



The 2015 Footprint Report

The exclusive IRX preview of InternetRetailing's Europe Top500

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Welcome to InternetRetailing's inaugural IREU 500 Footprint Report. It's the first step in research that will ultimately see us assess and rank Europe's top multichannel and ecommerce retailers. It's research we'll be conducting at a time when top UK retailers see Europe as a key market for growth. In turn European retailers and brands eye the developed and dynamic UK market as an opportunity – even a challenge – for expansion.

With different languages, varied cultures and a rich retail heritage, the European nations are bound by common interests and, of course, common legislation. Payments, delivery, consumer rights, contract law have their subtleties and frustrations, but in general we have an open and harmonised trading bloc.

In the wake of focusing on British retailers for the IRUK Top500, published in January, it's a natural development to extend our research to the 31 countries of the European Economic Area plus Switzerland. Our approach this time around will see us focusing on the customer: the sites that she visits, the store names and fascias she sees, the brands she searches for... The customer's perception will outweigh corporate structures and holding companies. We're going to focus on the retailing touchpoint, even though we'll consider the management of these entities at a later stage in our research.

Following the customer also entails a cross-country view. While the customer has a localised view, her reach is international. Maltese customers need to look to other countries' retailers to buy online, while 80% of the top retailers in the Czech Republic are based there – with many variations between these extremes. As we move from the overall footprint to performance we'll see that smaller retailers with a large local footprint may be compared with retailers of global scale – all in the quest to find those whose retailcraft sets them apart from peers, competitors and emulators.

This Footprint is the first part of our IREU rollout. This sets the cohort of some 800 companies that we will monitor and research in depth, across six Performance Dimensions. We will determine the Top500 for 2015 and announce these at the 10th annual InternetRetailing Conference in October 2015.

It's my pleasure to thank our research team, readers, the supplier community and advisors for their contribution thus far to the ecosystem research, and I look forward to the ideas and challenges ahead in coming to a view on retailcraft in Europe.

I invite you to share your views, ideas and critique with me at ian@internetretailing.net or via research@internetretailing.net.






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What constitutes a 'retailer'?



In an era when many companies and individuals sell goods via the web, the question of what constitutes a retailer is surprisingly complex. It's not enough in itself to have a website or operate a store. In arriving at our definition of a retailer, we have considered the intent, capabilities, and activities around the recruitment and monetisation of customers. The InternetRetailing definition for companies to be included in our research is:

DESTINATION: The retailer has created a destination that in the mind of the customer is a source of products, service or experience. Whether this is a shop, a site, a place, a time or an event, it's the sense of 'locus'.

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

MERCHANDISING: The retailer *sells* and is not just a portal for taking 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 – they own the transaction as the merchant of record.

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

EXCEPTION: In every good list there's an exception, where we may include businesses within IREU due to their influence upon retailers and retailers' customers. However, they will not be ranked.

Marketplaces

Where a candidate retailer is simply a marketplace, the company will not be considered within IREU. Where a marketplace undertakes customer acquisition, manages payment, customises offers and recommendations and offers recourse on purchases, then they will be eligible for IREU.

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 energy supply. Likewise the Post Office's postal revenues are excluded, whereas the company's activities are within scope. High street travel companies are a grey area and are currently included due to their impact on the practices of multichannel retail.

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-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 are therefore including B2B business and direct-selling brands under the same criteria as above.

We are sure we will come across other exceptions and questions as we work, so please do let us know your thoughts: research@internetretailing.net

Formulating the Footprint

Researcher Polina Modenova explains the metrics that underpin the IREU Footprint Index

In compiling the InternetRetailing Europe Top500 Footprint report, we have set out to create a definitive list of top European ecommerce and multichannel retailers. In doing this, we've taken an algorithmic approach to blending and ranking three key factors: retailers' degree of web engagement, revenues and the companies' total number of physical locations. Over the coming months, the Index will develop beyond this initial Footprint to include six Performance Dimensions (detailed on page 16).

Market complexity

There are hundreds of millions of customers in our target European single market (the European Economic Area plus Switzerland). These consumers buy from hundreds of thousands of companies, operating within and across borders in a free trade zone that, when measured in aggregate, is the largest economy in the world. Despite the lack of tariffs and legal barriers to trade, this is no large homogeneous market like the USA or China. Europe's labyrinth of languages, cultures and legal systems make a challenging maze for retailers to navigate. That's why this Performance Index, which identifies and compares how the continent's largest retailers respond to the same difficulties and opportunities, is so relevant. We started by identifying the biggest, most significant retailers. But we also asked ourselves two more questions: how can we measure 'footprint' in the most meaningful way? Plus which metrics are most effective in measuring the achievements of thousands of candidate companies?

Europe's labyrinth of languages, cultures and legal systems make a challenging maze for retailers to navigate

What is 'big'?

The IREU Footprint Index measures 'size' across online and offline channels, as well as taking into account turnover from retail sales. First, with the assistance of Knowledge Partner SimilarWeb, we tracked ecommerce web traffic from EEA countries, recording origin, destination and interaction over a one-year period. Second, we counted the number of stores retailers operate within the 32 countries of our study. Third, we ranked retailers according to revenue, sourcing figures from corporate websites, media information and published results. Finally, we designed an algorithm to weight and summarise the results.

Our approach is not to assume that 'big is best'. But size remains significant. We list the most significant retailers in Europe on page 14. These are the retailers that form the IREU Index: these companies are more likely to be trading across borders, languages and cultures. They are probably already dealing with the complexities of country-specific laws governing delivery and returns. In most cases, members of the IREU 500 will have localised customer service. In later reports, we'll answer the question of which retailers are *best*, but for now we're identifying which companies are Europe's biggest players.

Measuring: web engagement

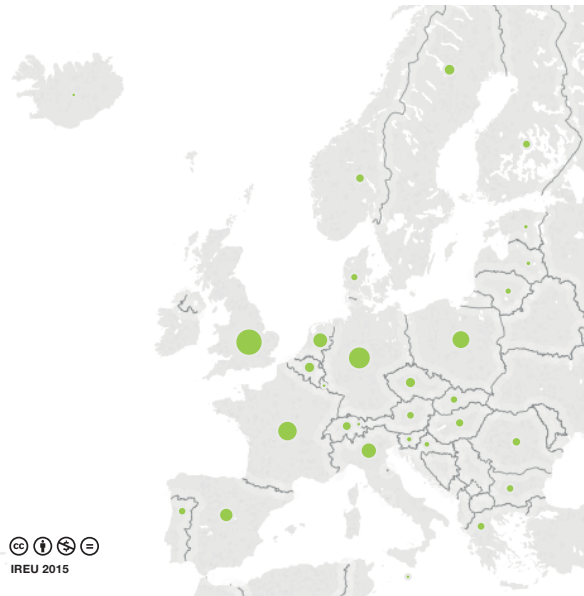
We've monitored the origin, destination and level of customer engagement with European ecommerce businesses. Knowledge Partner SimilarWeb has helped us over the past year by monitoring the 'web engagement' of consumers in 32 countries. We tracked the more than 11,000 transactional ecommerce domains that generated the highest website engagement from European customers. The number was later revised down to fewer than 8,000 that matched our definition of the term 'retailer' (see page 5). The result was a ranking of retail domains according to total pages viewed, where we also know the country of origin of the viewers. Domain stems, such as 'tesco' from 'tesco.com' and 'tesco.hu,' were matched to accumulate the total views to one retailer. Sony, at one extreme, operates 26 unique domains within our monitored set. Later this year, we'll consider the advantages and disadvantages of offering multiple languages and currencies on a single website.

Measuring: stores

The established retailers of Europe rank highly on this metric. Some of them have historically been present in just one market, while others are genuinely pan-European titans. In many cases, companies are newly operating online, flexing muscles to invest in the latest technologies and leveraging legacy store estates to become collection points or display stores closely tied to the ecommerce offering. It doesn't make much sense to think of retail through separate channels any more, with IRUK research showing the best retailers are blurring the lines successfully between mobile, desktop and store. Nevertheless, thousands of our tracked retailers are pureplay etailers with zero stores. We'll analyse in future reports how these companies compete to offer services in countries where they lack a physical presence. Some nuances exist in counting the number of stores belonging to a retailer. We considered all of the companies which either franchised or partnered with other retailers, but we only counted company-owned stores towards our totals.

Measuring: revenue

Revenue is an obvious inclusion in any Footprint assessment, but we found it was the least reliable of our three metrics to collate. We analysed company websites, annual reports, press releases and public repositories of corporate filings, but found the numbers didn't always add up. Results are often given for individual countries or EMEA, rather than the EEA, and revenue figures are sometimes moved across borders or assigned under different names for tax reasons. Furthermore, many corporations amalgamate several retailers and also non-retail divisions in published figures. Finally, how results are published varies greatly across the continent. All this makes for revenue being less reliable than the first two metrics in measuring 'size'. Consequently, we've used revenue, where it is reliable, to redistribute the position of retailers rather than as a basis for inclusion in or exclusion from the Footprint.



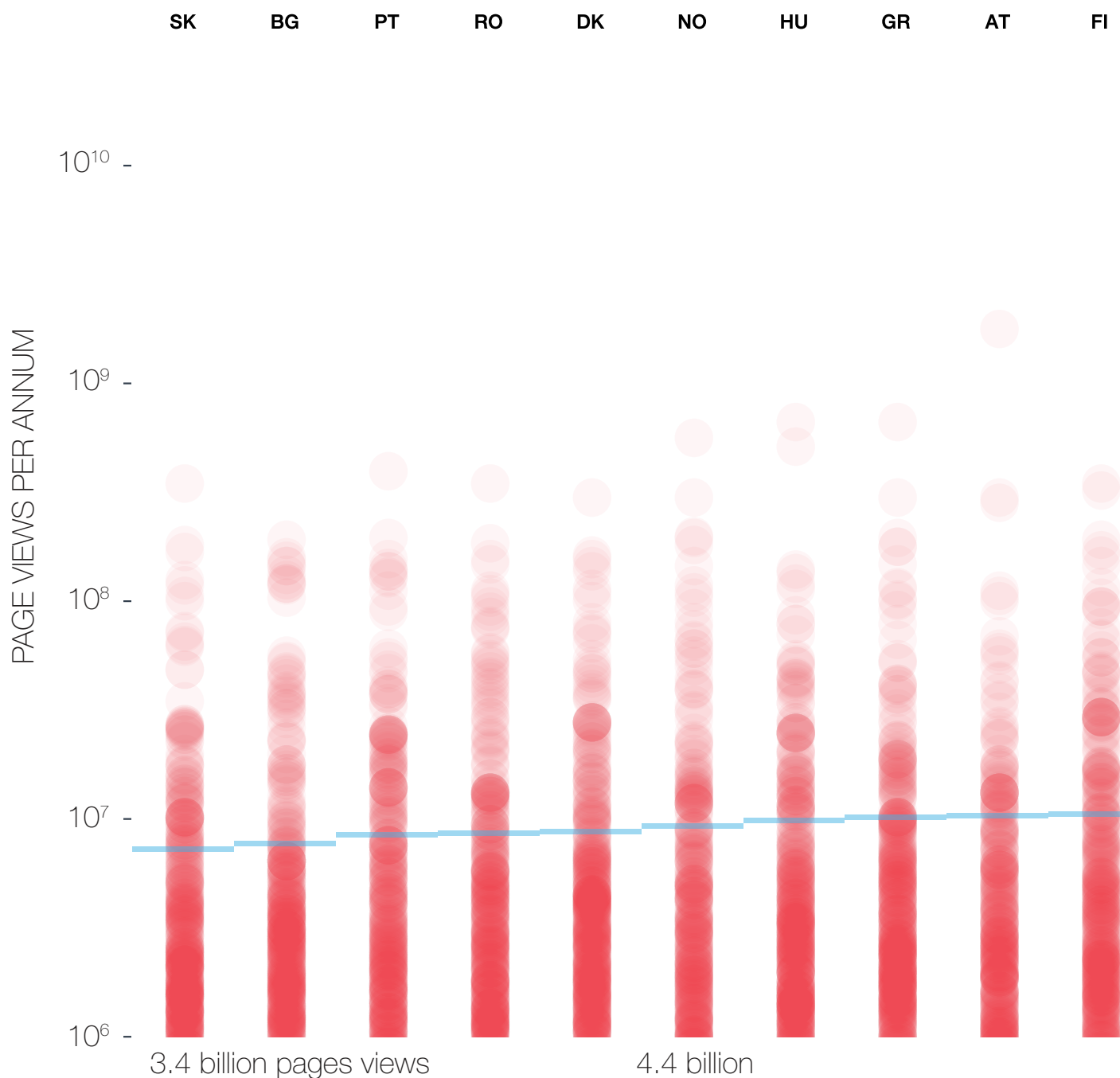
The volume of ecommerce footprint by country, researched in collaboration with Knowledge Partner SimilarWeb

The results

The shortlist on page 14 reveals our work to date after tracking domains, counting stores and checking revenue. We ranked retailers on three major criteria, separating the largest, which make up our IREU 500, from the rest. Ecommerce giants such as eBay and Amazon have proven dominant in web traffic measures. In terms of stores, Carrefour demonstrates a huge presence across the continent, while giants such as Tesco exhibit enormous revenues. If you have any comments or criticism there's still time to get in touch with us before we begin grading on the six performance dimensions (see page 16) to be included in October's full report. Let us know your thoughts by emailing research@internetretailing.net or join the conversation about #IREU500 with @etail on Twitter.

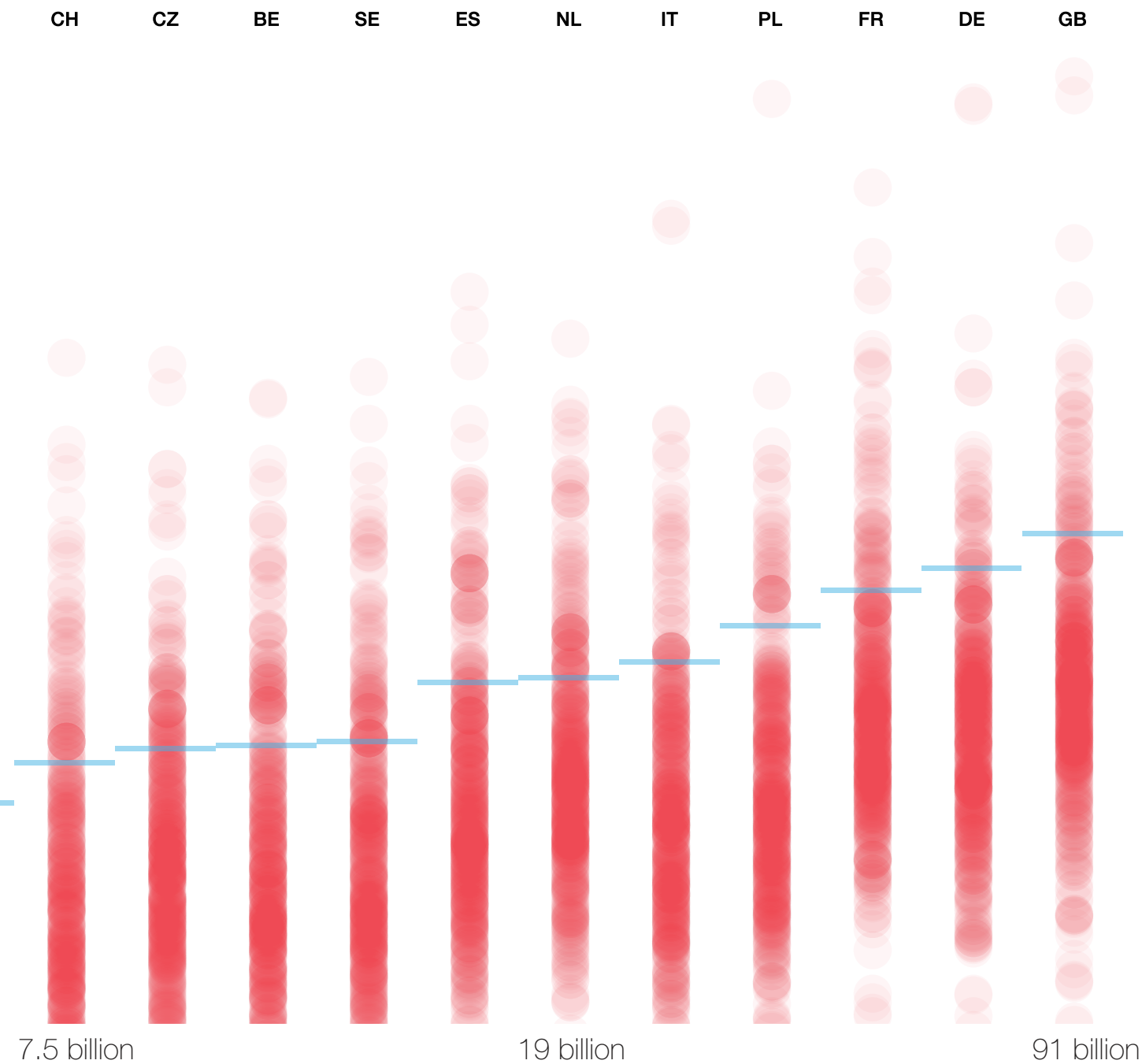
European ecommerce at a glance

Volume and distribution of ecommerce footprint by country



Each dot is a website visited by people in a country. The vertical axis shows total pages viewed per annum, from the country of origin. Countries are placed from right to left in order of total pages viewed. The blue line is the average.

Data includes the 500 highest-trafficked ecommerce websites in each country. We worked with Knowledge Partner SimilarWeb to research this dataset.



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Dataset Parameters

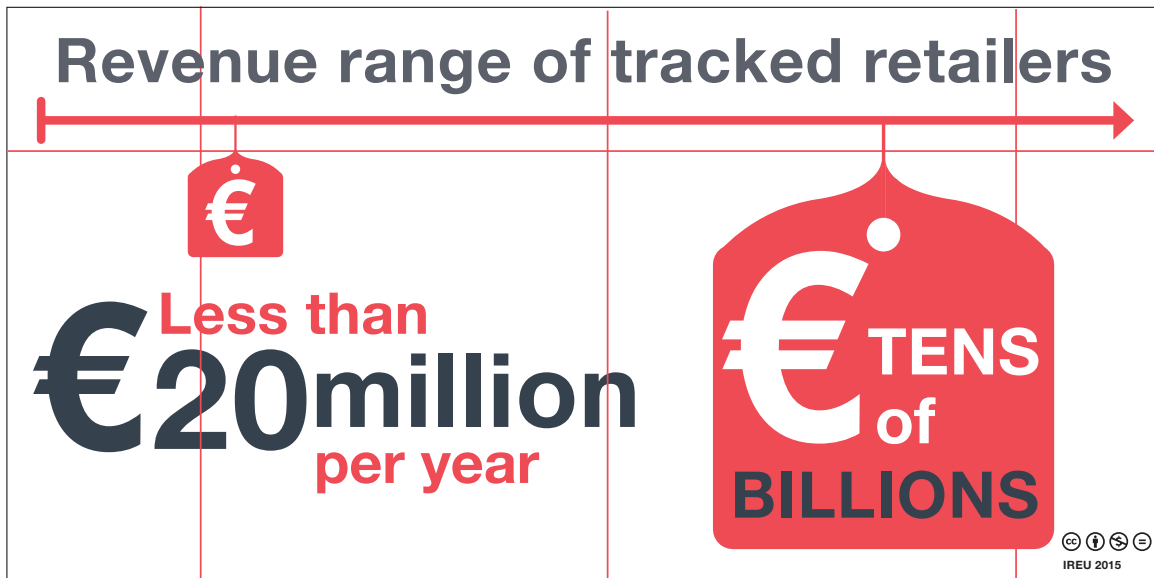
n = 15,000

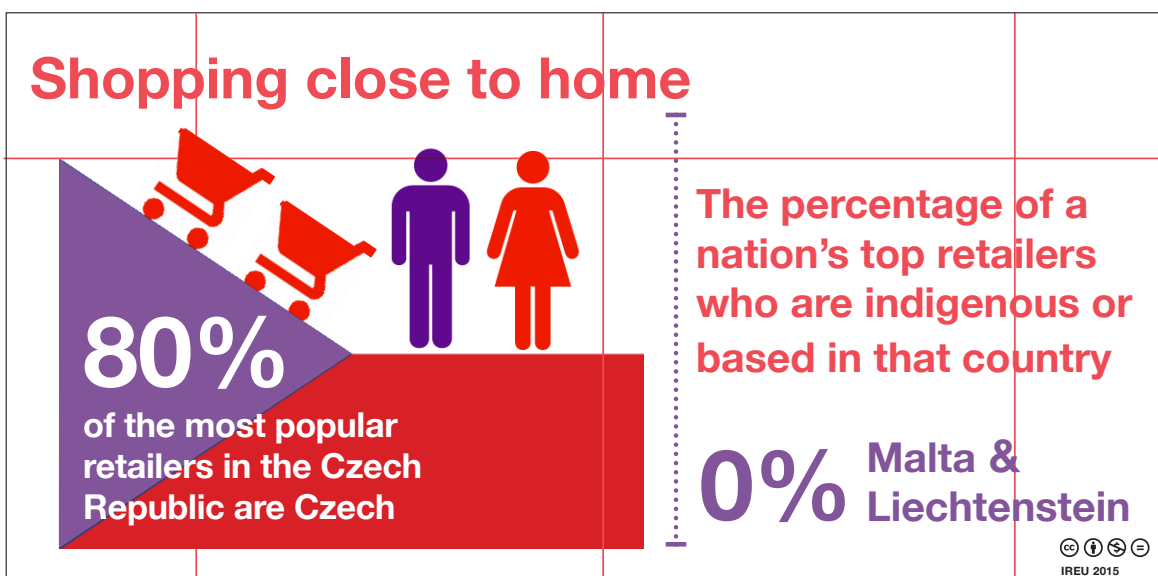
Selection: EEA countries

Period: one year

Filter: countries with populations greater than five million

Lower threshold: 100,000 page views





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Introducing our findings to date

In establishing the IREU Footprint we have considered web traffic (the 'share of activity online'), company revenues (a function of the scale of sales), the level of search traffic (a function of front-of-mind awareness for customers and of potential demand), the ecommerce proportion of sales (indicating the ability to serve a customer across all channels) and the store estate (combining close-to-customer service capabilities and local brand fascia).

Taken together these 'ingredients' combine to give a view of 'heft', of overall presence in customers' lives - in their physical experience, their intent and service contact points.

There are a few retailers who have high rankings in all of these dimensions - most have strengths in some areas and room for growth in others. However it is the range of results within these measurement areas that gives an indication of the variety and extent of the European multichannel landscape.

Our 'long list' comprises nearly 12,000 retail brands and sites throughout Europe, taking the highest-traffic retail destinations for browsers in each of the 32 countries (the EEA 31 plus Switzerland). The range of traffic in a year had us reaching for our log tables to fit onto a chart - from c20,000 page views up to 275 billion. This range opens areas of research into niche offerings as well as headroom for growth.

Within the annual traffic it was interesting to note that two retailers stood out in every market. Between them, Amazon (across all of its sites and domains) and eBay account for 41% of all retail web traffic. We will be monitoring this portion, as well as the behaviours across countries to determine whether the remaining 59% is an ample market for the 'other 11,000+ retailers, of whether this is a threatened pool of interest.

The customer contact continues into the physical world with stores. While the two largest digital properties have no stores, our largest measured estate is some 4,000 stores. We will investigate how well the stores are used for overall effectiveness and customer experience during our research.

We also have an ongoing tension between our imposed view of Europe (it's our choice to consider the 32 countries) and the retailer's own view - whether they choose to trade outside of their 'own' country. In our research we are not unduly favouring multinational retailers since our focus is the customer connection in-country, however it's interesting to note that of the 800 retailers we've profiled only 20 of them operate stores in 10 or more countries. This led us to consider the 'indigenous' nature of web activities - the extent to which a country's top-visited retail sites were based in that country. Top of the league was the Czech Republic, where 80% of the retailers in their top 500 were Czech or locally based. At the opposite extreme neither Malta nor Liechtenstein could count any national retailers in their most-visited sites.

Some early indications of the insights and challenges ahead as we move from sizing the market and the footprint to our deep-dive into the six Performance Dimensions of operating capability - where we move from a view as to the 'biggest' to a considered assessment of who's the best.



Footprint 2015

The contenders for the InternetRetailing European Top500 2015

A.T.U
Abercrombie & Fitch
Accessorize
Achica
Adam & Eve
Adidas
Agapea Factory
Agito
Alba Moda
Albert
Albert Heijn
Aldi
Aliexpress
Alinea
ALittleMarket
ALittleMercerie
All Posters
All Saints
Allegro
Allekabels
Allopnus
Alternate
Altex
Alza
Amazon
AmericanApparel
Ann Summers
Answear
Anthropologie
AO.com
Apart
Apple Store
Argos
Armani
Asda
ASOS
Auchan
Auchandirect
Auchandrive
Audible
Aukro
Austin Reed
Avon
Azerty
B&Q
Baby Markt
Baby-Walz
Bader
Balsamik
Banana Republic
Bank Fashion
Bathstore
Bauhaus
Baur
Bax-shop
Bazarchic
BCC
Beatport
Becquet
Bensons for Beds
Bershka
Bestsecret
BHS
Biedronka
Bilka
Billa
Blancheporte

Blokker
Boden
Bokus
Bol
BonPrix
Boohoo.com
Book Depository
Boots
Bottega Venetta
Bottega Verde
Boulanger
Brack Electronics
BrandAlley
Brands4Friends
Brantano
Breuninger
Brico Depot
Bricoman
Buecher
Burberry
Burton
But
C&A
Cache Cache
Camaieu
Carephone Warehouse
Cargo Home Maker
CarpetRight
Carrefour
CasaDelLibro
Caseking
Castorama
CC Fashion
Cdiscount
CDON.com
Cel
Ceneo
Chain Reaction Cycles
Chaussea
Cheap Monday
Christ
Claire's
Clarks
Clas Ohlson
Coisas
ColliShop
Conforama
Conrad
Continente
Coolcat
Coop Danmark
Co-Operative Electrical
Co-Operative Pharmacy
Cora
COS
Costco
Cotswold Outdoor
Crazy Factory
Cruise
Cultura-Socultur
Currys
Cyber Photo
Cyberport
Czc
Dabs.com
Dalani
Darty

Datart
Debenhams
DeBijenkorf
Decathlon
Decitre
Deguisetoi
Deichmann
Dein Deal
Delamaison
Delcampe
Delticom
Desigual
Desmazieres
DFS
DHgate
Digitec
Direct Golf
Disney Stores
Dmail
Dolcis
Domo
Dorothy Perkins
Douglas
Dreams
Dreivip
Dress for Less
Dromadaire
Druckerzubehoer
Dunelm
Dustin
DX
E.Leclerc
Early Learning Centre
Ebay
Eboutic
eBuyer
E-Key
El Corte Ingles
El Ganso
Electro Depot
Elefant
El-Giganten
Elisaviihde
Elkjop
Ellos
eMAG
EMP
Empik
End
Engelbert Strauss
Eobuwie
ePrice
Ermenegildo Zegna
Ernest Jones
Ernsting's Family
Eroski
E-shop
Esprit
Esselunga
Etam
Etsy
Euro
Euro Car Parts
Euronics
Evans
Evans Cycles
Eventim
Everything5pounds
Exlibris
Expedia
Extreme Digital
F&F
Farfetch
Farnell
Fashion World
Fashiondays
Fashionid
Fat Face
Feel Unique
Firebox
Fitness Superstore
Flanco
Fler
Flipkart
Fnac
Fnac Spectacles

Fonq
Foot Asylum
Foot Locker
Footasylum
Forever21
Fortnum & Mason
France Loisirs
Frankonia
French Connection
Frontlineshop
Funky Pigeon
Furniture Village
Fyndiq
Gaastra
Galeria Kaufhof
Galeries Lafayette
Game
Games Workshop
Gamma
Gap
GEMO
George at Asda
Getting Personal
Gifi
Gigantti
Glistockisti
Globetrotter
Go Groopie
Go Outdoors
Go Sport
Goertz
Google Play
Greetz
Grosbill
Groupon
Gucci
Guess
H&M
H.Samuel
Habitat
Hagebau
Halfords
Hamleys
Hardware Versand
Harrods
Harvey Nichols
Harveys Furniture
Heine
Hema
Hervis
HMV
Hobbs
Hobby Hall
Hobbycraft
Holland & Barrett
Hollister
Home Bargains
Home24
Homebase
Hornbach
House of Fraser
hse24
Hugo Boss
Hunkemoller
Hut, The
Ibood
IBS Network
IKEA
Interflora
InterSpar
Intersport
Intreza
Invito
Ioffer
Isme
iTunes
Jacamo
Jack & Jones
Jack Wills
Jaeger
JD Sports
JD Williams
Jennyfer
Jessops
Jigsaw
John Lewis

Jokers	Micromania	Play	Thalia
Jones Bootmaker	Microsoft	Plus	Thomas Cook
Joules	Microspot	Poco	Thomson
Junk Yard	Migros	Pollin	Thorntons
Juno	Miinto Fashion	Poundstretcher	Thuisbezorgd
JustFab	Mind Factory	Priberam	Ticketmaster
Juvestore	Mini In The Box	Price Minister	Tiffany & Co
Kaartje2go	Miniprix	Privalia	TM Lewin
Kandco	Misco	Pro Shoes	Toast
Karstadt	Miss Etam	Probikeshop	Tommy Hilfiger
Kasa	Miss Selfridge	Pro-Direct Soccer	Toolstation
Kiabi	Missguided	Promod	Top Man
Kijkshop	Mister Spex	Pull and Bear	Top Shop
King-Jouet	MisterGoodDeal	QVC	Topachat
Kjell & Company	Mobile Fun	Radiopopular	Topps Tiles
Kleertjes	Modatoi	Rakuten	Topsecret
Klingel	Molton Brown	Ralph Lauren	Toys R Us
Komplett	Mon Showroom	Range, The	Tradera
Komputronik	Mondadori	Real	Train Line, The
Kotsovolos	Monki	ReBuy	Trony
Krefel	Monoprix	Redcoon	Truffaut
Kruidvat	Monsoon	Reichelt	Ubaldi
Kurt Geiger	Moo	Remix	Undiz
Kwantum	Moonpig	Reservix	UniEuro
La Boutique Officielle	Morele	Retail World	Uniqlo
La Halle	Morgan	Ricardo	United Colors of Benetton
La Halle aux Chaussures	Morrisons	Richer Sounds	Universal
LaFeltrinelli	Mothercare	River Island	Urban City
Lakeland	Motoblouz	Roller	Urban Outfitters
Lands' End	Mr Porter	Rossmann	USC
LaPerla	Mulberry	Rue du Commerce	V&D
Lapeyre	Music Store	Ryman	Vanden Borre
LaRedoute	Musikhaus Thomann	Sainsburys	Vatera
Lascana	MyCom	SaldiPrivati	Venca
Lastminute.com	Myefox	Sarenza	Vente du Diable
Laura Ashley	Mymall	Sashe	Vente-Exclusive
LDLC	My-Store	Saturn	Vente-Privée
Leenbakker	MyToys	Scapino	Vente-unique
Lefdal	Nature & Decouvertes	Schuh	Verkkokauppa
Lego	Nay	Schwab	Vertabaudet
Lenovo	Nelly	Screwfix	Very
LeroyMerlin	Nespresso	Selfridges	Vinted
Libreria Universitaria	Netanttila	Showroomprive	Virgin Holidays
Lidl	Netflix	Siba	Vistaprint
LightintheBox	Net-A-Porter	Simply Be	Viyella
Limango	Netonnet	Size	VM Zona
Lindex	New Look	Skapiec	Voelkner
Linvosges	Next	Slevomat	Waitrose
Lipsy	Nike	Smyk	Wallis
Littlewoods	NLYman	Smyths Toys	Warehouse Fashion
Livingsocial	Nokaut	Snapstore	Watch Shop
LK Bennett	Norauto	Soliver	Watches of Switzerland
Lloyds Pharmacy	Notebooksbilliger	Sony	Waterstones
Long Tall Sally	NotOnTheHighStreet	Spartoo	Webhallen
Look Fantastic	Oasis	Specsavers	Weekday
Louis Vuitton	OBI	Sportamore	Wehkamp
M and M Direct	Ocado	Sportisimo	Weltbild
Made	Ofertix	Sports Direct	Westfalia
MaisonsduMonde	Office Shoes	Sportscheck	Westwing
Majestic Wine	Okazii	Sportsshoes	Whistles
Mall	Ole Ole	Spotify	White Company, The
Manfield	Orchestra	Spreadshirt	White Stuff
Mango	Orvis	Springer	WHSmith
Manufactum	Oscaro	Stadium	Wickes
Maplin Electronics	Other Stories	Staples	Wiggle
Mappin and Webb	Otto	STEG Electronics	Wilko
Marisota	Outnet, The	Stockmann	Woodbrass
Marks & Spencer	Overclockers	Store	Works, The
Martinus	Oysho	Stradivarius	Worten
Massimo Dutti	Pandora	Studentmobiel	Wowcher
Matalan	Parfums	Superdrug	Wuaki Tv
Matches Fashion	PC City	Superdry	X-Kom
Materiel	PC World	Surfdome	XXL
Mathon	PcComponente	Swarovski	YOOX
Maty	PDAsShop	Sweaty Betty	Yves Rocher
Media Markt	Peacocks	T.K. Maxx	YvesSaintLaurent
Media World	Pearl	T.S. Bohemia	Zalando
Medimax	Pets At Home	Taobao	Zara
Medion	Phone House	Tati	Zavvi
Megaflis	Photobox	Tchibo	Zazzle
Meilleurduchef	Pimkie	Technomarket	Zlavomat
Meinpaket	Pingo Doce	Technopolis	Zlotewyprzedaze
Members	Pixmania	Ted Baker	Zoot
Mercadona	Pizza	Tesco	Zulily
Merlin	Plaisio	Testsieger	3Suissses

IREU 500 Retail Performance Index

*“The next stage
of our research
looks in detail at the
retailers providing
the best service”*

By identifying the leading 500 European multichannel and ecommerce retailers, we've achieved the first milestone in our IREU research. We've started to measure and test the potential of cross-border ecommerce, counting the number of stores each retailer operates and monitoring the online performance of thousands of traders. We've tracked domains and we've calculated revenue. In doing so we've found an enormous range in the type and size of retailers that operate on the continent, from pan-European grocers such as Tesco and Carrefour right down to the smaller specialist traders that also take their places on the list.

Our work so far is an important prelude to the more detailed analysis that we've already begun. In the next stage of our research, we'll move beyond calculating which retailers are the biggest and the most significant. We'll start to look in more detail at which provide the best service. We'll be asking questions around how rapidly merchants respond to customer enquiries, and how quickly and cheaply merchants deliver goods. We'll assess the ambition of each retailer's strategy, and approaches to merchandising.

In the pages that follow, the InternetRetailing expert team of editors sets out their ideas of what we should be measuring through the prism of our six performance dimensions: Strategy and Innovation; Customer; Operations and Logistics; Merchandising; Brand and Engagement; and Mobile and Cross-channel. In the coming months, we will be taking those ideas, adding to them and refining them, and working out which best measure performance. We'll work from the customer's point of view, testing services as they are delivered, and checking that what sounds good in theory works in practice. We'll also use ecommerce insight to measure retailcraft, working in conjunction with our team of Knowledge Partners.

From this work, we'll produce the IREU 500 Retail Performance Index, in which we aim to draw an accurate and useful picture of the European ecommerce market as it is today. We'll be looking to assess what lessons ecommerce and multichannel businesses across Europe, and indeed around the world, can learn from these leading cross-channel retailers, and from the services they deliver to customers in one of the most exciting and innovative markets in the world.



Emma Herrod asks what it means to be ranked as an Elite retailer in Europe in terms of Strategy and Innovation

Strategy and Innovation

The IRUK 500 report has already shown what it means to be an Elite or Leading retailer in the Strategy and Innovation Dimension in the UK: ease of purchase for customers and footprint extension. “We’ve focused on the journey to being everywhere for the customer and making the channels buyable. We’ve looked at how pureplay etailers move from a ubiquitous digital store to ubiquitous product delivery; while established retailers make strides to leverage their store estate and beyond. In coming years these capabilities will be readily available, but for 2015 it takes a strategic commitment to lead, to deploy and to grow here. We’ve also considered the post-commitment moment from basket to bought it,” says the UK report, released in January.

This automatically eliminated bricks-and-clicks retailers not offering click and collect while favouring pureplays who deliver to a large number of collection points, such as Collect+ and lockers. At the report’s publication, only 218 (44%) of the Top500 retailers in the UK offered click and collect.

Of course, each market is different, with some countries more ‘advanced’ in terms of multichannel or omnichannel retailing, so how should the measurement translate to Europe where click and collect is less mature? Will it favour the pureplays in France and Germany, two countries in which collection points are the delivery mechanism of choice for many online shoppers? And what about payments: is consumers’ preference for invoicing weighted the same as another country’s use of PayPal, e-wallet, credit card or mobile payments?

“84% of French shoppers have ordered from a retailer’s website in another country, compared to 67% of the German population”

While ‘localise’ is the key strategy for retailers operating in different countries, how can this be assessed – or even how do we measure effective cross-border trade with shoppers from multiple countries buying from one single site? Should retailers’ sales be weighted by the level of cross-border orders they deliver? Research by delivery company Hermes has found, for example, that 84% of French shoppers have ordered from a retailer’s website in another country, compared to 67% of the German population. Meanwhile, from a global perspective, the UK and Germany are the most desirable e-destinations in Europe for consumers to purchase goods online from outside their own country.

Looking at the issue from another perspective, how effective are the European operations of the global ecommerce leaders? Amazon leads in terms of B2C ecommerce sales, according to one ranking, with China’s JD.com ranking second, followed by Wal-Mart, the Otto Group and then Tesco.

And a high turnover does not affect rank in the IREU 500 Strategy & Innovation Dimension. So, what then should be measured and can Elite be measured the same for all retailers whether they operate in just one country, across borders or localised for all 32 countries?

Amazon, for example, which topped this dimension in the IRUK 500, operates eight sites across the EEA countries which will be incorporated into the IREU 500 report. It has a budget for R&D which ran into billions of dollars in 2014 to keep it ahead of the game. Now compare Amazon to other retailers which topped the UK report – John Lewis and Argos. As far as reach is concerned, Argos has 734 stores in the UK and the Republic of Ireland, along with a localised site for Ireland, while John Lewis operates 43 stores in the UK with delivery offered to other countries from its UK site. Both are Elite retailers when all of the Dimensions are taken into account but ‘just’ ranked as Leading in the Strategy and Innovation Dimension. Amazon alone headed the Elite ranking here.

So, while a retailer may be Elite in its own country, can they be measured as Elite or Leading in terms of Strategy and Innovation across Europe?



Jonathan Wright considers the factors that go to make up great customer experiences

Customer

Ask shoppers across Europe what constitutes a memorable customer experience and certain answers will be universal. It's great when a store has the items we want, better still if it can provide expert advice on these items or alternatives that we might not have known about. Polite and timely service is always welcome too, and, while we hope nothing goes wrong, we'll be far more forgiving towards a retailer that deals quickly and efficiently with complaints.

Yet even in an increasingly globalised world, where the same international brands seem to dominate the displays in high-end shopping areas, it would be a mistake to assume that customer expectations and behaviour have somehow become uniform. Time and time again, retailers find that, as they expand outside a home territory, there are cultural nuances to deal with that go way beyond language considerations. Even something as apparently simple as deciding which payment options to provide – credit-averse Germans like to pay by bank transfer or cash, preferably after they've received the goods; Brits are credit card happy; in Holland, the iDeal inline payment system is near-ubiquitous – requires careful strategic thought before companies get close to the implementation stage.

Factor in the other facets of retail practice that go to make up a great customer experience and it soon becomes clear that, while it's theoretically possible to provide a perfectly localised service for all 31 EEA member states and for Switzerland too, it would be ruinously expensive and wipe out any potential profits from expanding into new territories.

“It's theoretically possible but ruinously expensive to provide a perfectly localised service for all EEA member states”

For this reason, most retailers expanding overseas begin with territories close to home, by which we mean close to home culturally rather than just geographically. German retailers often expand first into Scandinavia, for example, and vice-versa. Learning can then be carried into potentially more difficult markets.

As we compile the IREU 500 Customer Performance Dimension, we expect to find an elite group of companies that has done this work across a genuinely cross-border footprint. However, we don't expect these retailers to provide the same levels of customer service in all territories. For some countries, the potential return may justify employing local teams to monitor and improve the customer experience; for other territories, the returns won't justify such an investment, but we'd still expect elite retailers to show an awareness of local factors.

That doesn't mean smaller companies won't get a look-in here. One of the subtleties around providing a great customer experience in a new territory lies not in slavishly duplicating what local retailers do, but in deciding how to sell a brand as something new, fresh. Think of Ikea's “chuck out your chintz” adverts in the 1990s, which aimed to inspire Britons resistant to modernity to embrace efficient Scandinavian design. Never mind that the reality was sometimes a weekend spent swearing at flatpack furniture, the company dared to talk about a cultural change and shoppers responded.

Accordingly, as well as looking for evidence of companies deploying local-specific offerings, we'll be looking for examples of great practice that revolve around exporting fresh ideas. Throughout our research to determine the IREU 500, we'll also rigorously monitor and measure such customer experience basics as site performance and responsiveness to consumer enquiries across different channels.



Sean Fleming evaluates the capabilities of Europe's top Operations and Logistics performers

Operations and Logistics

Most discussions on the state of ecommerce in Europe will reach at least one point of consensus – the UK remains the most advanced European ecommerce economy. That's particularly clear when you examine certain key indicators, such as customer adoption of online shopping. The extent of that can be seen in many ways, such as the prediction made by MetaPack and IMRG that UK retailers will ship 1 billion parcels this year, which is a staggering number.

If you were on the outside of the industry looking in, you might be forgiven for thinking the rest of Europe regards the UK's enduring ecommerce success story with a mixture of admiration and envy. But, to borrow from George Gershwin, it ain't necessarily so. After all, Europe is not a single homogenous entity and to treat it as such only leads to confusion and frustration – something that's as relevant as it is obvious where retail logistics and operations are concerned.

Take, as one example, Europe's largest retailer Carrefour, with its 10,000 stores and more than 360,000 employees. Despite its Top Three Global Retailer status, Europe's number one is, by its own admission, a novice when it comes to ecommerce in general and home delivery of grocery shopping in particular. That would be unthinkable in UK terms; you only have to look at Tesco and Asda to observe the fight for the hearts, minds and wallets of online shoppers.

It's worth pointing out at this juncture that grocery retailers were excluded from some IRUK analyses due to their unique place in the market. But the Carrefour example bears witness to the importance of appreciating the differences of culture and attitude throughout the continent.

“Europe is not a single homogeneous entity and to treat it as such only leads to confusion and frustration”

One other interesting thing to note about Carrefour is that it doesn't have much of a presence in northern Europe – not in terms of stores, anyway. There was a Carrefour in Caerphilly in the 1970s, and maybe a handful in England in the 1980s, but that was all the UK saw.

To recap then, Europe's largest retailer doesn't do a lot of ecommerce and doesn't have much of a foothold in northern Europe. Maybe that tells us something about the way in which people across southern Europe prefer to shop. Maybe those narrow cobbled streets in those quaint southern European medieval towns make offering a first class delivery service just that bit too difficult, or too expensive, in a region that is still struggling under the weight of recession and austerity measures.

The Nordic region probably has more in common with the UK, in terms of the maturity of the industry that sits behind the buy button, and the ongoing investment in the right people, processes and technology. And, of course, the same is true of Germany where, among others, eBay Enterprise (which is working with smaller retailers that want to punch above their ecommerce weight) has based much of its operations.

A number of less obvious factors, like good, reliable internet access – which isn't always the case once you're outside of major metropolitan areas – really come into their own here. A strong technology industry is part of the mix too, as many of the services underpinning a menu of delivery/collection/return options, through to warehouse management and data analysis are tech-dependent.

Has the operations and logistics picture changed much in the last 12 months? Yes, undoubtedly so.

Knowing your customers and offering services that are both meaningful and valuable to them are the common denominators across the top performing retailers, here in the UK and in other parts of Europe. The Elite retailers in the Operations and Logistics Dimension of the IREU 500 will be those that keep developing new services that customers flock towards. If you're embarking on an ecommerce journey, no matter where you are in Europe, you're going to need your customers to go along with you.



Ian Jindal considers the complexities of merchandising across the continent

Merchandising

Connecting customers with products is the heart of retail: connecting repeatedly, at profit and at scale is the heart of *successful* retail. Getting the right product is increasingly a challenge, with ever-more retailers wanting access to these products, and also to premium lines and ranges.

Europe adds new challenges for the cross-border retailer. If you are selling in multiple countries you have the challenge of where to locate your stock: in one location for coherence and management, or close to the customer for speed and flexibility? Sending products is getting cheaper and faster. However, handling the returns – reverse logistics – is a complex challenge, especially as retailers may not have stores to shoulder the burden in a given country.

The role of global brands also takes on a new potency when looking at commerce on a continental scale. That's because the brand marketing and reach is certainly continental, creating customer demand and expectation 'above the line'. The customer's options thereafter are legion: a local specialist store, a local department store, the brand's own stores online and off, or the pan-continental pureplays.

“The role of global brands takes on a new potency when looking at ecommerce on a continental scale”

The customer-facing complexity is as nothing compared to retailers' challenges: country-level licensing and franchise agreements, confusion over rights for online, differing presentation of the brand's voice... All in a day's work for the hard-pressed merchandiser!

Turning to the customer interface, professional online merchandisers are well versed in complex algorithmic approaches to presentation, prioritisation, promotion and persuasion – but we now have the added complexities of personalisation at a national, legal, local, cultural and linguistic level.

Merchandising and selling mentalities are the foundation of commerce: they turn us from operational wholesalers to customer-centred retailers. This combination of heart, gut, brain and brawn forms the battleground in multichannel retail, and the source of competitive advantage and growth.

In our research, we will see masterful retailers at scale in their own countries and regions, niche players that resonate across borders, and multinational specialists who are able to extend generic patterns with local touches. Balancing these capabilities to determine the best retailcraft is an eye-opening task, but necessary to understand the heart of multichannel, multinational retail.



Chloe Rigby considers the challenges and opportunities of building a brand across Europe

Brand and Engagement

It's a big task: to establish a retail brand across the 31 countries of the European Economic Area (EEA) – plus Switzerland. It's one that means making shoppers aware both of a brand and of the reasons that they might buy from it. It means enabling those shoppers to buy in the way that best suits them, and it means talking to them in the languages they understand and want to use in the course of their purchase.

Yet, despite the size of the challenge, it's one that's likely to have been achieved by many of the retailers that feature in the IREU 500. Right now, they're listed for the size of their retail footprint. But later this year InternetRetailing's research team will be examining in detail which traders have best succeeded in understanding how customers in new markets want to shop and to engage. They'll be working out which retailers have cracked the challenge of being found when shoppers are searching for the item they need, and which are familiar with the social media networks that are important for shoppers in each new market. Above all, it'll be important to judge which merchants have made themselves most relevant in each market.

IREU 500 retailers have most likely gained both brand awareness and customers at scale

To be included in the IREU 500, retailers have most likely gained both brand awareness and customers at scale. Chances are this has involved an investment of time and resources that each retailer has considered well worth making. For while each individual country is home to thousands, if not millions, of active shoppers, the single European market as a whole is home to hundreds of millions of adults. This is one of the most economically mature regions of the world. The retailers that are developing the broad capabilities that make them capable of serving European markets have complex tasks ahead of them in the areas measured by the Brand and Engagement Performance Dimension.

InternetRetailing researchers are faced with their own challenges as they go about the task of assessing how European retailers measure up in this dimension. They'll be considering how retailers choose to promote their brand across Europe. They'll be asking questions around how traders are spreading the word about their brand, translating its values and meaning to new markets. They'll assess the use of different social media networks in each market and whether and how retailers are employing local staff or expertise – and how much that matters. And they'll be finding ways to measure customer engagement, which starts at the point that each shopper discovers the brand and continues well beyond the first purchase.

Through this study, it seems likely that our research team will discover what it takes to make retail work across borders – and whether the qualities that work well to raise brand awareness and engage customers in individual markets also function well within a Europe of different languages, currencies and attitudes to shopping, both online and off. We await these findings with interest – and look forward to seeing our assumptions challenged and learning from fresh insights into problems both old and new.



Paul Skeldon reflects on the growing centrality of mobile platforms in ecommerce

Mobile

Instant. New. Baseline.

This year Germany, France, Italy, Spain and Finland will join the UK, Holland, Norway and Sweden in passing the 50% penetration mark for smartphones. That means from now on, technologically, there is little difference between how consumers are immersing themselves in mobile and mobile commerce. But does that mean that m-commerce is a given across the European Economic Area? Well, from a consumer point of view it probably does; from a retailer point of view, probably not.

Let's start by dispelling a myth: retailers, even the Elite, have not grasped – yet – the true power of mobile. The best retailers have great apps, adaptive websites and even serve up content based on device type. Hey, some even let you buy stuff through mobile. But this is just using mobile as an ecommerce channel. The role of mobile in retail is really one of many facets – and hence it is often referred to as the glue that holds omnichannel together. And the key reason is not because of how retailers across Europe can use mobile, but the way consumers themselves use mobile.

To most people, their mobile device is increasingly the central co-ordinator for their lives. Yes, they do shopping, but mainly they use the device to engage with whatever they want. It is their alarm clock, their daily newspaper, their train timetable, their sat nav and the way they communicate across email, text, IM and more. It is their games console, their social media creator and consumer. Hey, they even make the odd phone call.

It is the retailers across Europe that can tap into this 'life hub' mentality that really have the opportunity. Right now, that means looking at how to allow people to shop across channels from perhaps engaging them through email read on mobile, to researching on a tablet, to hitting 'buy' on a laptop. The next few years will see the power of mobile extend to payments, loyalty and ever more sophisticated engagement. This will involve push messaging to apps that run in the background and which are triggered by the phone's location. It will evolve into the power to understand where someone is relative to things they have browsed online earlier on another device. It will be about ultra-personal context engagement. Tapping into this is where the real Elite European retailers will emerge.

No one country is likely to be the leader in this process. Rather, there will be pockets of activity in cities and regions where innovative people and companies happen to be. This year's Mobile World Congress in Barcelona really showed that mobile commerce is a global phenomenon, almost untouched by culture – consumers everywhere understand the convenience and embrace the power to shop, pay, engage and communicate with retailers and brands through mobile. As the seer Belinda Carlisle clearly prophesised: we all want the same thing (look it up kids!).

Already we are seeing some interesting pockets of development: In Germany, for instance, there has been a surge in charge to mobile m-payments – where the charge is added to the person's phone bill – for buying things on iTunes and from Amazon. In France, there has been some pioneering work by Powa Technologies to introduce the ability to buy things from QR codes on posters – turning ads into 'shops' and combining traditional media engagement with ecommerce and payments.

The Belgians are paying their café bills with mobile. The Brits are sending money to each other using Twitter, text and even NFC. In Scandinavia, you have long been able to buy cans of pop from vending machines using mobile and this is going to spread further and will be integrated into all sorts of buying experiences.

Travel and ticketing is also going to globally cement the use of things like Passbook and other mobile apps to link a purchase channel to an experience. Juniper Research predicts that some 1.5 billion boarding cards will be delivered via mobile by 2019. I already use it every time I fly – and look upon the airline unkindly if I can't.

The point is that consumer expectations of mobile – and indeed omnichannel – are defined by best in breed and they are established very rapidly. What any one leader in mobile does, the consumer almost instantly expects it from the rest. Each incremental step forward sets an instant new baseline of expectation.

Going forward – and outward across Europe and the world – this is going to be what defines mobile and omnichannel retailing and will define which companies make up the Elite. They will be the ones that consistently set the baseline.

Conclusion

Vive la différence, but let's not forget what we share either...



What's clear from our work and thinking so far is that Europe, for all that ecommerce is becoming an international language, remains a hugely diverse continent where retailers do things very differently in different countries.

Get beyond such shared experiences as navigating the online checkout process – and even in such an apparently utilitarian part of the shopping process there are huge variations around, for example, payment and delivery options – and it becomes clear that Spanish and German customers have very different expectations. Retailers from the UK and, indeed, other European countries are mistaken if they assume the approaches that worked in a home market will succeed across the continent.

Those online merchants that have had most success so far, such as Amazon and eBay, are those that have approached each country on an individual level and invested significant resources. It's important to realise this doesn't mean creating 32 different websites. Amazon, which has the highest web traffic in all but eight European countries, dominates the retail market with only six country-specific websites on the continent. It does so with an emphasis on competitive price and customer service, but also by taking a strategic approach that focuses on the key European ecommerce markets.

Retailers are mistaken if they assume the approaches that worked in a home market will succeed across the continent

This is revealing. While it's a given that shoppers' expectations vary across markets, it seems likely that larger merchants such as Amazon, which concentrate on what consumers do have in common across the region, principally a wish to buy at the right price and in the manner that best suits them, will be among those that succeed in selling across the EEA.

But this won't be the only approach that succeeds. There are huge opportunities, for example, for smaller, nimble specialist companies. One way to think about the wider European market is to remember that a shared interest – whether in astronomy, baking or calligraphy – is in itself a kind of shared language and culture. We would expect that sector-specific retailers that work out how to export expertise will also prosper.

As to what unites these kinds of successful retailers, the behemoths and the specialists, based on our experience researching the IREU 500 we would make a calculated guess that customer service will always be a key differentiator. Companies that, in ways appropriate to the markets in which they operate, reach out to customers and then deliver on promises will always have a better chance of succeeding.

Or we may be wrong. One of the most exciting things about doing this kind of qualitative and quantitative research is that we're able to take such assumptions and test them – to destruction if necessary. Over the coming months and years, as we refine the IREU 500, it's this approach that will enable us to create an unrivalled picture of the European ecommerce and multichannel market, and to highlight examples of best practice, from wherever they originate.

In October 2015, we will publish the first InternetRetailing European Top500 Report. We are always interested in finding expert Knowledge Partners to assist us with this research. For more information, contact Ian Jindal, editor-in-chief, InternetRetailing, ian@internetretailing.net

