



# DIMENSION REPORT

STRATEGY & INNOVATION: SEPTEMBER 2018

IN PARTNERSHIP WITH



---

**“ There’s clearly an important role for great physical retailing in a multichannel world ”**

---

INSIDE

- Interview: Learn how stores drive online sales at Hotel Chocolat
- Discover practical strategies from leading IRUK Top500 retailers

---

[www.internetretailing.net/iruk](http://www.internetretailing.net/iruk)  
[research@internetretailing.net](mailto:research@internetretailing.net)



Sponsored by

**ORACLE**

Bronto

[www.internetretailing.net](http://www.internetretailing.net)

# Is your customer journey all over the shop?

86% of shoppers are more likely to repurchase after a great experience.\* We'll help you deliver a customer journey that'll keep them coming back



**Search Barclaycard Smartpay**

The payment gateway from Barclaycard

\*Tempkin Group (2017)

## INTRODUCTION



WELCOME TO OUR latest IRUK Top500 Strategy & Innovation report, which comes at a time of great change in retail. Consumers, already cautious at a time of political and economic uncertainty, are fast taking their spending further online, as they look for the most convenient and cost-effective way to buy. Some traditional retailers have found their business model no longer works,

and have been forced into administration. Others are scaling back their high street presence dramatically in order to adapt. It's clear that 2018 is a year of fast and dramatic change in retail: the Centre for Retail Research has said that it expects more change this year than we've seen for years, while John Lewis has said that this is a time of generational change.

But at the same time, more agile businesses, joined by new and emerging retailers, are shrugging off this shift: these are the retailers that are further on with the task of adapting their business models in order to fit the needs and demands of today's customers. These businesses are investing heavily in skilled staff and systems in order to give shoppers the data-driven, intelligent, consumer-centric retail experiences that they now demand.

It's against this background of fast change that we present our performance-based assessment of retail strategy and innovation among Top500 retailers. We examine the strategies that retailers are using, through practical examples, case studies and interviews, and through the prism of RetailX research that enables us to cut through to see what Top500 retailers are doing both individually and as a group. Using this, retailers of all sizes can benchmark their performance and find areas where improvement can put them ahead of the crowd.

Our findings make for a fascinating read that comes at an important moment. We hope you find this report useful – and look forward to your feedback on new areas that we should consider in future iterations of this research.

Ian Jindal,  
Editor-In-Chief  
[ian@internetretailing.net](mailto:ian@internetretailing.net)

# EDITOR'S COMMENT

IT'S THROUGH INNOVATION that leading retailers have helped to create the new way that shoppers now expect to buy. Argos is credited with inventing click and collect, and today this tool is both widely offered and expected in the UK market and well beyond. Retailers of all shapes and sizes have run with the idea and many have developed it, offering same-day collection, collection with changing rooms, instant returns, and collection from third-party stores, among many incremental improvements. Innovation is at its best when it responds to, and evolves with, customer demand, as a result offering experiences that are both highly convenient and frictionless. Such high-quality experiences make shoppers' lives easier, and at the same time work to boost sales. It's important that they also deliver profitability. In this IRUK Top500 Strategy & Innovation Performance Dimension Report we're looking at how traders that lead in this dimension do just that.

We set out the context in our Strategic Overview feature (page 8), while Martin Shaw of InternetRetailing's RetailX research division lays out findings on how retailers perform in this area in two research-focused features, starting with Analysing the Numbers on page 12. Our New research features takes a look at how click and collect is now being used across different retail categories.

Best practice comes to the fore in the 12 approaches to Strategy & Innovation feature on page 24. We take a detailed look, too, at the work of Ocado, Screwfix, The Perfume Shop and Dunelm through a series of case studies, which is rounded out with an interview with Angus Thirlwell of Hotel Chocolat.

You'll find the list of Top100 retailers that stand out in this area in this dimension report, as well as our overall Top500. Some retailers originally listed in the Top500 have gone into administration during the course of this year, and we've updated that list for this report accordingly.

We hope you find this Dimension Report useful and we look forward to hearing your feedback on this approach and on any ideas that you have for our future explorations of this subject.

Chloe Rigby  
chloe@internetretailing.net

# CONTENTS

## Dimension Report Strategy & Innovation 2018

- 06 Partners' perspectives
- 08 Strategic overview
- 12 Analysing the numbers
- 16 The IRUK 500
- 18 Case studies and lead interview
- 24 12 approaches that work
- 29 Emerging practice
- 32 New research
- 34 Conclusion

### MEET THE TEAM...



**CHLOE RIGBY**  
EDITOR

Chloe is the editor of InternetRetailing.net and also an award-winning business journalist.

[chloe@internetretailing.net](mailto:chloe@internetretailing.net)



**MARTIN SHAW**  
HEAD OF RESEARCH,  
RETAILX

Martin devises the scope and methods of InternetRetailing's research.

[martin@retailx.net](mailto:martin@retailx.net)



**FERNANDO SANTOS**  
RESEARCH PROJECT  
MANAGER, RETAILX

Fernando coordinates the timelines for our research team.

[fernando@retailx.net](mailto:fernando@retailx.net)



**IAN JINDAL**  
EDITOR-IN-CHIEF

Publisher, speaker, advisor and NED, Ian leads our editorial and research businesses.

[ian@internetretailing.net](mailto:ian@internetretailing.net)

# WHY 2021 IS YOUR MOBILE STRATEGY DEADLINE

ORACLE  
Bronto



## The full force of m-commerce is yet to be felt, says Saima Alibhai, managing principal consultant at Oracle Bronto

*“Change with the times, or the times will change you.”*

These words have never been truer, when you consider the demise of High Street giant House of Fraser. Mobile devices, especially smartphones, are changing the game for retailers. Mobile is more than just the way emails render; it's the primary way people consume information. According to a recent eMarketer study<sup>1</sup>, the average adult now spends 3 hours and 17 minutes viewing media on their phone, while their TV time has declined to 3 hours and 58 minutes per day.

What does this mean for commerce marketers? Has this trend toward mobile been overstated? How quickly are things changing? Let's take a look at what the industry has seen and how you can prepare for what's coming our way.

### ECOMMERCE IS NOT ONLY GROWING BUT ALSO TAKING AN INCREASED PERCENTAGE OF TOTAL RETAIL SALES.

According to Statista<sup>2</sup>, UK 2018 ecommerce sales are expected to account for 18% of total retail sales. That's an increase from 2017, during which ecommerce accounted for 16.9% of total retail sales.

When we look at mobile commerce, sales are expected to rise by 14.2% between 2017 and 2021 (eMarketer<sup>3</sup>). Once again, we see not only strong overall growth but the increased contribution of mobile to online sales.

### ABOUT ORACLE BRONTO

Oracle Bronto arms high-growth retailers with sophisticated marketing automation to maximise revenue opportunities. The Bronto Marketing Platform powers personalised multichannel content that generates the higher engagement needed for retail success. Keenly focused on the commerce marketer, Bronto continues its longstanding tradition as a leading email marketing provider to the global Internet Retailer Top 1000 and boasts a client roster of leading brands, including Euro Car Parts, notonthehighstreet.com, Oak Furniture Land and OKA. For more information, visit [bronto.com](http://bronto.com).

### IT'S TIME TO GET SERIOUS ABOUT MOBILE.

Experts predict that by 2021, mcommerce will make up more than 50% of total ecommerce sales. Today, optimising for mobile is considered important. But in only a few short years, failing to optimise will leave you officially behind the times.

### PREPARE FOR THE MOBILE EXPLOSION BY ANALYSING WHERE YOU NEED IMPROVEMENT.

Here are a few things commerce marketers should consider as mobile continues to grow:

- Are your checkout pages optimised for mobile? Are they integrated with mobile payment solutions such as Apple Pay? The days of filling out long forms on mobile devices, manually moving from one box to the next, are on their way out.
- Is your website completely mobile-friendly from search to checkout?
- Are your emails designed for mobile?
- Are your communications relevant? If emails, recommendations and search results are not relevant, consumers will simply move on.

**The bottom line:** According to Statista, the average mobile user checks their phone 150 times each day. They can do whatever they want, wherever they want, whenever they want. They can find any product they are looking for, regardless of where in the world it's located. If you don't provide a frictionless, relevant, up-to-date user experience, someone else will.

<sup>1</sup> <https://www.emarketer.com/Article/eMarketer-Updates-US-Time-Spent-with-Media-Figures/1016587>

<sup>2</sup> <https://www.statista.com/statistics/285978/e-commerce-share-of-retail-sales-in-the-united-kingdom-uk/>

<sup>3</sup> <https://www.emarketer.com/Report/UK-Retail-Ecommerce-eMarketers-Updated-Estimates-Forecast-20162021/2002188>

# MEET CUSTOMERS' EXPECTATIONS

## Shoppers want an online experience that works for them – from click and collect to payments, says Anita Liu Harvey, Director of Strategy and Business Planning at Barclaycard Payment Solutions



Customer experience (CX) has been one of the most prominent trends in ecommerce and digital in recent years, with more than half of retailers stating that CX was their top strategic priority in 2017.

And research shows that the emphasis on customer experience isn't based on hype. A good CX makes people 3.5x more likely to make additional purchases from a retailer and 5x more likely to recommend that business to friends and family.

So how can retailers deliver a customer experience that makes them stand out from the crowd?

This InternetRetailing report focuses on three key elements of customer experience – convenience, reliability and innovation. The first two of those elements are fundamental for a good CX, but it's innovation that can give retailers a real competitive advantage.

Consider the checkout experience, for example. Barclaycard research shows that online shoppers abandon £18bn worth of goods each year, proving that a convenient, frictionless payment experience is no longer a 'nice-to-have' in ecommerce. If retailers fail to meet their customers' expectations at the checkout, they will lose sales.

The same is true of fulfilment. A YouGov study published in 2017 found that 54% of UK shoppers had used click and collect, mainly due to the cost savings and convenience.

The YouGov report also found that two-thirds of UK shoppers (65%) would switch to an alternative retailer if they suffered a poor click and collect experience, while a separate study by Narvar revealed that 22% of shoppers wouldn't shop with an online retailer if they weren't able to return the item in-store.

This indicates that shoppers increasingly expect all retailers to offer convenient multichannel delivery and return options – so while services like click and collect are still vital to a good customer experience, they're no longer seen as innovative. They've become a hygiene factor.

Retailers need to have the right payment and fulfilment technology in place so they can create convenient and

reliable customer experiences. Once they have these fundamentals working they can begin to innovate and offer exciting new digital services to their customers, giving them an edge over the competition.

From a payments perspective, shoppers increasingly expect payments to be built into the customer experience, with the act of paying decoupled from the act of buying.

People no longer want to queue just to pay for their products. Obvious examples include click and collect, but we're seeing new innovations such as the emergence of 'Buy Now, Pay Later' options such as MasterCard Instalments.

Barclaycard is also innovating in this space with our Grab+Go system that allows customers to simply scan the items they need using a smartphone app and then leave, with the app automatically handling the payment. It could have a big impact on the way people shop for everyday items and revolutionise the retail customer experience.

It's this type of innovative thinking that helps retailers go beyond simply meeting a customer's expectations and allows them to set the benchmark for others to follow.

### ABOUT BARCLAYCARD

**Company founded:** 1966, the same year Barclaycard introduced the UK's first credit card.

**Global reach:** Barclaycard is a broad international payments business. In 2015 we processed more than £293bn in transactions globally. Barclaycard is a pioneer of new forms of payment, and is at the forefront of developing viable contactless and mobile payment schemes for today and cutting-edge forms of payment for the future.

**To find out how your business can get ahead of the game, visit our online payment solutions page:** [www.barclaycard.co.uk/business/accepting-payments/online-payment-solutions](http://www.barclaycard.co.uk/business/accepting-payments/online-payment-solutions)

# RETHINK THE PURPOSE OF STORES

## In what is proving a year of change in retail, Chloe Rigby assesses how the industry is adapting its strategies as customers use new ways of shopping – and what that means for the role of the store

THE ROLE OF shops is changing – and fast – in retail. Shoppers are more willing to buy online: doing so is now much easier and more convenient. The growing sophistication of smartphones and, more recently, voice commerce, makes it easier for people to browse, buy and even take delivery of their online orders wherever they are, and without ever needing to set foot in a store – unless they want to. The multichannel mantra of buying wherever, whenever and however they like is now a reality.

Consumers have embraced the change. Figures from the UK's Office for National Statistics (ONS) suggest that shoppers are now buying a record proportion of their retail purchases via the internet. The ONS' Retail Sales report for July 2018 found that 18.2% of retail sales took place via ecommerce. That's up from 16% a year earlier. The same report suggests that some sectors are moving online much faster than others; department stores, for example, saw their online orders grow by 35% that month, to account for 18.2% of total retail sales in the category – up from 13.8% a year earlier. The July 2018 ONS report said: "Spending online continued to reach a new record proportion of all retailing... with strong growth in department stores also reaching a record proportion."

But even with record online spending, it's in stores that most retail transactions take place. If 18.2% of July retail purchases were online, then

more than 80% – give or take a small amount via mail order and over the phone – were online. Land Securities said in its latest full-year results that 85% of retail spending still touched a store, while Argos, the first UK retailer to turn over £1bn a year from mobile commerce, said very recently that 80% of its online transactions are picked up in stores.

“ The gap between the best space and the rest keeps growing ”

Given that technology means that shoppers with access to an internet connection no longer have to visit shops, the figures suggest that many shoppers still want to be able to buy in-store. That may be because they want to touch and feel or try on an item, or it may be because they're in a rush to have the item for a specific event or because they want to be able to see the range. Nonetheless, the role of stores is changing – and leading IRUK Top500 retailers are now finding new ways to use their stores that work for their customers. For while most sales still happen in stores, visitor numbers have been down over the course of summer 2018 and the market remains competitive. Shoppers need a reason to come into one store rather than another, and a reason to visit a store rather than simply clicking to buy. Rethinking the purpose of the store in an internet age is now at the centre of many retail strategies at a time when, says Land Securities' chief executive Robert Noel, "the gap between the best space and the rest keeps growing."



Shops such as these at Oxford Westgate are still a key part of retail





Credit: John Lewis



**STORES AS AN EXPERIENCE**

Experience-led destinations, says Land Securities’ Robert Noel, will be key to the future of the retail industry as shopping habits change while at the same time traders’ costs increase through the National Living Wage, business rates and investment in multichannel technology. In the property developer and operator’s 2018 full year results, Noel said that there was a growing gap between different types of store locations. “To thrive, an asset must be dominant in its catchment and provide convenience or experience,” he said, adding: “There’s clearly an important role for great physical retailing in a multichannel world, not least enabling brands and shoppers to connect in a variety of exciting ways.” Alongside this, it says, shoppers need other experiences, from cinemas to restaurants and more.

Retailers and brands are interpreting the move towards experience in different ways. Department store John Lewis, a Leading retailer in IRUK Top500 research, is focusing on the service that its partners can offer customers. It’s training personal stylists to offer fashion talks, and store staff to offer a concierge-style experience that wouldn’t be out of place in a leading hotel. In-store, its staff are

John Lewis is emphasising experiences and services to bring shoppers into its stores

booking places in interior design workshops and tables in restaurants for its customers. Online, it’s offering easy booking of trade services, often related to products they can buy in the store. This, said John Lewis this June, is its response to “a period of generational change” to which “every retailer’s response will be different”. Sir Charlie Mayfield, chairman of the John Lewis Partnership said, at the time that that business was unique with different ownership, purpose and outlook to its competitors. “As retail changes we need to tread a path that enables us to thrive as a business while building on the qualities that make us different,” he said. “For us the relentless pursuit of greater scale is not the right course. Our plans put differentiation, innovation and Partner-led service at the heart of our offer.”

Retail as destination and experience means, indeed, different things to different retailers and brands. For Nespresso, the store is a place to explain what its products are about, how coffee machines work, and how they differ.

## STRATEGIC OVERVIEW

---

It's also a place to showcase its wide range of coffee blends and express values such as the importance of recycling and how that applies to its coffee pods.

Apple, meanwhile, has long used its stores as a showroom where visitors can browse the technology they'd like to buy and seek expert advice in what would best suit their needs. Retailers and brands looking to make their store a destination are exploring retail theatre and experiences that give shoppers something to do in the store other than browse and buy. These are all about giving shoppers a comfortable venue to explore the brand's full range and get one-to-one advice around their individual needs, when they have the time to spend doing that.

### STORES FOR CONVENIENCE

But often there isn't the time for leisurely choice. Time-pressed shoppers may want to buy in the way that's easiest and fastest for them, as they look to fit necessary retail purchases into busy days. They're looking for convenience.

Leading IRUK Top500 retailers have developed a variety of strategies to meet these shoppers' needs. John Lewis – at London Heathrow airport and London St Pancras rail station – and Argos – at Cannon Street underground station – are among the retailers that have opened stores or pick-up points specifically for commuters to pick up their online orders on their way to or from work. Burberry enables travellers to pick up their orders while they travel through a variety of airports.

On the high street, department store Debenhams and supermarket Morrisons have both teamed up with Doodle to enable shoppers to pick-up and return not only online orders from their own websites, but from a range of other retailers' websites, following in the footsteps of Asda, and its similar 'toyou' service. These retailers not only provide their customers with a convenient service in their own stores, but they also bring those other businesses' customers into their own stores, where it's more than likely they will make a purchase while they're there: Debenhams says that when it trialled the Doodle service, 40% of tracked transactions were by users new to its stores; 30% of users also spent an average of £25 in-store.

“ [the] challenge was to adapt to the behaviour of customers, whether they never want to visit a store, or want to buy using a range of channels ”

Perhaps the biggest step towards convenience was taken by Sainsbury's in buying Argos. Part of its thinking in doing so was to enable supermarket shoppers to carry out their other retail errands at the same time as they do a big supermarket shop. Following the acquisition, Sainsbury's now has more than 200 digital format branches of Argos in its stores, where customers can browse screens and place online orders, collect parcels and return those that aren't needed. It has also used Argos systems as a foundation for a network of its own in-store collection and returns points. Argos has also recently launched its Voice Shop: customers can speak their order to a Google Assistant device, whether a smartphone or a smart speaker, and pick up the product in-store. Argos says that while six in 10 of its retail transactions start online, 80% of online orders are collected from a store.

### ADAPT TO SURVIVE

The demand for experience and convenience in an age of multichannel retail is driving fast and significant change in the retail sector. As well as opening new, strategically placed stores that meet the needs of shoppers from commuters to leisurely browsers, retailers that traditionally had a branch on every high street are now closing stores and developing small format versions of previously larger stores as they 'right size' their networks to meet new levels of shopper demand.

The Centre for Retail Research (CRR) has said it expects 2018 to be the worst year for retail jobs since the recession of 2008. It said that that 18 large and medium sized retailers had gone bust in the first 100 days of this year, including Toys R Us and Maplin. Others, from House of Fraser at one end of the spectrum to Poundworld, at the other have followed. The CRR forecasts a total of

10,000 store closures this year. Mothercare, New Look and Carpetright are among those using company voluntary arrangements (CVA) to slim down their estates.

In June 2018, carpets-to-beds business Carpetright laid out the scale of the challenge facing it as it reported full-year figures. Its challenge, it said, was to adapt to the behaviour of customers whether those customers never want to visit a store or whether they want to buy using a range of channels, including stores and online. That's a big ask, especially given that, said chief executive Wilf Walsh, it had a "historically oversized and over-rented estate". Its answer to that challenge was to close 81 underperforming stores from a total estate then totalling 545. It used one of the many CVAs seen in the retail sector so far this year. Carpetright plans to grow its range and develop an extended online offer. While it will focus on value beds, it will only stock them where it has space. At the same time, it plans to develop its online services to the point that someone who would never visit a store would be able to choose a carpet and the accessories to go with it entirely online "with confidence and complete the end-to-end experience without needing to visit a retail outlet or talk to a human being". Artificial intelligence, for example, will be deployed as it looks to automate and personalise customer service.

Walsh also had a word of warning for the wider retail industry. "The sad demise this year of a number of traditional retailers is partially down to the fact they were not 'Amazon proof' and most of the products they sell could be chosen online and delivered to the home the next day. While choosing floor coverings is not such an easy sell, we are not being complacent."

There's a divide, however, between the traditional retailers with sometimes outsized store estates and emerging newcomers who are building up their estates to suit multichannel trading models. Both Quiz and Footasylum are doing just that. Footasylum, indeed, recently said that some of its stores needed to be bigger.



Credit: Argos

Argos shoppers can now order by voice – but 80% still visit a store to pick up online purchases

"The board believes that upsizing certain stores will materially improve Footasylum's existing strong brand relationships while enhancing the consumer experience in store. In order to improve the experience both of the brands that it works with and of its customers," it said in a September 2018 trading statement.

There's no denying this has proved a turbulent and challenging year – and the situation doesn't look likely to change in the near future. Indeed, 2019 could bring even more of a bumpy ride for UK retailers, depending on what happens with Brexit negotiations.

Strategies seem likely to be geared for a time of change. Retailers will no doubt continue to adapt their stores and their store estates in response to the changing way we now shop. This will be difficult, but it may also be necessary if retailers are to stay relevant to their customers at a time of generational change.

# FROM DELIVERY TO MOBILE: RETAIL STRATEGIES PUT TO THE TEST

## Top500 retailers are using the latest innovations to give shoppers the customer experience they want, writes Martin Shaw, head of the RetailX research team

LEADING RETAILERS IN this dimension are constantly honing and improving their performance in order to give shoppers the kind of customer experience they now expect. This enables them to compete at the highest levels in this IRUK Top500 Strategy and Innovation Performance Dimension Report.

In this dimension we bring together the IRUK Top500 metrics that we consider the most strategic and innovative, including more than 40 different measures of retailer performance, covering delivery, collection and returns, how easy it is to load and use a website, and mobile app functionality. These are measures that help traders stand out from the crowd, and to compete in challenging markets.

Our definition of what 'strategic' and 'innovative' are have naturally changed over the last year. Last year we judged it innovative to offer click and collect services at all. This year we're measuring how quickly retailers promise products can be collected, and we've found that traders are now offering faster delivery along with faster collection times. Delivery is also faster on desktop and mobile websites, offering consumers the speed of service that they now expect. All of this helps retailers, in turn, to give customers the experience that they would like to become accustomed to.

We're also looking at features that improve the mobile experience from augmented reality, live chat and visual search in mobile apps, to predictive search (56% use this) and the 'hamburger button' (94%) that enables easier navigation. This analysis, measured by real people recording their experience on every Top500 website, focuses on the practical user experience, concentrating on the aspects that really make a difference. In particular, this year, we've focused on easy-to-use search that returns relevant results, along with simple navigation that helps shoppers get straight to the point. We've also looked to see how easily users can see and interact with visuals on the product pages of a website.

### COLLECTION, DELIVERY AND RETURNS

Across the Top500, retailers appear to have simplified their delivery options, while ensuring that shoppers can collect their product. Click and collect is now almost as widely found as next-day delivery. Some 62% of Top500 retailers offer click and collect services in 2018. That's up from 56% in 2017, with just over a fifth (22%) offering same-day pick-up, measured for the first time this year.

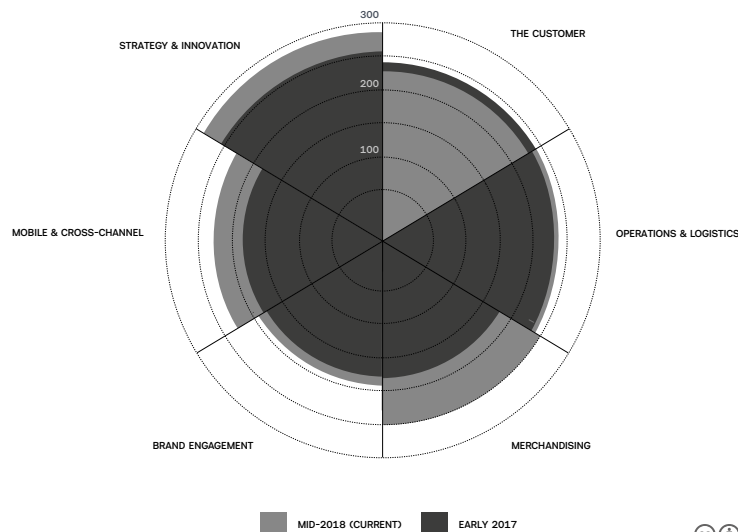
“ Almost half enable shoppers to return an item they ordered online to a store ”

Nonetheless, the average time promised for a click and collect order to be ready for collection stands at 3.3 days after the order is placed online. Pick-up from in-store lockers is offered by a tiny minority, at 1.4%, of Top500 retailers.

Next-day delivery is offered by 59% of Top500 retailers, down from 65% in 2017, while the proportion offering same-day delivery has climbed to 6% from 4% last time. Saturday delivery, offered by 28% of Top500 retailers, was the most commonly found specific-day option. Fewer retailers now allow shoppers to name their delivery day: at 15% in 2018 this is down from 19% in 2017. But the same number (5%) enable shoppers to name their time. The number offering the option of Sunday delivery has fallen slightly to 11% from 12% in 2017. Those retailers that enable shoppers to name the time of delivery and to request same-day deliveries are real outliers – and those that offer a broad choice of options stand out.

YEAR ON YEAR PERFORMANCE OF THE TOP500

The Aggregated Index Value for each performance area, as well as the overall Aggregated Index for early 2017 and mid-2018



We score performance in our tests and create an index value. The Aggregated Index Value is the sum of the test results and – while it has no inherent nominal meaning – it is comparable year on year. An increase in AIV represents an increase in measured capability and performance. This chart shows the areas in which performance has most markedly improved, and the overall quantum of improvement for the IRUK Top500 2018 in our ranking. The Strategy and Innovation Dimension draws metrics from the other dimensions where the measured practice is either new or clearly advantageous but few companies can manage the cost or complexity. The vast majority of retailers have improved year-on-year in the vast majority of areas assessed

Almost half (46%) enable shoppers to return an item they ordered online to a store, up from 39 in 2017, while 19% enabled returns via pick-up from the house. Top500 retailers processed refunds in a median 10 days.

Our take on these is that slightly more retailers are offering collection, and slightly more multichannel retailers are offering return of an ecommerce order to a physical store. At the same time, the same number of average delivery options (2.5) is the same this year as it was in 2017. On the flip-side, some metrics such as next-day delivery, same day delivery and weekend delivery show a slight decline in prevalence, though within our margin for error. With differences at this scale, it's not so much a story of change as one of no change - perhaps due to market saturation.

MOBILE AND DESKTOP PERFORMANCE

The online shopping experience improves when web download times are faster. We measured web performance and whether retailers meet engineering standards across a range of load and design metrics on both mobile and desktop browsers. Top500 desktop sites started to render in a median of 1.9s, and were visually complete in 8.2s. Mobile websites started to render in a median 2.1s, and were visually complete in 7.2s, with page sizes a median 2.1MB in size. Researchers drew on data from InternetRetailing Knowledge Partners Hitwise and SimilarWeb to discover visitors spent a median time of was 4m 29s on a Top500 retail website in 2018.

## ANALYSING THE NUMBERS

Shoppers can get in touch with Top500 retailers using a median of eight communication channels in 2018, typically including phone, email and social media channels from Facebook to Snapchat, and less typically including LiveChat.

Researchers tested the online shopping experience and found that on average, shoppers using Top500 websites could see 3.6 product images and completed transactions in 2.3 checkout pages. More than two-thirds (69%) of retailers recommended similar products, while 66% enabled them to save a product they liked to a wishlist.

### MOBILE APPS

More retailers have mobile apps. In the 2018 edition of our research we found that almost half (49%) of Top500 retailers offer their shoppers a mobile iOS app, and 46% an Android app. Since iOS apps are more common, and since retailers tend to duplicate functionality between their iOS and Android apps where they have both, we took the decision to focus on iOS apps for our analysis. We looked for the features that we consider to be cutting edge in 2018, from augmented reality to live chat and visual search. None of these features had widespread uptake, but some were more widely used than others. Barcode scanners, for example, are used by just over a quarter (26%) of the Top500 retailers with iOS apps. These enable shoppers to find out more about a product, including whether it's in stock in a particular store, and to add it to a wishlist or shopping list. Store stock checkers were used by slightly fewer Top500 retailers, at 23%. But live chat can be used from just 6% of mobile apps, while visual search (3%) and augmented reality (3%) are, as yet, still very much at the cutting edge. Augmented reality is used, notably, by DIY and home furnishings retailers as well as those selling luxury goods and make-up. Shoppers using the DFS and Wayfair apps can see what furniture would look like in their home, while those using the Deluxe Decorator Centre app can visualise how paint colours would look on their walls. FeelUnique enables shoppers to try out lip, blush and eye shadow shades, while Tiffany enables users to try its rings on their fingers. Through their mobile apps, 37% offered daily deals, 48% showed a choice of product images – an average of four – on a product display page, 50% enabled zooming on images, and 27% offered predictive search.

### WHAT LEADING RETAILERS DO

Argos stood out in InternetRetailing research because it offered some of the least common services. It was among the 4% of retailers that offered same-day delivery, and among the 22% with same-day collection. Returns can be made via a pick-up from the house, offered by 19% of Top500 retailers, while the retailer also enabled shoppers to check stock from the mobile app.

Shoppers buying from Halfords could pick-up their online order the same day or arrange a nominated day delivery. They could check store stock on the go, and learn more about products in the store using a barcode scanner.

Amazon performed strongly on logistics, with same-day delivery and in-store collection via lockers. Its mobile app was highly innovative, with features including live chat and visual search.

Morrisons stood out for offering convenient delivery and collection, with in-store collection lockers, nominated time and day delivery as well as same-day collection of online orders.

Next competed on logistics, offering options including same-day delivery and returns via pick-up from the house. It was easier for customers to find products from the app, using predictive search, and to check local availability, using a stock checker.

Screwfix was among the 22% that offer same day collection and the 11% that enable Sunday delivery. It also offered returns via a pick-up from the house, while its mobile app featured a store stock checker.

Tesco was among the 1.4% that have their own in-store collection lockers. It also offered same-day collection and delivery as well as nominated time delivery.

Sainsbury's stood out for being among the 5% that offer nominated time delivery; it also offers same day and Sunday delivery, while its mobile app offers predictive search.

Wickes also had same day collection and nominated time delivery. It accepted online orders return to a store, and had an Android app.

Marks & Spencer's mobile app featured a barcode scanner and predictive search. It enabled nominated day delivery and accepted online returns in store.

Among the 3% of retailers using augmented reality in their mobile apps were DFS, with a room planner app, Wayfair, with a 'view in room' product visualiser, Dulux, enabling paint buyers to see how different colours would look in their rooms, and Feelunique showing how make-up might look on the shopper's face.



## IRUK 500 STRATEGY &amp; INNOVATION DIMENSION

IN PARTNERSHIP WITH



The Top retailers of the IRUK Top500 2018 Strategy & Innovation Dimension, measured on dozens of metrics for innovative practice

Share your thoughts on #IRUK500 with @detail

## STRATEGY &amp; INNOVATION TOP50

Amazon	Hotel Chocolat	Ocado
Ao.com	Jacamo	Office
Apple	JD Sports	The Perfume Shop
Argos	JD Williams	Sainsbury's
Asda	John Lewis	Schuh
Asos	Kaleidoscope	Screwfix
B&Q	Littlewoods	Selfridges
Boots	MAC Cosmetics	Simply Be
Carphone Warehouse	Mamas & Papas	size?
Currys PC World	Marks & Spencer	Smyths
Debenhams	Mint Velvet	Superdrug
Dorothy Perkins	Morrisons	Superdry
Dunelm	Moss Bros.	Tesco
The Fragrance Shop	Mr Porter	Wickes
H&M	New Look	Wiggle
Halfords	Next	Yours Clothing
Harvey Nichols	Nike	

## STRATEGY &amp; INNOVATION TOP100

Abercrombie & Fitch	Harrods	Overclockers UK
Accessorize	Holland & Barrett	Post Office Shop
American Golf	Hollister	Radley
Arco	Hugo Boss	Rapha
Axminster	Just Eat	RS Components
Burton Menswear	Karen Millen	Stella McCartney
Chain Reaction Cycles	Laithwaite's	Toolstation
Cotton Traders	Lakeland	Topman
Decathlon	Marisota	Topps Tiles
Ellis Brigham Mountain Sports	Matalan	Topshop
The Entertainer	Millets	Urban Outfitters
Euro Car Parts	Miss Selfridge	Very
Evans Cycles	Missguided	Waitrose
Game	Mothercare	Waterstones
Go Outdoors	Nisbets	Wayfair
Goldsmiths	NotOnTheHighStreet.com	Whittard of Chelsea
Grattan	Oasis	

# THE IRUK500

## The Top500 2018

These are the largest online and multichannel retailers in the highly competitive UK market,

first ranked in January 2018. Since then, four companies have ceased trading and are scored through in the list below. For more, see the

InternetRetailing 2018 Top500 Report, <http://etail.li/IRUK2018>

Amazon	Elite	Accessorize	Top_100	Andertons Music	Top_150	Adidas	Top_250	Links of London	Top_250
Argos	Elite	American Golf	Top_100	AppliancesDirect	Top_150	Aldo	Top_250	Lipsy	Top_250
Boots	Elite	Ann Summers	Top_100	Bathstore	Top_150	Arco	Top_250	Long Tall Sally	Top_250
Marks & Spencer	Elite	Axminster	Top_100	Blacks	Top_150	Aria Technology	Top_250	Louis Vuitton	Top_250
Screwfix	Elite	Blue Inc	Top_100	Bonmarché	Top_150	Beaverbrooks	Top_250	Lovehoney	Top_250
Tesco	Elite	Chain Reaction Cycles	Top_100	Boux Avenue	Top_150	Bensons for Beds	Top_250	Lush	Top_250
Asda	Leading	Claire's	Top_100	Cath Kidston	Top_150	Blackwell's	Top_250	Mango	Top_250
B&Q	Leading	Cotton Traders	Top_100	Crew Clothing Company	Top_150	Boden	Top_250	Marisota	Top_250
Currys PC World	Leading	Early Learning Centre	Top_100	Decathlon	Top_150	The Body Shop	Top_250	MenKind	Top_250
Debenhams	Leading	eBay	Top_100	Ebuyer.com	Top_150	Boohoo.com	Top_250	Microsoft	Top_250
Dunelm	Leading	Ellis Brigham	Top_100	Euro Car Parts	Top_150	Burberry	Top_250	Mint Velvet	Top_250
Halfords	Leading	The Entertainer	Top_100	Evans	Top_150	Burton	Top_250	Molton Brown	Top_250
Holland & Barrett	Leading	Estée Lauder	Top_100	Fat Face	Top_150	Burton Menswear	Top_250	Mr Porter	Top_250
<del>House of Fraser</del>	<del>Leading</del>	Footasylum	Top_100	Fragrance Direct	Top_150	Cass Art	Top_250	Net-A-Porter	Top_250
John Lewis	Leading	The Fragrance Shop	Top_100	Freemans.com	Top_150	Charles Clinkard	Top_250	The North Face	Top_250
Morrisons	Leading	Goldsmiths	Top_100	Getthelabel.com	Top_150	Charles Tyrwhitt	Top_250	NotOnTheHighStreet.com	Top_250
New Look	Leading	H.Samuel	Top_100	Grattan	Top_150	Clas Ohlson	Top_250	Oliver Bonas	Top_250
Next	Leading	Jacamo	Top_100	Hobbs London	Top_150	Coast	Top_250	Orvis	Top_250
Oasis	Leading	JD Williams	Top_100	Hobbycraft	Top_150	Costco	Top_250	Outdoor & Country	Top_250
Sainsbury's	Leading	Kaleidoscope	Top_100	Home Bargains	Top_150	Cotswold Outdoor	Top_250	Overclockers UK	Top_250
Schuh	Leading	Laura Ashley	Top_100	Hughes Electrical	Top_150	CycleSurgery	Top_250	Pandora	Top_250
Superdrug	Leading	M&Co	Top_100	Jack Wills	Top_150	Deichmann	Top_250	Paperchase	Top_250
<del>Toys R Us</del>	<del>Leading</del>	MAC Cosmetics	Top_100	Jigsaw	Top_150	Disney Store	Top_250	Peacocks	Top_250
Waterstones	Leading	Mamas & Papas	Top_100	JoJo Maman Bébé	Top_150	Dr. Martens	Top_250	Phase Eight	Top_250
Wickes	Leading	Matalan	Top_100	Joules	Top_150	Dreams	Top_250	PrettyLittleThing	Top_250
Ao.com	Top_050	Millets	Top_100	Karen Millen	Top_150	Ernest Jones	Top_250	Reebok	Top_250
Apple	Top_050	Miss Selfridge	Top_100	L'Occitane	Top_150	F.Hinds	Top_250	Robert Dyas	Top_250
Asos	Top_050	Missguided	Top_100	Laitwhite's	Top_150	Feelunique.com	Top_250	Rohan	Top_250
Carphone Warehouse	Top_050	Moss Bros.	Top_100	Lakeland	Top_150	Fitness Superstore	Top_250	Route One	Top_250
Clarks	Top_050	Nisbets	Top_100	Lloyds Pharmacy	Top_150	Foot Locker	Top_250	RS Components	Top_250
Dorothy Perkins	Top_050	Office	Top_100	MajesticWine	Top_150	Foyles	Top_250	Scan	Top_250
Dune London	Top_050	Pets at Home	Top_100	Monsoon	Top_150	French Connection	Top_250	Skatehut.co.uk	Top_250
Evans Cycles	Top_050	Post Office Shop	Top_100	Mountain Warehouse	Top_150	Furniture Village	Top_250	Snow+Rock	Top_250
Game	Top_050	Richer Sounds	Top_100	Nike	Top_150	GAP	Top_250	SoleTrader	Top_250
Go Outdoors	Top_050	Selfridges	Top_100	Pavers	Top_150	Gear4music.com	Top_250	Stella McCartney	Top_250
H&M	Top_050	Shoe Zone	Top_100	Quiz	Top_150	Guitarguitar	Top_250	Surfdome	Top_250
Homebase	Top_050	size?	Top_100	Radley	Top_150	Harrods	Top_250	Swarovski	Top_250
Hotel Chocolat	Top_050	SportsDirect.com	Top_100	Reiss	Top_150	Harvey Nichols	Top_250	Sweaty Betty	Top_250
JD Sports	Top_050	TK Maxx	Top_100	River Island	Top_150	Hollister	Top_250	T.M. Lewin	Top_250
Littlewoods	Top_050	Toolstation	Top_100	Ryman	Top_150	HP	Top_250	Ted Baker	Top_250
<del>Maplin Electronics</del>	<del>Top_050</del>	Topman	Top_100	Samsung	Top_150	Hugo Boss	Top_250	Thorntons	Top_250
Mothercare	Top_050	Topps Tiles	Top_100	Space.NK	Top_150	Iceland	Top_250	USC	Top_250
Ocado	Top_050	Uniqlo	Top_100	Specsavers	Top_150	Ikea	Top_250	Vans	Top_250
The Perfume Shop	Top_050	Urban Outfitters	Top_100	Ugg	Top_150	Interflora	Top_250	Victoria's Secret	Top_250
Simply Be	Top_050	Very	Top_100	Victorian Plumbing	Top_150	Jaeger	Top_250	Warehouse	Top_250
Smyths	Top_050	White Stuff	Top_100	Wallis	Top_150	Jessops	Top_250	Watch Shop	Top_250
Superdry	Top_050	Whittard of Chelsea	Top_100	Wex Photographic	Top_150	Just Eat	Top_250	Whistles	Top_250
Topshop	Top_050	WHSmith	Top_100	The Works	Top_150	Kurt Geiger	Top_250	The White Company	Top_250
Waitrose	Top_050	Wiggle	Top_100	Zalando	Top_150	Lands' End	Top_250	Wynsors World of Shoes	Top_250
Wilko	Top_050	Yours Clothing	Top_100	Zara	Top_150	LaptopsDirect	Top_250	Yankee Candle	Top_250



Abercrombie & Fitch	Top_350	Jones Bootmaker	Top_350	Abel & Cole	Top_500	G-Star Raw	Top_500	Plumbase	Top_500
Agent Provocateur	Top_350	Kiddicare	Top_350	Achica	Top_500	Gabor	Top_500	Polarn O. Pyret	Top_500
Aldi	Top_350	Kiehl's	Top_350	Acne Studios	Top_500	GAK	Top_500	Prada	Top_500
AllSaints	Top_350	Kitbag.com	Top_350	Adobe	Top_500	Garmin	Top_500	Printing.com	Top_500
Anthropologie	Top_350	L.K.Bennett	Top_350	AliExpress	Top_500	GearBest	Top_500	RedBubble	Top_500
Avon	Top_350	La Redoute	Top_350	Armani	Top_500	Glasses Direct	Top_500	Regatta Outdoor Clothing	Top_500
Banana Republic	Top_350	Leekes	Top_350	Asics	Top_500	Google	Top_500	Rich Tone Music	Top_500
Barbour	Top_350	Lego	Top_350	Aspinal of London	Top_500	Graze	Top_500	Rokit	Top_500
BonPrix	Top_350	Liberty	Top_350	Asus	Top_500	GroWell	Top_500	Roman Originals	Top_500
The Book People	Top_350	Machine Mart	Top_350	ATS Euromaster	Top_500	Guess	Top_500	The Royal Mint	Top_500
Bose	Top_350	MandM Direct	Top_350	Austin Reed	Top_500	Habitat	Top_500	Samuel Windsor	Top_500
Bravissimo	Top_350	MatchesFashion.com	Top_350	Balenciaga	Top_500	Hamleys	Top_500	ScS	Top_500
Calendar Club	Top_350	Max Spielmann	Top_350	Bang Good	Top_500	Harveys	Top_500	Seasalt Cornwall	Top_500
Card Factory	Top_350	Mobile Fun	Top_350	bareMinerals	Top_500	Hattons	Top_500	SecretSales	Top_500
CarpetRight	Top_350	Mole Valley Farmers	Top_350	Barker & Stonehouse	Top_500	Hawes & Curtis	Top_500	See Tickets	Top_500
Cloggs	Top_350	Monica Vinader	Top_350	Belkin	Top_500	Hawkshead Country Wear	Top_500	Select	Top_500
The Cotswold Company	Top_350	Mulberry	Top_350	Berry Bros. & Rudd	Top_500	The Idle Man	Top_500	Sevenoaks Sound and Vision	Top_500
Countrywide	Top_350	Musto	Top_350	Bershka	Top_500	ITS	Top_500	Sneakersstuff	Top_500
Craghoppers	Top_350	Myprotein	Top_350	Bettys	Top_500	J Crew	Top_500	SportsBikeShop	Top_500
Dell	Top_350	Naked Wines	Top_350	Billabong	Top_500	John Smith's	Top_500	Steam	Top_500
DFS	Top_350	Nespresso	Top_350	Bondara	Top_500	Juno Records	Top_500	Stradivarius	Top_500
Dobbies Garden Centres	Top_350	Novatech	Top_350	Build-A-Bear Workshop	Top_500	Kärcher	Top_500	Superga	Top_500
Dulux Decorator Centres	Top_350	The Outnet	Top_350	Calvin Klein	Top_500	Kenzo	Top_500	Swatch	Top_500
EAST	Top_350	PartyCity	Top_350	Carhartt	Top_500	Lacoste	Top_500	Tate Shop	Top_500
Ecco	Top_350	Paul Smith	Top_350	CeX	Top_500	Levi's	Top_500	Thomann	Top_500
The Edinburgh Woollen Mill	Top_350	Pretty Green	Top_350	Chaos Cards	Top_500	LightInTheBox	Top_500	Timpson	Top_500
Esprit	Top_350	Pull & Bear	Top_350	Christian Louboutin	Top_500	Lindex	Top_500	TomTom	Top_500
Everything5pounds.com	Top_350	Puma	Top_350	Clinique	Top_500	Loaf	Top_500	Toolstop	Top_500
Fashion World	Top_350	QVC	Top_350	The Co-operative Electrical	Top_500	LookFantastic	Top_500	Travis Perkins	Top_500
Figleaves.com	Top_350	Ralph Lauren	Top_350	Converse	Top_500	Lyle & Scott	Top_500	Tredz	Top_500
Firebox	Top_350	The Range	Top_350	COS	Top_500	Made.com	Top_500	Triumph	Top_500
Flannels	Top_350	Rapha	Top_350	Crabtree & Evelyn	Top_500	Mainline Menswear	Top_500	UK Ecig Store	Top_500
Forbidden Planet	Top_350	Russell & Bromley	Top_350	Cromwell	Top_500	Massimo Dutti	Top_500	United Colors of Benetton	Top_500
Forever 21	Top_350	Sally	Top_350	Demon Tweaks	Top_500	Mobile Phones Direct	Top_500	Vape Club	Top_500
Fortnum & Mason	Top_350	Skechers	Top_350	Diesel	Top_500	Monki	Top_500	Versace	Top_500
Fossil	Top_350	Slaters	Top_350	Dior	Top_500	Montblanc	Top_500	Walls and Floors	Top_500
Fred Perry	Top_350	Staples	Top_350	Dover Street Market	Top_500	Moonpig	Top_500	Warren James	Top_500
Games Workshop	Top_350	Sunglass Hut	Top_350	Dunnes Stores	Top_500	Muji	Top_500	Watches of Switzerland	Top_500
Gant	Top_350	Tessuti	Top_350	END.	Top_500	Muscle Food	Top_500	Watchfinder	Top_500
Gucci	Top_350	Thomas Pink	Top_350	Escapade	Top_500	National Trust Shop	Top_500	Wedgwood	Top_500
Hackett	Top_350	Thomas Sabo	Top_350	Farfetch	Top_500	Neptune	Top_500	Weekday	Top_500
Heal's	Top_350	Tiffany & Co.	Top_350	Farrow & Ball	Top_500	New Balance	Top_500	WeirdFish	Top_500
hmv.com	Top_350	TJ Hughes	Top_350	Fendi	Top_500	Offspring	Top_500	Wish	Top_500
Home Essentials	Top_350	Tommy Hilfiger	Top_350	Field & Trek	Top_500	OnePlus	Top_500	Wolf & Badger	Top_500
Hotter	Top_350	Trainline	Top_350	Fired Earth	Top_500	The Original Factory Shop	Top_500	Woodhouse Clothing	Top_500
Jack & Jones	Top_350	Trespass	Top_350	Fitbit	Top_500	Oysho	Top_500	Wyevale Garden Centres	Top_500
Jacques Vert	Top_350	Tripp	Top_350	FitFlop	Top_500	Pepe Jeans London	Top_500	YvesSaintLaurent	Top_500
Jewson	Top_350	Under Armour	Top_350	Footpatrol	Top_500	Photobox	Top_500	Zawi	Top_500
Jimmy Choo	Top_350	Viking	Top_350	Fraser Hart	Top_500	Planet Organic	Top_500	Zooplus	Top_500
Joe Browns	Top_350	Wayfair	Top_350	funkypigeon.com	Top_500	Playstation Store	Top_500	& Other Stories	Top_500

# OCADO TAKES ON THE WORLD



Image credit: Ocado Group

**Ocado uses a hub and spoke delivery model to compensate for a lack of stores**

OCADO HAS ALWAYS taken an innovative approach to fulfilment, starting with its novel “hub and spoke” concept back in 2002, with “containers” for local deliveries stocked in a central warehouse and then distributed en masse to the “spokes”, where they were attached to delivery vans. The model enabled rapid geographic expansion for a company with one central “customer fulfilment centre” (CFC) and no physical presence in the towns it supplied.

Ocado started life delivering mostly Waitrose products before diversifying with multiple brands and private label. Today there are four CFCs in England with “spokes” stretching from Leeds to Bristol, while the company claims to be the world’s “largest dedicated online grocery retailer” with annual turnover approaching £1.5billion.

Obviously there are still opportunities for UK growth by expanding its geographic reach, but selling groceries in a single market clearly has its limitations. Hence Ocado’s strategy of forming new global partnerships with leading supermarket chains: while these international grocers provide the stock, Ocado brings its established delivery

model and leading-edge technology to the partnership. It is a tactic that began back in 2014 when Ocado made its first deliveries for Morrisons. Since then it has added deals with

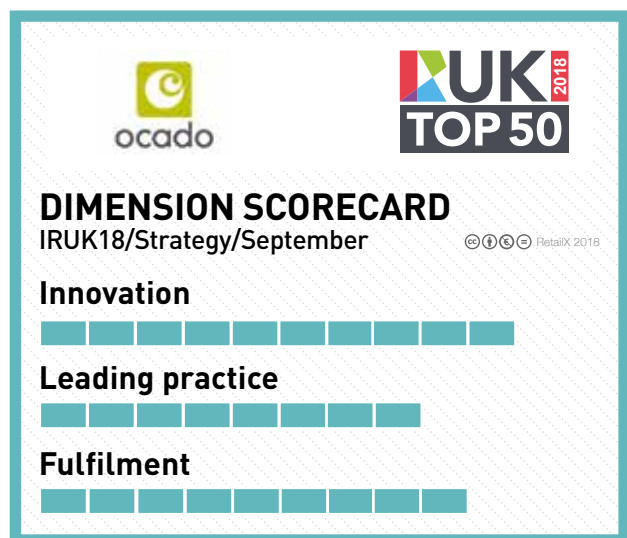
**Technological innovation has always been key to the strategy**



Image credit: Ocado Group

Groupe Casino in France, ICA in Sweden, Sobeys in Canada and – most recently – Krogers in the USA. Online grocery shopping in many of these geographies is often well behind UK levels – around 1.5% of grocery sales in the US compared with 4% to 5% in France and 7% in the UK – and the threat from Amazon’s move into groceries is clearly having an impact. Or as co-founder and chief executive Tim Steiner put it in the company’s latest annual report: “We are in an increasing number of ongoing conversations with retailers across the world and significant mergers and acquisitions across the grocery industry this year have helped progress many of these conversations, most notably Amazon’s acquisition of Whole Foods. We are confident that we will be able to do further deals with the momentum of new signings building over time”.

The Kroger deal was signed in May 2018 with three sites for new CFCs likely to be identified this year and possibly up to 20 hubs across the USA within the next three years. While the investment needed for such rapid growth in CFCs is currently denting Ocado’s profits, in the longer term it may transform the business. As Steiner has said: “When selling technology, clearly you make a significantly different profit margin to selling kale”. Such developments will also demand much of Ocado’s IT and logistics capacity, as Duncan Tatton-Brown, Ocado finance director, has acknowledged. “Do we have unlimited capacity?” he said. “No. The message to anyone who was thinking of signing with us, is that you’d better get on with it.”



# DUNELM FOCUSES ONLINE

DUNELM'S LATEST FIGURES, announced in July, may have been disappointing with a profits warning and store sales down 4.6%, but with online business up by nearly 42% its decision in 2016 to buy the struggling WS Group, comprising Worldstores, Kddicare and Achica, to boost its online presence, could prove a strategically significant move.

While Achica and Kiddicare were less relevant to Dunelm's core market – Achica was sold to BrandAlley earlier this year – one reason suggested for the acquisition was Worldstores superior online technology and experience which could be used to improve Dunelm's ecommerce performance. At the time, Dunelm's then chief executive, John Browett, suggested that the acquisition was an "opportunity to accelerate the growth of our internet operation, more than doubling its size" while "Worldstores' extensive homewares and furniture offer and unique platform for next-day delivery ... will strengthen our leading position as the UK's 'home of homes'."

While WS Group had a turnover of £100m, it struggled to make a profit and was expected to go into administration prior to Dunelm's acquisition. Its Worldstores site boasted 500,000 product lines and many have now also been added to Dunelm's offer, although the two sites currently remain quite separate.

In the coming year, Dunelm will be integrating the existing Kiddicare site into Dunelm.com while this website will migrate to Worldstores' technology platform bringing various improvements including click-and-collect capability. As Nick Wilkinson, who replaced Browett as chief executive at the end of 2017, said: "We

**Dunelm aims to be the 'home of homes'**

have expanded our customer reach and digital capabilities significantly over the last twelve

months and will continue to do so as we exploit the technology assets which we acquired with Worldstores".

While Worldstores' site offers next-day delivery on all items. Dunelm's can only currently manage estimated delivery dates "shown on individual product pages and during checkout". Similarly, while Dunelm's current "reserve and collect" option promises that reservations will generally be ready to collect "within three hours", shoppers must "wait to receive confirmation" before attempting to do so.

While total group sales for the year to June 2018 reached more than £1billion. Dunelm's fourth quarter store sales figures were disappointing, blamed on low footfall, caused in part by the heatwave and World Cup. Perhaps significantly Dunelm, which had been regularly expanding its store portfolio, opened no new stores in the final quarter of the year. While most shoppers will still expect to "touch-and-feel" the beds or chairs they choose to buy, given the current drift from real-world retail to online, Dunelm's focus on improving its online capability with a strategic acquisition may prove extremely percipient.

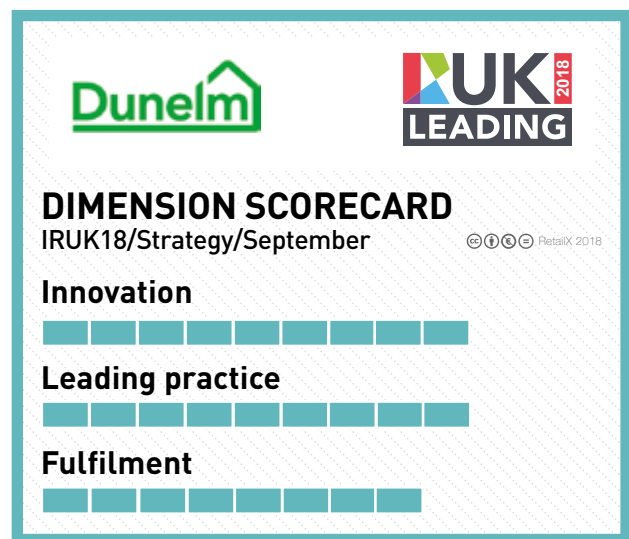


Image credit: Dunelm



Image credit: Dunelm

The Worldstores acquisition should improve Dunelm's online service



# HOTEL CHOCOLAT: A PASSION FOR PRODUCT

## Angus Thirlwell tells Penelope Ody how stores have helped boost the Hotel Chocolat brand

AS ANGUS THIRLWELL, chief executive and co-founder of Hotel Chocolat, readily admits, chocolate is not an obvious internet product. As he says: “The bulk of chocolate sales are impulse buys and buying online means delayed gratification. Chocolate is also a low ticket item so it is difficult to justify marketing support.”

Thirlwell and co-founder Peter Harris had started in business together back in 1987 with the Mint Marketing Company, selling branded mints to corporate customers. Requests for more variety led to the launch of an online chocolate business, Choc Express, in 1993, one of the UK’s earliestetailers. “Chocolate companies tend not to be digital,” says Thirlwell, “but we were 100% digital with a low marketing budget – but we were very aware that one of the UK’s biggest markets is gifts, which is three times the size of the chocolate market.”

So, while a key strategy for Choc Express was to sell expensive gift boxes of chocolates, it also needed a higher profile and greater brand awareness – hence its first high street shop in 2004 and a change of name to Hotel Chocolat. Turnover last year was £105m and today there are more than 100 shops – a growing number with an integral café – a hotel, cocoa plantation and the first steps at overseas expansion.

“The store model works well for us,” says Thirlwell. “They’re very important in bringing new customers to the brand. We create a great ambience and provide perpetual sampling so that everyone coming into a shop is offered a chocolate.”

### HOW STORES AFFECT ONLINE TRADE

Choice of store locations has been driven by extensive analysis of the online customer base. Typically when a store opens there is a downturn in the online orders from that area in year one, but as the shop enhances brand awareness this changes. “After that year one dip we find by years two and three that online sales from that catchment area build up again and we’ll eventually do 10 times the online business in that area that we did



Credit: Hotel Chocolat

Angus Thirlwell, chief executive and co-founder of Hotel Chocolat

before we opened the shop, as well as growing sales in the shop – it allows us to grow both channels.”

A recent development has been a new shop+café format – hot chocolate is extremely popular, it seems, even in summer – and the format is enabling expansion into smaller towns. “I was in our shop in Carlisle yesterday,” adds Thirlwell, “and a few years ago I would never have imagined that we’d open a store there, but we have and it is proving very successful.”

As well as hot drinks around 50 shops are now selling ice cream or rather “the ice cream of the gods” as it is branded, from the chocolate tree’s botanical name, *Theobroma cacao* –  $\text{ÐÐÐÐ}$  (theos) meaning god and  $\text{ÐÐÐ\muÐ}$  (broma) meaning food. The company is already looking at local delivery possibilities to allow ice cream to be sold online as well.

While building a retail network has been a key component of Hotel Chocolat’s brand strategy, it has also invested in a cocoa plantation and hotel. “We realised very early on that we had to understand cocoa,” says Angus Thirlwell, “so we decided to buy an old cocoa estate and learn how to be cocoa growers. Consumers of premium foods like to buy from experts and we are obsessed with cocoa – it’s what excites us and we want to share that excitement”.



**GROWING THEIR OWN**

It's a passion for product familiar to cheese makers or lovers of single estate olive oils and led Thirlwell and Harris to buy the Rabot cocoa estate in St Lucia in 2006, soon followed by developing the Boucan restaurant and hotel nearby. The cocoa estate has also led to the development of a range of innovative cocoa-related products, such as cocoa vodka and gin, cocoa beer and a range of cocoa-based beauty products. It also supports the company's "Engaged Ethics" approach, guaranteeing cocoa growers a fair price for their products and encouraging sustainability.

It is these types of gift items which Thirlwell believes may prove most popular as the company looks to expand overseas. "We're just beginning our overseas journey," he says. "We're nowhere near the end of our UK expansion but we're in an exploratory phase with overseas." A three year trial of Hotel Chocolat outlets in Denmark has proved successful and in July the company transferred these to international retail franchisor, Retail Brands, which plans to open many more stores across Scandinavia in the next few years.

Hotel Chocolat already has several thousand overseas customers who have discovered the brand often in tourist visits to the UK and continue buying online when they return home. "We believe we can deliver chocolate from the UK," says Thirlwell, "but we will have to be very careful about the months and regions we deliver to [chocolate is obviously a very temperature-sensitive product] – but our cocoa vodka, biscuits and beauty products will all travel well."



'We are obsessed with cocoa,' says Thirlwell

Credit: Hotel Chocolat

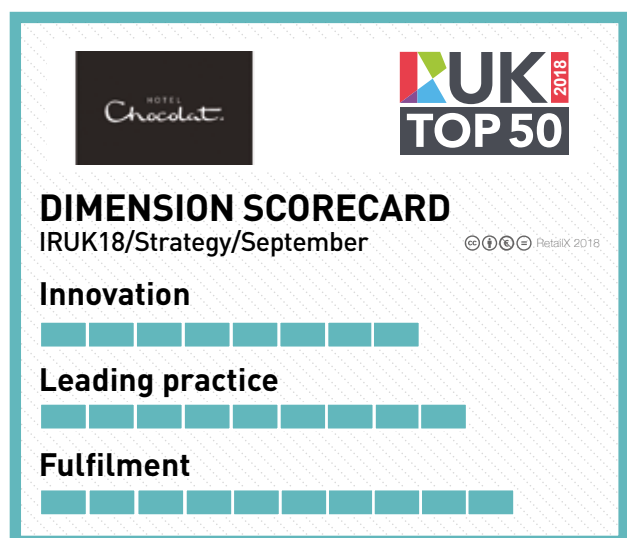


Credit: Hotel Chocolat

Stores engage shoppers through events

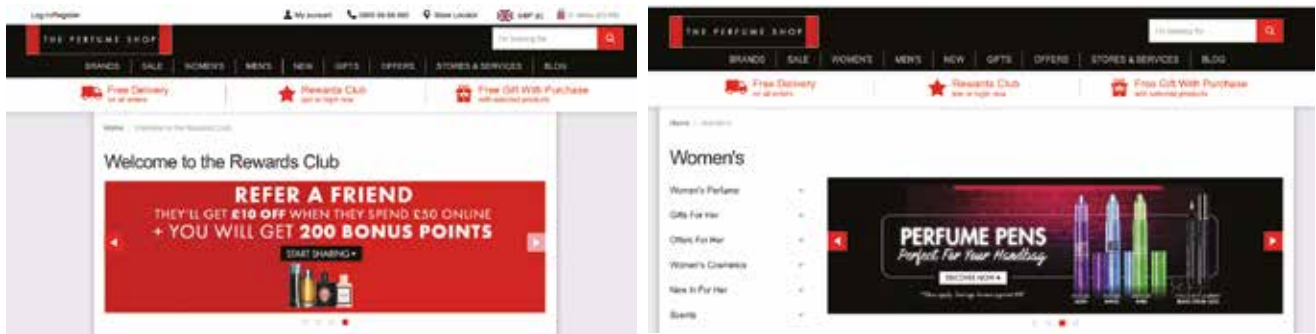
The company is also developing a range of more seasonal products – such as the ice cream – and at certain times of year its website boasts a "summer gifts" selection including such delights as "chocs-to-chill" which taste best eaten straight from the fridge.

But above all, Hotel Chocolat's success is built on its brand image: an image of expertise, luxury gifts, innovative products, and ethical trading. As Thirlwell says, "Brand image is key and our brand values will never be diluted."



# THE PERFUME SHOP GOES FOR BIG DATA

Image credit: The Perfume Shop



**The Perfume Shop encourages customers loyalty through free gifts, rewards clubs and more**

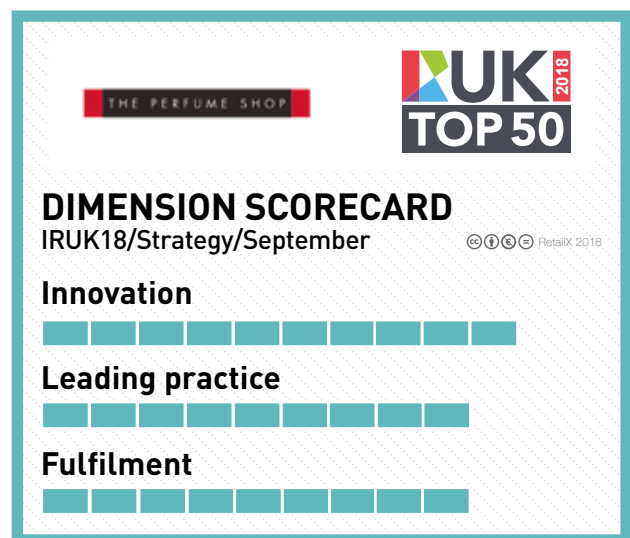
AS THE LARGEST fragrance-only retailer in the UK and Ireland, The Perfume Shop leads with an innovative website and clear customer focus. As well as more than 260 outlets, an extensive product range and regular offers, its site includes free perfume samples with purchases, free delivery, free click-and-collect and a generous Rewards Club loyalty scheme with discounts, money-off coupons, free gifts and VIP events.

Innovation is not limited to the website: last year it took a mobile pop-up shop on the road to the Fusion Festival in Liverpool, followed by visits to various events in London, Birmingham and Manchester.

Like Superdrug, The Perfume Shop is owned by A S Watson (ASW), the largest health and beauty retailer in Europe and Asia with more than 14,000 stores across 12 brands in 24 markets. ASW plans to open 1,300 new stores globally this year. "Growth in terms of store numbers is just part of the picture," says ASW group chief operating officer Malina Ngai, "we are well aware that offering the best customer service and ensuring customer satisfaction is key to our continued success. The way that our customers shop is continually changing and we know how important it is to keep at the forefront of changing trends and innovation by the effective use of big data...today's customer requires us to continue to invest and drive our digital strategy."

ASW is currently investing £52million in expanding its big data capability to enhance customer experience. Its eLab project – launched in 2014 and aimed at developing "inspirational and innovative ecommerce" to complement its store operations – is also expanding. In August it announced a major recruitment drive to employ an additional 200 IT experts, 150 at its Milan and London centres and 50 in Asia.

The London eLab is closely involved in developing The Perfume Shop site, both with the latest technology and marketing ideas. The site offers extensive search options – by brand, price and product – as well as multiple gift choices that are regularly updated, in August, for example, it included Eid gifts, and there are also selections for vegans and the health conscious. A "try me" button on selected products signals a free perfume sample and perfume bottles can be personalised with engraved names or messages. According to ASW, "eLab has helped to generate 600 million website visitors, with 80 million fans interacting with the A S Watson brands across the globe."



# SCREWFIX TARGETS TRADE

WHILE ITS BRICO Dépôt and Castorama chains struggle in a volatile French market, Screwfix is proving to be the star performer at the Kingfisher Group. Like-for-like total Kingfisher sales fell by 0.7% in its last financial year and profits were down by 10% but the Screwfix business showed “double-digit” sales growth and its profits were up by 5%.

Founded in 1979 to sell screws by mail order, Screwfix now sells 18 million screws – and a great many other things – each week. The company launched its first website in 1999, the same year in which the business was acquired by Kingfisher. At the time its turnover was around £28million: by 2016 it had exceeded £1 billion for the first time. The first Screwfix store opened in 2005 and the current total is now 599. “We’ve opened on average a new store every week for the past eight years,” says chief executive Graham Bell, “and we’re not planning to stop there”. According to the company, “97% of the UK population is within a 30 minute drive of a store”: impressive growth for what was, initially, a pure-play start-up.

From the beginning Screwfix has targeted trade customers – builders, plumbers, electricians and more – as well as serious DIYers, all of whom need supplies as quickly as possible and often outside conventional 9-to-5 trading hours. Its stores are typically open from 6am to 10pm on weekdays – 7am–6pm on Saturday and 9am–4pm on Sunday; the call centre is accessible 24/7, while click-and-collect orders are often available within minutes. Customer focus is central to its strategy. As Graham Bell says: “Our proposition is all about responding to their needs – providing our customers with incredible



Screwfix aims to serve trade customers quickly and efficiently

Image credit: Screwfix

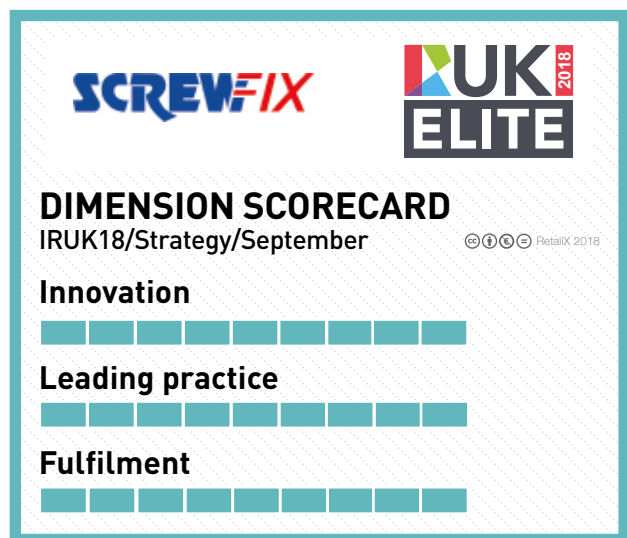
convenience, great products and value for money.”

Its website lists around 25,000 products with 11,500 available in stores, while its Quickshop app allows customers to build an order on their smartphones and then generate a QR code which can be scanned at the till-point in store.

Screwfix also supports its target market with online community forums where tradespeople can discuss technical issues or DIYers find answers to problems, It has trade-only sites for plumbers and electricians (Plumbfix and Electricfix), and a trade account scheme offering 60-days free credit – all services which encourage loyalty to the brand. There is also the Screwfix Trade Pulse – a regular survey of working levels and optimism among its trade customers: the latest reports high levels of confidence with 85% of tradespeople surveyed having work lined up beyond their current projects.

Adding to the customer experience is Screwfix’s “Britain’s Top Tradespeople” competition, launched in 2009; this year it attracted 3,000 entrants and the 2018 winner, carpenter Stuart Roache, drove away a Mitsubishi pick-up truck, worth £33,000 as his prize.

Clear focus on its niche market with a good understanding of its target customers, has proved a winning strategy for Screwfix: small wonder it is one of the UK’s fastest growing retail companies, doubling in size in the last five years.



# 12 APPROACHES TO STRATEGY AND INNOVATION

**Whether it is innovative promotions, inspirational content, strategic expansion into new channels, or careful targeting of specific customer segments, leading retailers in this dimension know how to stand out from the crowd.**

## 1 Develop a collection strategy

With more than 60% of Top500 retailers offering click and collect, those that stand out have developed more innovative options. Screwfix claims that many lines can be ready for collection within one minute of ordering, while Dunelm suggests “in three hours”. Currently around one in five of top retailers – including Argos, Wickes, Schuh and Halfords – now offer same-day collection. Morrisons sees collection as a key strategy – but not just for its own online orders. The company has been installing collection lockers in its stores since 2014 starting with InPost and two years ago adding Amazon lockers as well. Today, there are thousands of them enabling shoppers to collect their online purchases while visiting the supermarket, which no doubt increases store footfall and sales as well.

## 2 Make apps must-have

Given the plethora of apps available, if they are actually going to be used they need to deliver something special. Visit H&M’s site on the App Store and there is a disappointing rating of 2.2 out of 5 with largely negative reviews: “...the worst I have ever come across” declares one disgruntled shopper. Dunelm’s app reputedly delivers its catalogue to your phone – or that may be “delivered” as while you can view the catalogue on the website and download it, should you wish, it’s hard to find anywhere on its site where you can obtain the app while iTunes declares it “unavailable”. DFS’s room planner app, in theory, enables you to place any of its sofas into a realistic

iPad representation of your room. The helpful video on its website makes it look simple – but the reviews on the App Store (rating 2.6) suggest it is quite the opposite. Rather more encouraging is Wayfair’s app which provides life-sized versions of products in any space using with “3D View in Room” feature and includes “Room Planner tool” which allows users to arrange furniture and design their “ideal space”. This one merits a 4.8 rating with many reviews, largely from the company’s US customer base. If you are going to offer

an app – then ensure that it really does deliver what it promises.



Image credit: Wayfair

Shoppers can use the Wayfair app to see how items would look in their home





Waitrose runs wine tastings for its customers

Image credit: Waitrose

### 3 Give them an experience

Cycle specialist Wiggle doesn't only offer all the essential kit a keen cyclist needs – it also provides social gatherings in the form of Wiggle Events: well-planned mass cycling gatherings in scenic parts of the country where enthusiasts can gather with friends for bike rides of up to 100 miles. Participants are provided with feed stations, a well-signed route, medical support, a "finisher gift", and a special certificate at the end of it all – as well as an opportunity for the more competitive to take part in time trials along parts of the route for cash prizes. Judging by the posted reviews the events enhance customer loyalty and enthusiasm for the brand with five-star ratings and, as one satisfied customer recorded, "Wiggle never let me down on anything I order. GREAT".

Rather less energetic is a Waitrose wine tasting with shoppers able to buy a variety of packages for six or more participants, providing a two hour tasting with wines and nibbles provided, free wine tasting glasses and a Waitrose expert to lead the proceedings and pour the wine. It also runs cookery schools in three locations offering day and evening courses on such topics as "Barbecue Masterclass", "Japanese Street Food" or "Baker's Basket".

### 4 Expand the search options

Some shoppers search by brand, others by size or product type – some want a visual search to find items they've seen on Instagram or spotted in the street and the leading retailers make sure their search options remain comprehensive and innovative. Search for a "red dress" on Asos and you're presented with 1,400 styles to choose from but the selection can then be quickly refined by style, brand, price, size, type – such as "occasion", "casual", or "work", range – "maternity", "petite", or "tall" – and the selection soon falls to something manageable. The company's mobile app also enables visual search using a camera icon to compare products with any images snapped in the street. Hotel Chocolat and The Perfume Shop are particularly strong on gift search – including both occasions and categories of recipients, while toy shop Smyths has a gift finder section with age categories (including "big kids" for the teens and adults) as well as a budget price choice, with the further option of listing the chosen selection by price or best sellers.

## 5 Encourage your niche

While much of the high street has struggled this year, Yours Clothing is one of the few that continues to expand. Focusing on the plus-size market the company has grown from a market stall in East Anglia 20 years ago to an omnichannel operation with 140 stores – 10 overseas, and a website delivering to 90 countries. According to a report by PwC, the plus-size market is expected to grow by 5–6% a year up to 2022 with plus-size models giving larger women greater confidence. Yours holds competitions, such as “Face of Yours” that encourage its shoppers to become part of its advertising and promotional campaigns: last year this annual contest attracted 1,500 entrants with 12 finally chosen to represent the brand and model Yours’ latest styles. The result is a loyal customer base, with numerous testimonials on its website from shoppers who report improvements in self-confidence as they discover that plus-size can be fashionable. As the company says it loves “talking to our customers and are proud of our engaged and loyal social media communities”. In the year to January 2018 it opened 30 new stores and online sales – now accounting for 41% of the business – grew by 26%.



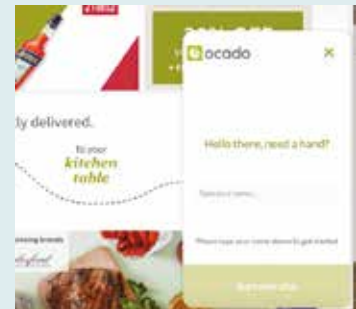
Yours’ customers represent the brand

## 6 Tell them what’s in stock

Online shopping, for many, is all about instant gratification: order it now, collect it the same day or have it delivered next morning at the latest. Many of the leading Top500 retailers offer same-day collection, and some manage same day delivery as well. To succeed with either, a retailer needs real-time insights into stock levels: in stores for collection or at local distribution hubs for instant delivery. Having achieved real-time inventory awareness, why not share that with your customers? A growing number – including Argos, Halfords, Next, Asda, Debenhams and Wiggle – now provide store stock checking capability, either via mobile apps or the website. For years achieving such real-time stock visibility was regarded as a Holy Grail – an ideal always just out of reach – but big data and technologies such as RFID have made such innovations possible.

## 7 Enhance chat

Linger on a page for a little too long and the result on many sites is a pop-up offering chat as a help. Others offer help from the moment you arrive at their site. Wiggle puts its chat button at the bottom of the landing page, The Perfume Shop prefers a button labelled “support” while Ocado, curiously, has the words “Live Chat” turned through 90° at the side of its landing page. Schuh makes it all rather more obvious with a “Live Help” button in the centre of the header of the landing page. Click on this and you’re presented with a window and smiling sales assistant inviting you to choose between text chat and video chat – with a choice of leaving your webcam on or off.



Ocado offers its customers ready access to live chat

Image credit: Ocado



Image credit: John Lewis

John Lewis & Partners is the new business name for the well-known department store

## 8 Blow your own trumpet and diversify

With many of the UK's department stores struggling to survive – or facing CVAs, fire sales or administration – John Lewis has adopted a fight back strategy with a multi-million pound investment in store redesign which includes a rooftop bar and pop-up cinema at its flagship store in London's Oxford Street. As chairman, Charlie Mayfield, said earlier this year “Expect to see more focus on the customer, more focus on innovation. We'll be bringing some bold moves for both our brands over the next 12 months...there will be more innovation on product and service.” Its website is already delivering this expanded message with a clearly displayed “More from us” selection on its landing page promoting not just Waitrose and its loyalty and credit cards but its broadband, insurance, foreign currency exchange – available for click and collect – and optician services. It is also attacking the corporate market with “John Lewis for Business” promoting office equipment, furniture and electricals in bulk, and gifts.



Image credit: Dorothy Perkins

Dorothy Perkins customers can try before buying

## 9 Emphasise time limited promotions

Whether it is a summer sale, prime day clone, or Black Friday, promotions need to be original, eye-catching and strictly time limited. Those constant “15% off” banners across the landing page are unlikely to encourage an immediate impulse purchase. Leading retailers use different tactics to make it very obvious that the offer is strictly time limited. Euro Car Parts has a count down clock on its heading banner ticking off the seconds until the special sale ends. Oasis puts its count down calendar in the centre of its landing page next to a high fashion image of what is on offer, while Argos has ‘Big Red Event’ in shouty capitals across its landing page with limited discount offers such as “seven day deals” clearly signposted. Holland & Barrett regularly has a time-limited promotion of the BOGOF variety – such as “buy one get one for a penny” – to attract shoppers.

## 10 Capitalise on customer behaviour

With at least 40% of all online fashion purchases returned, Dorothy Perkins has opted to accept the trend and deliver relevant services accordingly. Its innovative “Try before you buy” service allows customers to order assorted garments, keep them for up to 30 days to try on at home, return items free of charge and only pay for what they actually retain. In the “old days” before Internet shopping it used to be known as “goods on approval” and was a regular service among upmarket fashion stores allowing well-heeled customers to be sent a selection of styles instead of actually having to visit the store to try them on. The Dorothy Perkins scheme is managed by Klarna AB – a payment services provider – which runs basic checks on the credit-worthiness of shoppers before the goods are despatched. Having decided what to keep shoppers can then use “Slice” to spread payment over several months.

# 11 Encourage the higher spenders

Every retailer wants to encourage the highest spending customer segments to shop with them regularly. Boots does this by boosting its Advantage Club rewards to both the over-60s and parents with young children. Usually every £1 spent at Boots receives four Advantage points, but members of the Parenting Club and the “More treats for over-60s group” receive 10 points for every £1 spent on purchases relevant to their particular demographic. Parenting Club shoppers, for example, receive the extra points on baby products as well as a regular magazine with relevant content. Older shoppers get extra points on Boots branded products as well as rewards when they buy spectacles or hearing aids. Boots is, of course, well known for the many other services it offers and the extensive health advice available on its site. Its landing page not only features the usual selection of product promotions but reminders for its services, too: in late August ‘flu jabs “for the colder months ahead” were already on offer.

# 12 Provide inspiration

Whether it is fashion styling tips, recipe ideas or “how to” videos the leading retailers ensure that their websites provide plenty of inspiration for customers with many adding the word to their header choices and pull down menus. Lakeland’s “Advice and inspiration” mixes recipes with practical household tips – such as how to combat damage from clothes moths. B&Q opts for text and photographs to guide shoppers through various DIY projects while Wickes adds a series of videos on such topics as “Fill small cracks and holes in walls” or “How to fit wall tiles”. Mint Velvet’s magazine combines styling tips with podcasts on social issues while Next’s “Style Stories” includes such topics as “Perfect packed lunches” and “How to pack the perfect suitcase”.

## How to: Home maintenance



### How to put up a shelf

Whether you're putting up a floating shelf or bracketed shelf onto a masonry or stud wall, this video will guide you through the process.

[Learn more](#)



How to Hang a picture



How to Hang an interior door



How to Hang pictures and mirrors



How to Bleed a radiator



How to Change a plug socket



How to Draught proofing

Wickes shows customers how it's done through a range of videos

Image credit: Wickes



# DEVELOP ROUTES TO EXPORT SUCCESS

## Chloe Rigby looks at four strategies that leading retailers use as they grow their business overseas

IT'S PROBABLY EASIER to be an exporter today than it has ever been, thanks to ecommerce technology and a growing array of suppliers and platforms now geared up to help retailers send their wares to new markets. At the same time, online retailers globally are selling more: parcel shipping generated revenues worth \$279bn in 2017, according to the latest Pitney Bowes Parcel Shipping Index. That's 17% more than in the previous year. Online shopping is driving this, says Pitney Bowes president, commerce services Lila Snyder. "Global ecommerce giants continue to raise the bar, resetting consumer expectations when it comes to shipping," she said. We take a look at the key strategies that leading IRUK Top500 retailers are successfully operating.

### SELLING DIRECT

Retailers looking to sell to new markets often start by enabling international shipping before developing dedicated localised websites, featuring the relevant languages and payment for their most important markets, supported by local brand awareness campaigns. IRUK Top100 retailers Wiggle and sister company Chain Reaction Cycles between them have more than 2.5m

customers, in 76 shipping destinations. There are 14 versions of the Wiggle website, and nine of the CRC site; both are actively marketed in about 20 countries. Selling internationally presents both opportunities and challenges, Geoff Bull, head of digital marketing and ecommerce at the two companies told this year's InternetRetailing Expo (IRX 2018). He said that the internet allowed price transparency across markets, while making it easier for shoppers to find the answers to questions they may have about a product. That makes it easier for shoppers to buy – and international is a huge opportunity for retailers: those selling non-perishable goods that are in categories with a low regulatory framework can find that the global market is "essentially boundary-less" for them. However, he said, because it's so much easier for all retailers in such categories to sell abroad, levels of competition are much higher. "The simplicity creates a brand new problem," he said, "complexity. You start multiplying out the size of the business and spread yourself too thinly too quickly." So how does the Wiggle team decide which markets are its top priorities? The retailer starts by identifying the markets where consumers need access to the products it sells, or could benefit from the way it sells them. By testing the market first, it can then move on to build scale.

### ONLINE MARKETPLACES

According to eBay, 93% of the 200,000 British businesses that sell on eBay.co.uk exported to five or more countries last year, many outside the EU. eBay says that small businesses in particular have the flexibility to respond to changing markets. Online marketplaces such as eBay and Amazon not only deliver international sales but, for a price, can take care of fulfilment and related customs and tariffs.

But it's not just smaller retailers selling their wares via online marketplaces. Many IRUK Top500 retailers are building thriving businesses through third-party websites, from eBay and Amazon to Tmall and beyond. By doing so, they can test their goods in new markets and build awareness of their name internationally. Next's figures for the year to January 2018 showed that £30m of its £295m international sales came via third-party websites – a figure



Credit: Next

Next made £30m of its international turnover via third-party websites

## EMERGING PRACTICE

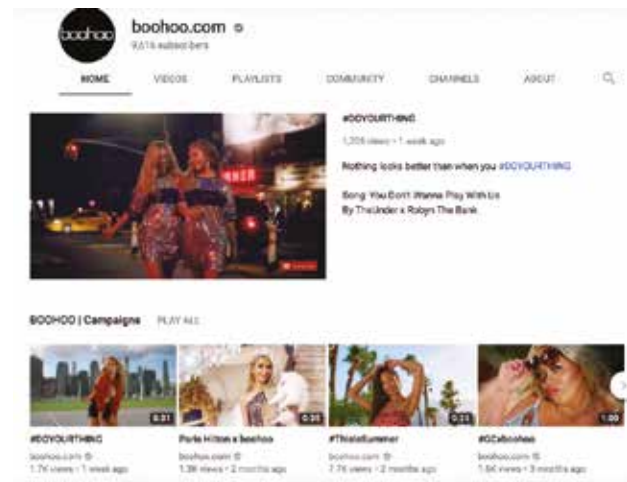
that was 35% up on the previous year. It says selling via such websites enables it to reach and target new customer groups. In its full-year results, to January 2018, it said its next step would be to use its data management platform to improve its understanding of what products sold best via such sites, and how much it should spend on advertising on those websites. “Early signs are encouraging,” it said. “Trials indicate that we can deliver an improvement of at least 12% return on advertising spend (i.e. 12% more sales for the same investment in advertising.) However this application is not just about improving returns on marketing spend, it also allows us to target customer groups we could not identify in the past.”

In a recent trading statement, fast fashion retailer Quiz said that it had recorded “exceptional sales” when it sold both via Berlin-based European marketplace Zalando, and via Next’s own site for third-party brands.

AO World built a successful UK business, ao.com, selling household white goods and expanding to sell other electricals, before moving to take its recipe for success to European markets. Its European websites in Germany and the Netherlands turned over €131.2m in the year to March 2018 – 54% up on the previous year. That’s still lower than the £606.6m its UK website, a Top50 business in IRUK Top500 research, made over the same period, but it is growing faster. The retailer says that it has invested little in traditional marketing in these new markets, with awareness growing both through customer recommendations and through marketplaces including Amazon in Germany and Blokker and BOL in the Netherlands. This, it says, gives “our brand more visibility and the opportunity to reach new customers”.

### SUPPORTING THROUGH DELIVERY AND DISTRIBUTION

Locating stock closer to the end customer helps to speed up delivery times and enable international retailers to compete more effectively with local incumbents. UK fast fashion business and IRUK Top50 retailer, Asos, has 16.5 million active customers, it said in half-year figures to February 28. It also has more than twice as many customers outside the UK as in its home market. Getting delivery right, from distribution centres in Europe and the US as well as in the UK, has given it an edge. The centres allow it to offer next-day delivery and click and collect services in markets including Germany, Austria



Boohoo wins attention on social media

and Russia. Asos Premier, a paid-for loyalty scheme that includes free next-day delivery, is now available in overseas markets including Ireland, Belgium, Denmark and Sweden.

IRUK Top250 retailer Gear4Music has also seen sales grow quickly after launching European distribution centres in Sweden and Germany. International revenue of £35.8m was 69% up on the previous year – but there’s plenty more potential, said chairman Ken Ford in results for the year to February 28: “We only have an estimated 1% share of the European market and will continue to invest significant effort and resources in order to improve and increase our global reach,” he said.

boohoo.com has worked to improve its international returns: US customers of the IRUK Top250 retailer receive refunds as soon as the return is handed to the delivery service by the customer. It is extending the same process to new markets and adding free returns in more markets. By doing so, it helps to improve its customers’ trust in the shopping experience.

### MOBILE AND SOCIAL

Smartphones and tablet computers are helping to make ecommerce more accessible to consumers around the world. Asos says that 66% of its traffic and 51% of orders now come from mobile devices. The retailer, which has 16.5m customers around the world, says that its Asos app has now been downloaded more than 10m times, and that customers use the app on average eight times a month, spending more than 70 minutes on it. New improvements to its apps are rolled out across its markets: when it

introduced a native checkout experience on Android, for example, it released this to Russian customers, followed by other markets around the world.

boohoo.com reports similar growth. In full-year results February 2018, it said that mobile devices were now used in 73% of sessions, and that work to extend the app to more markets continues apace: during the year its boohooMAN brand launched apps for the US and Australian markets, as well in the UK.

Social, most often accessed via mobile devices, is also a key driver for many brands. When boohoo.com launched celebrity collections in partnership with Kourtney Kardashian and Olivia Culpo it won what it described as “significant global media interest across both traditional and social media channels.” That’s helped it to grow its social following. On social media, it has, as of February 2018, 1.2m followers on Facebook, 51% higher than a year earlier, and 3.3m Instagram followers (+106%) and 2m YouTube viewers.

## Export matters: the ‘no deal’ effect

The UK is currently on track to leave the European Union in March 2019. Here’s our quick guide to what online exports will look like in the event of no deal.

### How would ‘no deal’ change the way we export?

The Government’s guidance on trading with the EU if there’s no deal, published in August, says that the major changes will be to customs and excise duties. No deal would mean that there is no free trade agreement with members of the EU or other countries around the world, since that trade is currently covered by agreements struck as a member of the EU. Pending new agreements being made, trade would take place on World Trade Organisation terms that would apply set ‘most favoured nation’ tariffs to consignments. What individual tariffs are will depend on what retailers are selling and on the UK’s WTO schedule of tariffs, currently out to consultation.

### What do retailers need to do in the event of no deal?

The UK Government no deal guidance suggests that exporters – which include online retailers selling abroad – make sure they are planning at all levels for potential changes to tariffs and procedures affecting both imports and exports. They’ll need to consider how their supply chains might be affected, and may need to renegotiate existing contracts in the light of any changes to customs and excise procedures. Hiring suppliers such as customs brokers, freight forwarders or logistics providers may help, as may taking on HMRC-authorized customs warehousing in order to delay duty payments until the

goods are sold. Northern Irish businesses that export to Ireland “should consider whether you will need advice from the Irish government about preparations you need to make”.

Exporters and importers will need to register for a UK Economic Operator Registration and Identification (EORI) number. They will need to update their contracts and international terms of service to reflect any new status as an importer or exporter, and they may need to apply for import or export licences and will need to pay VAT and import duties as well as recording exports, including through safety and security declarations.

Businesses that sign up for the HMRC’s EU Exit update service at [www.gov.uk/government/collections/hmrc-webinars-email-alerts-and-videos](http://www.gov.uk/government/collections/hmrc-webinars-email-alerts-and-videos) via the ‘register for business help and education emails’ link, will be notified when the EORI service becomes available.

### How likely is ‘no deal’ to happen?

The Government is clear that no deal is not a scenario it expects to come about – but over the summer the likelihood of no deal was put at about 50% by individuals and organisations from the Latvian foreign minister to the EU, while UK foreign secretary Jeremy Hunt has warned of an accidental no deal. That suggests retailers should strongly consider preparing for this scenario.

# SIGNED, SEALED AND COLLECTED

## How are UK retailers using click and collect to serve shoppers buying from different retail categories? Martin Shaw, RetailX head of research, interrogates the IRUK Top500 data to find out

CLICK AND COLLECT has proved an effective way for retailers to encourage shoppers into stores. Not only does it give shoppers a convenient way to pick up their online order when they know they will be out of the house and unable to take a delivery, but traders also find that shoppers spend more while they are there. IRUK Leading retailer Debenhams recently said that when it trialled Doodle click and collect, which enables shoppers to collect goods from a range of online retailers, not only did it see around 60,000 new shoppers coming into the 50 stores where the service was trialled, but 30% of users made in-store purchases, averaging £25, when they picked up their orders. The department store is now adopting the service across all its 165 stores as a result. But despite its growing popularity, click and collect isn't being rolled out uniformly across retail. We took a look at IRUK Top500 data, analysed by RetailX, for clues as to how retailers selling different categories of goods are adopting it.

### SETTING THE CONTEXT

It's clear from the RetailX analysis that IRUK Top500 retailers are fast adopting click and collect. In 2018, 62% of Top500 retailers offered the service – up from 57% in 2017, and a rise of five percentage points. The service is still more commonly found among Top100 retailers: 90% offer it. However it's slightly less commonly found among those brands selling direct that are listed in the IRUK Top500: 58% of this group offers the service.

Our European data also shows that the service is more commonly found in the UK than elsewhere in the European Economic Area (EEA). Just under two-thirds (65%) of the UK retailers listed in the IREU Top500 have it, followed by France (63% – after growth of 18 percentage points since 2017) and the Netherlands (61%). Availability across the wider European Economic Area (EEA) stands at 61%.

As to how fast retailers offer collection, IRUK research shows four in 10 (44%) promise next-day collection while just over a fifth (22%) enable same-day pick up. The median promise, however, stood at three days. Most don't charge

“Appliances are the items that are most likely to be available for click and collect”

their shoppers to pick up their item, with a median charge of just 83p for standard click and collect. (Interestingly, IREU data shows that 18% of Republic of Ireland retailers which offer click and collect also make same-day collection available, making Ireland the leader in fast collection.)

### HOW THE USE OF CLICK AND COLLECT VARIES BY CATEGORY IN THE UK

We focused on retail categories to find out which products were the most widely available for in-store pick up, and how that has changed since last year. It's worth noting that the analysis is by product category rather than type of store. Department stores, for example, sell products that cross a range of categories, but they don't appear here in their own right.

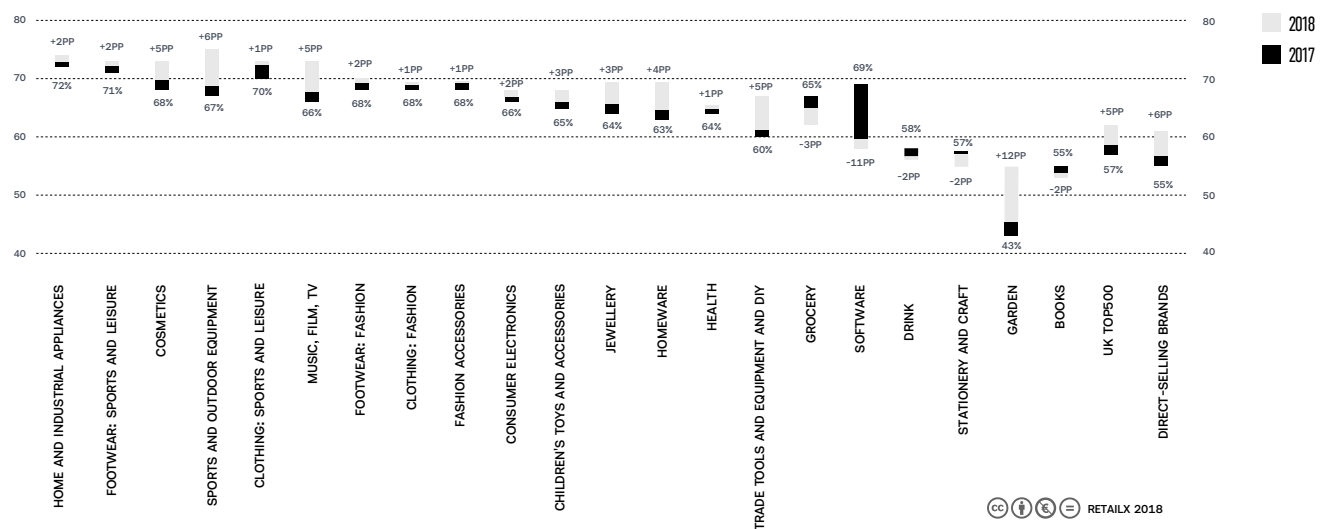
Home and industrial appliances are the items that are most likely to be available for click and collect, with 74% of IRUK Top500 retailers that sell these items offering the service. That's up by two percentage points since last year. Footwear for sports and leisure is also widely available for in-store pick up: 73% of retailers offer the service, again up by two percentage points on last year. Click and collect has grown faster for the cosmetics (+5pp to 73%) and sports and outdoor equipment (+6pp to 73%) categories, now reaching the same levels.

Most categories show steadier growth, with increases of between one and four percentage points over last year. Clothing and footwear – whether fashion or sports – is among the categories most likely to be available for in-store pick up. Fashion clothing (+1pp to 69%), footwear (+2pp to 70%) and accessories (+1pp to 69%) were both widely available through the service. This seems likely to reflect



CLICK AND COLLECT BY SECTOR

Year-on-year change



CC BY NC RETAILX 2018

the fact that sales in this category are moving online faster than in others. ONS figures for July 2018 show online sales of textiles, clothing and footwear grew by 17.4% that month, to account for 17.5% of sales. As more people buy these goods online it seems likely that the retailers selling them will enable convenient delivery options such as in-store collection, especially when that option also encourages customers into their stores.

Categories growing faster than the underlying trend of gradual growth include trade tools and equipment and DIY (+5pp to 65%) and garden (+12pp to 55%). Here the growth may have come as shoppers started to buy online more frequently.

A few sectors saw click and collect become less widely available than previously. This was most striking in software (-11pp to 58%). It seems likely this reduction came as software retailers move from selling their products as a physical item towards enabling it to be downloaded. Categories where click and collect levels fell slightly included grocery (-3pp to 62%), drink (-2pp to 56%), stationery and craft (-2pp to 55%) and books (-2pp to 53%).

CONCLUSIONS

Overall, most product categories appear to have seen a steady rise in the use of click and collect between 2017 and 2018, according to IRUK Top500 data. This is likely to have come as retailers working in a competitive market offer customer experience features that are proven to have returns. Even those without stores can benefit from others' stores via third-party collection services. This levels the playing field with even the smallest online-only retailers able to provide some level of tangible, multichannel retail albeit outside their direct control.

It will be interesting to review how the Top500's performance compares to the forthcoming Growth 2000 when the latter list's collection and other fulfilment metrics are analysed in a soon-to-be published report. Watch the research section on the InternetRetailing website for more.

# CONCLUSION

IT'S NOW MORE than four years since InternetRetailing first started tracking retail strategies and performance in the IRUK Top500. By doing so, we wanted to find out what leading UK ecommerce and multichannel businesses did that others did not. What were the tools and technologies that set high-performing retailers apart?

Comparing this year's findings with that first year, there's a strong sense of steady improvement. Click and collect continues to be a key metric for RetailX research in this strategy and innovation dimension. Back in 2015, 44% of Top500 retailers offered click and collect. In 2018, the rate has risen to 62% – and 22% offer same-day pick up. In 2015, we monitored the payment options that retailers offered: researchers judged a retailer to be advanced if they offered one alternative payment option. Today, as payment has developed, these are the norm. This year, rather, our metrics include whether or not a retailer has augmented reality in its mobile app, and whether click and collect orders are fulfilled same day.

Our research metrics have changed as technology adoption rates have increased among leading retailers, resulting in some once pioneering technologies moving from desirable to simply expected.

Consumer expectations have changed at the same time: now shoppers expect that they'll be able to buy wherever, whenever and however they want – and very often they can. Today, as we saw in the strategic overview, shoppers still expect to be able to buy in a store, as well as online, over their phones and no doubt they'll soon expect to have voice commerce enabled. It's inevitable those expectations will change, and our research metrics will change too as we track the ongoing evolution of retail.

You may already be seeing services and features that you think are significant but that we haven't tracked this year. Let us know. We're always interested in how we can extend our research and improve the quality of our findings in this area. Is there a new or emerging tool or approach that you consider vital and that we should monitor in future reporting? Get in touch with your ideas and any potential datasets via [research@internetretailing.net](mailto:research@internetretailing.net) or tweet @detail with #IRUK500.

**Editors:** Chloe Rigby  
and Jonathan Wright  
Editor-in-Chief: Ian Jindal

**Design:** Lydia Cooke

**Managing Director:** Chris Cooke  
**Commercial Director:** Andy James  
[andy.james@internetretailing.net](mailto:andy.james@internetretailing.net)  
**Creative Solutions Director:**  
Marvin Roberts  
[marvin@internetretailing.net](mailto:marvin@internetretailing.net)  
Tel: 020 7062 2525

**InternetRetailing Media Services Ltd,**  
2nd floor, St Mary Abchurch House,  
123 Cannon Street,  
London, EC4N 5AU  
Printed in Great Britain  
ISSN 1759-0582

For circulation enquiries contact:  
**Internet Retailing Media Services Ltd,**  
2nd Floor,  
St Mary Abchurch House,  
123 Cannon Street,  
London, EC4N 5AU  
Tel: 020 7062 2525  
[internetretailing@circdata.com](mailto:internetretailing@circdata.com)

No part of this circulation may be reproduced, stored in a retrieval system or transmitted by any means without the publisher's permission. The editorial content does not necessarily reflect the views of the publisher. The publisher accepts no responsibility for any errors contained within the publication.

Published globally by  
**InternetRetailing Media Services Limited.**  
Data supplied by **RetailX.**  
[www.retailx.net](http://www.retailx.net)



[www.internetretailing.net](http://www.internetretailing.net)

# MARKETING TOOLS FOR HIGH-GROWTH RETAILERS



**Sophisticated commerce marketing automation for increased engagement to maximise revenue opportunities.**

Award-Winning Products, Services and Support



