



InternetRetailing UK Top500 2017

The UK's top ecommerce and multichannel retailers
InternetRetailing's third annual report

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IRUK Top500 January 2017

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What constitutes a retailer?

THE MULTICHANNEL RETAIL landscape is more complex than merely 'having a website' or 'operating a store'. In choosing which companies to include in the IRUK Top500 2017, we have considered companies' intent, capabilities and activities around the recruitment and monetisation of customers. The definition 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 is a shop, a site, a place, a time or an event, it's the sense of 'locus' that counts.

Purpose: the retailer has created goods and/or services for the 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.

Exception: in every good list there's an exception, where we may include businesses within IRDX (our dynamic list of multichannel and ecommerce companies, suppliers and key personnel) because of their influence upon retailers and retailers' customers. However, these companies will not be ranked within the IRUK 500 2017.

Companies excluded from the IRUK 500 2017

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 business' purpose is 'energy supply'. Likewise the Post Office's postal revenues are excluded, whereas the company's retail store activities are within scope.

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. See page 26 for a summary of the InternetRetailing Brand Index 2017, a comprehensive retail analysis of direct-selling brands in Europe.

The elements included in each Dimension are summarised below:

0. Footprint Dimension

- 0.1 UK retail turnover, ranging from £2m to £43bn – average £629m
- 0.2 The ecommerce subset of the above, ranging from £500,000 to £6.1bn – average £75m
- 0.3 UK web traffic, ranging from 350,000 to 15.8bn page views per annum – average 126m views per annum
- 0.4 Number of UK stores, ranging from 0 to 11,500 – average 131 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 Desktop and mobile homepage performance, including engineering and responsiveness – speed index, time to first byte, time to visual completion, use of third-party tags, etc
- 2.2 Customer service response time and helpfulness – Facebook, email and phone
- 2.3 Number of socially active customers and their interaction levels
- 2.4 Website navigation – the ease of finding a desired product, including tabs, icons, search and filtering
- 2.5 Customer feedback – incorporation of customer reviews and product ratings on the product display page
- 2.6 Mobile app – incorporation of customer reviews and product ratings [retailers with mobile apps]

3. Operations & Logistics

- 3.1 Delivery, including 10 metrics covering the range of options, and competitiveness of timeframes and pricing
- 3.2 Returns, 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 – a summary of collection points offered by retailers, including own stores, transport location, lockers, and third-party stores
- 3.4 Mobile app – stock check features [retailers with mobile apps]

4. Merchandising

- 4.1 Customer-perspective website 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 IRUK 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 Facebook assessment, including 13 metrics, covering the total number of people talking about the brand, the frequency of posts, and interaction with recent posts
- 5.4 Website review – assessing the integration of social media, sharing, and social validation
- 5.5 Mobile app – assessing the incorporation of social media, sharing, and social validation [retailers with mobile apps]
- 5.6 Email assessment, tracking hundreds of thousands of emails to panellists, assessing content, volume and interaction – open rate, delete rate, etc [largest IRUK retailers]

6. Mobile & Cross-channel

- 6.1 Mobile home page performance, including engineering and responsiveness – speed index, time to first byte, time to visual completion, etc
- 6.2 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
- 6.3 Cross-channel, 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 UK stores]

Introduction

We're delighted to bring you the InternetRetailing UK Top500 2017 report. For the third year, our research team has looked in depth at the UK's leading ecommerce and multichannel retailers, comparing and contrasting the capabilities of these top-flight traders to see where and how the best retailers excel.

Our Index takes an analytical approach that ranges across six Performance Dimensions and isn't limited to a pure ranking of companies by ecommerce revenues, web traffic or any other single metric. By doing this, we aim to understand and learn from high-performing retailers what best practice is in this highly competitive market, and how it can best be fostered and encouraged in other businesses across the industry. This combined capability is what we call 'RetailCraft' and constitutes a striving for excellence, at scale, that's responsive to the customer.

Our metrics

Our research covered seven Performance Dimensions (see page 5 for more details):

0. Footprint: UK retail turnover, ecommerce turnover, web reach and store estate of retail businesses gives 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 and collections
- 4. Merchandising:** displaying and describing products, and providing efficient site navigation
- 5. Brand Engagement:** making their brands familiar to the customer, and connecting
- 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. The six in this group in 2017 are Amazon, Asda, Boots, John Lewis, Marks & Spencer and Tesco. Our congratulations to the three new retailers in this cluster, and to Amazon, Boots and John Lewis for retaining their positions at the top of UK multichannel retail.

Leading companies are by most measures out in front, and combine both size and capability. Top50 retailers bring us to the 50-retailer point and represent the current state of RetailCraft in the UK. Taken as a group, the strengths and capabilities of the UK industry can be seen in this cohort.

Throughout 2017, we will be continuing our testing and measurement of the whole group. Standout performance and improvements in each Dimension will be published monthly at least, and contribute to the 2018 ranking.

Judgment

All judges and judgment systems are fallible and our research is no different in that regard. But from the starting point of the IRUK Top500 2015, we have refined and developed our research methods and metrics ever since – criteria that were differentiators last year are no longer, as such innovations have become the mainstream.

Knowledge partners

We could not have done this research without the generous advice and practical help of our Knowledge Partners. We thank SimilarWeb, whose web insights platform rendered the data for web traffic; OneHydra, which analysed search data to find how visible each retailer was compared to competitors; and Brand View, which reviewed the sophistication of retailers' merchandising techniques as part of the stand-alone Product and Merchandising Tracker. BuiltWith gave us a detailed breakdown of the ecommerce technologies used for each Top500 website. Looking at email strategies, Return Path analysed a huge number of emails sent by Top500 retailers, and the open rates and interaction these engendered. Clarabridge analysed the social media and brand sentiment of the Top500; and Hitwise showed the importance of search as a source of new customers for each website. NCC Group contributed analysis of load times and performance for the mobile and desktop landing pages of the Top500; Ghostery identified the number of third-party tags a website was using; and Poq researched the retail app market, providing a unique dataset on how app features affect conversion, browsing time and average order value.

While we thank them all for their knowledge and hard work, it is the enthusiasm, the spirit of partnership and flexibility shown in working with us that has been most gratifying. We look forward to sharing more of their exceptional work throughout 2017.

Top retailers

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

Ian Jindal Editor-in-Chief InternetRetailing



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The most extensive analysis on Europe's Top500 Retailers

IREU Report: published

Plus Six Annual Reports:

Brand Engagement: published

Mobile & Cross-channel: published

Merchandising: March 2017

Strategy & Innovation: March 2017

Operations & Logistics: May 2017

The Customer: May 2017



The InternetRetailing Europe Top500 (IREU 500) is the first Europe-wide retail performance index, gauging and comparing best practice across the trading bloc's 500 most significant retailers.

The Top500 blends quantitative data and qualitative assessment to create the most important and thought-provoking index of its kind. The reports provide case studies, best practice and suggested approaches, emerging trends and interviews.

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Reinventing commerce through a digital lens to serve the empowered customer



Perrine Masset, Digital Agency Services Senior Manager at LiveArea, the in-house PFS Agency, considers the retail challenge of 2017

TODAY'S DYNAMIC DIGITAL consumers expect their experience to automatically adapt to their daily lives whenever they engage with a brand, whether that engagement is physical, digital or emotional. The constant mobile device usage is already an ingrained behaviour and customers are showing a growing appetite for artificial intelligence and enhanced/virtual reality. As well as being technology-savvy and demanding more control over their data collection, customers are also looking for a hyper-personalised experience that connects them emotionally with the brand.

Retailers need to respond to their customers' ever-changing expectations by rethinking the way they do business online and across other sales channels, forcing them to fill the technology gap. The most influential retailers are those who lead the way in creating more engaged customer experiences. Moving from the 'traditional' experience of ecommerce – from product page to basket page – these leading retailers are intensively trying to understand their customers' journeys and are adapting to their needs by building disruptive and sticky experiences.

Finding the perfect balance between personalisation, automation, contextualisation and innovation will be today's challenge for retailers. 'Headless' commerce builds meaningful and relevant shopping experiences embedded into the overall digital journey. It allows, for instance, customers to buy from a banner while browsing online and this might be the way to respond to ever-evolving customer expectations.

It also underlines the need for investment made with an eye on long-term, rather than short-term

profit. The brands that have taken the lead in this digitally-enabled commerce space are reinventing themselves every two to three years. Adopting an agile test-and-learn methodology allows them to quickly respond to their customers' ever-changing behaviour and to maintain their advantageous business position.

Opportunities are currently great for retailers – but you have to play to win. Investing in innovation and thinking creatively about the customer journey will be the key for long-term success. Today's consumers expect flawless experiences and will only be more demanding in the future. 'Headless' commerce puts the product in the context of real life and encourages brands to connect with customers on a more personal level. Retailers who can quickly adopt these concepts will benefit from stronger engagements from their customers, building brand advocates and improving profitability in the long term. 🌈

About PFS

As a leading global ecommerce solutions provider, PFSweb enables brand and specialty retailers to achieve their commerce goals.

We combine consulting, agency, technology and operations to deliver unique, branded customer experiences, creating Commerce Without Compromise.

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The full rundown of the IRUK 500, 2017, as measured across six Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement and Mobile & Cross-channel

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Joules

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Peacocks
The Perfume Shop
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Reiss
Samsung

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Smyths
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Liberty
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Machine Mart
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Mobile Fun
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Novatech
Oasis
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size?
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Top350

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Blackwell's
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Dr. Martens
Dreams
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Everything5pounds.com
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Find Me A Gift
Fitness Superstore
Forbidden Planet

Fortnum & Mason
funkypigeon.com
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Games Workshop
GettingPersonal.co.uk
Google Play
Gucci
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Tate Shop

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Thompson & Morgan
Tiffany & Co.
Trespass
Tripp
TTS Group
Ugg Australia
Vans
Virgin Wines
Weldricks Pharmacy
Whistles
WorldStores
Wynsors World of Shoes
YOOX.com
Zooplus

Top500

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Aldi
Alexandra
Armani
Art.co.uk
Asics
Aspinal of London
Asus
ATS Euromaster
Banana Republic
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Barker & Stonehouse
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Craghoppers
Create and Craft
Cromwell
Damart
Denby
Diesel
DJI
DKNY
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Dulux Decorator Centres
Dunnes Stores
EAT.
Eco
END
eSpares
eSpare
Expansys
Farrow & Ball

Finlux
Fired Earth
Fitbit
FitFlop
Flannels
Fossil
Fraser Hart
Fred Perry
Free People
G-Star Raw
Gabor
GAK
Gant
Garmin
Glasses Direct
Graham & Greene
Graze
Guess
Habitat
Hackett
Hallmark
Hamleys
Harper Collins
Harveys
Hawkin's Bazaar
Hawkshead Country Wear

Hi-Tec Sports
Hornby
The Hut
Intersport
itsu
IWOOT
J Crew
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Pro-Direct
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QD Stores
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Regatta Outdoor
Clothing
Roman Originals
Rowlands Pharmacy
SecretSales
See Tickets
Sevenoaks Sound and
Vision
Superfi

Swatch
Thomann
Thomas Sabo
Timpson
TJ Hughes
Toast
Tommy Hilfiger
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Speedy and efficient customer service

Our research highlights new and effective ways of putting the consumer first

TRADERS STOOD OUT in the IRUK Top500 Strategy & Innovation Performance Dimension when they put the customer experience first, investing in services and technologies that deliver a fast and efficient shopping journey.

InternetRetailing researchers tested the performance of Top500 retailers against metrics that demonstrate business innovation and strategic planning. For 2017, these strategic measures are those that deliver around the speed and efficiency of retailers' performance and customer service. They include 28 different metrics, which range from how fast and efficiently web pages loaded, to how quickly and effectively retailers responded to customer service questions posed by phone, email and other channels.

Researchers also tested particularly innovative strategies in areas that are covered in more depth within this report. They drew on their research in merchandising, mobile, delivery, collection, returns and customer engagement to assess the tools, technologies and services that retailers employ as they enable shoppers to use websites quickly and easily.

Social media engagement via Twitter, as measured in InternetRetailing's Tweetailer index, also formed part of the assessment.

"It takes true strategic planning to achieve a service that really meets customers' needs," says InternetRetailing's head of research, Martin Shaw. "In this Strategy & Innovation Performance Dimension, we've aimed to measure how far retailers go in giving their customers the tools they need in order to buy from them. We've also looked at whether, and how, they use new or innovative approaches and technologies in order to boost their effectiveness. We've weighted the index such that the leaders in this Dimension are broadly innovative and strategic."

How the Top500 performed

Top500 retailers offered an average of five (4.8) communication channels to their customers. When researchers contacted Top500 retailers with an email query, they received a response in a median time of 12h, while a small number of slow-to-respond retailers took the average time to just under 24h (23.5h). Researchers on average rated those responses at three out of four for effectiveness in resolving the query. When researchers submitted a customer query over Facebook, they found a faster median response time, at just under half an hour. But the average response time was much lower, at almost 53h or just over two days (2.2 days), which showed that while a majority of retailers responded via the social network faster than the 'traditional' mode of email, a minority were much slower on Facebook than they are via email. This suggests that some retailers are using a siloed approach to customer service.

The average Top500 retailer offered between two and three delivery options (2.5). Next-day delivery, offered by 312 of the Top500 retailers, was the most popular premium option. That was followed by Saturday delivery, offered by 167 retailers, nominated-day delivery (93 retailers), and Sunday delivery (62). Same-day delivery (29) and nominated time (40) were far less widely available, suggesting that these are not yet important or sought-after forms of delivery.

Retailers were more likely to deliver next day than to offer collection, currently a service offered by 266 of the Top500. Some 176 of the Top500 enabled shoppers to return their online purchases to the store, while refunds were processed in an average of 11.4 days.

Merchandising strategies came under scrutiny, as researchers investigated how well retailers informed shoppers about their products. They found that product pages featured an average of between two and three (2.3) images. Some 120 of the Top500 retail websites offered alternative results when a no results search was made, while 140 enabled shoppers to save the products they'd found to a wishlist.

IRUK 500 2017: comparing the Top100 to the full cohort

The Strategy & Innovation Dimension highlights areas where there is a significant difference between the best and the rest. Here we show the difference between the Top100, based on all six Performance Dimensions and the Footprint, and the Top500 cohort as a whole

Metric	Top100 fraction	Top500 fraction
Click and collect	94%	57%
Return online purchase to store*	62%	37%
Cross-platform wish list	56%	45%
iOS app	56%	41%
Android app	55%	37%
Same-day delivery	12%	6%

Knowledge Partner Poq assisted with some of the research quoted in this graphic

*a proportion of the multichannel retailers in each group



Making it possible for shoppers to buy via mobile was a key point of interrogation for researchers, who found that 185 of the Top500 retail websites offered Android apps, while 204 had iOS apps – 22 of the iOS apps had a serious bug.

How the leading retailers perform

Individual retailers stand out in this Performance Dimension not only for the overall heft of their service offerings but also when they punch well above their weight, as shown in the Top500 Footprint. The Top500 Footprint measures retailers by relatively blunt measures, such as turnover and store estate. Additional performance-related measures, such as in this Strategy & Innovation Dimension, are then used to calibrate that overall figure. The retailers that stood out in this Dimension included House of Fraser, Tesco, Boots, Currys and Next. House of Fraser performed well above its Footprint rating for a strategic approach that included an effective approach to customer service both on email and via Facebook, and a wide choice of delivery and collection options that suggested a well-considered strategy in this area. The department store offered six delivery options, plus Collect+ and click and collect, and also enabled shoppers to return their online orders to the store.

Tesco performed to consistently high standards across the Dimension, with speedy and effective responses to customer enquiries. It answered a Facebook query in 25m on average and supported six customer service and information channels – one more than the average of five. Its three delivery options for non-grocery orders included next-day delivery, nominated date and standard, while it also offered click and collect. Shoppers could nominate the day and time of delivery. It had a bug-free iOS app, while its mobile website loaded faster than most in the Top500, with a speed index result just 63% of the median.

Boots answered customer service emails in an average time of an hour and a half, and Facebook messages in just over four hours. It scored top marks for the way it dealt with both. Overall, it offered seven customer service and information channels. It offered four delivery options, as well as click and collect.

Other retailers that performed well above their size included Mothercare, which scored full marks for its customer email response and offered eight customer channels. Wex Photographic also had eight customer service channels and offered five delivery options. 🇬🇧

Putting the consumer first

How we assessed retailers on service and site experience

SHOPPERS HAVE A high-quality experience when they visit ecommerce websites operated by retail brands that lead in The Customer Performance Dimension. The InternetRetailing analysis rewards Top500 websites that deliver a fast-loading website while also offering outstanding customer service via a range of channels. Leading websites enable customers to read ratings and reviews on the site as well as via the mobile app. They also make it easy for customers to find their way around sites, thanks to effective navigation strategies. Researchers also took into account how easy it is for a customer to return an item once bought, as well as how long it takes for the item to be refunded. As a result of research carried out with InternetRetailing Knowledge Partner Ghostery, retailers benefit if a website has fewer tag requests, as measured through total tag load and unique tag loads. Total page loads give an insight into how long visitors are staying on the site.

What the Top500 do

The Top500 UK retailers offered customer support or information through an average of five (4.8) channels. Here, Marks & Spencer stood out with a market-leading eight channels. When researchers contacted Top500 retailers with an email query, they received a response in a median time of 12h, while a small number of slow-to-respond retailers took the average time to just under 24h (23.5h). But the fastest retailers were ahead of those figures: among the top retailers for the Dimension, Topps Tiles responded to an email in 3m and House of Fraser in 24m.

Researchers rated the Top500's responses on average at three out of four for effectiveness in resolving the query, and rated the quality of service at two out of a possible four.

When researchers submitted a customer query over Facebook, they found a faster median response time, at just under half an hour. But the average response time was much slower, at almost 53h – just over two days. The fastest were very speedy indeed: Waitrose's average response time was 12s, while Topps Tiles' average was 1.5m. Researchers rated the average response of a Top500 company with three (3.4) out of a possible four for how well the issue was resolved, and with an average of three (2.7) out of four for the quality of service.

The average Top500 retail brand had 60,000 Twitter followers, although the median following came in at 8,340. The leading Top25 retailer in this Dimension was Amazon with, at the time of the research, more than 671,000 followers.

In total, 31% of the Top500 offered product ratings, while 34% offered product reviews.

Mobile was an important focus for the analysis, which found that 12% of the Top500 apps offered written product reviews. Turning to website performance, mobile websites started to launch in an average of 0.12s and a median time of 0.07s. By 0.9s, the average Top500 mobile website was visually complete, while the median site took 1s.

The final metrics considered were around returns. In total, 52% of the 480 retailers for whom the metric was relevant promised to refund items in full, while 20% also refunded the cost of returning the item. Top500 retailers gave customers an average of 28 days to return unwanted items and took a median time of 11 days to process the refund.

The leading retailers

The leading retailers in The Customer Performance Dimension are those that perform well across metrics, rather than standing out in a single area. They included Laura Ashley, John Lewis, Boots, House of Fraser and Waitrose. Laura Ashley took an average of 154m to respond to a Facebook query and dealt with phone enquiries on average in less than 2m (112s). It scored high marks for the quality and effectiveness of its customer service across all channels. Its mobile website also loaded extremely quickly.

John Lewis stood out for its customer service, scoring maximum points on its service and issue resolution via email, Facebook and phone. It responded to emails in an average of 32m and to Facebook queries in 37m, and supported four engagement channels. It scored well for fast visual rendering of its mobile website and had more than 116,000 Twitter followers.

Boots supported seven customer service and information channels. It scored the maximum for effectiveness in its response to email queries, answered on average in 96m, and to Facebook enquiries, answered in 4h 18m. It also ranked highly for its response to customer phone calls.

Laura Ashley was among the retailers that performed well above its weight as measured in the Top500 Footprint. Others that punched above their weight in this Dimension included House of Fraser, which has seven customer engagement and information channels, answered emails in an average of 24m, Facebook enquiries in 13s, and dealt with phone calls in 2.7m, all with high scores for service and efficiency.

Joules responded to Facebook queries in an average of 16m and dealt with phone calls in 108s. It rated highly for quality of information and customer service. Nisbets, with a mobile website that loaded in less than a minute, and Chain Reaction Cycles, with an easy-to-navigate website, also punched well above their weight. 🇬🇧

IRUK 500 2017: median results

Customer service response times*:



Email – 12 hours



Facebook – half an hour

Site engineering and performance:



Unique website tags – 76



Visually complete time
(mobile browser) – 1.04 seconds

*including bot responses

Knowledge partners Ghostery and NCC Group assisted with the research quoted in this graphic

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IRUK 2017

Delivering on expectations

We chart retailers' approaches to deliveries, collections and returns

SOPHISTICATED DELIVERY AND collection strategies that enable shoppers to receive their online orders in the way that best suits them are rewarded in the IRUK Top500 Operations & Logistics Dimension. The leading retailers in this Dimension are those that offer a well-considered fulfilment strategy, allied to a generous and effective returns policy. This Dimension also included research into whether retailers had a stock checker on their mobile apps, judging this would be a more convenient service for multichannel shoppers looking to buy from the most convenient place.

“Retailers that offer delivery and collection choices, alongside generous return periods and fast refunds, come closest to meeting shoppers’ needs for seamless and flexible shopping,” says Martin Shaw, head of research at InternetRetailing. “Offering plenty of choice in this area suggests that traders have not only considered what their customers want, but that they have found a way to make this part of their business competitive in a way that will ultimately boost overall profitability.”

What the Top500 do: delivery and collection

Top500 retailers offered between two and three delivery options (2.5), on average. The widest choice was offered by Amazon, with an average of six delivery options recorded over four different tests over the period of research.

On average, the Top500 offered standard delivery that takes between four and five days, (4.6) to arrive. The fastest standard delivery promise came from Carphone Warehouse at one day. PC World, Currys, Superdry and Shoe Zone were the Top25 retailers that offered standard delivery for free. Of the 291 (58%) retailers that offered free delivery once a minimum order value was reached, that value is an average of £57 and a median of £49.

The Top500 analysis looked at the most common options, to see which were most popular or widely used. It found that next-day delivery, offered by 312 (65%) of the 479 retailers to which

the metric is relevant, was the most popular premium option. That was followed by Saturday delivery, offered by 35%, nominated-day delivery (19%) and Sunday delivery (13%). Same-day delivery (6%) and nominated-time delivery (8%) were far less widely available, suggesting that these are not yet important or sought-after forms of delivery, or the logistics capability may be too costly or difficult for many retailers to implement at this time. It may be that they gain more popularity in the future, and that’s something this Index will track. Retailers were more likely to deliver next day than to offer collection, currently a service offered by 266 (57%) of the 469 for which the metric was relevant.

Stock checkers can help customers to locate and organise delivery, or collection, of the goods they want to buy. Some 15% of retailers with apps had a stock checker on their mobile apps for shoppers on the move, while just 2.4% had related stock-checking features that went beyond the basic functionality.

What the Top500 do: returns

Researchers examined returns policies for the 480 retailers for which the return of physical goods was relevant. They looked both at how generous and convenient for on-the-go shoppers they were. They found 52% would fully refund an item that had been returned because it was no longer wanted, as long as it was returned within the return policy time – which averaged 34 days, with a median time of 26 days. The longest returns period was 365 days, offered by Schuh and Shoe Zone.

The analysis also found that 13% offered pre-paid returns, while 20% would refund the postage costs of returning. Less generous retailers charged a fee to return, averaging £1.26 across the 365 that charged a fee. Looking at alternative ways of returning goods, the study found that 37% enabled shoppers to return their online purchases to the store, while 25% enabled return via a third-party location such as a locker or a

local convenience store. A fifth (21%) enabled returns via a pick-up from the house, while 72% enabled returns in the post, but 28% did not. Refunds were processed in an average of 11 days.

The leading retailers

Tesco, Sainsbury's, Marks & Spencer, Amazon and Screwfix were among the leading retailers in this Dimension, thanks to performances that often put them ahead of their peers by offering, for example, relatively unusual services. Thus a trader would be more likely to perform strongly if they offered same-day delivery than if they offered the more common next-day delivery.

Supermarkets Tesco and Sainsbury's stood out for a broad delivery offer across grocery and non-food services. Both offer several less common services, including same-day delivery, nominated-time delivery and Sunday delivery.

Marks & Spencer scored highly for a comprehensive returns promise that included return via drop off at a third-party location. Amazon's comprehensive service stood out with the promise of same-day and nominated-time deliveries, something that's testing for a pureplay retailer. It also offered pre-paid returns.

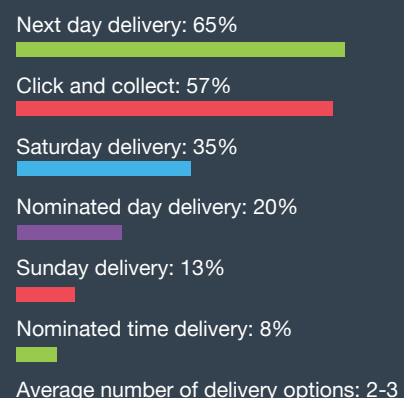
Screwfix combined some relatively unusual services in its delivery and returns promises. For example, it promised Sunday delivery and also enabled shoppers to check in-store stock via its mobile app. It was one of the 100 traders to pick up returns direct from the consumer.

Those that performed beyond their weight in the Top500 Footprint included Asos, Moss Bros, Wiggle and Agent Provocateur, suggesting a performance that goes well beyond their physical presence and ecommerce turnover. Asos offered nominated-day and nominated-time deliveries and also pre-paid returns. Moss Bros offered nominated day and time deliveries, as well as returns via drop-off at a third party location. Wiggle offered a comprehensive returns policy that included drop-off at a third-party location, via a pick-up from the house. It also refunded the costs of return.

Finally, Agent Provocateur offered Sunday delivery, pre-paid returns and would also refund the cost of returns. 🇬🇧

IRUK 500 2017: fulfilment promises

In last year's Index we saw big increases in retailers offering next-day, Sunday, nominated-day and nominated-time delivery options, especially when looking at the Largest 100 group. This year the story is different, with only minor changes discernable at the aggregate level



Showcasing products to best effect

We survey whether retailers offer clear explanations, strong imagery and reviews

RETAILERS THAT PERFORMED well in the Merchandising Performance Dimension did so when they used images, videos, reviews, ratings and product descriptions to explain their products in great detail, while making them easy to find through a website's search and navigation.

Communicating the product is all the more vital online since shoppers viewing on a desktop or from a smartphone can't touch or feel items as they can in the store. InternetRetailing researchers set out to judge how well retailers explained and presented their products online. They looked at how easy it was for shoppers to search and navigate a website, and how well products were illustrated, both through zoomable images and through product information. Whether products could be shared or Liked via social media, saved to a list, or bought without registration were all considered. In-site promotions, from a 'bestseller' tag to upselling and cross-selling, were also taken into account. The research extended, through the ongoing InternetRetailing Product and Merchandising Tracker, in association with InternetRetailing Knowledge Partner Brand View, to reveal the completeness of retailers' product displays by describing the proportion of items that are out of stock, on promotion, feature product videos or reviews, or lack a description.

Then, looking at retailers' mobile apps, the analysis also considered the quality of imagery and the availability of star ratings, and gave scores for personalisation and searchandising.

What the Top500 did

Top500 retailers showed, on average, between three and four images (3.5) of each product. AO.com had, on average, between five and six images of each product (5.7) and also showed product videos for 31% of its electricals range, according to Brand View research, which was much higher than the average of 18% within its sector. That research, covering 23 of the largest IRUK traders, showed that, on average, retailers showed reviews for 58% of their products, although 4% of products lacked descriptions.

InternetRetailing research showed that 60% of the 482 retailers to which the metric was relevant enabled shoppers to find their way around websites using drop-down search suggestions, while the use of navigational filters was also widespread. Filter by price was the most popular, used by 68% of those assessed. Filter by product type was used by 62%, while 43% enabled browsers to search by brand. Banner advertising was used on 48% of retail websites, while just six (1.2%) marked their bestselling products. Promotions were made obvious on the homepages of 72% of websites.

Brand View showed that 42% of products stocked by retailers were on offer over the last six months of 2016. In all, these leading retailers had an average of 5,247 products on promotion. The fact that the median number of products on promotion is 2,342 suggests that a relatively small number of retailers run a large number of promotions.

One key metric looked at was whether a no results search returned any answers. It found that 25% of retailers did offer alternative suggestions when they didn't have stock of a particular product.

Half (50%) offered product ratings and just over half (53%) had reviews on their websites. More than half (53%) helped shoppers to share products with friends using social media, while 26% offered social validation on the product page.

Seven in 10 (69%) used cross-selling to recommend similar products while 15% used upselling to suggest a more expensive product or combination. Some 44% required shoppers to register before they checked out – checkout taking an average of between three and four (3.4) pages.

Some 204 of the Top500 had an iOS mobile app, analysed for merchandising features by InternetRetailing Knowledge Partner Poq. The analysis showed that, of retailers with apps, fewer supported the same level of product visibility and merchandising on that channel as on their main

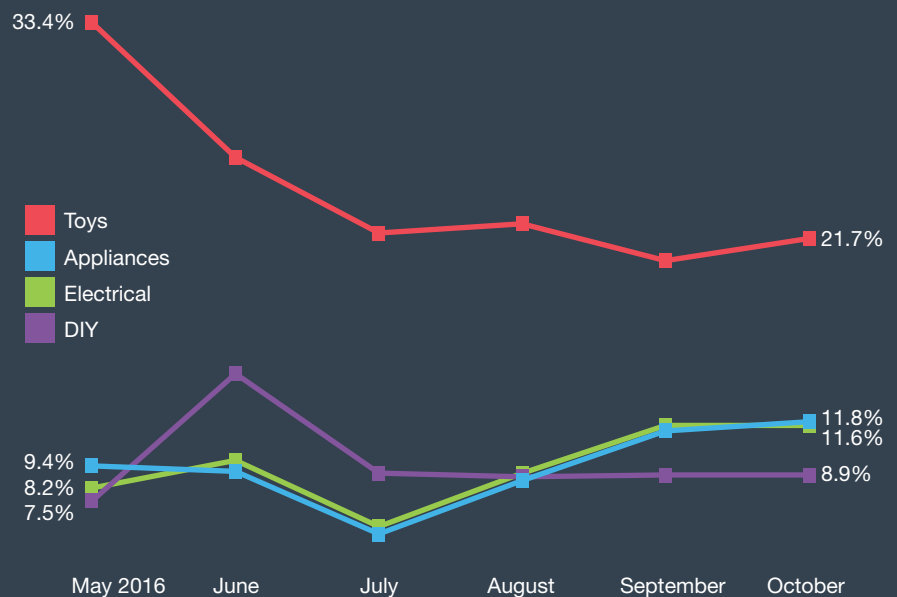
IRUK 500 2017: percentage of range out of stock by sector

The results of this analysis, researched in collaboration with Brand View, are shown here aggregated to sector. This metric is one of 40 used as ranking signals in the Merchandising Dimension

Knowledge Partner Brand View researched the dataset used in this graphic



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websites: 53% of retail apps showed the product through more than one image, while half made images zoomable within the app. More than a quarter (27%) showed the star rating that each product had, 53 (26%) showed written product reviews, while 45% enabled shoppers to save an item to a wishlist. Finally, 28% offered daily deals from the app.

What the leading retailers do

John Lewis, Amazon, Early Learning Centre, Argos and Sally Express were among the leaders in this Dimension. Each performed to a high level on most metrics and stood out by adopting those that were less commonly used but that researchers judged to be highly effective.

John Lewis combined star ratings with written product reviews to good effect, and also offered daily deals on its mobile app.

Amazon stood out for being one of the 53 retailers that used the bestseller ribbon to mark popular items, for its exceptional use of written product reviews, and for its ability to offer alternative suggestions to a no results search – one of 25% of retailers that did.

Early Learning Centre stood out with another consistent performance. It outperformed the average Top500 retailer with social validation, filter by brand, and the ability to save to a wishlist to good use. Argos used product reviews alongside product ratings and also offered daily deals through its app.

Hairdressing and beauty supplies website Sally Express made good use of the bestseller ribbon,

offering alternative results to a no results search and enabling shoppers to Like its products.

Sally was among the retailers that performed well above its weight – as defined through the IRUK Top500 Footprint – in this Dimension. Others that did the same included white goods to computing retailer AO.com, which offered product videos on 31% of its electrical products (compared to the sector average of 18%) and showed between five and six images for each product, well above the average. It also showed alternative results for a no results search. Bathstore showed alternative results for a no results search, and enabled both social validation and social media Likes. Footasylum also enabled social validation and Likes, while providing a wishlist feature.

Moss Bros scored well above its Footprint, through features that included the use of bestseller ribbons, the ability to filter by brand, and alternative suggestions to a no results search.

Also ranking in this Dimension well above their Footprint size were CycleSurgery, which enabled shoppers to Like its products via social media and provided upselling suggestions; and Getthelabel.com, which had social media sharing and Likes alongside daily deals.

Seed merchant and gardening supplier Thompson & Morgan was ranked more than 300 places above its Footprint for its use of less common features, including the use of a bestseller ribbon, upselling and giving alternative suggestions on a no results search. 🌱

Open channels of communication

Social media, email and customer service all help retailers to perform strongly in this Dimension

AN ACTIVE AND multichannel approach to customer engagement and social media help retailers to stand out in the Brand Engagement Performance Dimension. Those that lead in this Dimension use all the channels at their disposal to start and develop conversations with the shoppers they serve.

Researchers used more than 30 metrics to find out how retail brands communicate with existing and potential customers. They measured how many customer service channels retailers supported, whether they linked to or enabled validation through social media; enabled shoppers to Like or to share an item on Facebook, while counting the number of Facebook Likes, check-ins as well as Twitter engagement and followers.

Star ratings and product reviews in mobile apps were also important. InternetRetailing Knowledge Partner Return Path contributed an analysis of email marketing campaigns that showed whether recipients read or deleted emails sent by leading Top500 retailers.

What the Top500 do

Top500 retailers take an active approach to communicating with their customers. Researchers found they operated between four and five (4.8) channels through which they could talk to shoppers. Customer engagement features on the website included the ability to Like a product on social media, featured by 25% of the 482 retailers for which this metric was relevant. Half deployed product ratings and just over half (53%) product reviews. Some 54% enabled visitors to share products with friends, while

26% enabled social validation. Almost half (44%) of the 204 retailers with an iOS app enabled users to share an item on social media. Just 1% of retailers with apps showed social media Likes on the app, perhaps suggesting little demand for this feature. Some 27% of iOS retail apps showed star ratings for products, while 26% showed written product reviews.

Some 90% of IRUK Top500 retailers maintained a Facebook page. Of those, 55% showed links to other social networks from that page, while 68% featured a Shop Now button on it, taking an active approach to encouraging social media users to buy. Where retailers enabled visitors to the page to 'check in', an average of 39,000 had done so. However, the median figure was 1,520, suggesting that retailers that perform strongly in this area tend to have exponentially more check-ins. This was also demonstrated when the number of people talking on Facebook was measured: the average number was 6,000 while the median was 906. When the number of Facebook page Likes was measured, the average was significantly higher, at 1.15m, than the median, at 0.8m.

Fewer IRUK Top500 retailers (80%) had a Twitter feed with a significant-enough presence to be included in our Tweetailer Index. Those that did, had an average following of 132,000 followers during the course of the research. Again, the median following was lower at 19,800, suggesting that while some retailers have large followings, the norm is lower. Through metrics that reflect engagement that goes beyond merely having a Twitter account, researchers found that retailers on Twitter had an average of 2,190 friends – again this is higher than the median

of 1110 – and that they had posted an average of 16,800 tweets – or a median of 7,730. Followers favoured an average of 2,200 of their tweets. Here the median was 1,180. On average, 525 followers had added each Top500 retailer to their lists of favourite Twitter accounts – although the median was lower at 161.

A study contributed by InternetRetailing Knowledge Partner Return Path analysed email marketing campaigns run by sub-groups of the Top500. The research focused on the largest IRUK 500 retailers, who sent hundreds of thousands of emails to panellists over the Christmas shopping period included in the study. The study found that, on average, 14.6% of emails were read, 8.6% were deleted without reading, 10% were marked as spam by the mail service provider, 6.2% were marked as not-spam by the recipients and 14.3% were deleted overall. Just 1% of emails were forwarded.

What the leading retailers do

Retailers in this Brand Engagement Performance Dimension stand out with a high degree of customer engagement, especially on metrics where they score well ahead of the average. Among the leaders were Debenhams, Mothercare, Argos, John Lewis and Marks & Spencer.

Debenhams' emails not only enjoyed a high read rate, but were marked as 'not spam' at a higher rate than any other Top25 retailer in this

Dimension. It stood out for its integration of social media – with customers finding it easier to share their favourite products with friends. Emails from Mothercare, Argos and M&S enjoyed a high read rate, while they were also among the few retailers that enabled mobile app users to see both written product reviews and star ratings.

John Lewis enabled its app users to see written product reviews. Its emails enjoyed a high read rate, while a high number of users marked its emails as 'not spam'.

Mothercare was among the retailers that stood out for a performance that punched well above the retailer's weight, as suggested in the IRUK Top500 Footprint, which ranks retailers by metrics including turnover, revenue from ecommerce and number of physical stores in the UK. Others included Topshop, with emails that enjoyed high read rates, and a high 'not spam' rate. The retailer also enabled shoppers to share items on social media.

Victoria's Secret and Land's End also integrated well with social media, with Liking and visible validation on the product page. This approach dovetailed with the use of ratings and reviews on their websites and apps.

In this Dimension, Myprotein ranked an impressive 397 places above the place its Top500 Footprint would suggest. The nutrition specialist enabled its visitors to Like products and to validate them on social media. 🇬🇧

IRUK 500 2017: topics by sentiment

Retailers' connections with customers – via social and traditional media – are in scope of the Brand Engagement Dimension. Here the Top500's aggregate most significant topics by consumer sentiment (0 is neutral) are shown for the Christmas shopping period in 2016



Helping shoppers buy wherever they are

Apps that linked store and online stood out in this Dimension

ON-THE-GO SHOPPERS CAN use their smartphones or tablet computers to research and shop the range easily when they use the mobile app or website operated by a leading retailer in the Mobile & Cross-channel Performance Dimension. They're also able to use cross-channel services, such as returning online purchases to the store, store stock checkers, and click-and-collect services, that enable them to shop in the way that's most convenient for them at any given point in their day.

InternetRetailing researchers, in partnership with InternetRetailing Knowledge Partner Poq, judged performance in this Dimension through 25 metrics chosen to reflect a dynamic and sophisticated mobile app strategy. This research focused on the 204 Top500 retailers that offered iOS apps. Metrics relating to apps included whether they enable customers to change currency or language, to manage their loyalty card from the app, to check stock or to scan products, whether in-store or at home, using a barcode scanner. Also measured were apps' use of varied product images, whether they offered a native shopping experience, sent push notifications and enabled shoppers to buy online. Wishlists, product ratings, reviews and other features were also taken into account. The speed and engineering of mobile websites was gauged, in collaboration with Knowledge Partner NCC Group, with nine metrics. Finally, multichannel retailers were assessed on how their stores tied into their ecommerce offerings.

Martin Shaw, head of research at InternetRetailing, says: "In this Dimension, we can see whether Top500 retailers are using mobile as a way to bridge the store and online, or whether they are operating mobile apps, websites and stores in isolation. In this Dimension, we reward those that make the most of their app, while also providing mobile websites that download quickly. That's important since shoppers are less likely to want to wait for a site to load when they are moving around or on a mobile data connection."

What the Top500 do

More than a third (37%) of the 423 retailers considered in this part of the analysis had Android apps while 41% had iOS apps. The latter are analysed in detail in this Dimension simply because retailers are more likely to have them, and because where a retailer has both, the apps tend to offer a very similar experience.

Some 63% of iOS apps were transactional, with more than a third (37%) not transactional. Just under half of retailers (47%) enabled shoppers to find a store through their app, while 17% had store stock checkers, although only six retailers (3%) added extra features to those stock checkers.

At the cutting edge, retailers are enabling shoppers to use their loyalty cards via the app in a way that can link the store and online very effectively. In this research, only 4% enabled app users to create a new loyalty account via the app, but more (9%) enabled them to enter details of an existing loyalty card or to scan their card (8%). A third (33%) had barcode scanning functionality.

More than half (52%) of iOS apps used push notifications and 28% offered daily deals within the app.

When it comes to viewing products, 53% offered more than one image, while 50% enabled users to zoom in on the images. Only two retailers (1%) enabled shoppers to Like products on social media from the app, while 44% enabled shoppers to share them on social media. More than a quarter (27%) showed ratings and 26% offered written product reviews.

Mobile websites took an average of 8.9s to download, becoming visually complete in 8.1s. Pages were an average of 2.2MB in size, while the median was 1.7MB.

IRUK 500 2017: mobile web overview

Performance of each retailer's mobile website is a key part of the Mobile & Cross-channel Dimension. Here we've aggregated results to show the Top500 median and best sector

Metric	Top500 Median	Best Sector (average)
Data start	0.13s	Sports & Leisure
Render start	2.08s	Business Goods
Domain load	2.43s	Business Goods
Visually complete	6.36s	Business Goods
Download duration	7.29s	Business Goods
Page size	1.7MB	Grocery



IRUK 2017

Knowledge Partner
NCC Group researched the
dataset used in this graphic

More than half (57%) of the 469 retailers for whom this metric was relevant enabled shoppers to collect their online purchases from a store, locker or third-party location, while more than a third (37%) enabled goods bought online to be returned to store.

What the leaders do

Retailers that stand out in the Mobile & Cross-channel Performance Dimension do so when they consistently perform in the metrics that apply to their kind of retail, and when they offer services that go well beyond the average.

Tesco, a leader in this Dimension, scores highly because it is one of the few retailers that enabled shoppers to create a new loyalty account through its mobile app. Researchers found users could also scan existing loyalty cards and enter loyalty card details in the app. It also scored highly for both personalisation and searchandising.

Sainsbury's offered an Android app as well as an iOS app, offered daily deals and also enabled shoppers to enter loyalty card details.

Shoppers using the M&S app can scan a loyalty card, enter loyalty card details and read written reviews of products. It scored highly for in-app search relevance.

The Asda and Boots apps both showed product reviews and star ratings, while Boots shoppers

can enter loyalty card details, and Asda shoppers enjoy daily deals. The Boots app also scored highly for searchandising.

Dorothy Perkins, Apple, Topshop, Holland & Barrett and House of Fraser all performed well above their weight, as defined in the Top500 Footprint. Dorothy Perkins did so thanks to relatively unusual set of app features that included a store stock checker, daily deals and a barcode scanner.

Apple also had a store stock checker on its iOS app, while additional features included written product reviews and star ratings. It scored highly for searchandising.

House of Fraser offered a sophisticated stock checker. It also scored highly for personalisation and searchandising. Topshop had a store checker, daily deals and a barcode scanner. Holland & Barrett enabled shoppers to enter loyalty card details and to scan their cards; it also had an Android app. 🌈

Food for thought

The big supermarkets have had a tough time, but don't count them out just yet...

THE WAY WE buy groceries is changing, which is putting huge pressure on the supermarkets. This much we know because of an almost daily diet of news stories that tell of how, for example, Tesco and Sainsbury's are struggling to fight off competition from German discounters. But how true is this picture? Without denying the challenges, it's worth taking a step back and looking at some raw statistics.

According to analysts Kantar Worlpanel, at the turn of 2016/17, the so-called 'big four' – Tesco, Sainsbury's, Asda and Morrisons – collectively commanded 71.3% of the British grocery market. While that figure is down from 74.1% two years ago, it still speaks of retailers with heft and reach.

This picture is backed up by our research for the InternetRetailing UK Top 500, which sees leading supermarkets performing strongly. While this is in part because of the Footprint of the companies – our Index favours bigger companies – that's by no means the whole story. We found the sector performs particularly strongly in three Dimensions: Strategy & Innovation, Mobile & Cross-channel, and Operations & Logistics. Below, we look at each of these in turn.

Strategy & Innovation: it may seem counterintuitive to suggest that big supermarkets are innovative but this is an area where size matters. That's because supermarkets can afford to experiment at a small scale to see if things work, but then have the resources to undertake large scale transformative projects.

For an example of how this works, consider the tie-up between Sainsbury's and Argos. In January 2015, the (then) two companies announced that Argos was opening 10 digital-format stores, concessions, within Sainsbury's branches. "These 10 Argos stores will complement our supermarket offer, giving customers the opportunity to shop for an extended range of non-food items," noted Sainsbury's CEO Mike Coupe at the time.

Clearly, things went well. Sainsbury's subsequently bought Home Retail Group, the parent company of Argos and Habitat. The supermarket is revamping stores around the country to include Argos concessions and, in September 2016, announced plans to open five Mini Habitat stores in Sainsbury's stores.



Argos digital-format stores are becoming a familiar sight in Sainsbury's stores around the country

Image credit: Home Retail Group

Mobile & Cross-channel: according to InternetRetailing research, the load time for supermarkets' mobile websites outperforms the fashion sector. It's a reminder that many supermarkets were early onto the web and have been able to bring their experience to bear on the transition to a mobile-first world.

To inject a note of caution, the idea of cross-channel retail poses problems for supermarkets in that supermarkets have traditionally expanded by building and buying more stores. Along with other factors, the rise of ecommerce has undermined this strategy of 'more is more'. In January 2016, Tesco CEO Dave Lewis announced that the retailer wasn't going to proceed with the construction of 49 large supermarkets because the company "quite simply could not afford" them. One lesson here is that supermarkets need to make real estate work as part of a wider cross-channel strategy.


Logistics & Operations: of the three areas where supermarkets perform best, this is perhaps the least surprising. When customers order a weekly shop, it can't arrive a day late and every delivery slot has to be honoured. Accordingly, supermarkets quickly invested in the infrastructure necessary to make this happen, to the extent that vans unloading groceries are now a familiar sight on Britain's streets.

That said, there's no room for complacency. For a start, as Morrisons discovered a few years back when it didn't prioritise ecommerce, not focusing on digital makes investors and

customers unhappy. More seriously, the recent announcement of Morrisons at Amazon, which enables Prime Now members in London and parts of Hertfordshire to have a grocery order delivered within the hour, offers clues as to how this sector will develop.

It will also be intriguing to see how new kinds of services, such as the Amazon Dash replenishment service, which enables customers to order such products as washing powder at the click of a button, will affect the grocery sector. It may be that such services will erode the need

for the family shop at a time when the notion of buying groceries for the week is already anathema to many urban and younger customers. If this is the case, the supermarkets will need to respond.

To conclude... while we shouldn't underestimate the challenges faced by the supermarkets, the idea that the companies themselves aren't aware of the problems or finding effective ways to fight is to overstate what's happening. Announcements of the death throes of the British supermarket, while they make for good headlines, are premature. 

Grub on the go

A new breed of fast-food delivery services may offer clues about new approaches for retailers

IT'S REALLY NOT so long ago that ordering a takeaway to eat at home involved phoning, say, a local curry emporium and, should a menu not be to hand, talking through the options. The rise of websites aggregating the offerings of local takeaways is doing away with the fine tradition of shouting, "Chicken what?" down the line at a harassed waiter.

Destinations such as Hungry House, JustEat, UberEats and Deliveroo are changing this. Essentially, these are companies that work like a combination of marketplace and directory, but also add in courier/taxi logistics capability and the ability for customers to track orders. This makes it straightforward for customers to order food from even the smallest eatery online. Considering that JustEat, which had revenues of £247.6m in 2015, values the British takeaway market at £5.5bn, it's easy to see why so many companies are operating in this space.

So are there lessons here for British retailers? Perhaps not in the business model. After all, there are similarities to what *notonthehighstreet.com* does – notably with Deliveroo, which focuses on high-end restaurants, analogous to

notonthehighstreet's curation of items from independent craft suppliers.

Nevertheless, the convenience and localism of these sites is a powerful combination, especially when allied to mobile. This is a sector where convenience is crucial – who wants to wait longer than is absolutely necessary for a takeaway? – and, increasingly, this kind of impatience seems to be invading retail.

We'll also be interested to see whether larger fast-food companies compete. While companies such as McDonald's have yet to offer home delivery ("We do not want to introduce a delivery service unless we're sure that the meals delivered would be of the same high quality as those served in our restaurants," says the company's website), Domino's Pizza is forging ahead, enabling orders via Facebook Messenger and offering 'Personal Pizza Tracker' functionality.


This is definitely an area we'll be monitoring in the year ahead. 



Image credits: Deliveroo

The InternetRetailing Brand Index

Jonathan Wright and Chloe Rigby introduce our recent research into direct-selling brands

TO UNDERSTAND WHY brands are increasingly going direct to consumers, the experience of Barbour is instructive. In 2017, the upmarket country clothing brand will launch a transactional website in the US. “When you get 1.5m hits to [the brand-marketing website], you need to do something,” Paul Johnson-Barnett, Barbour’s head of distribution said at eDelivery Conference in October 2016. Simply, the opportunity is too good to miss.

This shouldn’t be too surprising. We’re all brand conscious. In August 2016, eBay research revealed that 88% of UK consumers expected to find favourite brands through online marketplaces. Accordingly, the company makes it easy to search by brand. For a rather more old-world example, one reason for the popularity of department stores is that we expect to be able to find favourite brands in these locations.

From a consumer point of view, both marketplaces and department stores offer the reassurance of a safe shopping environment. From the brand owner perspective, though, there’s a problem here: the loss of control over how goods are presented and sold. Selling direct not only potentially drives revenues, it also gives more control over the customer relationship.

The example of Apple is instructive. This is not only a company that creates highly aspirational products, it is also a hugely successful retailer. According to data from eMarketer, it generates \$5,546 per square foot from its US retail stores – that’s higher than Tiffany & Co, Coach and Michael Kors. Its airy stores, showrooms with a high level of customer service from sales staff not tied to tills, reflect the brand’s values. In addition, Apple is a cross-channel retailer that uses customer details to understand what consumers want. This explains in part why it prefers to email receipts even for store purchases – it’s a quick, unobtrusive way to gather information.

In different ways, other brands are looking to replicate Apple’s success, and suppliers are

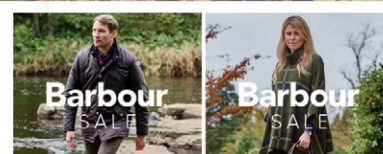


Image credit: Barbour

Barbour made plans to launch a US transactional site because its brand-marketing site was so popular

looking to help them. Ecommerce specialists Salesforce Commerce Cloud, for example, sees huge opportunities here, reasoning that brands building new online operations may be drawn to a scalable, cloud-based offering.

If this sounds like bad news for retailers, it’s worth emphasising that consumers still value the opportunity to go to stores, to see and touch the items they’re interested in buying. In addition, retailers can add value. UK retailer John Lewis offers a two-year standard guarantee against Apple products failing, double the length of the technology giant’s one-year standard guarantee. Besides, brands still need retailers. Not every Lego customer can get to a flagship store and it’s impractical for the company to begin opening stores in all of the world’s provincial towns.

Nevertheless, the phenomenon of brands selling direct is real and it will impact hugely on the retail sector in the years ahead. This explains why we compiled our first InternetRetailing Brand Index last year, which analyses the Performance of brands across the same Dimensions we use for the IRUK Top 500: Strategy & Innovation, The Customer, Merchandising, Brand Engagement, Operations & Logistics and Mobile & Cross-channel. This revealed that Apple, Dorothy Perkins, New Look, Nike and Pull & Bear are Elite brands, statistically ahead of all others and representing the pinnacle of retail practice by brands in Europe. 🇬🇧

To learn more about our research into brands, visit <http://etail.li/brandindex>

The IREU Top500

Jonathan Wright and **Chloe Rigby** outline what our research into European retailers says about the challenges of selling abroad

RETAIL IS A tough enough business for companies operating in only one territory, let alone those seeking to expand abroad. Yet for retailers operating at scale, we would argue it's imperative to do more than consolidate or seek to expand at home. Not only is expansion overseas a way to boost energy levels and create momentum within the company, the raw figures on potential opportunities are also hard to ignore.

According to a *European B2C Ecommerce Report* from Ecommerce Europe, turnover from ecommerce grew to €455.3bn in 2015. Based on an analysis of 48 countries, the report forecast this figure would grow to €660bn by 2018.

In themselves, these figures go a long way towards explaining why we launched the IREU Top500 last year. Based on new qualitative and quantitative research, we wanted to know which European retailers were performing best across the European Economic Area (EEA) plus Switzerland. In addition, we wanted to get a sense of what was happening by seeing how Europe-wide dynamics were affecting retailers in different countries.

In this context, at least for now, it's intriguing to note that three territories constitute by far and away the most important European markets: the United Kingdom, France and Germany. Together, these three countries accounted for 61.9% of all European online turnover in 2015. They're also the markets where we most often find examples of new techniques being introduced.

Yet if these markets are lucrative and innovative, they are also highly competitive and they don't necessarily offer the best opportunities for growth. Belgium, a far less mature ecommerce market, grew by 34.2% in 2015, while for braver retailers, non-EEA markets such as Ukraine (35%) and Turkey (34.9%) grew faster still.

In addition to looking at the Europe-wide picture, our research – across the six Performance Dimensions of Strategy & Innovation, The Customer, Merchandising, Brand Engagement, Operations & Logistics and Mobile & Cross-channel – offers fascinating insights into which companies are performing most strongly within different areas of RetailCraft.

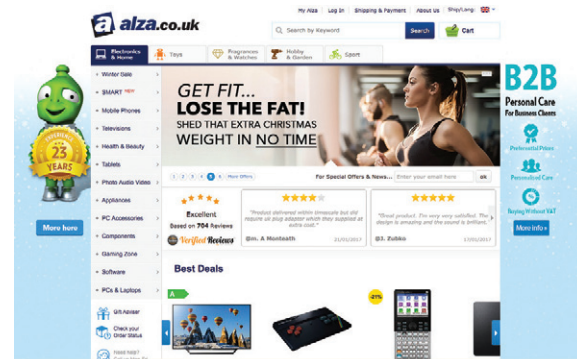


Image credit: Alza

Alza has made the creation of localised digital offerings a key part of its European expansion strategy

This granular detail in turn offers clues as to what makes for a successful pan-European retailer. Take a company such as Czech electronics retailer Alza. In an increasingly mobile-first world, it runs dedicated iOS and Android apps in the UK, Czech Republic, Slovakia, Germany and Austria. Its pan-European Alzashop app is available in 23 EEA countries and offers product ratings, customer reviews, the ability to share products on social media and advanced searchandising through predictive search. It's the company's mobile expertise that's doing much to drive its expansion, which may prove to be an especially canny strategy in an era when many emerging countries are largely skipping over what we might call the 'awkward desktop phase' of digital development.

Finally, we have to mention Brexit here. Theresa May's recent speech suggested that Britain is heading out of the EEA and this will certainly impact on British retailers. Nonetheless, we would still expect British companies to look to Europe for new markets and vice versa. Aside from anything else, it becomes no easier to export to countries outside the EEA simply because Britain is no longer part of the EU. 🇬🇧

To learn more about our research into brands, visit <http://etail.li/europe500>

Ongoing research – developing the Index

InternetRetailing Editor-in-Chief **Ian Jindal** sets out how our Top500 research will continue to evolve over the coming year

DURING 2017 WE'LL continue to develop research into the way that the UK's leading retailers do business online and across different channels.

We'll add new metrics as we expand our focus to measure the time that visitors spend on websites, and customers' levels of interaction.

We'll also be expanding our stable of trackers that, like the Product & Merchandising Tracker in partnership with Brand View (see right), monitor performance throughout the year.

These trackers will also focus on a variety of areas that include website engineering and performance, brand sentiment, search visibility, social media

interaction and peak trading periods. We're doing this in order to give retailers ongoing insights into areas of performance that are critical both for them and for others. For all, we'll be releasing regular updates of information and insights that will help to highlight developing trends.

We'll continue to correlate the results with other data sources in areas including traffic, response times and service, in order to calibrate our view of retailers' performance over time – and their use of RetailCraft.

We'll also be covering new regions of the world. That will start with new editions of the Top500 Footprint series, which rank ecommerce and

multichannel retailers by metrics including turnover, revenues from ecommerce and size of store network. We'll then add in performance metrics in order to develop in-depth Top500 listings for key markets around the globe.

At the same time, we'll closely follow trends in technology and customer behaviour in order to identify and evaluate key metrics of innovation for 2018.

We're always interested to hear your questions, suggestions or ideas for the kind of data that would help in your business, and which we can use in order to make our indices as relevant as possible to RetailCraft and the practice of the best. Please email us at research@internetretailing.net

InternetRetailing–Brand View IRUK Product and Merchandising Tracker

IT'S CLEAR THAT the more information retailers give about their products, the better equipped shoppers will be to make buying decisions. How much detail do leading IRUK Top500 retailers use to describe their products? How many images do they use? What's the role of reviews and videos? Does using these merchandising techniques make it more or less likely that retailers will eventually discount their goods?

We wanted to answer these questions in a way that might define practical approaches used by top retailers, approaches that UK retailers of all sizes might then be able to adopt.

The Product and Merchandising Tracker monitors the discount strategies and merchandising deployment of Elite and Leading Top500 retailers across six product categories: grocery, appliances, toys, fragrance, DIY and electrical.

It takes a regular snapshot of how retailers in these categories merchandise products on their websites. Performance is measured through metrics that assess the detail of product descriptions and the number of images that are used, on average, to illustrate products, and whether product videos and reviews are used to enhance information still further. The tracker then looks at whether

retailers in the different categories are discounting their products.

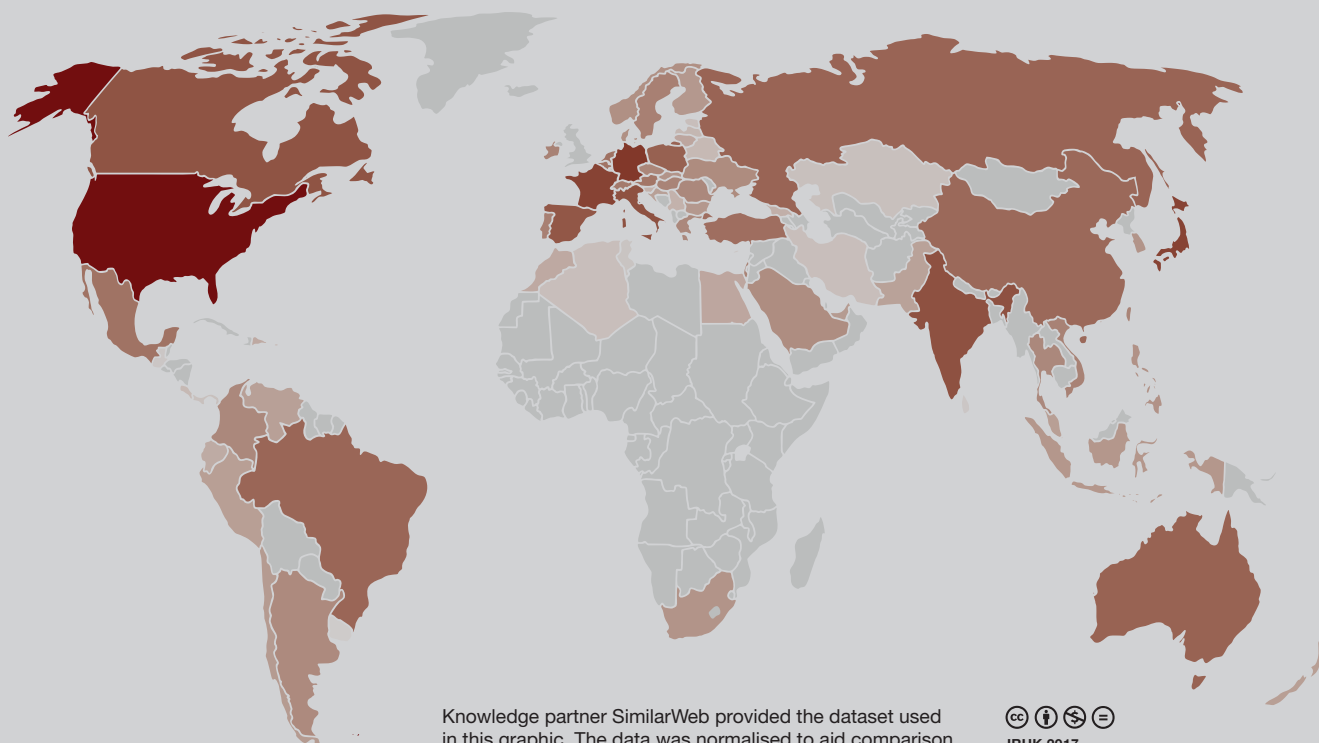
In 2016, key trends that emerged from this research included a move towards filling the gaps that occur when product descriptions are missing, when items lack product reviews, and when items are out of stock.

It was also clear, post-Brexit, that while wholesale prices were rising, supermarkets were keen to maintain competitive pricing. We will continue to monitor these trends in 2017.

www.brandview.com

The UK Top500 around the world

Source countries for the UK Top500's web traffic, excluding the UK itself. As we expand our analyses to other continents, how likely are we to see familiar names in the lists?



Knowledge partner SimilarWeb provided the dataset used in this graphic. The data was normalised to aid comparison

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Thank you

Thanks to our Title Sponsor, PFS, for contributions to our year-round research, helping us connect the insights and findings with commercial professionals in multichannel



P F S

Knowledge partners

InternetRetailing would like to thank our Knowledge Partners, the companies that have offered the original research insights, advice and guidance that have helped put the IRUK 500 together

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Conclusion

AS WE START 2017, UK retailers continue to impress with headline-grabbing initiatives that deploy tools such as machine learning and artificial intelligence to understand and give relevant answers to the questions that shoppers ask. But beyond the leading pack of retailers, there remains a following group that has not mastered the challenges of delivering a seamless multichannel customer experience, or of offering mobile services that work to bridge the gap between online and offline, or of delivering personalised content that reflects shoppers' interests. These are more likely to be the retailers with smaller budgets or the ones that don't have the in-house resources to dedicate to cutting-edge developments.

At InternetRetailing, we believe that retailers of all sizes can compete and we hope that this Top500 goes some way to sharing a clear understanding of what the leaders in multichannel retailing do, how they do it, and how their successes can be emulated by concentrating on the tools and technologies that make a real difference to profits.

Throughout the year, we'll continue to analyse our findings and present them in more detail in a series of six Top500 Performance Dimension Reports that combine deep understanding with tried-and-tested practical approaches. We will also continue to update our website with periodic indices that track the activities of market leaders, including the Product and Merchandising Tracker and the Web Performance Tracker.

The year ahead will see us deliver our first true analyses of retail markets beyond Europe, where we will apply the same data-driven insight.

We're always interested, too, in new suggestions as to how we can extend our research to continually improve the quality of findings.

Get in touch with your ideas and potential data sets via research@internetretailing.net or tweet @etail with #IRUK500. 🌈

