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**BEST RETAIL  
FINANCE  
PROVIDER**

## FROM THE EDITOR-IN-CHIEF

Welcome to the RetailX Top500 2022. This year's annual listing of the UK's leading ecommerce and multichannel retailers along with, increasingly, brands, comes as customer behaviour continues to change quickly and the influence of Covid-19 lockdowns is still being felt.

Shoppers are now more likely to buy online, to do so via mobile and to buy direct from brands than before the pandemic. The way that leading retailers and brands serve them has, therefore, had to change. In the Top500 2022, we track performance and share the changes in customer service, fulfilment promises and more that have emerged from two years of fast online and multichannel growth.

As always, this research starts by measuring the 'footprint' of retailers, through turnover, store numbers and web traffic, to produce an initial 'largest' 500. That picture is then fine-tuned through an assessment of day-to-day, practical performance. The results provide up-to-date insights into how retailers and brands currently serve shoppers – from the reach a retailer or brand has to how long it takes to answer a customer email.

The assessment is set out through six key performance Dimensions: Strategy & Innovation, The Customer, Engagement, Mobile and Cross-channel, Merchandising and Operations & Logistics. This report is illustrated throughout with RetailX graphics and practical examples, while a series of features investigates the strategic context and key trends that are affecting both logistics – at a time of supply chain delays – and multichannel retailing.

Our research findings reflect the way in which retailers have focused on ensuring that the key components of ecommerce and multichannel retailing are in place, despite them sometimes reducing the 'nice to have' extras that come with highly convenient retailing, such as live chat. Such changes reflect a very different retail environment in which more people are now shopping online, which has required retailers to expand their capacity in order to keep up.

Last year, we said that more retailers were working to improve their businesses in important ways. This year, we've seen that stepped-up and fine-tuned. Our congratulations go to this year's Elite retailers – Amazon, Argos, Asda, Boots, Sainsbury's and Tesco – and to everyone in the RetailX UK Top500 2022. ■

**Ian Jindal, CEO & Editor-in-Chief**



## OUR METRICS

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### OUR METRICS

Our research covered seven Performance Dimensions (see page 44 for more details):

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

### PERFORMANCE CLUSTERS

We've ranked the UK Top500 in statistically similar groups. Elite retailers have performed at an exceptional level across all Dimensions, statistically separate from the subsequent clusters. In 2022, these are Amazon, Argos, Asda, Boots, Sainsbury's and Tesco. Our congratulations to Elite retailer Amazon, which stays in the top rank for the eighth year in a row, and to Argos, Asda, Boots, and Tesco, which retain their places for another year. Congratulations to Sainsbury's, which returns to the Elite after a previous inclusion.

Leading retailers follow straight on from the Elite, providing a highly sophisticated level of service to customers, while Top50 retailers bring us to the 50-retailer point and represent the current standard of UK best practice in ecommerce and

multichannel retailing, exemplifying RetailCraft at its best.

Between the Top100 and the Top500, retailers are grouped in a way that expresses their measured performance in a way that goes beyond their variation in size, reach and turnover. Throughout 2022, we will be continuing our testing and measurement of the whole group, with our findings contributing to the 2023 ranking.

### JUDGEMENT

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

### KNOWLEDGE PARTNERS

We thank BuiltWith for tracking the Top500 websites and providing information on the software used, such as ecommerce platform and payment methods, and SimilarWeb for sharing data on the visits and interaction that Top500 websites receive.

We are grateful to Sistrix for search visibility insights that cover Top500 members' websites as well as their social media and marketplace presences.

### ELITE RETAILERS

Congratulations once more to the UK Top500 Elite retailers for 2022: Amazon, Argos, Asda, Boots, Sainsbury's and Tesco. ■

Ian Jindal, Editor-in-Chief



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# THE RISE OF BRAND VALUES

Retailers and brands that understand what their customers want are moving into and up the Top500

Brands and their owners have steadily expanded their online presence and are now challenging for dominance of the Top500. Indeed, this year, they have overtaken retailers in the RetailX UKTop500. In 2022, 50% of those listed are brands, while 49% are retailers. This time last year, 42% of those listed were brands, while 53% were retailers and 4% marketplaces (1% this year).

This change has come with the shift online seen during Covid-19 lockdowns, when shoppers started to do more of their shopping online and wanted to buy from their favourite brands. The brands responded, with many launching websites to sell in international markets.

In figures for its Christmas quarter that by the end of 2021, THG (The Hut Group) noted that it ran 187 websites for clients – up from 133 at the end of the first half of the year. THG stated, “site number growth during the year was driven by enterprise-scale corporates across a diverse range of categories with over 75% of live sites in major international territories (UK, US, France, Germany, China, Japan and Australia).” One of THG’s in-house brands, Lookfantastic, now features in the Leading category of the Top500 for the first time.

## BRAND VALUES

Retailers, too, are seeing the attraction of appearing more like a ‘brand’ to customers. Discount retailer The Works emphasised in its recent half-year report the importance of being a brand that its customers could buy into. “It is becoming increasingly apparent,” said The Works’ chief executive, Gavin Peck, “that consumers today don’t just want to buy a product, they want to buy into a brand with a clear purpose. We have been working hard to clarify our purpose and be more than just a retailer. For The Works, this means inspiring our customers by showing them what they can ‘do’ – read, learn, create and play – and empowering them to do it.” The Works is also looking to engage with its customers both online and in-store, as it looks to create “deeper relationships with our customers” through “increased brand loyalty”.

For both retailers and brands, a sense of purpose and value is now found in areas such as becoming more sustainable, or being on the customer’s side when the cost of living is rising quickly, since UK shoppers may well be holding back on their spending as prices rise. UK inflation was running at its highest level for 30 years when it hit 5.4% in December 2021 and it could well rise further, along with energy prices.

In January 2022, The British Retail Consortium warned that sales were at risk from the soaring cost of living in the UK. Its chief executive, Helen Dickinson, said that while retailers had done well to weather challenging conditions in 2021, “significant head winds” were blowing in 2022, “as consumer spending is



© The Works

The Works aims to be ‘more than a retailer’ to its customers

held back by rising inflation, increasing energy bills and April’s National Insurance hike.” She warned: “It will take continued agility and resilience if they are to battle the storm ahead, while also tackling issues from labour shortages to rising transport and logistics costs.”

## SUSTAINABILITY AS A POINT OF COMPETITION

Sustainability is now a key value for many brands. November’s UN Cop26 climate change conference, held in Glasgow, was a significant milestone in the world’s journey towards zero emissions and since then, many Top500 retailers have responded with pledges to reduce their carbon emissions.

H&M, for example, has said it will cut its carbon footprint by 56% from a 2019 baseline while doubling its multichannel sales, while New Look has set out plans to become climate positive by 2040. In the autumn, Asos revealed a plan to be net zero by 2030 and carbon neutral by 2025, while Superdry has pledged to become the “leading listed sustainable fashion brand”.

In doing so, these retailers are reflecting the views of their customers. RetailX European Consumer Observatory research found that 72% of UK respondents agreed or strongly agreed that they wanted retailers to be ecologically sustainable, while only 1.8% disagreed. Meanwhile RetailX’s Sustainability Assessment, featured in the RetailX 2021 Sustainability report, finds that 40% of the RetailX Europe Top50 have some form of sustainability page or point of contact on, or linked to, their ecommerce site, with standout performers including leading UK retailers Amazon, Argos, Marks & Spencer, Sainsbury’s and more.





© Co-op

Starship Technologies' robots now take Co-op deliveries straight to customers in areas including Milton Keynes

### HOW SHOPPERS ARE BUYING – THE SHIFT ONLINE

Both brands and retailers continue to respond to the way that shoppers now want to buy. Ecommerce grew at a faster rate during the Covid-19 pandemic but now that any more UK lockdowns seem unlikely, the shift online seems to be settling at a new level that's higher than before the pandemic but lower than the pandemic peak of February 2021 when, according to Office for National Statistics (ONS) figures, 36.8% of sales took place online. By November 2021, 26.9% of sales were online. This is the lowest level (22.6%) since March 2020, when the pandemic was just starting, but higher than the 19.6% of sales that took place online in February 2020, the last month before the pandemic hit.

During the whole of 2021, almost half of non-food sales were online, according to the BRC-KPMG Retail Sales Monitor, while ecommerce sales grew by 14.3% on the previous year and retail sales across all channels grew by 9.8%. Sales were also 6.6% ahead of pre-pandemic 2019.

Asda said in November that its online grocery demand dipped as more shoppers returned to its stores to buy. Although its ecommerce sales fell 2.7% in the third quarter of its financial year, compared to the same time last year, online sales were still running about 80% ahead of pre-pandemic 2019. Ahead of Christmas, the supermarket boosted its online weekly delivery slots to 1m, up from 765,000 at the same time last year.

In the same way, retailers from a range of sectors have responded to the shift online by expanding their operational capacity.

### EXPANDING WAREHOUSES

According to research from property agent Colliers, demand for warehousing over the last year has been so high that by January 2022, the availability of industrial sites was at its lowest level ever. Colliers went on to say that enough speculative sites with at least 9,200m<sup>2</sup> (100,000ft<sup>2</sup>) of space were developed in 2021 to provide 1.03 million m<sup>2</sup> (11.1m ft<sup>2</sup>) of industrial space – equivalent to 26 Wembley Stadiums. Despite a 49% rise in the amount of space developed during the year, 75% of that space is already let or under offer. Andrea Ferranti, head of industrial and logistics research at Colliers, noted: "The logistics sector continues to

benefit from strong tail winds driving online consumer spending to constantly elevated levels. High levels of occupational activity and demand for new warehouses, due to the unceasing expansion of occupiers' supply chains to keep up with ecommerce sales and online deliveries, will remain elevated throughout 2022. This will be supported by the provision of new space with global occupiers also working towards decreasing their carbon footprint.

"Despite demand remaining elevated relatively to historical standards, companies will continue to struggle to find space and it's all about survival of the fittest and who will be able to expand operations in this challenging business environment."

AO, for example, invested in capacity and infrastructure as shoppers moved online and was rewarded with a 62% rise in sales, to £1.7bn in the year to 31 March, 2021. By then, it had expanded its warehousing space by 80% since the start of the pandemic and created over 1,200 new jobs.

In April, Boohoo leased a warehouse previously operated by the Arcadia Group that it said would give it the capacity to grow its turnover to £4bn following a string of acquisitions that included Arcadia brands Dorothy Perkins and Topman, and Debenhams' online business.

Meanwhile, some retailers are now opting to use their shops for online fulfilment, reducing the amount of warehouse space that they need. Asda has started to pick and pack from its store aisles, after taking the decision to close two online fulfilment centres, while Marks & Spencer now fulfils many of its online clothing and homewares sales in-store (see page 10 for more).

### AUTOMATION

Retailers have shifted to automation as online demand grows. The Very Group was in the fortunate position of opening a new highly automated warehouse just as the Covid-19 pandemic began, which has since enabled it to process goods faster than ever. It recently reported processing its fastest Christmas 2021 order at the Skygate centre, with just 18 minutes and 32 seconds between the order arrival and its despatch.

Very Group has also used automation to deal with customer questions, claiming that the Very automated chatbot, built on machine learning, was used by 137,000 customers a week over the Christmas 2021 period, cutting calls to its contact centre by 17% compared with the previous year.

Retailers have increasingly looked to third-parties to handle their deliveries, working with Deliveroo, Uber Eats and more on final miles delivery. Health businesses Boots and Lloyds Pharmacy, and grocers Morrisons and the Co-op, are among those using these services. The Co-op works with a range of last-mile delivery providers including Starship Technologies' delivery robots. Deliveroo said that on-demand grocery accounted for 8% of its gross turnover in the fourth quarter of its 2021 financial year, up from 7% six months earlier and 6% a year before. By the end of 2021, it had more than 11,000 grocery sites live around the world – up from more than 10,000 the end of the third quarter.

On all of these measures, the year ahead is set once more to be a challenging one for the UK retail industry. Top500 retailers that already serve their customers in the way that they want to buy will be a step ahead in rising to those challenges. ■





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# OWNING OMNICHANNEL: SETTING RETAILERS UP FOR SUCCESS ON EVERY CHANNEL

Alex Naughton, head of Klarna UK & Ireland, on the need to simplify retail



Has the retail sector ever experienced such a period of rapid change? Over the course of the last two years, Covid-19 caused a huge and unexpected transformation of consumer habits, and acceleration of existing trends. And as brands spent a bumpy two years responding to this, it became crystal clear that retailers need to not only operate in a more agile

way, but must also successfully operate across an increasing number of channels.

Indeed, the number of retail channels have been multiplying at a dizzying rate. From bricks and mortar and online stores to social marketplaces and mobile apps, there are so many more ways for brands to reach their customers. But instead of letting this scattering of channels fragment the retail landscape, retailers now have a real opportunity to bring all of these together, in harmony. In our recent report — **Owning Omnichannel: winning at clicks and bricks** — we did a deep-dive into the world of omnichannel retailing to get to the heart of what consumers really want. With 89% of Klarna shoppers saying that they use multiple channels to search and spend and 79% stating that they are more likely to shop regularly with a brand that offers a quality experience across all channels, the answer is clear.

While offering a compelling omnichannel experience used to only be the mark of the most innovative retailers, today, it's a requirement for survival. After all, we're now living in a world where it is critical to give customers what they want, when and where they want it.

The challenge for retailers now is to create a seamless omnichannel shopping experience that encompasses the best of in-store and online functionality for their customers, wherever they are.

So while the balance shifted increasingly towards ecommerce as a result of the pandemic, consumers still appreciate the irreplaceable advantages that the physical retail experience has to offer. There's no replacing the human touch of physical retail, while being able to experience products, the store and the expertise of sales people are real value-adds. But consumers today want the best of both worlds when it comes to shopping.

Whether investing in virtual shopping capabilities to bring in-store advantages to the online world, or turning physical stores into a cultural space where retailers can inspire shoppers, human experiences should be at the core of everything.

At Klarna, our services are built to create a smooth and convenient shopping experience from beginning to end, to make it even more innovative, immersive, secure and relevant to how today's consumer wants to shop. We know that now more than ever, it's important for retailers to create curated experiences across all channels to drive engagement and unlock growth with customers.

Partnering with Klarna means so much more than simply adding another payment solution to your checkout. It means access to customer insights to help you improve your business end-to-end, marketing and media solutions that make you stand out, and peace of mind knowing that you are working with a partner that champions your success across the entire shopping experience — online, offline and beyond. ■

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# HOW M&S HAS DEVELOPED CUSTOMER EXPERIENCES THAT CROSS CHANNELS

Chloe Rigby explores the high street retailer's quest to take digital services in-store at the same time that it's taking in-store services online

Marks & Spencer's move to launch live shopping on its website was just the most recent step in its journey to improve the customer experience for shoppers buying its clothing and homewares online.

Live shoppers taking part in sessions that started in January 2022 can see products demonstrated live online and ask questions to two presenters, with the opportunity to buy direct from the livestream. When the service was trialled ahead of launch, M&S found that the service was highly engaging for customers, who typically stayed online for 75% of the time.

Stephen Langford, director of M&S.com, said at the time that its move into live shopping is the, "latest in a wave of new initiatives we've introduced to improve our customer experience." The initiative reflects the popularity of live shopping in markets such as China. M&S cites McKinsey research suggesting that buying direct from a livestream now accounts for 17% of all ecommerce in China. Further research from Coresight and M&S' live-streaming technology partner Lisa suggests it will be involved in between 10% and 20% of global ecommerce as soon as 2026.

"It's a global trend that responds to how much customers are using social media," says Langford. "We all know how much more we're scrolling and engaging with video content – at home or on the go. Live shopping puts our experts front and centre and gives them the ideal platform to share the M&S point of difference – in terms of both quality, design and innovation features."

## THE SHIFT TO A MULTICHANNEL CUSTOMER EXPERIENCE

Back in May 2017<sup>[1]</sup>, M&S envisaged a third of homewares and clothing taking place online, with the amount of store space given over to M&S clothing and homewares falling at the same time. This has now largely been achieved, although the target has subsequently been raised to 40%.

In results for the first half of its current financial year, the six months to 2 October 2021, the retailer reported clothing and home online sales growing by 60.8% to account for 34.4% of revenue in those categories. Overall revenue came in at £5.1bn, of which £1.5bn was from UK clothing and home sales and the balance coming from in-store food sales (£3.1bn) and

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*"We all know how much more we're scrolling and engaging with video content – at home or on the go. Live shopping puts experts front and centre and gives them the ideal platform to share the M&S point of difference"*

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international (£435.3m) sales, M&S reported a half-year pre-tax profit of £187.3m. It makes most of its online food sales via joint venture partner Ocado.

In those half-year figures, M&S said it was planning to have a full-line estate of about 180 stores, reflecting, "the accelerated channel shift post-pandemic", which, at the half-year meant around 100 large stores were yet to close. While some would relocate to new sites, others would become food-only stores. Of the 180 stores it aims to have in the future, about 100 will be in "prime retail markets" such as upmarket shopping centres, while 80 will be in "core markets".

M&S' stores have played an important part in the shift online. By 2019, 75% of M&S online orders were picked up in-store<sup>[2]</sup>, with a third picked up from a Simply Food store. The advent of Covid-19 further stepped up the pace of change as the retailer shifted to a 'never the same again' transformation strategy. M&S has now closed a number of its larger stores that feature clothing and home floorspace, while adding new Simply Food stores, where shoppers can pick up or return their homewares and clothing orders. Store-based fulfilment was 57% larger in the first half of this year than in the same period in 2019/2020, accounting for 9% of click and collect sales.





M&S livestreamed shopping events feature pairs of presenters and let viewers buy what's being demonstrated

Speaking on the RetailX RetailCraft podcast in summer 2021, Langford said that the focus was on finding ways to add “genuine value to customers, not just transactional experiences but value-added services and experiences”.

### TAKING IN-STORE ONLINE, AND VICE VERSA

M&S has used a range of approaches to bring digital in-store and to take in-store service online, such as with the live shopping example. Its in-store digital click and collect service supports self-service returns – a feature that M&S said had been used some 70,000 times by the end of January 2022.

In-store services have also been taken online. These include one-to-one online consultations. M&S says that more than 28,000 have taken place online over the last nine months, while up to 900 virtual bra-fit appointments take place every week. A key way to access these services is through the M&S App, which is now used by more than 3m people. M&S said in its half-year figures that mobile accounts for about half of online orders, with almost half of them generated through the M&S App.

Mobile has also proved to be a useful way to take online services into stores. Online services taken in-store include the M&S Scan & Shop mobile shopping service, used by more than

60,000 people a week who use mobile devices to pay in-store. “We have absolutely embraced the two channel approach,” Langford told the RetailCraft podcast. “There’s always been a level of competition between channels but that’s something that has truly been broken down as a result of the last 12 months.” He added: “Customer experiences across our channels feels like it’s not the hard yards that it’s always been historically.”

Loyalty, he said, is at the heart of multichannel services. In its latest update, M&S said that its Sparks digital-first loyalty scheme had more than 14m members in January 2022, with 1.1m members engaging with its Sparks advent calendar in early December 2021. More than 50,000 watched Sparks Live events, from cook-alongs to fashion previews.

The retailer is still on its journey towards multichannel retailing but increasingly, that seems to be a profitable one that is engaging its customers. ■

[1] <https://internetretailing.net/rxuk/rxuk/mamps-closes-stores-and-targets-online-growth-in-a-digital-first-future>

[2] <https://internetretailing.net/operations-and-logistics/operations-and-logistics/how-click-and-collect-and-returns-fit-into-ms-ambition-to-make-a-third-of-its-sales-online-19563>

# GAINING THE MULTICHANNEL ADVANTAGE

Chloe Rigby looks at the changing way Top500 retailers and brands now sell

For the first time in eight annual editions of this Index, all of the Elite retailers in the RetailX Top500 are multichannel retailers. That's not because an online-only retailer has lost its place in the highest ranking of this report but because the pureplay retailer that has appeared in every Top500 listing so far has now shifted to multichannel. Amazon now has 11 Amazon brand shops and counting, having opened in 2021 ten Amazon Fresh automated checkout-free stores around London and an Amazon 4-Star shop at Bluewater shopping centre.

Amazon wasn't the only pureplay to have opened shops that year, just the most high profile one. Its move is emblematic of a wider shift towards multichannel retailing within the Top500.

In all, the UK Top500 2022 includes 452 multichannel retailers, alongside 48 pureplay retailers, brands, of whom some are marketplaces. That's up from 422 with stores a year ago, and 78 without. This 30-retailer change appears to have come about as pureplay brands and retailers have opened shops, as well as multichannel retailers winning places in the index at the expense of pureplays.

Half of the Top500 are now brands selling their own brand products, rather than retailers who sell third-party products. And most of those brands – from Nespresso to Timberland – have stores.

In the last two years of pandemic lockdowns and trading restrictions, the UK has had what amounts to an A/B test of trading with or without stores, imposed by non-essential UK shops being closed repeatedly over the course of 2020 and 2021. While online sales rose to a record share of the market in lockdown, as set out in the Strategic Overview (page 6), they have declined steadily since then, suggesting that while people are more ready to buy online than before the pandemic, their appetite for in-store shopping remains.

Data from the IMRG Capgemini Online Retail Index<sup>[1]</sup> suggests that when ecommerce grew by 36% over the course of 2020, the first year of the pandemic, much of that growth was from multichannel retailers (+57%) rather than pureplays (+9.1%), while mobile commerce grew strongest of all (+73%). When stores reopened from the third lockdown, IMRG figures for May 2021<sup>[2]</sup> – the first month fully out of lockdown – showed online retail sales falling sharply (-9.1%) compared to the previous May. Within that, multichannel retailers' online sales fell faster (-13.9%) than their pureplay competitors (-1.34%). The figures appear to suggest that many still want to go in-store to shop when that's available, although the appetite to buy online remains higher than before the pandemic.



Despite being a global leader online, Amazon still has few stores

## THE SHIFT TO MULTICHANNEL

The trend for even the most established pureplays to open stores has been noted by property developer and operator Land Securities, which said in its latest results that it had seen a series of previously online-only retailers open city centre stores. "We... continue to see digitally-native retailers, big and small, seeking to take space in our centres as they develop their strategies to include physical retail," the property developer said in its half-year figures to 30 September 2021. It cites Amazon, as well as fashion sneaker retailer Crep Collection Club and fashion brand Vanilla, which have all taken space at Bluewater in recent months.

When Crep Collection Club opened at Bluewater in September, two years after the high-end trainer retailer launched online, its founder Jamal Okubule said it would reach a new audience there, adding, "We are proud to have taken this next step into physical retail as part of our brand expansion."

It's notable that pureplays that open shops have relatively small numbers of shops compared to more established high street retailers. Amazon, for example, dominates online retail but only has 11 shops currently operating in the UK under the Amazon brand, while fellow Elite retailer Tesco had 3,465 UK owned stores as of August 2021<sup>[3]</sup>. Of those stores, 2,544 were smaller shops, with less than 278m<sup>2</sup> (3,000ft<sup>2</sup>) of space – although the 511,000m<sup>2</sup> (5.5m ft<sup>2</sup>) of space that they account for was a small share of Tesco's total 3.59 million m<sup>2</sup> (38.6m ft<sup>2</sup>) of retail space. The





© IKEA  
IKEA's small format store in Hammersmith, London

supermarket is very much an outlier, since the average Top500 UK retailer has 96.3 shops and the median has 22, suggesting that most leading UK multichannel retailers in the Index have a relatively small number of shops, while others – such as grocers, with an average of 261 and a median of 44.6 – have more. At the other end of the scale, software retailers have the fewest shops, an average of 26.8 but a median of 0.9.

### THE STORE ATTRACTION

In recent years, multichannel retailers have looked to 'right size' their store estates, arguing that shoppers who can buy from them online no longer need to have a store quite as close to them.

Value retailer Shoe Zone, for example, now says that long-term it is looking to reduce its store numbers to about 250, down from 410 at the end of the financial year to October 2021. At the same time, it is investing in online, following fast sales growth in a full year in which digital sales grew by 58% to £30.5m in the year to 2 October 2021, accounting for 26% of its total sales of £119.1m.

Shoe Zone chief executive, Anthony Smith, sees its stores as critical to its future multichannel success, despite a downward trend (-14% to £88.6m) of in-store sales during a financial year in which its shops were only able to open for 36 weeks due to Covid-19 restrictions and lockdowns. That's because of its online returns process, he says in the company's latest full-year report.

"Part of the success of our digital operation is our very efficient returns process which is complimented by our extensive network of stores," he says. "We have a returns rate of c. 9% and the vast majority of these are returned to store and our physical store network is critical to our future success even."

This is just one example in a market where many have recently looked to right size their stores. High street stalwart Marks & Spencer is another example (see profile, page 10). When retailers close stores, they focus on keeping ones open in locations that suit their customers, whether those are retail parks or upmarket shopping centres. While this may be to the detriment of secondary locations, it's also worth noting that separate research from Springboard and the Centre for Cities<sup>[4]</sup> find rising footfall in towns and smaller cities as more people work from home, potentially making such destinations more attractive to retailers.

### HOW ECOMMERCE ADDS VALUE IN-STORE

Returns are just one area in which stores add value for online retailers. M&S said in its post-Christmas trading update that its in-store fulfilment was driving online sales growth.

Gavin Peck, chief executive of discount retailer The Works said in its report for the half year report to the end of October 2021 that its store estate was, "the lifeblood of our business and the main way we interact with customers". It plans to continue opening stores, while still investing in online and multichannel services such as ordering in-store and improving its click and collect service.

In Superdry's latest half-year report, for the six months to 26 October 2021, its chief executive, Julian Dunkerton, emphasises the importance of stores to its brand awareness and showcasing the range. "Illustrating our long-term commitment to the high street, our new Oxford Street flagship store launched in November, showing the best representation of our style choices and how we plan to engage with our customers, wholesale partners and the influencer community," he says. "It has been pleasing to see early trading performance, which has exceeded expectations."

### RETHINKING STORES

Multichannel retailers are rethinking the stores that they operate in ways that are likely to continue in the future. Aldi, for example, recently opened a small checkout-free store in a similar vein to Amazon's, thus taking online and m-commerce technology into its stores. IKEA has unveiled images of its first small format shop in London's Hammersmith, set to open next month. Visitors to the 4,500 m<sup>2</sup> store will be able to view around 4,000 products and take away their choice of 1,800 items, with the rest available to order online for home delivery or collection. At the time of the launch, Peter Jelkeby, country retail manager and chief sustainability officer at IKEA UK & Ireland, said, "As shopping habits evolve and city centres continue to be redefined in the wake of the pandemic, this new store format marks the next step in our business transformation as we trickle to make IKEA more accessible, affordable and sustainable." In doing so, he summed up some of the key aspects that multichannel retailers will be considering as they plan for business post-Covid-19.

[1] <https://internetretailing.net/industry/industry/online-sales-record-highest-growth-for-13-years-in-2020-imrg-22546>

[2] <https://internetretailing.net/industry/industry/online-sales-growth-dips-in-may-but-spend-remains-high-overall-23276>

[3] [www.tescopl.com/media/758013/tesco-plc-interim-results-2021.pdf](https://www.tescopl.com/media/758013/tesco-plc-interim-results-2021.pdf)

[4] <https://internetretailing.net/customer/what-does-the-latest-data-say-about-the-way-uk-shoppers-now-want-to-buy-24298>



# THE LOGISTICS CRUNCH

Chloe Rigby investigates the supply chain pressures that have had an impact on Top500 retailers' delivery promises and asks if these changes are here to stay

For many Top500 retailers, 2022 has started with a headache left over from the supply chain issues that hit ahead of Christmas 2021. They have too much leftover stock at a time of year when consumer demand is already low but may be even lower still this year as rising inflation feeds into a cost of living crisis. Top500 retailers reduced their delivery promises over the course of the pandemic but while the effects of Covid-19 on the supply chain are expected to fade over the next year, the longer-lasting effects for the UK will likely be from a Brexit whose effect on retail is becoming clear – even as UK shoppers' expectations rise.

## SUPPLY CHAIN ISSUES

Supply chain issues became a common theme for Top500 retailers and brands during the autumn and into the Christmas peak trading period. The disruption that Covid-19 brought to the supply chain started with delays to manufacturing and continued into a shortage of containers and the rising cost of shipping from factories in the East to markets in the West. Illness meant staff shortages of delivery and HGV drivers as well as warehouse staff, just as there were shortages in other industries.

The figures show the practical effects on supply chains. According to Freightos/Statista, average freight rates for a container peaked at \$10,839 in September 2021, having risen from \$1,279 in November 2019. By November 2019, these had fallen – slightly – to \$9,353. Meanwhile, shipment delays from China to Europe have risen, reaching an average of 1.65 days in 2021, 172% up from 0.61 days in 2020, according to Project 44 figures. That's significant in an economy that has depended in recent years on deliveries to arrive just in time.

## SKILLS SHORTAGES AND WAGE RISES

In the run-up to Christmas, there were significant shortages of drivers and other logistics workers in the UK market. The data suggests that this was partly because European lorry drivers and warehouse staff had left the UK during the pandemic and were not able to return following the shift to a new relationship at the beginning of 2021 that ended the free movement of EU citizens. It was also partly because Covid-19 raised requirements to self-isolate, while drivers who had decided to retire was another factor.

A Skills and Employment report published by Logistics UK in December 2021 found that HGV driver numbers had fallen to 236,000 by the second quarter of 2021, down 23.4% from the 302,000 who were employed in the first quarter of 2020. At the same time, EU HGV drivers working in the UK fell by 34.7%, to 26,000 from 37,000. The data suggests that 11% of HGV drivers working in the UK in June 2021 were EU nationals, down from 13% in the second quarter of 2019.

As numbers have fallen, hourly wages have risen – by 7.8% to £13.07 in June 2021, up from £11.37 in June 2019. Van driver numbers – a role that requires fewer qualifications – have risen by 6.7% to 303,000. While the number of van drivers in the EU is 45.2% – down at 26,000 – the number of van drivers from the 'rest of the world' currently working in the UK rose by 3,000. Between August and October 2021, the report finds, there were an estimated 1.2m logistics vacancies in the UK, with, "Covid-19 and Brexit creating a perfect storm for skills shortages in the UK". Logistics UK said that 7.3% of respondents to its survey had, "no problem recruiting HGV drivers", while 40.2% "had very severe problems."

## THE EFFECT ON DELIVERY PROMISES

RetailX research, explored further in the Operations & Logistics Dimension, suggests that Top500 retailers have reduced their delivery promises significantly over the course of the pandemic, in a way that is likely related to both supply chain issues and skills shortages. Fewer than half (46%) of Top500 retailers now offer next-day delivery – nine percentage points (pp) lower than last year. Fewer offer nominated day (-3pp to 9%), with grocers among the most likely to do so. In February 2020, five-year RetailX figures suggest, next-day delivery peaked when it was offered by 64% of Top500 retailers. At this point, 15% of the Top500 offered nominated-day and 6% nominated-time delivery, both having peaked in August 2018.

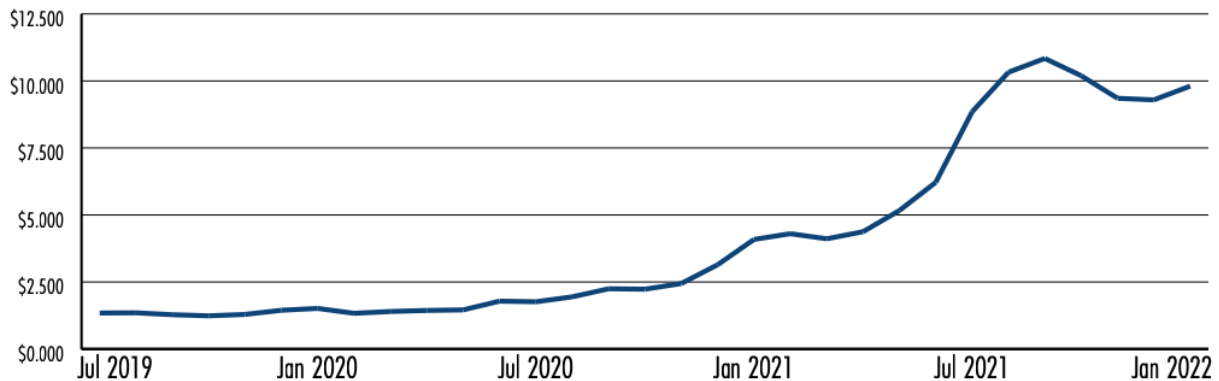
Retailers reined in further on delivery promises in the run-up to Christmas 2021. For many, final order dates were earlier than they had been in previous years, as reported by parcel comparison specialist, ParcelHero, which says services such as next-day delivery were also restricted. "Many retailers withdrew express next-day options in 2021, particularly during the period leading into Christmas," says David Jinks, ParcelForce's head of research. "In November, Asos UK, Cath Kidston, Joules and The White Company all temporarily suspended their fastest, more expensive, next-day home delivery options, which was a sensible move. Given the driver shortage and the stretched supply chains, the priority for everyone was to simply ensure goods got to customers in time before Christmas."

Just as many retailers ordered early to get stock in plenty of time for the festive season, shoppers also ordered early from retailers to avoid missing out. Yet where some Christmas deliveries did arrive later than hoped, stock has since gone unsold.

Pureplay value retailer Studio, for example, invested in building up stock by the end of September for the Christmas quarter of the year, spending more on shipping than usual and sourcing via its own office in Shanghai. But although trade was relatively brisk over Christmas, it was still left with unsold stock from the deliveries

**Figure 1.** Container freight rate index worldwide, 2019-2022

Global container freight rate index from July 2019 to January 2022 (\$USD)



Container freight rates increased dramatically between July 2019 and January 2022. 2021 saw an especially steep increase in global freight rates, reaching a record price of over \$10,800 in September 2021

Note: The index represents a market rate for freight for any given shipping lane for a 40ft container

Sources: Freightos, via Statista

CC BY ND RetailX 2022

that arrived late and, by the end of January, was looking for working capital to see it over a period in which it said in a January trading update, "consumers traditionally spend less on discretionary retail, and this is likely to be compounded due to the higher living costs, notably fuel and energy price increases."

Studio has not been alone. In a trading update for the 18 weeks to 1 January, 2022, Matalan executive chairman Steve Johnson said that sales growth at the value fashion and homewares business came despite "challenging circumstances". He went on, "The flow of inbound stock has suffered delays and volatility, negatively impacting availability for customers. In addition, the UK logistics and labour markets have also suffered their own levels of heavy disruption, all adding significant extra costs for retailers."

Associated British Foods, which owns value fashion retailer Primark, said in January 2022 that, "the pressure of disruption to the supply chain we experienced in the autumn has alleviated, although we are still experiencing some delays in dispatch at ports of origin and we expect longer shipping times to continue for some time".

The same month, discount books to arts and crafts retailer, The Works, said in half-year results that it was looking to good trading performance to, "more than offset significantly increased container freight costs". At the beginning of February 2022, mid-market fashion and homewares retailer Joules reported that supply chain issues and rising costs in its distribution centre and beyond, along with the Omicron variant, would all put pressure on profitability.

## LOOKING AHEAD

Vaccines and the fall in hospital admissions since the emergence of the Omicron variant are likely to mean the worst of the pandemic lockdowns and disruption are behind us. Global supply chains are generally expected to recover over the course of the year, says ParcelHero's Jinks. "Many of the issues that have had such a massive impact on retailers will indeed fade into history quite

quickly," he says. "Factory closures and shipping delays caused by Covid-19 should be a thing of the past by the summer. That's the good news. The bad news is that Brexit costs and delays could even escalate this year as new regulations bite." He points to proof of origin paperwork, set to be applied in full by July in order to apply to imports from the EU to the UK, as it has the other way round since last year.

"That's the tip of the iceberg," says Jinks, "as there is unlikely to be a significant reduction in delays at Customs. Retailers and their supporting supply chain organisations will also continue to suffer from reduced access to EU migrant workers so vital to staffing warehouses." Added to that, he says, manufacturers and retailers will also, "feel the crunch as the separate regulatory regimes of the UK and the EU begin to diverge." We've already seen lorries regularly queuing at Dover and this may, over time, lead to Brexit-related shortages.

Government trade figures for November 2021 show that the value of trade between the UK and the EU has fallen since 2018, with exports to the EU down 4.2% to £13.6bn in November 2021 from £14.2bn in November 2018. Imports from the EU have fallen 14.2% to £19.4bn from £22.6bn over the same period. In November 2021, the UK imported more from non-EU countries (£23.3bn) than from EU countries – a reversal of the previous position.

Regardless of the effect of Brexit, Jinks believes that once Covid-19 is relegated to history, customers will want a return to higher levels of service, especially around delivery. He points to ParcelHero's own survey findings that 62% of respondents valued next-day delivery options, up from 44% in 2020. "Now that distress purchases are not being made online out of necessity, online shoppers will want to see a return to fast delivery choices. Retailers may not relish the costs involved in next- or same-day delivery options, which 56% of online shoppers believe is important. But with delivery and return options becoming as important a selling point as the actual price of an item, we predict the swift return of express delivery options." ■

## UK TOP500 LIST

ELITE	TOP 100	TOP 150	TOP 250	TOP 250
AMAZON	AMERICAN GOLF	ALLSAINTS	AGENT PROVOCATEUR	MILLETS
ARGOS	BODEN	ANN SUMMERS	ANTHROPOLOGIE	MISSGUIDED
ASDA	THE BODY SHOP	AVON	APPLIANCEDIRECT	MODA IN PELLE
BOOTS	BRAVISSIMO	BEAVERBROOKS	AXMINSTER	MONICA VINADER
SAINSBURY'S	CLAIRE'S	BENSONS FOR BEDS	BERSHKA	MONTBLANC
TESCO	CREW CLOTHING COMPANY	BURTON (US)	BOSE	MOONPIG
LEADING	CURRY'S	CEX	BOTTEGA VENETA	MOSS BROS.
ALDI	DUNE LONDON	CHAIN REACTION CYCLES	BOUX AVENUE	MOUNTAIN WAREHOUSE
APPLE	ERNEST JONES	CLARKS	BRORA	MYTHERESA
BLACKS	EVANS CYCLES	COTSWOLD OUTDOOR	BURBERRY	NASTY GAL
DUNELM	F.HINDS	COTTON TRADERS	CARD FACTORY	NET-A-PORTER
ELLIS BRIGHAM MOUNTAIN SPORTS	FAT FACE	DECATHLON	CASS ART	NIKE
THE ENTERTAINER	GAME	DEMON TWEETS	CHARLES CLINKARD	THE NORTH FACE
FARFETCH	GO OUTDOORS	EURO CAR PARTS	CHARLES TYRWHITT	OLIVER BONAS
HOLLAND & BARRETT	GUITARGUITAR	FOOTASYLUM	CRABTREE & EVELYN	ORVIS
JD SPORTS	HOBBYCRAFT	FRENCH CONNECTION	CRUISE	OVERCLOCKERS UK
LOOKFANTASTIC	HOTEL CHOCOLAT	GEAR4MUSIC.COM	DIESEL	OYSHO
MARISOTA	HOTTER	H.SAMUEL	DIOR	PAPERCHASE
MARKS & SPENCER	JONES BOOTMAKER	HOBBS LONDON	DREAMS	PARTYCITY
NEXT	JOULES	HOUSE OF FRASER	FARROW & BALL	PAUL SMITH
ROBERT DYAS	LITTLEWOODS	HUGHES ELECTRICAL	FOOT LOCKER	PRETTY GREEN
SHOE ZONE	M&CO	IN THE STYLE	FOREVER 21	PUMA
TOOLSTATION	MAINLINE MENSWEAR	JACAMO	FORTNUM & MASON	THE RANGE
URBAN OUTFITTERS	MATALAN	JD WILLIAMS	FOYLES	RAPHA
YOURS CLOTHING	MINT VELVET	JESSOPS	FRAGRANCE DIRECT	REEBOK
TOP 50	NEWEGG	JIGSAW	FRASER HART	REISS
ADIDAS	OASIS	KAREN MILLEN	FURNITURE123	ROUTE ONE
B&Q	OFFICE	KIEHL'S	GAK	RUSSELL & BROMLEY
THE FRAGRANCE SHOP	PANDORA	LAPTOPSDIRECT	GOLDSMITHS	SCS
H&M	PAVERS	LEEKES	GUCCI	SEASALT CORNWALL
HALFORDS	RICHER SOUNDS	MAMAS & PAPAS	IKEA	SELECT
ICELAND	SALLY	MOLTON BROWN	ITS	SKATEHUT
JACK WILLS	SCHUH	MULBERRY	JACK & JONES	SLATERS
JOHN LEWIS & PARTNERS	SELFRIDGES	NISBETS	JEWSON	SMYTHS TOYS
JOJO MAMAN BEBE	SIMPLY BE	NOTONTHEHIGHSTREET.COM	JIMMY CHOO	SPORTSDIRECT.COM
LLOYDS PHARMACY	SIZE?	OFFSPRING	KURT GEIGER	SPORTSSHOES.COM
LOUIS VUITTON	SNOW+ROCK	THE PERFUME SHOP	L.K. BENNETT	SUPERGA
MAJESTIC	SOLE TRADER	PETS AT HOME	L'OCCITANE	TESSUTI
MENKIND	SPACE NK	PULL&BEAR	LAKELAND	THOMAS SABO
MORRISONS	SUPERDRY	SHOPDISNEY	LAURA ASHLEY	TIMBERLAND
NELLY.COM	TED BAKER	STELLA MCCARTNEY	LEGO	TOAST
NEW BALANCE	TOPPS TILES	SUPERDRUG	LEVI'S	TRESPASS
NEW LOOK	TRAVIS PERKINS	SWAROVSKI	LIBERTY LONDON	UNDER ARMOUR
PHASE EIGHT	TRIPP	SWEATY BETTY	LONG TALL SALLY	URBAN INDUSTRY
RADLEY	VERY	TIFFANY & CO.	LUSH	VICTORIAN PLUMBING
RIVER ISLAND	WEX PHOTO VIDEO	UK ECIG STORE	MACHINE MART	WATERSTONES
RYMAN	WHISTLES	UNIQLO	MADE.COM	WHITE STUFF
SCREWFIX	THE WHITE COMPANY	WHITTARD OF CHELSEA	MANGO	WOLF & BADGER
T.M. LEWIN	THE WORKS	WYNSORS WORLD OF SHOES	MAPLIN	WOODHOUSE CLOTHING
WAITROSE & PARTNERS	YANKEE CANDLE	ZARA	MASSIMO DUTTI	YESSTYLE
WICKES				
WILKO				

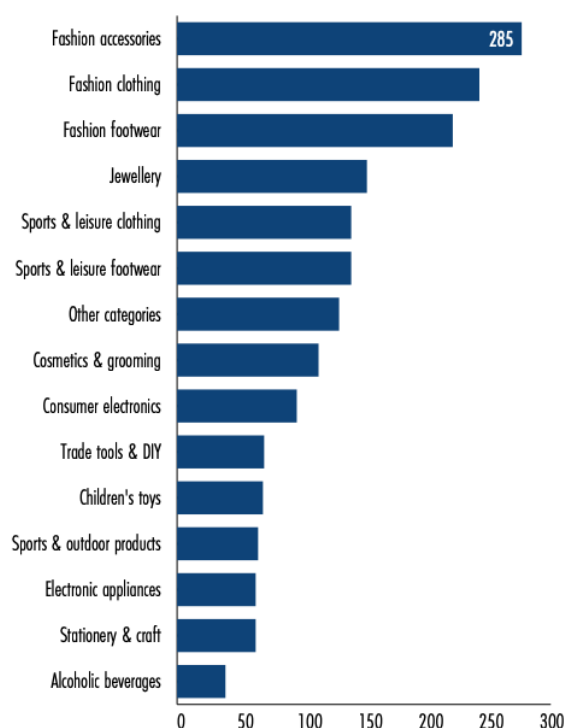


TOP 350	TOP 350	TOP 500	TOP 500	TOP 500
& OTHER STORIES	KATE SPADE	ABERCROMBIE & FITCH	FIRE EARTH	OVERSTOCK
ALDO	LACOSTE	ACCESSORIZE	FITBIT	PEACOCKS
ALEXANDER MCQUEEN	LIZ EARLE	AO	FITNESS SUPERSTORE	PEPE JEANS LONDON
ARCO	LYLE & SCOTT	ARMANI EXCHANGE	FORBIDDEN PLANET	PHILIPS
ARMANI	MATCHES FASHION	ASOS	FRED PERRY	QD STORES
ASICS	MERLIN CYCLES	ASUS	FREE PEOPLE	QS SUPPLIES
ASPINAL OF LONDON	MOLE ONLINE	ATS EUROMASTER	FURNITURE VILLAGE	QUIKSILVER
BANANA REPUBLIC	MONKI	AVERY	GOLFONLINE	QVC
BARKER & STONEHOUSE	NESPRESSO	BAKER ROSS	GOOGLE (STORE AND PLAY)	RAJAPACK
BATHSTORE	OKA	BANG & OLUFSEN	GROWELL	RAZER
BUILD-A-BEAR WORKSHOP	THE ORIGINAL FACTORY SHOP	BARBOUR	GTECH	REGATTA OUTDOOR CLOTHING
CALVIN KLEIN	OUTDOOR & COUNTRY	BEAUTY BAY	GUESS	RICH TONE MUSIC
THE CAMBRIDGE SATCHEL COMPANY	PLANET ORGANIC	BERRY BROS. & RUDD	HABITAT	ROMWE
CAMPER	PLUMBASE	BETTYS	HACKETT	THE ROYAL MINT
CARPETRIGHT	POLARN O. PYRET	BILLABONG	HARRODS	RS COMPONENTS
CATH KIDSTON	PRADA	BIMBA Y LOLA	HARVEY NICHOLS	SALOMON
CHAOS CARDS	PRINTING.COM	BLACKBURN DISTRIBUTIONS	HATTONS	SCOTTS OF STOW
CLINIQUE	RALPH LAUREN	BLACKWELL'S	HAVAIANAS	SCRIBBLER
COAST	RESERVED	BLUE INC	HOLLISTER	SEVENOAKS SOUND AND VISION
COS	ROKIT	BLUE NILE	HORNBY	SHEIN
THE COTSWOLD COMPANY	ROMAN ORIGINALS	BOOHOO	THE HUT	SILENTNIGHT
CROCS	SAMSUNG	THE BRITISH MUSEUM SHOP	JOE BROWNS	SKAGEN
DEICHMANN	SCOTCH & SODA	BROWNS FASHION	JOY	SKECHERS
DFS	SERAPHINE	CALENDAR CLUB	JULIAN CHARLES	SMYTHSON
DULUX DECORATOR CENTRES	SNEAKERSNSTUFF	CANON	JUNO RECORDS	SOFA.COM
EMMA BRIDGEWATER	SOCKSHOP	CARHARTT	JUST FOR PETS	SOFASWORLD
END.	SPORTSBIKESHOP	CASPER	KENZO	SPECSAVERS
EURONICS	STRADIVARIUS	CHRISTIAN LOUBOUTIN	KITBAG.COM	STANLEY GIBBONS
FASHION EYEWEAR	SUNGLASS HUT	COSTCO	LAITHWAITE'S	STEAM
FENDI	THORNTONS	CROMWELL	LEISURE LAKES BIKES	SUNSPEL
FLANNELS	TIMPSON	DELL	LINDEX	SUPERFI
FOOTPATROL	TISO	DESIGUAL	LOAF	SUPREME
FOSSIL	TJ HUGHES	DIGIKEY	LOEWE	SWATCH
G-STAR RAW	TK MAXX	DJI	LOVISA	TATE SHOP
GABOR	TOMMY HILFGER	DOBBIES GARDEN CENTRES	LULULEMON	THE SALEROOM
GAMES WORKSHOP	TRIUMPH	DOVER STREET MARKET	MAX SPIELMANN	UNITED COLORS OF BENETTON
GANT	UGG	DR. MARTENS	MICHAEL KORS	VERSACE
GAP	UK FLOORING DIRECT	DRONESDIRECT	MONSOON	VICTORIA'S SECRET
GOPRO	USC	DUNNES STORES	MUJI	VICTORIAPLUM.COM
GRAHAM & GREEN	VAPE CLUB	DYSON	MUSCLE FOOD	VIOVET
HAMLEYS	WALLS AND FLOORS	EAST CLOTHING	MUSTO	VIRGIN WINES
HAWES & CURTIS	WAREHOUSE	ECCO	NATIONAL TRUST SHOP	VIVIENNE WESTWOOD
HAWKIN'S BAZAAR	WARREN JAMES	THE EDINBURGH WOOLLEN MILL	NEPTUNE	WACOM
HEAL'S	WATCHES OF SWITZERLAND	EPSON	NINTENDO	WEIRDFISH
HOME BARGAINS	WATCHFINDER	ESCAPADE	NOTCUTTS	WEST ELM
HOMEBASE	WEEKDAY	ESPRIT	NOVATECH	WISH
HUGO BOSS	WELDRICKS PHARMACY	ETSY	OAKLEY	WORLD OF BOOKS
J. CREW	WHSMITH	FEATHER & BLACK	OCADO	YVES SAINT LAURENT
JARROLD	YOOX	FERRARI.COM	OLIVER SWEENEY	ZALANDO
KARCHER	YUMI	FIELD & TREK	OMEGA	ZEE & CO

# ABOUT THE UK TOP500

**Figure 2. What do the Top500 sell?**

The number of retailers that sell a significant number of products in each category



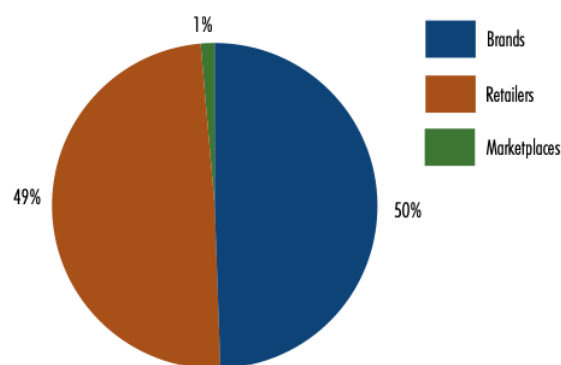
Categories that include at least 20 retailers are shown. Note that some retailers sell in multiple categories

Source: RetailX

cc i = RetailX 2022

**Figure 4. Business types of the Top500**

The fraction of Top500 retailers that are brands, which mostly sell own-label products; marketplaces, which host third-party sellers; and retailers

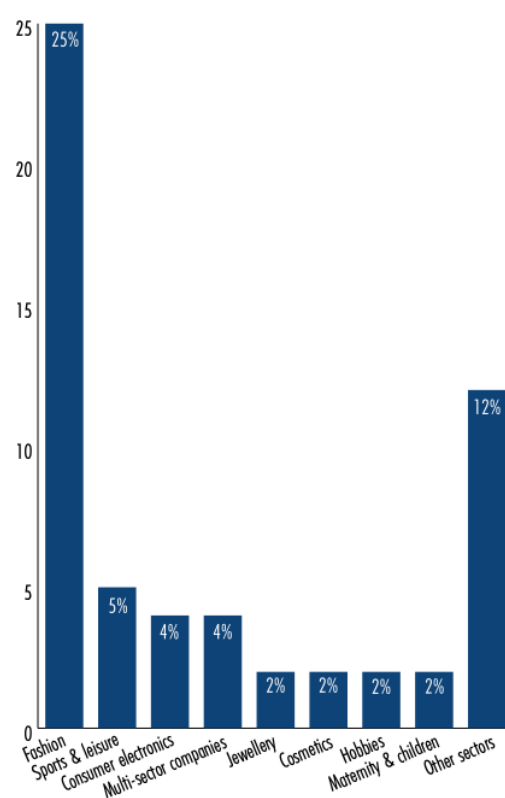


Source: RetailX

cc i = RetailX 2022

**Figure 3. The primary sectors that Top500 retailers belong to**

The percentage of Top500 retailers in key sectors

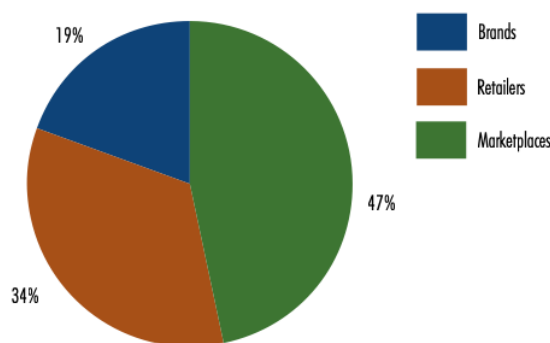


Source: RetailX

cc i = RetailX 2022

**Figure 5. The split of British web traffic**

The percentage of visits from British consumers to the Top500's websites, divided into brands, marketplaces, and retailers



Marketplaces over-index relative to the other business types in the list, although many brands and retailers sell through marketplace websites as well

Source: RetailX

cc i = RetailX 2022

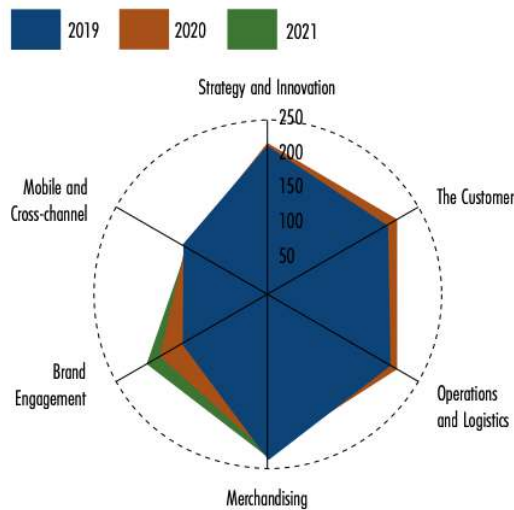


# MEASURING PERFORMANCE

We score performance in tests to create an index value. The Total Index Value (TIV) is the sum of all companies' results while the Average Index Value (AIV) is the average company's result. These figures enable us to compare performance between years, sectors and regions since a higher TIV or AIV represents a greater measured capability and performance. Our benchmarking reveals that performance has markedly improved in most areas in successive years

**Figure 6.** Performance by dimension

The Total Index Value for each performance dimension 2019-2021

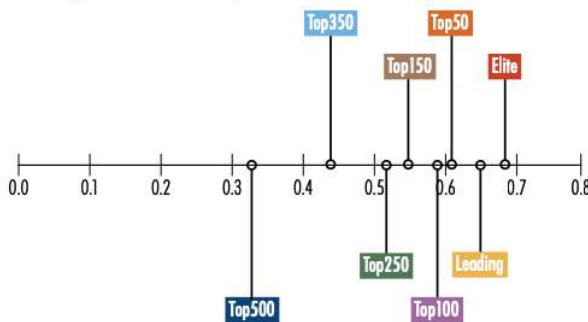


Source: RetailX

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**Figure 8.** Average performance by cluster

The Average Index Value for each performance cluster of the Top500



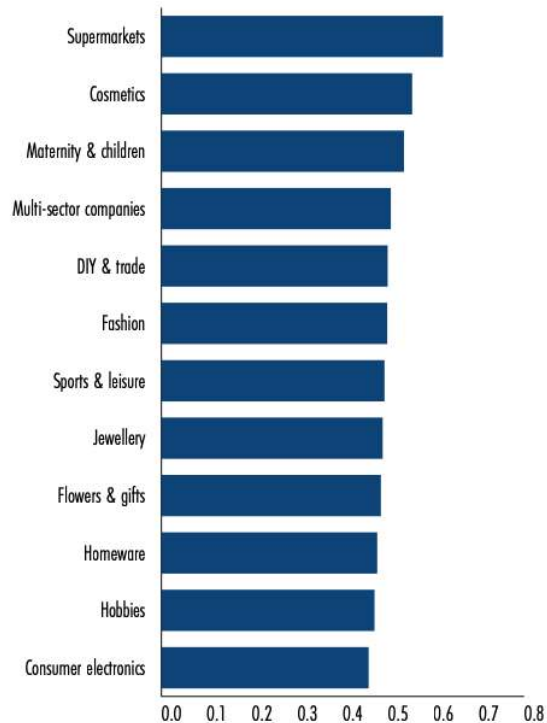
The retailers within each cluster are listed on page 16. A retailer's cluster is determined both by its Footprint size (calculated from revenues, web traffic and stores) which receives a 30% weighting, and by its performance in the other metrics covered by this report (70% weighting)

Source: RetailX

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**Figure 7.** Average performance by sector

The Average Index Value for the largest sectors

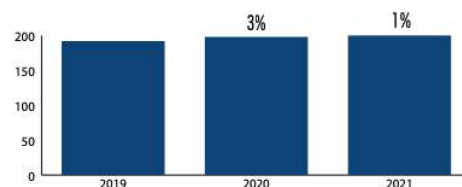


Source: RetailX

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**Figure 9.** Overall Index change

The Total Index Value 2019-2021 and YOY change



Most years show year-on-year growth, reflecting an increase in measured capacity. During the pandemic the overall change has remained positive although several metrics such as customer service response times and the availability of next-day delivery have declined

Source: RetailX

CC BY-NC-SA RetailX 2022

# TOP OF THE 2022 CLASS

Elite and Leading retailers offer customers a market-leading shopping experience

The retailers classed Elite and Leading in the RetailX UK Top500 2022 stand out for giving customers the flexible and convenient shopping journeys that more people than ever now expect, almost two years after the first pandemic lockdowns sent many shoppers online for the first time.

All of the 2022 Elite are now multichannel retailers, reflecting the advantages that stores give retailers in this listing, whether through brand awareness or by enabling them to support multichannel fulfilment services.

This year's Elite are retailers who were all able to trade close to normally through the pandemic, when rising levels of demand for online shopping led them to expand their delivery capacity and services. This has given them an advantage at a time when retailers from categories that were deemed non-essential during numerous pandemic lockdowns have downgraded previous delivery promises that relied on having stores open to offer multichannel services such as collection and in-store returns.

Fashion and value retailers are among the mostly multichannel businesses that appear in the Leading group of retailers.

### ELITE RETAILERS

Amazon retains its position in the Elite of the Top500 for the eighth consecutive year, while Argos, Asda, Boots and Tesco continue to be ranked and are joined by Sainsbury's, last ranked Elite in the Top500 of 2019. As we also saw last year, Elite retailers are those that moved quickly to expand their delivery capacities during and after pandemic lockdowns, ensuring that they could provide market-leading services to those who wanted to buy everyday essentials from home.

Four of the six retailers in the group are either grocers or sell groceries for fast delivery. A fifth – Boots – sells essential and over-the-counter medicines along with health and beauty products. In recent years, it has expanded its fast delivery and collection services.

Argos, while a general retailer, already had a large and growing presence in supermarkets as part of the Sainsbury's retail group. General retailer Amazon already offered market-leading fulfilment options that it expanded quickly during and

after lockdowns, at first through a focus on essential deliveries including groceries.

It's notable that there are no fashion retailers in the Elite, as was the case in previous years. This is likely to be because clothing retailers were hampered by having to close during lockdowns and have yet to fully rebuild their services.

### LEADING RETAILERS

Half of the 18 retailers and brands now classed as Leading are listed in this group for the first time. Most of the group are multichannel retailers, with Farfetch, Lookfantastic and Marisota the only pureplays. As a marketplace, however, Farfetch gives an online presence to brands and retailers that have stores or independent boutiques and thus can offer the full range of multichannel services. Lookfantastic and Marisota appear in the Leading group for the first time, thanks to highly competitive fulfilment promises, as do multichannel newcomers Yours Clothing, Shoe Zone, Robert Dyas, The Entertainer, Ellis Brigham Mountain Sports, Apple and Aldi. It's a disparate group in which a significant number – including Aldi, Yours Clothing, Marisota and Shoe Zone – are retailers known for their affordability.

Their position as Leading retailers points to the growing maturity of the UK market following the shift online of recent years. Today, it is not only worthwhile for retailers selling less costly goods to invest in digital and multichannel sales models. This group of retailers now competes effectively in the higher ranks of the Top500.

The Leading group also includes some brands that mostly sell their own goods direct to customers. Apple leads the way in a charge that has seen brands overtake retailers in the Index as a whole to make up half of all those listed in the Top500 of 2022. Yet brands are mostly represented at lower levels of the Index and are moving up thanks to an approach that sees them give customers, many now used to shopping online, the type of service that they now demand. ■



# NEW THIS YEAR

Congratulations to the 67 retailers and brands that have joined the UK Top500 in 2022. We have tracked most of these retailers and brands for some time and this year their RetailX Footprint indicators (web traffic, revenue, stores) were large enough to give them a place in the Top500. Some appear for the first time, while others have returned to the list after appearing in previous years. Change in membership of the Top500 is inevitable each year, since companies' sales, store numbers, and web visits grow. RetailX tracks five thousand retail ecommerce and multichannel retailers selling in the UK.

NEW TO THE TOP500 IN 2022		
ALEXANDER MCQUEEN	FIELD & TREK	OASIS
ARMANI EXCHANGE	FITNESS SUPERSTORE	OLIVER SWEENEY
BERRY BROS. & RUDD	FOOTPATROL	OMEGA
BETTYS	GAK	PEPE JEANS LONDON
BILLABONG	GOLFONLINE	POLARN O. PYRET
BLACKBURN DISTRIBUTIONS	GROWELL	RESERVED
BLUE INC	HATTONS	RICH TONE MUSIC
BOTTEGA VENETA	IN THE STYLE	ROKIT
BROWNS FASHION	JARROLD	RS COMPONENTS
THE CAMBRIDGE SATCHEL COMPANY	JULIAN CHARLES	SCOTCH & SODA
CARHARTT	JUST FOR PETS	SCOTTS OF STOW
CRABTREE & EVELYN	LIBERTY LONDON	SMYTHSON
CRUISE	LOEWE	SOFAWORLD
DEMON TWEEDS	LOVISA	SUNSPERL
DESIGUAL	LYLE & SCOTT	SUPERFI
DOVER STREET MARKET	MAPLIN	SWATCH
DRONESDIRECT	MERLIN CYCLES	URBAN INDUSTRY
EAST CLOTHING	MOONPIG	WAREHOUSE
EMMA BRIDGEWATER	MUSTO	WOLF & BADGER
ESCAPADE	NATIONAL TRUST SHOP	WOODHOUSE CLOTHING
FASHION EYEWEAR	NEPTUNE	

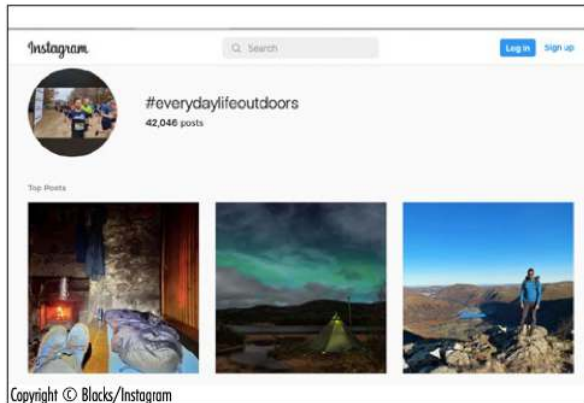
### CASE STUDY

## Blacks: engaging with outdoors enthusiasts

Outdoors equipment retailer Blacks is a Leading retailer in RetailX UK Top500 research, and is ranked in the Top25 in the Engagement Dimension both for the way it makes it easy to order and pay, and for the way it keeps shoppers informed.

The retailer is part of the Blacks division of stores that also includes Millets and Ultimate Outdoors and is owned by JD Sports Fashion. It was founded in 1863 by sail maker Thomas Black on the Clyde, in Scotland, and today sells clothing and equipment for outdoor activities from camping and walking to fishing and horse riding.

Today it sells online and through 56 stores from which it offers multichannel services including supporting returns at a third party drop off site and Sunday delivery. The retailer performs strongly in engaging with shoppers, where metrics including sharing products with friends – via Twitter, Facebook, email and Hot UK Deals – stand alongside and third party checkout from Paypal. The retailer also offers Klarna and PayPal checkout. Blacks engages through a strong social strategy, that sees it share its customers' Instagram images on its website; more than 42,000 images were posted with its #everydaylifeoutdoors hashtag at the time of writing.



Shoppers can sign up for a newsletter that includes offers and content from its landing page, while it runs a blog that features buying guides, interviews, inspiration and how to guides, and has a page for those taking the Duke of Edinburgh series of awards, featuring both relevant products and advice on preparing for and taking part in expeditions.

**LEADING**

### CASE STUDY

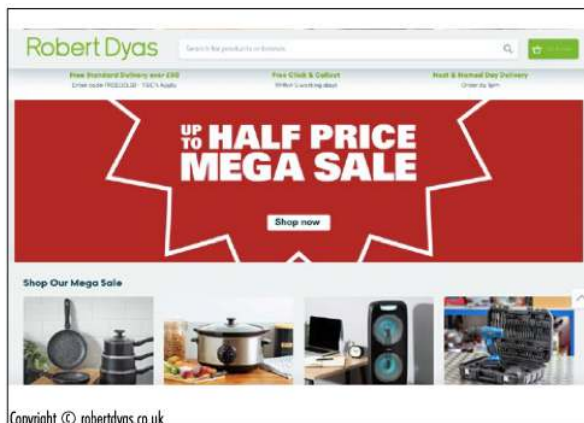
## Robert Dyas: delivering a convenient experience

Homewares, gardens, DIY and electricals retailer Robert Dyas is a Leading retailer in RetailX research, where it stands out for a flexible range of convenient delivery options that win it a place in the Top25 retailers both in the Operations & Logistics and the Strategy & Innovation dimensions. It is now among a small minority of brands that offer services including next and named day delivery.

The roots of the 140-year-old retailer stretch back to 1872, when Robert Dyas emigrated from Ireland and opened his first ironmongery store in London. In July 2012, former Dragon's Den investor Theo Paphitis, bought the business, which he now owns alongside Ryman and Boux Avenue.

The group's latest figures show that in the year to March 21, Robert Dyas online sales grew 88% on the previous year, to account for 47% of the retail brand's revenues. That delivered a £2.4m boost to earnings before interest and one-off costs, which improved to a loss of £0.7m for the brand. This Christmas, online sales doubled.

Theo Paphitis, chairman of Robert Dyas, Ryman and Boux Avenue, says that its "excellent performance online drove strong growth for the brand, with its ecommerce strategy and investment paying dividends." He adds: "Even with stores reopening, year-to-date e-commerce growth continued to accelerate for the first six months of the current financial year by a further 34.2%. The



increased trend towards the home and garden sector has also created further success for Robert Dyas."

Robert Dyas is easily found, with a search on its name returning its up its Twitter and Facebook pages after its main website. It sells online and from 92 stores across the south of England. Its stores enable it to offer multichannel services including free standard delivery for shoppers spending at least £50, free click and collect within five working days and next and named day delivery on orders placed by 1 pm.

**LEADING**



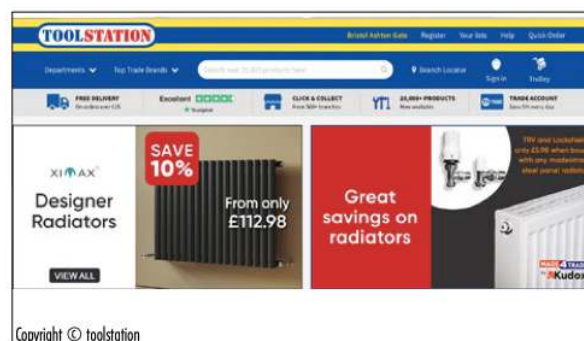
## CASE STUDY

### Toolstation: efficient and flexible service

Toolstation performs strongly across RetailX Performance Dimensions thanks to a retail model that's focused on the practical ways it can help its trade customers. These are on-the-go shoppers who need tools and materials quickly for their work and are better served when they can check stock levels in their local branch before ordering for fast collection or delivery.

The trade counter business, founded in 2003, is part of the Travis Perkins group. The business performed strongly in pandemic lockdowns, both as demand rose for the products that it sells, and because it was easily able to adapt its branches into fulfilment centres. In its latest first-half figures, covering the six months to June 2021, its revenues grew by 38% to £394m, and it made an adjusted operating profit of £10m in a half year. Its UK business alone saw its adjusted operating profit double to £20m.

As of the end of June, Toolstation had 98 stores in Europe and 490 in the UK, a figure that has now grown to more than 500. From those branches it is able to offer services including same-day collection, Sunday delivery and online stock checking, and return via pick up from the house. The business delivers next day Monday to Friday as standard, and for free on orders over £25.



Premium deliveries offering faster nominated day - and before 12 on a nominated day - services, while collections can be picked up in as little as five minutes from the point of ordering. Visitors can find out about delivery and payment options – including PayPal, PayPal Credit, Apple Pay and Google Pay – from the landing page, where they can also sign up for its newsletter.

Toolstation's fast and efficient service puts it among the Top25 retailers in the Strategy & Innovation, The Customer and Operations & Logistics Dimensions of RetailX Top500 research.

**LEADING**

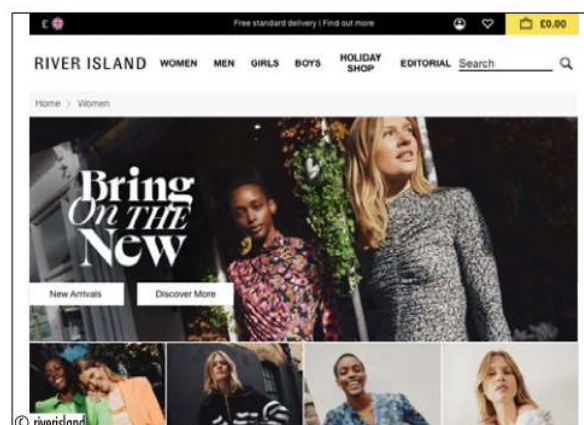
## CASE STUDY

### River Island: fashion across channels

River Island has proved itself a high street survivor, after a year in which many in its market - including Topshop, Dorothy Perkins and Debenhams – have moved to sell only online and via mobile and social to younger fashion shoppers.

The business, which traded as Chelsea Girl until 1959 and 1992 and is now more than 60 years old, does nonetheless, have an effective multichannel model that is given added brand awareness and convenience by selling through more than 300 stores across the UK and Ireland. River Island is now only Top25 Strategy & Innovation Dimensions for promises that include the relatively rare nominated day and time deliveries, returns via pick-up from the house, and the use of wish lists.

The retailer was founded by Bernard Lewis and is still owned by the Lewis family. The private company's latest full-year figures show that in the year to December 26 2020, it was hit by the pandemic, and its £576.4m turnover was 31.7% down on the £843.5m it had reported a year earlier, and it reported an operating loss of £32.5m, down from a profit of £28.4m last time. While the retailer initially responded to the pandemic by closing its stores and distribution centre in order to safeguard staff, its full-year 2020 statement shows that it subsequently saw a "material increase



in web sales and store performance" that beat its expectations, thanks to the use of tools including digital marketing. In that latest full-year statement, River Island says its customers were "at the heart of the business" and that "delivering excellent product and service wherever they shop is paramount". It also said the interests of customers were considered in all key decisions - including store and product development, while directors actively engaged with its customers through a channels including stores, social media and direct interviews to better understand their needs and concerns.

**TOP50**

# MAKING STRATEGIC CHOICES

Retailers stand out in the Strategy & Innovation Dimension when they give their customers choices about how they want to buy

In the Strategy & Innovation Dimension, RetailX researchers choose the metrics that they consider most significant in a forward-looking ecommerce strategy. These vary each year, reflecting changing priorities in a fast-moving industry. This year, researchers have chosen to look at how Top500 retailers and brands enable shoppers to localise their customer experience and at what strategic payment and fulfilment choices retailers and brands have taken. These reflect the ways that retailers choose to give shoppers choices about how they buy. The graphic, meanwhile, focuses on search visibility – a metric taken from the Engagement Dimension that reflects the importance of brand awareness and name recognition when customers are searching for a retailer.

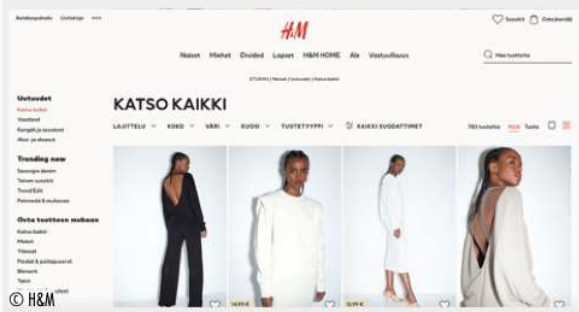
## TO WHAT EXTENT DO TOP500 RETAILERS AND BRANDS ENABLE SHOPPERS TO LOCALISE THE CUSTOMER EXPERIENCE?

More Top500 websites enable shoppers to choose the country website they want to look at than to choose the currency or language. This suggests retailers and brands who cater for international shoppers are now more likely to offer a dedicated local market website than a site where the user chooses their local preferences.

### EXAMPLE

#### LOCALISING WEBSITES

H&M's approach to localised websites is now typical of global brands that sell in many countries. Shoppers choose the website that is local to them, then see the site in their local language, with local currency prices. This makes for a much more relevant shopping experience. On its UK website, for example, H&M offers free standard delivery and click and collect to its members when they spend £20. Its Italian site offers a 10% discount and free delivery, while flagging up that, at the time of research, delivery times were longer than usual.



### Country selector

Almost half of retailers (49%) enable shoppers to pick which country website they want to look at, although this has declined 3pp from 52% since 2021. Only grocers (+2pp to 32%) added this, while retailers selling furniture (-8pp to 34%), artwork and interior decoration (-8pp to 46%), kitchenware (-7pp to 41%) and garden products (-7pp to 23%) tended to remove it.

### Currency selector

Slightly more retailers enable shoppers to select which currency they'd like to use to pay, with 22% doing so this year – down 3pp from 25% last year. Eyewear (+4pp to 42%) retailers and marketplace hosts (37%) are more likely to deploy than those selling garden products (7%), furniture or software (both 13%). A small number of grocers (+4pp) added this functionality, while it was most likely to be added by those selling automotive goods (-5pp to 13%), health products (-5pp to 14%) or fashion footwear (-5pp to 27%).

### Language selector

17% of retailers now enable shoppers to choose in which language they'd prefer to see a website, -5pp from 22% last year. Those most likely to give this option include eyewear (26%) and sports and outdoor equipment (25%) retailers, as well as brands and fashion footwear retailers (both 23%). Sites selling pet supplies (2%), health or garden products or books (all 6%) are less likely to do so, perhaps because they tend to be relevant to a smaller market. Grocers and sites selling alcohol (both +2pp to 10%) added these the most, while those selling furniture (-8pp to 12%) and health products (-5pp to 6%) removed them.

## HOW DO RETAILERS ENABLE SHOPPERS TO SAVE PRODUCTS FOR A RETURN VISIT?

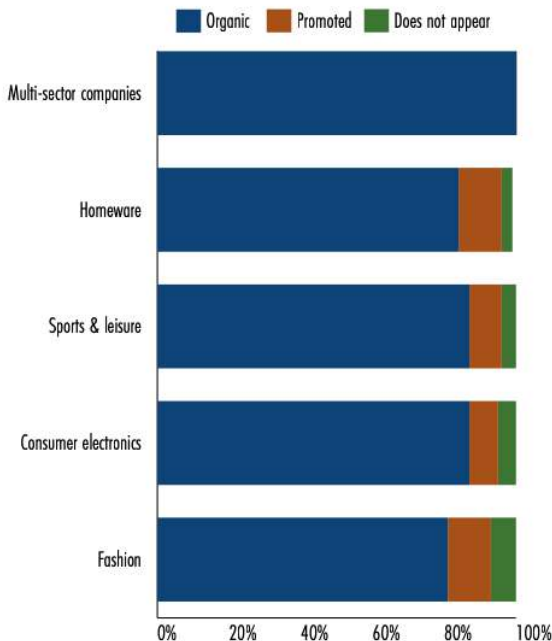
Shoppers can more easily remember the products that caught their eye when they can save them to a wishlist. Saving to a shopping basket also helps them to complete their order at a convenient time.

### Wishlists

These are available on slightly fewer websites (-1pp to 57%) than last year. They are more likely to be available on marketplaces (76%), eyewear and cosmetics and personal grooming sites (both 72%), and less likely to be on confectionery and music, film and TV product sites (43%). Retailers on automotive goods websites (+6pp to 51%) added wishlists fastest to their sites over the last year, while the biggest decrease was on eyewear websites (-7pp to 73%).



**Figure 10.** The average search visibility of retailers by sector  
The likelihood of the average retailer or brand in a sector being the first result of a Google UK search for their name



Multi-sector companies in particular, such as online marketplaces and department stores, and most of the Top500 in general, receive the primary space for their own brand-name search organically. There is a minority that pays for the position and an even smaller number that don't receive first place for a name search

Source: RetailX

© RetailX 2022

### Shopping baskets

41% of retailers enable shoppers to save their shopping basket in 2022 – the same as last year. Marketplace hosts (57%) and fashion footwear, clothing, jewellery and cosmetics retailers (all 48%) are the most likely to do so, those selling confectionery (31%) and greetings cards and gifts (33%) the least. No retail categories added this capability, which declined slightly among those selling consumer electronics (-1pp to 36%) and automotive goods (-1pp to 35%).

### WHAT STRATEGIC CHOICES DO RETAILERS TAKE ON PAYMENT?

Retailers and brands face a strategic choice at checkout. Customers who register by saving data such as name, address and even a payment method may return. Yet make checkout too complicated and many shoppers will move on. This is where third-party checkouts such as PayPal or a social media checkout can help to make the purchase step of the customer journey simpler and easier.

### Showing payment methods on the landing page

A growing number of Top500 retailers now show the payment methods they offer on the landing page, with this metric rising by

13pp from 19% to 32% of the 480 retailers assessed on this metric both this year and last. Over a third of retailers selling sports and leisure footwear, eyewear, and trade and DIY tools and equipment (all 36%) take this approach, which is less commonly used by those selling alcoholic drinks (19%) and software (21%), and by marketplace hosts (21%).

The fastest uptake was among those selling furniture (+17pp to 27%) and electronic appliances (+17pp to 33%). All categories saw an increase.

### Registration before checkout

Over the last year, there's been a small shift towards requiring shoppers to register before checking out (+2pp to 63%). This is more likely to be asked on sites selling artworks and interior decoration products (71%), greetings cards and gifts (69%) and on brand websites (67%). It is less likely to be demanded by marketplace hosts (40%) and software sites (41%). The fastest growth in this move was on sites selling automotive goods (+4pp to 52%) and trade and DIY tools and equipment (+4pp to 58%).

### Payment options

PayPal Checkout is used by 28% of retailers following a 1pp uplift during the year. It is most often used by sports and leisure footwear (34%), equipment (33%) and clothing (32%) retailers and least used on marketplaces (10%) and by grocers (10%). Traders in 18 retail categories added this during the year, most notably those selling health products (+3pp to 26%).

Amazon Pay is used by 8% of retailers, following a 1pp uptake. Retailers selling software (11%), books (10%), sports and leisure footwear (9%) and consumer electronics (9%) are most likely to use it. Some booksellers added it during the year (+1pp to 10%).

Checkout on Facebook is used by 6% of retailers, a figure unchanged on last year. It's most often used by marketplace hosts (20%) and those selling health products (13%), and least often by those selling garden products (1%), automotive goods or soft furnishings, bedding and towels (both 3%). Retail categories adding it over the year included those selling automotive goods (+2pp to 3%).

Google Pay is used by 5% of retailers, following a 1pp uptake in the last year, with jewellers (+1pp to 5%), fashion clothing (+1pp to 5%) and cosmetics (+1pp to 6%) tending to add it, and those selling artworks and interior decoration, furniture, stationery and craft (all -1pp to 4%) and kitchenware (-1pp to 2%) tending to remove it. It is most used by marketplace hosts (19%) and those selling music, film and TV products, books and greetings cards and gifts (all 8%).

### WHAT STRATEGIC CHOICES ON FULFILMENT DO RETAILERS TAKE?

The delivery, collection and returns metrics singled out here are chosen for being strategic choices on the part of brands. Retailers stand out from the crowd when they take the decision, for example, to offer same-day collection or to pick up returns from the home. Other services, such offering collection or supporting next-day delivery are included here because they represent a key step in an effective multichannel strategy.

### Showing fulfilment options on the landing page

Retailers are now less likely to show fulfilment options on the landing page (-14pp to 44%) and, to a lesser extent, on the product page (-3pp to 70%).

### Next-day delivery

There's been a significant drop in the number of Top500 retailers offering next-day delivery (-9pp to 46%), with retailers in all categories dropping their use of a service that is now most available from those selling health products (54%), confectionery (52%) and greetings cards and gifts (50%) but less available from those selling automotive goods (31%), soft furnishings, bedding and towels (34%) and from marketplace hosts (34%). The largest falls came in the eyewear (-14pp to 41%) and kitchenware (-13pp to 40%) categories.

### Nominated day and time delivery

Delivery times have got less specific over the last year, with only 2% (-2pp) of leading retailers now enabling shoppers to name their delivery time, while 9% (-3pp) enable them to name a delivery day. Shoppers buying groceries (10%) alcoholic drinks (7%), pet supplies and garden products (both 6%) are more likely to be able to be able to name their time of delivery.

Retailers selling greetings cards and gifts (less than 1%) are the least likely to offer timed delivery, followed by brands (-1pp to 1%) and booksellers (2%). In every category, fewer retailers offered this service, most notably among those selling eyewear (-4pp to 3%) and artwork and interior decoration (-3pp to 2%). Retailers selling furniture (-6pp to 11%) moved away from this service fastest.

### Same-day delivery

Only 4% of retailers offer same-day delivery following a 1pp fall over the year. This is more likely to be offered by retailers selling automotive goods (9%), marketplace hosts (8%) and grocers (8%), while at the other end of the scale, fewer than 1% of those selling greetings cards and gifts offer it, along with 2% of those selling books and stationery and crafts.

### Collection

50% of retailers now offer collection, after a 3pp fall since last year. Shoppers buying kitchenware (61%), confectionery (59%), alcoholic drinks and groceries (both 58%) are most likely to be able to pick up their online order. The service tends to be less available from those selling greetings cards and gifts (30%) and software (31%). While collection because slightly more available at grocers (+1pp), it has become less so from retailers in 24 categories, including books (-6pp to 42%), artwork and interior decoration (-5pp to 47%), homewares (-5pp to 49%) and eyewear (-5pp to 50%).

### Same-day collection

7% of retailers offer same-day pick-up – the same as a year ago. Fast collection is more likely to be available for those selling confectionery (14%), software (13%), automotive goods and furniture (both 12%), and less so for from those selling greetings cards and gifts (3%), fashion footwear, clothing and accessories (all 4%), and brands (4%). During the year, furniture shops (+1pp to 13%) and jewellers (+1pp to 5%) tended to add the service, while those selling garden products (-2pp to 7%), trade and DIY tools and equipment (-2pp to 10%), groceries (-2pp to 10%) and electronic appliances (-2pp to 11%) were more likely to drop it.

### Next-day collection

Slightly fewer retailers now offer next-day collection (-1pp to 14%), with those most likely to offer it including sellers of pet supplies and confectionery (both 26%), followed by kitchenware and eyewear (23%). Fewer sellers of sports and outdoor equipment (11%), automotive goods (12%) and brands (13%) offer next-day collection. The small overall variation was reflected at a category level, where the largest changes were in garden products (-3pp to 15%), eyewear (-2pp to 22%) and grocery (-2pp to 20%).

### Return to store

63% of retailers are now accepting returns of products ordered online in-store. That's 15pp up from 48% last year. This rise may be marked because non-essential retail was often closed for Covid-19 lockdowns in the early part of 2021. It's also likely that as more shoppers buy online, cross-channel services are moving mainstream. Fashion footwear, clothing and kitchenware retailers (all 72%) are most likely to take online returns in-store, along with those selling fashion accessories (71%) and sports and leisure footwear (70%). That may be because these items are easily taken to a shop. All categories showed an increase, especially kitchenware (+22pp to 72%) and soft furnishings, bedding and towels (+19pp to 62%).

Software (18%) is less likely to be returnable in-store.

### Returns: via pick-up from the house

The percentage of retailers offering to pick up returns from the house has fallen by a third to 6%, with drops in every sector led by kitchenware (-8pp to 7%), eyewear (-6pp to 6%), music, film and TV products (-5pp to 5%) and fashion accessories (-5pp to 5%). This service remains more commonly available from retailers selling electronics (11%), soft furnishings, bedding and towels (10%) and garden products (10%) and least from those selling confectionery (2%), books, health products and greetings cards and gifts (all 4%).

LEADING RETAILERS IN THE STRATEGY & INNOVATION DIMENSION				
AMAZON	BLACKS	JACK WILLS	MARISOTA	SHOE ZONE
AMERICAN GOLF	BOOTS	JD SPORTS	NEW LOOK	TESCO
APPLE	THE ENTERTAINER	JOJO MAMAN BEBE	REISS	TOOLSTATION
ARGOS	FARFETCH	LLOYDS PHARMACY	RIVER ISLAND	UK ECIG STORE
ASDA	GUITARGUITAR	LOOKFANTASTIC	ROBERT DYAS	YOURS CLOTHING



# HOW CUSTOMER SERVICE STANDARDS ARE CHANGING

Retailers stand out in The Customer Dimension when they offer fast and effective service, from the checkout right through to the returns period

Shoppers visiting a RetailX Top500 website now have slightly longer to return an item, are less likely to see product recommendations, reviews or ratings, or be offered live chat. While these are not dramatic changes, they do offer the chance for businesses investing in customer services to stand out from the crowd. It may be that rising online demand means there is no longer the need – or capacity – to offer such services at scale.

In The Customer Dimension, RetailX researchers assessed retail websites on a range of metrics around the customer experience and customer service. Their findings are grouped here around three key questions: how do Top500 retailers help shoppers find the right product? Do they share what other customers thought of a product? And how do they boost the customer experience?

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## HOW DO RETAILERS HELP SHOPPERS FIND THE RIGHT PRODUCT?

Websites that help shoppers find the product they want to buy quickly and efficiently are more likely to win a sale. That means effective search and navigation. For instance, product recommendations that help shoppers to find the accessories that go with a searched-for product are particularly effective, especially when an item needs something such as a cable or batteries in order to work.

### Ease of navigation

RetailX researchers assessed the use of categories and filters to narrow down a product journey on retail websites, awarding a score out of five for how easy a site is to navigate. The median retailer scored three, as last year. Category analysis suggests that retailers with easier websites to navigate are in the software, marketplace and eyewear categories, while at the other end of the scale, greetings cards and gifts retailers scored in line with the average Top500 retail site.

### Search relevance

Similar analysis looked at how relevant researchers found search results to be, and found a median search relevance of three, across

the 485 retail websites researched both this year and last. Once again, marketplaces, music, film and TV, and software retailers scored well, while those selling consumer electronics, furniture and health products scored in line with the Top500 average.

### Recommend complementary products

The use of product recommendations appears to be declining among the Top500, with 30% now recommending items that go with the product a website visitor is viewing – down by 2pp from 32% last year. This tactic is most likely to be used on marketplaces (42%), and by those selling eyewear (39%), music, film and TV products (37%) and cosmetics and personal grooming items (36%). More than a third of brands (34%) do this, while category with the biggest uptake during the year was in alcoholic drinks (+4pp to 21%), followed by grocery (+2pp to 27%).

Product recommendations have fallen out of favour most notably among those selling garden products (-9pp to 22%) and those selling electronic appliances (-5pp to 30%). It is least used by those selling pet supplies (11%).

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## DO RETAILERS SHOW WHAT OTHER CUSTOMERS THOUGHT OF A PRODUCT?

Shoppers often feel more informed about a product they are considering buying when they can read customer reviews – sometimes illustrated by the customer's own images – and see what owners of the product thought of it.

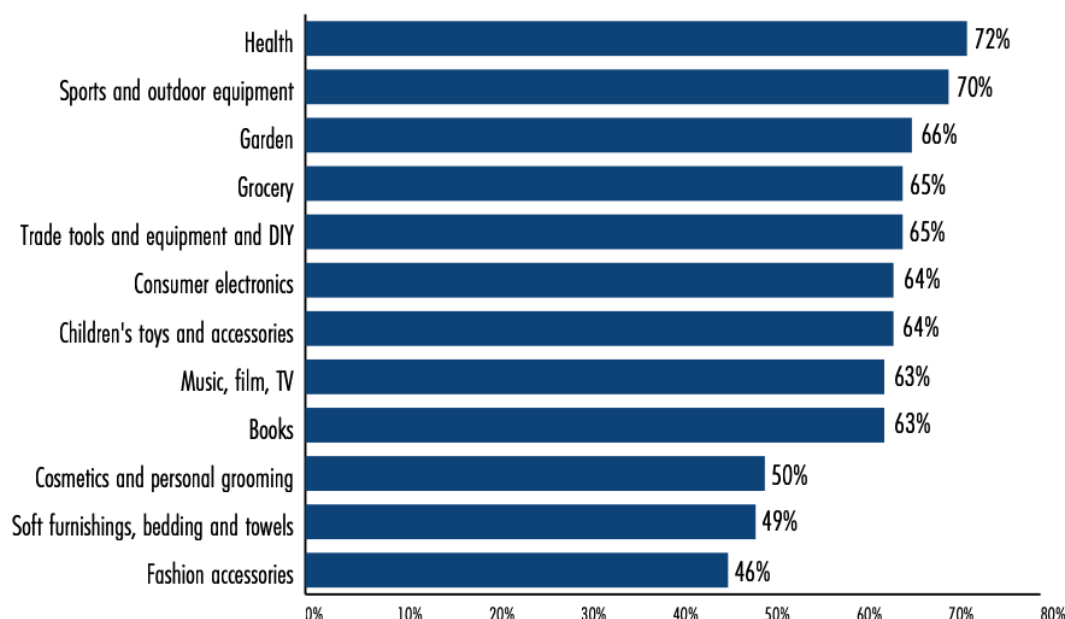
### Product reviews and images

More than half (52%) of the 487 retailers assessed on the metric both this year and last now share product reviews with customers. That's down by 3pp from 55% last year. Customers looking at websites selling automotive goods (73%), sports and outdoor equipment (72%) and electronic appliances (69%) are more likely to see reviews. The graphic on the next page shows how retailers approach the use of reviews and is organised around the primary sector that the retailer belongs to. Thus, websites that predominantly

## THE CUSTOMER

**Figure 11.** Retailers sharing product reviews, by sector

Retailers selling health products are most likely to show customer feedback on their websites, possibly because shoppers buying these prefer to have information from a range of sources



Source: RetailX

CC BY ND RetailX 2022

sell health products (72%) are more likely to share reviews than fashion accessories websites (46%).

Reviews are also more likely to include an image when they are reviews of greeting cards and gifts (8%) or posted on marketplaces (8%) compared to the Top500 average (-2pp to 3%).

Reviews are less often found on sites selling eyewear (31%), artwork and interior decoration (35%) and jewellery (42%) while the fastest move away from using reviews was on sites selling eyewear (-8pp to 39% of 24 retailers measured in this category both this year and last), followed by trade and DIY tools and equipment, music, film and TV products (both -7pp to 65%). User images are able to be posted less often on sites selling health, groceries, cosmetics and personal grooming items (all 2%) – perhaps these are categories where images might be of less use or interest. While use of this feature generally declined, the eyewear category (+2pp to 3%) saw the use of images on reviews increase slightly, while those selling stationery and craft (+3pp to 4%) and trade and DIY tools and equipment (-3pp to 5%) moved in the other direction.

### Product ratings

Just over half of Top500 retailers now support product ratings, although there was a 2pp decrease to 53% of the 490 retailers assessed on the metric both this year and last. Ratings are more commonly found on sites selling automotive goods (73%), sports and outdoor equipment and electronic appliances (both 72%), while grocery (+2pp to 68%) was the only category where more websites added this feature than removed it. They are less common

on sites selling eyewear (27%), art and interior decorations (34%), and jewellery (42%), perhaps because opinions may be more subjective in these categories. Sites selling music, film and TV products removed this feature fastest (-8pp to 58%).

### WHAT STEPS DO RETAILERS TAKE TO BOOST THE CUSTOMER EXPERIENCE?

Fast ordering and response times to customer emails, along with long returns periods and live chat are all areas of customer service where retailers can stand out from the competition.

#### One click ordering

In 2022, 15% of retailers enable shoppers to buy with a single click – unchanged on last year. That figure is slightly higher in categories including sports and leisure footwear, and clothing, as well as fashion clothing, confectionery and eyewear (all 18%). Fewer retailers selling automotive goods (7%), pet supplies and greetings cards and retailer support this.

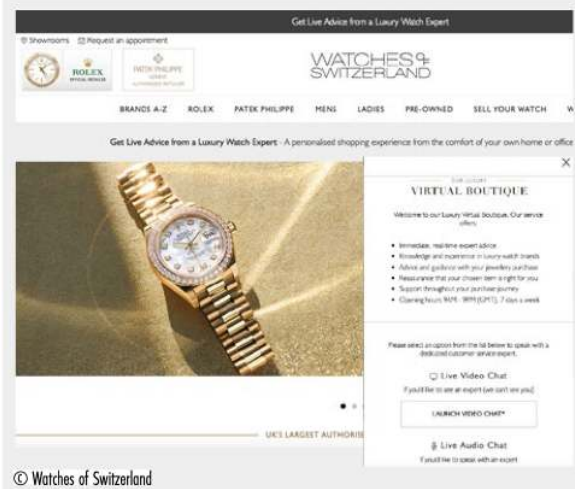
#### Live chat

Live chat appears to be falling out of favour among Top500 retailers. In 2022, 2% of the 477 retailers assessed on this metric both this year and last offer this service to visitors within a minute of arriving on their website. That's half the 4% that did so in 2021. Use of this service declined in all sectors. It's more commonly found among retailers selling health products (5%) and electric appliances (3%) but is not available at all



**EXAMPLE****WATCHES OF SWITZERLAND: LIVE CONSULTATION**

Luxury watch and jewellery retailer Watches of Switzerland has taken the live chat experience up a notch. Visitors to its website are invited to start a live consultation, offering a “hands-free co-browsing option”. Those that take up the option can talk to staff who will take them through the options in a “personalised shopping experience from the comfort of your own home or office”. They are also reminded of the option to book an in-store appointment. As the general use of live chat declines, perhaps it remains a service that is well worth offering in big ticket categories.



on leading websites selling music, film and TV products or automotive goods, and is lower than the Top500 average on sites selling either greetings cards and gifts or pet supplies (both 1%). The fastest decline since last year was in the furniture category (-2pp to 1%).

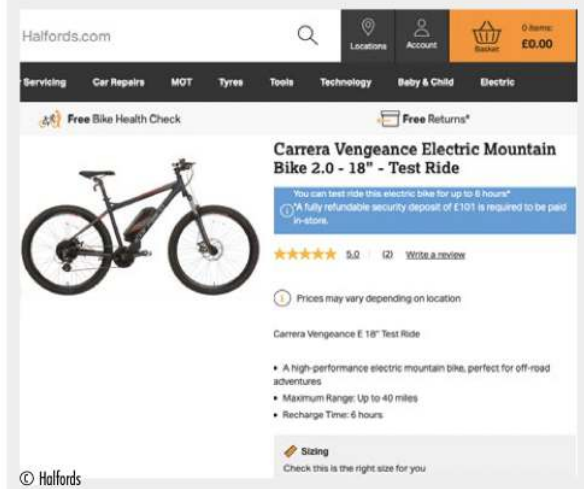
**Length of returns policy**

Shoppers now have slightly longer to return an item, RetailX analysis suggests, with the average time to return an unwanted item lengthening by 2.3 days to 40.2, although the median period of 28 days remains the same as last year. The longest median returns period is 30 days, offered by retailers selling sports and outdoor equipment, followed closely by those selling automotive goods and sports and leisure footwear (both 29.9), and clothing (29.8).

Software (25.5), greetings cards and gifts (24.9), confectionery (25) and alcoholic drinks (25.7) offer shorter median returns periods.

**EXAMPLE****HALFORDS: CHAT WITH AN EXPERT**

Visitors to the Halfords website are offered a ‘chat with an expert’ when they look at a wide range of products, from electric bikes and stunt scooters through to microfibre cloths. The site also features star ratings and product reviews, although shoppers are not able to add their own image when they post a review. Shoppers are able to view ratings by quality, value and performance, and can see what percentage of reviews recommend the product.

**Customer service on email**

Top500 retailers took just over a day, on average (24.3 hours) to respond to a customer email with a simple query, while the median retailer was six hours faster (18.3) than average. Shoppers can expect faster email responses from those selling eyewear (19.2), and slower from those selling kitchenware (28.2).

Researchers ranked the quality of customer service at an average of 3.5 out of five and a median of four, with higher median scores awarded to grocers, eyewear and garden product retailers, and slightly lower median scores to those selling music, film and TV products. They awarded lower scores on issue resolution, at a Top500 average of 3.4 and a median of three, with retailers selling garden products, eyewear, and artwork and interior decorations scored higher than those selling music, film and TV products, sports and outdoor equipment and pet supplies.

LEADING RETAILERS IN THE CUSTOMER DIMENSION				
ARGOS	DUNELM	KIEHL'S	NEW BALANCE	TESCO
ASDA	ELLIS BRIGHAM MOUNTAIN SPORTS	LOOKFANTASTIC	NEXT	TOOLSTATION
BLACKS	FAT FACE	MARKS & SPENCER	PANDORA	VAPE CLUB
BOOTS	HOLLAND & BARRETT	MATALAN	SAINSBURY'S	WHISTLES
BRAVISSIMO	JACK WILLS	MORRISONS	T.M. LEWIN	YANKEE CANDLE

# THE PANDEMIC EFFECT ON FULFILMENT

Fulfilment promises have changed significantly since the advent of Covid-19

Top500 retailers no longer promise next-day or nominated date and time delivery to the extent they did last year. This continues a downward trend that started around the time of the Covid-19 pandemic, as illustrated by the graphic to the right, which maps the evolution of retail delivery promises since January 2018 and shows how rising rates of next-day delivery peaked in early January 2020 but have since steadily declined.

This decline is likely to have come as more shoppers went online to buy during the pandemic, resulting in high volumes of deliveries at a time of driver shortages. Other services, however, have remained fairly steady – such as the proportion that offer free delivery when shoppers spend a minimum amount.

The Top500 2022 Retail X research also shows declining service standards in key areas of returns and collections, although service in other areas has stood still or improved. The research findings are grouped under three key questions: how have delivery, collection and returns promises changed over the last year?

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## HOW HAVE DELIVERY PROMISES CHANGED OVER THE LAST YEAR?

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Promises on the time of delivery have reduced to a greater extent than those on the cost of delivery.

### Next-day delivery

There's been a significant drop in the number of Top500 retailers offering next-day delivery –down 9 percentage points to 46% of 489 retailers assessed on this metric both this year and last. The next-day promise declined in all categories, remaining most widely offered by those selling health products (54%), confectionery (52%) and greetings cards and gifts (50%) but less available from those selling automotive goods (31%), soft furnishings, bedding and towels (34%) and from marketplace hosts (34%). The largest falls came in the eyewear (-14pp to 41%) and kitchenware (-13pp to 40%) categories.

### Nominated day and time delivery

Delivery times have got less specific over the last year, with only 2% (-2pp) of leading retailers now enabling customers to name their delivery time, while 9% (-3pp) enable them to name a delivery day. Shoppers buying groceries (10%), alcoholic drinks (7%), pet supplies and garden products (both 6%) are more likely to be able to be able to name their time of delivery, and those buying confectionery (53%), groceries (32%) and alcohol (27%) their day of delivery.

Retailers selling greetings cards and gifts (less than 1%) are the least likely to offer timed delivery, followed by brands (-1pp to 1%) and booksellers (2%). In every category, fewer retailers offered this service, most notably among those selling eyewear (-4pp to 3%) and artworks and interior decoration (-3pp to 2%). Retailers selling furniture (-6pp to 11%) moved away from this service fastest.

### Weekend delivery

20% of retailers now offer Saturday delivery, down from 25% last year among the 488 retailers measured on this metric both this year and last. Those selling greetings cards and gifts (29%) and confectionery (26%) are more likely to offer this while those selling books (13%) and green products (14%) are least likely. All sectors decreased their use of the specific service, most notably those selling music, film and TV products (-11pp to 18%) and alcoholic drinks (-11pp to 24%).

Sunday delivery has also fallen in popularity (-2pp to 8%). Those selling automotive goods (10%), groceries and consumer electronics (both 9%) are most likely to deliver on a Sunday, but few of those selling greetings cards and gifts (1%) or artwork interior decorations, furniture, soft furnishings, bedding and towels (all 2%) do so.

### Same-day delivery

Only 4% of retailers offer same-day delivery following a 1pp fall over the year. This is more likely to be offered by retailers selling automotive goods (9%), marketplace hosts (8%) and grocers (8%), while at the other end of the scale, fewer than 1% of those selling greetings cards and gifts offer it, along with 2% of those selling books and stationery and crafts.

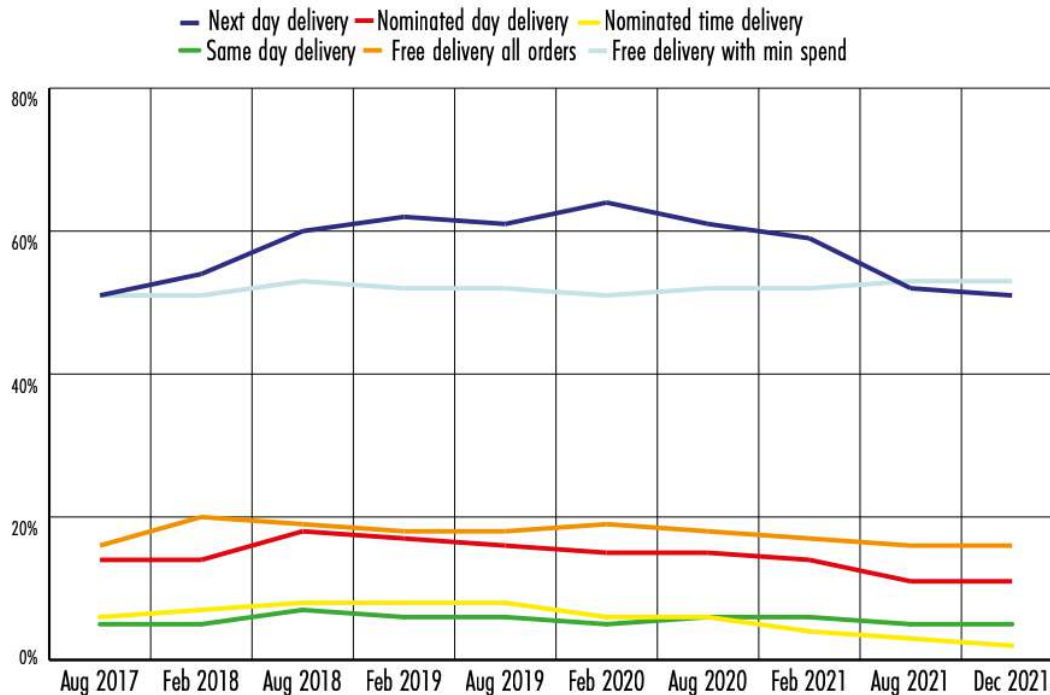
### Free delivery threshold

Just over half of retailers (53%) offer delivery for free when shoppers spend a minimum amount – a figure that has stayed relatively steady in recent years. In 2022, shoppers must spend an average of £72.40 and median of £48 to qualify for free delivery, among the 437 retailers assessed on this metric both this year and last. Software retailers (median £21.40) and marketplaces (£21.50) offer free delivery at a lower point than those selling kitchenware (£54.50) and pet supplies (£48). However, the median kitchenware retailer reduced their minimum spend by £1 during the year, while grocers also dropped their minimum spend, to £54. The order minimum increased fastest for those selling automotive goods (+£9 to £34) and sports and outdoor equipment (+£7 to £51).



**Figure 12.** The percentage of the Top500 offering delivery services

Next-day delivery has declined in popularity during the pandemic, while other fulfilment services had already plateaued or begun to decline



It is likely that fulfilment providers have felt the strain of the pandemic-induced surge in demand for online ordering but if so, there has not been a corresponding sharp reduction in rapid and convenient delivery options. Note that this data is a subset of Top500 retailers measured continuously over the time period.

Source: RetailX

© RetailX 2022

#### EXAMPLE

##### GROCCERS CONTINUE TO OFFER EVER FASTER DELIVERY

While many retailers are stepping back from taxing delivery promises, the shift towards fast delivery in the grocery sector has accelerated during the pandemic. Grocers including Asda, Tesco, Waitrose, Morrisons, Sainsbury's and Ocado have all expanded their capacity to deliver in less than an hour – whether using their own resources or third-party fast delivery apps to do so. This shift to fast delivery started well before the pandemic but accelerated quickly as shoppers moved further online during Covid-19.

Ocado's Zoom service promises delivery within an hour from a series of small logistics hubs within the M25, while multichannel supermarkets have used their own stores to offer fast delivery. Tesco now offers its one-hour Whoosh delivery service from more than 100 stores.



© Tesco

Tesco now delivers a basket of groceries in less than an hour through its Whoosh service

#### HOW HAVE PROMISES ON COLLECTION CHANGED?

Most Top500 retailers sell both through stores and online; 486 of the retailers listed in this year's index have shops. The average Top500 retailer has 96.3 shops, while the median – halfway point – retailer has 22. Retailers selling confectionery have a median of 160 stores, grocers a median of 44.6 and pet supplies retailers a median of 38. Software retailers, in contrast have a median of 0.9 shops.

50% of retailers now offer collection, 3pp lower than last year. Shoppers buying kitchenware (61%), confectionery (59%), alcoholic drinks and groceries (both 58%) are most likely to be able to pick up their online order. The service tends to be less available from those selling greetings cards and gifts (30%) and software (31%). Collection became slightly more available at grocers (+1pp) but less available from retailers in 24 categories, including books (-6pp to 42%), homewares (-5pp to 49%), and eyewear (-5pp to 50%).

##### Same-day collection

7% of retailers offer same-day pick-up – the same as a year ago. Fast collection is more likely to be available from those selling confectionery (14%), software (13%), automotive goods and furniture (both 12%), and less so for from those selling greetings cards and gifts (3%), fashion footwear and clothing and accessories (all 4%). During the year,

## OPERATIONS & LOGISTICS

furniture shops (+1pp to 13%) and jewellers (+1pp to 5%) added the service, but those selling garden products (-2pp to 7%), trade and DIY tools and equipment (-2pp to 10%), groceries (-2pp to 10%) and electronic appliances (-2pp to 11%) were more likely to drop it.

### Next-day collection

Slightly fewer retailers now offer next-day collection (-1pp to 14%), with the most likely being sellers of pet supplies and confectionery (both 26%), and kitchenware and eyewear (23%). Fewer sellers of sports and outdoor equipment (11%), automotive goods (12%) and brands (13%) offer next-day collection. These small variations were in categories too, where the largest changes were in garden products (-3pp to 15%), eyewear (-2pp to 22%) and grocery (-2pp to 20%).

### Time to collect

Orders can be collected in an average of 83.6hrs (3.5 days) – 5.3 hours faster than in 2021 – and a median of 71hrs (2.96 days) – one hour faster than in 2021. Shoppers can pick up their online orders faster from retailers selling automotive goods (median of 1.67 days), grocers (1.7), and trade and DIY tools and equipment (1.85). They have to wait longer to collect from a brand (3.2) or fashion footwear retailer (3.3).

### HOW HAVE RETURNS PROMISES CHANGED?

The profile of locations to which shoppers can return items ordered online is changing. The use of stores and the post is rising, while third-party locations have stayed steady and courier pick-ups have fallen.

### To store

63% of retailers are now accepting returns in-store of products ordered online – 15pp up from 48% last year. The rise may be because non-essential retail was often closed in the early part of 2021 but it's also likely that as more shoppers buy online, cross-channel services are moving mainstream. Fashion footwear, clothing and kitchenware retailers (all 72%) are most likely to accept online returns in-store, along with sellers of fashion accessories (71%) and sports and leisure footwear (70%), possibly because such items are easily taken to a shop. All categories showed an increase, led by kitchenware (+22pp to 72%). Software (18%) is less likely to be returnable in-store.

### By post

Returns by post are also on the up, rising by 5pp to 78% over the last year. Retailers selling eyewear (89%), sports and outdoor equipment, sports and leisure clothing and footwear (all 87%) are

the most likely to support this, while those selling confectionery are the least (62%). The largest uptake was among grocers (+11pp to 60%) and merchants selling music, film and TV products (+11pp to 77%). No categories saw a decline.

### Pre-paid returns

As postal returns have expanded, so too has the use of pre-paid returns (+11pp to 62%). Those more likely to offer this include fashion footwear (75%) and clothing (74%) retailers, while those selling confectionery (38%) are less likely. Retailers selling furniture (+16pp to 64%), soft furnishings, bedding and towels (+16pp to 63%) and kitchenware (+18% to 67%) added pre-paid returns fastest. No retail categories offered this service less than previously.

### By drop-off at third-party location

16% of retailers offer returns to a third-party drop off point – the same as last year. This is more commonly offered by those selling pet supplies, sports and outdoor equipment, and sports and leisure and fashion footwear (all 20%), but is less often available from those selling via marketplaces, or selling greetings cards and gifts, music film and TV products and stationery and crafts (all 10%). Booksellers (+4pp to 13%) and those selling automotive goods (+3pp to 13%) were the most likely to add the service, while those selling eyewear (-9pp to 13%) stopped using it at the fastest pace.

### By pick-up from the house

Retailers offering to pick-up returns from the house has fallen by a third to 6%, with drops in every sector led by kitchenware (-8pp to 7%), eyewear (-6pp to 6%), music, film and TV products (-5pp to 5%) and fashion accessories (-5pp to 5%). This service is more available from retailers selling electronics (11%), soft furnishings (10%) and garden products (10%) – and least from those selling confectionery (2%), books, health products and greetings cards and gifts (all 4%).

### Refund shipping

There's been a sizeable drop in the number of retailers promising to refund the original delivery charge when a customer returns an item. Just 24% of 474 retailers assessed on this metric both this year and last now do so, following a 17pp decline from 41% last year. Grocers (37%) and those selling music, film and TV products and alcoholic drinks (both 35%) are more likely to do so than those selling eyewear (14%), fashion footwear, or sports and leisure footwear or clothing (all 19%). Use has fallen fastest among those selling kitchenware (-24pp to 19%), soft furnishings, bedding and towels (-22pp to 24%), and sports and leisure clothing (-19pp to 38%).

### LEADING RETAILERS IN THE OPERATIONS & LOGISTICS DIMENSION

AMAZON	ASDA	GANT	LLOYDS PHARMACY	SCREWFIX
ALDI	BEAVERBROOKS	HOLLAND & BARRETT	THE PERFUME SHOP	SHOE ZONE
AMERICAN GOLF	BLACKS	JOJO MAMAN BEBE	RADLEY	TESCO
APPLE	BOUX AVENUE	JOULES	ROBERT DYAS	TOOLSTATION
ARGOS	THE FRAGRANCE SHOP	KURT GEIGER	SAINSBURY'S	WICKES



# NAVIGATING THE CUSTOMER JOURNEY

Retailers stand out in the Merchandising Dimension when they keep their customers informed all the way from the landing page to checkout

Digital merchandisers have stepped up the way they illustrate and inform shoppers about the products they sell online, RetailX research suggests. Tools that retailers and brands are now using to show off their products include extra images and infinite scroll on mobile, while more are sharing payment options on their landing pages, perhaps in the place of fulfilment information. RetailX researchers measure performance across dozens of metrics and their findings are organised through questions around how retailers and brands help shoppers navigate the site and how they go about promoting products.

## HOW DO RETAILERS AND BRANDS HELP SHOPPERS NAVIGATE THE SITE?

Efficient and intuitive search and navigation help shoppers to find the right products for them, whether they are searching for a specific item or browsing for inspiration.

### SEARCH

#### Autocomplete dropdown on mobile web

Most retailers now make search easier by suggesting relevant search terms as visitors type on the small screen of a mobile device. This year, 72% of 484 retailers assessed on this metric both this year and last enable this – a 5pp increase from 67%. Sites selling eyewear (81%), garden products and groceries (both 78%) offer this, as do marketplace hosts (79%). Booksellers (+12pp to 74%) added this feature at the fastest rate, followed by health product retailers (+10pp to 78%), while grocers were the most likely to move away from it (-3pp to 78%).

#### Dropdown suggestions

Retailers are shifting away from offering dropdown suggestions as shoppers type on a desktop website. 80% (-4pp) now do this, with more marketplaces (89%) and eyewear, health and fashion footwear (all 84%) doing so, and fewer in the greetings cards and gifts (55%), software and music, film and TV products categories (both 66%) doing so. Booksellers (-9pp to 72%) and those selling alcoholic drinks (-9pp to 76%) also dropped their use of this.

#### No results

Providing content for a 'no results' website search can help to keep customers engaged. However, the number of retailers returning a blank increased slightly this year (+3pp to 46%) among the 482

traders assessed on this metric both this year and last. This was higher among marketplace hosts (57%), and sites selling garden products and kitchenware (both 52%) and lower (26%) among those selling greetings cards and gifts, and music, film and TV products. The shift towards not returning results was seen across all categories, particularly sites selling children's toys and accessories (+12pp to 48%) and health products (+12pp to 52%).

### NAVIGATION

#### By product type

In 2022, 83% of 487 retailers assessed on this metric both this year and last enable shoppers to filter their search by product type – 6pp down on 2021. Visitors to marketplaces (92%), garden product and eyewear websites (both 91%) are more easily able to filter by product type than those on greetings cards and gifts (72%), furniture and pet supplies (both 77%) websites. The use of this filter declined across all retail categories, most notably in automotive goods (-10pp to 84%) and music, film and TV sites (-9pp to 80%).

#### By price

Slightly fewer retailers enabled shoppers to filter their search by price this year (-1pp to 62%). It is most easily found on marketplaces (81%), sports and leisure footwear (72%) and electronic appliance websites (71%) and less so on greetings cards and gifts (41%) and pet supplies (55%) sites. Grocers have moved away from this fastest (-6pp to 63%), while electronics appliance retailers have most often added it (+3pp to 71%).

#### By brand

49% of retailers support filtering search by brand, the same as last year. This filter is more often available on automotive goods (80%) sites and marketplaces (73%), and less available on sites selling greetings cards and gifts and brands (both 30%). Sites selling groceries (+6pp to 63%), alcoholic drinks (+6pp to 59%) and garden products (+6pp to 63%) have added this filter, while some of those selling eyewear (-6pp to 42%), music, film and TV products (-4pp to 50%), and sports and leisure clothing (-4pp to 55%) have dropped it.

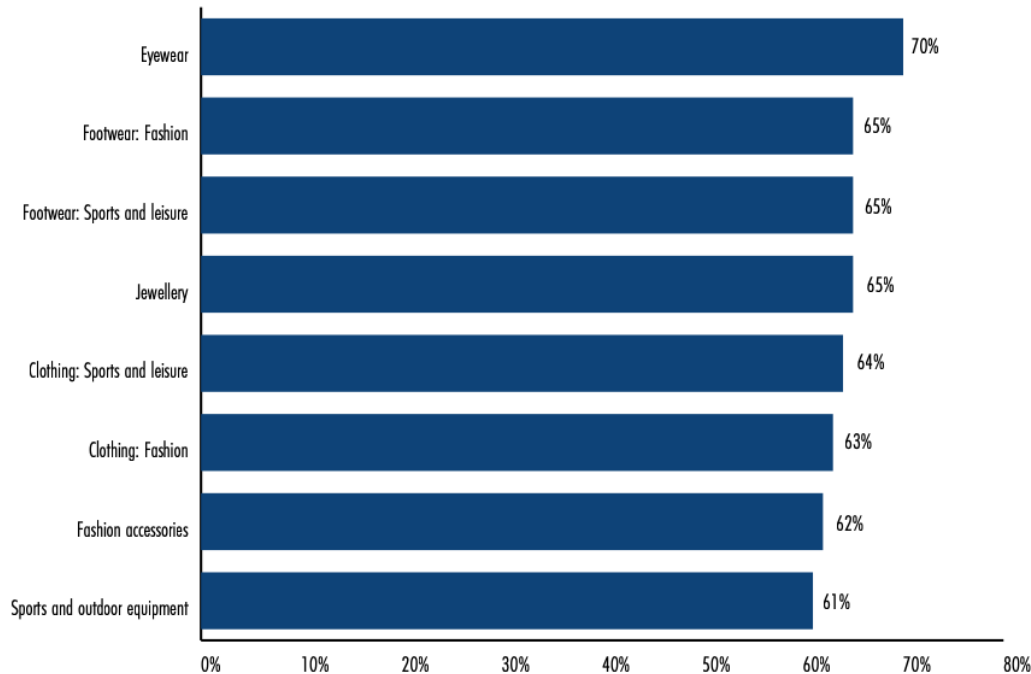
#### By rating

Garden products (28%), automotive goods (25%) and electronic appliance retailers (24%) are more likely to enable shoppers to filter their searches by rating than the average Top500 retailer (-1pp to 11%). But fewer than 1% of greetings cards and gift retailers offer this,

## MERCHANDISING

**Figure 13.** Retailers showing multiple images on product page, by sector

The percentage of Top500 retailers in a sector that show two or more images on the average product page



In recent years, many retailers (20-30% of the Top500) which previously did not show a choice of product images on their average product pages began to do so. The eyewear category leads the field.

Source: RetailX

© RetailX 2021

while only 6% of pet supplies (6%) retailers do so. Grocers (-5pp to 15%) and music, film and TV products retailers (-5pp to 14%) moved away from this fastest, while those selling furniture (+4pp to 12%) were the most likely to add this filter.

### Infinite scroll

More than a quarter of Top500 retailers now use infinite scroll on their mobile website, with use increasing by 10pp to 28% of 485 retailers assessed on their use of this both this year and last.

It's most widely used by retailers selling garden products (33%) and greetings cards and gifts (32%), and less often by those selling music, film and TV products (20%) and pet supplies (21%). All categories increased their use of infinite scroll over the year, particularly those selling alcoholic drinks (+14pp to 27% and garden products (+14pp to 33%).

### HOW DO RETAILERS COMMUNICATE THEIR PRODUCTS?

Once a shopper has found a product, images, videos and product, how can they discover whether it is right for them?

### Images and videos

There's been a sizeable increase in the number of retailers showing more than one image on the product page. This year, 55% do so – up by 25pp from 30% last year. Retailers selling eyewear (69%),

footwear – both fashion and sports and leisure – and jewellery (all 65%) are most likely to do so. Those selling greetings cards and gifts (30%) and confectionery (32%) are least likely. However, the use of multiple images was adopted in all categories, most notably in trade and DIY tools and equipment (+36pp to 49%), and in consumer electronics (+34pp to 47%).

Two thirds (66%) of mobile websites enable shoppers to zoom in on product images – the same as last year. The biggest changes in retail categories are in garden products (+8pp to 70%), soft furnishings, bedding and towels (+8pp to 75%), and kitchenware (+8pp to 80%), while retailers selling music, film and TV products (-3pp to 64%) were the most likely to drop them.

13% of retailers share product videos – the same as last year. These are more commonly found on sites selling software (39%), and music, film and TV products (26%), and less commonly on those selling greetings cards and gifts (4%) and eyewear (5%). Garden product websites (+4pp to 15%) added them, while eyewear (-5pp to 5%) retailers and grocers (-4pp to 10%) stopped using them.

### Bestseller ribbon

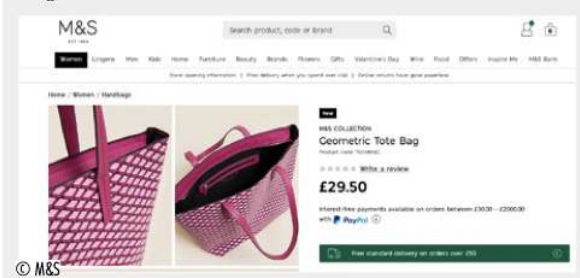
Fewer retailers now mark their products as being bestsellers, with only 5% doing so in 2022, down by 2pp from last year. It is more likely on sites selling confectionery (23%) and groceries (13%) and on marketplaces (15%). Fewer of those selling greetings cards and gifts (1%), furniture, soft furnishings, bedding and towels (3%) take



## EXAMPLE

### COMMUNICATING PRODUCTS

Marks & Spencer stands out in the Merchandising Dimension for the way it keeps customers informed. It's among the majority of retailers that offer a choice of product images, but it's also among the minority that show payment and fulfilment options both on the landing page and the product page. From the product page (pictured), customers can find out about credit options, where the item is available in store, and see in-depth product information – from details and care through to how to return it if it's not right and reviews. All of this information helps shoppers decide if an item is right for them – and having that in one place makes that a relatively straightforward task.



this approach. Retailers selling garden products (+4pp to 9%) and automotive goods (+3pp to 9%) are more likely to have added it. Those selling homewares (-2pp to 4%), books (-2pp to 5%) and electronic appliances, sports and leisure footwear and clothing (-2pp to 7%) are more likely to have dropped it.

### Keeping shoppers informed on the landing page and product page

Retailers are now less likely to show fulfilment options on the landing page (-14pp to 44%) and the product page (-3pp to 70%). Confectionery (59%) and health (52%) retailers are more likely to do so, and those selling greetings cards and gifts (24%) are less likely. Booksellers (-25pp from 60% to 35%) and DIY and trade tools sites (-21pp to 46%) moved away from this the most.

A growing number of Top500 retailers now show payment methods on the landing page, up 13pp from 19% to 32% of the 480 retailers assessed on this metric both this year and last. 36% of retailers selling sports and leisure footwear, eyewear, and trade and DIY tools and equipment take this approach. Only 19% of those selling alcoholic drinks and 21% of both software and marketplace hosts do so. The fastest uptake was among those selling furniture (+17pp to 27%) and electronic appliances (+17pp to 33%). All categories saw an increase.

13% show links to mobile apps on the landing page – the same as last year. These are more likely to be found on marketplace sites (42%)

and least likely on sites selling books or confectionery (both 9%). The biggest uptake was automotive goods (+5pp to 10%) websites, the biggest decline was on sites selling health products (-6pp to 12%).

## HOW DO RETAILERS PROMOTE PRODUCTS?

Recommendations, promotions and word of mouth all help retailers to put products in front of website visitors.

### Recommend complementary products

Product recommendations are declining among the Top500, with 30% now recommending items that go with a viewed product – down by 2pp from 32% last year. This tactic is most likely to be used on marketplaces (42%) and by those selling eyewear (39%), music, film and TV products (37%) and cosmetics and personal grooming items (36%). 34% of brands do this, while alcoholic drinks (+4pp to 21%), followed by grocery (+2pp to 27%) sellers showed the biggest uptake.

It has fallen out of favour most among those selling garden products (-9pp to 22%) and electronic appliances (-5pp to 30%). It is least used by those selling pet supplies (11%).

### Upselling

24% of retailers recommend a more expensive product – the same as last year. Upselling is more commonly found on software (39%) and marketplace (38%) sites and less often on confectionery (15%), jewellery (21%) and fashion clothing (22%) websites. Most retail categories have continued their existing strategies, with only fashion accessories (-1pp to 23%) showing any change.

### Promotions

Fewer retailers featured an obvious promotion on their website at the time of research than the previous year, with 56% doing so – down 6pp from 62%. Traders in all retail categories moved away from this, most notably those selling garden products (-15pp to 67%), automotive goods (-14pp to 63%) and trade and DIY tools and equipment (-14pp to 62%). Promotions were more commonly found on sites selling health products (72%) and kitchenware (70%) and less common on those selling greetings cards and gifts (44%), music, film and TV products, software and on brand websites (all 51%).

### Save to list

Wishlists – where shoppers can save favourite items – are available on slightly fewer websites (-1pp to 57%) than last year. They are more likely to be available on marketplaces (76%), eyewear and cosmetics and personal grooming sites (both 72%), and less likely on confectionery and music, film and TV product sites (43%). Retailers on automotive goods websites (+6pp to 51%) added wishlists fastest over the last year. The biggest decrease was on eyewear websites (-7pp to 73%).

## LEADING RETAILERS IN THE MERCHANDISING DIMENSION

AMAZON	CROCS	JOULES	NEW LOOK	SCREWFIX
ANN SUMMERS	FARFETCH	LAKELAND	NEXT	SHOPDISNEY
ANTHROPOLOGIE	THE FRAGRANCE SHOP	LOOKFANTASTIC	PANDORA	SKATEHUT
ASDA	JD SPORTS	MADE.COM	THE PERFUME SHOP	URBAN OUTFITTERS
BOOTS	JOHN LEWIS & PARTNERS	NELLY.COM	ROBERT DYAS	VICTORIAN PLUMBING

# KEEPING LINES OF COMMUNICATION OPEN

Retailers that lead in the Engagement Dimension are easy to find and take a variety of approaches to talking to their customers

Since developing long-term customer relationships helps to boost lifetime value, retailers and brands in competitive sectors tend to take a more active approach to engaging with shoppers. When they have a lively social media presence, shoppers can find out whether a brand shares their values, as well as how they treat their customers. Making such a social media presence visible from the landing page is just one of a range of tools that leading retailers deploy throughout the customer journey as they look to open conversations with the customers they serve.

RetailX researchers assessed performance in this area across a range of metrics, which are grouped below through four questions: how easy is it to find a Top500 retail or brand website, how do those retailers and brand engage with customers, how do they enable shoppers to share their products, and how do they make it easier to pay, through social media or other third party checkouts?

## HOW EASY IS IT TO FIND A TOP500 RETAIL OR BRAND WEBSITE USING SEARCH?

Being found is the first step to being recognised – and to selling goods. RetailX research looked at how visible the websites, social media and marketplace pages of Top500 brands and retailers are in search. Using data from RetailX Knowledge Partner Sistrix, they assessed how visible Top500 retailers – and their online presences on sites from marketplaces to social media – are in Google searches.

They found that fashion retailers and brands had the highest chance of their websites being found on social media through a Google search for their name, with a visibility score of 97.3. This seems to reflect higher levels of marketing and advertising campaigns carried out by retailers operating in the competitive fashion market. The largest group of Top500 retailers are fashion retailers (Fig 15); advertising and an active social media presence will help to boost brand awareness and search visibility online. Homewares (25.4) brands and retailers ranked in the Top500 came second, followed by sports and leisure (20.5), consumer electronics (18.3) and department stores (13.6).

Fashion websites and presences also had much the highest search visibility for their marketplace presences, with a visibility score of 9.3. In contrast, jewellers, department stores, consumer electronics and stationery websites all had a visibility score of between 1.2 and 1.6.

Retailer and brand Facebook pages tended to be more visible than those on other social media sites, with a visibility score of 51 (Fig

**Figure 14.** Search visibility by business type

The average RetailX Search Visibility Index score on Google (UK) in the Top500



Marketplaces, followed by brands, perform better in search visibility for their own names than other retailers.

See the boxout for the analysis behind the RSVI

Source: RetailX

CC BY-NC-SA RetailX 2022

17). Instagram pages had a visibility of 29.5. Both are well ahead of the visibility of their presences on Twitter (7%), YouTube (2.6%) and Pinterest (0.8%).

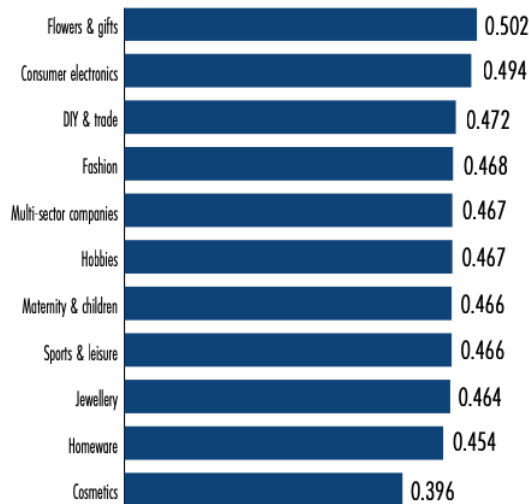
In order to find out how visible the Top500 social media presences were at a category level, researchers looked at how often their name appeared in the top five Google results for a search on the retailer's name (Fig. 16). Searches for retailers and brands in 11 categories – including books, jewellery and pet supplies – did not return any social media presences at all. Searches for household utilities returned only Twitter results, while a minority of searches for musical instrument businesses returned YouTube results. Twitter most often appeared in searches for printing, software and workwear brands and retailers.

## THE RETAILX SEARCH VISIBILITY INDEX

A retailer's RSVI is derived from its websites' presence in the top five results of a search for its own name, weighted according to Sistrix research on searchers' relative likelihood to click the first, second, third, fourth, and fifth results. A social network's RSVI is derived from how prominent its website is in the top five results of searches for retailers' names



**Figure 15.** The visibility of retailers in the Top500  
The average RetailX Search Visibility Index by sector



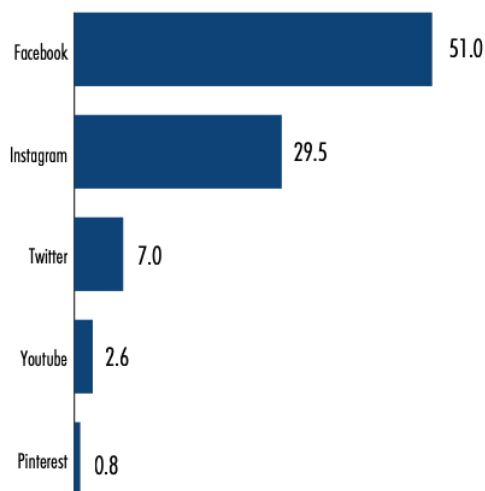
Note: These results are for Google UK searches of brand terms. See the boxout for information on the RetailX Search Visibility Index

Source: RetailX

CC BY ND RetailX 2022

**Figure 17.** The visibility of social media websites in retailer searches

The RetailX Search Visibility Index of social media websites for searches of Top500 brand names



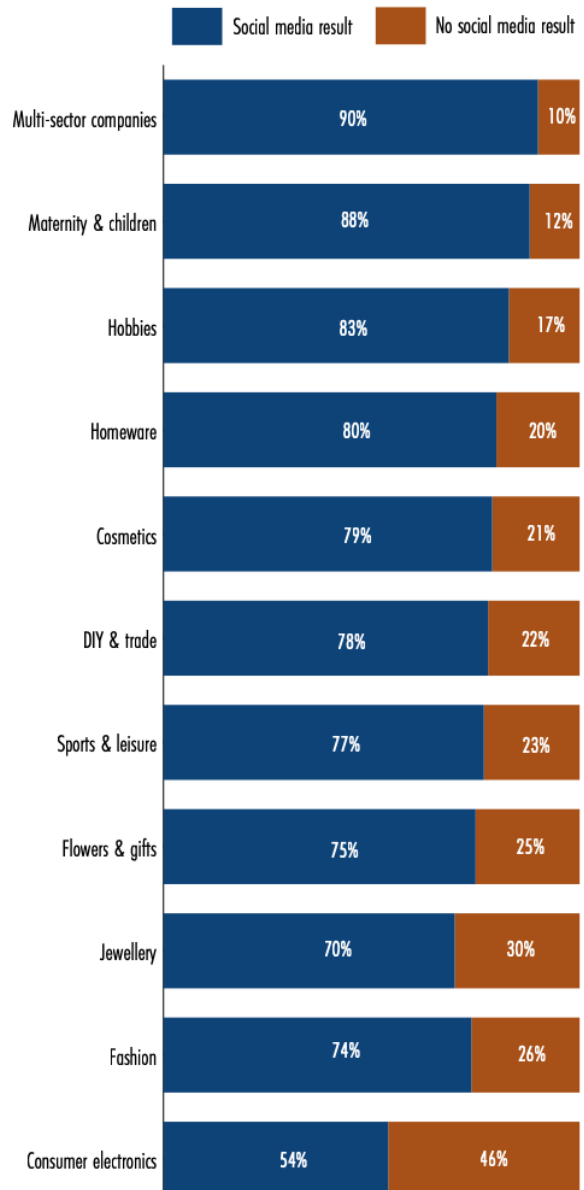
See the boxout for information on how the RSVI is calculated

Source: RetailX, drawing on data from Sistrix

CC BY ND RetailX 2022

**Figure 16.** Social media visibility by sector

The fraction of retailers in a sector whose brand name searches on Google UK returned a social media profile in the first five results



Source: RetailX, drawing on data from Sistrix

CC BY ND RetailX 2022

## BRAND ENGAGEMENT

### HOW DO RETAILERS AND BRANDS ENGAGE WITH CUSTOMERS?

Retailers use a variety of channels to engage with shoppers, from newsletters to live chat. By doing so, they strike up conversations that may develop into longer-term relationships.

#### Social links on the landing page

87% of retailers now show links to their social media presence from the landing page – down 2pp from 87% last year. Furniture retailers increased their use of this approach slightly (+1pp to 92%) but many reduced their use slightly, including fashion footwear retailers (-3pp to 88%). Social links are most often shown on landing pages by those selling pet supplies (91%), artwork and interior decorations (92%), and least often by marketplace hosts (70%) and those selling automotive goods (75%), books and software (77%).

#### Subscribe to the newsletter on the landing page

Just under three quarters (-1pp to 74%) enable website visitors to sign up to their newsletter from the landing page. Brands (79%) and those selling eyewear (82%), jewellery (80%), fashion footwear and accessories (both 78%) are most likely to offer this option. Only 50% of pet supplies retailers do so. No retail categories added this option. Retailers selling music, film and TV products (-7pp to 51%), children's toys and accessories (-6pp to 58%) and furniture (-6pp to 62%) moved away from it, to some extent.

#### Obvious promotions

Fewer retailers than last year featured an obvious website promotion at the time of research, with 56% doing so - down 6pp from 62%. Traders in all retail categories moved away from this, most notably those selling garden products (-15pp to 67%), automotive goods (-14pp to 63%) and trade and DIY tools (-14pp to 62%). Promotions were more commonly found on sites selling health products (72%) and kitchenware (70%) and less common on those selling greetings cards and gifts (44%), music, film and TV, software and brands (all 51%).

### HOW DO RETAILERS ENABLE SHOPPERS TO SHARE THEIR PRODUCTS?

Shoppers help retailers to spread the word about products when those retailers provide the tools to share their opinions.

#### Share with friends

Enabling shoppers to share a product with friends fell (-4pp to 35%

### EXAMPLE

#### DISCOUNTING STRATEGIES

Tesco has moved away from offering discounts to all visitors to its website. Instead, it reserves the best prices for members of its Tesco Clubcard loyalty scheme. The retailer said in a recent Christmas trading update that 95% of its discounts were now reserved for those who use its Clubcard app – some 8.5m customers in the UK. This is a strategy that rewards regular – and more profitable – visitors who return to the supermarket again and again, both online and in-store.



of 490 assessed both this year and last), with the biggest falls among those selling garden products (-10pp to 30%) and kitchenware (-9pp to 37%). This feature continues to be more common among those selling confectionery (47%) and cosmetics and personal grooming (94%) and less common among those selling eyewear (22%) and greetings cards and gifts (25%).

#### Registration before checkout

Over the last year, there's been a small shift towards requiring shoppers to register before checking out (+2pp to 63%). This is more likely to be asked on sites selling artworks and interior decoration products (71%), greetings cards and gifts (69%) and on brand websites (67%) and less likely to be demanded by marketplace hosts (40%) and software sites (41%). The fastest growth in this move was on sites selling automotive goods (+4pp to 52%) and trade and DIY tools and equipment (+4pp to 58%).

#### Checkout on Facebook

This is used by 6% of retailers, a figure unchanged on last year. It's most often used by marketplace hosts (20%) and those selling health products (13%). It is used least often by those selling garden products (1%), automotive goods or soft furnishings, bedding and towels (both 3%). Retail categories adding it over the year included those selling automotive goods (+2pp to 3%).

### LEADING RETAILERS IN THE ENGAGEMENT DIMENSION

BLACKS	ELLIS BRIGHAM MOUNTAIN SPORTS	KIEHL'S	NEWEGG	RADLEY
BRAVISSIMO	THE ENTERTAINER	LOOKFANTASTIC	NOTONTHEHIGHSTREET.COM	SAINSBURY'S
BURTON (US)	HOLLAND & BARRETT	MAINLINE MENSWEAR	PANDORA	SHOE ZONE
CREW CLOTHING COMPANY	JACK WILLS	MATALAN	PAVERS	YANKEE CANDLE
DUNELM	JONES BOOTMAKER	NELLY.COM	PHASE EIGHT	YESSTYLE



# CONVENIENCE SHOPPING

Retailers that stand out in the Mobile & Cross-channel Dimension put mobile devices at the heart of their multichannel strategies

As a group, Top500 retailers and brands have kept their mobile and cross-channel strategies steady over the last year, with a similar proportion of the Top500 having Android and iOS apps as last year. Slightly fewer now offer collection, while the way in which shoppers can return their unwanted online orders has changed relatively slightly.

RetailX researchers assessed retailers on a range of metrics in this Dimension. Their findings are grouped through three questions: how retailers support mobile shoppers, how they keep them informed, and what multichannel services retailers support

## HOW DO RETAILERS AND BRANDS SUPPORT MOBILE SHOPPERS?

By offering mobile apps, flagging up those mobile apps and providing information on their mobile websites, retailers and brands both make it easier to research and buy from a smartphone.

### Android app

25% of leading retailers and brands now have Android apps, unchanged on last year, with marketplace hosts (66%) and retailers selling music, film and TV products most likely to have them and those selling pet supplies (15%) and greetings cards and gifts (17%) least likely. There was limited uptake of Android apps, including in the alcoholic drinks (+1pp to 36%), garden products (+1pp to 29%), fashion accessories (+1pp to 31%) and clothing (+1pp to 33%) categories.

### iOS app

Just over a third (34%) of retailers have iOS apps, again showing little change on last year. Marketplace hosts (77%) and music, film and TV retailers (57%) are again most likely to have these, and pet supplies (27%) and greetings cards and gift retailers (28%) again least likely. There were few changes in the use of iOS apps compared to last year; some fashion (+1pp to 42%) sports and leisure clothing (+1pp to 43%) retailers adopted them, to a similar extent as those selling soft furnishings, bedding and towels (+1pp to 37%).

## HOW DO RETAILERS KEEP MOBILE SHOPPERS INFORMED?

13% of retailers show links to mobile apps on their landing page – the same as last year. These are more likely to be found on marketplace sites (42%) and least likely on sites selling books or confectionery (both 9%). The biggest uptake was among automotive goods (+5pp to 10%) websites, the biggest decline on sites selling health products (-6pp to 12%).

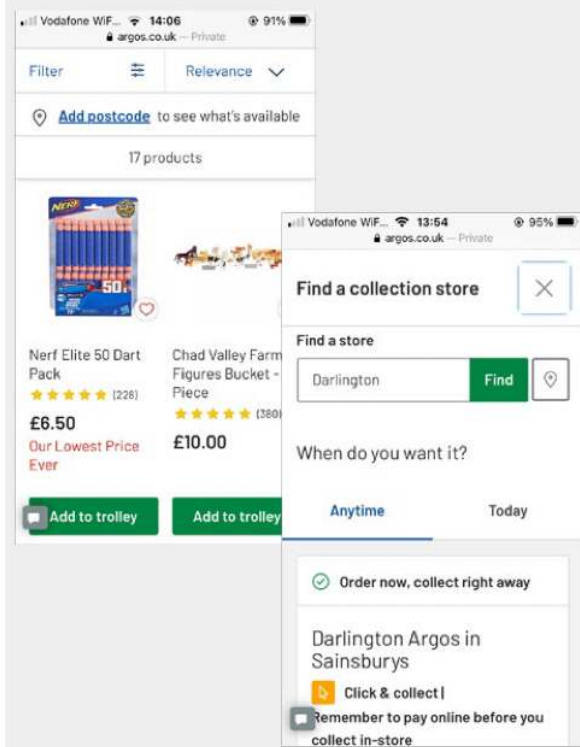
### Store finders

More than half of multichannel retailers now have store finders on their mobile websites, following an 11pp rise to 52% from 41% a year

### EXAMPLE

#### LOCAL AVAILABILITY

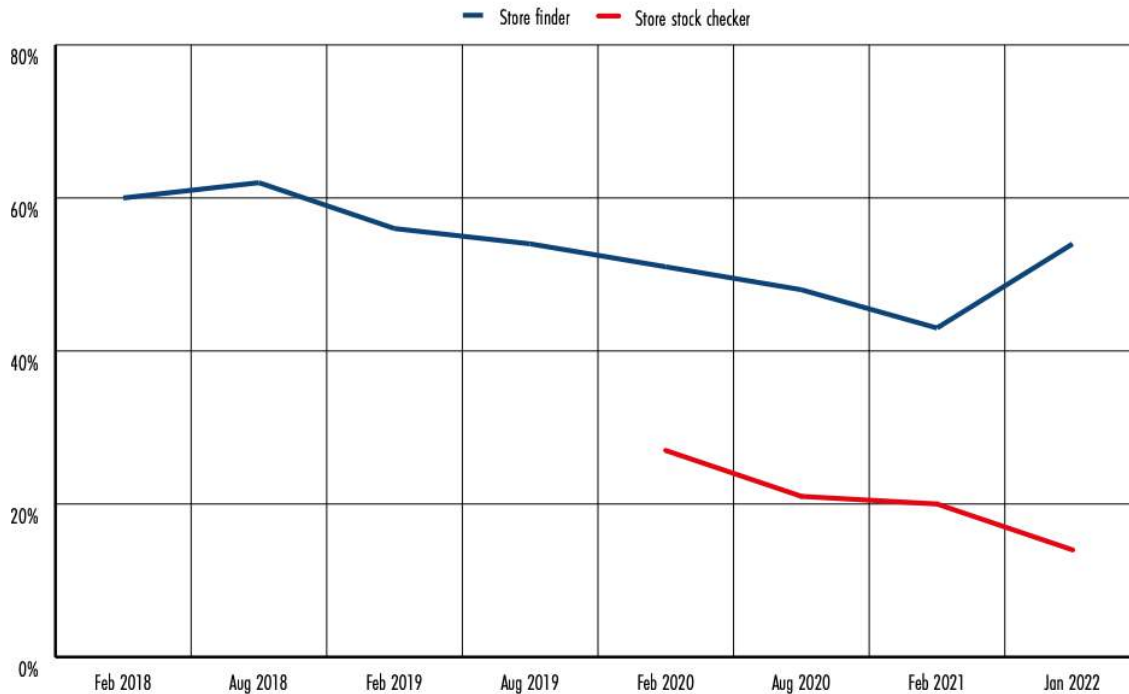
Shoppers buying from the Argos mobile website can very easily check how to buy a product in-store. The home page of the site features a store finder, while from the category page shoppers are invited to input their postcode in order to see which items are available locally. From the product page, shoppers can check stock by putting in their postcode or town for delivery and collection options. These options make for a highly convenient service since shoppers know from the start whether an item is available for collection or delivery, and how quickly they can get it. That removes any uncertainty about whether items shown online are available locally.



ago, among the 485 assessed on the metric both this year and last. This could well be because retailers switched on their store finders as non-essential retail reopened from Covid-19 lockdowns. Certainly the graphic on the next page suggests that the use of store finders peaked in August 2018 before declining steadily until February 2021 and then starting to pick up once more. This suggests the decline started before Covid-19 but was then aggravated through pandemic

**Figure 18.** Store information on the websites of multichannel retailers

The fraction of retailers that help customers locate stores or find out whether an item is in stock nearby



The number of retailers offering store finders began to decline before pandemic-related store closures in March 2020 but had recovered in early 2022 to pre-pandemic levels. Meanwhile, store stock checkers, measured since February 2020, have declined sharply since first measured and don't show signs of a post-pandemic recovery.

Note: the results shown here cover Top500 companies that operate both retail websites and stores in the UK.

Source: RetailX

© RetailX 2022

lockdowns. We'll wait and see whether use returns to previous levels. At the moment, it seems that retailers selling confectionery (72%), health products (63%), pet supplies and furniture (both 61%) are the most likely to have store finders on their mobile websites, while marketplace (16%) and software retailers (28%) are the least likely.

All retail categories adopted this, but the fastest uptake over the year was among those selling kitchenware (+15pp to 54%) and furniture (+16pp to 59%).

### Keeping shoppers informed

Multichannel retailers are now less likely to enable shoppers to check store stock online, with only 13% (-5pp) of retailers supporting this on their desktop websites. The graphic shows RetailX research into this metric that started in February 2020 as being in decline ever since. At the same time, fewer retailers now show stock visibility on their mobile website than last year, with only 29% (-5pp) now doing so.

Those selling trade and DIY tools and equipment are more likely to enable stock checking on their desktop website (22%), while furniture retailers show stock on desktop (21%) and mobile sites (35%). In the categories where desktop stock-checkers are available, however, there has been reasonably large uptake in use – such as automotive goods (+6pp to 20%), soft furnishings, bedding and towels (+6pp

to 19%), and furniture (+5pp to 20%), perhaps suggesting that this service is more relevant in some types of business than in others.

### WHAT MULTICHANNEL SERVICES DO RETAILERS SUPPORT?

Retailers use shops and online services effectively when they work together, with mobile often helping to bridge the gap between the two.

#### Collection

50% of retailers now offer collection, after a 3pp fall since last year. Shoppers buying kitchenware (61%), confectionery (59%), alcoholic drinks and groceries (both 58%) are most likely to be able to pick up their online order, while it's less available from those selling greetings cards and gifts (30%) and software (31%). While collection became slightly more available at grocers (+1pp), it has become less available from retailers in 24 categories, including books (-6pp to 42%), homewares (-5pp to 49%) and eyewear (-5pp to 50%).

#### Reserve and collect

There's been a significant change in the use of reserve and collect



over the last year. It's now used by 15% of 464 retailers assessed against this metric both this year and last. That's up 11pp from 4% last year, following fast uptake in categories including garden products (+16pp to 18%), fashion footwear (+13pp to 15%), furniture (+13pp to 14%) and soft furnishings, bedding and towels (+10pp to 11%). It's most widely used by grocers (29%), and those selling confectionery (26%) and alcoholic drinks (25%) and least by those selling greetings cards and gifts (4%) and eyewear (5%). This service, which gives shoppers certainty about product availability, seems to have become more popular at a time when customers are shopping more online.

### Same-day collection

Some 7% of retailers offer same-day pick-up - the same proportion as a year ago. Fast collection is more likely to be available for those selling confectionery (14%), software (13%), automotive goods and furniture (both 12%), and less so for those selling greetings cards and gifts (3%), fashion footwear, clothing and accessories (all 4%), and brands (4%). During the year furniture shops (+1pp to 13%) and jewellers (+1pp to 5%) both added the service, but those selling garden products (-2pp to 7%), trade and DIY tools and equipment (-2pp to 10%), groceries (-2pp to 10%) and electronic appliances (-2pp to 11%) were more likely to drop it.

### Next-day collection

Slightly fewer retailers now offer next-day collection (-1pp to 14%), with those most likely to offer it including sellers of pet supplies and confectionery (both 26%), followed by kitchenware and eyewear (23%). Fewer sellers of sports and outdoor equipment (11%), automotive goods (12%) and brands (13%) offer next-day collection. The small overall variation was reflected at a category level, where the largest changes were in garden products (-3pp to 15%), eyewear (-2pp to 22%) and grocery (-2pp to 20%).

### Time to collect

Orders are ready to collect in an average of 83.6 hours (3.5 days) - some 5.3 hours faster than the same time last year - and a median of 71 hours (2.96 days) - one hour faster than last year. Shoppers can expect to pick up their online orders faster from retailers selling automotive goods (median of 1.67 days), grocers (1.7 days), and trade and DIY tools and equipment (1.85). But they will have to wait longer to collect from a brand (3.2) or a fashion footwear retailer (3.3).

### Standard cost

Retailers charge shoppers a median £1 to pick up an item ordered online in-store - the same as in 2021. The average charge has fallen

by 40p to £3.69. Shoppers buying software (median 0), kitchenware (34p), or music, film and TV products (52p) are likely to pay less than those buying sports and leisure (£1.28) or fashion (94p) clothing, or furniture (71p). The average cost to collect fashion clothing is £3.99, and the average to collect furniture from a store is £3.18.

### Collection lockers in-store

Just 1% of retailers have their own in-store collection lockers - the same as last year. These are slightly more easily found at stores selling confectionery (6%) and from marketplace hosts (6%) and less so among those selling greetings cards and gifts (less than 1%), sports and leisure footwear, clothing, fashion accessories and brands (all 1%). Retailers selling music, film and TV products (-2pp to 3%) moved away from this area the fastest, while no retail categories increased their use.

### Returns

Online retailers must, by law, accept the return of an item ordered online within 14 days. This year, they are more often accepting returns in-store, while third-party drop off points are used to the same extent as last year.

### At a third-party location

16% of retailers offer returns to a third-party drop off point - the same as last year. This return option is more commonly offered by those selling pet supplies, sports and outdoor equipment, and sports and leisure and fashion footwear (all 20%), but is less often available from those selling via marketplaces, or selling greetings cards and gifts, music film and TV products and stationery and crafts (all 10%). Booksellers (+4pp to 13%) and those selling automotive goods (+3pp to 13%) were the most likely to add the service, while those selling eyewear (-9pp to 13%) stopped using it at the fastest pace.

### To store

Almost two-thirds (63%) of retailers are now accepting returns of products ordered online in-store - 15pp up from 48% last year. The rise may be marked because non-essential retail was often closed for Covid-19 lockdowns in the early part of 2021, but it's also likely that as more shoppers buy online, cross-channel services are moving mainstream. Fashion footwear, clothing and kitchenware retailers (all 72%) are most likely to take online returns in-store, along with those selling fashion accessories (71%) and sports and leisure footwear (70%). That may be because these items are easily taken to a shop. All categories showed an increase, especially kitchenware (+22pp to 72%) and soft furnishings, bedding and towels (+19pp to 62%).

Software (18%) is least likely to be returnable in-store.

LEADING RETAILERS IN THE MOBILE & CROSS-CHANNEL DIMENSION				
AMAZON	FARFETCH	LITTLEWOODS	NEXT	SUPERDRUG
APPLE	THE FRAGRANCE SHOP	MARKS & SPENCER	REEBOK	TESCO
ARGOS	GAME	MAX SPIELMANN	SAINSBURY'S	VERY
B&Q	JD SPORTS	NASTY GAL	SCREWFIX	WATERSTONES
BOOTS	JOHN LEWIS & PARTNERS	NEWEGG	SELECT	YOURS CLOTHING

# EXPANDING HORIZONS

RetailX research continues to broaden its gaze from the leading retailers to growing business, as well as from the UK and Europe to markets beyond

In 2022, RetailX will continue its research into the ecommerce and multichannel retail market in the UK and beyond. In doing so, it will maintain its focus on the changing ways that shoppers now want to buy, along with how retailers and brands are responding to those changing habits. It will also look in ever-greater depth and more breadth at how large and growing retailers are responding to these trends, across markets, marketplaces and sectors.

## RETAILER AND BRAND FOCUS

RetailX research started with the UK Top500 footprint report, published back in 2014, which was followed the next year by the first Top500 listing. This year, the RetailX UK Top500 report is updated for the eighth time, taking stock of an ecommerce and multichannel market that remains at the forefront of the industry even as it emerges from pandemic lockdowns. During 2022, this will be supplemented by reports listing the Top100 retailers and setting out the broader context in markets ranging from France and the Nordics to the Middle East, Russia and Latin America.

This coverage of leading retailers broadens out to a continental view of the Top1000 Europe – the markets of the EU and EEA plus the UK and Switzerland – which is scheduled for publication in the early summer.

The focus goes beyond the leaders in any given market to explore the retailers and brands that follow on. The RetailX

Growth 2000 lists and analyses the 2,000 retailers that follow on from the Top500 in the UK, while the RetailX Growth 3000 follows a similar approach to Europe's emerging retailers and brands. Listed in both are the retailers and brands that serve a certain niche with expert service, plus growing retailers that may well be listed one day in the Top500 and Top1000 rankings. Finally, this series is completed by the RetailX Brand Index, which lists and sets in context the leading 500 direct-to-consumer brands serving European customers.

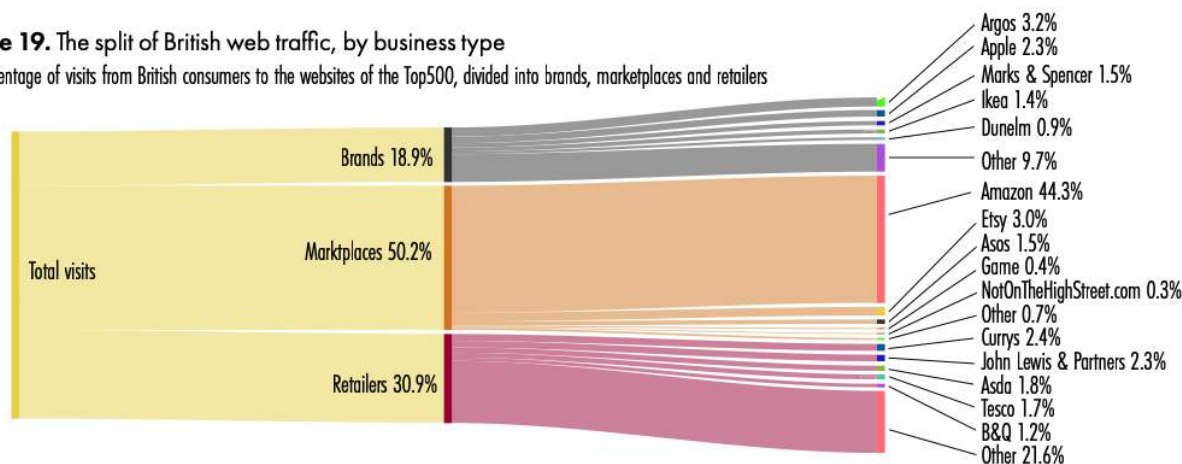
## MARKETS AND MARKETPLACES

The RetailX series of analyst research reports brief retailers and brands on the opportunities for multichannel and ecommerce retail offered by markets around the world. In 2022, the popular Europe and Global reports will be updated once more, while new market reports will include Australia, Latin America, Israel and the USA, as well as European markets, from Poland to France.

Marketplaces are now first port of call for many shoppers looking for goods sold by a UK Top500 brand or retailer, as can be seen in Figure 19, below. In 2022, RetailX will broaden its focus in this area. There'll be new editions of both the RetailX Marketplaces and the RetailX Brands and Marketplaces reports, along with a fresh report that considers how Growth 2000 retailers and brands work with marketplaces.

**Figure 19.** The split of British web traffic, by business type

The percentage of visits from British consumers to the websites of the Top500, divided into brands, marketplaces and retailers



Marketplaces over-index relative to the other business types in the list, although many brands and retailers sell through marketplace websites as well  
Note: Brands are retailers that mostly sell own-label goods while marketplaces host third-party sellers

Source: RetailX, drawing on data from SimilarWeb

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Figure 20. The RetailX portfolio



## DELIVERY AND SUSTAINABILITY

The RetailX reports now encompass areas that are adjacent to, and of great interest to, retailers, brands and markets. The DeliveryX Top500 listing promises a new perspective on measuring the delivery promise that retailers – and the couriers they work with – offer to the UK market. Delivery, and more broadly fulfilment, are increasingly a point of differentiation as shoppers consider who will get them a product fastest, while also promising easy returns.

Sustainability, too, is proving a point of competition, with retailers and brands now looking to measure up to their customers' expectations of environmentally friendly shopping. The RetailX Sustainability report will go into its third edition in 2022, while a new ranking report will identify the leading 100 sustainable global retailers and brands.

## SECTOR REPORTS

Ecommerce and multichannel retail function by category as well as by market. In 2022, RetailX analysis focuses on the luxury,

fashion, beauty, sports goods, grocery and homewares markets, building on previous explorations of sectors including media and grocery. This research aims to brief the traders that are selling in these markets now, or considering doing so in the future, on the tactics and approaches that will be critical to growing sales profitably. Graphic-led analysis is designed to bring together the key points and essential insights in order to boost quick and convenient understanding of the market.

## BEYOND BROADCAST

The RetailX broadcast arm stepped up a gear in 2021, with regular online events replacing ones that had previously been face-to-face, as well as building on previous regular webinars. By the autumn, there was a partial return to face-to-face, with both the RetailX Nexus event for industry leaders and the regular RetailX dinners to which those leaders are invited. The focus on broadcast continues in 2022, with both the regular RetailCraft podcast series and a packed programme of webinars that are now available on-demand, following their initial broadcast. ■



## DEFINITIONS

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### WHAT CONSTITUTES A RETAILER?

#### DEFINITIONS

The multichannel landscape is more complex than merely 'having a website' or 'operating a store'. In choosing which companies to include in the RetailX Top1000, we have considered companies' intent, capabilities and activities around the recruitment and monetisation of customers. The definition of a 'retailer' for inclusion in our research is:

DESTINATION:	the retailer has created a destination that, in the minds of customers, is a source of product, service or experience. Whether this destination is a shop, a site, a place, a time or an event, it's the sense of 'locus' that counts.
FASCIA-FOCUSED:	the assessment focuses on individual trading names, rather than a parent company that may operate more than one brand. Since the group structure is invisible to customers, it does not have a bearing on the position of brands owned by a group. The challenge is to turn group capabilities into trading advantages that the customer would notice across brands.
PURPOSE:	the retailer has created goods and/or services for the specific purpose of selling, for consumption by the purchasing consumer.
MERCHANDISING:	the retailer actively sells and is not just a portal for taking customers' money. This means the selection, promotion and tailoring of retail offers for customers.
ACQUISITION:	the retailer actively markets, recruits and attracts customers with a promise or proposition to the destination.
SALE:	the retailer takes the customer's money. The retailer owns the transaction as the merchant of record.
RECOURSE:	the retailer is responsible for the service, fulfilment and customer satisfaction owing from the sale.
EXCEPTIONS:	in every good list there's an exception, where we may include a certain business due to its influence upon retailers and retailers' customers. Some of these companies will be included within the Top1000 and others are tracked for information on their impact on retailers.

#### COMPANIES EXCLUDED FROM THE TOP500

MARKETPLACES:	where a candidate retailer is simply a marketplace, the company is not featured. Where a marketplace undertakes customer acquisition, manages payment, customises offers and recommendations and offers recourse on purchases, then the company will be eligible for inclusion.
PURE TRANSACTION/ TARIFFS:	where ecommerce is ancillary to the primary purpose of a business, we will not necessarily include them. Online payment for gas or electricity is excluded since the purpose here is to supply energy. Travel companies are not included in the Top1000. We have also excluded media-streaming services.
BUSINESS-TO-BUSINESS AND DIRECT-SELLING BRANDS:	while the scope of retail is normally direct to consumer, two trends are challenging this – the move for brands and previously solely B2B businesses to sell direct to consumers; and the increasingly retail-like behaviour of B2B brands, in terms of acquisition, promotion, personalisation and service. We have therefore included certain B2B businesses and direct-selling brands.

## SUMMARY OF ELEMENTS INCLUDED IN EACH DIMENSION:

## OUR METRICS

0.	<b>FOOTPRINT DIMENSION</b> 0.1 UK retail turnover 0.2 The ecommerce subset of the above 0.3 UK web traffic 0.4 Number of UK stores
1.	<b>STRATEGY &amp; INNOVATION:</b> 1.1 Strategic practice, including an expert-designated selection of metrics that catalogue a retailer's embrace of technological or organisational best practice 1.2 Innovative practice, including a selection of metrics from other Dimensions that, to date, are only used by the leaders
2.	<b>THE CUSTOMER:</b> 2.1 Customer service response time and helpfulness – Facebook and email 2.2 Desktop and mobile homepage performance, including engineering and responsiveness 2.3 Mobile and desktop website navigation – the ease of finding a desired product, including tabs, icons, search and filtering 2.4 Customer feedback – incorporation of customer reviews and product ratings on the product display page
3.	<b>OPERATIONS &amp; LOGISTICS:</b> 3.1 Delivery capability including 10 metrics covering the range of options, and competitiveness of timeframes and pricing 3.2 Returns capability, including 10 metrics covering the ease of the returns and refund process to the customer, and the range of options, including return to store 3.3 Collection capability, including nine metrics covering the number, type and convenience of collection locations and the costs and timeframes of the services 3.4 An assessment of the mobile website's usefulness to customers who want to see the availability of stock, both for ecommerce orders and in local stores
4.	<b>MERCHANDISING:</b> 4.1 Customer-perspective review, including 23 metrics covering design, navigation, the relevance of search results, product information and visual appeal 4.2 Mobile app assessment, including nine metrics covering use of notifications, product display and personalisation [retailers with mobile apps] 4.3 Merchandising and product review, including number and depth of promotions, the fraction of a retailer's range with reviews and descriptions, the number of images per product and the fraction of range that is out of stock [largest retailers]
5.	<b>ENGAGEMENT:</b> 5.1 Social media presence and availability, including 22 metrics, taking into account size of audience and interaction with it on Twitter, the net change over three months and use of 10 social networks, email, and blog 5.2 Mobile and desktop website review – assessing the integration of social media, sharing and social validation 5.3 Search visibility on Google
6.	<b>MOBILE &amp; CROSS-CHANNEL:</b> 6.1 Mobile home page performance, including engineering and responsiveness 6.2 Mobile website assessment, including the use of screen real estate, the ease of navigation and the ability to track the availability of goods at physical stores 6.3 Multichannel features, taking into account use of physical store estate for order fulfilment and return, store information on the website, in-store functions of apps and cross-channel loyalty accounts [retailers with stores]

## KNOWLEDGE PARTNERS

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### THANK YOU

Our thanks go to our title sponsor Klarna for helping us to bring our insights and findings in this report to professionals working in ecommerce and multichannel

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### KNOWLEDGE PARTNERS

InternetRetailing would like to thank the following Knowledge Partners for their original data insights as well as support, advice and guidance in producing the RetailX Top500.



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# IN CONCLUSION

Through the pages of the RetailX UK Top500 2022 we've looked at how retailers and brands are responding in practice to the challenges that are now approaching in the wake of Covid-19. The cost-of-living crisis is set to affect customers' appetite and ability to buy, while the effects of Brexit are likely to be felt both by retailers and brands that import from Europe and those that sell goods to European customers.

The UK's Top500 retailers will start the year with the ability to perform at scale, having built the capacity and capability to serve shoppers in a way that was tested during the pandemic lockdowns and trading restrictions that have marked the last two years. In 2022, these strategies look set to be put to the test once more, while retailers and brands may also be called on to return to pre-pandemic service standards and delivery promises.




Now is the time for retailers of all sizes to start building on the imaginative and flexible solutions that have served them so well in recent years, and to do so for the longer term. The likelihood

is that there will be no more lockdowns, and that retailers and brands will be free to trade in the way that best works for them and for their customers. But the way that shoppers want to buy is changing and retailers and brands that listen to their customers – and, as we suggested in the Strategic Overview, best reflect their values – will be best placed to give the most relevant service.

The RetailX research team is always keen to ensure the way they analyse retail performance is up to date. If you have suggestions of new metrics that our research should be tracking, or want to suggest new retailers – of any size – that we should track then do get in touch at [research@retailx.net](mailto:research@retailx.net).

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Chloe Rigby, Editor

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