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FROM THE EDITOR-IN-CHIEF

Welcome to the 2021 RetailX UK Top500 report, in which we take stock of where UK retail stands after a year in which everything changed. The Covid-19 pandemic accelerated the growth of ecommerce and multichannel retail enormously, as shoppers who have now been through at least three lockdowns in which non-essential retail had to close, have turned online for more of their purchases. Retail has responded fast, expanding home delivery and click and collect as well as innovating with new ways to serve often vulnerable customers.

As a result, the new 2021 Top500 list looks very different from the one we published a year ago. Some retailers have expanded quickly, capitalising on their already strong digital capabilities and the luck of operating in a category deemed essential. Meanwhile, some household names have lost market share or even gone out of business. The pressures of a fast changing market have proved too much for some businesses shaped in previous centuries by now-changed buying habits.

This report focuses in depth on how UK grocers are now able to deliver more, following a 2020 in which they often doubled the size of their distribution operations. At the same time, Brexit has now brought about a new trading relationship with the EU, bringing significant change for retailers that sell into that market. We assess how the new EU/UK free trade agreement has changed the way retailers are now trading from the UK's new position as a third country.

In 2021, the challenge is how retail trades across channels at a time when more customers than ever are buying online. In this report, we analyse how successful Top500 retailers now sell by examining the tools and approaches that they have either adopted or discontinued. Category-specific analysis helps retailers to benchmark themselves against the most successful in the UK, as well as to learn what works in one of the most mature ecommerce markets in the world.

We've brought more case studies and practical examples than ever to this report in order to show exactly what retailers are doing to survive and prosper in these difficult and ever-changing times.

Our research findings reflect the ways in which retailers have focused on ensuring that the key components of ecommerce and multichannel retailing are in place, although sometimes reducing the 'nice to have' extras – things such as live chat – that come with highly convenient retailing. The changes reflect a very different retail environment, in which more customer service staff are currently working from home. Last year, we noted that more retailers were working to improve their businesses in important ways. This year, we've seen this commitment stepped up by several gears. Our congratulations go to this year's Elite retailers, Amazon, Argos, Asda, Boots, Marks & Spencer and Tesco. ■

Ian Jindal, CEO & Editor-in-Chief

OUR METRICS

OUR METRICS

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

TABLE 1. OUR METRICS

0.	FOOTPRINT: 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.	STRATEGY & INNOVATION: the extent to which the retailer is adapting for growth, international commerce and customer responsiveness
2.	THE CUSTOMER: measuring the experience from the customer's point of view
3.	OPERATIONS & LOGISTICS: delivery, returns, collections
4.	MERCHANDISING: displaying and describing products
5.	BRAND ENGAGEMENT: making their brands familiar to the customer and connecting with them
6.	MOBILE & CROSS-CHANNEL: beyond single ecommerce or store channels

PERFORMANCE CLUSTERS

We've ranked the UK Top500 in statistically similar groups. Elite retailers have performed at an exceptional level across all Dimensions, statistically separate from the subsequent clusters. In 2021, these are Amazon, Argos, Asda, Boots, Marks & Spencer and Tesco. Our congratulations to Elite retailer Amazon, which stays in the top rank for the seventh year in a row, and to Argos and Marks & Spencer, which retain their places for another year. Congratulations too to Asda, Boots, and Tesco, which all return to the Elite after previous inclusions.

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 2021, we will be continuing our testing and measurement of the whole group, with our findings contributing to the 2022 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 Parcel Monitor for data on parcel delivery times and related metrics, and to Semrush for data on inbound traffic to retailers from social media referrals, plus the demographic make-up of shoppers on particular websites.

ELITE RETAILERS

Congratulations once more to the RetailX Top500 Elite retailers for 2021: Amazon, Argos, Asda, Boots, Marks & Spencer and Tesco. ■

Ian Jindal,
Editor-in-Chief

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HOW COVID-19 HAS REDEFINED RETAIL

Over the last year, UK retail has shifted inexorably online. Paul Skeldon examines the profound implications of this for both ecommerce and multichannel retailers

The 2021 RetailX Top500 report arrives twelve months into a period of rapid and drastic change for UK retail. The coronavirus pandemic locked down the UK's population for much of 2020, pushing them towards buying online, accelerating a switch to digital and hastening the demise of those brick and mortar retail stores that had previously been struggling to adapt to modern consumer habits.

As rolling lockdowns inevitably continue into 2021, new shopping behaviours will also continue to develop. Factor in Brexit's as-yet unknowable impacts and 2021 promises to be a year of continual change – a state which potentially favours the most disruptive and innovative of retailers.

WHAT HAPPENED ONLINE IN 2020?

During the year, online retail saw its sharpest year-on-year growth ever. Figures from IMRG suggest that it grew by 36.7% compared to 2019, while more recent ONS figures point to an even bigger 46% boost.

Across retail as a whole, though, overall sales fell by 1.9%, with clothing one of the hardest-hit sectors. Non-store retailers (+32%) and food (+4.3%) retailers showed record overall sales growth of 32% and 4.3% respectively. Yet fuel sales fell by a record 22.2%, while department stores (-5.2%) and other stores (-11.6%) saw declines.

Home and garden retailers saw a brief uptick as locked-down shoppers past the time improving their immediate surroundings, while home working and home schooling fuelled sales of iPads and laptops. According to the IMRG research, online electrical sales rose by 91% after a 14% drop in 2019, while home and garden sales rose by 74%. By contrast, clothing only managed a 1% rise, largely led by online sales of 'at home' wear.

Online, multichannel retailers led ecommerce growth as physical stores closed and shoppers were encouraged to stay in. ONS figures show online household goods growing by 73.9%, while online department store sales were 65.9% ahead. 'Other'

stores, from electricals retailers to jewellers, bookshops and toy shops, saw their online sales grow by 73.4%.

This has propelled B&Q, for instance, into the Leading tranche of the UK Top500 list, even though it could only open up several weeks into the first national lockdown. B&Q owner, the Kingfisher Group, saw ecommerce sales across the group grow by 153% in the three months to 31 October – compared to the same time in 2019 – to account for 17% of group sales in the three months to 31 October. Its click and collect alone grew by 216% to account for 77% of online sales.

ONS figures show that pureplays and other non-store retailers saw sales grow by 32% – the largest annual increase the category has ever seen.

2020 also saw the expansion of peak trading, with Black Friday becoming a much longer 'Black November' event and some retailers reporting 70 to 80% increases in online traffic.

WHAT HAPPENED ON THE HIGH STREET?

For retailers that lacked balanced multichannel strategies, 2020 was a shock. Big names including Arcadia, Debenhams, Oasis and Warehouse, Laura Ashley, Bensons for Beds and Edinburgh Woollen Mill lead the list of over 40 high street retailers identified by RetailX as going out of business, with the loss of around 175,000 jobs, according to the Centre for Retail Research. To put that into context, only about five Top500 retailers go into administration during a typical year but in 2020, groups accounting for multiple brands failed.

Retailers that invested strongly in technology to balance online and store channels effectively had a distinct advantage during 2020. At Next, for example, 36% growth in online sales in the fourth quarter of 2020 helped it to offset a dramatic 43% loss in store sales.

The year's biggest winners, however, have been marketplaces and grocery retailers. Amazon has maintained its position in the Elite range of the Top500 in the UK, where it now sits alongside

grocery retailers Asda and Tesco, which have benefited from the shift online. General merchandiser-cum-marketplace Argos benefited from its presence within branches of Sainsbury's during the past year and also returns to the Elite.

Amazon, Argos and, to some extent, Asda, have all done well from offering a broad range of merchandise across proven online and mobile properties. Asda also had the advantage of being classed as essential food stores, so kept its doors open throughout while still being able to offer a broad range of non-food, non essential items on its shelves.

WHAT WILL HAPPEN IN 2021?

Since lockdowns are going to remain a feature of 2021, those retailers with good online and omnichannel offerings are likely to thrive. Pureplays, too, are set to continue their disruptive streak, with many filling the gaps left by the closures of big name stores. Most recently, Boohoo has bought the Debenhams website in order to turn it into a marketplace, while in the highly pressurised apparel market, businesses such as very.co.uk, missguided and even Asos are going to soak up the demand left by the collapse of Arcadia. Indeed, it's already been reported that Asos has been looking at buying some Arcadia brands.

Successful players will invest more in technology to improve all aspects of their online services, while many will try to capitalise on their online gains by creating or improving loyalty programmes in order to keep fickle users entertained and engaged. This approach has worked for H&M which, according to Emarsys, drove its loyalty scheme membership to more than 100m people during 2020. Over the coming year, such schemes could also act as a way of 'inviting' shoppers to high street stores in controlled numbers once doors are tentatively reopened.

MOBILE GROWTH

Mobile has had its own bumper year, boosted by the shift to digital. According to research by App Annie, consumers in 2020 collectively spent 82bn hours in shopping apps – that's a huge 30% up from 2019. Breakout UK retail apps during 2020 included

Amazon, with a 55% year-on-year growth; Tesco groceries with 150% growth and SHEIN with a 490% growth.

With Brexit now a hard reality, overseas sales already seem to be a less certain trend for 2021. However growth for UK retail is inextricably linked to exports.

Research by cross-border platform Global-e saw a 57% rise in outbound ecommerce sales from the UK in 2020, with the peak holiday trading period in November experiencing a 42% YoY like-for-like surge in international cross-border online sales compared to the same time in 2019.

Much of this demand has come from outside Europe – particularly China – before peak, in a roughly 60:40 split. In December 2019, retail ecommerce sales in China were predicted to be worth \$2.328tn for 2020, yet the actual total could have been even higher due to Covid-19. UK retailers looking to increase their sales might want to consider exploring this avenue, given the high demand for British goods in China.

Separate research by eShopWorld finds that the fastest growing markets for its technology and services were the Philippines (+258%), Morocco (+215%), Chile (+211%), Puerto Rico (+203%) and Egypt (+196%). The top reasons cited for purchasing internationally were lower costs, including duties, taxes and shipping (36%) and the availability of those products that couldn't be found in the shopper's own region (35%).

CONCLUSION

The UK's retail landscape was altered dramatically by the events of 2020 and will continue to be changed by a combination of Brexit and Covid-19. With it, the UK Top500 list has also changed. With more retailers having to embrace online and digital at an ever-faster pace, there will be a continued shift towards online-led omnichannel services, an increased reliance on loyalty and more use of mobile.

There will also be a raft of new entrants. The rise of marketplaces and the moves made by social media and video platforms such as Instagram, Facebook and YouTube to facilitate sales from their feeds could well have a profound impact on the Top500 in 2021. ■



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Retail Podcasts

The retail craft podcast looks at the who and how behind the performance of our Top500 companies, and those who influence and inspire them. Listen now on Apple Music or Spotify for behind the scenes access to some of most successful retailers in the world, as they discuss everything from business strategies, to how they began.

Join today at [Internetretailing.net](https://www.internetretailing.net).

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DEEPER THAN DEMOGRAPHICS; CREATING EMOTIONAL CONNECTIONS WITH CUSTOMERS

Consumer needs are rapidly changing, and Alex Marsh, head of Klarna UK explains why it's more important than ever to take a customer-centric approach



Unprecedented is a word that no-one wants to hear again. However, it can't be overstated that as people continue to shelter from the virus at home, travel restrictions and store closures have truly changed the way we browse and buy forever. The world has gone digital, and retailers have been forced to adapt or risk an uphill battle to survive.

Yes, these trends were already in motion pre-pandemic, but the situation has expedited change from roadmaps years in the future, to critical pathways mere weeks away.

Digital adoption during the pandemic has been an obvious shift, with many brands finally going online and enthusiasts embracing digital innovations like livestreaming, customer service video chat and social shopping. Suddenly, there is no such thing as a typical online shopper - Waitrose alone reported that the number of shoppers aged 55+ trebled in 2020. Changing behaviours has brought out new needs, with shoppers demanding ever-more sophisticated interactions and human experiences across the channel mix.

Our recent survey across 4,000 global shoppers explored how priorities differ across a variety of personality types and life stages. This research resulted in the characterisation of five shopper tribes identified as Family Firsts, Aspirational Achievers, Savvy Fashionistas, Here and Now's and Conscious Consumers. Whilst priorities can appear similar, brands and retailers should consider the subtle differences in order to tap into audiences and create deeper, emotional connections. Whether it be offering flexible payment options or creating inspiring content

and engaging experiences, a partnership with Klarna can help retailers to delight every 'tribe'.

At Klarna, customer obsession is at the core of our business. This is reflected in the power of our consumer network - a cohort of 90+ million shoppers globally. One universal need which has united our consumers and merchants is the importance of feeling safe and secure across the shopping journey. A familiar and trusted payment icon, with one time passwords at checkout, and a sophisticated Buyers Protection Policy (similar to that offered on a credit card, but handy for the 61% of millennials who do not own one) saw us rise into the Top 10 most loved Financial Services brands in the UK.

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HOW TESCO IS USING AGILE WORKING AND DECISION-MAKING TO SCALE AT SPEED

Tesco has seen online growth of 80% with fulfilment capacity doubling in just three months, writes Emma Herrod. Chris Poad, managing director, online, Tesco, explains how the Elite retailer's culture has changed to agile working



As Covid-19 hit, Tesco had to scale its business quickly and, by Christmas 2020, the supermarket had reported close to £1bn in extra online sales of groceries following "unprecedented" demand which saw online sales rise by more than 80% in the 19 weeks to 9 January. Over the Christmas period alone, the grocer delivered 7m orders of over 400m items.

This festive boost comes on top of an escalation of orders that saw the supermarket, which this year returns to the Elite group of the RXUK Top500, scale operations as consumers turned to online during the first wave of the Covid-19 pandemic.

"At peak, which is the week or two prior to Christmas when we make the delivery slots available to customers, we would typically see traffic to our website increase about two times compared to the baseline," says Chris Poad, managing director, online at Tesco. "Yet on the weekend during the prime minister's first announcement [of the UK's lockdown], we saw a 4.5 times increase in demand."

Tesco's online team started planning for lockdown in mid-March, when it was becoming obvious that some sort of restriction to customers' movement was going to be put in place. Helping people in need was the company's first priority. It was about "how could we make sure that people who are not likely to be able to leave their homes can still get access to food," says Poad.

With the magnitude of the upcoming demand becoming evident, a second priority of "how to serve as many households as we possibly could," was defined.

Tesco, which was already the largest online grocery business by volume of orders fulfilled each week, scaled from fulfilling 660,000 orders each week to 1.5m through home delivery and click and collect orders by the end of June. This level has been maintained, with demand remaining high throughout 2020.

Some 16,000 people were initially hired on a temporary basis, then moved to permanent roles as operating models changed to increase the flow of orders. Such changes included starting to pick orders earlier in the day, extending click and collect hours, buying

"Most decisions are reversible and those decisions should be taken quickly with imperfect data because you can always change your mind later. Some decisions are one-way doors and are harder to reverse from. Those you should ponder, make sure that you've done the analysis and have the data"

more vans, hiring more people and changing the way they pick. "We found 50 substantial changes that we implemented over that time, along with many hundreds of small changes," says Poad.

One of the issues that the company faced was not being able to prioritise customers by loyalty since "everyone at some point shops in Tesco". Some 700,000 vulnerable people were identified through information from the health authorities and from customers themselves, with orders for these prioritised. "The organisational and platform changes that we had to make to ensure that we had enough capacity in the right places given different concentrations of people in the vulnerable group was challenging."

FLEXIBLE DECISION-MAKING

While the feat of scaling to such an extent is remarkable, the way in which the company did so, bringing agility and flexibility into the



Agile working is enabling Tesco to scale at speed

decision-making process, hints at a cultural change for the business that other retailers can learn from. Poad explains that in March, a cross-company team of 15 was put together to meet every day. These meetings escalated to twice then, ultimately, three times every day, seven days a week, for three months.

Poad met with the executive committee at 5pm every day. "Meeting with the executive committee every evening gives a certain frisson to the decision-making because you have to account for the last 24 hours," he says.

The cross-company team agreed that they wouldn't leave a meeting without making a decision, leading to "some longer discussions". Poad explains that the process of decision-making was speeded up by an understanding that most decisions could be reversed. Using one-way and two-way swinging doors as an analogy, he says that "most decisions are reversible and those decisions should be taken quickly with imperfect data because you can always change your mind later. Some decisions are one-way doors and are harder to reverse from. Those you should ponder, make sure that you've done the analysis and have the data."

He adds: "A mistake that many make is to treat every decision as a one-way door, which is not the case. Giving teams permission to make mistakes in favour of pace was one change we made." Indeed, everyone knew they had permission to change their minds if the wrong call had been made.

Having a set of fundamental principles also helps with the decision-making. In Tesco's case, these are "helping customers a little more every day and treating customers and colleagues as you'd expect to be treated yourself." Poad explains that having those values at the heart of everything you do makes the role of decision-making easier, especially when working remotely and without so much face-to-face time with colleagues. "It's easier to determine the right decision if you are referring back to a set of fundamental principles and tenets," he says.

Poad has tried to retain some of the levels of energy and purpose achieved during the long hours the team worked during the initial months of the pandemic as the company has come out of the real peak of demand in order to show what is possible and achievable when audacious goals are set and decision-making is

kept to a small group. However, he does point out that while there is always a place for consensus building, ultimately someone has to make a decision.

LOOKING FORWARD

This year sees the grocer revisiting some of the things that were implemented temporarily and at speed in 2020 in order to make the changes permanent. While the online team continues to focus on daily trading, it is also looking ahead, testing, innovating and remaining agile to changing consumer behaviour against the new higher base line of online shopping.

Even before the pandemic, there was a secular change in consumer behaviour towards immediacy and this is an area in which Tesco is investing with in-store micro-fulfilment.

The first to be implemented is a three-storey 1,600m² automated pick tower built next to the West Bromwich store in London. The tower moves totes to a goods-to-person station from where individual items are picked into customer order totes. Those are then routed through for collection or delivery. The advantages of micro-fulfilment for Tesco include increases in capacity, speed and proximity. Tesco can offer more delivery and click and collect slots since a micro-fulfilment centre will typically fulfil three times as many orders a day as a store in less space. Added to that, orders are ready in minutes rather than the hours in a more typical manual-picking operation. Micro-fulfilment centres will be installed in stores physically close to the customers and enabling "a whole range of new services and new missions".

Poad concludes: "As I think about the future, immediacy, automation and local-automation are a big part of it. I think there are a lot more opportunities to expand the selection we offer and the categories we offer beyond just food and the general merchandise selection we have today." ■

Find out more: Listen to Chris Poad's full interview with RetailX editor-in-chief and founder, Ian Jindal, in Episode 21 of the RetailCraft podcast: www.internetretailing.net/podcasts

HOW COVID-19 HAS CHANGED THE WAY GROCERS SELL ONLINE

Liz Morrell assesses how the pandemic has driven supermarkets to find new ways of delivering more groceries, to more customers, more efficiently

The Covid-19 pandemic has changed online grocery shopping forever. Retailers have had to adapt quickly – from the Co-op, which had only just begun online trials, to Aldi which hadn't even got to trial stage. Grocery giants which had already invested in online shopping had to further bolster capacity in order to accommodate the enormous surge in demand. At the same time, customer behaviour changed too. Although all kinds of customer rushed to buy online, it was the elderly and the vulnerable for whom ecommerce grocery delivery proved most critical, meaning that retailers had to consider their specific needs.

ROCKETING DEMAND

Sales surged for grocery retailers, pre- and post-lockdown. In March 2020, ONS figures showed food stores' retail sales growing by 10.4%, compared to the previous month, as significant home stockpiling began.

By the autumn, it was evident just how big a shift had taken place, with October's ONS figures showing that shoppers had spent nearly twice as much on online groceries (+99.2%) than they had the previous year, with around one in ten (10.4%) grocery sales taking place online during the month. The figure was double the 5.4% of grocery sales taking place online in February before the pandemic hit the UK.

Yet the growth continued. By December, food stores had recorded a record year on year rise of 126.4% in online food



Aldi had yet to even trial online shopping when the pandemic hit



Copyright © Sainsbury's

18% of Sainsbury's grocery sales are now online

store sales. The ONS suggested that retailer feedback had shown a permanent change in consumer habits caused by the pandemic, with online sales now accounting for 11% of all grocery retail.

This change has fed through to company results too. In January, Sainsbury's revealed that sales for its online groceries business were up by 128% in the Christmas quarter of its financial year, with 18% of grocery sales taking place online. Tesco also saw a record Christmas, delivering more than seven million orders and over 400m individual items. Online sales grew more than 80%, accounting for nearly £1bn in extra sales over the 19-week period.

CHANGING MODELS FOR THE GROCERY GIANTS

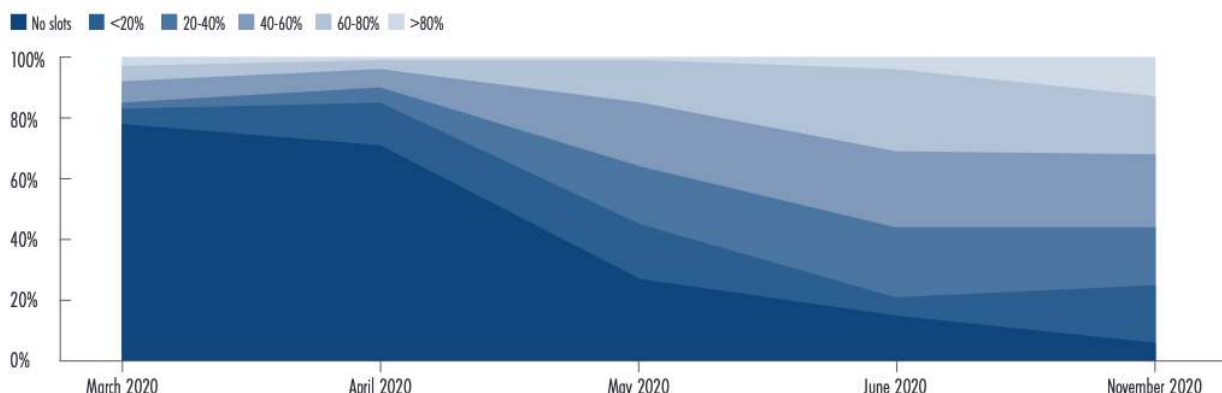
The supermarket giants have boosted staff numbers and capacity. Sainsbury's has more than doubled the number of slots for home delivery and click and collect and is on track to offer around 800,000 online delivery slots a week. Asda offers 850,000 slots currently, with 900,000 planned by April.

Tesco has also doubled its online capacity since the start of the outbreak and now offers around 1.5m slots every week, including both home delivery and click and collect. The retailer continues to ringfence priority slots for vulnerable customers, with more than 800,000 such customers now on its list.

Iceland had also seen a 300% increase in home deliveries year on year by September 2020, boosting capacity to handle up to 750,000 orders a week. It offers priority delivery to 300,000 shielding or vulnerable customers.

Figure 1. The availability of grocery delivery slots over time

The height of each colour on the vertical axis shows the fraction of assessed European grocers in a given week that had the corresponding availability of delivery slots over the 14-day period immediately following the day of assessment



This chart was first researched and published as part of the InternetRetailing European Grocery 2021 sector report. See Sector Reports at www.internetretailing.net

Source: RetailX

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CLICK AND COLLECT

Click and collect has boomed and, as with home delivery, has been adopted by retailers new to online sales. Aldi initially trialled click and collect in one store in September 2020 before expanding to more than 200 stores by Christmas. Morrisons has expanded from 14 stores offering click and collect last March to nearly 450 as of January 2021. Sainsbury's has added 200 new locations to its network, with click and collect accounting for 24% of online sales in the Christmas week in December.

ADAPTING TO DELIVERY

Some of the most impressive changes have come from those for whom online delivery was previously more of a future project. Co-op, for example, launched ecommerce delivery in March 2019 but by early 2020, was still only delivering direct from 50 stores. At the start of 2021, it now delivers from more than 1,000 stores and is the most widely available supermarket on Deliveroo.

This online expansion comes after the company was forced to condense a five-year rollout plan into just a few months. It has seen a tenfold increase in the volume of orders, with many customers new to the Co-op. Chris Conway, head of ecommerce at the Co-op, says the retailer has seen new customers as a result. "We have attracted new customers and demographics, including customers who had not used online channels before and are seeing stickability to the channel too".

Aldi, too, moved online, initially with essential product food parcels to help vulnerable and self-isolating customers. It launched an on-demand delivery trial with Deliveroo, which expanded to nearly 130 stores in November. This allows customers within a 6km radius of a participating store to use the bike delivery app and choose from around 400 Aldi grocery items.

Richard Thornton, communications director at Aldi UK, says the move has helped those unable to visit its shops, while also attracting new customers. "By expanding our online presence,

we've made Aldi accessible to thousands of shoppers who might never have visited before, or who aren't able to visit a store in person at the moment," he said.

Morrisons, too, worked with Deliveroo in April, as well as offering same-day deliveries through Amazon, in addition to its existing delivery service supported by Ocado.

THE RISE OF THE TAKE-AWAY FOOD DELIVERY APPS

This trend for same-day delivery has seen an explosion in the use of food delivery apps, such as Deliveroo, Buymie, Zoom and Uber Eats – all of whom have announced various grocery retailer partnerships since the pandemic began.

Deliveroo is one of the biggest winners of the year, having announced several grocery partnerships including Sainsbury's, Waitrose, Aldi and Morrisons. "Grocery delivery is a driver of growth and we are focused on expanding our partnerships and building the best proposition for all three sides of our marketplace," said a spokesperson for Deliveroo.

UberEats is working with Iceland and Sainsbury's in London and will provide a 30-minute delivery service from 200 stores on 350 Asda products from February.

Other players are also growing quickly. Dublin startup Buymie delivers for the likes of Dunnes, Tesco and Lidl in Ireland and partnered with the Co-op to deliver in Bristol last May.

The Co-op is working with Pinga in East London and has expanded its use of autonomous deliveries. The company was the first UK retailer to use autonomous robot delivery through a partnership which began in 2018 with Starship Technologies. The retailer now delivers in Northampton and Milton Keynes and hopes to be using up to 300 of the robots by the end of 2021.

It seems the appetite for online grocery shopping shows no sign of waning any time soon. ■

TRADING ACROSS EU BORDERS AFTER BREXIT

Chloe Rigby looks at what's changed for UK ecommerce retailers in 2021 at a strategic level as a result of the post-Brexit free trade agreement with the EU

On 1 January 2021, the UK started to trade with the 27 members of the European Union on new terms. The UK is no longer a member of the EU but is now a third country, trading with EU countries through the new free-trade UK and EU Trade and Cooperation Agreement. That deal, agreed on Christmas Eve 2020 and approved by the UK Parliament on 30 January, just one day before it came into effect, allows for zero tariffs and zero quotas on goods produced in the UK and sold to Europe – and vice versa. Nonetheless, there is now more form filling for UK retailers selling to the EU as well as the delivery companies carrying goods. This extra paperwork covers issues that include VAT, customs codes, product origins and, in the case of those selling animal-based products, extra phytosanitary checks, when goods are permitted to be imported at all from outside the EU.

The cost for UK companies of selling into Europe is therefore rising, with some ecommerce and multichannel retailers of all sizes rethinking their approach as a result.

Some have taken the decision to stop delivering abroad entirely, with leading UK department store John Lewis terminating its international delivery business before Christmas. It did not mention Brexit as it set out its new strategy of focusing on the UK market. Fashion retailer Jigsaw, for example, says it is no longer shipping to the EU, while a number of specialist European retailers have said they will also no longer ship to the UK. For others, this is a temporary measure. Upmarket grocer Fortnum & Mason is among the retailers that has suspended deliveries to the EU while it puts new processes in place.

Retailers and brands now face a choice of whether to keep selling to Europe or not, given the change in systems and extra costs. Ultimately, the choice is a strategic one and one that will reflect whether the revenues available from selling to Europe outweigh the costs and complexities of doing so.

GROWING INTERNATIONAL TRADE

These changes come at a time when UK retailers have been selling across borders more than ever. The latest IMRG/Global-e Cross Border Index suggests that cross-border ecommerce sales grew by 57% in 2020 for the 270 retailers that trade on the Global-e platform. Across the peak trading period, which this year marked not only the run-up to Christmas but also the final months of the UK's membership of the EU Single Market, sales were up 42% on the same time last year.

Neil Kuschel, chief executive of Global-e in Europe, says that cross border trade between the UK and the EU grew quickly in 2020 as shoppers were more prepared to buy from overseas sellers. He believes it will continue to be important in 2021, although Brexit now presents a challenge to that. Kuschel says that brands that are absorbing the new costs themselves are not seeing significant changes in their order levels from the EU. However, he notes that, "Many brands that have passed that on to the consignee in Europe are having challenges, where customers are experiencing being charged on arrival".

Retailers that remain committed to making it work include those that already have large global or European businesses, including fashion retailers Next, Asos and Superdry, and sports business JD Sports. Next, which already traded through its own bonded warehouses, has said that having prepared for the changes, it is not now seeing any problems. "We have not experienced any disruption as a result of Brexit and all our new systems required for Brexit have been implemented and are now operational," it said in a Christmas trading statement published in January 2021. "We do not anticipate that Brexit will have a material impact on our ability to import and export stock in the year ahead." It also said it did not expect any increase in customs duty costs in the coming year.

It's also so far, so good for smaller business footwear retailer Vivo Barefoot, which shifted its distribution operation into the EU before the deal, moving its stock to the Netherlands. "It has made a lot of difference not transferring from outside the UK into the



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Next says it does not expect any disruption to the way it sells to the EU

EU," says Paul Walker, commercial director at Vivo Barefoot, speaking at an IMRG virtual event in January. Retailers taking this approach, however, need to consider whether they still need to run a UK warehouse, as well as whether they can afford to double up on warehousing costs.

Meanwhile, David Kohn, customer and ecommerce director of Top500 furniture retailer Heal's, said at the same IMRG event that while it had been fearful of the costs of Brexit and rising shipment costs, these had not yet materialised. "Should price increases come through – and there's very little evidence of that so far – it will be the standard question of whether we are able to pass it on or if we have to take it on the chin ourselves," he says.

Yet others see sizeable challenges ahead. Asos anticipates £15m in extra costs in its current financial year as it pays tariffs to meet the country of origin rules that now affect British businesses, while Superdry says that despite ensuring that its inventory management and stock intake processes were up to speed before 31 December, it will still take its Brexit internal working group some time to get to grips with the full implications. "Superdry is a global business with corporate and operational capability both in the UK and mainland Europe, which means that we are well-equipped to deal with the challenges of Brexit as we can service EU customers from within the EU and to as a UK-only organisation," it said in its half-year results statement, published in January 2021. "However, though this diversified

distribution centre network has allowed us to mitigate many of the potential costs, there are now additional considerations and frictional costs of relocating inventory once it has been received into the business."

Global-e's Neil Kuschel says that help is available for retailers and brands looking to understand how they best approach trading after Brexit. Sources for this information include the Department for International Trade, local chambers of commerce and industry bodies. He also notes that it's important, at a time when cross-border trade is increasing, for retailers to stay in the market if they can, since British goods are still very desirable and the appetite for shoppers to buy across borders is increasing. "Being an optimist, I think that in six months' time, brands will have got their heads around how to manage shipping across borders into Europe," says Kuschel. "People will have forgotten and got things back to normal. The challenge is that in the next six months, since the online consumer is so fickle, if you are a brand and you lose your customers because you struggle to get it right, you will have to spend a lot of money to get them back. You have to get it right now and a lot of businesses already have. Even brands that haven't got it right yet, if they get the right advice it doesn't take too long to get it right." ■

UK TOP500 LIST

ELITE	TOP 100	TOP 150	TOP 250	TOP 250
AMAZON	ALLSAINTS	APPLIANCESDIRECT	& OTHER STORIES	MANGO
ARGOS	AMERICAN GOLF	AXMINSTER	ALDO	MARISOTA
ASDA	ANN SUMMERS	BODEN	ANGLING DIRECT	MASSIMO DUTTI
BOOTS	AO	BOOHOO.COM	ANTHROPOLOGIE	MATCHES FASHION
MARKS & SPENCER	AVON	BURTON (US)	APPLE	MENKIND
TESCO	BEAUTY BAY	DECATHLON	BERSHKA	MICROSOFT
LEADING	BEAVERBROOKS	DIESEL	BOSE	MOLTON BROWN
ADIDAS	BENSONS FOR BEDS	DIOR	BOUX AVENUE	MONICA VINADER
ASOS	CARPHONE WAREHOUSE	THE ENTERTAINER	CALVIN KLEIN	MONTBLANC
B&Q	CEX	THE FRAGRANCE SHOP	CASS ART	MULBERRY
DUNELM	CHAIN REACTION CYCLES	FURNITURE123	CATH KIDSTON	NESPRESSO
FARFETCH	CLARKS	GO OUTDOORS	CHAOS CARDS	NIKE
H&M	COTSWOLD OUTDOOR	GUCCI	CHARLES CLINKARD	NINTENDO
ICELAND	ERNEST JONES	H.SAMUEL	CHARLES TYRWHITT	OUTDOOR & COUNTRY
JD SPORTS	EURO CAR PARTS	HOBBYCRAFT	CLINIQUE	OYSHO
JOHN LEWIS & PARTNERS	FAT FACE	HUGHES ELECTRICAL	COTTON TRADERS	PANDORA
LOUIS VUITTON	FOOTASYLUM	IKEA	CREW CLOTHING COMPANY	PARTYCITY
MORRISONS	HALFORDS	JACAMO	CROCS	PAUL SMITH
NEXT	HOBBS LONDON	JOULES	CYCLESURGERY	PAVERS
OCADO	HOTTER	L'OCCITANE	DEICHMANN	PHILIPS
SAINSBURY'S	HOUSE OF FRASER	L.K.BENNETT	DREAMS	RADLEY
SCREWFIX	JACK WILLS	LAKELAND	EARLY LEARNING CENTRE	RAJAPACK
WAITROSE & PARTNERS	JD WILLIAMS	LAURA ASHLEY	EBAY	THE RANGE
WICKES	JESSOPS	LINDEX	ELLIS BRIGHAM MOUNTAIN SPORTS	REISS
WILKO	JIGSAW	LUSH	END.	ROUTE ONE
TOP 50	KAREN MILLEN	M&CO	ESTÉE LAUDER	RYMAN
ALDI	LAPTOPSDIRECT	MAINLINE MENSWEAR	EVERYTHINGSPOUNDS.COM	SALOMON
BLACKS	LLOYDS PHARMACY	MILLETS	FARROW & BALL	SELECT
THE BODY SHOP	NEW BALANCE	MISSGUIDED	FEELUNIQUE.COM	SMYTHS TOYS
CLAIRE'S	NISBETS	MOSS BROS.	FOOT LOCKER	SNOW+ROCK
CURRYS PC WORLD	OFFICE	MOUNTAIN WAREHOUSE	FOREVER 21	SPORTSDIRECT.COM
DUNE LONDON	OFFSPRING	NASTY GAL	FRAGRANCE DIRECT	STRADIVARIUS
EVANS CYCLES	THE PERFUME SHOP	NELLY.COM	FREE PEOPLE	SUNGLASS HUT
GAME	PETS AT HOME	NEWEGG	FRENCH CONNECTION	SWEATY BETTY
HOLLAND & BARRETT	PHASE EIGHT	OVERCLOCKERS UK	GAP	TESSUTI
HOTEL CHOCOLAT	PULL&BEAR	PAPERCHASE	GOLDSMITHS	TIFFANY & CO.
LITTLEWOODS	ROMWE	PUMA	HOMEBASE	TOMMY HILFGER
LOOKFANTASTIC	SHOE ZONE	REEBOK	HUGO BOSS	TREDZ
MATALAN	SHOPDISNEY	ROBERT DYAS	THE HUT	TRIPP
MINT VELVET	SOLETRADER	RUSSELL & BROMLEY	IHERB	TRIUMPH
NEW LOOK	SUPERDRUG	SALLY	JIMMY CHOO	UGG
RIVER ISLAND	SUPERDRY	SEASALT CORNWALL	JOJO MAMAN BÉBÉ	UNDER ARMOUR
SCHUH	SWAROVSKI	SIMPLY BE	JONES BOOTMAKER	VAPE CLUB
SELFRIDGES	UNIQLO	SIZE?	JTF	VICTORIAN PLUMBING
SPACE NK	WEX PHOTO VIDEO	SKATEHUT	JYSK	VICTORIAPLUM.COM
T.M. LEWIN	WHISTLES	SPORTSSHOES.COM	KURT GEIGER	WATCHFINDER
TED BAKER	THE WORKS	THOMAS SABO	LINKS OF LONDON	WHSMITH
TOOLSTATION	YOURS CLOTHING	TRAVIS PERKINS	LONG TALL SALLY	WIGGLE
TOPPS TILES	ZALANDO	WATERSTONES	MAJESTIC	YOOX
URBAN OUTFITTERS	ZARA	WHITE STUFF	MAMAS & PAPAS	YUMI
VERY				
THE WHITE COMPANY				

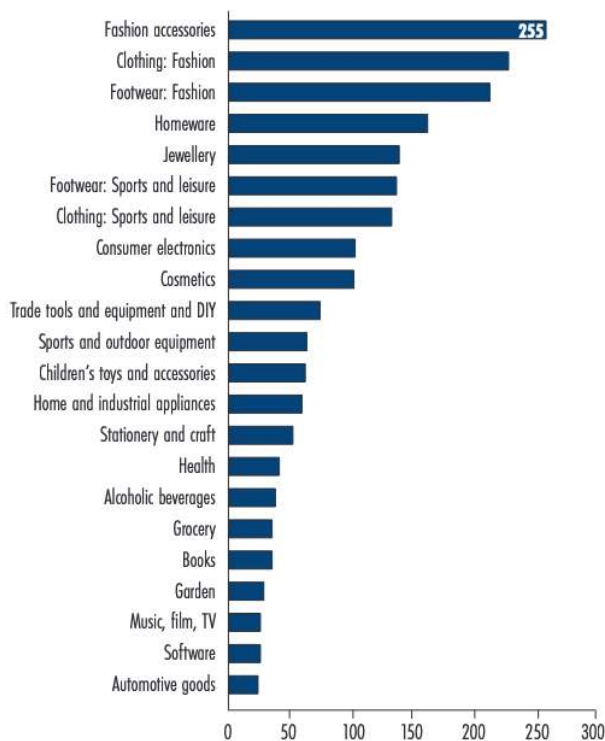
UK TOP500 LIST

TOP 350	TOP 350	TOP 500	TOP 500	TOP 500
ABERCROMBIE & FITCH	LACOSTE	AMERICAN APPAREL	GHD HAIR	PLUMBWORLD
AGENT PROVOCATEUR	LAITHWAITE'S	AMERICAN EAGLE	GLASSES DIRECT	PRADA
ALIEXPRESS	LANDS' END	ARIA TECHNOLOGY	GOOGLE (STORE AND PLAY)	PRETTY GREEN
ANDERTONS MUSIC	LEGO	ARMANI	GOPRO	PRINTING.COM
ARCO	LEVY'S	ASICS	GRAHAM & GREEN	QD STORES
ASPINAL OF LONDON	LOAF	ATS EUROMASTER	GUESS	QS SUPPLIES
ASUS	LUISAVIAROMA	AVERY	HACKETT	QUIKSILVER
BANANA REPUBLIC	MAC COSMETICS	BAKER ROSS	HAVAIANAS	QVC
BAREMINERALS	MACHINE MART	BANG & OLUFSEN	HAWKIN'S BAZAAR	RALPH LAUREN
BATHSTORE	MADE.COM	BARBOUR	HAWKSHEAD COUNTRY WEAR	RAPHA
BRAVISSIMO	MODA IN PELLE	BARKER & STONEHOUSE	HEAL'S	RAZER
BURBERRY	NET-A-PORTER	BIMBA Y LOLA	HERMÈS	REDBUBBLE
CANON	THE NORTH FACE	BLACKWELL'S	HORNBY	REGATTA OUTDOOR CLOTHING
CARPETRIGHT	NOTONTHEHIGHSTREET.COM	BLINDS2GO	HP	ROHAN
CHRISTIAN LOUBOUTIN	OAK FURNITURE LAND	BLOOMINGDALE'S	IDEAL WORLD	THE ROYAL MINT
COAST	OLIVER BONAS	BLUE NILE	INTERFLORA	SAKS FIFTH AVENUE
CONVERSE	PETSHOP.CO.UK	THE BRITISH MUSEUM SHOP	JEUNESSE	SCOTT SPORTS
DIGIKEY	PRETTYLITTLETHING	BRORA	JEWSON	SCRIBBLER
DJI	RICHER SOUNDS	BT SHOP	JML	SEVENOAKS SOUND AND VISION
DR. MARTENS	ROMAN ORIGINALS	BUILD-A-BEAR WORKSHOP	JOY	SHEIN
DYSON	SAMSUNG	CALENDAR CLUB	JUNO RECORDS	SILENTNIGHT
EPSON	SCAN	CAMPER	KIEHL'S	SKAGEN
EURONICS	SCS	CARD FACTORY	KITBAG.COM	SNEAKERSNSTUFF
FERRARI.COM	SÉRAPHINE	CASPER	KÄRCHER	SOCKSHOP
FLANNELS	SKECHERS	CORSAIR	LEEKES	SOFA.COM
FORTNUM & MASON	SLATERS	COS	LEISURE LAKES BIKES	SPORTPURSUIT
FOSSIL	SPECSAVERS	COSTCO	LENOVO	STANLEY GIBBONS
FRASER HART	SPORTSBIKESHOP	THE COTSWOLD COMPANY	LIZ EARLE	STEAM
FURNITURE VILLAGE	STUDIO (EXPRESS GIFTS)	CROMWELL	LN-CC	STELLA MCCARTNEY
GABOR	SUPERGA	DELL	LULULEMON	SUPREME
GEAR4MUSIC.COM	TATE SHOP	DFS	MATTEL	THE SALEROOM
GTECH	THORNTONS	DOBBIES GARDEN CENTRES	MAX SPIELMANN	TIMPSON
GUITARGUITAR	TIMBERLAND	DULUX DECORATOR CENTRES	MICHAEL KORS	TISO
HABITAT	TK MAXX	DUNNES STORES	MOLE ONLINE	TJ HUGHES
HAMLEYS	TRESPASS	EBUYER.COM	MONKI	TOAST
HARRODS	UK FLOORING DIRECT	ECCO	MUJI	TOMTOM
HARVEY NICHOLS	UNITED COLORS OF BENETTON	EPIC GAMES	MUSCLE FOOD	UK ECIG STORE
HAWES & CURTIS	USC	ETSY	MYTHERESA	VIRGIN WINES
HELLY HANSEN	VANS	F.HINDS	NOTCUTTS	VITABIOTICS
HMV.COM	VERSACE	FEATHER & BLACK	NOVATECH	VIVIENNE WESTWOOD
HOLLISTER	VICTORIA'S SECRET	FENDI	OAKLEY	WACOM
HOME BARGAINS	VIOVET	FIRED EARTH	OFFICE FURNITURE	WALLS AND FLOORS
HUNTER	WEIRDFISH	FITBIT	OKA	WARREN JAMES
HUSH	WELDRICKS PHARMACY	FORBIDDEN PLANET	THE ORIGINAL FACTORY SHOP	WATCHES OF SWITZERLAND
IRONMONGERYDIRECT	WHITTARD OF CHELSEA	FOYLES	ORVIS	WEEKDAY
ITS	WOLSELEY	FRED PERRY	OVERSTOCK	WEST ELM
JACK & JONES	WYNSORS WORLD OF SHOES	G-STAR RAW	PC PART PICKER	WISH
JOE BROWNS	YANKEE CANDLE	GAMES WORKSHOP	PHOTOBOX	WORLD OF BOOKS
KATE SPADE	YESSTYLE	GANT	PLANET ORGANIC	WOWCHER
KENZO	ZEE & CO	GARMIN	PLUMBASE	YVESSAINTLAURENT

ABOUT THE UK TOP500

Figure 2. Category analysis of the UK Top500

The number of retailers in categories organised by product types sold



Categories with more than 20 retailers are shown. The total exceeds 500 because some companies sell across multiple categories

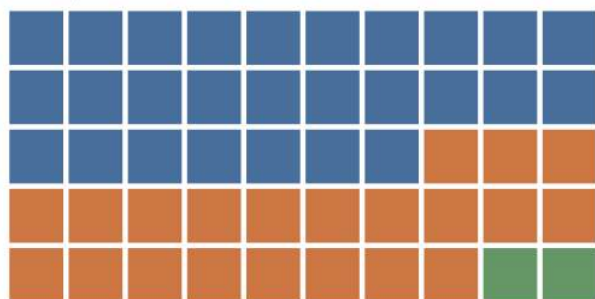
Source: RetailX

CC BY ND RetailX 2021

Figure 4. Business types

The fraction of brands — which primarily sell their own products — marketplaces and retailers in the Top500

■ Retailers: 266
■ Brands: 212
■ Marketplaces: 22



Source: RetailX

CC BY ND RetailX 2021

Figure 3. Where Top500 retailers are based

The number of Top500 retailers with their retail headquarters in a country

UK	342
USA	64
Germany	12
Italy	12
France	10
Spain	8
Sweden	7
The Netherlands	7
Denmark	5
Japan	5
Other	28

The RetailX UK Top500 is made up of the largest UK retailers. The companies' sizes are measured by their online and offline revenues, stores, and web traffic in the UK, irrespective of where they are headquartered

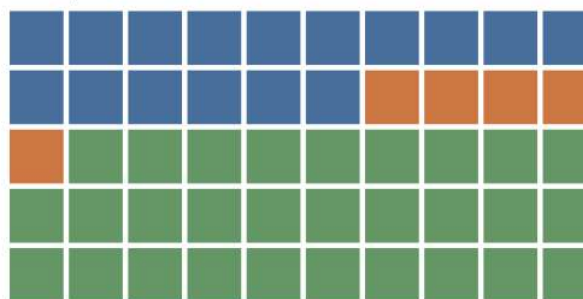
Source: RetailX

CC BY ND RetailX 2021

Figure 5. Web traffic split

Annual visits to Top500 websites from UK consumers, by business type

■ Retailers: 3.1bn visits
■ Brands: 900m visits
■ Marketplaces: 5.4bn visits



Marketplaces, just 22 of the UK Top500, receive more web traffic than the remainder of the companies in the list

Source: SimilarWeb and RetailX

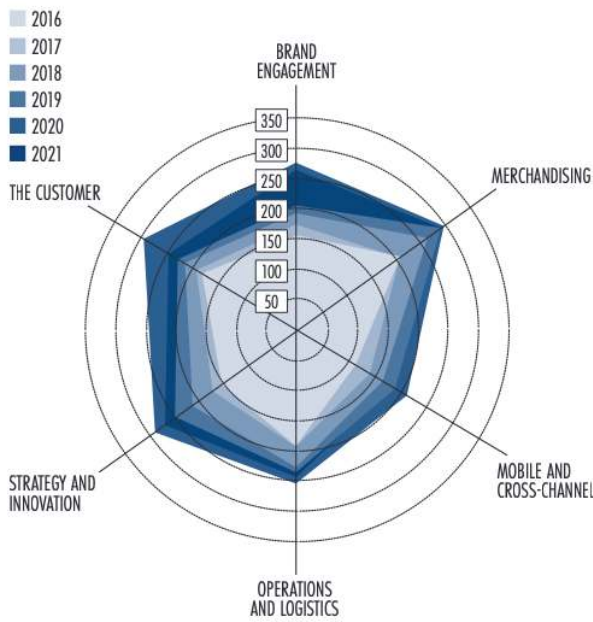
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MEASURING PERFORMANCE

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. This enables 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, with the exception of the past 12 months in which the pandemic has reduced the services that many retailers can offer

Figure 6. Performance by Dimension

The Total Index Value for the performance dimensions from 2016-2021

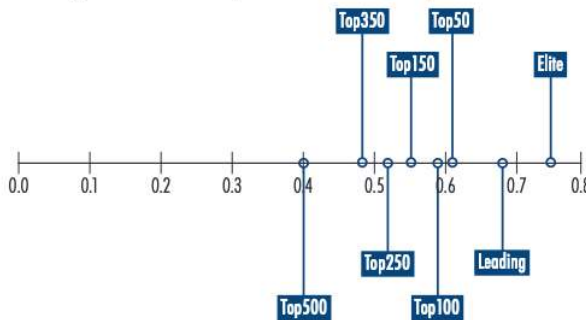


Source: RetailX

CC BY ND RetailX 2021

Figure 8. Cluster performance

The Average Index Value for each performance cluster of the Top500



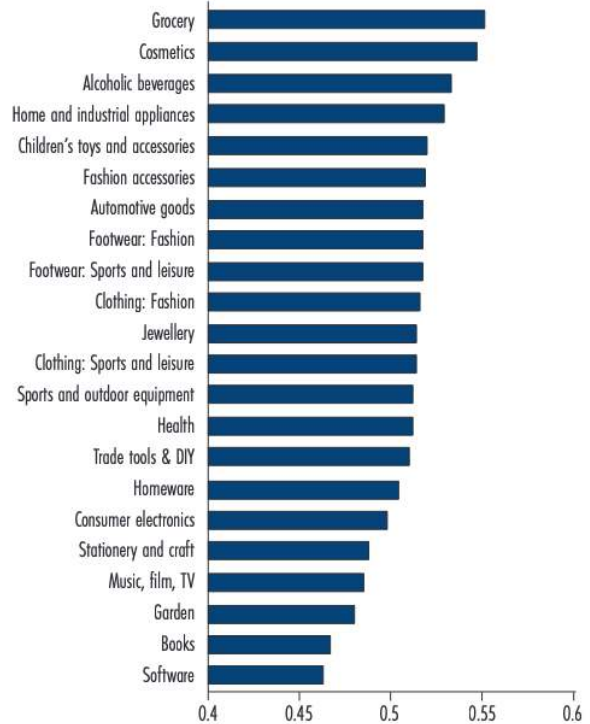
The retailers within each cluster are listed on pages 16-17. Retailers' clusters are determined by their Footprint size (revenues, web traffic, and stores) which receives a 30% weighting and by their performance in the other metrics covered by this report with a 70% weighting

Source: RetailX

CC BY ND RetailX 2021

Figure 7. Average performance by category

The Average Index Value for each category



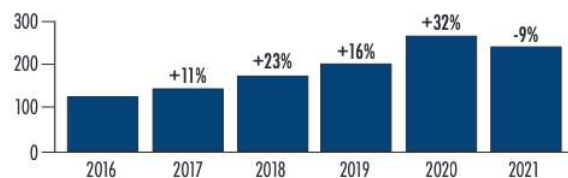
Note that some retailers belong to multiple categories and that categories with 20 or more retailers are shown

Source: RetailX

CC BY ND RetailX 2021

Figure 9. Overall Index

The Total Index Value 2016-2021 and YOY change



2021 is the first year since we began our research in 2014 that the TIV has declined year-on-year. In the race to service a surging volume of customers, the online services of some retailers have pared back features in order to meet demand. It's changes such as taking longer to respond to customer service requests and deliveries taking longer that have led to this year's unusual decline in TIV

Source: RetailX

CC BY ND RetailX 2021

LEADING IN THE TIME OF PANDEMIC

This year's Top500 is led by retailers that had an advantage in dealing with Covid-19, often gained through previous steady investment in multichannel and ecommerce

The Elite and Leading groups of the Top500 represent those retailers that have led the way for the ecommerce and multichannel industry over the last year. It's notable the two groups are dominated by those that have had advantages over a year that has been so challenging for many retailers. Often the advantage was because the goods they sell were essential or highly desirable in the Covid-19 pandemic, but often the advantage came from previous and steady investment in multichannel and ecommerce, enabling retailers to continue to deliver when customers most needed them.

This year's Elite is made up primarily of multichannel retailers that were deemed essential and so could continue to trade through their shops while also selling online. Online-only retailers shone when they built on their previous performance, expanding delivery services in order to continue to offer convenient service to their customers. Added to that, those selling the goods that proved most important to locked down shoppers dominate both the Elite and Leading groups.

Conversely, those retail brands that have moved down groups include those that were disadvantaged both through Covid-19 lockdowns with stores that had to close, and following lockdowns as more people started to work from home, no longer visiting city centre shops during the course of their day and reducing their demand for formal clothing and other work-related products.

ELITE RETAILERS

All of the members of this year's Elite group had previously been ranked Elite - perhaps reflecting the fact that they had previously invested in the customer experience across sales channels, and were well-placed to do so in a year in which demand for their goods soared.

Amazon is ranked Elite for the seventh consecutive year. It's both the only retailer to achieve this, and also the only pureplay that has consistently appeared in the Elite ranking. The fact it has done so reflects its ability to offer swift, convenient delivery for products that shoppers deemed essential in lockdown across channels that made up for its lack of UK stores. One factor in this has been its development of its own logistics business.

Argos, ranked Elite in six out of seven years, has, like Amazon,

its own logistics business that delivers the general merchandise that shoppers wanted to buy over the year through same-day delivery and collection. Collection was made possible despite its non-essential stores being closed, because the retailer has hundreds of small format digital stores within branches of Sainsbury's that could remain open.

Supermarkets were one of the few types of shop that many people continued to visit during lockdown - among them Tesco and Asda, which both return to this year's Elite. Both succeeded in expanding capacity to meet demand across channels for both groceries and general merchandise.

Marks & Spencer, which remains in the Elite from last year, was able to remain open during lockdowns and its goods remained in demand - leading it to continue to invest in its multichannel business, and adding new services such as in-store mobile payments.

Boots, too, benefited from its position as an essential retailer over the last year, helping it to return to the Elite in 2021 after three years as a Leading retailer thanks to its strong capabilities in multichannel and mobile retailing, alongside flexible delivery and collection options.

THE LEADING GROUP

This year's Leading group includes retailers that have been able to expand and invest in their online and multichannel businesses over the year, secure in the knowledge that the demand is there. It includes grocers Sainsbury's, Ocado, Waitrose, Morrisons, and Iceland, alongside DIY and homewares retailers B&Q, Screwfix, Wickes, Wilko, Dunelm and John Lewis, which all benefited as shoppers spending more time in their home had new levels of demand for the goods that they sold. The most flexible fashion and sportswear retailers, from multichannel JD Sports, Next, Adidas and, again John Lewis, to pureplay Asos, are ranked Leading in this year's index. Newcomers include brands Adidas and Louis Vuitton as well as Farfetch, whose platform is used both by independent fashion boutiques and by fashion brands to sell online to customers around the world. Grocers Iceland and Ocado are also in this group for the first time. ■

NEW TO THE TOP500 IN 2021

This year almost 100 new retailers have joined the RetailX UK Top500. This reflects a year with much turbulence for the industry. As ever, we have selected the Top500 retailers based on their online and offline retail revenues, their web traffic, and the number of physical stores they have (even if temporarily closed). While they are included based on their size, retailers' ranking within the Top500 (see pages 16-17) is based primarily on their performance from the customer's perspective

NEW TO THE TOP500 IN 2021				
ABERCROMBIE & FITCH	DUNNES STORES	HUSH	OVERSTOCK	STANLEY GIBBONS
AMERICAN APPAREL	DYSON	THE HUT	PC PART PICKER	STELLA MCCARTNEY
AMERICAN EAGLE	EPIC GAMES	IDEAL WORLD	PETSHOP.CO.UK	THE SALEROOM
ANGLING DIRECT	EPSON	IHERB	PLUMBWORLD	TIMBERLAND
AVERY	ETSY	JEUNESSE	QD STORES	TISO
BAKER ROSS	FEATHER & BLACK	KATE SPADE	QS SUPPLIES	TREDZ
BANG & OLUFSEN	FERRARI.COM	KITBAG.COM	QUIKSILVER	VICTORIAPLUM.COM
BIMBA Y LOLA	FOREVER 21	LEISURE LAKES BIKES	RAJAPACK	VIOVET
BLINDS2GO	FORTNUM & MASON	LIZ EARLE	SAKS FIFTH AVENUE	VIRGIN WINES
BLOOMINGDALE'S	FREE PEOPLE	LUISAVIAROMA	SALOMON	VITABIOTICS
BLUE NILE	FURNITURE123	LULULEMON	SCOTT SPORTS	WACOM
THE BRITISH MUSEUM SHOP	GHD HAIR	MATTEL	SÉRAPHINE	WEIRDFISH
BRORA	GRAHAM & GREEN	MOLTON BROWN	SHEIN	WORLD OF BOOKS
BURTON (US)	GTECH	MYTHERESA	SILENTNIGHT	WOWCHER
CAMPER	HAVAIANAS	NEWEGG	SKAGEN	YUMI
CANON	HAWKIN'S BAZAAR	NOTCUTTS	SOCKSHOP	ZEE & CO
CASPER	HELLY HANSEN	OAK FURNITURE LAND	SOFA.COM	
CORSAIR	HORNBY	OFFICE FURNITURE	SPORTPURSUIT	
DJI	HUNTER	OXA	SPORTSSHOES.COM	

CASE STUDY

John Lewis & Partners: responding to customers' needs

John Lewis & Partners says that during the pandemic, it has seen a fundamental shift in how its customers shop. Before the crisis, online sales had accounted for around 40% of sales and stores contributed to around £6 of every £10 spent online. By the time it announced its half-year results in September, ecommerce had grown to more than 60% of sales, with stores contributing only £3 of every £10 online.

The online channel is more vital than ever and the effort spent on the site reflects that. Merchandising is bold, with product descriptions and imagery giving an effective view into product suitability. Customers can filter products via multiple options, including delivery options as well as ratings. Items are shareable with friends and customers can see how many others have viewed items or added them to their baskets in the last 24 hours, adding a sense of urgency to purchases while also revealing on-trend products.

Customer experience has always been vital for John Lewis & Partners but it has traditionally relied on its stores to deliver its truly differentiated service. Since the pandemic, however, it's been forced to move many of these previously in-store services online. These include personal and home styling as well as beauty and nursery advice, and helping customers buy better online through bookable video call appointments that bring store staff to them.



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Services previously offered in-store have now launched online

For those customers still wanting to shop in person, initiatives such as bookable shopping slots and virtual queuing have helped manage customer flow and keep all safe. During the third lockdown, John Lewis & Partners took this philosophy a step further by halting click and collect from its department store network, as well as suspending in-home services such as installation, unless they were essential to customers' wellbeing.

This takes the company's delivery options down to only three. Standard delivery takes five days and is free with a £50 spend. It also offers a Collect Plus service or a next-day/named delivery premium service that includes a one-hour timeslot.

CASE STUDY

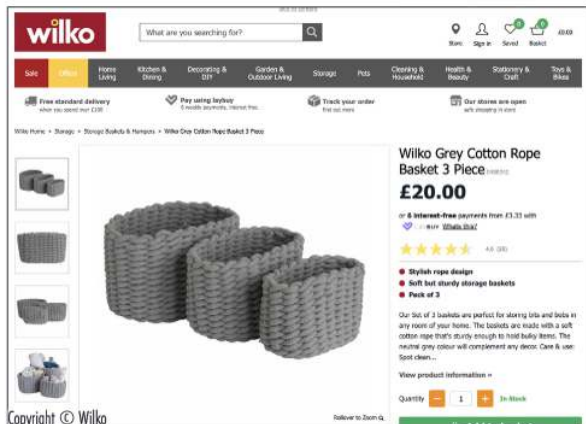
Wilko: ready for lockdowns

Value-led mixed goods retailer Wilko has been able to open its stores throughout the pandemic and while stores have remained popular, its online offer went into the pandemic already fortified by a multichannel restructuring and investment in 2014. This was a bold move at the time, given the company's value focus but one that has clearly paid off.

Delivery, payment, tracking and store options are all on the retailer's home page, followed by promotional and seasonal content. Customers can shop by popular categories directly from the home page, which includes a 'we think you'll love' product recommendation section. Items can be saved to a wishlist or basket and can be updated when products come back in stock.

Its home page includes a 'love Wilko on Instagram' section which uses customers' own images from Instagram to help sell products. Wilko also operates across social channels and runs the Wilko Life blog, which includes how-to guides and inspiration articles.

Customers can rate products by stars, as well as scoring on value, quality and ease of use. They can browse via various filters – from traditional measures such as brand, price and ratings as highlighted in our research, to additional special features such as guarantee lengths as well as design or material. Wilko has offered click and collect for some time but at the time of writing, this service was



Copyright © Wilko

Wilko is now using a variety of channels to sell goods

suspended, presumably because customers are already visiting stores so can buy in person rather than put extra stress on the store network. Instead, Wilko directs customers to its standard five working days delivery service, free when customers spend £100 or more, or its premium next-day service.

It takes a few clicks to find help and support online but Wilko operates both phone and email communications, although it does warn that there may be up to a seven-day wait for a reply via email at the time of writing.

CASE STUDY:

New Look: Extending returns due to the lockdowns

New Look has extended its free returns policies for both online and instore purchases during the pandemic. Customers who have bought items since 15 October 2020 now have until 31 March 2021 to return them, so long as they have a valid receipt, order number or dispatch note. This is beyond the 28 days offered by retailers in this research.

The caveat is that New Look warns that returns are taking longer to process due to the need to hold returned parcels for 48 hours before processing. It therefore advises customers to allow up to 15 working days for their refund. Goods can be returned instore (when open) or via Collect+, Royal Mail and InPost.

New Look offers a range of ways for shoppers to receive their goods, including five delivery options in addition to collection services. Its delivery services include next-day and nominated-day courier services, as well as several Royal Mail options. Next-day delivery is free with a £65 spend or with the company's delivery pass. Free standard delivery is offered on a £25 spend but was also on offer for 99p at the time of writing. Delivery options and expected date of delivery are confirmed before the customer checks out.

The website has a clearly labelled help centre which aims to answer common customer queries such as returns. It also offers



New Look has extended its returns period to counter slower post

a range of ways in which the customer can get in touch, including chat, phone, tweet or Facebook Messenger. New Look notes that customers emailing for help could have to wait a week for a reply and encourages customers to use the company's Chat team.

Clothing is displayed in images taken from various angles, both on models and stand-alone. The site highlights how many people are currently looking at each product and how many of that item have sold. Items can be added to a saved list or shopping basket and can be complemented with a 'shop the look' option.

New Look's autocomplete search functionality is highly effective, with searches filtered by style, fit, size, brand, colour and price.

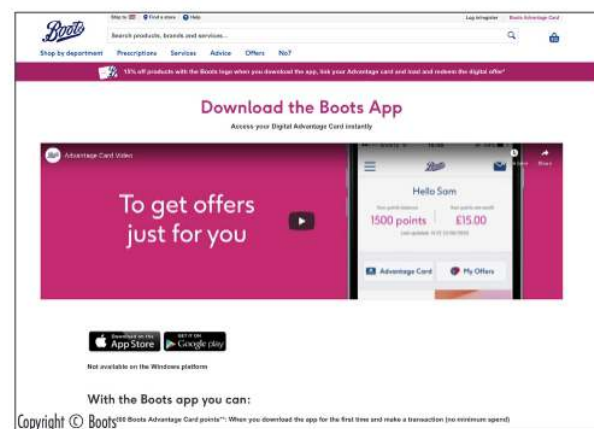
CASE STUDY:

Boots: Going further with prescription online ordering

Boots stores have mostly remained open throughout the pandemic but as well as boosting its online operations to cope with increased product demand, new online pharmacy and beauty services, including virtual consultations, have been introduced to serve shoppers unable to leave their houses.

Online Boots offers clear navigation and date-relevant promotional content – for example, pay day savings and Valentine's gifting at the time of writing. Delivery options are clearly displayed, with standard delivery free on a £30 plus spend as well as offering next-day delivery, named-day delivery and Saturday delivery. Click and collect is free with a £20 minimum spend.

Shoppers are encouraged to order online, instore, over the phone or via the company's mobile app. The app offers a range of benefits for customers, including an initial Advantage Card points bonus after the first transaction made via the app, as well as personalised offers, content and event invites. Importantly, given the current climate, the app can also be used to manage healthcare needs, such as ordering prescriptions, accessing online pharmacy clinics or booking instore appointments.



The Boots app now has increased functionality

Site filter options are among the most comprehensive of all retailers. For instance, in the sleep product category, shoppers can filter via 20 different features.

The site offers comprehensive product information and multiple imagery as well as 'customers who viewed this also viewed' and 'customers who bought this item also bought' product suggestions. It lists top products in the category and customers can use the website to check product availability instore too.

Retailers stand out in the Strategy & Innovation Dimension when they prioritise the tools that make the most difference to their ecommerce and multichannel strategies, and adopt emerging technologies early

It assesses how traders make it easier for customers to carry out core ecommerce tasks, from payment to arranging delivery, and making a return. It also looks at how they are responding to the continued shift towards mobile commerce.

The more localised a website can be, the more likely it is that international shoppers will buy from it. However, fully translating a website is more complicated than supporting the local currency.

One in five retailers (22%) enable shoppers to choose which currency they can pay in. Shoppers are more likely to have a choice of currencies on marketplaces (where 41% of sites give the choice), sports and leisure (33%) and fashion footwear (32%) sites, as well as on those selling sports and leisure (32%) and fashion clothing (31%). They are least likely to have a currency choice on sites selling trade and DIY tools and equipment (10%) and on grocery (12%) and garden product (13%) sites.

One in five (21%) retailers selling in the UK now offers its customers the ability to choose the language that they see the website. That's 8 percentage points (pp) up from 13% in 2020. A choice of languages tends to be more available on marketplaces (37%), sports and leisure footwear and clothing sites (both 31%) and on those run by brands (30%) and fashion footwear (29%) retailers. But grocers (6%) and trade and DIY retailers (9%) are both less likely to offer it.

In 2020, most retailers (51%) enable shoppers to select the country they are buying from in order to have a more localised experience. That's up by 4pp from 47% a year earlier. Marketplaces (78%) and brands (72%) are among those more likely to enable this, along with fashion footwear (68%) and clothing (67%) retailers. Again, grocers (26%) and trade and DIY tools and equipment (29%), are less likely to offer this choice, since these businesses tend to be less focused on international shipping.

Global brands such as H&M have fully invested in localisation, reflecting the extent of their reach. The fast fashion retailer enables shoppers in more than 55 markets to buy through a website in their own language, using their own currency and to easily shift to another international website where relevant. That means shoppers in relatively small markets can make sure the experience works for them. In Finland, for example, H&M's customers can choose to view the full website in either of its national languages of Finnish or Suomi (pictured) and pay in Euros, while those in Macau can view the site in Chinese or English and pay in Hong Kong dollars. Other Top500 retailers will focus on the markets that make strategic sense for them. Electricals retailer AO, for example, has a German business that operates from that market.

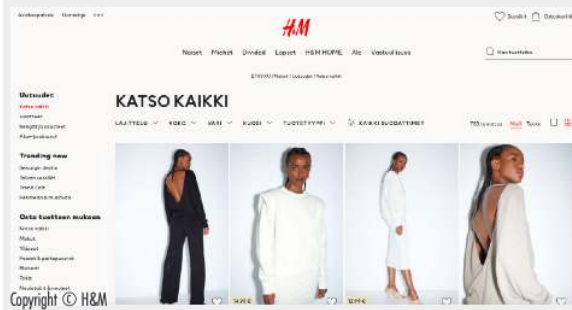
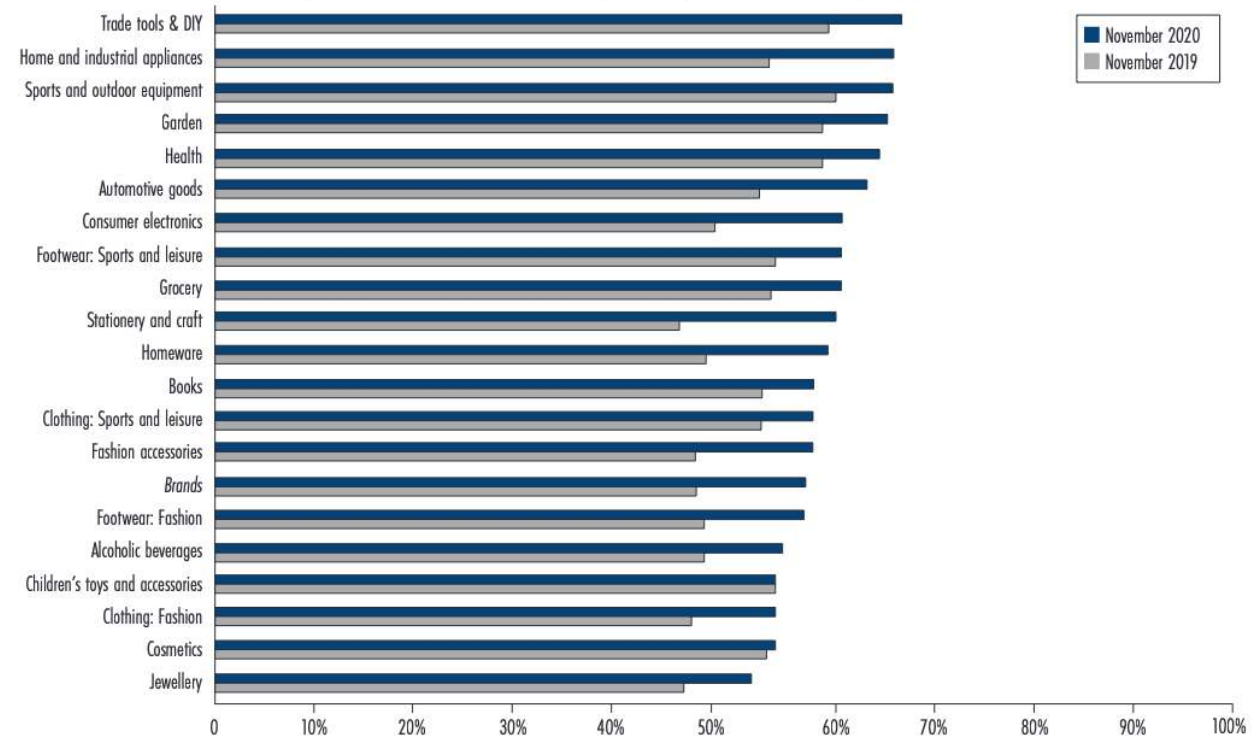


Figure 10. Retailers showing fulfilment options on their landing pages

The change in the fraction of retailers showing fulfilment options on their website landing pages in the year to November 2020 by category



Source: RetailX

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HOW DO RETAILERS EASE THE BUYING PROCESS?

Taking some relatively simple steps can make it easier and faster for shoppers to buy. Retailers may step back from some other approaches that prove to be less useful.

Wishlists

Retailers appear find wishlists an effective way to encourage purchases. There's been slow but steady growth in the proportion of retailers enabling shoppers to save items to a wishlist, rising to 57% in 2021 from 56% in 2020. Marketplaces (74%) and sites selling cosmetics (72%), fashion clothing, footwear and jewellery (all 70%) are most likely to feature wishlists. They are not as common on sites selling consumer electronics (43%) and automotive goods (46%).

Payments

Shoppers with registered details can buy with a single click on 16% of Top500 sites. That's down by 6pp from 22% in 2020. One-click ordering is more available from retailers selling sports and leisure clothing and footwear (both 20%) and fashion clothing and accessories (both 19%). It's least offered by grocers (9%), and those selling consumer electronics and stationery and craft (both 11%).

Fewer retailers now flag up their payment methods on home pages, with this metric falling to 18% of the 438 retailers measured

on this metric in both 2021 and 2020. That's down by a sizeable 24pp from 42% a year earlier, even though showing payment methods on the home page would inform shoppers sooner whether their preferred method is on offer. Those who do flag this information up include retailers selling automotive goods (20%), trade and DIY tools and equipment, and sports and leisure footwear (19%). Those selling alcohol and garden products (both 11%) are less likely to do so.

Paypal remains the most popular alternative payment method. It's available on 28% of Top500, followed by Facebook checkout (6%) and Google Pay (4%).

Customer engagement

Retailers are this year supporting the same number of engagement channels – a median of 10 – as they did last year. The popularity of live chat is declining (-7pp to 4%) though. It may be more difficult to support this channel when more staff are working from home. There's more on this in the Brand Engagement Dimension.

Checking store stock

One in five (20%) of the 435 retailers that have stores and were measured in both 2021 and 2020 enable shoppers to check store stock from their websites. That's down by 8pp from 28% a year earlier. Sites selling trade and DIY equipment and tools (26%), home

and industrial appliances (25%) and children's toys and accessories (23%) are more likely to provide this information.

HOW HAVE DELIVERY, COLLECTION AND RETURNS PROMISES EVOLVED?

As more shoppers buy online, retailers are starting to give shoppers information about delivery sooner in their shopping journey. This helps provide answers to common questions and makes buying more straightforward. The number showing fulfilment options on their home page has risen by 7pp to 58% of the 438 retailers tracked on this metric in 2021, up from 51% a year earlier. Retailers selling trade and DIY tools and equipment (67%), health products (64%) and sports and outdoor equipment (66%) tend to flag up these details sooner.

Most make this information easier to find on the product page, with 73% doing so in 2021, up from 71% in 2020, including those selling jewellery (86%), cosmetics (83%) and children's toys and accessories (81%).

Delivery

Next-day delivery has become less available during the year, falling to 54% of retailers from 58% in 2020. Retailers selling health products (58%) and cosmetics (57%) are most likely to offer this, while it is less available from retailers selling automotive goods (33%) and music, film and TV products (34%).

Slightly fewer now enable shoppers to choose the day and time for an online order to be delivered. Just 13% enable shoppers to name the day of delivery – down from 14% a year earlier. The ability to nominate the time of delivery is also down 1pp from 5% to 4% in 2020. Both are most common in the competitive grocery sector, and those selling food (32% nominated day/12% time) and alcohol (34%/12%) offer this.

Sunday deliveries are specified as an option by 11% of retailers, down from 12% a year earlier.

Collection

More than half of retailers (54%) offer shoppers the ability to collect their online orders from a store in 2021, a figure unchanged on 2020. Same-day collection is slightly more available in 2021 than last year, up by 1pp to 8% of 462 retailers measured in both periods.

Returns

10% of retailers now support returns via a pick-up from the house, down by 6pp from 16% in 2020. This service is most commonly found among retailers selling garden products and home and industrial appliances (both 15%). 50% of retailers now enable shoppers to return items ordered online to a store, when open. That's up by 8pp from 42% a year earlier and suggests that the service is now becoming mainstream among the 481 retailers with stores that were measured in both periods. Most retailers selling fashion footwear (59%), accessories (59%), clothing (58%) and jewellery (57%) support this. Marketplaces (16%) and software vendors (16%) are less likely to do so, perhaps because the service is less relevant to sellers.

THE CONTINUED SHIFT TO MOBILE COMMERCE

The rise of m-commerce has pushed more retailers to develop their own mobile apps.

More than a third of retailers offer iOS apps – at 36%, up from 35% in 2020. These are an important part of selling online for most marketplaces (79%) and retailers selling music, film and TV products (64%), but less important for homewares (29%) and health (34%) retailers.

There's fast growth in the number of retailers offering Android apps, which are available from more than a quarter (26%) of the 484 retailers measured on this metric in both 2021 and 2020. That's up by 7pp from 19% in 2020, and includes more than half of marketplaces (67%) and sites selling music, film and TV products (58%). Again, homewares (21%) and brands (25%) are less likely to offer them, giving those that do, and have the customer loyalty to justify the investment, a potential advantage.

Improving the mobile experience

Searching from a mobile phone is made easier when suggested search terms are automatically completed. Use of this tool rose by 6pp to 68% of the 478 retailers measured on this metric in both 2020 and 2021. Most now enable shoppers to zoom into product images on their smartphones or other mobile devices; the 67% that do so has stayed steady on last year. Sports and outdoor equipment retailers (79%) and grocers (77%) are somewhat more likely to support this than those selling books (56%) or software (66%). ■

LEADING RETAILERS IN THE STRATEGY & INNOVATION DIMENSION

ADIDAS	ASDA	DUNE LONDON	LOUIS VUITTON	NEW LOOK
ALDI	B&Q	FARFETCH	MARKS & SPENCER	SELFRIDGES
ALLSAINTS	BOOTS	GAME	MINT VELVET	TED BAKER
AMAZON	CLAIRE'S	ICELAND	MORRISONS	TESCO
ARGOS	CURRYS PC WORLD	JD SPORTS	NESPRESSO	WILKO

RELIABLE SERVICE

In the Customer Dimension, RetailX researchers looked at a range of customer operations, from website user experience to service options, to see how the UK Top500 have reacted to demands created by the global pandemic

Throughout 2020, retailers had to work harder than ever at engaging and winning customers, which made customer service a particularly vital tool. By using it well, retailers have kept customers informed about their orders, made them feel safe and secure instore during those times that shops have been open and given newer digital shoppers the confidence to spend online.

Retailers had to react quickly to the pandemic, pivoting online operations and organising customer service teams to work from home and deal with increased customer enquiries as lockdowns began.

CAN CUSTOMERS EASILY CONTACT RETAILERS?

The need to pivot customer service impacted retailer communication in 2020, with RetailX researchers noting significant falls in the availability of options such as live chat and contact numbers on retailers' landing pages. This doesn't necessarily mean that such services weren't available to customers, but that they weren't immediately obvious on the home page, making them harder for customers to find.

Retailers were initially overwhelmed by the upsurge in demand. A 2020 *Which?* survey of members showed that between March and July, 22% of shoppers were unable to contact retailers and service providers to resolve complaints. They reported phone calls and emails left answered and weeks-long response times when they were eventually contacted.

Phone numbers on landing pages

One of the biggest drops identified by the research was the availability of contact phone numbers on retailer landing pages within the Top500. This figure more than halved, down from 31% to only 12% of the 438 retailers measured on this metric over two consecutive years.

As the lockdowns started, retailers would have been inundated with customer queries – from which stores were still open to stock and delivery questions. They also had to deal with a rise in shoppers who had never previously shopped online, including many older

consumers forced to do so by circumstance rather than choice. A 2020 survey by global commerce agency 5874 Commerce found that 63% of consumers believed the increased focus on online shopping was alienating older users or those less comfortable with technology.

Couple that with many retailers setting up customer service operations to work from home, at the start of lockdown at least, and it's unsurprising that retailers looked to funnel customer queries to easy-to-manage channels such as email.

Homewares retailer IKEA was among those retailers that suspended customer service phone lines at the start of lockdown due to limited customer services team availability. Many retailers have since invested in new ways to increase call capacity and help customers with problems, such as linking customers to shop staff during periods of store closures.

Live chat options

Similarly, the availability of live chat within a minute of arriving on the landing page also more than halved, down by 7pp to 4% of the 438 retailers measured in both periods. Only 1% of automotive goods and children's toys and accessories retailers offered the service.

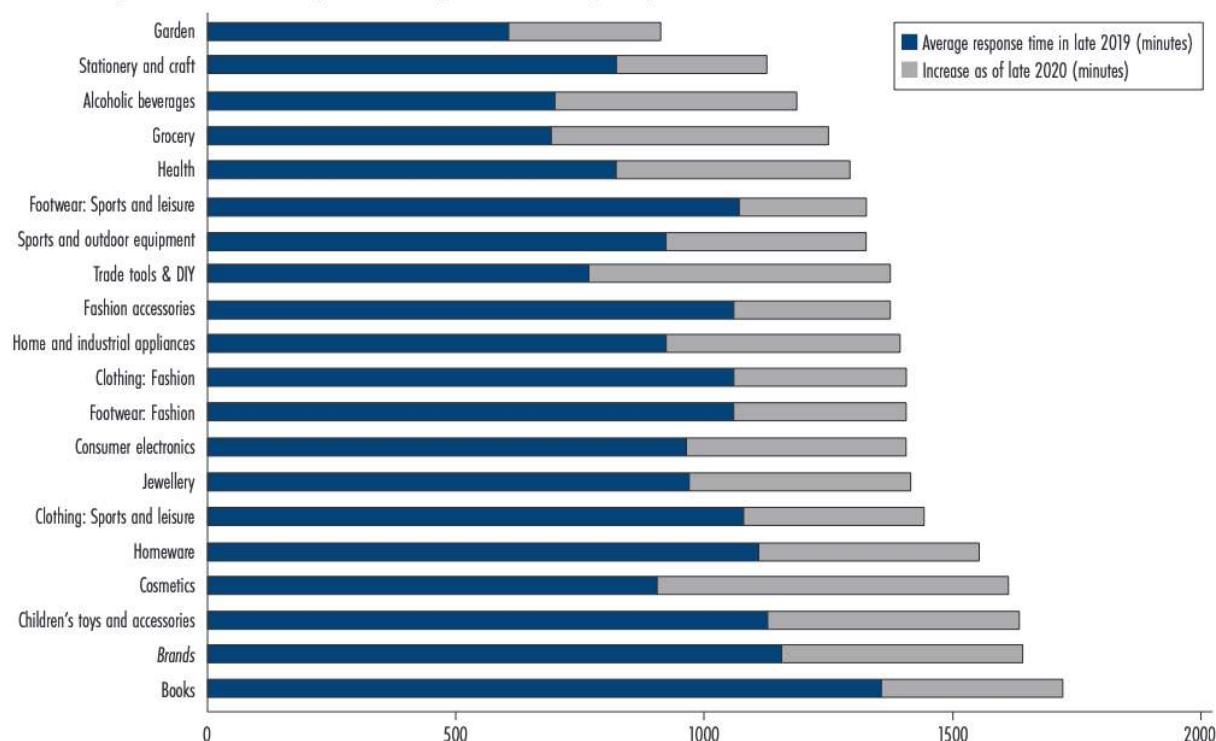
Although these two metrics fell, the number of retailers offering contact email details on the landing page went up slightly, by 1pp, to 8% of the 438 retailers measured in both periods.

Sectors such as trade tools, equipment and DIY were strongest at 12% while at only 1%, automotive goods were among the lowest performing sectors.

THE CUSTOMER

Figure 11. Increase in customer response time, year-on-year

The increase in the year to November 2020 of response times to simple customer service requests by email or web form



All product categories have shown an increase in response time to simple customer service queries by email or web submission form during the pandemic. Note that automated responses do not count towards response time, but only a direct response to the question asked

Source: RetailX

© RetailX 2021

HOW WELL DO RETAILERS HELP CUSTOMERS?

We've already seen that retailers made it a little harder for customers to contact them via live chat or phone as they looked for ways to cope with rises in customer queries during the pandemic. Once customers did get in contact though, how well did retailers deal with their queries?

RetailX researchers tested the UKTop500 to see how quickly retailers responded to customer email queries, how good the service was and how successful they were in resolving issues. These were measured by the researchers filling out a web form or emailing the retailer with a simple question.

The results show that response times increased dramatically during the pandemic as retailers struggled to respond in a timely fashion to customers, with a median value up by just over 7.5 hours to over 20 hours. Garden retailers were among those responding the quickest, with a median response time of just over 16 hours. By contrast, home and industrial appliances retailers took more than 23 hours to respond.

Researchers also rated the level of service which, with a median value of 4 (the best being 4) was unchanged for the 404 retailers measured in both periods. The researchers then measured how effectively the retailer was able to answer the query. Issue resolution fell, down 1 to a median value of 3 for the 404 retailers measured.

Marketplaces were the best at sorting out customer problems, with a median score of 4. Grocery was among the worst sectors but, given the rapid uptake in online grocery retailing, this can perhaps be understood.

HOW IS THE USER EXPERIENCE?

The research also assessed the customer user experience. How much do retailers really care about their customers and are they doing enough to attract and keep them onsite?

RetailX found that generally, website bounce rates weren't that different across sectors, although marketplaces offer one of the lowest rates. Customers will also leave a site if they can't find what they are looking for. The research looked at search relevance – something retailers have been working hard on delivering. Here, search relevance remained unchanged, with a median value of 3.0 for the 478 retailers researched in both periods.

The research also looked at the initiatives retailers have put in place to improve the customer experience online, such as recommending complementary purchases. This metric fell by 4pp to 34% of the 435 retailers measured in both periods. This may have been caused by stock availability problems created by the pandemic, or it may just be that retailers have focused their promotional efforts on tactics other than product recommendations. Marketplaces are strongest in this metric, with almost half (47%) offering complementary product recommendations. Meanwhile grocery, which should be an obvious sector for recommending complementary products, stands at only 19%.

Retailers have undoubtedly worked hard over the last 12 months to keep customers happy and to serve them best they can, whether that's instore or online. However, it's a priority they will have to continue to work on into 2021 and beyond. ■

CASE STUDY

BURBERRY

Luxury retailer Burberry excelled in terms of the customer experience it offered during lockdown. The retailer has long focused on digital innovation as a cornerstone of its business strategy and this work really paid off when the pandemic hit, as well as in the months that followed. In January 2021's third-quarter trading update, it revealed that digital innovation, including pop-ups and local activations on .com, had supported more than 50% full-price growth through the channel.

Importantly, the retailer also used digital to better engage customers inside its stores, with functionality such as a new live chat feature and linking consumers browsing on .com directly to sales associates instore for help and advice. This has been in addition to other new online initiatives that look to replicate the physical world online, such as offering virtual appointments and virtual client events.



CASE STUDY

AO

At AO, the electricals retailer has promised a priority focus on customer service to ensure that it maintains its share of newly converted online customers. In its Christmas trading update, the company's founder and chief executive, John Roberts, said that AO had enjoyed its strongest ever peak trading period in 2020 over the Black Friday and run-up to Christmas. He said he also believes that most customers that have bought electricals online will continue to do so. "We intend to cement that change by raising the bar on our service and proposition in ways that only AO can deliver," he said at the results.

That the company has maintained consistently high NPS scores throughout the pandemic suggests that Roberts can be confident in delivering on this pledge.



LEADING RETAILERS IN THE CUSTOMER DIMENSION

BOOTS	DUNE LONDON	JOHN LEWIS & PARTNERS	NEW LOOK	TOPPS TILES
CARPHONE WAREHOUSE	FARFETCH	L.K.BENNETT	PUMA	WAITROSE & PARTNERS
CEX	FARROW & BALL	LOUIS VUITTON	SWAROVSKI	WHISTLES
CLARKS	HOTEL CHOCOLAT	MARKS & SPENCER	T.M. LEWIN	THE WHITE COMPANY
CURRYS PC WORLD	JACK WILLS	MATALAN	TED BAKER	WILKO

OPERATING TO CAPACITY

Liz Morrell assesses the ways in which Top500 retailers expanded their logistics services during the first year of the Covid-19 pandemic

While the Covid-19 pandemic has strained many areas of retailers' operations, the logistics side faced the greatest pressure as an unprecedented number of customers moved online. Retailers had to react quickly to the shift as they sought to replace lost store sales during the first lockdown, ramping up capacity while also ensuring warehouses and distribution centres were operating safely.

They also had to work closely with their delivery partners throughout, especially during peaks such as Black Friday and Christmas when, according to RetailX Knowledge Partner Parcel Monitor, there was a 29% surge in parcel volumes. In this Operations & Logistics Dimension, RetailX researchers looked at what retailers are offering in terms of collection, delivery and returns, as well as the impact the pandemic may have had on such services.

THE KEY ROLE OF HOME DELIVERY

Online sales exploded in 2020, up 46.1% on the year before, according to the most recent ONS figures. This is the highest annual growth rate since 2008. What retailers did to support their logistics operations was crucial to maximise their online spend and at least counter some of the losses incurred from store closures.

Delivery options and cost

RetailX researchers saw few changes in the delivery metrics in this Dimension, possibly showing that retailers have concentrated their efforts in dealing with increased volumes rather than investing in new services. The number of delivery options remained constant over the year, with a median of three delivery options for the 474 retailers measured in both periods.

There has been no change in the number of retailers offering free delivery, either with all orders or a minimum spend. Just over one in five (21%) of the UK Top500 now offer free delivery on all orders, while just under half (49%) do so with a minimum spend.

However, the threshold spend has fallen slightly to an average of £60 and median of £40. The threshold is lowest for software and marketplaces but higher than average for clothing, the latter likely being to encourage customers to over-order.

How quickly do orders arrive?

With lockdowns requiring consumers to stay home, demand for nominated time delivery, where deliveries are promised within specified timeslots, has fallen.

This was already a niche option for retailers, with only 5% of the Top500 retailers offering it in 2020. This figure has since dropped to 4% for the 474 retailers measured on this metric in both 2020 and 2021.

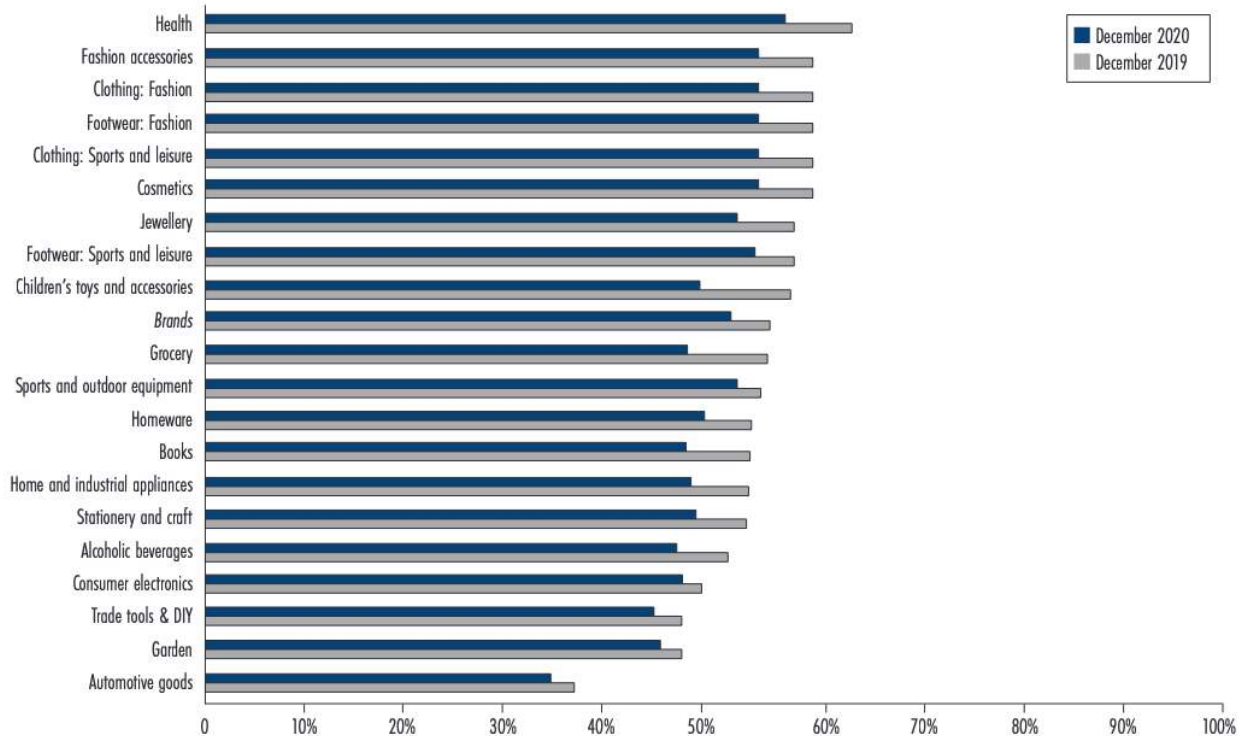
Grocery remains the strongest sector for nominated-time delivery with the sector working hard to increase provision of timeslots.

Nominated day delivery fell 1pp to 13%. As with nominated time delivery, the nominated day delivery option is strongest for sectors including grocery (32%) and garden (26%).

Part of the reason that nominated day delivery has fallen could be the increasing expectation from customers that next-day delivery is the expected norm. We found that more than half (54%) of the UKTop500 now offer next-day delivery. But this figure is a 4pp fall for the 488 retailers measured in both periods. This isn't too surprising since the sheer scale of online demand has meant that retailers and their delivery companies have struggled to guarantee next-day promises and are easing pressure by directing customers to standard services instead. At the time of writing in January, for example, JD Sports temporarily suspended its UK next-day delivery service, routing customers to its 'five to seven working day' standard service instead.

Figure 12. Decline in the availability of next-day delivery, year-on-year

The decline in the year to December 2020 of the fraction of retailers in a category offering next-day delivery



In the year to December the fraction of retailers offering next-day delivery declined across all categories, something which RetailX has never observed since our research began in 2013

Source: RetailX

© RetailX 2021

THE EVOLUTION OF CLICK AND COLLECT

Click and collect services have offered a vital lifeline for stores whose delivery networks are stressed, with many using their stores as collection hubs and investing in contactless services. Dixons Carphone, for example, invested more than £15m to roll out a zero-contact drivethrough model with dedicated parking outside its stores. At 54%, the proportion of the 492 retailers measured in both periods who offer collection remains unchanged on the previous year.

Speed of collection

Despite its importance as a delivery channel, the UKTop500 results show that same-day collection has increased by just 1pp to 8% of the 462 retailers measured in both periods. This is most popular for sectors including trade tools, equipment and DIY (12%) and home and industrial appliances, automotive goods and children's toys and accessories, all of which stand at 10%. It is lowest for fashion, footwear and jewellery, at 4%.

Next-day collection, which has been declining for some time, has fallen 1pp, down to 16% of the 461 retailers measured in both periods. Instead, our research shows that customers are being faced with a median collection time of 73 hours – that's just over three days.

CASE STUDY

HOW DUNELM HAS RETHOUGHT CLICK AND COLLECT FOR THE PANDEMIC

Earlier this year, homewares retailer Dunelm revealed that click and collect had equated to an average 30% of prior year comparable stores sales during lockdown. To improve customer confidence, it has rolled out a 'deliver to car' service at most of its stores. Once in the car park, customers click a link on their confirmation email, log details of their car and then wait for a staff member to bring their order to them.

Dunelm promises click and collect items in three hours but will also hold orders for seven days to allow customers to incorporate their product collections into an essential journey. It has also extended its returns policy to 28 days after stores reopen to return anything purchased in-store since 01 November 2020.



Deliver to Car

If you feel more comfortable staying in your own space

Copyright © Dunelm

HOW HAVE RETAILERS MANAGED THEIR RETURNS STRATEGIES?

A big challenge that retailers have faced during the pandemic is managing returns. Research from the Royal Mail suggests that retail returns increased by 25% last July, compared to the same month in 2019, as shoppers sent back unwanted lockdown purchases. However, some retailers, including Next and Asos, have also reported lower levels of returns.

This initial peak of purchases, as well as the greater challenge of physically returning products during lockdown, have seen retailers extend returns policies, with 28 days following store reopenings now a popular option. RetailX researchers found the average returns period is just over two months, while the median is just under one, at 28 days for the 484 retailers measured in both periods.

How are they managing the cost?

One of the biggest rises in this Dimension is in pre-paid returns, now offered by just over half (51%) of the UKTop500. This is up 13pp from 38% in the previous year for the 491 retailers measured in both periods. Fashion clothing and footwear (both at 66%) are among the sectors most likely to offer this.

Where can customers return products?

Another big variance has been how and where customers can return products. Almost three-quarters (73%) of retailers now enable shoppers to post their return. That's 5pp up on 2020. This is strongest in areas where customers tend to over-order for choice, such as sports and leisure clothing (85%) and fashion footwear (83%).

There has also been a rise in returns to store, with an 8pp increase up to 50% of the 481 retailers measured in both periods. This may be as retailers try to ease the pressure on other channels or perhaps trying to give customers a reason to return to store when open.

Once again, return to store is most popular for categories where customers often over-order, including footwear and accessories (both 59%) and fashion clothing (58%).

One of the biggest surprises has been the fall in returns via drop-off at third-party locations. These third-party locations are classified by RetailX researchers as non-retail fascia stores or lockers and can include a myriad of options, from convenience stores staying open during lockdown, to retailers offering returns for other retailers.

CASE STUDY

HOW NEXT HAS DEALT WITH RETURNS

Fashion retailer Next has worked hard managing its returns and, in January, it announced that returns rates had fallen from 36% to 21%. Two-thirds of the fall was attributed to changing the product mix while the remainder was from customers being more selective when placing their initial order.

Next closed its warehouses for two weeks at the start of the pandemic and spent a further five weeks ramping up operations as it reintroduced staff with socially distanced measures in place. By July, its warehouses were almost back to the previous year's capacity levels, despite the new restrictions. It has taken several measures to enable this, such as realigning shifts within the warehouse to make more use of quieter periods and increased automation.

In November 2020, it revealed a new collect and returns service trial with Morrisons, which allows customers to collect and return items through Next-branded pods in the supermarket's car parks.



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Here, the number of retailers offering the service has almost halved, down from 24% to 15% for the 481 retailers measured in both periods. Such locations offer an easy return route for customers but it's possible that retailers may have tried to steer customers to other options in order to ease the pressure on couriers. The option is most popular for clothing and footwear retailers, where around one in five offer it.

Pick up from house has also fallen, down from 16% to 10% of the 481 retailers measured in both periods. With couriers stretched to breaking point in 2020, this feature will have been a nice-to-have that many retailers simply wouldn't have been able to promise. ■

LEADING RETAILERS IN THE OPERATIONS & LOGISTICS DIMENSION

AMAZON	BOUX AVENUE	LAKELAND	NEW LOOK	SUPERDRUG
AO	EURO CAR PARTS	LITTLEWOODS	THE PERFUME SHOP	TESCO
ARGOS	H&M	M&CO	RADLEY	TOOLSTATION
B&Q	HOLLAND & BARRETT	MISSGUIDED	ROBERT DYAS	WEX PHOTO VIDEO
BEAVERBROOKS	JD SPORTS	MONICA VINADER	SHOE ZONE	WICKES

ATTRACT NEW SHOPPERS

Millions of people around the world have been pushed into becoming first-time online shoppers by the Covid-19 pandemic and retail lockdowns. Liz Morrell looks at how merchandising is turning so many new website browsers into regular customers

As shoppers shifted online during the pandemic, retailers had to work harder than ever at merchandising to ensure their sites are easy to navigate and their products simple to find. This is particularly true for those sectors that may now be attracting a larger than traditional share of shoppers online.

In the Merchandising Dimension, RetailX researchers examined the merchandising practices of the Top500 in order to understand how they are coping, to see what techniques they are using to explain products to customers online, as well as what they do to help guide them in their buying decisions and what else they are doing to increase customer spend.

IS IT EASY TO FIND PRODUCTS ONLINE AND INSTORE?

Navigation is key and search relevance is hugely important, especially for those newer online shoppers who may still be finding their way around. Retailers in this research were ranked with a 1-4 measure in this metric, with 4 being the highest. Although the average value has increased slightly year on year, the median value for this metric has stayed constant at 3 for the 481 retailers researched in two consecutive years.

Music, film and TV shine in this metric – not surprising perhaps given our reliance on boxsets and Netflix during the pandemic – with a mean of 3.31 and a median of 3.26.

Researchers also looked at autocomplete dropdown functionality – when a shopper starts typing into a search box and the site automatically suggests products. Use of this on mobile was already high but it increased further in 2020, up by 6 percentage points (pp) to 68% of the 478 retailers measured on this metric in both 2020 and 2021. Marketplaces have a particularly high share, at 87%.

FILTERING RESULTS

Filters are another vital tool in aiding navigation and we saw filter options improve across the board during 2020. The biggest rise was in the ability to filter by price, which rose from 59% to 62% of the 481 retailers measured.

Retailers that believe their customers are price-defined and so need this functionality included children's toys and accessories (74%) and garden and grocery (both 72%). It is lowest for music, film and TV (47%) and software (23%) – probably because these sectors have fewer price variations.

Filter by brand has increased slightly, rising only 1pp to 50%, while filter by rating remains unchanged at 13%. In the strongest sectors, which include garden, automotive goods and trade tools equipment and DIY, filter by rating is more than double that figure, at 28%. By contrast, only 9% of fashion footwear retailers allow customers to filter by rating.

HOW EASY IS IT TO GET HOLD OF PRODUCTS?

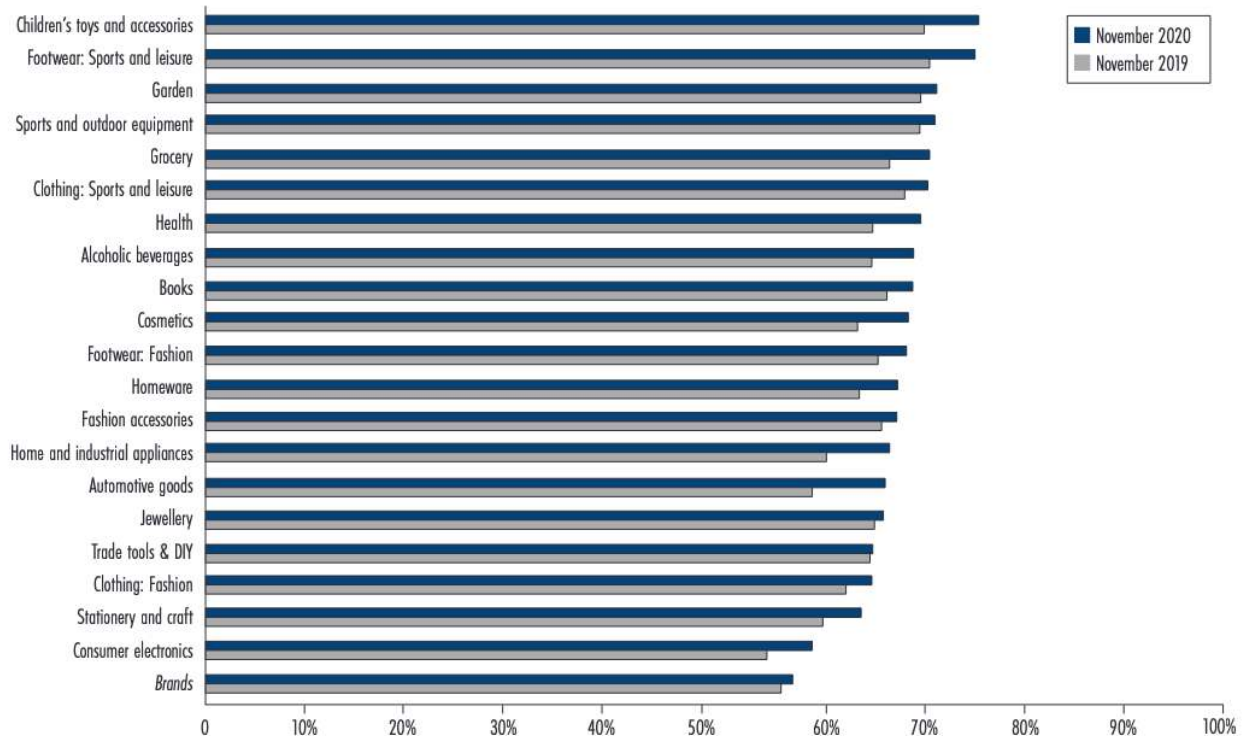
The research for this checked how easy it is to physically get hold of products. One feature we saw declining in 2020, most likely the result of the pandemic, was the use of store stock checkers, where customers can check whether a product is available instore. This has fallen by 8pp to 20% of the 435 retailers measured in both periods, probably due to retailers disabling the feature while stores remain closed. The service is most popular for bigger 'need it now' items such as trade tools, equipment and DIY (26%) and home and industrial appliances (25%).

In the same vein, the UKTop500's use of store finder on mobile has also fallen, down to 41% of the 478 retailers measured in both periods. The feature is most popular for grocery retailers (64%), one of the essential sectors allowed to stay open throughout the pandemic.

Store closures and delivery challenges have meant that consumers need to quickly understand the fulfilment options available to them. Can they click and collect? Is the retailer still offering next-day

Figure 13. YOY increase in retailers offering search filtering by price

The change in the fraction of retailers that allow shoppers to filter a search query by price range in the 12 months to November 2020 by category



Retailers of all types are more likely to support the filtering of search queries by price this year, which suggests it's a feature consumers prefer. The change over the past year may have been partly driven by the recession, plus the move of more shoppers online due to the closure of high street stores

Source: RetailX

CC BY-SA RetailX 2021

delivery? Having the fulfilment options on the landing page is a huge help for customers and RetailX research found this is a metric that continues to grow. After hitting more than half of retailers in 2019, it rose further in 2020, up 7pp to 58% of the 438 retailers measured in both periods.

Once again, large item retailers including trade tools, equipment and DIY (68%), sports and outdoor equipment (64%), home and industrial appliances and garden (both 63%) have high rates of offering this information.

The metric has also risen for fulfilment options on the product page, up 2pp to 73% of the 435 retailers measured in both periods.

HOW EFFECTIVELY ARE PRODUCTS DESCRIBED?

To make an informed decision, particularly without being able to hold an item instore, accurate online product information and imagery have become vital for locked-down shoppers. Researchers measured both the quality and quantity of product information, giving retailers a rating of between 1 and 4.

The average rating fell slightly on the 2019 results but the median value remains the same at 3 for the 481 retailers measured in both periods. Software and consumer electronics are among the sectors giving the best product information, clothing and footwear among the worst.

CASE STUDY

SUPERDRY

Superdry has been working on what it describes as an "ongoing journey" to overhaul its ecommerce platform. The retailer focused on visual and navigational improvement throughout 2020, which included style choice segmentation as well as enhanced imagery and editorial content. It has added an intelligent search capability that delivers information about its stores, including products in stock, addresses, hours of operation and more.

Superdry has worked hard on promotions and improved its capability to retarget abandoned purchases. In combination, these tactics have worked, with the number of new customers up 52% year on year.

Although product descriptions are important, they need to be complemented by good imagery and even video to show the product in its full glory. Here, the number of retailers offering multiple images rose, up from 25% to 30% of the 435 retailers measured in both periods. Fashion footwear (43%) and clothing (42%) are currently the strongest sectors. There are, however, fewer retailers offering product videos. This metric is down from 16% to 14%. Consumer electronics (26%) remain strong in video, yet for fashion clothing, the figure is just 9%.

IS MERCHANDISING REELING IN CUSTOMERS?

As with product descriptions, quality counts as much as quantity when it comes to imagery. Are the images enticing enough to persuade shoppers to part with their cash? Research found that visual appeal has remained unchanged, ranked at a median value of 3. Sectors with the greatest visual appeal are fashion-led, including jewellery, accessories and clothing. Sectors where functionality is a priority over looks, such as DIY or automotive goods, perform less well in this metric.

HOW CAN CUSTOMERS JUDGE PRODUCTS?

A customer has found the product they want, read the product description and viewed the imagery. But how can they truly know if they are making the right choice? Product ratings and reviews are vital in this decision-making process since the views of people who already own and use the product can be a deal-maker or a deal-breaker.

In 2020, however, the use of product reviews fell slightly, down 3pp to 57% of the 481 retailers measured in both 2020 and 2019. Sports and outdoor equipment, a sector that boomed in early lockdown, remains among the strongest for this, at 74%.

Product ratings provide a more immediate glimpse into whether consumers have been happy with the items they have bought, without having to read reviews. The share of websites showing ratings has grown, although only up marginally by 1pp to 57% of the 491 retailers measured in both years.

DO RETAILERS EFFECTIVELY PROMPT ADDITIONAL SALES?

The best merchandising tactics not only win sales but also create opportunities for additional sales, either through cross-selling or upselling. Surprisingly, recommendations of complementary products fell during 2020, down 4pp to 34% of the 435 retailers measured.

Upselling has risen, though, with a 2pp increase to 26% of the 481 retailers measured in both periods. Toy retailers (38%) and grocery (36%) are the strongest in this metric. ■

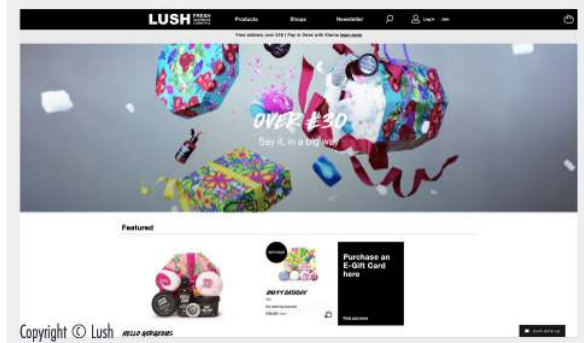
CASE STUDY

LUSH

Your nose will tell you whenever a Lush store is near but how does the retailer replicate that draw online? The fresh, handmade cosmetics retailer works hard to stimulate the senses through vivid and provocative product imagery. When talking about rose water or fresh iris extract, for example, it uses images of the flowers themselves. Such great imagery is also complemented by evocative videos of products being used.

Customers can rate products out of five stars but also leave a detailed written review. Lush incorporates soundbites from reviews into its product descriptions, meaning its customers do the selling job for them, without would-be buyers having to go to the effort of visiting the reviews section.

Customers can filter by price range for gifts as well as by bestsellers and specific needs. Complementary products are also suggested.



LEADING RETAILERS IN THE MERCHANDISING DIMENSION				
ADIDAS	CHAIN REACTION CYCLES	JOHN LEWIS & PARTNERS	OFFICE	UNIQLO
AVON	FARFETCH	LITTLEWOODS	PUMA	URBAN OUTFITTERS
BENSONS FOR BEDS	FOOT LOCKER	LOOKFANTASTIC	SEASALT CORNWALL	VERY
THE BODY SHOP	FOOTASYLUM	MATALAN	TESCO	WILKO
BOOTS	FREE PEOPLE	NEW LOOK	UNDER ARMOUR	ZALANDO

KEEP IN TOUCH WITH CUSTOMERS

Top500 retailers are focusing on what works during a time of stretched resources to stay engaged with customers who are likely to be at home during the current Covid-19 pandemic

Retailers operating amid the challenges of Covid-19 are changing the ways in which they keep in touch with customers, at a time when shoppers and customer service staff alike are more likely to be working from home and when the number of people buying online has grown quickly. ONS figures show online sales grew by 46% in 2020 compared to the previous year.

Most retailers are encouraging shoppers to stay in touch via social media and to sign up for their newsletter, with both flagged up on home pages. Fewer are offering the immediacy of live chat or, as shown in The Customer Dimension, showing customer service phone numbers on their landing page.

At the same time, longer-term trends continue to make it easier for shoppers to buy online, with fewer now requiring shopper registration before they checkout. In the Brand Engagement Dimension, RetailX research looks in depth at how retailers are now approaching both customer engagement and social media.

HOW DO RETAILERS HELP CUSTOMERS TO STAY INFORMED?

UK Top500 retailers continue to offer shoppers a wide variety of ways to get in touch, from email and phone through to social media and live chat. In 2021, the Top500 as a whole offer an average of 9.6 channels, while the median retailer – at the halfway point of research – offers 10. This pattern is uniform across most categories, although the median garden products retailer supports 11 ways to get in touch and the median automotive product retailer offers eight.

More retailers now flag up their newsletter from the home page, rising to 74% in 2021 from 70% in 2020. Retailers such as jewellers (82%) and those selling fashion accessories (80%), fashion footwear (80%), clothing (79%) and sports and leisure footwear (79%) are more likely to make it easy to stay in touch in this way, perhaps in order to build long-term relationships around repeated purchases. Those selling software (45%) and running marketplaces (53%) may see less of a need.

Reviews and ratings

Shoppers read the reviews and ratings that other customers leave when deciding for themselves whether to make a purchase. In 2021, 57% of the 490 retailers assessed on this metric both this year and last year enable shoppers to leave and read product reviews – down from 60% in 2020. Those selling health (76%), sports and outdoor

equipment and home and industrial appliances (both 74%) more often support reviews than those selling jewellery (48%), fashion clothing (49%) and footwear (50%), perhaps because opinions may be more subjective in these latter categories.

4% of retailers enable shoppers to submit their own images with reviews, down from 5% in 2020. This is most common on sites selling music, film and TV products and least common on sites selling fashion footwear (3%), clothing (4%) and accessories (4%).

The number of retailers supporting product ratings has grown to 57% in 2021, up from 56% a year earlier. Ratings are more common among those selling health products (75%), sports and outdoor equipment (72%) and home and industrial appliances (72%). They are less so among those selling jewellery and fashion clothing (both 48%) and fashion footwear (49%).

Live chat

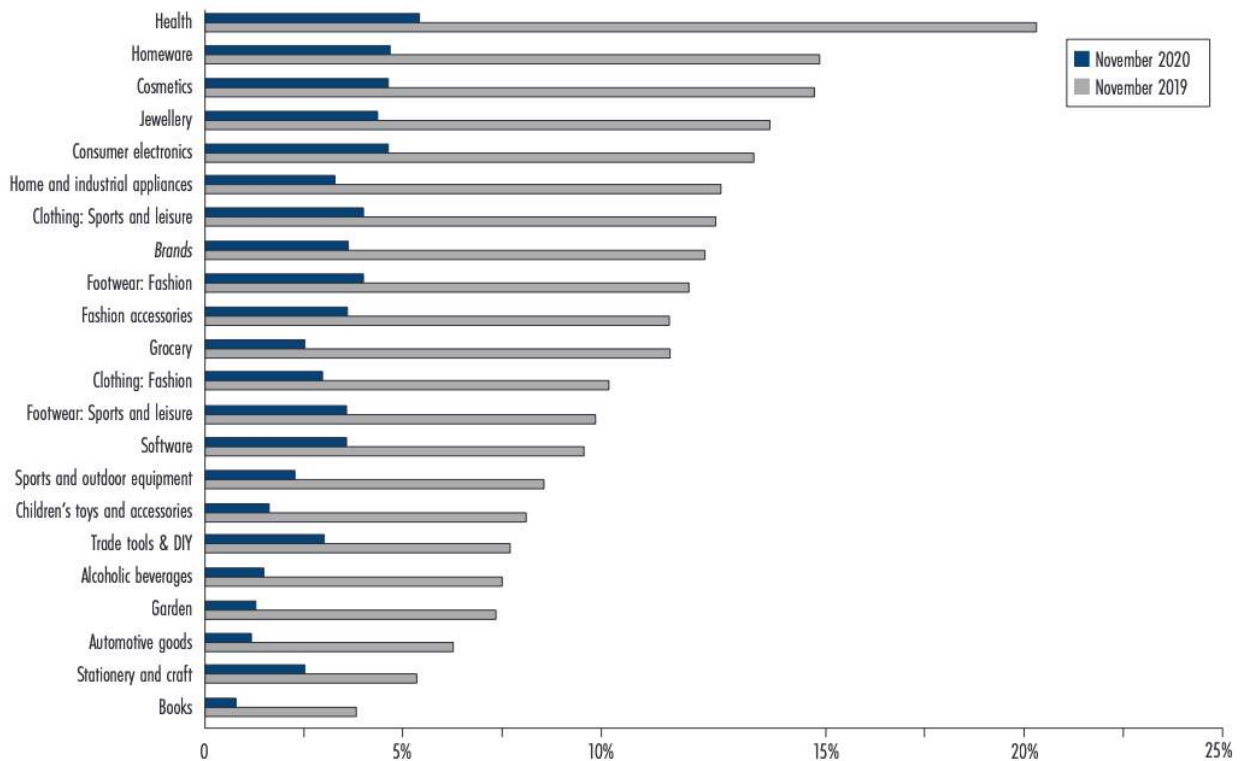
While almost half of retailers (48%) offer live chat in 2021 (Fig 15), just 4% of 438 retailers measured on this metric this year and last now offer this within one minute of a visitor arriving on the website (Fig 14). That's down by 7 percentage points (pp) from 11% in 2020. This shift away from immediate live chat may have come as more sales take place online, potentially resulting in a higher demand for services at a time when resources are more limited. The sectors where live chat is most promptly available in 2021 include health (used on 5% of websites in this category), homewares, consumer electronics, cosmetics and fashion footwear (all 4%) but numbers still remain low. Fewer than 1% of retailers selling music, film, TV products and books offer it at the time of writing, in January.

Promotions

Most retailers continue to flag up discounts and offers to shoppers. When RetailX researchers visited, 62% of retailers showed an obvious promotion on their website, down slightly from 63% a year earlier. Promotions were available on more than half of websites in every category except marketplaces, and most commonly found on those selling garden products (76%), sports and outdoor equipment (73%) and alcohol (73%).

Figure 14. The fraction of landing pages with a live chat prompt within one minute of a visit

This chart shows the year-on-year reduction in speedy live chat prompts that appear within one minute of a shopper visiting a website's homepage



Live chat has increased in popularity in recent years, and the practice of prompting shoppers to ask a question has as well. It remains to be seen whether the significant, across-all-categories change we've measured is a reversal of the trend or a temporary disruption

Source: RetailX

CC BY NC ND RetailX 2021

How engaging are websites?

On average, 35% of visits to a Top500 website bounce as shoppers move straight to another site rather than clicking through to a second page. An average of 32% of visits to fashion clothing, accessories and footwear sites bounce, as do 44% of visits to software retailers and 41% of visits to marketplaces.

On each visit to a Top500 retailer, shoppers visit an average of 8.5 web pages and a median of 7. They tend to view more pages when browsing fashion footwear (average of 10.2 pages), clothing (9.9) and accessories (9.7), sports and leisure clothing (10) and footwear (9.9). Shoppers tend to visit fewer when visiting sites selling software (6.2), garden products (7.0) and trade and DIY tools and equipment (6.9).

HOW DO RETAILERS USE SOCIAL MEDIA?

In 2021, most Top500 retailers have a social media presence. Shoppers can click through to retailers' social media pages on 89% of landing pages, up from 88% in 2019. Almost all Top500 businesses selling fashion clothing and footwear (92%), accessories (91%) and sports and leisure clothing (91%) and footwear (90%) flag up their social pages on their home page. In categories where this is

CASE STUDY

CURRYS PC WORLD: HOW SHOPLIVE 24/7 OFFERS PRODUCT ADVICE

Currys PC World is connecting staff in stores, which has been closed during lockdowns, with customers via its ShopLive 24/7 video calling service. Shoppers browsing relevant items on its website are invited to place a one-way video call – where only the sales advisor is visible – for buying advice about that item. "The service," says the Currys website, "is available for buying advice about a huge range of products. Maybe you're struggling to choose the right product for you, or not sure about a particular feature? Give us a call to see if we can help."

While product advice is available, this service can't be used to resolve customer service issues, since personal and payment details cannot be shared during the call.



BRAND ENGAGEMENT

least common, such as marketplaces (72%), books (73%), software (75%) and automotive goods (76%), most businesses opt to do so.

The motivation for having a social media presence is shown by data RetailX Knowledge Partner Semrush. It analysed referrals to Top500 websites from nine social media channels and found Facebook sends most traffic, followed by YouTube, Twitter, Instagram and Pinterest, Reddit, LinkedIn, Badoo and Vk.

The sites that shoppers click through to from social media vary by age group. Those aged 18-24 and 24-34 most often visit Uniqlo and Game, while those aged 35-44 visit Seasalt Cornwall and Chain Reaction Cycles. Travis Perkins and Toolstation are the top social media referrals for 45-54-year-olds, Axminster and American Golf for those aged 55-64, while Holland & Barrett and American Golf see most of those aged 65 or over.

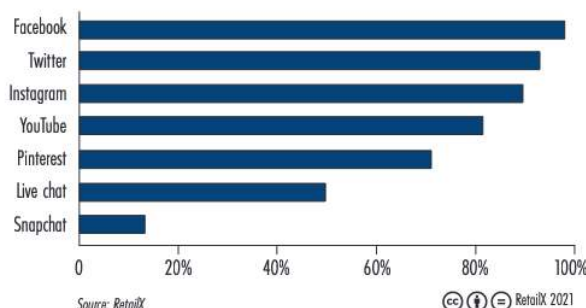
But while social media remains important for retailers, sites are moving away from using dedicated social media tools. Fewer enable shoppers to share an item with friends – falling to 39% in 2021 from 41% in 2020. Retailers selling cosmetics (49%), trade and DIY tools and equipment (49%) and children's toys (48%) are more likely to support sharing a product via social than are those selling sports and outdoors equipment (34%) and music, film and TV products (36%).

Just 2% of retailers enable shoppers to 'Like' a product on their website – down from 4% in 2020. Product Likes are most commonly deployed on websites selling groceries (6%) and alcohol (5%), software, trade and DIY tools and equipment and home and industrial appliances (all 4%). No marketplaces or retailers selling books or music, film or TV offer them.

Social checkouts

Faced with deciding whether to make checkout fast and simple or slower but more personalised, more retailers are choosing not to require shoppers to register before they check out. 38% of the 492 retailers measured in both 2021 and 2020 require shoppers to register before buying, down by 3pp from 41% in 2020 and continuing a long-term trend. Brands (42%), cosmetics (41%) and books, fashion clothing and accessories (40%) sites are most likely to require shoppers to register, while those selling music, film and TV products (21%) and software (22%) are least likely.

Figure 15. Social media platforms used by the Top500



Where retailers don't require registration, third-party checkouts – using more easily remembered sign-in credentials – can make buying even simpler. PayPal remains the most popular third-party checkout, with 28% of retailers using it in 2021, although this is down by 2pp from 30% in 2020. A third of sports and leisure footwear (33%), equipment (32%) and clothing (32%) retailers offer checkout via PayPal. Only one in 10 of those selling automotive goods (11%) and alcohol (12%) do so.

It's followed by Amazon Pay, used by 7% of Top500 retailers in 2021, the same as in 2020. Customers are more likely to be able to use this checkout when buying software (14%), children's toys (10%), and stationery and craft (9%), and less likely when buying garden products or alcohol (both 1%) or shopping on marketplaces (3%).

In 2021, 6% of retailers deploy Facebook checkout – down from 9% in 2020. Shoppers are most likely to find this on a marketplace (23% of Top500 marketplaces use them), or when buying health products (17%), sports and outdoor equipment (12%), sports and leisure clothing (11%) or cosmetics (11%). They are least likely to find them when buying products for the garden (4%), homewares (5%) or trade and DIY tools and equipment (5%).

Fewer use Google checkout, with 4% doing so in 2021. That's down from 6% in 2020. Marketplaces (20%), music, film and TV retailers (12%) and booksellers (11%) are more likely to offer payment via Google, while grocers (2%), and those selling garden products (3%), homewares and fashion accessories (both 4%) are also less likely to use this tool. ■

LEADING RETAILERS IN THE BRAND ENGAGEMENT DIMENSION

ADIDAS	ELLIS BRIGHAM MOUNTAIN SPORTS	JOULES	MARKS & SPENCER	TOOLSTATION
AVON	THE ENTERTAINER	LITTLEWOODS	MATALAN	UNIQLO
BLACKS	FOOT LOCKER	LOOKFANTASTIC	MILLETS	VERY
THE BODY SHOP	FREE PEOPLE	LUSH	ROMWE	WIGGLE
CHAIN REACTION CYCLES	JOHN LEWIS & PARTNERS	MAINLINE MENSWEAR	SWEATY BETTY	WILKO

CONNECT ACROSS CHANNELS

Covid-19 has changed the way that shoppers buy, putting a greater emphasis both on mobile and on cross-channel services such as click and collect

Multichannel has taken on a new significance in 2021 as Covid-19 and temporary store closures drive shoppers online. Yet even online retail paused for most retailers in March 2020, as they scrambled to bring safety measures into warehouses and redeploy staff online or working from home. Fashion retailer Next, for example, closed its warehouses in March for two weeks to make them Covid-19 safe, then retrained more than 4,000 colleagues in new ways of working.

In the Mobile & Cross-channel Dimension, RetailX researchers look at the growing role that mobile plays within the retail experience as well as how retailers have embraced cross-channel ways of working. They examined page load speeds on mobile, retailers' use of mobile apps across both Android and iOS and how retailers are incorporating mobile into the cross-channel experience through joined-up mobile engagement, collection, delivery and returns strategies.

HOW IS MOBILE EVOLVING TO MEET SHOPPERS' NEEDS?

2020 was the year of mobile engagement via mobile apps as retailers looked for ways to get closer to their housebound customers. Mobile was the perfect choice. At the height of the first lockdown, it was where shoppers were, with the average user spending four hours and 20 minutes each day on their mobile, according to research from App Annie.

Mobile apps helped retailers to not only better engage with their customers but also make it easier for them to buy while stores were closed. Retailers large and small benefited. Research from m-commerce agency JMango260, published in November, suggested that there was a 54% rise during in the second quarter of 2020 in purchases through independent ecommerce retailers' mobile apps.

Android growth outpaces that of iOS

While most retailers continue to add apps to their business, Android is growing faster than iOS, which many traders already had in place. The number of retailers with an Android app rose to 26% of the 484 retailers measured on this metric both last year and this, a rise of 7 percentage points (pp).

Already more widespread, iOS app usage rose at a slower rate, by 1pp to 36%. Across retail categories, marketplaces are the most likely to have an app – more than two-thirds (67%) have Android apps and 79% iOS.

CASE STUDY

CARD FACTORY

Value card and party goods retailer Card Factory is one retailer that had to work harder than ever to rethink its multichannel and digital transformation strategy after stores were closed during lockdown. The company's website relaunched in July with the aim of improving its online customer experience and enabling greater multichannel capabilities to differentiate itself from pureplay online only competitors.

Card Factory has also launched a click and collect trial and has committed to launching a mobile app. Its new website allows customers to create personalised products on both its desktop and mobile sites.

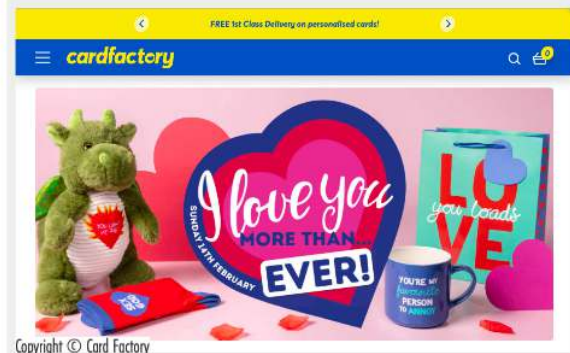
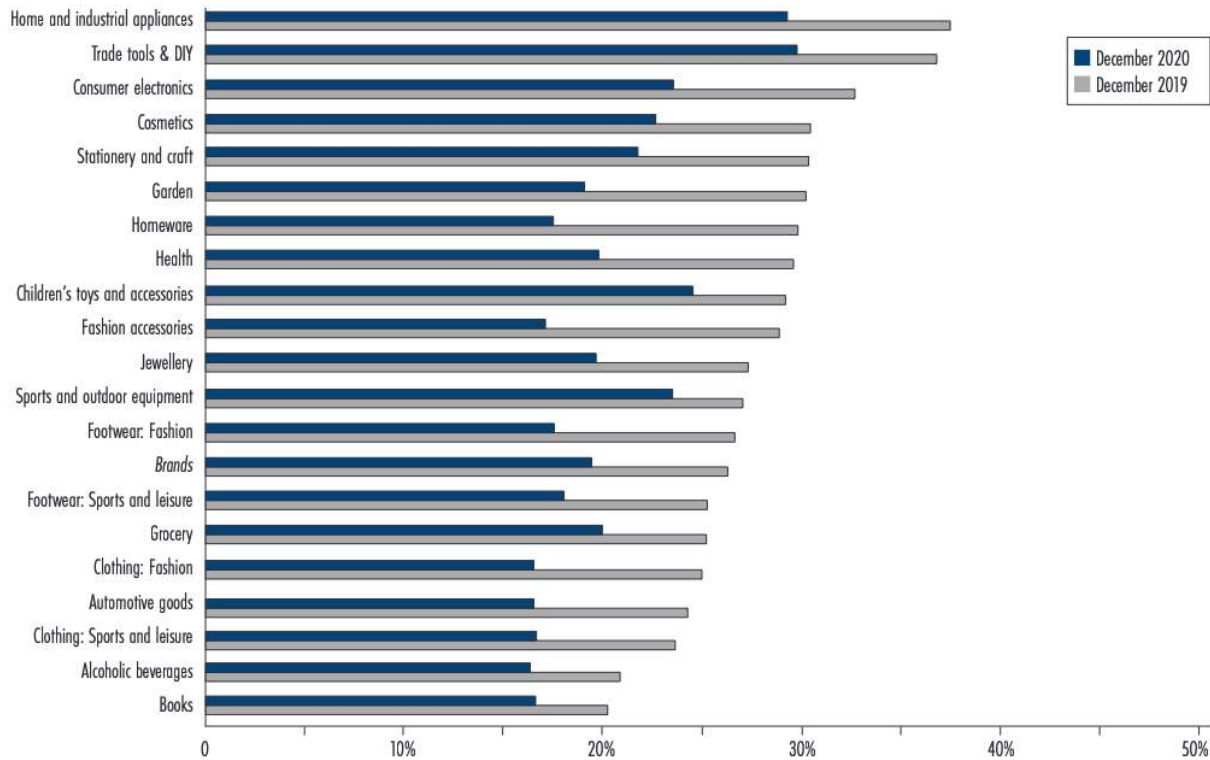


Figure 16. Desktop websites advertising stock available to purchase or collect from store

The fraction of multichannel retailers advertising that a product can be purchased or collected from a store by category



Source: RetailX

© RetailX 2021

App Annie's State of Mobile 2021 found that 2020 was the biggest mobile shopping year to date, with a 30% rise in the time UK shoppers spent in shopping apps. Unsurprisingly, leading marketplace Amazon was one of the winners, becoming more than ever a go-to destination for shoppers at the height of lockdown. Time spent in its app rose by 55%.

Those sectors where mobile apps are less dominant include homeware (21% of homeware retailers have an Android app, 29% for iOS) and brand retailers (25% Android, 35% iOS). The latter, however, saw the fastest growth during the year, with adoption of mobile apps up by 9pp to 25% of 208 brands measured on this metric both this year and last.

How well are retailers promoting their apps?

While retailers continue to develop new apps, the number promoting their mobile app on their landing page remains small, up by 1pp to 13% of the 438 retailers measured in both periods. More marketplaces (42%) do so than homeware retailers (13%).

Why size matters on mobile websites

RetailX researchers measured the page size of Top500 mobile websites and found an average increase of 0.145MB to 3.32MB and a median – or halfway point – increase of 0.21MB to 2.58MB for the 352 retailers measured on this metric this year and last. Clothing retailers' mobile websites have larger page sizes, while the smallest page sizes are now in sectors including trade tools, equipment and DIY and home and industrial appliances.

Retailers also calculated mobile sites' Speed Index. This metric measures the average number of milliseconds it takes for the visible parts of a mobile webpage to be displayed and then scores that responsiveness on an index scoring system. The lower the index number, the faster the website. The average index score increased, suggesting that sites slowed, although only 146 retailers were measured in this metric. The most responsive sites include those selling stationery and craft, grocery and alcoholic beverages. Clothing, sports footwear and health are the sectors where site speeds are slowest.

HOW ARE RETAILERS EMBRACING CROSS-CHANNEL RETAIL?

Retailers are working hard on cross-channel strategies combining online, mobile information with in-store ordering and collection.

This interplay between stores and online has been vital for driving sales across channel. Options such as store stock checkers allow customers to check product availability instore to then buy in-store or order for click and collect. The use of store stock checkers fell by 8pp to 20% of the 435 retailers measured in both periods. This is likely to be due to the closure of stores during lockdown periods and could mean this metric bouncing back higher than ever in the future.

Similarly, the use of store finder on mobile web has also fallen, down 8pp to 41% of the 478 retailers measured in both periods. Once again, this appears to reflect retailers taking the decision to suspend the service during periods of store closures in lockdown.

But at the same time, more retailers (+5pp to 35%) show on their mobile website whether a product is in stock online. Book retailers (54%) are most likely to do so, while fashion clothing and footwear retailers (both 25%) are the least likely.

Using stores as distribution hubs

Many retailers have used their store networks to act as distribution and collection hubs during the pandemic, some for the first time. Kingfisher Group's UK brands Screwfix and B&Q are putting stores at the centre of its ecommerce offer. In the first half of the year, B&Q established a home delivery from store service that processed more than half of its home deliveries, then later prioritised that service. In the seven months to 31 August, 88% of all ecommerce orders were picked in store, with 80% delivered through a click and collect service that now promises orders will be ready in an hour.

Kingfisher has pledged a mobile-first strategy across its business and says it believes that the channel will remain the focal point of the end-to-end customer journey and experience. It is working on increasing page load and search speeds online, as well as continuing the development of mobile store-based tools, such as Scan & Go at B&Q. ■

CASE STUDY

M&S

M&S' traditional customer base may not be as mobile-first as some of its younger counterparts but the retailer still pushed the benefits of its mobile app hard during lockdown, resulting in three times as many weekly downloads of the app by new customers.

It has continued to use the app to drive enhancements for customers. In November, M&S rolled out its Mobile Pay Go payment solution to all its stores following a 50-store trial which began in London in March. The service allows customers to buy groceries up to a value of £45 simply by scanning them and paying using the M&S App on their smartphone.

The company also rolled out its Sparks Book & Shop appointment shopping service in November. This service allows customers to book a guaranteed slot to shop at their local M&S Food store via the company's website, meaning there is no need for them to queue when they arrive.



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LEADING RETAILERS IN THE MOBILE & CROSS-CHANNEL DIMENSION

ADIDAS	BOOTS	HOTTER	NASTY GAL	SELFRIDGES
AMAZON	CARPHONE WAREHOUSE	JOHN LEWIS & PARTNERS	NESPRESSO	THOMAS SABO
ARGOS	CLAIRE'S	LOUIS VUITTON	NEW LOOK	URBAN OUTFITTERS
ASDA	FARFETCH	MATALAN	NEWEGG	VERY
BEAUTY BAY	GAME	MINT VELVET	PULL&BEAR	WOLSELEY

EXPLORING THE WIDER PICTURE

The way that RetailX serves the ecommerce and multichannel industry has developed over the course of a year that has changed the way retailers work, writes Chloe Rigby

RetailX's research started with the UK Top500 report, now in its seventh year. Today this report sits at the centre of a wide ranging web of research and analysis that now extends to analyst-led country and sector research reports, amplified through a series of podcasts and webinars. The research explores areas well beyond the traditional retail model – in which store owners sell their own and branded goods to customers in their own shops or on their own websites. It examines – how retailers and brands across Europe now use growing alternative channels including online marketplaces, and how brands have approached the challenge of selling direct to their own customers. That change has accelerated enormously over the last year, as shoppers have moved online fast during the Covid-19 pandemic and associated lockdowns. The research focuses on key markets and regions and explores key sectors, while bringing issues such as sustainability to the fore.

NEW WAYS OF UNDERSTANDING RETAIL

Under the pressure of pandemic, new forces are shaping a retail industry in which the movement towards ecommerce and connected retail has come much sooner than previously expected. Consumer traffic is increasingly direct to brands and to marketplaces, now outweighing the traffic that retail sites receive either individually or together.

The first RetailX European Marketplaces report looks at the geography and the sectors that the thousands of marketplaces now operating across Europe serve, and how marketplaces have in turn inspired non-retail players including social media platforms to move into the sector.

During Covid-19 lockdowns and store restrictions, brands have seen sharp uplifts in their direct-to-consumer sales, especially online and through marketplaces. Researchers continue to investigate this growing area of business through the RetailX Brand Index, sharing a new understanding of the practical tools and techniques that work for leading brands selling directly to their own audiences.

Sustainability has been a key theme in recent years, and in 2020 the first RetailX Sustainability report launched, part of a new RetailX Renew series of research, content and peer inspiration, intended to help retailers, brands and others reshape and rebuild the retail sector in the wake of Covid-19.

"We call this programme 'Renew' since retailers and brands are renewing their covenants with customers, staff and shareholders to create sustainable operations," says RetailX editor-in-chief Ian Jindal.

As in previous years, RetailX will continue to cover up-and-coming UK brands through the Growth 2000 UK report - featuring the 2,000 UK retail brands that follow on from this RetailX UK Top500. That extends, just as in previous years, to the European market through the EU Top1000 and the EU Growth 3000.

BEYOND THE UK

The UK may have left the European Union but the UK retail and technology markets are interconnected with their counterparts across the world. Some of the leading retailers in the UK Top500 hail from different countries, from the US to Europe, Japan and more. At the same time, leading UK retailers sell across the world – and technology built in the UK powers commerce around the globe, and vice versa.

During 2020, RetailX built on the ecommerce and multichannel analyst reports that started in 2019 with the Ecommerce Foundation reports. Now RetailX has built on that in-depth market analysis, addressing not only the UK, but markets around the world through a series of Ecommerce Retail Reports that include analyst reports of individual markets around the world, from Europe to North and South America and Asia. That expertise and insight comes together in the Europe and Global reports.

SECTOR REPORTS

Ecommerce and multichannel retail function by category as well as by market. In 2020 and 2021, RetailX analysis considers the luxury and beauty markets, building on previous explorations of the grocery market. This research aims to brief the traders currently selling in these markets now or considering doing so in the future. Graphic-led analysis is designed to bring together the key points and essential insights to boost quick and convenient understanding of the market.

Figure 17. The RetailX Portfolio



SHIFT TO BROADCAST

As events moved online over the last year, as a result of the Covid-19 pandemic and the lockdowns, RetailX brought its research and analysis to its audience in new and evolving formats to meet the needs of an audience now more likely to be working from home.

The continuing RetailCraft podcast series, presented by editor-in-chief Ian Jindal, tracked, through interviews with senior retailers, the course of a year that disrupted the industry.

Meanwhile, RetailX webinars stepped up to broadcast mode. In March 2021, that activity will step up once more with the RetailX Ecommerce World Review – a week-long broadcast exploration of the RetailX Ecommerce Country reports that will trend from the geographical East to West, covering both a markets and sector relevant to the RetailX audience in different time zones throughout the course of each day.

Jindal adds: “We rebooted our broadcast and hybrid activity to replace and mitigate the face-to-face events that we so missed during 2020. Now we are starting to see how that will develop in the future even we return to events in person.

“That’s part of our wider theme of fitting the research to how our InternetRetailing and RetailX members want to consider the content, from presentation-ready fact packs to discursive and conversational podcasts. The core research is tailored to the myriad subjects that retailers, brands and figures from across the industry now want and need.” ■

DEFINITIONS

WHAT CONSTITUTES A RETAILER?

TABLE 9. 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 Top500, 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 Top500 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 Top500. 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:

TABLE 10. OUR METRICS

0.	FOOTPRINT DIMENSION 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.	STRATEGY & INNOVATION: 1.1 Strategic practice, including an expert-designated selection of metrics that catalogue a retailer's embrace of technological or organisational best practice 1.2 Innovative practice, including a selection of metrics from other Dimensions that, to date, are only used by the leaders
2.	THE CUSTOMER: 2.1 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 2.5 Mobile app – the incorporation of customer reviews and product ratings in mobile app product display pages and the personalisation, performance and user experience of apps [retailers with mobile apps]
3.	OPERATIONS & LOGISTICS: 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 3.5 Mobile app – visibility of stock availability and locations in the app [retailers with mobile apps]
4.	MERCHANDISING: 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.	BRAND ENGAGEMENT: 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 An assessment of mobile apps' incorporation of social media [retailers with mobile apps] 5.4 Share of search and inbound referrals from social media
6.	MOBILE & CROSS-CHANNEL: 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] 6.4 Mobile app, including 24 metrics, measuring the usability and functionality of apps

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IN CONCLUSION

This year, perhaps more than any, the RetailX Top500 UK report is a tribute to the ingenuity of retailers who have worked tirelessly to serve customers over the course of the last 12 months. The experiences of those months have challenged brands and traders as never before. Covid-19 and Brexit have exerted harsh pressures on an industry that continues to be moulded and to reshape under that pressure.

What has emerged is a resilient industry that can meet the needs of the most vulnerable, while continuing to serve those now working in very different ways and whose lives have changed enormously.



There have been times when delivery – and supply – has been difficult, but retailers have come through for the communities that they serve. New ways of serving customers, unthought of a year ago, have been embraced. Retailers are now using delivery methods they may not previously have thought of using, from bike delivery to click and collect to the car, to ensure that customers get the goods they rely on – and do so safely. At the same time retailers


may have reset customer expectations around delivery times and how they can engage, enabling them to trade more efficiently and profitably.

That change is only set to continue and perhaps intensify over the coming year. At the time of writing, the UK market is once more in lockdown. It's a brave forecaster who can say with certainty where retail goes next.

The hope is that a newly vaccinated population will emerge, ready for new adventures and new ways of shopping. Retail will stand ready to serve as their customers take up new habits and rediscover old ones – and, just as it always has, it will no doubt continue to change the way it does so.

We look forward to recording that progress, both in our research and our news coverage, online and on our broadcast channels. As always, we're interested in how we can extend our research and improve the quality of our findings. Get in touch with ideas and potential datasets via research@retailx.net or tweet @RetailX. ■

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