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## RetailCraft 32

# "In the path of the customer"

with **Megan Maley**, GM, UK/Ireland  
and Benelux of Zalando



A full transcript of RetailCraft's 32nd episode, complete with glossary definitions, factpacks and useful links.

# About the RetailCraft podcast

Interviews with the people behind multichannel performance. The RetailCraft podcast series looks at the 'who' and 'how behind the performance of our Top500 companies, along with those who influence and inspire them



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## Introduction



zalando

Megan Maleym, GM, UK/  
Ireland and Benelux,  
Zalando

The following document is a transcription of RetailCraft, episode 32 which was recorded on December 20th 2022 at Spiritland Studios, UK. During the discussion, Megan Maley shares exclusive insight into some of the dynamics, focus areas and directions of travel for Zalando from the vantage-point of her role as GM UK/Ireland and Benelux.

**Ian:** Megan, welcome. Tell everyone who you are.



**Megan:** My name is Megan Maley and I am the GM for the Benelux and UK Ireland region for Zalando. I'm very excited to join you today.

**Ian:** Fantastic. Just kick us off by giving us a thumbnail of Zalando overall and then how it's translated into the UK.



**Megan:** Zalando is the leading European online platform for fashion and lifestyle. We connect brands and retailers to the platform where they can then sell their fashion and beauty products to 49 million active customers across Europe. And that's in 25 different countries. And then likewise, we connect those 49 million customers to a plethora of brands.

We have 5,800 brands currently, and that translates into about one and a half million items on site.

It connects this incredible assortment to customers who love fashion and beauty. One of the other big things that we focus on is of course, sustainability. We have a very large range of more sustainable products. I think it's about 150,000 items and that's growing. We really try to also connect our customers with products that match their values and the choices that they want to make around shopping fashion. It's really an incredible platform. We really focus on the assortment and the offering, but also inspiration and advice on fashion and beauty and lifestyle.

**Ian:** I'm boggling at some of those numbers, 49 million active customers and 5,800 brands. Extraordinary. But if I step back thirty paces, what category do I put you in? Because some of the things you say sound like a marketplace, some sound like a retailer, you have your own products and partner products. How would I describe this 25-country entity?



**Megan:** We are a platform where the brands have the opportunity to bring their products together. Not only do we support them in accessing new customers, but we also help with Zalando fulfilment services which can increase brand awareness, customer engagement and the logistics of taking these markets on. It's a platform that offers a high level of partnership, as well as an easy and cost effective way for sellers to gain access to new customers and scale their business.

**Ian:** So, this is a big deal at the moment. We saw in our Global 1000 that 616 of the thousand are brands selling direct.

Of course, these brands are looking at marketplaces, platforms, partnerships, franchising, wholesale - they're trying to do anything and everything in order to expand their business.

If I look at the Zalando platform from a brand perspective, how is my experience different and better with you than if I worked with other marketplaces?



#### FACT BOX:



[www.zalando.co.uk](http://www.zalando.co.uk)

Zalando was launched in 2008 by Rocket Internet, Robert Gentz and David Schneider, as 'lfansho'.

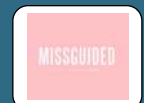
It now has 49 million active users in 25 European markets and offers an assortment of over 5,800 brands.

Scan the QR code below to find out more about Zalando's sustainability strategy:



#### FACT BOX:

Zalando is home to 5,800 brands including:



Download the Global Elite 2022 report [here](#).







**Megan:** What a platform offers is a high quality traffic of customers that are looking for a specific thing, without the associated costs of going direct. In this case, fashion and beauty, and this brings a high level of traffic that sellers can benefit from.

In the eighties and nineties, there was the big question of do you have both a store on the high street and also in the mall? The mall was where the traffic was and the highstreet is where you would try and bring traffic to you.

Today, you wouldn't imagine having a direct-to-consumer ecosystem that is potentially stores and online, without then also being where the traffic is and where the customer is and being in their path.

Watch our six-part series exploring the changing landscape of brands moving direct-to-consumer by scanning the QR code below.



**Ian:** I love the expertise, the authenticity, and the involvement of humans, even as you're leveraging technology. Megan, let's temporarily and parochially focus on the UK. Just tell us how the Zalando pan-European formula has either been amended, extended, changed, or influenced by the UK. How do you fit in and how is that a different flavour from the other 24 countries, if at all?



**Megan:** I can definitely talk a little bit about the UK and then maybe even expand upon it with some of the other markets that I look after. So, Belgium, Netherlands, Luxembourg, UK, and Ireland have some similarities, but not a lot.



Download the RetailX UK report below to discover more about key consumer trends, leading retailers and market context within the UK ecommerce landscape.



**Ian:** Why those?



**Megan:** I think there's a couple of reasons - maybe my expertise on these particular markets was part of shaping this as well.

The UK market is obviously a very challenging and highly contested market for ecommerce and one of our strengths at Zalando within this market is definitely the offering of international brands.

I think that is everything from brands all across Europe, all of the big international players have a very, very large, and high level assortment as well. I think that's really what we offer here in a market where there's quite a focus on either mono-branded ecommerce retailers, or multi-branded, but potentially with more focus on UK brands.

Zalando also enables UK brands to strengthen their presence in mainland Europe, especially in key markets like Germany, France - potentially in the Nordics as well. I think what we offer customers is this very interesting and expansive assortment that we then also bring to life through high level fashion authenticity, partnering with style creators and the British fashion council as well.



**Jamie:** What are the key differences that you could pinpoint when it comes to the needs of these customers across different territories?





**Megan:** Localisation is one of the biggest focuses of my team, who sit across different markets. That's obviously important in terms of both linguistics and understanding currencies. We're also working with different logistics partners in every market, so it's extremely important to understand the value proposition that is going to be right for each market. That's everything from above the line marketing, all the way through to last mile delivery payment methods.

We're very focused with each of these teams on how we create this beginning to end, value proposition by market. How we determine that is through customer data which helps us understand consumer habits and how best to serve them.

The approach changes depending on the maturity of the market and their knowledge of the brand. That's why I think it's extremely important to have these teams that truly know and serve the customer.

## DEFINITIONS:

**Localisation** is the process of a retailer adapting their website so that it matches the language, currency and cultural expectations of the target market.

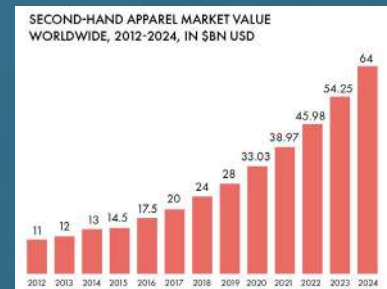
**Above the board marketing** consists of advertising activities that are largely non-targeted and have a wide reach, such as TV and radio.

**Jamie:** How do you approach the complexities in a mature market versus an emerging market? Is it just different rather than one being easier than the other?



**Megan:** I think we could only say different. We had a strong phase of growth over the last couple of years that was based on some markets that were new and becoming more mature and obviously the tailwinds from the pandemic. As you know, this is a more challenging time for commerce in general. My team is constantly looking at the data, what our customers are telling us and how we can continue to do better. Each market has a different version of what better is, but that's what our teams are really focused on.

Findings from the RetailX Sustainability report show the recommerce market is expected to be worth \$64bn by 2024, and double the size of fast fashion by 2029.



**Ian:** Let's talk about sustainability and your work on that, which is really exciting, but also does that talk to all segments of your customer base?



**Megan:** Sustainability is clearly of extreme importance and I think we can all agree that climate change is the most important global topic of our time. We have a very clear job to do as the leading platform for fashion and lifestyle here in Europe in terms of leading the industry and leading on sustainability.

We've already reduced the carbon footprint of the company by over 61% and we've doubled our sustainable product assortment from 80,000 to more than 140,000 SKUs in just one year.

As a result, we've gone from 16% of our gross merchandise value (GMV) being more sustainable products, to almost 22% in just one year's time. So the more that we put the assortment there for the customers, the more they want to buy it.

We try to make it easy for customers to shop and you'll see on both our website and our app that sustainable products are clearly flagged.

You can also filter for the values that are most important for you and make sure that you find an assortment that fits that, for example clean water preservation, if the product is vegan, if it's around workers' rights etc.

We've also seen a very strong interest in circularity, especially amongst our younger customers.

You've obviously seen the rise of second hand or pre-loved within various areas of the fashion industry. In 2019, we launched a pre-owned category and what's unique about this is that customers can come to our platform to buy a mix of second-hand fashion and new fashion in the same order.

The way we trade in is very straightforward as well. I can basically put a product that I no longer want in a box, send it to Zalando and they will then say how much they believe they can sell it for. I can then use that money to buy fashion again or donate it to charities in the sustainability area. I think this is a very, very unique proposition around circularity that doesn't exist elsewhere.

**Ian:** How on earth are you coping with that level of supply chain assurance, then visibility and then the merchandising front end - what was the approach there?



**Megan:** What's great about Zalando as a platform is that we do have a bit more agility in these challenging times. As a retailer service it's been helpful that we do buy and sell products from brands. On the other hand as a platform, the brands can also step in and adapt their assortment to what customers are looking for.

This is where we've already seen the strength of the platform. If I look at our Q1 results, over 30% of our business now comes from partners and in some markets like Benelux it's even higher. The level of agility we have will allow us to react to these challenges more efficiently. That said, we're not sheltered from them completely but I don't think anyone is.

**Jamie:** Are you finding the position you are taking as a business is filtering out to the partners and businesses that you work with to create your overall offering? Are they following your lead as a result of what you're doing as the standard bearer?



**Megan:** Absolutely. We share this data with our partners and also put in the earnings releases so it's open to the public. Overall, the more we flag the benefits of this assortment, the more it inspires them to create more sustainable assortments.

One of the most important things is to understand what you want to say about these products. How do you want them to be brought to life? And that's how we work with them in terms of bringing them onto the platform but then we also work with Zalando marketing services to be able to tell those stories.

We have some sustainable brands that work closely with our marketing services to tell the story of their brand. Why should customers be interested in their sustainability story? I think this is how we can continue to expand it and create a virtuous circle of more sustainable products.

**Ian:** Tell us a little bit about how you got to Zalando?



**Megan:** From working in retail stores as a student, to the pharmaceutical industry, to the beauty industry, and then eventually Nike, I've always had a passion for retail and how to create a customer-centric experience.

During my 16 year trajectory at Nike, I worked across multiple commercial functions, including sales, retail merchandising and then eventually moving into general management where I spent the last five years.

It was all about understanding customers, serving them better, creating an emotional bond, creating trust with them, and then creating value propositions with whatever product it was at the time and bringing that to different markets. I love the challenge of a new market, learning about the customer, learning how to serve them and connecting those dots.

After 20 years of working for brands, I decided it was time to start a new chapter. I was always very intrigued by this world of platforms and Zalando has always been attractive to me because it's not just a multi-platform, it's fashion, beauty and sport.

I really wanted to learn and challenge myself personally and professionally and coming to Zalando has been exactly that. I would say it was a very big learning curve, but also something I wanted to do for myself to prepare myself for the next 20 years of my career.

Scan the QR code to view Zalando's Quarterly Statement, Q1 2022:



#### FACT BOX:



[www.nike.com/gb](http://www.nike.com/gb)

Nike is a world-renowned sports and leisurewear brand which was founded in 1964.

It is now worth around \$5.73bn, with direct-to-consumer sales coming in at \$4.6bn alone.

For further insight into Nike's growth, download our [Sports Goods 2022 Ecommerce Sector Report](#).

Scan the QR code to download the RetailX Growth 2000 Marketplaces report 2022.





**Ian:** As you look to the next 20 years, is there an attribute that you'd be looking for in your successor that is going to fit them for this next phase of retail?



**Megan:** As you look to the next 20 years, is there an attribute that you'd be looking for in your successor that is going to fit them for this next phase of retail?

Megan: As I build my team, I do think about that a lot. I have a lot of very young people working with me, which I think is a real gift because I learn so much from them. What I would look for in the successor is really no different than what the person who hired me 20 years ago in my first job was looking for.

Whatever means you have - whether that's data, whether that's AI, whether that's all the different technologies we will have in the future - use that to better understand the customer. For example, what do they need but do not know they need yet?

The iPod was always the classic example because no one knew that they wanted all of their CDs in one tiny thing in their pocket until suddenly it existed, you know?

It's knowing what they need now and anticipating what they will need in the future and being passionate and obsessed with that. Today, tomorrow or in the past, that's always been what makes people who work in retail strong.

There will just be different tools in the future and nothing really more than that so that's what I would look for.

**Ian:** Any final words of wisdom?



**Megan:** This almost links back to the idea of being in the path of the customer, but I would encourage young people to put themselves in the path of where you want to be. I knew if I could just make it to Europe, I could somehow stay there. I just needed to get there.

If you have an idea of where you want to be and in which area - put yourself there, put yourself in that path, because that's when you can unlock these opportunities in the future.



**RetailCraft 01** - David Kohn of Heals - "probably the most skeptical man in the industry"? Surely not!



**RetailCraft 02** - Sarah Stagg of The Rug Company and the 2018 IREU Top500



**RetailCraft 03** - Beauty Revolution with Nadine Neatrou and Sally Heath Minto



**RetailCraft 04** - Dreamforce, Zippin's CEO Krishna Motukuri, beyond checkout and the Top500



**RetailCraft 05** - "All cake, no ache" with Sweaty Betty, Orlebar Brown and the RXAU Australia Top250



**RetailCraft 06** - Sean McKee from Schuh and the new Growth 2000 Index



**RetailCraft 07** - "Love, comma" - in conversation with Sienna Veit of John Lewis and Alexandre Meerson of Meerson



**RetailCraft 08** - "Hands.made" Ian Jindal in conversation with made.com and Crabtree Evelyn



**RetailCraft 09** - "Get the Store Experience Right!" - In conversation with Harrods and about the RetailX Luxury Sector Report



**RetailCraft 10** - "Danish Jewels" - visiting Georg Jensen and Pandora in Copenhagen, with Ian Jindal



**RetailCraft 11** - "Boots, Bags and Vintage" - Ian Jindal in conversation with Deckers, Radley and Beyond Retro



**RetailCraft 12** - "Summer Bookclub" - Martin Newman, Natalie Berg, Miya Knights and Richard Hammond in the studio discussing their recent retail books



**RetailCraft 13** - "Loyalty and desirability" - Harvey Nichols, Feelunique and The Watchshop



**RetailCraft 14** - "We're never monotone" - Fortnum & Mason and Liberty London



**RetailCraft 15** - "Loyalty and desirability" - Tula Skincare, Showfields and Eton Shirts



**RetailCraft 16** - "Hard-nosed thinking" - M&S International and NRF from New York



**RetailCraft 17** - Lockdown with Alexander Wang and De Bijenkorf



**RetailCraft 18** - "Lockdown Listening No 2" - Ian Jindal chats with Gracia Amico of Pet Mate and Robin Phillips of The Watch Shop



**RetailCraft 19** - "Make your gran proud" - Lockdown with The Hut Group's Aaron Winslow and AO.com CEO and Founder John Roberts



**RetailCraft 20** - "60,000 in 90 days" - Mark Wright of Fat Face and Murray Lambell of eBay UK



**RetailCraft 21** - "One-way and two-way doors" - Chris Poad, Managing Director, Online at Tesco PLC



**RetailCraft 22** - "Circuitboards and Sofas" - Guy Magrath of RS Components and Graham Wilson of Sofology



**RetailCraft 23** - "Bring a smile to customers' faces" - Pepsico Europe and Whittards of Chelsea



**RetailCraft 24** - "Partners are a key part of our strategy" - Chris Conway of the Coop



**RetailCraft 25** - "Never the same again" - Stephen Langford of Marks and Spencer



**RetailCraft 26** - "Let's get comfy" - In conversation with Constanze Freienstein, Managing Director Europe, Lands' End



**RetailCraft 27** - "Attainable and Sustainable" - In conversation with Vanessa Barboni Hallik, CEO of Another Tomorrow



**RetailCraft 28** - "Unlearning, to relearn" - In conversation with Greg Duce, Area Ecommerce Director - Europe at Reckitt



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"Research, analysis and insight behind the performance of the world's best ecommerce and multichannel retailers and brands."

We research some 20,000 trading fascias across the UK, Europe and Australia, examining the trading performance, operating metrics, multichannel operational and customer-facing capabilities. We rank the retailers and brands in six Performance Dimensions to create the Top500 rankings for the UK and Europe, the AU250 for Australia, and the Growth2000 ranking for the UK.

Our ranking reports are distributed by InternetRetailing

<https://internetretailing.net/research>.

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Ian Jindal and Martin Shaw are available for board presentations and strategic briefings – by sector, by company, by market (UK, EU, Australia). To discuss your requirements, please contact [ian@retailx.net](mailto:ian@retailx.net)

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## SUGGESTIONS AND QUESTIONS

We welcome suggestions for improvement, questions and all conversation about performance in multichannel retail.

Let us know via [research@retailx.net](mailto:research@retailx.net) or @retailx on Twitter.