RXBX EU 250

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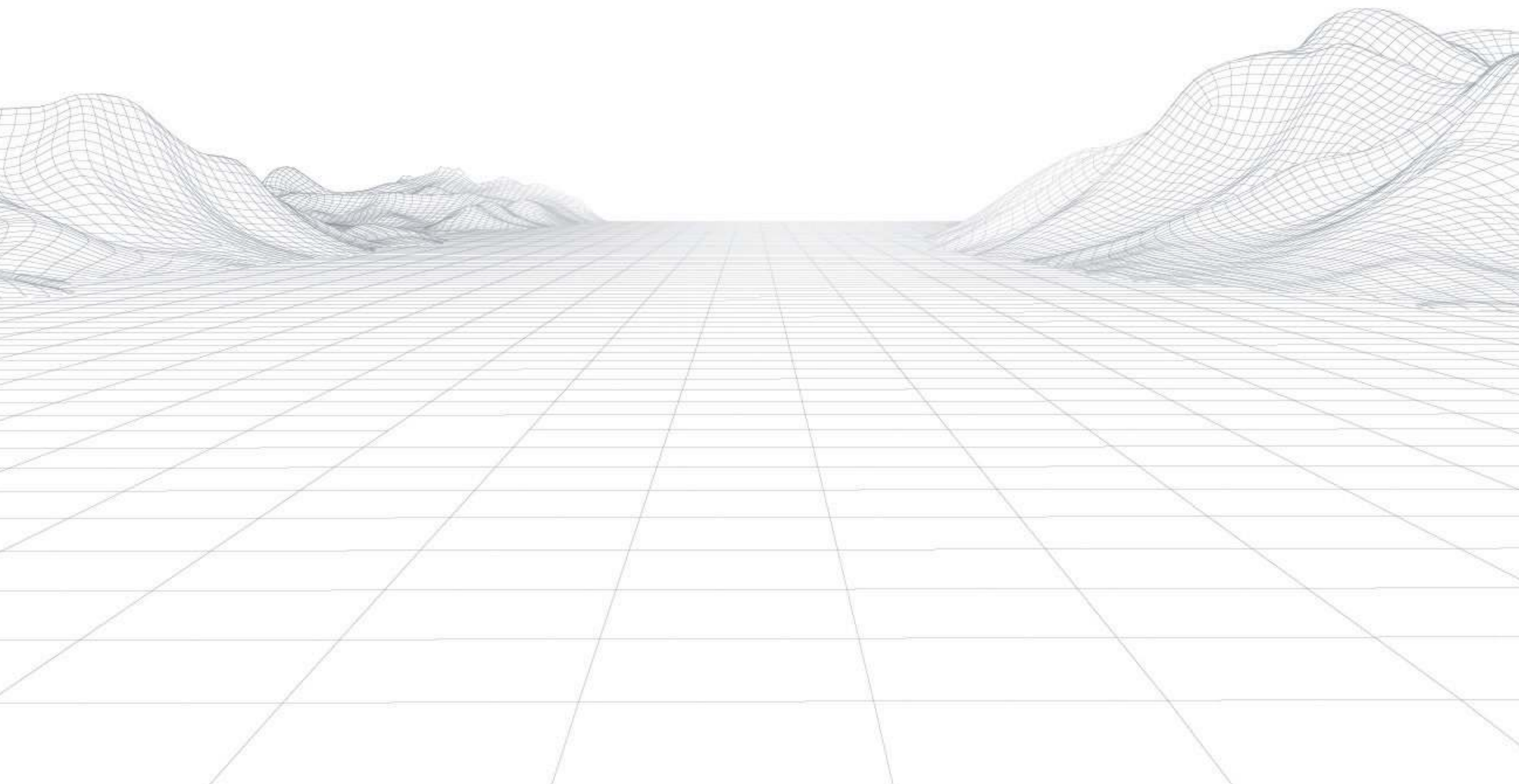
BRAND INDEX 2019

DIRECT-SELLING BRANDS IN EUROPE

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



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From the editor-in-chief

WELCOME TO THE third annual RetailX Brand Index, in which we once again focus on consumer brands and retail brands that sell to customers across Europe. It is a fascinating time to be looking at these kinds of companies, because of what they tell us about how retail is changing not just within Europe, but across the world.

In 2018, we noted how we are all, as consumers, drawn towards international brands that seem to represent values that are distinct from those of domestic names. With the rise of digital technologies, these brands can now reach beyond home territories far more easily so that, for instance, Scandinavian clothes companies selling understated yet stylish leisurewear can more easily reach urban 30-somethings and 40-somethings.

While some companies, such as Adidas, Nike and Nespresso, have the heft to leverage these kinds of market developments worldwide, it's challenging for many others. Take brands operating in the fast-fashion sector. These are companies with customers who are typically impatient to get hold of the latest styles, yet reluctant or unable to pay premium prices for such services as free next-day delivery. To succeed, direct-selling brands have to resolve these kinds of tensions. Complicating things further, customer expectation and behaviour changes constantly.

For these kinds of reasons, the last year has seen many successful direct-selling brands – indeed, retailers in general – looking in detail at the nuts-and-bolts areas of multichannel retail, such as fulfilment and warehousing. Yet we would argue that focusing in too closely on operational issues carries risks. To return to the idea of consumers being drawn to brands that seem to offer something different, the idea of selling excitement is a retail constant. Too much focus on operational matters is bad strategy if it comes at the expense of merchandising and the customer experience.

As to which brands are performing most strongly here, the pages ahead, which draw on our ongoing research for the IREU Top500, should prove enlightening. We also aim to highlight effective and practical ways of performing at the highest level, in which spirit we hope this RetailX Brand Index will prove a useful tool for both brands and retailers across Europe.

Ian Jindal
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Editors' comment

WELCOME TO THE third annual edition of the RetailX Brand Index (RXBX). Here, we once again put the spotlight on Europe's direct-selling brands. These are businesses that sell direct to customers and also supply their goods via the wholesale market, such as Adidas, Apple and Nespresso; or they are retail brands, such as New Look, Fat Face and River Island.

Based on ongoing RetailX research for the IREU Top500, our unique, performance-based ranking of Europe's top retailers, we have looked in detail at how these direct-selling brands have been shaping and reacting to a changing market. These results determine the RXBX Top250 (page 8). We have done this across six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement and Mobile & Cross-channel. For a full analysis of individual Performance Dimensions, including lists of which direct-selling brands have performed most strongly within each individual Dimension, see pages 16-27.

First, though, in our strategic overview (page 8), we look at the way direct-selling brands are adapting to a rapidly changing business landscape, In part, it's the story of how a combination of shoppers who lead increasingly busy lives, social media influencers and changing attitudes are shaping how retail is conducted. But it's also a story of how retailers of all kinds are having to balance convenience and cost in terms of the kinds of services they provide. It's all very well to offer free deliveries, for example, and this may well help take market share, but it can add costs that affect the bottom line.

In this context, our case study on New Look (page 28) is fascinating, in focusing on the retailer's turnaround plans after expansion came to a temporary halt when it had to enter a CVA (company voluntary arrangement). We also look at how Nespresso has built brand loyalty through membership initiatives (page 29).

We would like to thank our Knowledge Partners, who have generously contributed their expertise and insights. As always, we welcome your thoughts on new areas of research as we add to our primary data and analysis on retail and brand commerce in the UK and across Europe. Please email: jonathan@internetretailing.net and chloe@internetretailing.net

Jonathan Wright and Chloe Rigby, Editors

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The biggest direct-selling brands in Europe

We publish our Europe Top500 Retail Performance Index separately, most recently in July 2018. That Index revealed that direct-selling brands are among the most widespread and successful retailers in the single market. Here we focus on brands alone. Listed below are the 250 Largest brands according to their Footprint. This is a combination of retail revenue both online and offline, web traffic and store numbers, and is an indication of their retail presence in the mind of the European consumer. The brands are clustered by Footprint size and listed alphabetically. Factoring in their performance in our six Dimensions, the final performance ranking of the Brand Index Top250 is shown on page eight.

Largest 50

Accessorize
Adidas
Apple
Asus
Burberry
Clarks
Desigual
Diesel
Dorothy Perkins
Esprit
G-Star Raw
Gucci
Guess
H&M
Hollister
HP
Hugo Boss
Hunkemöller
IKKS
Jack & Jones
L'Occitane
Lego
Louis Vuitton
Mango
Michael Kors
Microsoft
Nespresso
New Look
Nike
Oasis
Obaïbi-Okaïdi
Oysho
Pandora
Pimkie
Pull & Bear
Reserved
River Island
s.Oliver
Samsung
Superdry
Swarovski
Swatch
Timberland
Tom Tailor
Tommy Hilfiger
TomTom
Topman
Topshop
Tous
United Colors of Benetton

Largest 100

Abercrombie & Fitch
Adolfo Dominguez
AllSaints
Ann Summers
Asics
Bose
Burton Menswear
Calvin Klein
Carhartt
Cath Kidston
Coast
Dell
Dior
Dolce & Gabbana
Dr. Martens
Dune London
Ecco
Fat Face
Fossil
Gaastra
Gant
GAP
Habitat
Karen Millen
Kenzo
Lacoste
Laura Ashley
Lenovo
Levi's
Medion
Mohito
Monki
Monsoon
The North Face
Pepe Jeans London
Philips
Prada
Puma
Ralph Lauren
Reiss
ShopDisney
Skechers
Supreme
Ted Baker
Thomas Sabo
Vans
Versace
Warehouse
Weekday
White Stuff

Largest 150

American Apparel
Bergere de France
Billabong
Burton
Cartier
Converse
Engelbert Strauss
Estée Lauder
Evans
Farrow & Ball
Fendi
Fred Perry
French Connection
El Ganso
Garmin
Hackett
Hobbs London
Hotel Chocolat
Jacadi
Jack Wills
Joules
Kärcher
La Perla
Lands' End
Logitech
MAC Cosmetics
Miss Selfridge
Missguided
Montblanc
Mulberry
Oakley
Olymp
Paul Smith
Phase Eight
Reebok
Scotch & Soda
T.M. Lewin
Tag Heuer
Thorntons
Tiffany & Co.
Trespass
Triumph
Ugg
Under Armour
Uterqüe
Victoria's Secret
Wallis
Whistles
WMF
YvesSaintLaurent

Largest 250

Acne Studios
Agent Provocateur
Aldo
Alexander McQueen
American Eagle
Armani
Aspinal of London
Banana Republic
Barbour
bareMinerals
Belkin
Bianco
Bodum
Bottega Veneta
Boux Avenue
Brabantia
Brother
Camper
Christian Louboutin
Church's
Clinique
Corsair
Crabtree & Evelyn
Creative
Crew Clothing Company
Crocs
Custo Barcelona
DBrand
DC Shoes
DeLonghi
Denby
DJI
Eastpak
Epson
Ermenegildo Zegna
Ferrari.com
Fired Earth
Fitbit
Gabor
Geox
GoPro
Gymshark
Hawes & Curtis
Hermès
HTC
J Crew
Jaeger
Jigsaw
Jimmy Choo
Jura
Kate Spade
Kiehl's
Kurt Geiger
L.K.Bennett
Lascana
Links of London
Loewe
Loro Piana
Lululemon
Lyle & Scott
Manfrotto
Marc Jacobs
Monica Vinader
Myprotein
Netatmo
New Balance
Nintendo
OnePlus
Orvis
Patagonia
Peter Hahn
Playmobil
Polar
Pretty Green
Radley
Rapha
Ray-Ban
Razer
Regatta Outdoor Clothing
Rituals
Rohan
Salomon
Sennheiser
Skagen
Smythson
Sonos
Springfield
SteelSeries
Superga
Sweaty Betty
Tumi
Villeroy & Boch
Vivienne Westwood
Wacom
Wedgwood
Western Digital
Whittard of Chelsea
Withings
Xiaomi
Yankee Candle

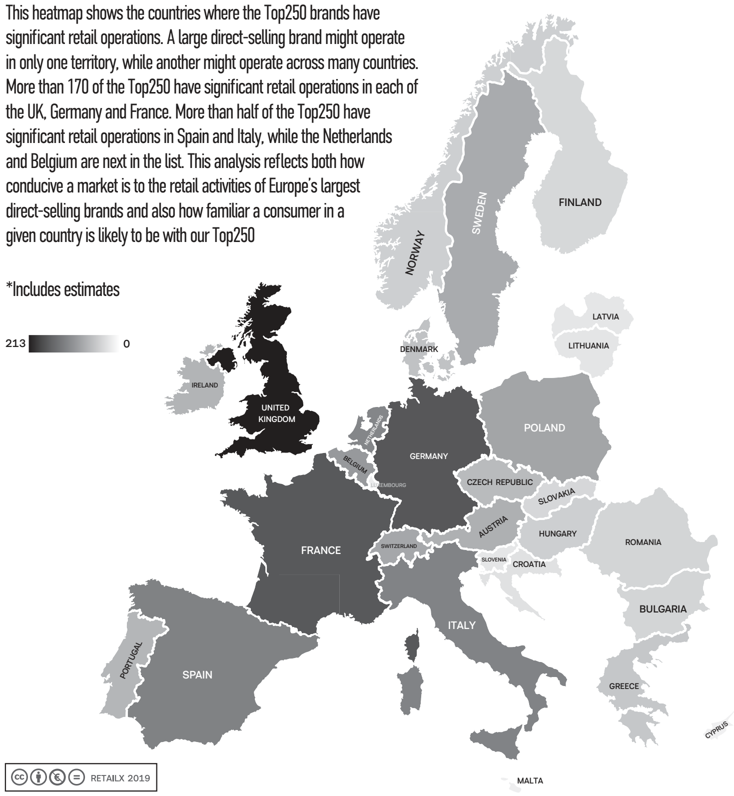
About the Top250

TOP250 BRANDS OPERATING IN A COUNTRY

The number of Top250 brands with a retail revenue greater than €1m* in a member state

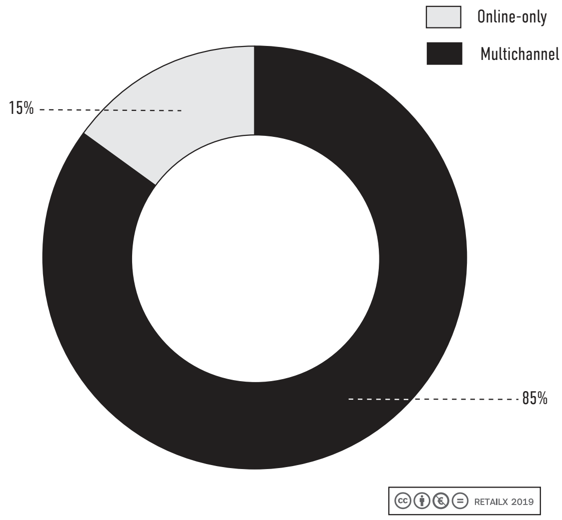
This heatmap shows the countries where the Top250 brands have significant retail operations. A large direct-selling brand might operate in only one territory, while another might operate across many countries. More than 170 of the Top250 have significant retail operations in each of the UK, Germany and France. More than half of the Top250 have significant retail operations in Spain and Italy, while the Netherlands and Belgium are next in the list. This analysis reflects both how conducive a market is to the retail activities of Europe's largest direct-selling brands and also how familiar a consumer in a given country is likely to be with our Top250

*Includes estimates



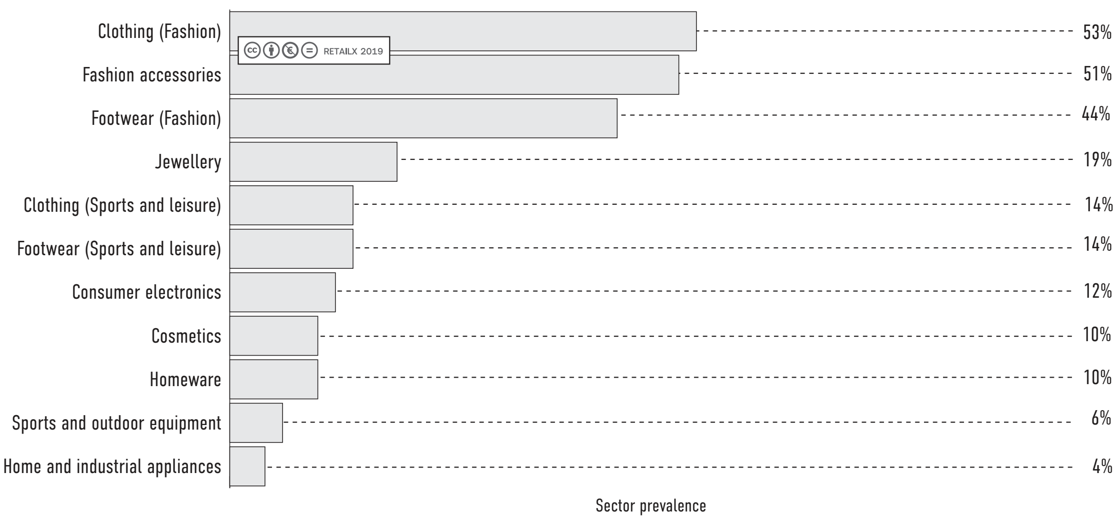
MOST OF THE TOP250 OPERATE STORES

A clear majority of the Top250 largest direct-selling brands in Europe operate retail stores as well as websites



SECTORS THE TOP250 OPERATE IN

Half of the Top250 brands sell fashion goods. The sports and outdoor goods and home and industrial appliances sectors are the smallest to still have a significant number of Top250 brands. Note that many brands operate in more than one sector



RXBX EU 250
In partnership with amazon pay

Congratulations to the RXBX Europe Top250 2019

This is our 2019 ranking of the Top250 direct-selling brands in Europe, based on each brand's retail performance across our six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel

Elite

Adidas
Apple
H&M
New Look
Nike

Leading

AllSaints
Ann Summers
Dune London
Esprit
G-Star Raw
HP
Jack & Jones
L'Occitane
Laura Ashley
Louis Vuitton
Mango
Microsoft
Nespresso
Pandora
Pimkie
Pull & Bear
River Island
Samsung
Swarovski
Tommy Hilfiger
Ugg

Top 50

Bose
Burberry
Cath Kidston
Clarks
Desigual
Dorothy Perkins
Fat Face
Hugo Boss
Hunkemöller
Jack Wills
Karen Millen
Lego
Missguided
The North Face
Oasis
Oysho
Radley
ShopDisney
Swatch
Thomas Sabo
Timberland
Topman
Topshop
White Stuff

Top 100

Abercrombie & Fitch
Accessorize
Adolfo Dominguez
Banana Republic
Boux Avenue
Burton Menswear
Calvin Klein
Coast
Diesel
Dior
Dr. Martens
Ecco
Estée Lauder
French Connection
Gant
GAP
Gucci
Guess
Hobbs London
Hollister
Hotel Chocolat
IKKS
Jigsaw
Joules
Lacoste
Lands' End
MAC Cosmetics
Miss Selfridge
Monki
Monsoon
Montblanc
Orvis
Ralph Lauren
Reebok
Reiss
Reserved
s.Oliver
Skechers
Superdry
Sweaty Betty
T.M. Lewin
Ted Baker
Thorntons
Tiffany & Co.
Vans
Victoria's Secret
Wallis
Weekday
Whistles
Whittard of Chelsea

Top 150

Aldo
Asics
Bottega Veneta
Burton
Camper
Carhartt
Clinique
Crew Clothing Company
Dolce & Gabbana
Evans
Farrow & Ball
Fossil
El Ganso
Garmin
Habitat
Hackett
Hawes & Curtis
J Crew
Jaeger
Jimmy Choo
Kärcher
Kenzo
Kiehl's
Kurt Geiger
L.K.Bennett
Lenovo
Levi's
Links of London
Logitech
Medion
Mulberry
Myprotein
Obaïbi-Okaïdi
Paul Smith
Pepe Jeans London
Phase Eight
Philips
Prada
Puma
Rituals
Rohan
Smythson
Superga
Tom Tailor
Tous
Trespass
United Colors of Benetton
Versace
Warehouse
YvesSaintLaurent

Top 250

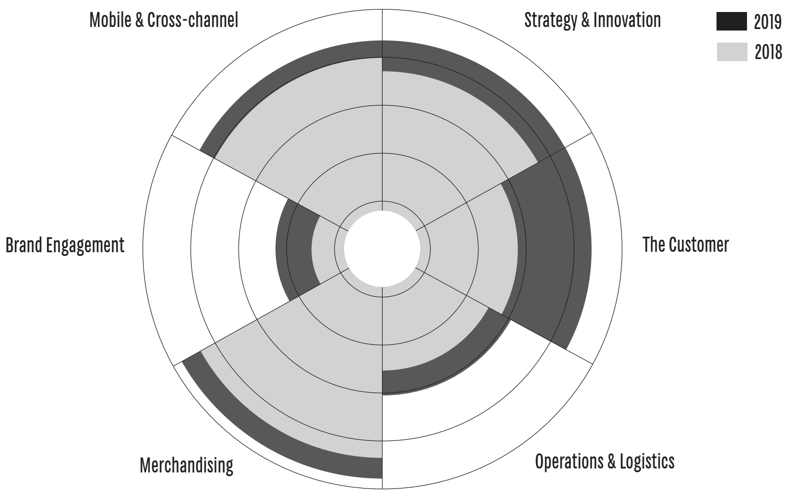
Acne Studios
Agent Provocateur
Alexander McQueen
American Apparel
American Eagle
Armani
Aspinal of London
Asus
Barbour
bareMinerals
Belkin
Bergere de France
Bianco
Billabong
Bodum
Brabantia
Brother
Cartier
Christian Louboutin
Church's
Converse
Corsair
Crabtree & Evelyn
Creative
Crocs
Custo Barcelona
DBrand
DC Shoes
Dell
DeLonghi
Denby
DJI
Eastpak
Engelbert Strauss
Epson
Ermenegildo Zegna
Fendi
Ferrari.com
Fired Earth
Fitbit
Fred Perry
Gaastra
Gabor
Geox
GoPro
Gymshark
Hermès
HTC
Jacadi
Jura
Kate Spade
La Perla
Lascana
Loewe
Loro Piana
Lululemon
Lyle & Scott
Manfrotto
Marc Jacobs
Michael Kors
Mohito
Monica Vinader
Netatmo
New Balance
Nintendo
Oakley
Olymp
OnePlus
Patagonia
Peter Hahn
Playmobil
Polar
Pretty Green
Rapha
Ray-Ban
Razer
Regatta Outdoor Clothing
Salomon
Scotch & Soda
Sennheiser
Skagen
Sonos
Springfield
SteelSeries
Supreme
Tag Heuer
TomTom
Triumph
Tumi
Under Armour
Uterqüe
Villeroy & Boch
Vivienne Westwood
Wacom
Wedgwood
Western Digital
Withings
WMF
Xiaomi
Yankee Candle

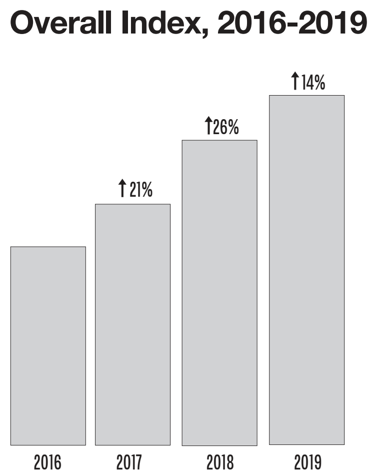
Measuring Performance

We score performance in tests and create an index value. The Aggregated Index Value is the sum of the test results. It gives us a way to compare performance between years, sectors and regions, since a higher AIV represents a greater measured capability and performance. Our benchmarking reveals that performance has markedly improved in most areas over time

Year on year performance of the TOP250 by Dimension

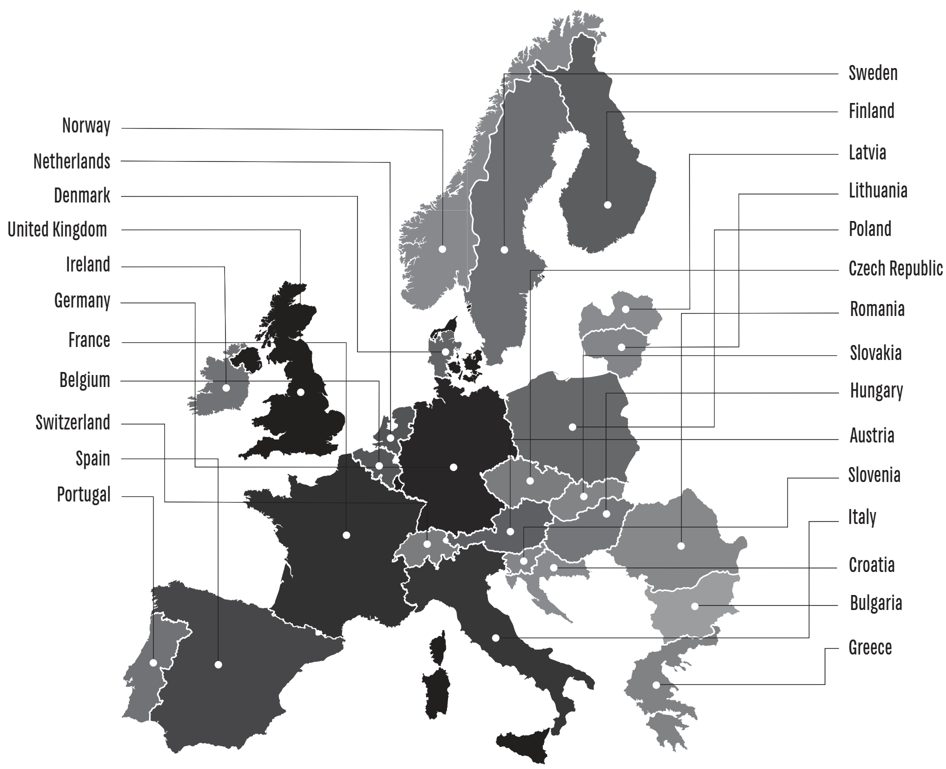
The Aggregated Index Value for each Performance Dimension for 2018 and 2019





Region performance

The Average Index Value for the following members of the Single Market in 2019 represented as a heatmap from maximum to minimum. Note that localised retail performance is measured for all Top250 brands with operations in the country and the analysis is blind to where the company is based



Stop focusing on the competition and start focusing on your customer. Amazon Pay shares how

What's behind innovations such as the Amazon Pay technology that lets customers pay with their Amazon account on the web, in stores and with Alexa? Customer obsession. It's Amazon's number one operating principle. Giulio Montemagno, General Manager of Europe, explains how it's applied across decision-making at Amazon Pay

IMAGINE YOU'VE JUST sent your customers an email announcing a new product or service you've developed. The response is overwhelming—orders are flooding in, and fans are taking to social media to talk about how much they love it!

At Amazon, that's a scenario we imagine before undertaking any significant project. We write a six-page memo including a press release announcing the product, complete with frequently asked questions. By beginning with the end point (the customer) in mind and working backwards from there, we stay true to our mission: to be the most customer-centric company in the world.

One Amazon exercise our team at Amazon Pay uses to develop ideas is the "5 Customer Questions" process. This is an exercise of inquiry to ensure are we working on behalf of our customers, from ground-breaking technologies to simple site updates.

There are endless ways to invent on behalf of our customers, but resources are limited – even at an established company like ours. The "5 Questions" help you vet ideas to make sure they will delight customers before you invest in building something or even writing a six-page memo. They are:

1. Who is the customer? While it's tempting to start with problems or solutions, the first step is always to identify the end customer. Create a detailed picture of their wants, needs and motivations. Consider how these change in different contexts.

2. What is the customer problem or opportunity? Describe current situations that might be frustrating this customer, and/or new experiences that might delight them. Base your hypothesis on what you know about your customer today; you can refine it later. Then, generate ideas for solutions.

3. What is the most important customer benefit? This question challenges you to dive deep, differentiate between must-haves and nice-to-haves, and prioritise the best solution.

4. How do you know what customers need or want? Now it's time to validate your assumptions with data. You probably have lots of data, so ask yourself what is most relevant to the experience you are imaging. If you don't have all the data you need to answer the question, keep it simple, go straight to the source and ask your customers.

5. What does the customer experience look like? Once you have validated your idea, sketch it out with a simple drawing or a whiteboard. Then, describe the customer experience in words – how they discover the solution, how they use it, and how they feel at the end.

The five questions are simple, but that doesn't make this exercise easy. Achieving clarity is not easy. Prioritising is not easy. But the beauty of the 5-questions-working-backwards exercise is that any company can do it. The power of it lies in the discipline to do it until it becomes part of your DNA.

Amazon Pay is a great example of customer obsessed thinking – extending the trust and simplicity of Amazon's checkout experience to merchants – so they can get back doing what they do best: selling great products and services that delight customers. Today, Amazon Pay is providing a convenient shopping experience for thousands of third-party websites across the globe.

Changing with the times

Brands are adapting to society's changes as impatient shoppers, social media influencers and generational attitudes transform the way we shop, reports **Penelope Ody**

THE BOUNDARY BETWEEN 'brand' and 'retail' has always been fuzzy. Some retailers, such as Marks & Spencer, have always been both. The retailer has only ever sold own-label clothing in its own stores, although its original M&S house brands, St Margaret and St Michael, have long since given way to Per Una, North Coast, Blue Harbour and the rest.

Today, a brand is something sold, promoted, advertised, marketed and respected as such: anything from Coca Cola and KitKat to Armani and Louis Vuitton. For this InternetRetailing report, based on RetailX research, a 'brand' is owned by a company that sells its own-label products direct to the public – be that a manufacturer or a retailer. So we have a list that embraces Nespresso and Swatch, Apple and Microsoft, Top Shop and Laura Ashley. Some companies in the RetailX Brand Index are, or were, primarily manufacturers with a label, while others are retailers with a label contracting-out production. The important point that links them all is that they are all 'brands' that are recognised as unique entities and regarded as such by today's shoppers.

Image credit: Marks & Spencer

M&S is both a brand and a retailer, selling its own highly recognisable ranges

Brands also have an 'image' which they actively project and protect, and which is recognised by the shopping public. It may be an image of reliability, luxury, excitement or expertise projected with recognisable slogans epitomising the core ethos: Nike's "Just do it" or Farrow & Ball's "Craftsmen in paint and paper", for example. As such, brand websites must convey the same image: Farrow & Ball's landing page shows a hand swirling colourful paints, with tag lines such as "colour expertise" and "skilled craftsmanship" reinforcing the message. Nike's website builds on its world-famous slogan with "Unzip your potential" among its page headers, while its sports bra selection declares "With the right support you can do anything".

Adding an extra something

In the early days of internet shopping, a prime concern for many retailers was that the branded manufacturers who supplied them with merchandise would start to bypass the established sales channels and sell direct to the public. By cutting out the retailer, ran the argument, the brand owner could sell at a lower price point, thus undercutting any supplier on the high street.

Threatened with delisting by their major retail customers, manufacturers hung fire and, if an inquisitive member of the public happened to land on their websites, the potential shopper would be directed to high street 'stockists' with no opportunity to buy direct whatsoever.

Image credit: Burberry

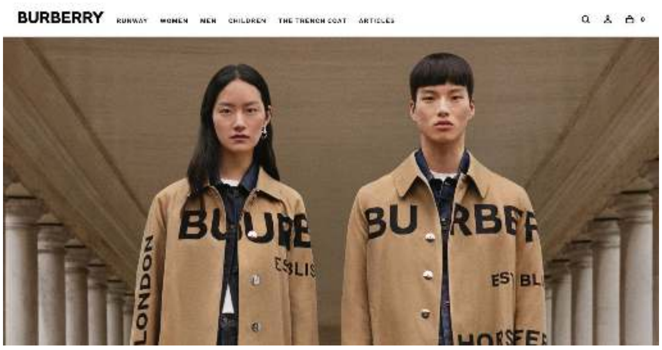


Image credit: Farrow & Ball

Brand identity, imagery and marketing slogans must be front and centre in any 'official' brand website

Today, things are very different. The feared price undercutting generally doesn't happen, and shoppers have realised that the brand owner's website can deliver an extended range, in-depth product information and – in the case of companies such as Philips and Playmobil – be a valuable source of spare parts that are rarely found on competing retail sites. Trust is also key, especially in those geographies where fake products, notably of upmarket and luxury brands, are commonplace. Buying from the 'official' site gives confidence that the products will be genuine.

For the fashionistas, a designer brand website will also be the first with catwalk videos and products from the latest collection. In 2016, Burberry – a Top 50 brand – launched its "see now, buy now" approach to making the latest styles immediately available. Items from its latest collection were on sale both at its flagship London store and via Instagram and WeChat – the Chinese platform – within hours of the catwalk show launch.

Adidas and Nike, both in the elite category, attract shoppers to their websites with such tactics as generous student discounts, timed product launches so that enthusiasts can be the first to wear the latest trainers, a range of apps and various tactics to encourage loyalty and repeat visits. At the same time, such brands must also encourage and support their wholesale customers to promote their products, while at the same time directly competing with them: a factor which no doubt helps maintain general price consistency between the offerings of a brand owner and its retail customers.

In a world of search engines and social media, shoppers may start their buying journey looking for a brand rather than a generic product description, so retailers who stock a combination of manufacturers' brands, own label and unbranded lines increasingly include a "search by brand" option on their websites. Key a brand name into a search engine such as Google and the brand owner's website may top the hit list – usually declaring itself the "official" site – but it will be followed by a long list of 'retail' stockists, while the usual featured adverts will include images from both categories. Price transparency is immediate and obvious so, while shoppers may initially visit a brand owner's website to explore the full range, they can very quickly compare prices and availability from a wide range of competing sites.

Interestingly, RetailX found a decline in the number of brand name searches via the major search engines for around half of the top 250 companies compared with last year. This could, of course, be simply due to large numbers of shoppers bookmarking such sites obviating the need to use a search engine, rather than implying a major shift in consumer attitudes to brands.

Maintaining multiple channels

Major brands – notably in fashion and footwear – have always maintained a high street presence, either with their own standalone outlets or as concessions within department stores, while at the same time supplying many other retailers wholesale.

It's the same in the digital world, where brand owners are happy to sell direct from dedicated websites but are also increasingly willing to sell via online marketplaces or through competing websites.

In the past, retail brands such as New Look, Miss Selfridge, River Island, Hunkemöller and Warehouse would largely have sold through their own high street outlets, with the possible addition of concessions in key department stores. Today, these retailer brands can also be ▶

In the early days of the internet, a prime concern for retailers was that brands would start to sell direct to the public found on marketplaces and sites such as Asos, while Marks & Spencer has ousted Waitrose as the key 'brand' that's available from Ocado.

Search for a leading brand such as Esprit on Google, and the 'official' site is followed by Esprit clothing available from Asos, Zalando and Amazon. Searching for a designer label such as Gucci reveals an 'official' site – "Redefining modern luxury fashion" – followed by such additional choices as Selfridges, Farfetch, Net-a-porter, Harrods and many more.

Delivery challenges

For today's online shoppers, convenience is key, hence the emphasis on a growing assortment of collection options and numerous delivery choices – from a 'standard' three to five days, to within an hour or two in some metropolitan areas. For retail brands with an extensive footprint in the physical world, click and collect is now relatively straightforward. For manufacturers' brands, though, it can be more complex.

> Sponsored video volume is growing rapidly as brands try to find alternatives to ad blockers

Adidas in the elite category offers next-day delivery or standard delivery with the option to collect from a Parcelforce pick-up point. It also sends click-and-collect orders placed on its 'official' website to its high street stockists, sending shoppers an email in up to four days, stating when the goods are ready to collect.

Leading brand Nespresso tries rather harder, with delivery options extending to Saturday, Sunday and even same-day in selected postcodes, while its collect options include CollectPlus, Doddle and Parcel Motel. There is also the novel choice of collection from its various pop-up Nespresso Boutiques within two hours of the order being placed.

Others offer a rather more limited range of choices. Knitwear producer Lyle & Scott, for example, gives free, standard and next-day delivery options, but while returns can be made via Collect+ there is no collection option for receiving orders. Kärcher delivers from local country warehouses in one to two days (subject to availability), while Playmobil, headquartered in Germany, has one delivery option: "within five to seven working days after your order is accepted and in any event, within 30 days". Philips sends spare parts from Eindhoven by post or DHL in three to nine days.

For shoppers who expect their online orders to be delivered in no more than a couple of days, or be available to collect from a high street store within hours, this clearly puts manufacturers' brands at a disadvantage – especially those producers that maintain a single central distribution centre in their home country.

Given the current uncertainty surrounding post-Brexit trading arrangements, manufacturers selling direct may need to revise their current distribution systems, possibly stock holding in additional geographies, extending delivery times, or introducing multiple pricing options to cope with new tariffs.

Influencing the influencers

While providing links to social media sites on transactional websites is in decline, social media focus for the brands is often now on the YouTube vloggers and the growing numbers of lifestyle bloggers. With successful vloggers attracting millions of followers, such channels are now seen as attractive options for promoting relevant brands to a clearly defined target market.

Major brands in some geographies may be willing to pay five-figure sums (or more) for vloggers to endorse their products but elsewhere, advertising standards regulators

Image credit: Adidas

Official websites are seen as a credible source for items that are often bootlegged, such as sports goods

What is a brand?

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

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

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

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

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

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

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

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

are trying to encourage the influencers (although not always successfully) to make it obvious that such recommendations are in fact paid-for promotions. In the UK, for example, the Advertising Standards Authority has issued codes of practice covering the activity, yet it has very limited powers of enforcement and vloggers can clearly be tempted by free samples, promotional gifts and other inducements as well as less ethical cash payments.

A popular alternative is for brands to work with the vloggers to create product ranges curated or endorsed by the YouTube stars, or else to use them in videos to be shown on the brand's website and video channel. Many established brands – notably in gaming, cosmetics and jewellery – now have established partnerships with individual vloggers. As video analytics company Tubular Labs points out, sponsored video volume is growing rapidly as brands try to find alternatives to ad blockers and the 'on my phone while the TV ad is playing' culture. Research by the company between 16 and 22 September 2018, found that 4,680 brands sponsored 8,964 videos that were directly uploaded to brand partners' channels and pages on YouTube and Facebook. These activities are also increasingly cross-border, with Tubular Labs suggesting that 48% of European vloggers are followed outside their home countries.

Looking to the future

Attitudes to brands are constantly changing as each generation discovers a new and ever-changing 'must-have' favourite. Today's millennials, the Generation Y born between 1980 and 1994, are sometimes labelled the "Peter Pan generation" or *bamboccioni* in Italy and *génération précaire* in France. They are often beset by economic issues, unemployment and the financial necessity of living in the parental home – or on €1,000 a month – hence them being known as *milleurista* in Spain. Strapped for cash, they are more likely to eschew designer labels and expensive, high profile brands and opt instead for something with good environmental credentials and a socially liberal image.

From what we know so far, members of Generation Z, those born after about 1996, are rather more optimistic about the future, rather more positive about their financial prospects but even more concerned with environmental issues and the need for sustainability.

Those brands likely to be listed in reports such us this in future may well need to adopt complementary attitudes, stressing their corporate social responsibility policies and 'green' credentials in order to attract tomorrow's generation of shoppers.

Fine-tuned retail strategies

Research suggests that brands are testing new approaches, but moving on quickly if they don't see sufficient performance gains

What is considered innovative changes from one year to the next – and so do the research metrics that are considered

Retail brands listed in the RXBX Strategy & Innovation Performance Dimension have refined their approach to multichannel retail in the last year, RetailX research suggests. While brands are now more likely to offer product recommendations and click and collect than they were previously, they are less likely to enable shoppers to save an item to a wishlist, or to offer same-day collection. Perhaps, having trialled these strategic features in previous years, they are now less likely to continue to offer those that have not moved the dial significantly on conversions and sales.

Understanding the metrics

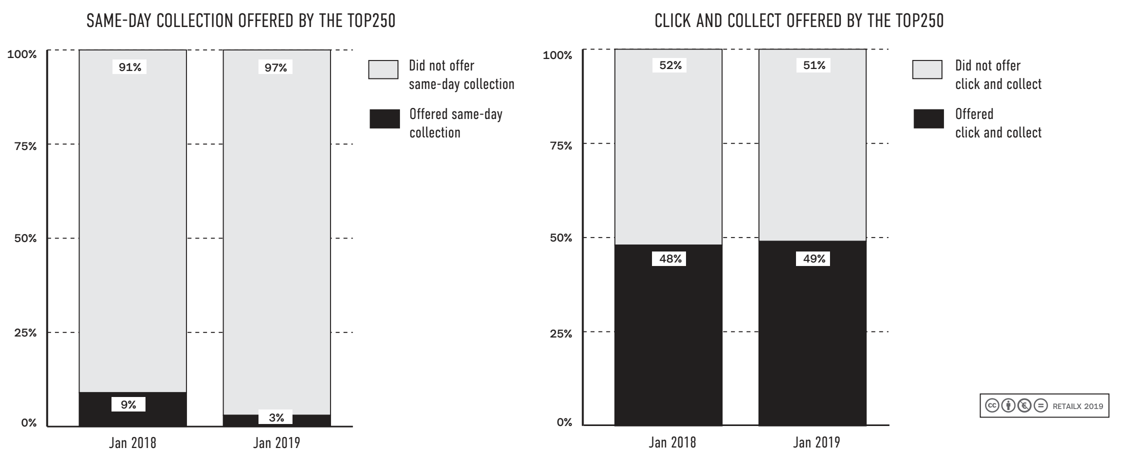
When RetailX researchers assessed retail brands' performance for the Strategy & Innovation Performance Dimension, they focused on the metrics from across this research that they consider give the most insight into how retail brands have developed their retail strategies, and how innovative they are in adopting new approaches.

In 2019, researchers looked at 53 different metrics, covering areas from delivery, collection and returns, to how easy it is to load and use a website, as well as the functionality that brands include in their mobile apps. These are measures that help traders stand out from the crowd, and compete in challenging markets. We focus below on those that have shown the most significant year-on-year change.

The metrics were measured for every region of the European Economic Area (EEA) plus Switzerland. Thus brands that had localised their shopping experience, for example, to a given market, were measured on how they delivered for customers within that market.

It's worth noting here that what is considered innovative, in particular, changes from one year to the next – and so do the research metrics that are considered. For example, in previous years researchers looked at whether a brand offered click-and-collect services at all but this year the focus is on whether shoppers can pick up their order from the store on the same day.

SAME-DAY COLLECTION IS OFFERED BY FEWER BRANDS IN 2019



Same-day collection is less likely to be offered this year than last, although click and collect itself is marginally more likely to be offered and, not shown in the chart, the median brand's fulfilment time for its standard click-and-collect option has dropped by 12 hours to 3.5 days. It's a mixed picture with some indicators suggesting that click and collect is in decline, although RetailX expects this fulfilment medium to continue to differentiate retailers in the minds of consumers due to its convenience

Strategy & Innovation Leaders 2019

Share your thoughts on #RXBX with @RetailX

Adidas	L'Occitane	Oysho
Apple	Lego	Pimkie
Esprit	Mango	Pull & Bear
H&M	Nespresso	Radley
Jack & Jones	Nike	Swatch

What the RXBX Top250 do

RXBX retail brands localised their websites to an average of 5.7 member states, and a median of four. Those brands selling consumer electronics were most likely to offer a localised service – including local delivery, local language experience or landing page. On average, consumer electronics brands offered this localised experience for 10 different markets, while those selling homewares localised to the fewest markets, at an average of 2.6.

There was a noticeable uptick in the number of brands offering alternative product recommendations to those being viewed. Almost three quarters (73%) of Top250 brands did so – up by four percentage points since 2018. Product recommendations were commonly found in the jewellery (76%) and fashion accessories (75%) sector – and least commonly found in the home and industrial appliances (36%) sector. The tactic can help to keep potential customers on the retailer's website by showing them a number of alternatives to the product they're considering that might better fit their needs. RetailX expects that more of the Top250 will introduce this practice in coming years.

Fewer retail brands enabled browsers to save products that they'd viewed to their wishlist. Six in 10 (60%) of the 211 brands that appeared in the Top250 both in 2018 and 2019 offered this in 2019. That's down from 63% in 2018. Jewellery (75%) and cosmetics (72%) brands were the most likely to offer the feature, while consumer electronics (23%) and home and industrial appliance (25%) brands were the least likely.

Although there was a small overall rise in the number of retailers offering click and collect, it was noticeable, in 2019, that there was a significant drop in the number of retailers offering same-day collection. Among the 113 brands that offered a click-and-collect service in both years, 3% offered it in 2019 – down from 9% in 2018. The service was most commonly found among jewellery brands, where 4% offered it, and fashion accessory brands (2.6%). Least likely were those brands selling sports and outdoor equipment and homewares: fewer than one per cent offered same-day collection in either of the two sectors. Use of the service varied by geography: 6.9% of those trading in France offered same-day pick up, and 4.4% of those selling in the Netherlands. However, it was least commonly found in Portugal, Ireland, Finland, Denmark and Austria, where fewer than 1% of brands offered the service.

There was a time when RetailX researchers considered that faster, more convenient, more flexible options were almost inevitably going to rise in popularity among retailers. That theory has been proven wrong over the past 12 to 18 months, with a reversal of the trend in same-day collection. The market may have determined that for many retailers more customer convenience in this area is not a strategic choice. RetailX research continues to include the metric in this strategy and innovation dimension because the assessment is carried out from the customer's perspective. Find out more about brands' approaches to collection and fulfilment in the Operations & Logistics Performance Dimension analysis on page 20.

RetailX researchers once considered that faster, more convenient, more flexible options were almost inevitably going to rise in popularity among retailers. That theory has been proven wrong

Crafting well-judged customer experiences

Shoppers expect consistent levels of service across channels. RetailX research reveals how well retail brands are doing here

Research found that desktop websites took longer to load in 2019, perhaps because they featured larger landing pages than in previous years

IN THE CUSTOMER Performance Dimension, RetailX researchers assess the customer experience and service that retail brands offer. That starts with customers' experience on the brand's commerce website. It continues when they download its mobile apps, and contact the brand through customer service channels, and ends with a look at the experience customers can expect should they decide to return an item. RetailX researchers take the customer's viewpoint in determining how easy brands make it for shoppers to achieve their aims on their websites. That's because the question of whether it's simple and straightforward to buy has a direct impact on whether a shopper will return again.

RetailX researchers assessed the customer service promises that retailer brands make, and the service that shoppers experience, through more than 40 metrics that taken together give a multi-layered picture of how retailers respond to their customers' needs.

Those metrics include how much choice retailers give to customers in the way that they contact the brand, and how quickly websites – both mobile and desktop – load. Customer service is measured through an assessment of both how fast and how effectively traders respond to shoppers' queries, and continues by considering how well retailers inform customers about the products they sell, and how easily they enable customers to find them through search and navigation tools. The metrics end with the return experience: considering the way that returns are handled to be an important final aspect of customer service, assessed the full promise in this area as well. Below we look at the areas where the most significant changes were found in 2019, compared to 2018.

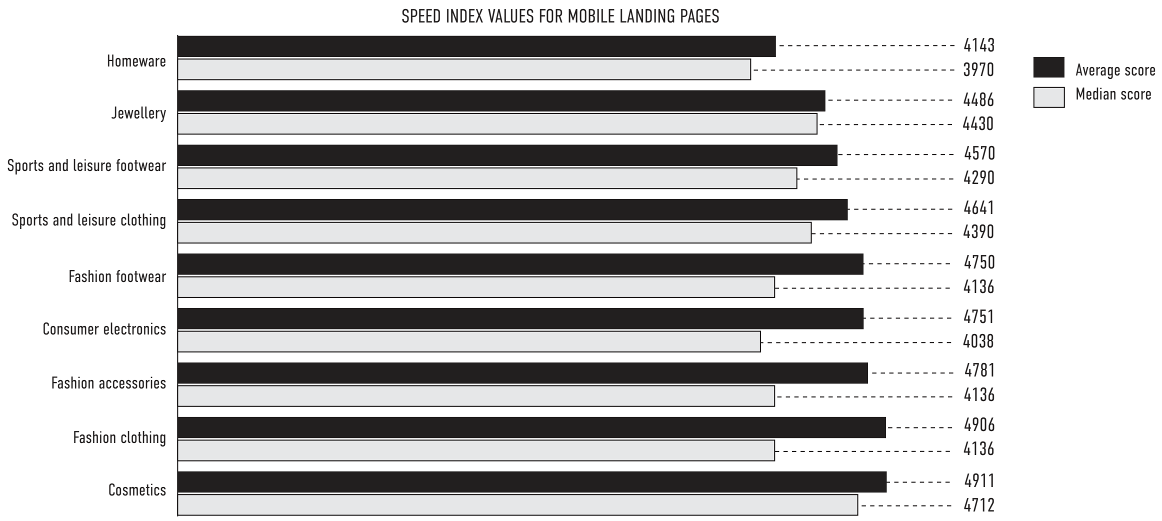
What the RXBX Top250 do

RetailX researchers judge that the customer experience starts with how quickly consumers can view a mobile or desktop website. Research carried out in collaboration with InternetRetailing Knowledge Partner Eggplant found that desktop websites, as measured through the Speed Index, took longer to load in 2019. That may be because they featured larger landing pages than in previous years. Landing pages were an average of 4.1MB and a median of 3.2MB – 0.3MB larger than a year earlier. The average desktop website took longer to load in every member state than it did a year earlier. Those localised to Sweden and Poland loaded in the shortest times, but were still slower than a year earlier. Those localised to Hungary, Greece and Romania took the longest to load, and were also slower than a year earlier.

The story was similar on mobile, where landing pages were smaller than those on desktop websites, at an average of 3.8MB. That's 0.3MB larger than a year earlier. The smallest landing pages were found in the homewares (2.7MB) and consumer electronics (2.8MB) sectors, while the largest were in fashion footwear (4.7MB) and accessories (4.5MB). Websites localised to Greece and Poland saw the biggest improvement in speed since last year, but those localised to the UK, Portugal and the Czech Republic were slowing down to the greatest extent.

Brands enabled shoppers to get in touch via 7.8 communications channels in 2019, most commonly including a variety of social media channels, live chat, phone, email and web submission form. But of those brands that had an iOS mobile app, only 4% offered shoppers the option of getting in touch via live chat in the app.

SPEED INDEX BY SECTOR



Data researched in collaboration with RetailX knowledge partner Eggplant

Speed Index, a rating of a web page's visual load time, is a key metric for assessing the user experience of a website. Top250 brands were benchmarked on this measurement and the results for their mobile landing pages are aggregated here by sector, revealing that image-heavy fashion brands tend to have slower websites than the average

Researchers also reviewed how easily and how quickly they could navigate Top250 websites. They found that, on desktop, websites selling sports and leisure goods were, on average, the most easy to navigate, while those selling consumer electronics and homewares were the least navigable. Mobile websites in the fashion clothing and jewellery sectors were the easiest to navigate from smartphones, while those selling consumer electronics and homewares were the least easy to get around.

Brands appeared to be becoming less flexible on returns. The median length of a returns policy fell by two days to 26 days in the latest research, compared with the previous year. The shortest was in the consumer electronics sector, where shoppers had an average of only 17 days to return unwanted items. That's not far off the 14-day minimum returns period guaranteed by EU legislation. The longest average, however, stood at 30 days for buyers of sports and leisure clothing, footwear and equipment.

The Customer Leaders 2019

Share your thoughts on #RXBX with @RetailX

Ann Summers	Gucci	Nespresso
Cath Kidston	H&M	New Look
Esprit	Karen Millen	Nike
Fat Face	Laura Ashley	Oysho
G-Star Raw	Louis Vuitton	Pull & Bear

Supply and demand

Click and collect continues to grow – but leading brands are unlikely to make it an express option because of lack of consumer take-up

Few brands with a high street presence have achieved real-time stock visibility, so fulfilment from store is impossible

UNLESS THE CUSTOMER is a tradesman in need of a vital plumbing or electrical component, or possibly a fashionista desperate for an instantly available new outfit, most online customers, most of the time, do not need their orders 'same day' or 'next day' – and most are unwilling to pay a significant premium for such a service. If the customer also happens to be strongly loyal to a particular brand, then he or she is unlikely to click to another site to obtain instant gratification from a rival label unless there is a very pressing need to do so.

It is thus perhaps no surprise to discover that among the 214 brands that appeared in the Top 250 lists in both 2018 and this year, there has been a 15 percentage point (pp) decrease in those offering next-day collection – down from 29% to 14%, while same-day collection was down by 6pp to be offered by just 3% of brands.

Obviously, not all brands on the list maintain a significant high street presence, but many that do not instead offer collection services using parcel shops or their regular retail stockists, so this downturn in both categories is significant. Lack of customer take-up for such services is one possible explanation, but so too is the expense of the logistics needed. Few brands with a high street presence have achieved real-time stock visibility, so fulfilment from store is impossible, while the cost of picking and despatching individual items for overnight delivery to a parcel shop or locker is equally impracticable – especially if the 'parcel shop' is not available 24/7.

Click and collect continues to grow

While most leading brands offer some form of click-and-collect service – albeit not same or next day – it is more likely to be an option among the Top100 brands. Overall, 43% of all Top250 brands provide a collection option, but among the Top100 that figure rises to 77%.

Among brands for which we also have 2018 data, growth in collection options was most notable among French- and Swiss-localised brands – that is, with a national website and delivery within its geography – with increases of 10pp and 11pp respectively to 49% and 35%, while Danish-localised brands saw a small decline: down by 2pp to 39%.

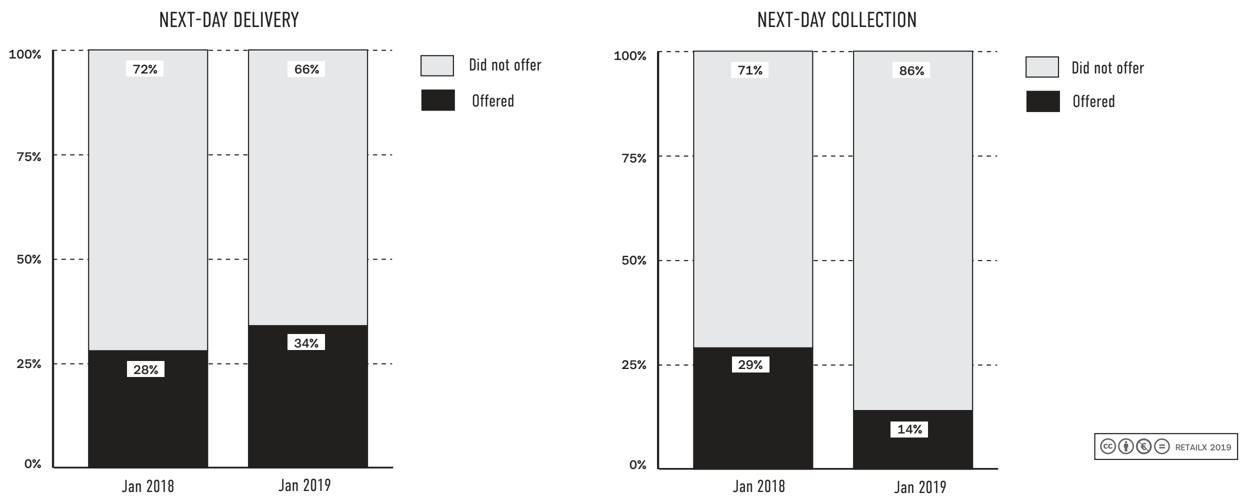
Most enthusiastic for collection are the Dutch – it's an option available from 53% of localised brands – followed by the Spanish (52%) and UK (51%). Even in regions where collection is less common, around one in three of localised brands offer such services: bottom of the list are the Czech Republic (34%) and Poland (32%).

Fashion footwear and apparel brands are most likely to offer click and collect – 55% and 54% respectively of localised brands – while the least likely are those selling consumer electronics (9%) or appliances (15%). Many in these last two categories are manufacturing brands with little or limited retail presence and widespread adoption of click and collect obviously needs significant numbers of convenient collection locations. For these manufacturing brands the growing number of parcel shops is clearly a key benefit. Dutch company Brabantia, for example, offers collection via DPD Parcel Shops across Europe. Others arrange click and collect via their regional stockists: Montblanc customers can arrange for delivery of orders to local 'boutiques' – generally sited in specialist shops or department stores – while online shoppers can also check stock availability at a chosen 'boutique' or order items there for home delivery.

Regional delivery differences

In contrast, there was a slight increase in the number of brands offering next-day delivery – up by 6pp to 34% among the 214 brands that also figured in the Top250 last year. That average figure disguises major regional differences. Brands localised within the UK are clear leaders, with 49% offering next-day delivery: 11pp up on last year. At the

SPEEDY DELIVERY IS MORE POPULAR BUT NEXT-DAY COLLECTION HAS DECLINED YEAR-ON-YEAR



Fulfilment timeframes are a key point of competition for ecommerce retailers and direct-selling brands across Europe. However, brands have ceased, en masse, to offer next-day collection where it was offered last year. See the Strategy & Innovation Dimension for some additional commentary on the inverse trends of collection speed and fulfilment timeframes more generally

opposite end of the scale just 2% of the Top250 brands localised in Switzerland offer next-day delivery: again, logistics may play a part with potentially fewer brands maintaining local stocks within this particular geography and with transport from a major hub elsewhere in Europe taking time to reach this destination.

Also lagging well behind UK-localised brands for next-day delivery are those localised in Belgium, France and the Netherlands with around 10% of such brands offering next day delivery in each geography. The UK has some of the most enthusiastic online shoppers in Europe and also some of the most demanding which may explain the large number of brands offering next-day delivery in this geography.

Such premium services are often free of charge – especially at the top end: Burberry, for example offers its UK customers free next-day, Saturday or Sunday delivery with no minimum spend, while Gucci has “free express delivery” on weekdays for all orders.

Next-day delivery is most popular among sports and leisure footwear and apparel brands with 43% and 48% respectively offering this option, while only around one in eight (12%) of appliance and consumer electronics do so. As with click and collect, it is also an option more likely to be found among the Top100 brands where it is offered by 43% of this segment compared with an average of one in three (32%) for the whole Top250.

Operations & Logistics Leaders 2019

Share your thoughts on #RXBX with @RetailX

Ann Summers
Apple
Boux Avenue
Dune London
Esprit
Fat Face
H&M
Kurt Geiger
Links of London
Miss Selfridge
Nespresso
Radley
Timberland
Ugg
Wallis

Creating the right image

The websites of leading brands encourage shoppers to linger with extensive search and imagery options

FOR BRICKS-AND-MORTAR retailers, merchandising is all about presenting the right assortment of goods in such a way that they will attract and tempt potential customers. It's about image, appeal, and promotion; about encouraging shoppers to linger in the store and explore what is on offer – encouraged, no doubt, by helpful and persuasive sales staff.

Online it's much the same and when it comes to projecting the desired image and appeal then leading brands know just what their customers want to see. Land on Elite brands Nike or Adidas, for example and there are images, not just of the latest merchandise, but of assorted sports, keep fit and healthy lifestyle messages.

And once on the site, it's all about stickiness. RetailX's researchers, with additional data from Hitwise and SimilarWeb, found that shoppers spent, on average, 290 seconds on a Top250 brand website and looked at 8.3 pages. For Top100 sites, the average visit was 21 seconds longer and the total number of pages viewed increased to 9.4.

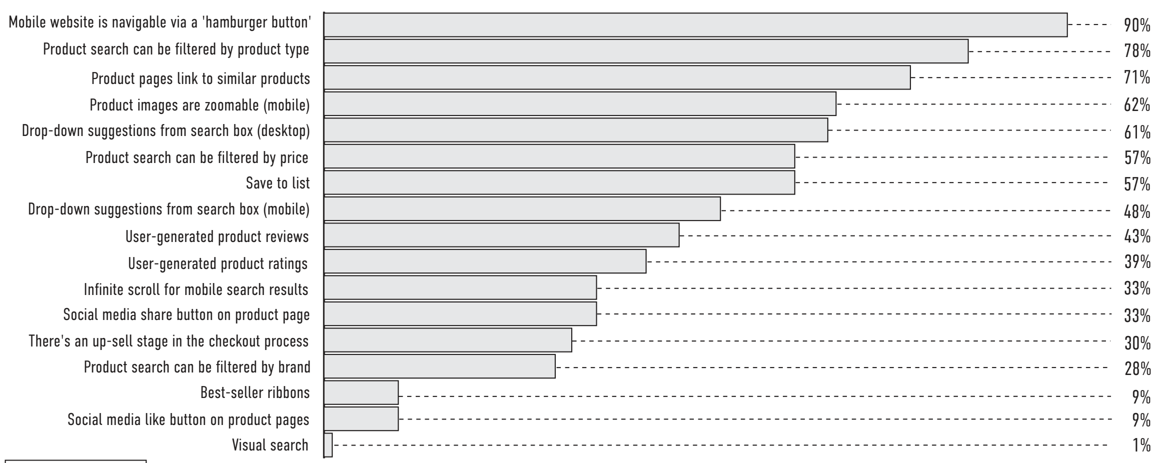
Privacy concerns to the fore?

While brands are successful at encouraging visitors to linger on their sites, they seem less concerned about identifying precisely who these shoppers are. Comparing those brands that were also included in last year's Top250, there has been a 10 percentage point (pp) fall in the numbers requiring shoppers to register before checkout – from 72% to 62%, while the average for the whole of the Top250 was down to 59%. Thus, two out of five brands are happy for visitors to checkout as guests without leaving any personal trail for future reference.

By their very nature, leading brands attract loyal customers and presumably want to improve their customer relationships and targeted marketing – hence the need for shoppers to register before checkout. Obviously, it is impossible to calculate what proportion of shoppers prefer to remain largely anonymous, but the decline in this requirement may suggest that brands have changed approach in response to carts

MERCHANDISING TECHNIQUES USED BY THE TOP250

The percentage of Top250 retail brands with specific features on their websites



Merchandising Leaders 2019

Share your thoughts on #RXBX with @RetailX

Adidas	Karen Millen	Pimkie
Ann Summers	Lego	Radley
Guess	New Look	Reebok
H&M	Nike	Tommy Hilfiger
Jack Wills	Pandora	Ugg

abandoned by shoppers unwilling to register, which may in turn reflect growing consumer concerns over data privacy.

Ensuring that search is quick, easy and accurate is important for any site and most of the Top250 brands allow shoppers to filter their searches by product type (78%), while rather fewer allow filtering by price (57%). Filtering search results by price is, however, significantly more common among Top100 brands where more than three-quarters (76%) provide this facility. The option is also most likely to be offered by sports and leisure footwear (78%) and sports and outdoor equipment (67%) brands, while consumer electronic brands are the least likely with only 14% offering a search by price filter.

Navigating to sub-brands

Searching by brand is clearly only relevant where the company operates a number of sub-brands and comparing this year's results with those for brands included in the Top250 last year shows a 7pp increase in this type of search – up from 21% to 28%, which may imply an increasing tendency for leading brands to introduce alternative labels. Those brands localised – that is, both delivering to and with a website in the appropriate language for the region – in Denmark and Ireland are most likely to allow search by brand (46% and 40% respectively) while those with the lowest incidence of search by brand are localised in Spain (18%) and Italy (19%).

Almost three quarters (71%) of the Top250 will also recommend similar products when shoppers search for or order an item, while rather more than half (53%) enable product ratings and a similar proportion make their promotions highly visible.

Bestseller ribbons – never hugely popular – are falling even further from favour with a 6pp year on year decline from 15% to 9% among brands measured in both periods. This method of promotion is most popular in Poland where it is used by 17% of localised brands compared with fewer than 5% in Switzerland. Among Top100 brands the average using bestseller ribbons is marginally above the Top250 figure at one in 10. While 92% of Top100 brands include banner adverts on their websites, the figure falls to 50% among this cohort when looking at mobile websites.

There were some significant improvements for mobile websites, however, with a 13pp year-on-year increase in making product imagery on these sites zoomable among the brands that were included in both the 2018 and 2019 Top250 lists: up from 49% to 62%. As with "search by price", this feature is most likely to be found among sports and leisure footwear brands (79%), as well as those selling leisure clothing (75%) or jewellery (72%), while it is least likely among consumer electronics (47%), cosmetics (58%), and homeware (59%) brands.

Around half (51%) of Top100 brands send push notifications to mobiles while just a quarter (25%) include bar code scanning functionality. Given that many brands have a very limited footprint in the real world and thus are unlikely to interact with customers while they are in stores or shopping centres, low figures for these metrics are hardly surprising.

While brands successfully encourage visitors to linger on their sites, they seem less concerned about identifying these customers

Responding to changing consumers

Approaches to Brand Engagement vary significantly between geographies and product sectors.

BRAND ENGAGEMENT IS generally defined as the creation of some form of attachment between a consumer and a brand. This may be based on previous experience and trust or could involve a simple preference for a brand's products because they meet a specific need. Or it might be aspirational – enhancing a consumer's image or Instagram posts. Whatever the basis of the attachment, brands know that they must work hard to maintain the engagement with appropriate messages, products, and consistency while building a long-term relationship with their most loyal customers by appropriate interactions.

The Top50 brand TopShop, like many leading fashion brands, engages shoppers with an online magazine giving style tips, blogs – featuring anything from celebrity interviews to where to find the best chocolate experiences – and an Instagram link allowing shoppers to upload images of themselves wearing the latest styles. Hugo Boss, another Top50 brand, attracts its upmarket shoppers with its "Experience programme", which offers invitations to private sales and events, "exclusive" gifts, personalised style advice, free alterations and a "customer hotline" for service queries.

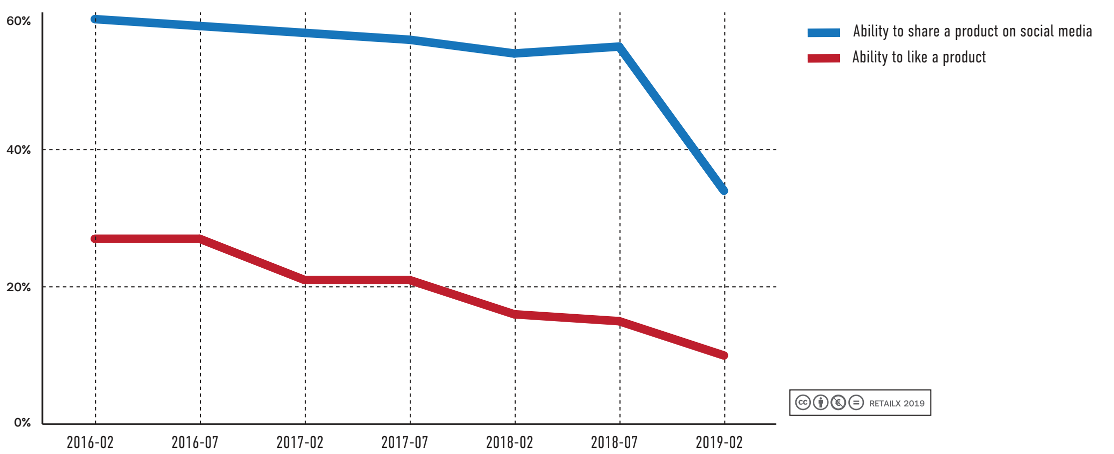
Responding to customers

Customer preferences and attitudes are, however, rarely set in stone, and successful brands are always alert to any developing trends and changing values affecting their target markets. Thus TopShop is now promoting a range of "vegan shoes" on its website, while Hugo Boss allows is customers to have their T-shirts and sweatshirts printed with any word they choose in "iconic Hugo reversed style", a way for customers to satisfy a desire for individuality while demonstrating that they buy from a prestigious label.

As well as Instagram posts and loyalty schemes, leading brands encourage their customers to interact by leaving reviews and ratings. More than half (51%) of Top100 brands encourage product ratings compared

THE DECLINE OF SOCIAL MEDIA ON THE PRODUCT PAGE

The call-to-action to share a product on social media feature, which used to be a click-able option on the product pages of a majority (59%) three years ago, is now only used by one in three Top250 brands



Brand Engagement Leaders 2019

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Adidas	H&M	Nike
Apple	HP	Pull & Bear
Bose	Mango	Swarovski
Clarks	Nespresso	Swatch
Esprit	New Look	Topshop

with an average of 39% for the Top250 as a whole. Similarly, while 42% of the Top250 across the European Economic Area include product reviews, that figure rises to 54% for the Top100.

Reviews are most likely commonly supported by sports-related brands with 70% of equipment brands, 64% of clothing and 60% of sports footwear brands in the Top250 encouraging product ratings. In contrast, fashion bands are rather less likely to include product reviews with just 36% of footwear, 35% of clothing and accessories and 27% of jewellery brands including them. This could be related to the much shorter product life of many fashion items, which may have little more than six weeks between launch and clearance, while sports buyers are more interested in product performance and advice from fellow enthusiasts.

Among other product sectors, retailers selling appliances (47%) and cosmetics (43%) are slightly more likely than average to include customer-generated ratings, while homewares (32%) and consumer electronic (30%) are unlikely to provide product reviews. Both UK and Danish sites are slightly above the average for the proportion including product reviews at 44% while Slovakian-localised and Greek-localised sites are at the bottom of the list with averages of just 23% and 19%, respectively, allowing shoppers to post reviews.

While the majority of Top250 brands measured in both 2018 and 2019 made no change in their attitudes to reviews, overall some 15% dropped the product review option from their sites and 19% introduced them.

There are marked differences in approaches to social media by geography among the Top250 which may reflect differing trends in the use of such networks as online markets mature. The "share with friends" option, for example, averages 36% across the EEA but that disguises differences ranging from 60% of Polish-localised sites to just 29% of all UK-localised sites in the Top250 with this function.

Comparing those brands which were included in the Top250 in both 2018 and 2019 the decline in use of a "share with friends" button is marked: down by 20 percentage points (pp) from an average of 54% in 2018 to 34% this year; while among UK-localised sites measured in both years the decrease was even more significant – down by 31pp from 55% to 24%. The opposite was true in Belgium where there was an increase of 14pp from 50% to 64% among those brands measured in both years, while this year's average for localised Belgian sites was 53%.

All online retailers must be responsive to changes in customer behaviour so the decline in the use of share with friends buttons among UK sites probably reflects their lack of use by shoppers.

Leading brands also appear reluctant to enable their customers to Like a product. Among Top100 brands, only 12% include this option – marginally more than the average for Top250 brands of 10%. As with the "share with friends" option, Polish-localised sites are most likely to offer this function with 24% allowing customers to Like products while 7% or fewer localised sites in the UK, Ireland, Hungary and Austria offer the Like option. As consumer use of social media continues to change in different geographies, we may see even greater divergence between regions in the future.

Customer preferences and attitudes are rarely set in stone, and successful brands are always alert to developing trends

Mobile challenges

A lack of real-world stores limits the cross-channel options for some leading brands, while mobile continues to grow in importance

For many of today's consumers, mobile commerce and cross-channel shopping have become a way of life, with a customer journey potentially moving from office desktop to physical store to smartphone or tablet to smart TV or call centre and back again – or any combination of same. Leading brands have embraced such developments with a variety of mobile apps, as well as return and collection options, but many still have a long way to go when it comes to implementing stock visibility or insight into real-time store inventory on their mobile systems.

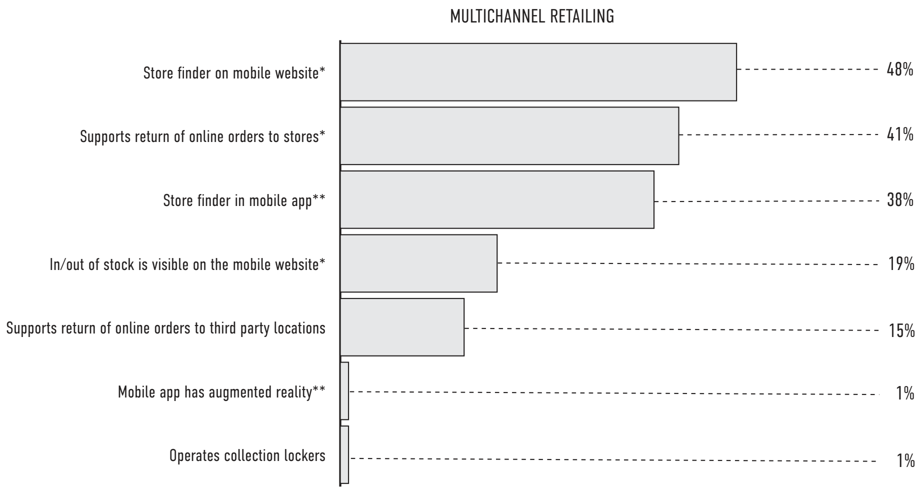
A challenge for those brands that are primarily manufacturers rather than retailers is lack of a multinational physical presence. Some – such as Adidas, Montblanc and Nespresso – work with local stockists or create a boutique concept, which may be standalone, franchised or concession, to give that essential convenience. Some may even consider pop-up shops. However, for many brands, achieving a seamless omnichannel and multinational experience will always be difficult.

RetailX's research reflects this dilemma. Overall, for example, just four out of 10 brands (40%) in the European Economic Area (with Switzerland also added) allow shoppers to return items to their stores. Since the bulk of brands in the Top250 are primarily retailers, this is surprising. There is, however, some variation in that average figure by geography: from a high among localised Belgium brands of 48% to a low of 33% in Portugal. On average, 15% of brands allow returns to third-party locations with a high of one in five in the UK and Belgium, while the option is almost entirely absent among localised brands in Poland, the Czech Republic and Hungary.

It's a similar story with collection – offered by just 40% of the Top250 brands in the EEA – although it may be a more attractive option for customers since the median charge for collection is £0.95 (€1.10), while the median delivery charge is £3.95 (€4.60).

MULTICHANNEL RETAILING FEATURES

The fraction of Top250 retailers supporting a function



*Fraction of brands with physical stores, **Fraction of brands with an iOS app

It's standard for consumers to shop across multiple devices and both digital and physical stores. Mobile devices are important to the experience in all formats including the physical store, where they are peripheral

Mobile & Cross-channel Leaders 2019

Share your thoughts on #RXBX with @RetailX

Adidas	Jack & Jones	Pimkie
AllSaints	Jack Wills	Pull & Bear
Apple	Microsoft	s.Oliver
Esprit	Nespresso	Tommy Hilfiger
H&M	Nike	Topman

Mobile continues to grow

With mobile estimated to account for as much as 60% of online sales in some product sectors, leading brands are focusing on this area with an average 44% including transactional capability in their mobile apps. Apps are most common among cosmetic (44%), sports and outdoor equipment (42%), and jewellery (40%) brands and least likely in the homeware sector (8%). They're also slightly more likely to be iOS compatible for iPhones than intended for the Android market, with around a quarter (26%) of brands offering Android and a third (33%) iOS. Brands localised in Spain, Italy, France, Germany, the Netherlands and Switzerland are the most enthusiastic app issuers with penetration typically 90% or more. In contrast, UK-localised brands are closer to the overall average with 22% offering Android apps and 29% iOS ones.

While social media and messaging apps – such as WhatsApp and Instagram – continue to grow, it is notable that some UK retailers, notably in the homewares sector, have quietly abandoned their apps in the past year as, perhaps, some discovered that downloads are minimal and customers rarely use them.

Comparing only those brands which were included in last year's Top250 also revealed a 14 percentage point (pp) decline in the number with a store finder on their mobile sites: down from 62% to 48%. The result appears counter-intuitive in an increasingly omnichannel world where consumers are very likely to be consulting their phones while out shopping. Looking at product sectors, brands with a strong real world presence – cosmetics, homewares and apparel retailers – are most likely to include a store finder (61%, 57% and 55% of them respectively) while for consumer electronic brands in the Top250, companies such as Microsoft and Dell which have a much smaller real-world footprint, the figure falls to 7%. Store finders are also most likely for UK-localised brands, with 53% including the option on mobile.

Delivering stock visibility via a mobile remains challenging with only 19% of Top250 brands offering such information. Again there are notable geographic differences from 22% of UK localised brands to fewer than 5% in Portugal. It's a similar story for checking available store stock with the EEA average again at 19% and the UK at 22% – although this time Poland is bottom of the list with just 3% of localised brands offering such functionality.

A fast loading speed is obviously essential for mobile sites and RetailX's researchers found that the median mobile web page is 2.7MB. By product sector, sports and outdoor brands have the leanest pages at 2.2MB while cosmetics and apparel brands have the "fattest" at 3.3MB – with fashion footwear close behind at 3.2MB.

Research from Google last year suggested that 53% of people will leave a mobile page if it takes longer than three seconds to load, so the leaner the page the more likely customers will actually bother to look at it. RetailX's researchers found that the median time across the EEA to fully load a landing page was 7.5seconds, which may suggest that a great many pages are abandoned before becoming visually complete. Obviously, much depends on the device and network speed and as 5G becomes available significant improvements are likely. In the meantime, brands must hope that adding a powerful brand loyalty to the equation will ensure that shoppers prove to be rather more patient.

For many brands, achieving a seamless omnichannel and multinational experience will always be difficult

Back from the brink

New Look's turnaround plans focus on building brand equity and enhanced product range rather than extending its physical presence

ELITE BRAND NEW LOOK has not avoided the recent high-profile problems of UK retailers, entering a CVA (company voluntary arrangement) in March 2018, and announcing multiple store closures and staff redundancies while negotiating a debt for equity swap with its key financial stakeholders. A year later, the company is back in the black with profits for the 39 weeks to 22 December 2018 (Q3) increased by 78% to £78m, thanks to a renewed focus on its key markets and revised product ranges. Despite its problems, it's a brand that remains a favourite with many more than its 3.5m Facebook followers.

Founded by Tom Singh in 1969, New Look, like many leading brands, had embraced global expansion with around 900 stores in more than a dozen countries from Romania to China. While UK stores have suffered from the switch to online shopping, elsewhere in the world – notably China – local economic problems did little to help profitability. The turnaround strategy has been drastic: up to 100 stores have, or shall be, closed in the UK, New Look's 120 outlets in China have gone, its Belgium and Polish arms both filed for insolvency, and its 30 outlets in France are up for sale. The company is also pulling out of the real-world menswear market with closure of its men-only outlets and removal of the collection from its other stores with the range becoming online only.

Pulling back from having physical global presence doesn't mean that New Look is eschewing international markets. The long list of countries it delivers to runs from Andorra to Uruguay, with free delivery on orders of more than €65. It also sells through online third parties, including Amazon, Asos and Zalando. Click and collect, which now accounts for 47% of its online sales, is driving greater footfall to stores. Its delivery options are also extensive, while its "delivery pass" – for £19.99 a year – provides unlimited next-day or nominated-day delivery for regular shoppers. There is also a "New Look Card" which combines credit facilities with loyalty rewards including exclusive offers, prizes – such as "shopping sprees, luxury holidays and a brand new Fiat 500" – and online account tracking.

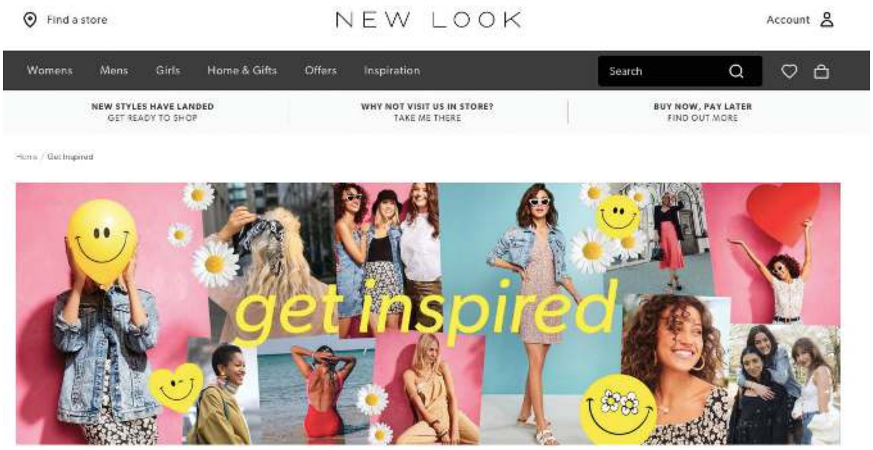


Image credit: New Look

New Look, which hit problems in early 2018, has focused on its core offering in recent months as part of a successful turnaround plan

Under its executive chairman, Alistair McGeorge, New Look has also refocused its product range to its core market after styles in recent years have been regarded by some as "too young and too edgy". As McGregor added when announcing the latest financial results: "Our return to broad appeal product continues to enhance profitability, our supply chain lead-times have improved, and we have exceeded our planned cost savings... Upon completion of the restructuring, our focus will be to further enhance profitability by continuing to provide fantastic product for our customers, building brand equity and grasping new market opportunities."

Capturing the coffee cup

Nespresso's successful membership model builds brand loyalty, ensures repeat sales and encourages advocacy

WHERE ONCE A filter coffee machine or cafetière could be found in most kitchens, today the must-have item for any coffee lover is an espresso machine, very probably one using some sort of capsule rather than coffee grounds.

Nestlé patented its Nespresso process in 1996 and quickly became market leader within Europe, with several manufacturers producing machines that will take its coffee capsules. By 2010, Nespresso sales had been growing by 10% a year for a decade and today it maintains "mid-single digit" growth. Nestlé does not publish absolute figures for is various divisions but its latest report put "other business" sales "mainly Nespresso" at CHF12.3billion (€11billion) in 2018.

Image credits: Nespresso

Customers who buy Nespresso machines effectively commit themselves to buying Nestlé's capsules too

Expansion has been more challenging in the USA and over the years various rivals have produced "compatible" capsules, which in some cases has led to litigation. Starbucks, the US market leader, is one that sells Nespresso-compatible capsules and last year Nestlé spent $7billion for the right to market Starbucks products – from beans to capsules in Europe – although, as yet, Nespresso has not added Starbucks-branded capsules to its own product range.

Over the years, environmentalists have regularly criticised the entire capsule coffee concept as polluting and wasteful and Nespresso has responded with the introduction of "recycling centres" – now more than 100,000 worldwide – and home collection of used capsules for recycling in 16 countries, although little more than a quarter of capsules are actually sent for recycling.

In support of its brand, Nespresso opened its first "boutique" in Paris in 2000. Today, there are almost 800 worldwide. The boutiques include a relaxing tasting area as well as selling machines, accessories and capsules, and providing a collection point for online orders. Also raising the Nespresso profile has been a long-running advertising campaign featuring the actor George Clooney, the face of Nespresso since 2005, which has helped take its number of Facebook followers to more than 7m.

Nespresso makes capsules rather than machines, so its business model is reminiscent of computer printers: low-cost machines followed by guaranteed ongoing sales for machine-specific printer cartridges. Nespresso therefore aims to sign up long-term customers with a club membership model. It offers shoppers a machine for £1 with a monthly "subscription" of £18-£45 which then becomes "credit" for buying a regular supply of coffee capsules or other Nespresso items, all with free delivery. Members can also attend Nespresso events such as "masterclasses", where various types of coffee are explored. Membership "levels" range from "Connoisseur" to "Ambassador" – a reward for those who buy 1,500 or more capsules a year, who also receive free samples of new lines, various discounts and assorted free gifts. Interest is maintained by regular new launches, such as its Master Origin range and limited edition coffees with the latest inspired by Parisian cafés.

Nespresso has thus created a system that ensures brand loyalty and advocacy with, according to Nestlé, 50% of new club members joining after "experiencing Nespresso through friends or family".

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Conclusion

TO RETURN ONE last time to a recurring theme thrown up by compiling the RetailX Brand Index, it has for many companies been a year of consolidation within the retail sector, of bedding in previous initiatives. But while we also have warned against the risks of focusing too narrowly on operational matters at the expense of retail pizazz, it is worth keeping in mind that consolidation can encompass the idea of improving the customer experience through reliability and consistency.

That's a key point because, in the years ahead, the idea of consistency will only become more important within retail. This is because the advent of faster digital technologies, initially via the roll-out of 5G but later through the advent of the Internet of Things, will further increase our access to information. In such a world, if we as consumers can always find the cheapest prices instantly, the service levels on offer will become an even more crucial point of differentiation.

This should give direct-selling brands and retail brands an advantage. Without a third party mediating the relationship between brand and consumer, it will be easier for these businesses to shape the customer experience based on information gathered directly from their customers. But direct-selling brands and retail brands should not underestimate more traditional retailers. While whole sectors of the retail sector can and do face problems because of changes in the market – witness the recent travails of department stores – these changes often throw up new kinds of retailers and retail experiences.

Wider developments within society can have a similar effect. Environmental issues, for instance, suddenly seem front and centre in our culture. It therefore seems legitimate to ask whether consumers will continue to favour international brands with long supply chains such as Nike, or whether they will favour brands that are more local in focus.

In which case, big retail brands and direct-selling brands could be the companies facing new kinds of problems – although, of course, these established brands may find new ways to reassure their consumers by changing the way they do things. Whatever happens, and it's a perilous business making predictions about where retail is headed, the dance between traditional retailers, retail brands and direct-selling brands looks set to continue for a while yet. Meantime, back in the present, direct-selling brands and retail brands are often the companies doing the most to shape the market.

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