# IRUK TOP 500

# DIMENSION REPORT

A Performance Dimension Report as part of IRUK 500 2017
InternetRetailing's UK Top500 Retailers, 2017

# IRUK TOP 500

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# From the editor-in-chief

WELCOME TO THE latest IRUK Top500 Dimension Report, on Merchandising. It's a timely focus that aims to show the ways that retailers, faced with time-pressured consumers and increased competition for their attention, are using technology to ensure that what they present to customers stays relevant.

In this area, InternetRetailing research considers how retailers display and inform shoppers about their products. While these are the measures that underpin good merchandising, it then needs to be developed through the use of cutting-edge technology. After all, it's the essential understanding of what a product is like, and whether it fits their needs, that ultimately persuades a shopper to buy.

Customers get the best view of a product through details such as high-quality images, detailed product descriptions and third-party reviews and ratings – all among the metrics that our research team has used in an approach designed to understand performance.

In the coming pages, we look at how leading retailers in this Dimension are going beyond this solid foundation to deploy technology that not only allows customers to understand all products within a range, but also lets them see all the items that are most relevant to them.

There's a focus on content, since shoppers are increasingly inspired by 'people like me' on social media, whether that's someone who has posted a picture on Instagram or who has blogged about an item. Similarly, style and buying ideas often come from the looks of celebrities and what they wear or tweet about.

We're also looking to inspire action, with examples and commentary on what retailers are currently doing well. We look to leaders in this Dimension and related fields for practical examples of what works, through case studies, interviews and in our 12 approaches that work feature.

This Dimension Report flows from IRUK Top500 2017 research, in which we've benefited from the valued input of our skilled Knowledge Partners. We'll be going on over the course of the year to look more closely at our remaining Performance Dimensions: Strategy & Innovation, The Customer and Operations & Logistics.

As always, we want to hear what you think, whether you have views on the metrics we've used, if you have suggestions on how they could be improved, or if you have experience  of an innovative approach that you think is working for you. Please do share your thoughts.

Ian Jindal
Editor-in-chief
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**THE IRUK TOP500 DIMENSION REPORTS SERIES**
This Merchandising Dimension Report forms part of our wider series analysing the performance of UK retailers.

Reports each year that focus on:
• Strategy & Innovation
• The Customer
• Operations & Logistics
• Brand Engagement
• Mobile & Cross-channel
• Merchandising

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

You can also find information about the IREU Top500, our new index of top European retailers, via the InternetRetailing website.

# Editors' comment

WELCOME TO OUR latest IRUK Top 500 Dimension Report, which this time around is centred on Merchandising. It's an area of retail practice that has evolved rapidly since the advent of the digital age, and which continues to evolve rapidly as we move towards a mobile-first era – just how do you best show off products to their best effect on a small effect?

That may seem a basic question, yet we shouldn't assume all retailers have answered it satisfactorily. Moreover, further challenges lie ahead as retailers have to adapt to a world where more and more devices are connected to the internet, and the digital chatter will only get more cacophonous. Yet it's worth returning to basics here. In the end, merchandising remains about getting the right products in front of the right consumer at the right time.

For our strategic overview (page 8), InternetRetailing.net editor Chloe Rigby explores how to do this, especially via mobile. Among other issues, she considers how "conversion via mobile devices still lags behind" the levels achieved on desktop and strategic advice on how to tackle this issue.

On page 12, we take an in-depth look at our research, with a particular emphasis on desktop performance. For our ongoing research analysis (page 32) we switch the focus to mobile, and to apps in particular. Retailers, our research suggests, may not be using these as imaginatively as they might. A well-designed app can not only help to bind different channels together, but it can be tailored to meet the specific needs of a retailer's customers.

Turning to those retailers that are excelling in the Merchandising Performance Dimension, we have an interview with AppliancesDirect (page 20), which achieves a ranking here that's far above what we would expect from its Footprint ranking. We also offer case studies (page 18) that analyse how Hotel Chocolat, Mothercare, Ocado and Sally Express achieve their high rankings. For 12 approaches that work (page 28), we offer snapshots of best practice by Top500 retailers.

Finally, to return to where we began, retailers need constantly to be looking for new ways to show off products. For our emerging practice section (page 29), we consider the idea of combining content and commerce as a selling aid. Yes, this is an idea that can make some retailers, those that have seen this done badly, roll their eyes, but it may be an idea whose time has come to judge by the work going on in this area.

Finally, we would as ever like to thank our research team, our Knowledge Partners and those retailers that have shared insights. It's been fascinating researching this Dimension Report, and we hope this comes through in the pages that follow.

**Jonathan Wright and Chloe Rigby, Editors**

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## Dimension Report Merchandising 2017

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# Providing eCommerce and marketing in a single package

**Claudene Scott,** the merchandising manager of LiveArea, the PFS agency, on the value of outsourced help and why the customer must always come first

RETAIL BUSINESSES ARE multi-faceted and demanding structures, requiring those in charge to effectively manage everything from ordering and logistics through to marketing, merchandising and customer service. A weak link in this long chain can easily damage a business yet strengthening that link can take more time, or more money, than many retailers have.

One common solution is to go outside the business for assistance in a certain field such as delivery, advertising or marketing. PFS was established in 1994 to do just that, providing an ever expanding range of commerce services to both new businesses and exsting retailers moving online. PFS has the capacity to run the digital side of any business, from website creation all the way through to fulfilment.

PFS also has an additional string in its bow. LiveArea, the PFS digital agency, adds strategy, design, marketing and technology into the mix, offering brands advice and ideas as well as marketing and management. "Offering merchandising as part of the package gives us our niche in the market," says Claudene Scott, merchandising manager at LiveArea. "Companies are investing more in eCommerce but don't always have the skillsets, hence the reason agencies such as ours exist. Only a few currently offer end-to-end service and we're already there. Having our fingers on the pulse on all platforms – with Salesforce Commerce Cloud and Magento and SAP Hybris – retailers currently see us as the experts in this field."

Yet, says Claudene, this wide-ranging remit is built on just three simple blocks – "Know your customer, know your product and customer experience. Although if you don't get the first one right, that's your problem right there. While the customer is the end goal, they also need to be your first thought.

"PFS always strives to be aligned with the target customer, each of our clients and the goals of each brand. Your online content and home page are the digital version of your shop window, so you have to engage customers with something immediately. Since multiple retailers offer tens of thousands of products, instantly providing relevant and engaging content is key. This feeds into personalisation – looking at what an individual has previously looked at and trends in the market, using all the available analytics tools to make sure that you are offering the customer what they want. Or, at the very least, what your data is telling you that they want."

In a taggable, measurable world, every product on a website, every social media exchange and every email campaign can be analysed. Yet, as Claudene points out, "All this must serve the customer and their experience. If a business reviews its site and makes changes with a view to putting the customer first, we regard that as a successful use of data."

Agencies will always have a place assisting retailers as an impartial view goes a long way to revealing flaws and spotting opportunities. So what does PFS currently find itself telling client after client? "That they should get over the 'us and them' view on offline and online," says Claudene. "Shoppers don't make the distinction between a store and a website but retailers do, often using different teams to push entirely different marketing messages. They're probably not thinking customer first because if they were, they'd be sending out one clear message across their brand."

## About PFS

A leading global commerce services provider, PFS enables brands and specialty retailers to achieve their commerce goals. As a commerce solutions provider, PFS combines consulting, agency, technology and operations to deliver unique and branded customer experiences, creating Commerce Without Compromise. Learn more about its solutions at **www.pfsweb.com** Email: **marketing-europe@pfsweb.com**

# When seconds count, first impressions matter

What can online learn from the high street? ATTRAQT's CEO **André Brown** explains the power of curating and personalising online visual merchandising

ONLINE RETAILERS FACE numerous challenges but a prime one is working out which of its thousands of products it should put in front of its customers first. It's a problem compounded by a staggering drop off, with a significant proportion of customers never looking past the first two pages and virtually none making it to page three.

"People's attention spans are minuscule," says ATTRAQT's CEO, André Brown. "One retailer reported that for every 100 millisecond increase in page load times, they saw conversion rates drop by 0.1%. There really are no second chances in this game."

To meet these challenges, André co-founded ATTRAQT to provide cloud-based and server-to-server SaaS tools that maximise onsite search, online merchandising and ecommerce personalisation for ecommerce retailers. Its two distinct products, Freestyle Merchandising and Fredhopper, are easily managed without the need for extensive IT support and offer a highly configurable, real-time platform that drives conversion. Businesses currently using the platform include ASOS, The North Face and Timberland.

"We're all about controlling the mix of products on those first few pages," André explains. "If you walk past a high street store, the window display has had a blended visualising merchandising strategy applied to it, with some brand new products, some best-sellers and some things that have a high margin or large stock availability. It's a deliberate balance of attention-grabbing items and ones they have a good chance of selling. We give online retailers a similar set of tools for the online world, which combines manual with fully automated merchandising techniques and gives the retailers the best of both worlds."

Since ATTRAQT allows products to be selected according to any number of metrics, you might think that a correctly calibrated algorithm could automatically adjust the products headlining each website. Why the process is semi- rather than fully automated is both deliberate and revealing in its use of any company's biggest asset – its employees.

"Our clients' visual merchandisers really know how to sell," he says. "They're constantly watching what their competitors are doing and spotting emerging trends on social media too. They know they have to be as close to real time as they can get but to update manually is a slow, time-intensive approach. So what we're doing is supplying the tools that make it easy for them to make fast, responsive changes."

How quickly do retailers need to react? In a world this plugged into social media – very quickly. André thinks that the speed and power afforded by automation combined by the experience and intuition of employees blends the best of both worlds. "There's a lot of benefits to AI and machine learning but we still need human control," he says. "Since an AI can't explain its own outcome, you're always going to have to interpret the results."

André sees future iterations of ATTRAQT's products creating increasingly granular results, allowing websites to be tailored to suit individual shoppers. "If we identify someone as a bargain hunter," he says, "they're going to see things that are either cheap or on sale on a website. Someone else who's more of a fashionista is probably less price-sensitive, so we can sequence new items from high to low cost. And someone who's a brand warrior will see the brands they love at the very top of the page."

When each second counts as much as it does in online retail, putting the brands, products or savings each customer wants right in front of them is a strategy that's bound to make a difference.

## About ATTRAQT

ATTRAQT provides visual merchandising and search services to online retailers through a cloud based SaaS platform. It launched in 2003, evolving from search technology company Locayta. It currently has offices in London and the US.
**www.attraqt.com**

# Marketing across channels

Omnichannel retailers are presenting their products across channels, writes **Chloe Rigby**

THE RAPID GROWTH in the number of customers browsing and buying via smartphones and other mobile devices has been encouraging leading UK retailers to design more of their services for on-the-go shoppers. Such revisions make it easier for users to find and then clearly view products, regardless of whether they're on a desktop or mobile device.

Over Christmas 2016, some 70% of sales at Very.co.uk were made via mobile devices, while Debenhams' latest half-year results, published in April 2017, showed a 64% rise in such transactions. "The mobile phone is front and centre of how our customers interact with each other and it is the enabler for social shopping," Debenhams said in its statement.

These figures underline how urgently traders need to adapt to presenting their products on a much smaller screen. The emphasis is on locating desirable products from a range that can run into millions of items, as well as on improving the ways in which products are shown on those devices. More and zoomable images are required, along with detailed product information that includes reviews and ratings, plus the ability to share to social media.

These are all key since although mobile traffic levels are rising fast, actual conversion via mobile devices still lags behind. In 2016, according to etail trade association the IMRG, the overall conversion rate for the UK retail market, based on unique visitors and excluding travel retailers, was 4.8%. Shoppers who visited were less likely to go on to buy from a tablet device (4%), but even less likely from a smartphone, with conversion rates at a meagre 2.5%. We look a lot but we don't buy so much from phones.

Some sectors find this even more acutely. While the overall conversion rate for the whole UK retail market, excluding travel, was 3.8% for purchases via any mobile device, the clothing sector had a lower mobile conversion rate, at 3.2%.

But there's hope, since some relatively simple changes can help to improve conversion rates. Last year, a strategy of improving product images and descriptions was successful in helping formalwear hire and retail business Moss Bros to improve its conversion rate, leading to a 9% boost to online sales in the half-year to 30 July, 2016.

PRWD, which advised the retailer on improving conversion, said research showed that customers wanted a more product-focused website. More than 2,000 images were re-shot and product descriptions rewritten, alongside improvements to segmentation and list pages. This targeted redesign was credited with a 36% increase in the mobile conversion rate and 25% increase in desktop conversions.

### How IRUK Top500 retailers perform
InternetRetailing research found most Top500 retailers offer features that are particularly useful in narrowing down choice when viewing the range from a mobile device. That's important since shoppers can, and do, view retail websites from their mobile devices whether optimised for mobile or not. One of the most commonly used features on retail websites is enabling drop-down search suggestions as shoppers type. This functionality helps those buying from a smartphone to narrow down choice and find the items they want. Almost two-thirds (63%) of Top500 retailers support it.

Navigational filters were also widespread: 69% enabled browsers to filter their search by price, 66% by product type and 46% by brand. Again,
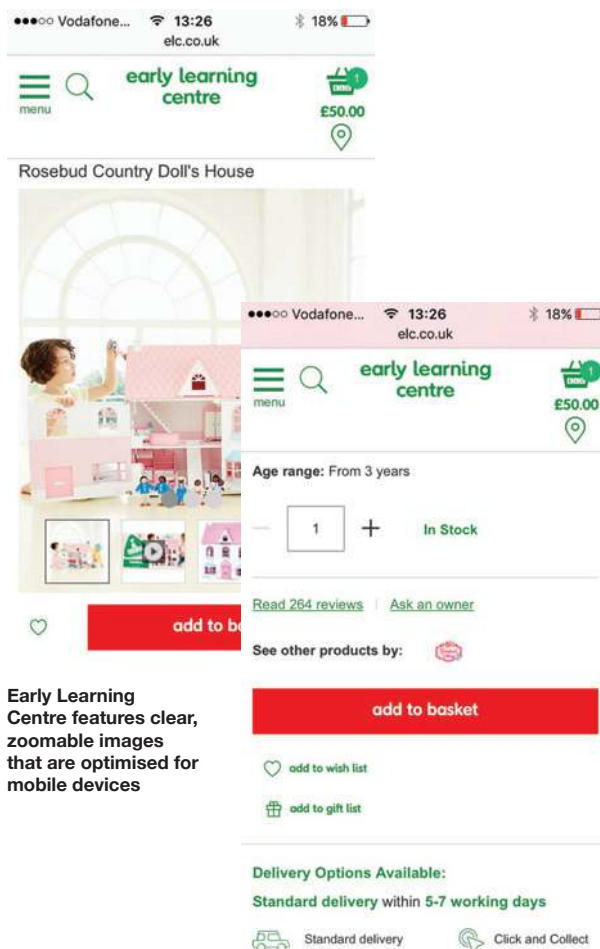
**Early Learning Centre features clear, zoomable images that are optimised for mobile devices**

this helps to narrow down broad choice to a manageable amount on a smaller screen size.

Focusing on the product, Top500 retailers show an average of between three and four product images. Around half share product ratings (52%) and reviews (56%), while 56% enable sharing with friends via mechanisms such as social media. A lower proportion enable social validation (30%) and make products Like-able on Facebook (24%). But, as we'll see later, this approach may be particularly effective for retailers.

The checkout is often an area of friction on mobile devices and traders have found that making it as short and sweet as possible can boost sales. Amazon, for example, offers one-click checkout for signed-in shoppers from the product page. Top500 retailers enable checkout in between three and four pages, while 43% require registration before shoppers can make their final purchase. That's not so easy to do on a phone.

Around two-fifths (205) of Top500 retailers have an iOS mobile app. Around half of those

**Although mobile traffic levels are rising fast, actual conversion via mobile devices still lags behind. We look a lot but we don't buy so much from phones**

enable shoppers to see more than one product image (52%) and to zoom in on those images (50%). Fewer share product ratings (27%) and reviews (26%) via the mobile app. Leaders in the Merchandising Dimension, however, do more. Implicit in this is the suggestion that many at the bottom of the listing do less.

Early Learning Centre typically shares well above the average of three images, as well as showing videos of products in action. Those images and videos are zoomable via both desktop and mobile devices. The toy retailer also enables shoppers to add products to a wishlist and to a gift list, to read reviews and to see a star rating out of five from a website that works as well from a mobile device as from the desktop. One stand-out feature is the option of asking an owner about products on the site. An owner can be either a previous shopper or a member of the reviews team who has previously responded to questions about the item.

The Amazon app has an innovative and fast shortcut that makes site search easy. It asks shoppers what they are looking for through a search box that combines a phone's camera viewfinder and microphone in order to offer the option of searching by image or by voice. Customers can navigate from home page deal of the day or from popular services, or head to a navigation that guides browsers to shop by department, by today's deals or to sign into and view their own account. Category pages learn from the wisdom of the crowd to feature the most popular items within categories such as bestsellers, most gifted and most wished for, while product pages typically feature well over ▶

the average of three product images alongside star ratings, reviews, customer answers to questions, stock and product information.
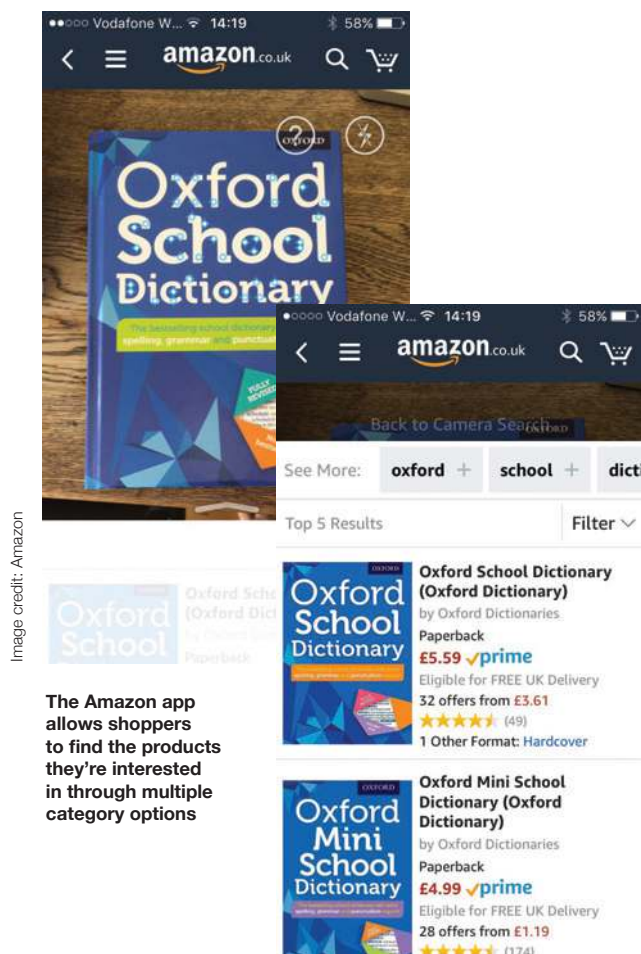
At John Lewis, there's an equally wide choice of product images, accompanied by clear product details, while shoppers can add items to their wishlist. The app's search functionality includes a barcode scanner, which shoppers can use to look up an item they already have, or find out more about any product they've seen in store.

### Joining up the store

As well as making it easier for shoppers to buy using their mobile devices, retailers are also looking at new ways to connect the store to online. As we've seen already, there's scope to link to the store through tools such as the barcode scanner that John Lewis includes in its mobile app. In its half-year results, Debenhams said that store information is a large part of the reason why people use their smartphones in shopping. "Mobile phones are being used in all channels, not just online, as they become an integral part of everyday life," it said. "Our survey data shows that the most frequent use of smartphones is to engage (write reviews, seek opinions, comment on social media) or check logistics (store location, product availability)."

This makes store locators and stock level indicators, as well as the use of social media, important for smartphone users. Most retailers now include store locators on their retail website and mobile app. Amazon is among those traders that show how much of a product is available when looking at the product page, while multichannel retailer Schuh shows in which local shops a viewed product is in stock, based on the viewer's location.

This approach chimes with recent Qubit research that suggests merchandising messages around scarcity and urgency resonate. Analysis from the personalisation and data specialist found that retailers would be more likely to sell



Image credit: Amazon

**The Amazon app allows shoppers to find the products they're interested in through multiple category options**

the products that carried such messages. Thus, highlighting items that were low in stock would lift revenue per visitor (RPV) by a mean of 2.9%, while social proof that showed what other users were doing would lift RPV by 2.3%. Using a time limit to promote urgency would give a 1.5% lift. Less effective changes, it found, were around page redesigns (+0.2% RPV) button changes (-0.2% RPV) and navigation changes (-0.2%).

InternetRetailing research shows that 53% of Top500 retailers use push notifications to send messages to their customers. These can be used to flag up offers such as daily deals and, in the context of the store, to send messages around offers that are local to that branch.

But it's important, says the Qubit research, that such product recommendations are relevant. Its findings suggest that customers do like data-driven personalisation – but only if it's relevant. It surveyed more than 1,000 consumers in the

US and the UK, via Toluna. Half (50%) said they enjoyed receiving product recommendations that fit their interests or preferences. Almost half (49%) said they were willing to share their preferences with a business in order to receive a better shopping experience. And 81% said it was either 'very important' or 'somewhat important' that a website provided targeted promotions based on their preferences.

"What is particularly exciting," said Will Browne, data scientist and product manager at Qubit, "is the size of the cumulative effect we see for our top-performing clients, with some personalisation strategies having an up-to-6% impact on ecommerce revenue."

In other words, showing the customer the items that are of most interest to them is more likely to boost sales. That's something we also map in our emerging practice feature, which considers the growing use of social media images and of artificial intelligence in retail (see page 29).

But, as we've seen here, it's also important to ensure that the shopper is able to see those items on the device that is most relevant to them at any given moment. We've focused here on the need for many retailers to ensure that their merchandising techniques work on mobile. It's also important for them to include the desktop website and the store since most sales still take place in the store. According to British Retail Consortium figures, some 22% of retail sales took place online in June 2017, leaving a significant majority to take place in the store.

For now, desktop, as well as mobile, remains important for a highly significant proportion of online sales.



Image credit: John Lewis

**The John Lewis app has a bar code scanner which bridges the gap between digital and in-store usage**

# Catching consumers' attention

Retailers that excel in the Merchandising Dimension actively sell across channels. **Martin Shaw** explains how we measured their performance here

LONG GONE ARE the days when websites were glorified catalogues. Today, the idea of communicating the product involves the use of images, videos, reviews, ratings and product descriptions. While a product page can be crisp and simple, consumers expect to be able to drill down to look at the gnarly details of products.

To take a step back, consumers expect to be able to find items easily using a website's search and navigation facilities. To complicate matters even further, shoppers now increasingly use smartphones, so all of this functionality and visual richness needs to be delivered to small screens – without taking an age to load.

## Just 46% of retailers enabled shoppers to refine their searches by brand, potentially an oversight in an age when so many consumers are brand conscious

In order to produce a set of metrics that truly drew out the nuances of best practice here, we looked at such areas as how easy it was for shoppers to search and find their ways around websites; how well products were illustrated through such features as zoomable images and product information; and metrics that reflected sophistication in promotional efforts such as 'bestseller' tags, and upselling and cross-selling.

More subtly still, the ongoing InternetRetailing Product and Merchandising Tracker, compiled in association with InternetRetailing Knowledge Partner Brand View, reveals the completeness of retailers' product displays by describing the proportion of items that are out of stock, on promotion, feature product videos or reviews, or entirely lack a description.

### What the Top500 did

Top500 retailers showed, on average, between three and four (3.5) images of each product. However, some retailers did much better. AO.com had, on average, between five and six images of each product (5.7) and also showed product videos for 31% of its electricals range, according to Brand View research, as opposed to an average of 18% within its sector. This research, confined to 23 of the largest IRUK traders, showed that on average retailers showed reviews for 58% of their products, while 4% of products lacked descriptions.

Turning to practice that seems consistent across British retail, 63% of the 486 retailers to which the metric was relevant enabled shoppers to find their way around websites using drop-down search suggestions. The use of navigational filters was also widespread, with filter by price the most popular, used by 69% of those assessed. This reflects a hard commercial reality: most shoppers, even the most well-to-do are on budgets. Nevertheless, it's intriguing that just 46% enabled shoppers to refine their searches by brand, potentially an oversight in an age when so many consumers are so brand conscious. Even more strangely, less than a fifth marked their bestselling products.

# Merchandising features on Top500 websites

The fraction of the Top100, and of the entire Top500, with a merchandising feature on their websites

| Features in desktop websites | Top100 | Top500 |
|---|---|---|
| Filter search by price | 85% | 69% |
| Recommend similar products | 85% | 67% |
| Drop down suggestions when typing | 84% | 62% |
| Product reviews | 83% | 55% |
| Product ratings | 82% | 52% |
| Filter search by product type | 79% | 66% |
| Filter search by brand | 71% | 45% |
| Share with friends | 65% | 54% |
| Save to wishlist | 63% | 46% |

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In terms of promotions, retailers are effective at advertising these on their homepages, with 72% of retailers making these obvious. The fact that 42% of products stocked by retailers in the Brand View study were on offer over the latter half of 2016 initially surprised us, although it seems likely this figure is skewed by a relatively small number of retailers routinely running a large number of promotions.

Important metrics in terms of suggesting sophistication within merchandising arrive, rather paradoxically, when a retailer doesn't have an item in stock. We were surprised to find that just a quarter of retailers offered alternative suggestions when they didn't have stock of a particular product.

In contrast, retailers performed better in such metrics as offering product ratings (52%), reviews (56%) and helping shoppers to share products with friends via social media (56%). The trajectory here seems upwards, and we would be surprised if these percentages weren't higher again next year.

## What the leading retailers do

Merchandising is an area of retailcraft where those retailers that perform most strongly do this across different metrics. It's therefore no surprise to find that two retailers that operate consistently strongly at scale and across different areas of retail practice performed strongly in the Merchandising Dimension.

John Lewis combined star ratings with written product reviews to good effect. Amazon was one of the retailers that used a bestseller ribbon to mark popular items. Written product reviews have long been integral to the site, while it also offers alternative suggestions to no-results research.

We would expect such exemplary performance from these retailers, but this is by no means a Dimension where only the usual suspects stand out. The Early Learning Centre, for example, was one of the strongest performers in this Dimension. In particular, it stood out for offering social validation and filtering results by brand. ▶

**Punching above their weight**

One of the particularly intriguing facets of the Merchandising Dimension was the fact that some retailers far exceeded their rating on the IRUK Top500 Footprint. While it's outside the scope of our research, we would guess this may be related to retailers that project a strong image finding merchandising investment pays off.

Sally Express, for example, has positioned itself as a retailer that stocks professional-level hair and beauty products for both professionals and amateurs who want to buy professional-level products. It performed strongly for a good use of promotions, offering alternative results to a no results search, and enabling shoppers to Like its products. You could see these features as helping to build a sense of community and confidence, but sprinkled with just enough exclusivity to make it a destination store.

Even more impressive was the performance of merchant and gardening supplier Thompson & Morgan. This was ranked more than 300 places above its Footprint position, based largely on its sophisticated navigation and search, identification of best products and upselling. Thanks to the nature of the products it sells – think pretty flowers – its website is a riot of colour that clearly lends itself to such methods.

We will be intrigued to see whether it maintains its high rating in this Dimension next year. Likewise, we will also be watching other retailers that performed strongly in relation to their Footprints, such as Getthelabel.com and CycleSurgery.

**The way to stay ahead**

Equally, we want to monitor whether other retailers catch up with and exceed the performance of the retailers we've highlighted. One of the ideas that we want to test here is that effectiveness in the Merchandising Dimension offers a way for smaller retailers to compete by showing off specialist knowledge.

Or it may be that larger retailers, when being nipped at by competitors, are able to respond. We've already noted the strong performance of John Lewis and Amazon here. Other familiar names in the current Top50 include Argos, Boots and Marks & Spencer. These are retailers that can, in theory, scale up merchandising initiatives quickly because of their size.

Whether they do or not will gradually be revealed in the years ahead as our research here deepens in part simply because of repetition giving us richer data and a view of year-on-year change. We will also expect to revise our metrics in the years ahead. Currently, many of the metrics reference website performance. As the smartphone further takes over from the desktop, we will need to look at the weighting of different metrics. Eventually, we also anticipate having to gauge how retailers merchandise via Internet of Things (IoT)-enabled devices.

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Merchandising Dimension**

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The Top100 retailers of the IRUK Top500 2017 Merchandising Dimension, as measured across dozens of metrics for innovative practice in this area

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# Merchandising Top50

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AppliancesDirect
Argos
B&Q
Bathstore
Beaverbrooks
Boots
Chain Reaction Cycles
Charles Tyrwhitt
Clarks
Coast
Currys
CycleSurgery
Debenhams
Early Learning Centre

Figleaves.com
Footasylum
The Fragrance Shop
Getthelabel.com
H.Samuel
Holland & Barrett
Home Essentials
Homebase
Hornby
Hotel Chocolat
John Lewis
L'Occitane
Lloyds Pharmacy
Long Tall Sally
Marks & Spencer
Merlin Cycles
Moss Bros

Mothercare
Outdoor & Country
Pavers
PC World
Pets at Home
Richer Sounds
Route One
Sally
Screwfix
Superdrug
Thompson & Morgan
Toys Я Us
Urban Outfitters
Victorian Plumbing
Wickes
Yours Womenswear

# Merchandising Top100

Adidas
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Harrods
Hobbycraft
House of Fraser
Jacamo
Jessops
Laithwaite's
Lakeland
LaptopsDirect
Lego

Littlewoods
Lush
M&Co
Millets
New Look
The North Face
Ocado
Orvis
Pandora
Paperchase
QVC
Reebok
Robert Dyas

Selfridges
Simply Be
Specsavers
Sweaty Betty
Topman
Very
Watch Shop
Wayfair
Wex Photographic
White Stuff
YOOX.com

## IRUK TOP 500

Sponsored by **PFS**

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

**Share your thoughts on #IRUK500 with @etail**

## Elite

amazon

Boots

M&S EST.1884

ASDA

John Lewis

TESCO

## Leading

| | | | |
|---|---|---|---|
| Ao.com | Debenhams | New Look | Screwfix |
| Argos | Halfords | Next | Superdrug |
| Asos | Holland & Barrett | PC World | Topshop |
| Clarks | House of Fraser | Sainsbury's | Waitrose |
| Currys | Mothercare | Schuh | |

## Top50

| | | | |
|---|---|---|---|
| American Golf | Early Learning | Matalan | Very |
| B&Q | Centre | Ocado | Waterstones |
| Blue Inc | eBay | Office | White Stuff |
| Carphone | Footasylum | Pets at Home | WHSmith |
| Warehouse | The Fragrance Shop | Selfridges | Wiggle |
| Claire's | Homebase | SportsDirect.com | Wilko.com |
| Dorothy Perkins | JD Sports | Topman | |

## Top100

| | | | |
|---|---|---|---|
| Ann Summers | F&F | Littlewoods | Ryman |
| Apple | Freemans.com | M&Co | Shoe Zone |
| Bathstore | Game | MajesticWine | Superdry |
| Blacks | Getthelabel.com | Mamas & Papas | TK Maxx |
| Bonmarché | Go Outdoors | Maplin Electronics | Topps Tiles |
| Brantano | H&M | Millets | Toys Я Us |
| Cotton Traders | H.Samuel | Miss Selfridge | Wallis |
| Decathlon | Hobbs London | Monsoon | Wex Photographic |
| Dune London | Hotel Chocolat | Morrisons | Wickes |
| Dunelm | Kaleidoscope | Moss Bros. | Yours Womenswear |
| Ebuyer.com | L'Occitane | Quiz | Zalando |
| Evans | Lakeland | Richer Sounds | |
| Evans Cycles | Laura Ashley | River Island | |

www.internetretailing.net/IRUK

# Top150

Accessorize
Adidas
Beaverbrooks
Boden
The Body Shop
Boohoo.com
Burton
Chain Reaction Cycles
Cotswold Outdoor
Crew Clothing Company
Disney Store
The Entertainer
Ernest Jones

Estée Lauder
Fat Face
French Connection
Gear4music.com
Harrods
Hobbycraft
Ikea
Interflora
Jack Wills
Jessops
Jigsaw
JoJo Maman Bébé
Joules

Lloyds Pharmacy
Lush
Mr Porter
Net-A-Porter
Nike
NotOnTheHighStreet.com
Pandora
Peacocks
The Perfume Shop
Post Office Shop
PrettyLittleThing
Reiss
Samsung

Simply Be
Smyths
Space.NK
Surfdome
T.M. Lewin
Thorntons
Toolstation
Urban Outfitters
USC
The Works
Zara

# Top250

Agent Provocateur
Andertons Music
Appliances Direct
Axminster
BonPrix
The Book People
Bose
Boux Avenue
CarpetRight
Cass Art
Cath Kidston
Charles Tyrwhitt
Coast
Countrywide
CycleSurgery
Dabs.com
Dell
DFS
EAST
The Edinburgh Woollen Mill
Ellis Brigham Mountain Sports
Esprit
Euro Car Parts
F.Hinds
Fashion World
Feelunique.com

Figleaves.com
Firebox
Foot Locker
Forever 21
Fragrance Direct
GAP
George at Asda
Goldsmiths
Grattan
Harvey Nichols
Home Bargains
Home Essentials
Hotter
Jacamo
Jacques Vert
Jaeger
JD Williams
Joe Browns
Jones Bootmaker
Karen Millen
Kiddicare
Kitbag.com
Kurt Geiger
La Redoute
Laithwaite's
Laptops Direct

Liberty
Long Tall Sally
Lovehoney
MAC Cosmetics
Machine Mart
MandM Direct
MatchesFashion.com
MenKind
Missguided
Mobile Fun
Molton Brown
Mountain Warehouse
Myprotein
Naked Wines
Nisbets
Novatech
Oasis
Oliver Bonas
The Outnet
Paperchase
Paul Smith
Pavers
Pull & Bear
QVC
Radley
Ralph Lauren

Reebok
Robert Dyas
Route One
Sally
size?
Slaters
SoleTrader
Specsavers
Staples
Sweaty Betty
Ted Baker
Trainline
Uniqlo
Victoria's Secret
Victorian Plumbing
Viking
Warehouse
Watch Shop
Wayfair.co.uk
The White Company
Whittard of Chelsea
Yankee Candle

# Top350

Abercrombie & Fitch
Aldo
AllSaints
Anthropologie
Arco
Aria Technology
Avon
bareMinerals
Bensons for Beds
Berry Bros. & Rudd
Blackwell's
Bondara
Bravissimo
Burberry
Buyagift
Calendar Club UK
Calumet Photographic

Card Factory
Charles Clinkard
Chemist Direct
Clas Ohlson
Cloggs
Costco
Crocs
Deichmann
Dr. Martens
Dreams
Dyson
Euronics
Everything5pounds.com
Farfetch
Find Me A Gift
Fitness Superstore
Forbidden Planet

Fortnum & Mason
funkypigeon.com
Furniture Village
Games Workshop
GettingPersonal.co.uk
Google Play
Gucci
Guitarguitar
Hawes & Curtis
Heal's
High & Mighty
hmv.com
Hollister
HP
Hughes Electrical
Hugo Boss
Iceland

Ideal World
Just Eat
L.K.Bennett
Lands' End
Lego
Links of London
Lipsy
Louis Vuitton
Mango
Microsoft
Mint Velvet
Misco
Moonpig
Mulberry
The North Face
Orvis
Overclockers UK

Phase Eight
Photobox
Plumbase
Pret A Manger
Printing.com
Puma
The Range
Rapha
Rohan
RS Components
Russell & Bromley
ScS
Snow+Rock
SportsShoes.com
Sunglass Hut
Swarovski
Tate Shop

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

# Top500

Abel & Cole
Achica
Aldi
Alexandra
Armani
Art.co.uk
Asics
Aspinal of London
Asus
ATS Euromaster
Banana Republic
Barbour
Barker & Stonehouse
BBC Shop
Belkin
Berghaus
Bershka
Betterware
Bettys
BookDepository.com
Bradfords
BrandAlley
Brandon Hire
Build-A-Bear Workshop
Calvin Klein
Camper

Cartier
CCL Computers
Character
Chums
The Co-operative
Electrical
COS
Crabtree & Evelyn
Craghoppers
Create and Craft
Cromwell
Damart
Denby
Diesel
DJI
DKNY
Dobbies Garden Centres
Dulux Decorator Centres
Dunnes Stores
EAT.
Ecco
END.
eSpares
Euroffice
Expansys
Farrow & Ball

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

Hi-Tec Sports
Hornby
The Hut
Intersport
itsu
IWOOT
J Crew
Jack & Jones
Jewson
Jimmy Choo
JML
John Smith's
Joy
Juno Records
Kärcher
Kenzo
Kiehl's
Lacoste
Leisure Lakes Bikes
Lenovo
LightInTheBox
Logitech
LookFantastic
Lyle & Scott
Made.com
Massimo Dutti

Max Spielmann
Merlin Cycles
Moda in Pelle
Mole Valley Farmers
Montblanc
Multiyork Furniture
Nespresso
Notcutts Nurseries
Outdoor & Country
Plumbworld
Poetry Fashion
Prada
Pretty Green
Pro-Direct
Protyre
QD Stores
Rapid Electronics
Regatta Outdoor
Clothing
Roman Originals
Rowlands Pharmacy
SecretSales
See Tickets
Sevenoaks Sound and
Vision
Superfi

Swatch
Thomann
Thomas Sabo
Timpson
TJ Hughes
Toast
Tommy Hilfiger
TomTom
Toolstop
Urban Industry
Vax
Vente-Privee
Vistaprint
Vivienne Westwood
Wagamama
Warren James
Watches of Switzerland
Wedgwood
Wyevale Garden Centres
YumiDirect
Zavvi
Zulily
& Other Stories

# Targeting millennial parents at Mothercare



Image credit: Mothercare

**It's the nature of the business that Mothercare can only serve each customer for a few short years**

MOTHER AND BABY retailer Mothercare is now three years into its transformation strategy to put digital first. Part of this shakeup focused on honing the brand and more keenly defining its customer base. This has been achieved by concentrating on maternity and newborn up to pre-school aged children.

Pregnancy, babyhood and toddlerhood provides a short, albeit potentially lucrative, window for the retailer to target its customers. By the time children have started school, the retailer knows that it is no longer a go-to destination for parents. This has further driven the company's ambition to be a precision weapon in terms of knowing who its customers are, what they need and how they want to shop.
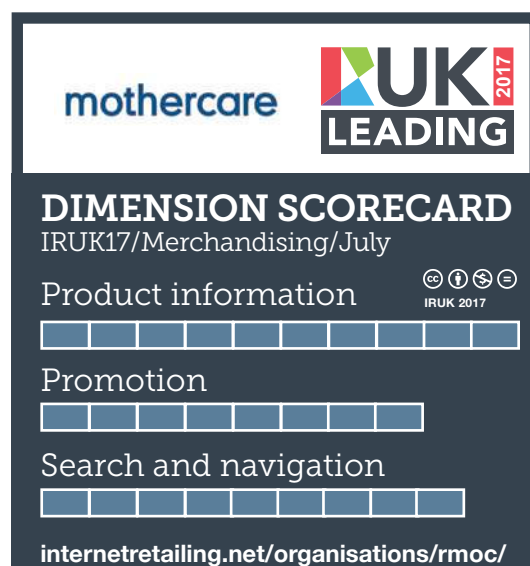
This knowledge has been placed at the heart of merchandising on its new website and upgraded app. "Our target customers are digitally-enabled millennials who use their mobile devices while out and about to browse merchandise, review content, read reviews and purchase product," says chief-executive, Mark Newton-Jones.

To ensure the company is always promoting the right product at the right moment within this limited timeframe, email marketing via the 'My Mothercare Club' provides a series of 224 emails, triggered at the different stages of pregnancy

and birth. These include weekly personalised messages that aim to ensure that the brand quickly becomes a trusted source of information and advice for new parents.

This idea of joining an exclusive club that will help with the whole journey from conception to toddler training is a central aspect of the website, which includes extensive advice sections on all kinds of problems that new parents are likely to encounter. It is also put to good use in the product reviews provided by other new parents. Not only are reviews posted but customers can also ask questions about how other parents got on with a particular product and whether they found it useful in certain circumstances. Other features of the site include a wishlist facility and a gift list, highlighting desired kit that friends and family can view, much like the traditional wedding list.

The app offers a store finder, complete product catalogue and help with everything from choosing baby names to finding music to soothe a restless infant. It also provides a storage facility for electronic receipts, which can be scanned in store when returning items. In other words, everything that a digitally enabled millennial on the journey to parenthood would expect.

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**mothercare** | **IRUK LEADING 2017**

## DIMENSION SCORECARD
IRUK17/Merchandising/July

### Product information
IRUK 2017

### Promotion

### Search and navigation

**internetretailing.net/organisations/rmoc/**

# Tempting subscriber perks from a house of chocolate

BEAUTIFUL PAGES AND an overall sophisticated feel are the winning ingredients helping Hotel Chocolat to tempt customers into buying through its new website, designed for desktop, mobile and tablet. Styling itself as a "hedonistic chocolate" company, the UK retailer has focused on seductive images of delicious chocolate and sophisticated, uncluttered pages as the basis of its merchandising approach, although there are plenty of other treats in store for its online customers to discover.

Earlier this year, the company announced pre-tax profits of £11.2m in the six month run-up to Christmas 2016, a 28% increase on the previous year. "The critical Christmas period was very successful, helped by good availability, popular and innovative new ranges and significantly increased digital transactions," said Angus Thirwell, co-founder and CEO of the company. The company has since redesigned its website to build on its online success.

Christmas, along with the other key merchandising holidays of Easter, Mother's Day and Valentine's Day, are peak periods for the retailer, which is reflected in the amount of date-specific promotions on the site. As you would expect, a main focus is its gift delivery service. This includes a bespoke 'gift creator' option that allows customers to create gift boxes and hampers before choosing the right delivery option. These include a 'letterbox friendly' option that's handy for ensuring a gift is delivered on that special day, even if the recipient isn't at home.
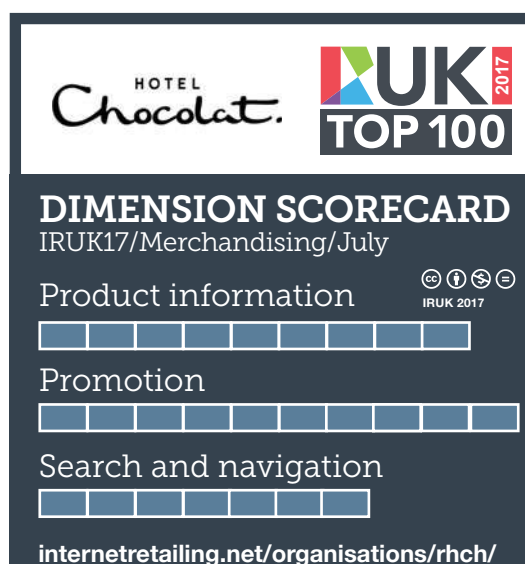
The appeal of the gift service is further enhanced by wide-ranging options for stylish bags and packaging, as well as a good choice of cards that accompany the chocolate with your personalised message. Customers also have the ability to save boxes and hampers to a wishlist, which can be shared with others and returned to at a later date. Product dimensions and ingredients are clearly listed for each item, while customer reviews are given prominence.

Another key merchandising strand is the subscriber service. As the likes of Netflix have shown, these services have grown massively in popularity in recent years. Hotel Chocolat got in early with its own offering, launching its Tasting Club in 1999. This now has 70,000 members and the company is continuing to focus on this as an area of promotion, with opportunities to check out the benefits of subscription woven through the site. Membership offers a regular sample product delivery (which can be put on hold when required) as well as a wide variety of other exclusive member-only products.



Image credit: Hotel Chocolat

**This self-styled "hedonistic" company has chosen a simple, stylish approach for its website**



HOTEL Chocolat.  IRUK TOP 100 2017

## DIMENSION SCORECARD
IRUK17/Merchandising/July

IRUK 2017

Product information

Promotion

Search and navigation

**internetretailing.net/organisations/rhch/**

# Speaking directly to customers at Appliances Direct

**Nick Glynne,** chief executive of the Buy It Direct group, explains why it is focusing its journey on sharing knowledge with customers

WHEN IT COMES to merchandising, it's hard to think of a more important starting point than knowing who your customer is. For online appliances retailer and IRUK Top50 performer in Merchandising, Appliances Direct, that's a tricky question, since who *doesn't* need a TV or a washing machine? "Our customers are anyone who needs an appliance!" admits Nick Glynne, the chief executive of parent company, Buy It Direct group.

"I know this sounds crude but ultimately, our demographic is very mixed and we have to take a wide spectrum of people into account. We try to think about the customer depending on the category they're browsing and the price



**User testing has revealed that customers actually prefer the busy layout as it pushes more offers into view**

range. For example, someone buying a non-brand entry level washing machine is a very different customer to one buying a Miele £1,000 model. Both those types of customers are browsing and using our website, but they need to get to different end points and have different requirements from a merchandising perspective."

Fortunately there are some requirements that all of its customers share. The right product at the right price, for example, or fast, flexible and efficient delivery. Everyone usually needs services such as connection and recycling of old appliances, while a user-friendly website plus expert knowledge and advice lie at the heart of what the company believes will be its success going forward.

"We are experts in all the categories we sell and we want our customers to talk to us as much as possible so that they can get the best possible service while we can continue to learn from them," says Nick. "While our website is very deal focussed, there are a lot of elements in place to help our customers. This was key to us as our research found that when customers wanted reassurance or had further questions, we wanted to give them all the information they needed and make it easy to speak to one of our appliance experts. Our phone line numbers are plastered all over the site and open late."

Other tools to help the customer access information include buying guides, a Q&A tool, live chat feature and a compare tool to help decide between a range of products, along with the expected reviews and clear visuals. Product information is flagged up high and updated as a result of customer feedback, plus the company has started to add internally created videos.
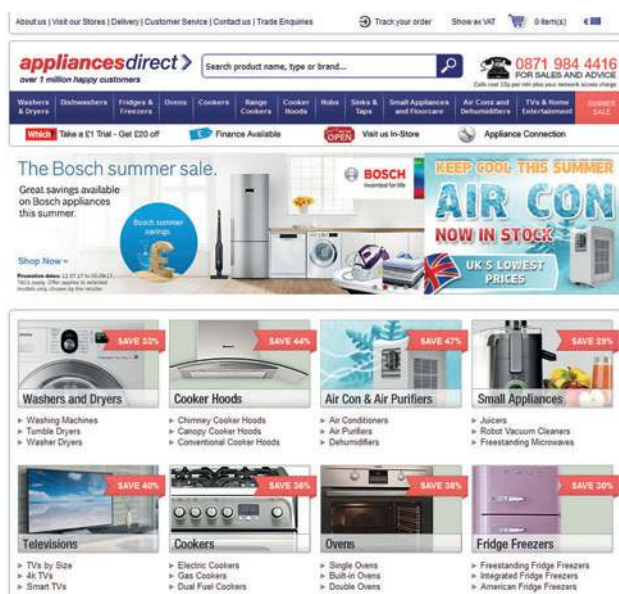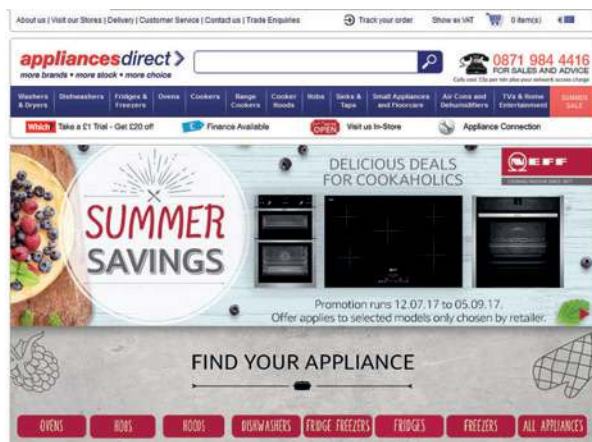
**The prominent positioning of the helpline number encourages shoppers to ask questions that lead to sales**



**The vast range of appliances means that customers run from bargain hunters to those after the top-of-the-range**

"While we're at an early stage here, we've seen a positive impact in conversion rate," says Nick.

The challenge of getting to know its very diverse customer base is one that the company takes seriously and one that Nick feels is central to the company's "massive journey from discount box shifter to customer-focused online retailer".
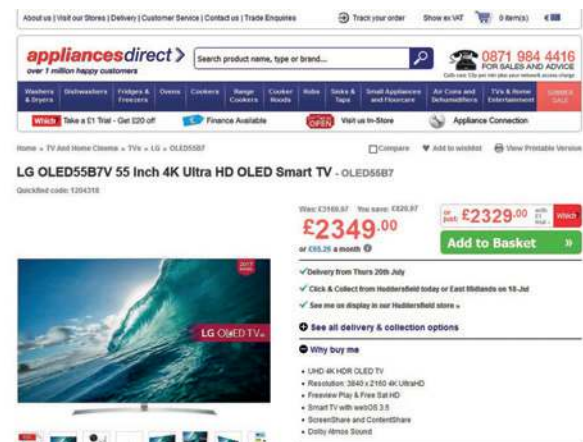
"It's a revolution for us and I would say that we are about a quarter of the way along. For years, we measured transactions but we are now doing everything we can to understand why that customer bought from us and to build a relationship with them, so they will come back."

**The importance of research**
Research, says Nick "is in our DNA" and the company uses demographic profiling, analytics data, customer feedback, session tracking and heat mapping to keep learning in order to improve its offering. The most useful research of all, however, has been meeting customers face-to-face. "I know it may sound obvious but it wasn't until we brought customers into our business that we really understood who we were talking to."

This realisation has allowed the company to test potential changes to the website on focus groups that match different sets of customer groups before its in-house IT team – which has designed, created and launched all 15 websites in the Buy It Direct Group – makes the changes live.
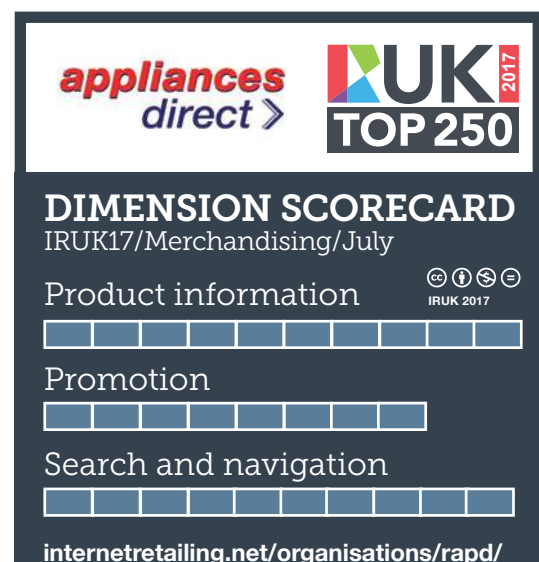
The research has thrown up some interesting findings. For example, while a lot of people (not customers) notice the busy design of the pages, research found that this helped customers spot products and promotions and didn't distract from the purchasing journey. They also discovered that despite many companies obsessing about keeping things at the top of the page, their customers aren't afraid of scrolling. Another surprise was that they didn't always have to be the cheapest retailer out there. "Once we shifted focus to listening to our customers and offering the expert advice that helped them make the right decision, we found that customers were happy to invest in us rather than scouring the market for the lowest possible price," says Nick.

Further improvements have included adding more information about delivery option by post code on the product page, which has decreased drop out at checkout. Ongoing tweaks to improve the checkout experience are "vital" says Nick. "Talking to customers has highlighted the anxiety they can feel when presented with too many fields, complex wording, complex options or not enough information. It's unlikely we'll ever stop learning and testing here."

**DIMENSION SCORECARD**
IRUK17/Merchandising/July

Product information

Promotion

Search and navigation

**internetretailing.net/organisations/rapd/**

# How knowing the customer has paid off for Sally

THE TEAM BEHIND the upgraded website of professional hair and beauty products retailer Sally Express went to great lengths to optimise merchandising on its new site. The company carried out in-depth research into how its customers – mostly professionals in the hair and beauty trades – used the site and wanted to shop, before implementing changes to improve navigation, search function and checkout.

Though the use of telephone interviews, analytics, testing and studies using eye-tracking technology, Crazy Egg, the team led by Richard Surridge, head of ecommerce and customer services, UK and ROI, gained an in-depth picture of customer habits that is now at the centre of all that they do.

"It is using that kind of customer insight, not being shy to game customers' ideas, and making sure that we're not overly confident that we know what we're doing," says Surridge. "You can have all the best experience in the world but customers do some strange things every now and then."

Eye tracking revealed that customers were ignoring promotional banners on the site and heading instead for sub-category navigation, leading the team to redesign the page. The team also used Google Analytics, Optimizely and Treejack to test ideas about what customers wanted to see. One area improved as a result was around the failed search page. Previously, when a search turned up 'no results' customers were presented with a list of offers or the top 20 selling products on the site.

"If someone did that in a shop and said, 'I'm after this particular product,' and the sales assistant said, 'We don't stock that but how about this completely random product?' it wouldn't work," says Surridge. "I think sometimes in ecommerce we don't necessarily think about how customers would behave in a store." The team designed a new page encouraging shoppers to alter their search to look by brand or category or to completely rethink their search, leading
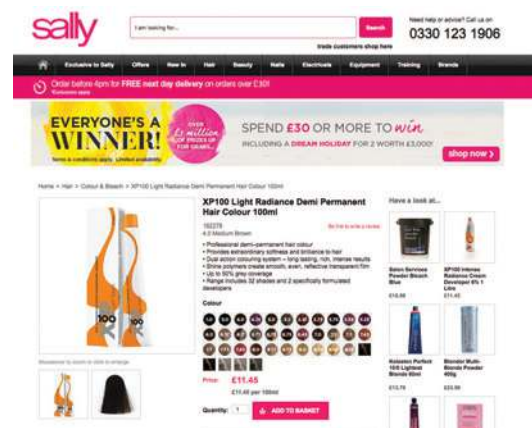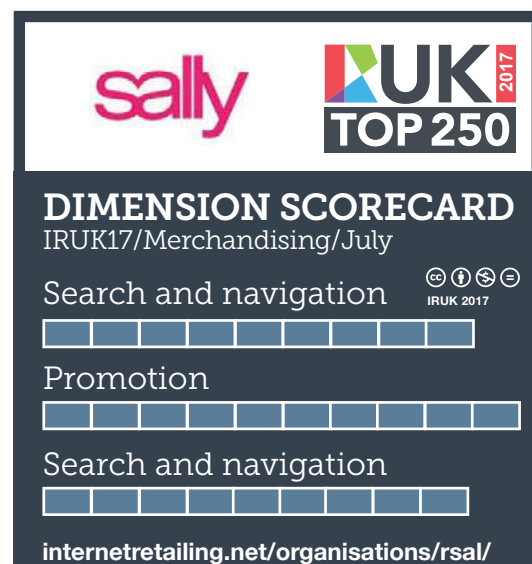


Image credit: Sally

**Used largely by the trade, the site needs to be easy to use**

to a 45% increase in revenue coming out of that page. With customers tending to be time-pressed professionals sourcing products quickly and easily, other improvements concentrated around providing clearly visible ratings, reviews and product information, relevant auto-suggest and useful filtering – all areas which research by InternetRetailing found the site stood out for. Checkout pages were also simplified, with distractions removed and the process reduced from two pages to one.



## DIMENSION SCORECARD
IRUK17/Merchandising/July

Search and navigation

Promotion

Search and navigation

**internetretailing.net/organisations/rsal/**

# Online from the offset, Ocado continues to push the boundaries

OCADO STARTED OUT in 2002 as an online-only supermarket delivering Waitrose goods. It has since grown to be one of Britain's leading online retailers, with sales growing by 13% year-on-year and shoppers placing an average of 252,000 orders a week in the first quarter of 2016, according to its annual results published earlier this year. As well as its Ocado.com grocery business which, by the end of 2016, was offering customers 50,000 different products, it operates pet food site Fetch and kitchen goods firm Sizzle. In 2016, it also launched luxury beauty company Fabled, in a joint venture with fashion and beauty magazine *Marie Claire*.

With so many products to choose from on its Ocado site – the company claims it's the biggest offering of any UK supermarket – a user-friendly approach and easy navigation have been critical. The grocer advertises and showcases its range through 60 separate 'shop-in-shop' facilities, which allow customers to search through themed products and select niche items from a variety of regions and suppliers. The company has also jumped on the fact that most online customers work from the same shopping list from shop to shop, prioritising features such as favourites, imports and promotions tailored to habitual buys. Other offerings include a 'Low Price Promise' basket matching scheme and the 'Ocado Smart Pass', which gives customers a range of benefits that include free deliveries.

"We strive to be at the forefront of innovation and new developments and have continued to focus on improving functionality and personalisation for our customers to enhance their shopping experience, with features such as customised gifts based on prior shopping habits, calorie-saver suggestions and personalised online coupons," says chief executive Tim Steiner, in the company's 2016 annual report published on 8 February this year. "We have introduced additional 'shop-in-shops', including our Picard shop specialising in high end frozen food and the Discovery Shop in partnership with the Grocery Accelerator, to help food and drink start-ups trial concepts and get to market, further assisting customers to find more of their requirements in easily and carefully curated areas of our shop."

The retailer's latest merchandising innovation is to work with relationship marketing specialist Selligent to develop a relationship marketing platform. This will allow Ocado to deliver personalised marketing campaigns to customers based on their online shopping behaviour. This means that the web content and messages seen by individual customers will be tailored to their specific interests and purchase history.



Image credit: Ocado

**Initially just the deloiverer of Waitrose groceries, Ocado is now a powerful retailer in its own right**



**DIMENSION SCORECARD**
IRUK17/Merchandising/July

Search and navigation   IRUK 2017

Promotion

Search and navigation

internetretailing.net/organisations/roca/

# 12 approaches that work

Retail merchandising is about maximising sales by promoting the right goods, at the right time and in the right place. In the real world, it uses eye-catching displays of well-chosen products and well-timed promotions. Online, it's increasingly about encouraging customer feedback, providing excellent product information and maximising social media – tactics that the leaders in this Dimension skilfully employ

## 1 Encourage reviews and ratings

Not every customer has the time or inclination to write a review or give a star rating for every purchase, yet such feedback can be key in informing the purchasing decisions of others. According to a study by the Pew Research Centre, 82% of US adults either sometimes or always read online reviews and ratings before buying. The habit is most pronounced among younger shoppers, with 53% of the 18-29 age group 'always' and a further 43% 'sometimes' reading reviews and ratings. Of the adults who 'always' read reviews, almost two-thirds (65%) believed that they give an accurate picture, with this picture reversed with the 'sometimes' readers, where 61% find it hard to tell if reviews are truthful or biased.

Almost all the Top50 customers encourage reviews – some more successfully than others. Having an excessively large number of unrated products with the encouragement to "write the first review" may be acceptable with new or fast-moving stock lines but hardly adds credibility for discounted products already labelled as having 'low stock', as at Getthelabel.com. Similarly, having too many reviews (some sites list 900 or more) takes it to the opposite extreme, since the earliest are unlikely ever to be read. Research involving hotel sites suggests that reviews older than three months tend to be ignored.

Some sites compromise by providing an average rating for all reviews and most also provide the number of reports contributing to a star rating, which certainly reduces the significance of all those five stars based on a single review. Others adopt more meaningful metrics. Homebase usefully collates reviews to give an overall percentage for how many contributors would "recommend the product to a friend", while John Lewis provides simple graphics to encourage shoppers reading reviews to report whether they find the information useful or not, producing an overall tally of reactions.

## 2 Remember basic merchandising skills

High street retailers have always put great emphasis on visual merchandising, presenting their products in store as attractively as possible. Supermarkets display linked products – pasta sauces next to dried pasta, for example – while fashion retailers dress a display with accessories to encourage add-on purchases. Not all online retailers apply these techniques to the same extent though.

Coast provides a range of 'You may also like…' accessories and alternatives on its product pages, while Figleaves adds 'Complete the look' suggestions, such as fluffy slippers to go with cosy pyjamas. Yours Womenswear provides 'Complete the outfit' ideas, detailing the shoes, jewellery and additional garments worn by each of its models, as well as additional styling suggestions. Similar add-on items are less common among non-clothing sites, although Bathstore does add a stream of 'Spares' associated with its larger items.
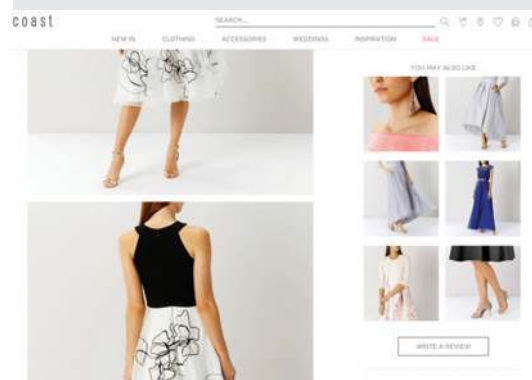


Image credit: Coast

**Coast attempts to lure shoppers into spending more by displaying 'You may also like…' accessories**

# 3 Let your customers speak for you

Reviews and ratings are all very well but sometimes shoppers want a little more information. Providing live chat or FAQs can work but increasingly, would-be customers want validation from another owner. This seems especially true when it comes to buying equipment or toys for children. Early Learning Centre provides a well-used 'Ask an owner' option, with existing customers providing detailed answers to practical questions. The approach adds credence to the products on offer since owners voluntarily cite real experiences of using products with their own toddlers. ELC also provides an extremely long and detailed choice of FAQs – running to 14 pages of drop-down menus – while lingering on a web page for too long prompts a live-chat pop-up asking if you need help.

# 4 Tell them how good you are

While reviews and ratings may help guide buying decisions, they're unlikely to provide feedback on a retailer's efficiency or levels of customer service. Richer Sounds takes a novel approach by recommending its support staff. These are featured with photographs and profiles on its customer service page, along with Shane the office dog. Richer Sounds also uses a series of scanned 'thank you' letters from customers under the heading "Don't take our word for it: click the letters to see some of the kind messages we've received from our customers". The letters are anonymised, so an improvement to add credibility may be to add a date plus the region they were sent from.



**By putting a face to the voice on a phone, Richer Sounds is aiming for friendlier customer service**

Image credit: Richer Sounds

# 5 Don't leave them floundering…

All etailers are well aware that good search tools are vital for customers as they hunt for purchases, often clicking through several sites to find that must-have item. Present customers with 'no results' and they'll probably head straight for a different site. Yet provide relevant alternatives and they may linger.

The key, of course, is relevance. Many use predictive text to second-guess what the customer is looking for. Key "tie pin" into Moss Bros' search box and its suggestions include "pink ties" or even a "burgundy bow tie" but not the obvious alternative of a "tie bar" which Moss Bros does sell. Cycle Surgery takes a similarly vague approach, although a neat pop-up panel does show images of the items suggested. "Bicycle clips" are clearly an outdated concept and produce an immediate 'no results', but type "clips" and the predictive text offerings work their way through clothing ideas for "cl" and finally comes up with three pictures of spare parts.
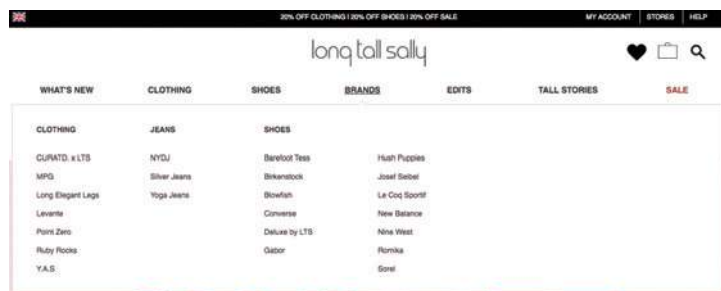
Victorian Plumbing's 'no results' page has a friendly message apologising for a failure to find anything and asks the shopper to check spelling, limit search to a more generic term, or "Please try again", accompanied by an inviting new search box. This approach at least encourages a second attempt and is rather better than the off-putting 'no results' statement more often encountered.

Among the Top 50, InternetRetailing's researchers identified 38% scoring well for 'no results page not blank'. They included American Golf, Appliances Direct, Coast, Hornby, Long Tall Sally, Merlin Cycles, PC World and Yours Womenswear. ▶

Image credit: Long Tall Sally

**Long Tall Sally assists shoppers who are seeking particular brands**

# 6 …or try to be too prescriptive

Second guessing may sometimes work but providing excessive search filtration and a limited choice of terms to search by isn't always the answer for delivering relevance. Electrical goods retailer, Ao.com, provides a large search filtration panel on its home page that asks shoppers to specify product type, version, price range, brand or colour initially before showing how many items come into that category. However, its prompts don't cover every possible equipment choice. For example, using the search panel doesn't provide the option of identifying a "spiralizer" and the closest is the different product "chopper or grater", suggesting to the shopper that the company doesn't stock these fashionable kitchen utensils. Yet key "spiralizer" into Ao's rather more discreet search box at the top of the page and thee such items pop up immediately. So providing suitable search prompts can be helpful but only as long as in doing so, the entire product range remains on offer.

# 7 Flaunt your brands

While some retailers are purely own label, the vast majority sell branded merchandise – be that designer fashion, the latest must-have running kit, or premium electricals. Customers may be more interested in these labels than in the retailer offering them. Enabling customers to search and filter by brand seems an obvious customer-friendly function to offer. Of the Top500, just under half support filtering search results by brand.

Long Tall Sally offers 'brands' as one of its header pull down menus along with 'clothing', 'shoes', 'what's new' and some styling and editorial options. The Fragrance Shop also adds 'brands' to its header choices, while Figleaves is one of several that provide a list of brands in the pull down menu choices for different product groups in its landing page headers.

# 8 Provide accessible quality content

While some shoppers may know precisely what they want and zone straight in on a specific item, others will spend time on research, possibly visiting several sites to compare products, ratings or prices before buying.

Providing good quality content not only assures shoppers of a retailer's knowledge and competence but can also encourage loyalty and repeat purchases. According to Ed Bussey, [IR online newsletter, 12 May 2017] founder and chief executive at content specialists, Quill, "Informative product descriptions can increase conversion rates by as much as 78%."

Studies also suggest that incomplete product information is often blamed for failure to purchase. "Ultimately," says Bussey, "55% of shoppers visit a retailer's website to research products before buying, which puts primary content second only to customer reviews as a source of information." Top retailers generally take this message to heart, using online magazines, video product demonstrations or advice centres to reinforce their expertise.

Pets at Home puts 'Pet advice' on its header, with the click through providing a raft of specialist information that covers all types of pets and all possible problems. Cycle Surgery offers 'Advice and inspiration' as an option on its home page. Similarly, Marks & Spencer puts 'Inspire me' in pole position among its landing page headers.

Mothercare gives plenty of product information with every item and includes specific buying guides and safety advice information where applicable in each of its category menus. As Mothercare's chief executive, Mark Newton-Jones, said in his latest annual review, "Our focus on content and enhancing the customer journey is helping to support conversion rates."

While Debenhams has 'Our style debrief' that offers information on the latest trends, its eye-catching click-through button is tucked away right at the bottom of the landing page among the usual dreary lists of basic information.



Image credit: Debenhams
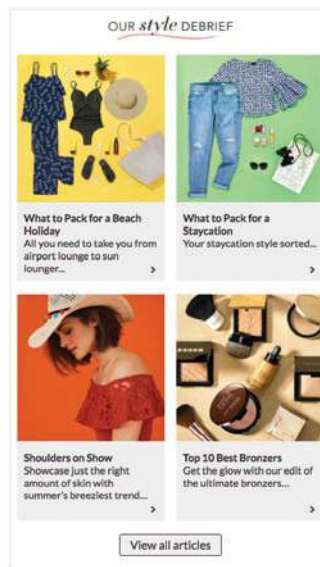
**Debenhams almost gets it right, offering a compelling website section yet hides a key link away**

# 9 Highlight best sellers

While fewer UK sites use best-seller ribbons than many in Europe, most highlight their best-selling items in other ways. Merlin Cycles puts lists and images of both special offers and best sellers on its landing page, while Pavers features trending items there as well. It also adds a 'What other customers are looking at right now' stream, while 'Most popular products in this collection' are highlighted within each product group. Many others, including those as diverse as Boots, Home Essentials, Thomson & Morgan, and Yours Clothing, allow merchandise to be listed in best-seller order as well as by price, newness and so on. ▶

# 10 Make promotions obvious…

Everyone likes a bargain and in retailing, these are no longer confined to the traditional twice-yearly clearance sales. While 'sale' is a popular menu item at certain times of year, shoppers are just as likely to search for the types of product that interest them and then



**Discounted or sale items are highlighted throughout the Beaverbrooks website**

*Image credit: Beaverbrooks*

start to compare prices. Beaverbrooks adds neat little symbols to its product catalogue declaring such things as 'save', 'offer' or 'I'm new'. The Fragrance Shop adds its basic offers to its landing page, as well as including 'offers' as a menu choice in its header choices, as does Victorian Plumbing. Marks & Spencer similarly highlights its current offers on the landing page header – such as "20% off school uniforms", "Up to 40% off outdoor and conservatories" and "New wine offers" – while L'Occitaine includes 'sale', 'offers' and whichever seasonal promotional event is relevant in its headers.

# 11 Share with friends…

Shopping, in the real world, is a sociable activity made even more so in recent years thanks to such in-store digital technology as magic mirrors. Online customers also want to share their purchases with friends or perhaps ask for a second opinion before pressing the 'buy' button. Amazon has been a leader in this field with its prompts to share details of any purchases with friends. Several sites enable shoppers to share items they Like, regardless of whether they have bought them or not, via social media. Pavers provides direct click-throughs to share on Facebook, tweet, 'pin it' or 'fancy' any individual product. As well as Pavers, InternetRetailing's researchers singled out Early Learning Centre, Footasylum, Bathstore, Urban Outfitters, getthelabel.com, Pets at Home, Hotel Chocolat, Toys R Us, Home Essential and Richer Sounds for their approaches to social media.

# 12 …and consider a wishlist

Shoppers also want to provide friends and family with information about the items they'd like to have and gift and wish lists are available on many of the top sites. Mothercare provides both, regarding the 'gift list' as something customers can compile for a special event – Christmas, baby shower, etc – and then make available to others, while the 'wishlist' is described as a "personal shopping list". However, wish lists can be public, which slightly blurs the differentiation. Links to both gift and wishlists are clearly available in the header of the landing page.

Holland & Barrett allows shoppers to list their 'Favourites' – again linked from a header on the landing page, while Bathstore has 'myBathroom', where favourite items can be stored for future reference. Figleaves is another offering a wish list function, which can either be maintained as a private shopping list or shared with friends and family. However, the link is way down at the bottom of the landing page included in the usual text lists of account, delivery, site map and other miscellaneous information. If you are going to offer such services, then they really should be made very obvious.

# New ways of selling

Marrying content with commerce to sell products is not a new approach but this time, retailers are deploying tactics they've learned from the shoppers themselves. **Chloe Rigby** takes a look

RETAILERS ARE TURNING to new kinds of content to inspire shoppers to buy. In years gone by, this might have meant delivering the expert view using features and blog posts to communicate with browsers who wanted to hear what insiders had to say about the latest trends.

The focus is now expanding, with reviews and ratings becoming ever more important in helping shoppers to decide what works for them. Taking the written review forward a step, shoppers are expressing their feelings about products with images and videos posted on Instagram and YouTube, so retailers are taking the logical step and following the same approach. They aim to inspire shoppers by distributing the content made by other shoppers, while at the same time learning from data on their own websites about what interests shoppers and what content they head towards first.

Some are putting new technologies to use in ways that enable them to share images from social media on their websites and make buying recommendations to viewers, while others are responding to analytics and even using machine learning techniques to give shoppers the kind of content that works.

**Ramping up content**
Underpinning this is investment into content teams. AO.com, for example, now has a 40-strong digital content team. 'How to' videos show not only how each product works but also what it might be used for. Thus, a video about the features of a food processor becomes an engaging 'how to make meringues' tutorial that wouldn't look out of place on a cookery channel. The aim, said AO.com parent company AO World in its latest full-year results, is "for our website to be the destination for information for customers. This content adds value to the customer journey and to the manufacturers we buy from and we are investing in rolling this out further."

Farfetch, meanwhile, is putting the images that its followers post on Instagram to work as illustrations of its range. By linking to the social media site, using technology from Curalate, the ▶



**Yoox Net-A-Porter's Tech Hub in White City, London, houses a technology team that tests different visions of the personalised shopping experience**

Image credit : Yoox Net-A-Porter

retailer creates a shoppable edit of products. It also uses pictures from Instagram on its own site to act as buying inspiration. Now, says Farfetch's online communications director Rachel Waller, the platform for international upmarket boutiques is considering how best to develop the experience. "We are thinking proactively about how we take learnings from social commerce more broadly into the site experience, particularly when we think about inspiration and story telling," said Waller, in an interview for InternetRetailing.net.

"User-generated content (UGC) in particular is of real interest to us when we're thinking about how people want to see product in context. As a site with over 100,000 items, UGC really allows us to think about how we cover and tell a story with a broader array of products than we ever could before with just our owned channels."

The Body Shop, meanwhile, is focusing on content with its new mobile-first website. Chief digital officer Harriet Williams, speaking to InternetRetailing for the IREU Top500 The Customer report, said the move was in direct response to its customers' behaviour. "We know that the vast majority of people coming to the site are researching before going into a physical store. We believe that by improving the online experience, it will help support our physical store sales as well."

Instagram is also "huge" for The Body Shop, thanks to its focus on inspirational images. Indeed, research published earlier this year from Instagram and parent company Facebook, found that beauty shoppers in particular turn to Instagram for ideas (44% of beauty shoppers) and to Facebook for advice (42%). Its *Mobile Makeover* report found that 66% of beauty shoppers look to social media for inspiration, while 70% go there to learn, 62% for advice and 46% to share their results. 52% look to Instagram if they have a special event coming up.

"Today," said Amy Cole, head of product marketing, emerging platforms, EMEA at Facebook and Instagram, "messages of beauty don't only come from runways and glossy magazine spreads but from peers, networks and influencers. The products, service and experiences that beauty shoppers look for from brands constantly evolve."

**Keeping it relevant**

It makes sense that customers will be more likely to buy if they see the images that are the most relevant to them. Some retailers – particularly in the fashion sector – are now using personalisation, powered by artificial intelligence and machine learning, to ensure that inspiration reflects shoppers' interests. By doing so, they effectively learn from the wisdom of the crowd to share insights into their range that are more likely to appeal to shoppers who have browsed in similar ways.

> "Today, messages of beauty don't only come from runways and glossy magazine spreads but from peers, networks and influencers"
>
> Amy Cole, Facebook & Instagram

The H&M app, for example, uses machine learning in a 'My Style' section to provide shoppers with a personalised feed of shoppable images drawn from both Instagram and the retailer's range. These are fine-tuned through machine learning to reflect the items that individuals previously browsed.

The Missguided app features recommendations for customers who posted fashion questions. These answers and

Image credit : Missguided

**The Missguided app uses a TInder-style selection system to learn what items each shopper does or doesn't like**

recommendations will be relevant for shoppers buying in the same way. Alongside this there's a Tinder-style fashion recommendation engine, which learns as the user swipes left for 'nah' or right for 'love', alongside shoppable Snapchat stories. Again, experience of previous users' swiping will help to inform what a current shopper might best like to see, as will their own previous buying and browsing behaviour.

Meanwhile, the Yoox Net-A-Porter Group has said it is working to develop machine learning solutions that learn from customers buying and browsing histories in order to show them relevant outfit recommendations. Among the concepts being explored by its technology team, part-based in its new White City, London, Tech Hub (pictured) is a virtual personal styling system. The system will learn what type of clothes combine

well and then cross-reference suggestions against the customer's purchase history. Work on natural language search will also work towards surfacing results that are relevant to each customer's location, size and local stock availability.

Very.co.uk is similarly working with IBM Watson to develop a new AI-powered chatbot that will act as a personal shopper to customers, getting to know them better time they visit. "It's a long-term goal," Jonathan Wall of Very.co.uk parent Shop Direct told InternetRetailing earlier this year, "but one we think is achievable."

A recent study from AI merchandising software company Apptus suggests that 62% of fashion shoppers stick to a tried and tested group of three or fewer sites that they return to again and again, rather than being overwhelmed by the vast choice of clothes on offer. More than three-quarters of that group of shoppers said they liked their favourite sites because what they offered was at least fairly relevant to them – and Apptus says this question of relevance is key when it comes to buying.

"The challenge," says Andrew Fowler, UK country manager at Apptus, "is to attract and retain customers to value a relevant and tailored experience. But delivering that kind of custom experience for each visitor is going to require a new approach to online merchandising – it simply cannot be done manually, which is why brands like Very.co.uk are already adopting artificial intelligence driven approaches."

Ultimately, it seems that we're seeing customers continue to take control of the way they buy. And in turn, forward-thinking retailers are responding to shoppers' interest in learning from people like them about how they style clothes and use products.

# Built around the customer

Apps are increasingly important in helping retailers to bind together multichannel experiences. But, discovers **Jonathan Wright**, many retailers have yet to make the most of the merchandising opportunities they offer

AS WE'VE ALREADY identified in our analysing the numbers feature (page 12), mobile sales are becoming more and more important within retail. According to research by IMRG, retailers reported an average of 54.5% of all online sales coming through mobile devices between February and April 2017.

But in many respects, it's been customers who have led the way here, not retailers, and as a result many companies are still playing catch-up. This is seen in the way that many companies have apps that lack functionality or appear to have been built quickly, sometimes seemingly without any thought about how customers may wish to interact with the brands.

### Apps by sector

While our research, undertaken in conjunction with Knowledge Partner Poq, shows this situation is improving compared to last year, it's not uniform across different sectors. Of those sectors that perform most strongly (and we analysed the performance of the 204 Top500 retailers that had an iOS mobile app), the apparel sector is among those that stands out for consistency. It's also a sector where companies typically have apps that are strong in searchandising and offer multiple product images.

Department stores are even more consistent, scoring highest for offering personalisation and push notifications, and most likely to show star ratings and written reviews for products. Of the other app metrics we considered, general fashion performs most strongly in terms of offering customers the ability to zoom in on images and create wishlists.

What's revealing about this research is that sectors where merchandising has always been seen as particularly important lead the way. In contrast, retailers in the food and wine sector have apps that offer less functionality, although the grocery sector excels in offering daily deals, perhaps because the goods sold have shorter shelf lives than most. Regardless, they're demonstrating a valuable capacity to entice regular returns to their digital shopfronts.

It's outside the scope of our research, but it may be that retailers dealing in more 'functional' and, typically, cheaper goods in terms of price per item, don't yet see the need for advanced app functionality. They may have a point: a weekly supermarket shop undertaken in the company of a toddler can be overwhelming enough in itself, who needs a smartphone pinging away or offering the chance to zoom in on a tin of beans?

Yet the nagging thought occurs that it's the smartphone that binds together modern multichannel retail. If retailers can't make the most of its capabilities, how are they to prepare for a coming age where all kinds of devices have a digital presence?

### Apps by retailer

Turning to specific retailers, the Top50 in the Merchandising Dimension typically tend to outperform competitors to a substantial degree across many different metrics. However, it's noticeable that some retailers' apps don't perform as strongly as their Top50 placing suggests they should. Technically, this is because the Mobile & Cross-channel Dimension also takes account of retailers' mobile web performance and, for

# Merchandising features of Top500 mobile apps, by sector

The fraction of Top500 retailers, by sector, with a merchandising feature in their mobile apps

- 🟥 Push notifications
- 🟦 Wishlist
- 🟩 Product ratings
- 🟪 Product reviews

**General & Other Goods**
39%
35%
39%
39%

**Apparel**
68%
61%
27%
27%

**Consumer Electronics**
39%
30%
26%
26%

**General Fashion**
71%
68%
19%
21%

**Health & Cosmetics**
42%
33%
42%
42%

**Department Store**
74%
65%
52%
52%

**Grocery**
40%
50%
50%
50%

**Home, Garden & DIY**
39%
33%
44%
44%

**Sports & Leisure**
59%
41%
32%
27%

**IRUK 2017**

retailers with stores, how they've tied together the customer journey between online and offline access points.

Of those that do have strongly performing apps, Footprint, or size, is strongly correlated with how the average retailer performs. Overall, larger companies appear to have invested more in their apps, as you might reasonably expect. Amazon, Argos, B&Q, Boots, Debenhams, Homebase, John Lewis, Marks & Spencer, Mothercare, PC World and Screwfix all have apps that our research rated highly, and which contribute significantly to their placing in the Top50.

Turning to other companies, there were some intriguing entrants here. The Fragrance Shop's app offers customers the opportunity to create a taste profile to determine which scents might be most appropriate. More generally, the app enables the company to build customer profiles that also encompass the kinds of scents they typically buy as gifts.

The Pets At Home app is closely linked to its VIP (Very Important Pets…) club so that signing up gives customers access to exclusive savings and offers. Register a VIP's birthday and customers receive an exclusive treat on the day, plus the app can be personalised with images and information on customers' VIP(s). Again, this is a canny use of the app to gather information, especially as even customers who are suspicious of giving out personal information will happily chat digitally about their creature companions.

Again, it's outside the research remit, but the wider point we're trying to make here is that thinking through app deployments by focusing on how customers might use them – and this means offering genuinely useful functionality that gets used and improved rather than retailers imposing what they think would be good for customers – produces results. Where retailers have more information, they're better able to segment and personalise merchandising.

As we conduct our ongoing research, we expect to see more apps being rolled out. We will be monitoring whether these are apps that seem to be built around the customer or whether they're a case of ticking a box. Where we find the former, we would suggest, we also find evidence of a retailer preparing for a mobile-first future. 🔲

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# Conclusion

ANY RETAILER THAT fails to communicate why the goods it sells are the very thing is doomed to failure. For that reason, the art and skill that goes towards merchandising has been around at least since market stall holders worked out that it might be a good idea to shout more loudly than the guy in the market stall along.

For this reason, it's sometimes tempting to assume retailers somehow *know* about merchandising in a kind of semi-magical way. The truth is altogether more complicated. Modern merchandising is driven by data, both about the customer and about the product; it cuts across channels in the same way that customers do as they move towards purchases; and there are numerous subtleties around the way, for example, leading retailers test and tweak different approaches as they try to maximise sales.

Things are only going to get more complicated in the years ahead. A recurring theme in this Dimension Report has been that there's plenty of scope for retailers to improve their performance within Merchandising. One major reason we've kept coming back to this point is not just because of operational considerations today, but because retail is about to go through another profound change.

The Internet of Things, so long promised and talked about, is becoming a reality. This will lead to a world of day-to-day products that 'know' when a householder is running low and send through an automated order; of new subscription-driven retail models; and, perhaps, even that *Minority Report* future where shopping malls get in your face with advertising messages.

More seriously, we're about to enter a new era of technological innovation. Think of the smartphone as an early Internet of Things-enabled device for the way it opens up digital interactions with our environment. Seen in this context, that new app isn't just a cross-channel merchandising tool, it's a hedge against the future.

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