is also a useful reminder that retail is now very much a global business.

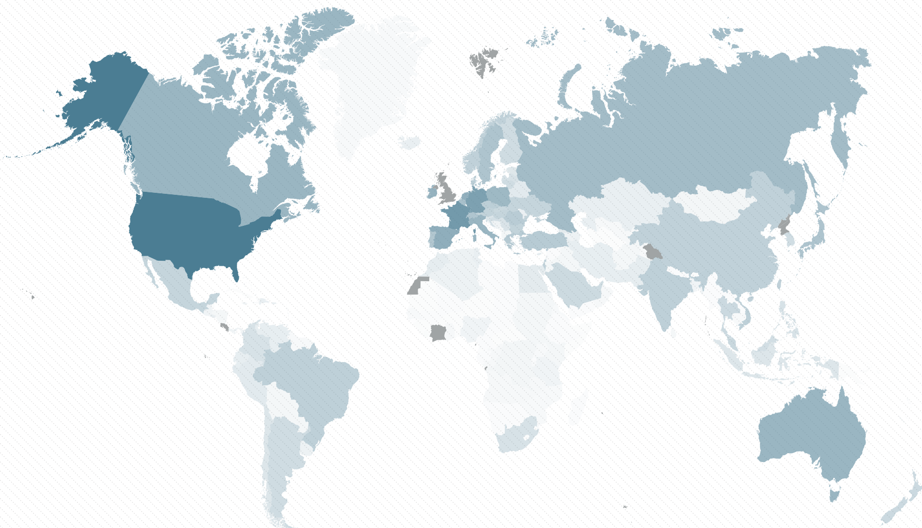
Very few of the UK Top500 target only UK shoppers. In any case, the internet knows no borders and as long as they have a connection, shoppers can and will visit a retail website whether they are in Manchester or Morocco – and whether Brexit happens or not.

As InternetRetailing research extends to other geographies, researchers will be looking to see how far interest in retailers trading in those geographies extends. Certainly, it seems from work to understand other global markets, such as the RetailX ASEAN Top500 and the RetailX Australia Top250, that some of the same names reappear.

But it's also likely that UK retailers have a wide reach because of the widespread use of the English language, and because this is a market where local retailers are doing well, perhaps through an openness to technology and to innovation. These are factors that should stand UK retailers in good stead in a post-Brexit world. Rather than looking inwards to the domestic market for future growth and market opportunities, it seems very likely that traders will continue to look beyond the shores of these islands.

GLOBAL WEB TRAFFIC

The source countries for the UK Top500's web traffic, excluding the UK itself, on a logarithmic scale



THIS ANALYSIS WAS COMPLETED WITH DATA SOURCED FROM KNOWLEDGE PARTNERS HITWISE AND SIMILARWEB

THANK YOU

THANKS TO OUR TITLE sponsor Oracle+Bronto for contributions to our year-round research, and helping us to bring our insights and findings to commercial professionals working in commerce and multichannel.

Oracle+Bronto also sponsors the RetailX Australia Top250, available at internetretailing.net/rxau

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KNOWLEDGE PARTNERS

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brandview.com

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CONCLUSION

ALREADY 2018 is shaping up to be a competitive year in which the retailers that reach out to engage with customers and offer efficient and joined-up cross-channel services seem best placed to succeed. In the UK, retailers of all stripes cited a challenging retail environment and falling footfall on the high street over Christmas and New Year.

But amid the gloom there are stories of traders that are prospering. Many of these are enjoying online sales growth that in turn contributes to an overall rise in revenues. Despite the continuing customer appetite for discounts, some are successfully moving away from price cuts in order to make their businesses more profitable.

In this IRUK Top500 report we've focused on the ecommerce and multichannel strategies that retailers are using to offer customers the consistent experience that they now expect. Over the coming year we'll be continuing to do the analysis, while presenting our findings in more detail through six Top500 Performance Dimension Reports that mirror the sections of this report. We'll be considering what leading retailers in each dimension do well, what tools they use – and how others can apply these learnings to their own businesses.

At its best, the internet gives the kind of level playing field that high street rents and business rates have never enabled. It enables shoppers from around the world to buy from the retailers that sell products they want or need. We hope that the IRUK Top500 2018 proves a useful tool in enabling retailers of all sizes to serve them.

In the year ahead, we'll continue to broaden our explorations of retail practice and performance beyond the UK and Europe, focusing too on the Australian and Asean markets. As always we're interested in how we can extend our research and improve the quality of our findings. Get in touch with your ideas and potential datasets via research@internetretailing.net or tweet @etail with #IRUK500.

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