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RETAILX

RetailX

UK Top500

2023

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Introduction

Welcome to the ninth edition of the RetailX UK Top500. It arrives as the UK is moving on from the Covid-19 pandemic, but is now facing challenges as a result of factors including Russia's invasion of Ukraine – and the knock-on effects from rising energy costs leading to inflation.

Once more, this is proving a tough time for retailers and brands. Nevertheless, this year's report highlights how the leaders in this market are proving flexible and adaptable in response. This year, our annual listing of the leading 500 retailers, brands and marketplaces that sell in the UK comes with a new approach both to the format and to the way RetailX researchers approach their assessment of the market.

The focus remains on performance and on highlighting the wealth of information about how retailers sell that we've built up over the last nine years. This year we've added to that with Value Chain-based analysis. This assesses how retailers and brands add value as they go through all of the steps involved in the process of selling goods to customers.

This process starts with customers – from acquiring them to selling to them at a profit. That depends on having the right products to sell to them as profitably as possible, boosting value while reducing costs. Operations then support and enable those sales, offering the level of service that will help to boost profitability. Finally, capital is about the resources that boost profits and ultimately lead to growth, whether that's of capital or achieving other objectives.

The new approach to analysis brings this report into line with our underlying RetailDNA approach. We'll be returning to and updating this over this year and in coming years.

Ian Jindal, CEO, RetailX

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Strategic overview: how changes in the economy affect the ways retailers operate

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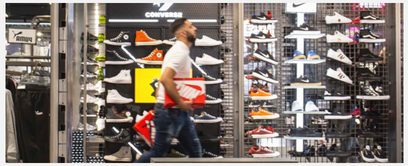

Interview: Sherilyn Paterson discusses Elite retailer JD Sports' multichannel strategy

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The Top500 in graphics: more than half of the UK Top500 2023 retailers are brands

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Evolve and survive

Retailers and brands are adapting their strategies at pace in order to meet changing consumer demands

In 2023, retailers, brands and marketplaces listed in the RetailX UK Top500 are continuing to work through turbulent times. Economic challenges are changing the way that shoppers now want to buy and in finding new solutions, retailers are changing the way that they sell.

ECONOMIC CONTEXT
Last year's RetailX UK Top500 came as retailers were starting to move their strategies on from a pandemic footing and looking instead at new ways to reach new customers at a more optimistic time. But days after publication, Russia invaded Ukraine, sending that new-found optimism into retreat as energy inflation and commodity shortages led in turn to the cost-of-living crisis that now threatens economic recession and is putting pressure on many retailers.

Added to that, the effects of Covid-19 and Brexit are still felt in areas all the way from the supply chain to the workforce. These include a well-publicised shortage of workers in retail-facing areas, from warehouses to delivery drivers, driven by a number of factors including Brexit and its restrictions on European workers and higher rates of long-term sickness in the wake of Covid-19. The high cost of childcare and decisions by over-50s to retire early may also be implicated. Many retailers have responded by offering pay rises that, in turn, have increased their own costs. Supermarkets including Aldi, Sainsbury's and Tesco have all raised pay beyond the requirements of the national minimum wage. Nonetheless, the impact of strike action elsewhere is affecting many indirectly, whether that's through delivery delays sparked by Royal Mail strikes or lower footfall as a result of industrial action by rail workers.

HOW RETAIL BUSINESSES ARE BEING AFFECTED
ONS insolvency statistics published in February 2023 and analysed by restructuring and insolvency specialist PKF GM showed that 22,109 businesses failed in 2022. That's 57% more than in 2021 and the highest level of failures since 2009.

Oliver Collinge, a director in PKF GM's restructuring team, notes that rising costs are adding to repayments for loans given to help businesses survive Covid-19. "The large rise in corporate insolvency numbers is not surprising and neither are the industry sectors most impacted, given the cost of living crisis," he says. "Many distressed businesses managed to keep afloat through Covid by using the high level of government support available. Many businesses are still repaying BBLS or CBIL [coronavirus business interruption loan scheme] loans and HMRC liabilities deferred during the pandemic, while rising input costs are adding to these cash flow pressures."

In recent months, retailers listed in last year's RetailX Top500, from fashion retailers Joules and M&Co to furniture retailer Made and RetailX Growth 2000 company, Eve Sleep, have gone into administration. Next has bought both Joules and Made, while Bensons for Beds has bought Eve Sleep. More may follow them in 2023, although the opening weeks of 2023 have seen energy prices easing off, so if inflation reduces in line with expectations, it may be that consumers' appetite for shopping will recover.

All of these factors make it ever more important for retailers and brands to serve shoppers in the way that they want to buy – whether that's online, instore, via mobile or a combination of all of the above. For while shoppers have less to spend, they still have priorities.

CHANGING SHOPPING BEHAVIOURS
The pandemic-driven shift to buying online went into reverse over the last year, with shoppers becoming more confident about buying instore over the course of 2022. Since May, successive ONS Retail Sales reports found that the proportion of British sales


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taking place online was levelling out at about 26% during the year. That fell further before and after Christmas, reaching 25.4% in December and 25% in January[1] – the lowest level since March 2020 – as shoppers appeared happier to return to store, spurred on both by the receding pandemic and by the effect of industrial action on online deliveries.

The effect of that return to stores on online retailers appears to vary by category, with clothing retailers seeing online growth but household goods retailers seeing a decline. In any case, the use of ecommerce still remains well above pre-pandemic levels, with 19.8% of UK retail sales taking place online in February 2020, immediately before the pandemic.

Indeed, recent IMRG analysis[2] suggests that the long-term trend remains on the course it was before Covid-19. The value of the ecommerce transactions tracked by its IMRG Online Retail Index came to £23bn in 2022 – 17% higher than in 2019 and equating to average growth of 5.7% a year. In fact, the A/B test that was effectively carried out through Covid-19 trading restrictions showed that when shoppers could not go to non-essential stores, including clothing and some household goods shops, they tended to buy more online. But since those restrictions were lifted, the proportion of sales taking place through ecommerce has fallen.

Andy Mulcahy, strategy and insight director at IMRG, says: “From an online retail value perspective, we might ask ‘pandemic, what pandemic?’ There was a train of thought that suggested existing trends had been accelerated by a decade in the space of a few weeks, but it has become apparent that we are creatures of habit and change simply doesn’t happen at that scale, at that speed. It is probably fair to say that the market is a bit better off than might have been expected if there was no pandemic. The rate of growth had been generally coming down over a period of years, so it could have run at lower than +5% per year otherwise possibly.

“The cost-of-living crisis has caused a shift in shopping behaviour, with conversion on retail sites dropping away throughout 2022. If there hasn’t been war in Ukraine, could more of that volume have been retained? We’ll never know but the impact of lockdowns on online retail looks like a historical blip.”

So far this year, multichannel retailers have reported different balances between their online and instore sales, perhaps reflecting the sector they trade in and the appetite of their customers to buy online. A January 2023 trading statement from homewares retailer Dunelm showed 35% of its sales taking place via digital channels – which include ordering instore as well as instore collection – in the Christmas period of its financial year. Conversely, The Works saw 15% of its sales take place online over a similar period, following a fall in the use of ecommerce. Both retailers continue to invest in multichannel strategies recognising that shoppers will want to buy at the time and place that most suits them at any given point.

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The pandemic years have, nonetheless, been an education for retailers and brands. They have learned more about how shoppers prefer to buy and what values are most important to them. This has happened as brands made more of their sales direct to customers during the pandemic, gaining insights into both online and instore buying behaviour. Brands have also learned more from social media and other engagement channels about what customers want.

SELLING DIRECT

Brands have responded customer behaviour by growing levels of direct sales. London-based footwear brand Dr Martens, for example, made 65% of its revenues selling direct to customers in the third quarter (Christmas) of its current financial year[3]. In the year-to-date – the nine months to 31 December 2022 – 53% of sales were direct to customers. It has responded to those strong direct sales by opening more of its own shops, with a target of 30 new shops this year, and is also reducing the volumes it sells via wholesale to pureplay retailer websites within its Europe region as it reevaluates the economics of those relationships. Speaking at InternetRetailing Expo in the autumn, Ron Garricks, chief information officer at Dr Martens, said that organisational agility – and with it the ability to respond to demand – was about having a framework, as well as the freedom to operate within that framework.

"You can do anything but not everything," he said, adding that, "the framework is there to guide you, it's never an absolute answer" and "ruthless prioritisation" is needed in order to reach the most important goals. He added: "If you see something that works in your organisation, adopt it. If it doesn't quite work, adapt it. If not, invent it."

Meanwhile, US sportswear brand Under Armour is opening three new UK stores complete with performance centres, where shoppers can get advice and recommendations from the brand's athlete performance team. The brand experience is set to be front-and-centre in-store. "This direct-to-consumer approach will enhance our holistic market approach – which includes our important wholesale partners – and further strengthen Under Armour's consumer experience," said Kara Trent, managing director EMEA at Under Armour. "We support athletes to become better and find that grit, determination and hard work leads to true success. This move is only the beginning of our commitment and investment in the EMEA region. We're looking forward to continuing this incredible journey in the coming years."

SUSTAINABILITY CONTINUES TO BE IMPORTANT

Fears that sustainability would move down retail agenda first during the pandemic and then in a cost-of-living crisis appear to have been overstated. RetailX's 2022 Consumer Observatory research finds

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that 72% of 750 UK respondents agree (45%) or strongly agree (27%) that they want retailers to be ecologically sustainable, while 84% agree that they prefer to shop from retailers where staff – along with supply chain staff – are treated well. 55% (of whom 20% feel strongly on this issue) would pay more for products that were made and transported in ways that do not harm the environment.

Retailers and brands continue to take action to deliver on shoppers' demands for products that are made and distributed in sustainable ways, whether by choosing circular clothing designs or by using a courier with electric vehicles. Amazon is leading the way, setting a new corporate record in January 2023[4] for its purchases of clean energy while it also has its own renewable energy portfolio through 401 projects in 22 countries, including the UK.

Sustainability remains a major selling point for many retailers and brands that are in touch with their shoppers' values. UK fashion retailer Superdry, for example, aims to be the leading sustainable listed fashion brand. Its targets include ensuring that all of its cotton-only products are organic by 2025 and it is already rated A- on the Carbon Disclosure Project climate change grades, putting it in the top 25% of listed companies in its sector. In doing so, it shows that what its customers and investors think of its performance in this areas matters and, increasingly, it's far from alone in that.

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[1] https://internetretailing.net/industry/quarter-of-sales-online-in-january-as-proportion-of-sales-via-ecommerce-falls-to-lowest-level-since-march-2020-ons/
[2] https://internetretailing.net/industry/pandemic-what-pandemic-asks-imrg-as-new-analysis-suggests-covid-19-was-a-historical-blip-in-long-term-ecommerce-growth-rates/
[3] www.drmartensplc.com/investors/regulatory-news/
[4] https://press.aboutamazon.com/2023/1/amazon-sets-a-new-record-for-most-renewable-energy-purchased-by-a-single-company

Elite

JD Sports: "Everything we do revolves around our customer"

©JD Sports

JD Sports has been ranked Elite in this year's RetailX UK Top500 for the first time. Chloe Rigby hears from Sherilyn Paterson, group operations director at JD Group, about the multichannel strategy behind the company's success

The self-styled "King of Trainers" JD Sports is working towards an ambitious target: to become the "leading global sport fashion powerhouse". Putting the omnichannel customer experience at the heart of the business is key to achieving that, says Sherilyn Paterson, group operations director at the brand's parent company JD Group. That means investing to support JD's new five-year strategy. That strategy has four main pillars – JD brand first, complementary concepts, beyond physical retail, and people, partners and communities. The customer experience is key to this strategy.

"'Beyond physical retail' means placing the omnichannel customer at the heart of everything we do," says Paterson. "We continue to upscale our investment, both in our people and our digital capabilities, to drive internal operating efficiencies while improving the customer experience." This is not just about digital initiatives. The retailer is opening between 250 and 350 JD brand stores a year around the world, since they are "key for brand awareness and our focus on exceptional in-store experiences".

Recent examples of the strategy include JD's relaunch of click and collect, a "significant expansion" in using mobile payment devices to reduce in-store queues and the ongoing construction of a new state-of-the-art warehouse in Holland, which will help reduce delivery times within Europe.

All of these initiatives in turn add value to the business. "Together, these investments continue to improve the customer experience, while increasing the average order value in turn," says Paterson.

These comments come as the sports fashion retail brand is this year ranked Elite in the RetailX Top500 for the first time. The company started out in 1981 with a single shop, in Bury, Greater Manchester, run by founders John Wardle and David Makin. From this small beginning, it has grown into a global business, the JD Group, with more than 25 sports fashion and outdoor brands in the UK, North America and Europe.

JD Sports' sister brands include size?, Tessuti, Go Outdoors, Blacks and Milletts in the UK, Finish Line in the US and Sport Zone in Portugal. Together its brands have 3,400 stores around the world, including 414 JD stores in the UK and Republic of Ireland. In its latest full-year, to January 29 2022, the group reported record pre-tax profits of £654.7m (+102% year-on-year) on turnover of £8.6bn (+38.8%).

UNDERSTANDING HOW JD CUSTOMERS WANT TO BUY

Paterson says that on a normalised sales split, just under a third (30%) of JD Sports' sales now take place online, and 70% in-store. It's important, she says, to give shoppers the choice of buying in the way that suits them. "The way that our customers shop comes down to personal preference so, as retailers, we need to provide them a range of options that suits their lives and needs," says Paterson. "Some customers will research online and then buy in-store, while others prefer the instantaneity of an app."

She adds: "As consumers become increasingly discerning, we are always looking for ways to strengthen our ability to provide a compelling and differentiated omnichannel experience."

This year, the retailer is planning the launch of its new loyalty card in the UK. The card will give JD a single view of its customers and enable a more personalised approach to engagement.

Last year, JD worked with partner brand Nike to launch Nike Connect. This is an opt-in programme for JD customers that they access through the JD mobile app – available both for iOS and Android – and which gives them access to an extra range of Nike products. "The programme enhances our strong customer connections through best-in-class retail experiences and early access both in store and online to a select range of additional products," says Paterson. "The partnership, which was a European first, is a great example of how we work with our partners to bring customers an exceptional product offering and seamless omnichannel experience."

©JD Sports

SHELTERED FROM THE RISING COST OF LIVING

JD says it is successfully navigating a challenging market because it serves a group that is relatively unaffected by the wider economy. "JD operates in the strongest part of the sport and fashion market, and our target customers have an increased buying power due to their younger demographic and lower unemployment figures," says Paterson. "We have found our customers, typically 16 to 24, have proven resilient and more sheltered against the impacts of increased cost of living. The products we sell are a very important part of their lifestyle and identity, so they will prioritise this expenditure."

When RetailX asks for a key piece of advice for others aiming to follow in JD Sports' footsteps. Paterson says it's all about the customer. "Know your customer inside and out. Give them what they want and anticipate their future needs. We know that our customers don't want others to dictate what they are doing, or what they are wearing. They want choice of the best product – on an exclusive basis – and to be able to navigate between brands, to discover new brands, and to be in an environment where the staff look like or are their friends.

"Everything we do revolves around our customer, and that is what has allowed JD to grow from a single shop in the north of England, to a global powerhouse."

UK Top500 list

ELITE
- AMAZON
- ARGOS
- JD SPORTS
- NEXT
- TESCO

LEADING
- ASDA
- BOOTS
- COTSWOLD OUTDOOR
- CURRYS
- DUNELM
- ELLIS BRIGHAM MOUNTAIN SPORTS
- GO OUTDOORS
- GUITARGUITAR
- HALFORDS
- HOLLAND & BARRETT
- L'OCCITANE
- LOOKFANTASTIC
- MARKS & SPENCER
- OFFICE
- SAINSBURY'S
- SCHUH
- SCREWFIX
- SHOE ZONE
- SUPERDRY
- TOOLSTATION

TOP 50
- AMARA
- APPLE
- B&Q
- BLACKS
- EBUYER.COM
- THE ENTERTAINER
- FARFETCH
- H.SAMUEL
- HOBBYCRAFT
- ITS
- JOULES
- MARISOTA
- MATALAN
- MYPROTEIN
- NEW LOOK
- THE RANGE
- ROBERT DYAS
- RYMAN
- SNOW AND ROCK
- THOMANN
- URBAN OUTFITTERS
- VICTORIA PLUM
- WICKES
- YOURS CLOTHING
- ZOOPLUS

TOP 100
- ADIDAS
- ALDI
- AO
- AXMINSTER
- BERSHKA
- BURBERRY
- CASS ART
- DECATHLON
- ERNEST JONES
- F.HINDS
- THE FRAGRANCE SHOP
- FRENCH CONNECTION
- GANT
- H&M
- HOBBS LONDON
- ICELAND
- IKEA
- JACK WILLS
- JIGSAW
- JOHN LEWIS & PARTNERS
- JOJO MAMAN BEBE
- LEEKES
- LLOYDS PHARMACY
- LOUIS VUITTON
- MAJESTIC
- MENKIND
- MINT VELVET
- MORRISONS
- NELLY.COM
- NEW BALANCE
- NIKE
- OLIVER BONAS
- PAVERS
- PHASE EIGHT
- RADLEY
- REGATTA OUTDOOR CLOTHING
- RIVER ISLAND
- SMYTHS TOYS
- SPACE NK
- T.M. LEWIN
- TED BAKER
- TRAVIS PERKINS
- UK ECIG STORE
- UNDER ARMOUR
- WAITROSE & PARTNERS
- WEIRDFISH
- WHISTLES
- WILKO
- THE WORKS
- ZARA

TOP 150
- AMERICAN GOLF
- ANN SUMMERS
- BODEN
- THE BODY SHOP
- BRAVISSIMO
- CHAIN REACTION CYCLES
- CLAIRE'S
- COTTON TRADERS
- CREW CLOTHING COMPANY
- DUNE LONDON
- EVANS CYCLES
- FAT FACE
- FURNITURE123
- GAME
- GOLDSMITHS
- HOTEL CHOCOLAT
- HOTTER
- HUGHES ELECTRICAL
- JONES BOOTMAKER
- LAKELAND
- LEGO
- LITTLEWOODS
- M&CO
- MAINLINE MENSWEAR
- MANGO
- NEWEGG
- NISBETS
- OASIS
- OFFSPRING
- OUTDOOR & COUNTRY
- PANDORA
- THE PERFUME SHOP
- RICHER SOUNDS
- SALLY
- SCAN
- SELFRIDGES
- SIMPLY BE
- SIZE?
- SKATEHUT
- SOLE TRADER
- SWAROVSKI
- SWEATY BETTY
- TOAST
- TOPPS TILES
- TRIPP
- VERY
- WAYFAIR
- WEX PHOTO VIDEO
- THE WHITE COMPANY
- YANKEE CANDLE

TOP 250
- & OTHER STORIES
- AGENT PROVOCATEUR
- ALIEXPRESS
- ALLSAINTS
- ANTHROPOLOGIE
- ASOS
- AVON
- BATHSTORE
- BEAUTY BAY
- BEAVERBROOKS
- BENSONS FOR BEDS
- BOSE
- BOUX AVENUE
- BOX.CO.UK
- BUILD-A-BEAR WORKSHOP
- BURTON (US)
- CALVIN KLEIN
- CEX
- CHARLES TYRWHITT
- CLARKS
- CRABTREE & EVELYN
- CULT BEAUTY
- DEMON TWEEKS
- DIOR
- ETSY
- EURO CAR PARTS
- FOOT LOCKER
- FOOTASYLUM
- FOREVER 21
- G-STAR RAW
- GAK
- GAP
- GEAR4MUSIC.COM
- GEARBEST
- GRAHAM & GREEN
- HOMEBASE
- HOUSE OF FRASER
- IN THE STYLE
- JACAMO
- JARROLD
- JD WILLIAMS
- JESSOPS
- JIMMY CHOO
- KAREN MILLEN
- KIEHL'S
- L.K. BENNETT
- LAPTOPS DIRECT
- LEVI'S
- LIBERTY LONDON
- LONG TALL SALLY
- MAMAS & PAPAS
- MASSIMO DUTTI
- MISSGUIDED
- MOLTON BROWN
- MONKI
- MOSS BROS.
- MOUNTAIN WAREHOUSE
- MULBERRY
- MUSTO
- THE NORTH FACE
- NOTONTHEHIGHSTREET
- OKA
- THE ORIGINAL FACTORY SHOP
- ORVIS
- OYSHO
- PAPERCHASE
- PARTY CITY
- PAUL SMITH
- PETS AT HOME
- PULL&BEAR
- PUMA
- LA REDOUTE
- REISS
- ROKIT
- ROUTE ONE
- RS COMPONENTS
- SEASALT CORNWALL
- SELECT
- SHOPDISNEY
- SLATERS
- SPORTSBIKESHOP
- STELLA MCCARTNEY
- STRADIVARIUS
- SUPERDRUG
- THOMAS SABO
- TIFFANY & CO.
- TIMBERLAND
- TJ HUGHES
- TREDZ
- TRESPASS
- UNIQLO
- URBAN INDUSTRY
- VANS
- VAPE CLUB
- VICTORIAN PLUMBING
- WATCHES OF SWITZERLAND
- WEST ELM
- WHITTARD OF CHELSEA
- WYNSORS
- ZALANDO

TOP 350

ALEXANDER MCQUEEN
APPLIANCESDIRECT
ASPINAL OF LONDON
BANG GOOD
BOOKDEPOSITORY.COM
BOTTEGA VENETA
BRORA
CARD FACTORY
CARPHONE WAREHOUSE
CATH KIDSTON
CCL COMPUTERS
CHAOS CARDS
CHARLES CLINKARD
CROCUS
CRUISE
DHGATE.COM
DIESEL
DREAMS
EBAY
END.
EURONICS
EVERYTHING5POUNDS.COM
FARROW & BALL
FOOTPATROL
FORTNUM & MASON
FOYLES
FRAGRANCE DIRECT
FRASER HART
FREEMANS.COM
GAMES WORKSHOP
GEMPORIA
GUCCI
HABITAT
HACKETT
HAWES & CURTIS
HEAL'S
HUSH
IHERB
J. CREW
JACK & JONES
JEWSON
KALEIDOSCOPE
KURT GEIGER
LACOSTE
LAURA ASHLEY
LOAF
LOVEHONEY
LUSH
LYLE & SCOTT
MACHINE MART
MADE
MATCHES FASHION
MERLIN CYCLES
MICHAEL KORS
MILLETS
MODA IN PELLE
MONICA VINADER
MONSOON
MONTBLANC
MOONPIG
MYTHERESA
NASTY GAL
NET-A-PORTER
NOVATECH
OCADO
OVERCLOCKERS UK
PLANET ORGANIC
PRADA
PRETTY GREEN
PRETTYLITTLETHING
PRIMARK
QD STORES
QVC
RAPHA
REEBOK
RESERVED
RICH TONE MUSIC
RUSSELL & BROMLEY
SCS
SERAPHINE
SOCKSHOP
SPORTSDIRECT.COM
SPORTSSHOES.COM
SUPERGA
TESSUTI
THOMPSON & MORGAN
TK MAXX
UGG
UK FLOORING DIRECT
WALLS AND FLOORS
WATERSTONES
WEEKDAY
WHITE STUFF
WHSMITH
WIGGLE
WOLF & BADGER
WOODHOUSE
YESSTYLE
ZAVVI
ZAZZLE

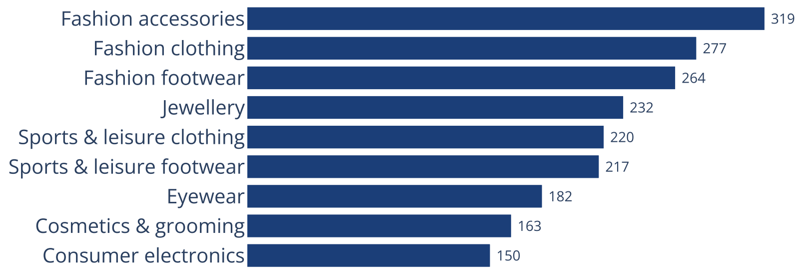
TOP 500

ABEBOOKS
ABERCROMBIE & FITCH
ABOLA
ALAMY
ALLBEAUTY
ALLEGRO
ANGLING DIRECT
ARCO
ARMANI
ASICS
ASUS
AUDIBLE
B & M STORE
BANANA REPUBLIC
BARKER & STONEHOUSE
BEATPORT
BERRY BROS. & RUDD
BILLABONG
BLINDS2GO
BLIZZARD
BOOHOO
BRANDALLEY
BT SHOP
BUNGIE
BUYAGIFT
CAMPER
CARPETRIGHT
CASETIFY
CLINIQUE
COAST
COS
COSTCO
THE COTSWOLD COMPANY
CROCS
CYBERPOWERPC
DEICHMANN
DESIGUAL
DFS
DR. MARTENS
DULUX DECORATOR CENTRES
EMMA BRIDGEWATER
EPIC GAMES
ESPRIT
FARNELL ELEMENT14
FASHION EYEWEAR
FENDI
FENWICK
FLANNELS
FORCE 4
FOSSIL
FRED PERRY
FREE PEOPLE
FUNKY PIDGEON
FURNITURE VILLAGE
FUTON COMPANY
G2A.COM
GABOR
GARMIN
GLASSES DIRECT
GOPRO
GYMSHARK
HAMLEYS
HARRODS
HATTONS
HMV
HOLLISTER
HOME BARGAINS
HP
HUAWEI
HUGO BOSS
HUMBLE BUNDLE
I SAW IT FIRST
JACQUIE LAWSON CARDS
KARCHER
KATE SPADE
LANDS' END
LENOVO
LIGHTINTHEBOX
LINDEX
LULULEMON
MANDM DIRECT
MANOMANO
MOLE ONLINE
MR PORTER
NA-KD
NATIONAL TRUST SHOP
NESPRESSO
NINTENDO
NOTCUTTS
NOTINO
OAK FURNITURE LAND
OLIVER SWEENEY
ONBUY
OPENSEA
THE OUTNET
PC SPECIALIST
PHOTOBOX
PLAYSTATION STORE
PLUMBASE
POLARN O. PYRET
PRINTING.COM
PRO-DIRECT
REDBUBBLE
REVERB
RING
THE ROYAL MINT
RSPCA SHOP (UK)
SAMSUNG
SCOTCH & SODA
SECRET SALES
SEVENOAKS SOUND AND VISION
SHEIN
SILKFRED
SKAGEN
SNEAKERSNSTUFF
SONY
SPECSAVERS
SPORTPURSUIT
SQUARE ENIX
SSENSE
STEAM
STOVE AREUS
STUDIO (EXPRESS GIFTS)
SUNGLASS HUT
SUNSPEL
SUPREME
TAOBAO
TATE SHOP
THORNTONS
TIMPSON
TISO
TJC
TLC ELECTRICAL SUPPLIES
TRIUMPH
UNITED COLORS OF BENETTON
USC
VESTIAIRE COLLECTIVE
VIKING
VISION EXPRESS
WAREHOUSE
WARREN JAMES
WATCHFINDER & CO.
WELDRICKS PHARMACY
THE WINE SOCIETY
WISH
WOB
WOOL WAREHOUSE
XBOX
YOOX
YVESSAINTLAURENT

About the Top500

Figure 1. What do the Top500 sell?

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

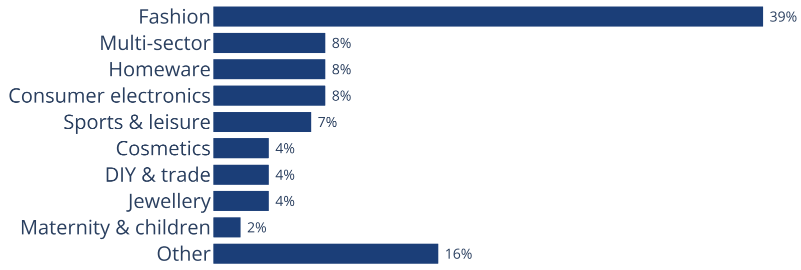


Categories that include at least 150 retailers are shown. Note that some retailers sell in multiple categories

Source: RetailX

Figure 2. The primary sectors of Top500 retailers

The percentage of Top500 retailers in key sectors

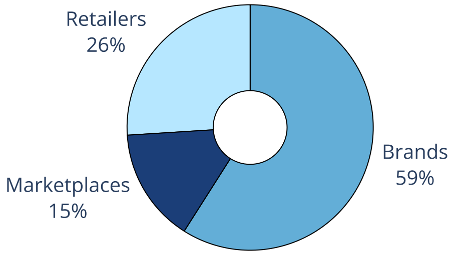


The 79 retailers in 'Other' belong to 21 sectors

Source: RetailX

Figure 3. Business types of the Top500

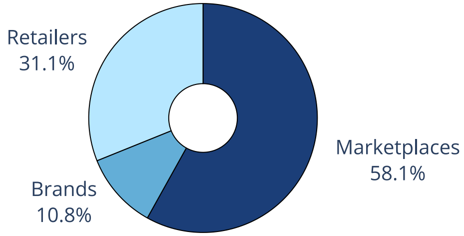
The fraction of Top500 retailers that are brands, which mostly sell own-label products; marketplaces, which host third-party sellers; and retailers



Source: RetailX

Figure 4. The split of British web traffic

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



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

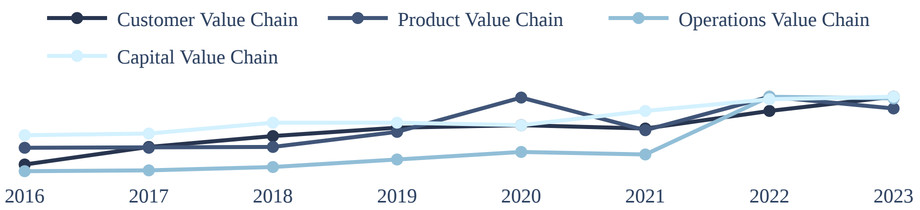
Source: RetailX

Measuring performance

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

Figure 5. Performance by value chain

The Total Index Value for each value chain 2016-2023



Source: RetailX

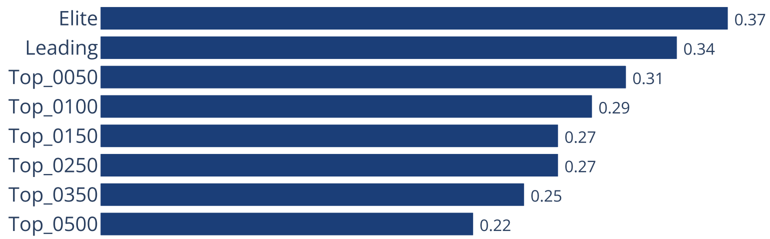
Figure 6. Average performance by sector

The Average Index Value for the largest sectors

Source: RetailX

Figure 7. Average performance by cluster

The Average Index Value for each performance cluster of the Top500

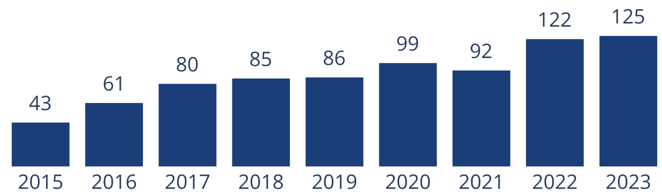


The retailers within each cluster are listed on page 8. A retailer's cluster is determined both by its Footprint size and by its performance in the other metrics covered by this report

Source: RetailX

Figure 8. Overall Index change

The Total Index Value 2015-2023



The 2023 RetailX Top500 retailers have improved year-on-year, most years, across most metrics we measure

Source: RetailX

Putting customers first

Retailers and brands stand out in the Customer Value Chain when they make it easy for shoppers to find, evaluate and buy the products they are looking for

Winning new customers and encouraging repeat purchases is at the heart of retail. The Customer Value Chain analyses how retailers and brands go about winning more customers, then retaining them through long-term relationships. This is important since shoppers who spend across sales channels tend to spend more and spend more often.

Profit per customer is the primary key performance indicator (KPI) for this value chain. RetailX research findings in this value chain are grouped through three questions:

- How do Top500 retailers and brands encourage shoppers to buy?
- How do Top500 retailers and brands grow market share?
- How do Top500 retailers and brands make it easy to check out?

HOW DO TOP500 RETAILERS AND BRANDS ENCOURAGE SHOPPERS TO BUY?

Retailers increase both the volume and the profitability – or margin – of their sales when they boost contact with shoppers and make it more likely that they will return to buy again. Top500 retailers and brands use a range of tools to achieve this, from filters that help website visitors find the most relevant products to product reviews and star ratings, increasing the likelihood that a potential customer will find the right item for them. Recommendations, covered in the Product Value Chain (see page 15) also form part of the Customer Value Chain.

FILTER SEARCH BY PRODUCT TYPE

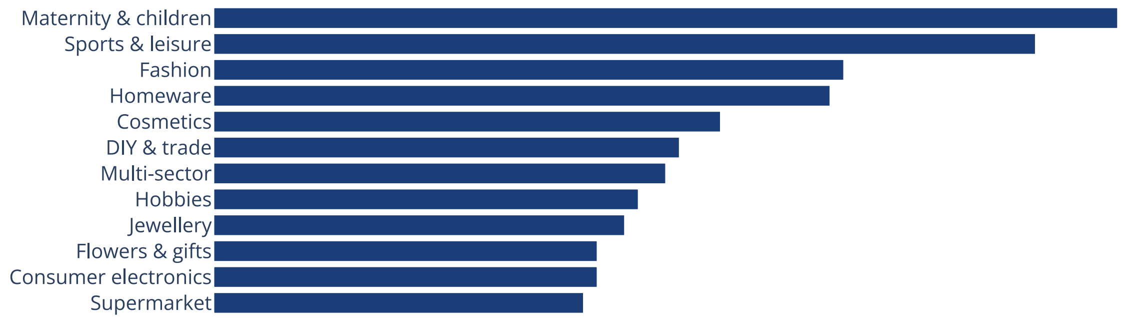
Nine out of 10 retailers and brands enable shoppers to filter searches by product type – up 2 percentage points (pp) from last year. This helps shoppers find the type of item they are looking for more quickly, which is especially important when a retailer sells a wide variety of products. 100% of supermarkets and retailers selling flowers and gifts do so, with those selling sports and leisure products (98%), jewellers (83%) and retailers selling hobby supplies (85%) slightly less likely to do so.

FILTER SEARCH BY PRICE

A growing number of retailers (+4pp to 70%) enable customers to filter search by price. Retailers selling maternity and children's products (89%), homewares (83%) and marketplace hosts (82%) are most likely to have this feature, contrasting with lower levels of adoption by supermarkets (50%) and flower and gift retailers (51%).

Figure 9. Maternity retailers give shoppers most time to return unwanted orders

The average returns policy length in days of UK Top500 retailers in a sector



Source: RetailX

FILTER SEARCH BY BRAND

Around half (52%) of Top500 retailers enable shoppers to narrow down their search by brand. That's up from 50% last year, with supermarkets (83%), cosmetics (67%), homewares (66%) and multi-sector retailers (66%) most likely to support this. Brand search is less likely to be used on sites selling flowers and gifts (29%) or by brands, although 34% of brands support this.

PRODUCT REVIEWS

Shoppers are more likely to buy when they see what other customers thought of an item, which is why a growing number of retailers are now sharing product reviews. More do so this year (58%) than last year (55%). Reviews seem to be more important for supermarkets (97% show reviews), and retailers selling cosmetics (74%), DIY and trade products (74%) and sports and leisure products (73%). Fashion retailers (48%) and brands (51%) are the less likely to do so, perhaps because judgements about clothing are more subjective.

Slightly more share product ratings than reviews. This year, 59% do so, up from 56% last time. Again, supermarkets (97%) and retailers selling cosmetics (75%) are most likely to share ratings, while fashion retailers (46%) and brands (49%) are least likely.

NUMBER OF PRODUCT IMAGES

The more product images a retailer shows, the more likely it is that customers will see one that interests them, whether they want to see what it looks like on a model or from a variety of different angles. In 2023, 63% of retailers – unchanged on last year – offer a choice of product images. This is led by fashion retailers (76% do so), followed by 72% of sports and leisure retailers and 70% of brands. At the other end of the scale, only 23% of DIY and trade retailers and 30% of supermarkets do this, perhaps because they are generally offering products that meet a need rather than trying to offer inspiration.

The median retailer features a choice of four product images on their mobile website, unchanged on last year. Retailers selling consumer electronics (median of 5.4), marketplace hosts (5.2) and sports and leisure products (5.1) tend to use more images to illustrate products, while supermarkets (1.5) and DIY and trade retailers (2.5) tend to use fewer.

BESTSELLER RIBBON

Some 6% of retailers flag up their most popular products with a 'bestseller' ribbon. That's up from 3% last year. The signage is most likely to be used by cosmetics retailers (18% of sites in the category do so) and by supermarkets (17%). It's less likely to be used by consumer electronics retailers and brands (less than 1%), and sites selling hobby supplies (2%), homewares (2%) and jewellery (3%).

HOW DO TOP500 RETAILERS AND BRANDS GROW MARKET SHARE?

The share metric focuses on how retailers increase their share of market spending in their category. It is assessed in the Customer Value Chain through how convenient retailers make it for shoppers to buy a product, have it delivered and then return it, if necessary.

LEADING RETAILERS IN THE CUSTOMER VALUE CHAIN
ALDI
ANN SUMMERS
COTSWOLD OUTDOOR
FAT FACE
GO OUTDOORS
GOLDSMITHS
HOLLAND & BARRETT
JACK & JONES
JD SPORTS
JOULES
L.K. BENNETT
LOVEHONEY
OFFICE
THE PERFUME SHOP
ROBERT DYAS
RYMAN
SCHUH
SCREWFIX
SHOE ZONE
SPACE NK
SWEATY BETTY
URBAN OUTFITTERS
WAREHOUSE
WHISTLES
WICKES

DELIVERY AND DELIVERY CHARGES

Shoppers tend to prefer free or cheap delivery. RetailX Consumer Observatory research suggests that free delivery is the main reason shoppers sign up for subscriptions since it is cited by 72% of respondents. However, the proportion of Top500 retailers and brands that offer free delivery on all orders has fallen from 20% last year to 18% this year.

More than a third of retailers and brands selling consumer electronics (37%) and jewellery (35%) continue to deliver all orders for free, while less than 1% of those selling maternity and children's products and flowers and gifts do so. This may be because there's been a shift to offering free delivery only when shoppers spend a certain amount.

More than half (+1pp to 51%) of retailers now offer free delivery when retailers spend a minimum amount, with retailers selling maternity and children's products (82%), hobby supplies (73%) and cosmetics (64%) most likely to take this approach. Marketplace hosts (29%) and those selling flowers and gifts (34%) are least likely.

Top500 retailers charge an average of £5.36 (+8pp on last year) for standard delivery – although some may then offer that for free when shoppers spend a certain amount. The median retailer, meanwhile, charges £4 – unchanged on last year. The median cost is higher when buying homewares (£5.54) and DIY and trade tools and equipment (£5.45) and lower when buying consumer electronics (£2.80) and jewellery (£3.48).

LENGTH OF RETURNS POLICY

Conversely, the longer a retailer gives shoppers to return an unwanted item, the more likely they may be to buy, even if most don't then send their orders back. A returns period of 14 days is the legal minimum that retailers must offer. Giving more time to make that return can be a generous offer. Maternity and children's products give the most time, at an average of 66 days, followed by sports and leisure retailers (60) and fashion retailers (46). At the other end of the scale, supermarkets enable returns of online orders for up to 27 days, while consumer electronics, flower and gift retailers allow up to 28 days from purchase.

Returns policy length is one of a dozen or so indicators we use for the Share KPI within the Customer Value Chain. It's the sort of thing consumers take into account when purchasing.

Almost all (97%) retailers fully refund products that have not been opened, while 83% of retailers fully refund products that have been opened. Top500 retailers take an average of 12.1 days to process a refund – and the median retailer is close to that at 12 days. Both are unchanged on last year. This year, the fastest median refunds were in the jewellery (9.5 days) and sports and leisure (10 days) categories while the median retailer selling cosmetics, consumer electronics, flowers and gifts, or DIY and trade equipment took 14 days – as did multi-sector retailers.

HOW DO TOP500 RETAILERS AND BRANDS MAKE IT EASY TO CHECK OUT?

Removing friction from the checkout has long been a goal for retailers aiming to cut down on the number of people abandoning purchases. Retailers do this by offering guest and third-party checkout options. However, requiring shoppers to register to checkout does have its own benefits, as retailers can start to build relationships for the longer term when they acquire more information about their customers. In this area, retailers have a balance to find.

REGISTRATION BEFORE CHECKOUT

Almost two-thirds (64%) of retailers now require shoppers to register before they checkout. That's up from 62% last year. Retailers selling maternity and children's products (80%) and cosmetics (77%) are most likely to do this, while supermarkets (27%) and marketplace hosts (44%) are less likely to do so.

FACEBOOK CHECKOUT

Some 11% of 484 retailers and brands assessed on this metric both this year and last use Facebook Checkout. That's up from 10% last year. Marketplace hosts (35%) are the most likely to offer this as an option, followed by those selling cosmetics (25%) and multi-sector retailers (20%). Few DIY and trade equipment retailers (less than 1%) offer this option.

PAYPAL CHECKOUT

More than a quarter (28%) now enable shoppers to use PayPal to checkout. That's up from 27% last year. Retailers selling sports and leisure products (39%, maternity and childrenswear (38%) and hobby supplies (35%) are most likely to have this payment method – while supermarkets (12%) are least likely.

Boost profitability

Retailers stand out in the Product Value Chain when they offer a broad range of products and show as many of these items as possible to consumers who are browsing retail websites

Retailers are most profitable when they sell as many full-price products from their ranges as possible. That's why net margin is the most important KPI (key performance indicator) for the Product Value Chain. By showing as many products as possible, retailers offer both volume and choice, both also among the KPIs used to assess performance in this value chain. Retailers conserve value – and reduce waste – by recommending items that may be more relevant to shoppers. Retailers protect margins by encouraging full-price purchases and reducing the need to discounts later.

Within this value chain, RetailX researchers look at how retailers show off the breadth of their range to customers, and how effectively they ensure that visitors to their website have every opportunity to see as many relevant products as possible. Their main findings are gathered via two questions:

- How do Top500 retailers enable shoppers to find out if products are relevant to them?
- How do Top500 retailers approach offering recommendations to shoppers?

HOW DO TOP500 RETAILERS ENABLE SHOPPERS TO FIND OUT IF PRODUCTS ARE RELEVANT?

Every time a retailer offers more information about a product – whether that's what it's made of or where it's available to buy – they boost the chances of a full-price sale. That helps support the Product Value Chain KPIs of volume and of margin.

STORE STOCK CHECKER

By enabling shoppers to check whether an item is currently in stock in a nearby shop, retailers make it more likely they will sell more of that product.

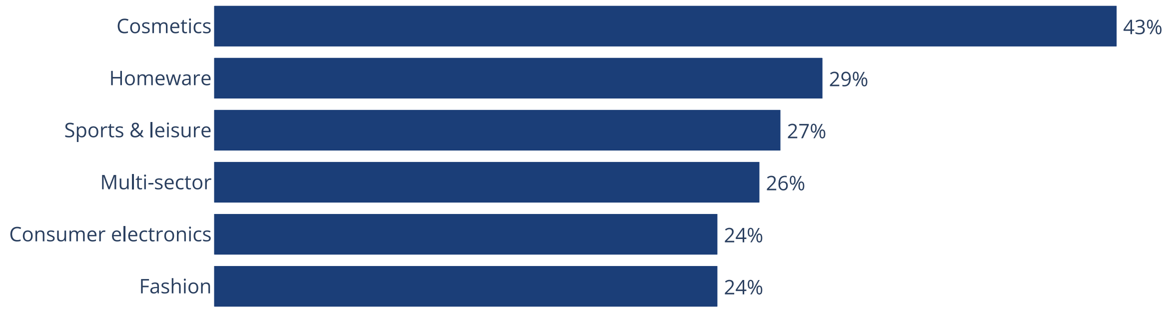
Slightly more retailers do so this year (+2pp to 16%), making it easier for customers to go out and buy the item locally, or to buy it online for collection at a convenient time. That's up from 14% last year. Jewellers (35%) and DIY and trade retailers (31%) are most likely to offer this service, while those selling flowers and gifts (4%), multi-sector retailers (8%) and marketplace hosts (9%) are least likely.

PRODUCT INFORMATION

When retailers show a customer what a product is and why it is relevant to the customer through descriptions, it is more likely the retailer will make a sale. Product data may, for example, include technical information and detail about sizes and materials. In making this information available, retailers focus on margin and the related importance of making more from every contact with customers.

Figure 10. Cosmetics retailers are more likely to up-sell

The fraction of Top500 retailers in a sector suggesting more expensive alternatives on the product page or during check-out



The sectors with the most retailers are shown

Source: RetailX

Since researchers judging the quality of product information on a website make subjective decisions, each website is assessed by multiple RetailX researchers on a scale out of four, with their findings moderated and normalised.

The median score came in at 3.0, unchanged on the previous year. Researchers judged consumer electronics retailers (median 3.42), supermarkets (3.21) and cosmetic retailers (3.18) to have the most informative product pages, while those selling flowers and gifts and hobby products (both 2.96) were found to have less useful information.

HOW DO TOP500 RETAILERS APPROACH OFFERING RECOMMENDATIONS?

Effective use of recommendations helps shoppers to see more of a retailer's range – something that's particularly important when shoppers are viewing a site through a small screen.

By showing similar products, traders boost the likelihood that shoppers will see something they want to buy – reducing waste and conserving value as a result. Upselling widens the choice available to shoppers. Recommending complementary products encourages shoppers both to buy more and to make the most of the products they buy.

RECOMMEND SIMILAR PRODUCTS

Only 30% of 481 retailers assessed on this metric both this year and last offer a choice of similar items to customers looking at a product on their websites. That's a significant 43 percentage points (pp) down from 73% a year earlier. Recommendations for similar products are more likely to be offered on marketplaces (46%), by retailers selling maternity and children's products (46%) and hobby supplies (42%) – and less often found on supermarket websites (12%) and on sites selling jewellery (17%).

UPSELL

Just over a quarter (27%) of retailers and brands suggest more expensive alternatives – or upsell – to shoppers viewing a product on their website. That's unchanged on the same time last year. Cosmetics retailers and brands are by some way the most likely to use this tactic, with 43% of Top500 retailers selling in this category doing so, followed by supermarkets (33%) and retailers selling either hobby supplies or maternity and children's products (both 32%). DIY and trade retailers (15%) and, perhaps surprisingly, jewellers (17%) are less likely to take this approach.

RECOMMEND COMPLEMENTARY PRODUCTS

Thirty per cent of retailers now recommend products that go with another product to customers, unchanged on last year. Marketplaces and websites selling maternity and children's products (both 46%) are most likely to do so, followed by those selling hobby supplies (42%) and homewares and consumer electronics (both 34%). Supermarkets (12%) and jewellers (17%) appear less likely to do so.

LEADING RETAILERS IN THE PRODUCT VALUE CHAIN
ALDI
ARGOS
COTSWOLD OUTDOOR
CYBERPOWERPC
ELLIS BRIGHAM MOUNTAIN SPORTS
G-STAR RAW
GO OUTDOORS
H&M
H.SAMUEL
HOBBS LONDON
IKEA
JACK & JONES
L'OCCITANE
LOVEHONEY
MAJESTIC
OUTDOOR & COUNTRY
SCREWFIX
SMYTHS TOYS
SUPERDRUG
TED BAKER
TOOLSTATION
TRAVIS PERKINS
VANS
WATERSTONES
ZARA

Reach more customers

Looking at the Operations Value Chain, we assess how effective Top500 retailers are in putting their wares in front of as many people as possible

When retailers sell at scale, they cut the cost to them of each product, making their business more profitable. The primary KPI for the Operations Value Chain is profit per order, reflecting this need to win more customers in order to cut the cost per sale of their retail operations. The RetailX research on which this value chain is based is about assessing the ways in which retailers engage with as many shoppers and potential shoppers as possible. That's about using stores to raise brand awareness, offering convenient delivery options, whether that's offering collection from a wide variety of points, or delivering as quickly as possible.

Findings are grouped through two questions:
- How do Top500 retailers reach as many customers as possible?
- How do retailers use convenient delivery and returns options to make it more likely that shoppers will buy?

HOW DO TOP500 RETAILERS REACH AS MANY CUSTOMERS AS POSSIBLE?
Retailers reach more customers when they have both more shops and a large number of collection points.

Among Top500 retailers, the average brand or retailer has 104 shops – nine more than last year – and the median – or mid-point – retailer has 17 (-1). Supermarkets have the most stores, at a median of 477, giving them both reach and brand awareness. Next are DIY and trade equipment retailers (176) and retailers selling maternity and children's products (100). At the other end of the scale, the median marketplace host has no stores, while the median consumer electronics retailer has one.

Within that total number of stores, the median Top500 retailer has 10 shops, one more than a year earlier. The median brand has 15 shops, while fashion retailers have a median of 13 and homewares retailers a median of 10.

©Amazon

Retailers stand out and raise brand awareness when they have their own collection lockers

Retailers have an average of 8.5 shops that are operated on a franchise basis, while the median retailer doesn't have any. They have an average of five concessions, while the median retailer has none.

COLLECTION

Collection is a useful way to bring multichannel shoppers into a store, so having more points where they can pick up their online orders boosts the convenience for shoppers as well as the likelihood that they will also make additional purchases while instore. The average retailer offers collection from 1,300 pick-up points, which may include stores as well as third-party pick-up points. That's 11 more than last year, while the median retailer offers collection from 110 (-43). Multi-sector stores tend to have the most collection points – the median retailer in this category has 986 – followed by retailers and brands selling consumer electronics (389), DIY and trade equipment (300), and flower and gift retailers (205). At the other end of the scale, marketplace hosts offer collection from a median of 33 pick-up points.

Fewer than 1% of Top500 retailers have their own instore collection lockers, a figure unchanged on last year. Having branded collection lockers can boost the physical presence and convenience for online retailers. Marketplaces (5%) supermarkets, multi-category retailers and retailers selling DIY and trade supplies and maternity and children's products (all 3%) operate lockers at a slightly higher rate.

HOW DO RETAILERS USE CONVENIENT DELIVERY AND RETURNS OPTIONS TO MAKE CUSTOMERS MORE LIKELY TO BUY?

A combination of delivery that is either always free or free above a minimum order value, with easy and convenient returns, is likely to lead to relatively high levels of sales since barriers are removed. Given that there's a statutory right to return an item within 14 days, it's likely that making it easy to send something back will boost sales, since most shoppers will not return their online orders. We look at how Top500 retailers deploy the tactics that are likely add value through operations.

FREE DELIVERY

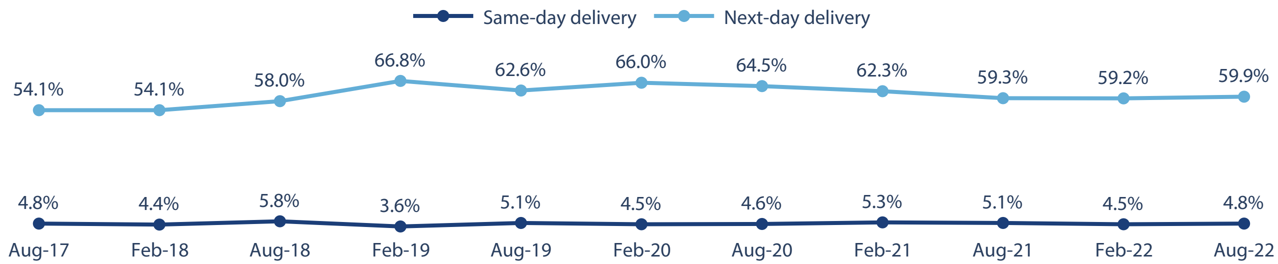
The proportion of retailers offering free delivery on all orders has fallen from 20% last year to 18% this year. More than a third of retailers and brands selling consumer electronics (37%) and jewellery (35%) continue to deliver all orders for free. Less than 1% of those selling maternity and children's products and flowers and gifts do so.

FREE DELIVERY WITH MINIMUM SPEND

More than half (+1 percentage point (pp) to 51%) of retailers now offer free delivery when retailers spend a minimum amount, with retailers selling maternity and children's products (82%), hobby supplies (73%)

Figure 11. The number of retailers offering premium delivery services has plateaued

The percentage of Top500 retailers offering a service



Premium delivery services help retailers compete for customers but sometimes the impact on margins is too costly. These figures track 350 of the Top500 which have been consistently measured over the past five years

Source: RetailX

and cosmetics (64%) most likely to do so. Marketplace hosts (29%) and those selling flowers and gifts (34%) are least likely.

PREMIUM DELIVERY OPTIONS

Premium delivery options cost shoppers more. The decision that retailers and brands make is whether offering options such as same-day and next-day delivery will add value to their businesses – and for their customers – or whether it will have an impact on profit margins, especially when next-day delivery is offered as standard or even for free. As the chart shows, a small minority of retailers offer same-day delivery, while there's a declining trend in the proportion that offer next-day delivery.

RETURN VIA PICK-UP FROM THE HOUSE

6% of Top500 retailers will organise a courier pick-up from the house for unwanted items. That's the same as last year, with retailers selling consumer electronics (18%), homewares (13%) and multi-sector retailers the most likely to offer this. But fewer than 1% of retailers selling maternity and children's products or hobby supplies offer this service.

RETURN VIA POST

The post remains the most commonly-supported channels for returns to be made, with 83% enabling shoppers to put an unwanted item in the post or return it to their local Post Office. Most fashion retailers (92%) offer this option, as do 90% of those selling cosmetics or sports and leisure equipment. But less than half (48%) of supermarkets enable this.

RETURN FEES

Where return fees are charged, the average Top500 retailer charges £13.10 (-18p) to customers who are returning an item, while the median retailer charges £7, the same as last year. Homewares retailers charge the highest fees, perhaps reflecting the fact that some homewares products such as furniture are larger and require more capacity to return – at a median of £7.17, while the median brand charges £5.63 and the median fashion retailer – selling products that are more easily posted – charges £3.19. Charging a returns fee may discourage shoppers from buying in the first place but it is also more likely to mean that retailers can maintain their profit margins and charging a fee may also reduce levels of returns.

LEADING RETAILERS IN THE OPERATIONS VALUE CHAIN
AMARA
AMAZON
ARGOS
BERSHKA
BURBERRY
CURRYS
F.HINDS
HALFORDS
HOLLAND & BARRETT
JACK & JONES
JD SPORTS
JOULES
LOOKFANTASTIC
MARKS & SPENCER
MYPROTEIN
NEW LOOK
NEXT
RS COMPONENTS
SAINSBURY'S
SCHUH
SUPERDRY
TESCO
TOOLSTATION
VANS
ZARA

Build strong retail businesses

Retailers and brands that stand out in the Capital Value Chain grow their profits and their assets successfully

Retailers add long-term value to their businesses by increasing their profitability and, ultimately, their share prices. The Capital Value Chain focuses on the extent to which retailers' strategies add value to their businesses – both by increasing profitability over time and by adding long-term assets. The primary KPI for this value chain is return on capital employed (ROCE) or invested (ROCI), while metrics that are deployed in this assessment are focused on retailers and brands' access to capital – and how that capital enables them to add both data and capability to their businesses.

Retail businesses boost margins by making the most of their assets – and by making more from every part of their business, from customer engagement and transactions through to optimising the effectiveness and efficiency of the services that they offer. They also build in adaptability and flexibility. This enables retailers to respond as customer behaviour changes, while at the same time managing potential risks effectively.

RetailX research findings in this value chain are grouped below through two questions:
• How do Top500 retailers manage their store estates?
• How effectively do retailers grow their profits?

HOW DO TOP500 RETAILERS MANAGE THEIR STORE ESTATES?

The average Top500 retailer or brand has grown its store estate over the last year, RetailX research suggests. This is significant in this value chain for the way in which stores represent more than just a physical asset. Stores also represent a way of storing value through the stock the stores contain, and for the way in which stores enable traders to raise brand awareness and to deliver customer services across sales channels.

However, there is a squeezed middle factor here. The median – or halfway point – retailer has closed one shop within an already smaller store estate.

In 2023, the average Top500 retailer or brand has 104 shops. That's nine more than last year. As already noted, the median – or halfway point – retailer in the index has a much smaller number, at 17. That's one less than last year. Together, the figures suggest that the leading retailers both have and add many more stores than the majority of retailers do.

Supermarkets have the most stores, at an average of 616, and a median of 477 – reflecting the presence of the largest supermarket chains across the UK, close to population centres. The average retailer selling DIY and trade tools and equipment has 246 stores,

Figure 12. Average revenue of publicly-traded companies (bn GBP)

This chart combines data from publicly-traded corporations in the RetailX UK Top500

Source: Yahoo Finance

while the median retailer in this category has 176. The average retailer or brand selling maternity and/or children's products has 361 shops, while the median retailer has 100. Homewares retailers have an average of 103 shops, and a median of 31 shops. Retailers and brands selling jewellery have an average of 67 and a median of 31 shops, while those selling cosmetics have an average of 87 and a median of nine.

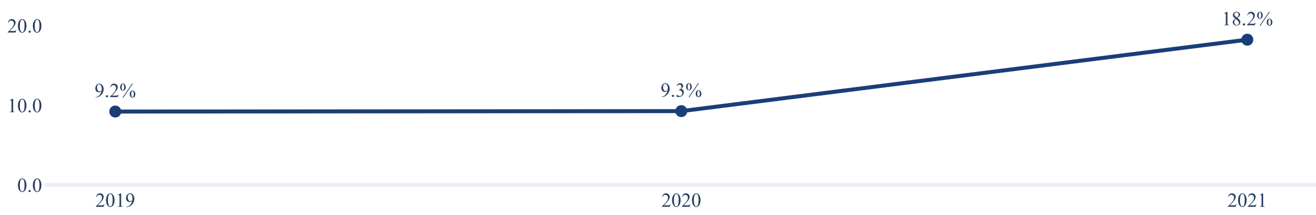
Those selling flowers and gifts have an average of 395 shops, and a median of five, and multi-sector retailers have an average of 135 and a mean of four shops. The average consumer electronics retailer has 66 shops, but the median retailer has less than one (0.9). The average marketplace host has 43 shops, but the median retailer has none.

THE BUSINESS MODEL FOR SHOPS

That number of total stores is divided into shops that are run directly, franchise stores and concessions within larger retailers such as department stores and, increasingly, supermarkets. Within the total number of stores, retailers have an average of 42 shops that are run directly. That's four more than a year earlier. The median retailer has 10 shops, one more than a year earlier. Brands have an average of 25 and a median of 15 stores, while fashion retailers have an average of 17 stores and a median of 13. The average homewares retailer has 93 directly run stores while the median has 10.

Retailers and brands have an average of 8.5 shops that are operated on a franchise basis – although the median retailer doesn't have any. Retailers and brands also have an average of five concessions – again, the median retailer has none.

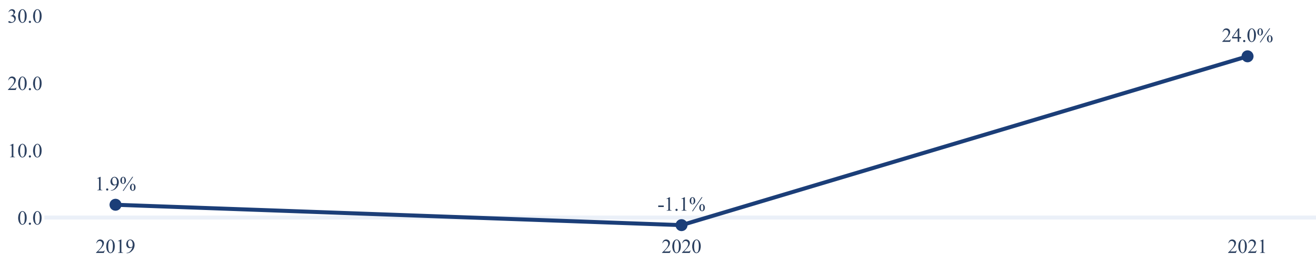
Figure 13. Annual revenue growth of publicly-traded companies (%)



This chart combines data from publicly traded corporations in the RetailX UK Top500

Source: Yahoo Finance

Figure 14. Annual profit growth of publicly-traded companies (%)



This chart combines data from publicly-traded corporations in the RetailX UK Top500

Source: Yahoo Finance

HOW EFFECTIVELY DO RETAILERS GROW THEIR PROFITS?

The graphics show the extent to which Top500 retailers as a group have boosted both their revenues and profitability over recent years (2019–21 because 2022 figures were not available at the time of going to press). The figures are taken from those Top500 retailers that are publicly listed companies and so report their figures regularly. However, the figures exclude retailers that were previously in the UK Top but which have gone into administration and ceased trading, so removing the poorest performers from the figures.

The figures suggest that listed Top500 retailers have collectively grown their revenues strongly over recent years. Revenue growth grew steadily at around 9% in both 2019 (+9.2% to £21.8bn) and 2020 (9.3% to £23.8bn) before the rate of growth almost doubled in 2021 (+18.2% to £28.1bn).

But while the Top500's revenues have grown quickly in recent years, profitability has been much more varied. In 2019, profits of Top500 listed grew by 1.9% on the previous year, but in 2020 – the first year of the Covid-19 pandemic, when retail restrictions kept shoppers at home for several months before putting social distancing in place in stores – they collectively declined by 1.1% – before growing quickly in 2021 (+24.9%).

This performance may suggest that retailers as a whole saw their revenues rise during the pandemic – a time when UK customers had little else to spend their money on. However, the cost of responding to changing customer behaviour – by implementing new business models such as expanded ecommerce shopping or socially distanced click-and-collect services – hit profitability in 2021.

Those costs mostly came in 2020, the figures suggest, allowing profitability to take off in 2021, a year in which UK customers again spent part of the year in lockdown and when Top500 retail revenues grew faster than in the first year of the pandemic.

LEADING RETAILERS IN THE CAPITAL VALUE CHAIN
AMAZON
ANN SUMMERS
ANTHROPOLOGIE
ASPINAL OF LONDON
AVON
B&Q
BOSE
CURRYS
CYBERPOWERPC
F.HINDS
GEMPORIA
HALFORDS
HOUSE OF FRASER
JACK & JONES
JOULES
L.K. BENNETT
LOVEHONEY
MICHAEL KORS
THE ORIGINAL FACTORY SHOP
SAINSBURY'S
SEASALT CORNWALL
TESCO
TESSUTI
VANS
WAREHOUSE

Elite and Leading retailers

The Elite and Leading retailers in this year's ninth RetailX Top500 reflect the sectors that have performed strongly in a year of cost-of-living issues in which shoppers have returned to stores, as well as the expertise built up over years of investment in ecommerce, multichannel retail and fulfilment

ELITE RETAILERS

Just five retailers feature in this year's Elite category of the Top500. All are multichannel retailers, many with in-house expertise in fulfilment that covers both stores and home delivery.

Amazon, listed for the ninth year, occupies its own category within the Top500. While it started out as a retailer buying and selling products made by other brands it has, over the years, also become a brand in its own right – developing and selling its own-brand devices. Additionally, it is now a marketplace where other sellers and brands can sell their products. Amazon takes charge of its strong performance in fulfilment by operating its own delivery fleet, adding third-party courier capacity through its logistics platform. It has also been building a store estate focused primarily on grocery in recent years.

Expertise in fulfilment is also an important factor for general merchandise retailer **Argos**, which is ranked Eilte for the eighth time in nine years of rankings. Its in-house delivery capacity is bolstered both by its own standalone stores and by a growing network of Argos digital format stores and collection points within parent company Sainsbury's supermarkets. These give shoppers a wide range of options.

JD Sports appears in the Elite category for the first time, having previously been ranked Leading since 2019. The sports fashion and footwear retailer spans the clothing and sports equipment categories, where performance has rebounded over the last year from pandemic-forced store closures, while the size of its store estate gives it more flexibility around fulfilment. JD Sports is the largest brand in a group that also includes a range of sports and outdoor brands.

The **Next** brand is the lead fascia for a group that fast sees itself becoming a retail platform, selling third-party brands alongside its own while also offering white label ecommerce and multichannel services to a growing group of third-party brands. This year, it returns to the Elite for a second time, having previously been listed in 2020. It has been ranked Leading six times in the last nine years.

Tesco retains its Elite status for the third consecutive year. The UK's largest supermarket has invested in multichannel retailing and ever-faster delivery – both via its own delivery fleet and third-party retailers – over years in which the sector became an essential retailer during the pandemic. More recently, it has seen spending rise due to inflation-driven food prices.

LEADING RETAILERS

The 20 retailers and brands of the Leading category sell products ranging from health and beauty to fashion and footwear, from equipment from outdoors adventures through to DIY and trade tools and from homewares to groceries. The group is dominated by multichannel retailers while the pureplays that feature are strong performers in niche markets.

From the health and beauty sector, **Boots** and **Holland & Barrett** are both listed, alongside beauty brand **L'Occitane** and pureplay **LookFantastic**.

There are three outdoors retailers – **Cotswold Outdoor**, **Ellis Brigham Mountain Sports** and **Go Outdoors**. Three footwear specialists, **Office**, **Schuh** and **Shoe Zone**; and two fashion retailers, **Marks & Spencer** and **Superdry**, appear to be benefiting from a strong recovery in markets which were previously constrained during the Covid-19 pandemic. M&S also sells homewares, a category in which **Dunelm** has a strong omnichannel presence. Strong specialist performers include technology and electricals business **Currys** and motoring-to-cycling retailer **Halfords**. Niche musical instrument pureplay **GuitarGuitar** outperforms its size.

Supermarkets **Asda** and **Sainsbury's** appear alongside DIY retailers **Toolstation** and **Screwfix**, having further developed an already strong omnichannel presence during the Covid-19 pandemic.

New to the Top500 in 2023

Here we list the 104 retailers that appear in the Top500 list this year but not last year. These are mostly companies that have been on our radar for a while and this year their Footprint indicators (web traffic, revenue, stores) earned them a place in the Top500. In a small number of cases, companies are listed this year that were not listed in 2022, either because they were previously in administration or following changes to our definition of a retailer (see page 49 for the parameters of our definition).

NEW TO THE TOP500 2023
ABEBOOKS
ABOLA
ALAMY
ALIEXPRESS
ALLBEAUTY
ALLEGRO
AMARA
ANGLING DIRECT
AUDIBLE
B & M STORE
BANG GOOD
BEATPORT
BLINDS2GO
BLIZZARD
BOOKDEPOSITORY.COM
BOX.CO.UK
BRANDALLEY
BT SHOP
BUNGIE
BUYAGIFT
CARPHONE WAREHOUSE
CASETIFY
CCL COMPUTERS
CROCUS
CULT BEAUTY
CYBERPOWERPC
DHGATE.COM
EBAY
EBUYER.COM
EPIC GAMES
EVERYTHING5POUNDS.COM
FARNELL ELEMENT14
FENWICK
FORCE 4
FREEMANS.COM
FUNKY PIDGEON
FUTON COMPANY
G2A.COM
GARMIN
GEARBEST
GEMPORIA
GLASSES DIRECT
GYMSHARK
HMV
HP
HUAWEI
HUMBLE BUNDLE
HUSH
I SAW IT FIRST
IHERB
JACQUIE LAWSON CARDS
KALEIDOSCOPE
LANDS' END
LENOVO
LIGHTINTHEBOX
LOVEHONEY
MANDM DIRECT
MANOMANO
MR PORTER
MYPROTEIN
NA-KD
NOTINO
OAK FURNITURE LAND
ONBUY
OPENSEA
THE OUTNET
PC SPECIALIST
PHOTOBOX
PLAYSTATION STORE
PRETTYLITTLETHING
PRIMARK
PRO-DIRECT
REDBUBBLE
LA REDOUTE
REVERB
RING
RSPCA SHOP (UK)
SCAN
SECRET SALES
SILKFRED
SONY
SPORTPURSUIT
SQUARE ENIX
SSENSE
STOVE AREUS
STUDIO (EXPRESS GIFTS)
TAOBAO
THOMANN
THOMPSON & MORGAN
TJC
TLC ELECTRICAL SUPPLIES
TREDZ
VANS
VESTIAIRE COLLECTIVE
VIKING
VISION EXPRESS
WAYFAIR
WIGGLE
THE WINE SOCIETY
WOOL WAREHOUSE
XBOX
ZAVVI
ZAZZLE
ZOOPLUS

Leading

Dunelm

©shutterstock

Dunelm: helping shoppers choose

Dunelm claims the market-leading position in the UK homewares market. Its shoppers opt to make more than a third of their purchases online, using its multichannel services.

The listed homewares retailer, which started life in 1979 as a modest market stall in Leicester selling curtains, has since grown to have 177 shops, mostly out-of-town superstores. In its latest financial results, for the 53 weeks to July 2 2022, it saw total sales grow to £1.6bn, 18.4% up on the previous year. Pre-tax profits of £209mn were 35% up on the previous year.

The retailer has invested heavily in multichannel services, a strategy that began before the Covid-19 pandemic but was further developed during trading restrictions. Some 35% of its sales for the year took place via digital channels, which include ordering online or in-store for collection or home delivery. Dunelm chief executive Nick Wilkinson says the retailer has emerged from the pandemic as a "bigger, better business" and one whose sales are more than a third higher than beforehand.

Visitors to the Dunelm website can search the site through search or navigate via primary categories such as furniture, bedding and storage. Visitors can filter by product type, colour and brand. Relevant product guides are flagged up to shoppers.

Shoppers can sign up to a newsletter on the Dunelm home page. They can also click through to social media channels Facebook – where Dunelm has more than 634k followers for content including product inspiration and videos, plus related discussions on topics such as cooking – Twitter, Pinterest, Instagram and YouTube.

Standard delivery to a UK address or to an Evri Parcel Shop normally costs £3.95 but is free when shoppers spend more than £49, while click and collect is offered for free and in as little as three hours. Customers have 28 days to return an item, which can be done in-store, or by dropping off an item at a collection point, or collected by a courier.

At the checkout, payment choices include Klarna, PayPal and Apple Pay.

Leading

Toolstation: fast mobile experience

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Toolstation puts mobility and speed at the heart of its customer experience. Its iOS app enables shoppers to find and buy products quickly, whether scanning a QR code to buy online or in-store, buying from the product listing page, or showing how many items are in stock at the local store, with directions for collection.

Toolstation, which started out 20 years ago in a converted petrol station in Bristol, is now part of the listed £5bn Travis Perkins builders merchant group, where it operates alongside specialist trade suppliers Keyline, BSS and CCF. In 2021, Toolstation turned over £761mn, 20% up on the previous year through a network of 530 branches in the UK and 123 in Europe. Adjusted operating profits grew by 175% to £22mn. UK operating profits grew by 75% to £42mn, from £24mn a year earlier, in a year in which demand was high for both DIY and trade products. Its latest figures show profitability was hit in a "challenging" year of inflation-driven rising costs. In the year to 31 December 2022, Toolstation revenues of £775m were 1.9% higher than the previous year, but it made an adjusted operating loss of £9m (-140.9%). The loss reflects its European operations. Its UK adjusted operating profit halved to £21m.

Visitors to the Toolstation website can choose to search a range of 25,000 items, or navigate to the product they want to buy, filtering by price, brand, height and other technical specifications to find the right item. From the product category page, visitors can check availability for delivery or collection and click straight through to buy using either option. Delivery is free on orders of more than £25.

On the product details page, website visitors can see a choice of images and product videos, alongside reviews and star ratings, technical specifications and expected delivery times. Star-rated recommendations for both complementary and more expensive items are available throughout.

At the checkout, shoppers can opt for payment methods including PayPal, PayPal Credit, Google Pay, Apple Pay and through a Toolstation trade account that offers a 5% discount. From the home page, visitors can sign up for Toolstation's newsletter and engage through six social media channels, Instagram, LinkedIn, Pinterest, Twitter, YouTube and Facebook. On Facebook, it has 147k followers for content including birthday celebration promotions and customer conversation videos.

Top50

YOURS
QUEEN OF CURVES

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Yours Clothing: engaging fashion shoppers

Plus size fashion retailer Yours Clothing stands out for the way it engages shoppers online, on its mobile app and across social media channels. The multichannel retailer is owned by AK Retail Holdings, which also owns brands including Long Tall Sally, and – as of this year – M&Co, which it bought out of administration.

Its website is easy to find in a search, with Yours Clothing appearing top in a search on its name that returned both paid-for and organic results. Its Facebook page and Trustpilot rating also appeared in the search, as did its brand on third-party retail sites and its stores on a map result.

Its website is easy to navigate, first through key categories and home page features and then through filters that include by style, by size and by offers and multibuy discounts. Products on sale and a range of discounts are also clearly flagged on the home page. Shoppers can opt to browse by their clothing and footwear sizes, a feature that helps speed up the journey through the site.

From the homepage, shoppers can click through to a blog and five social media sites, Facebook – where it has more than 512k followers – Pinterest, Instagram, Twitter and TikTok. Instagram images are shared in a gallery on its website. Visitors can localise their buying experience through a country selector that offers the choice of 12 local language and currency websites as well as a rest of the world site.

On the category page, clothing is shown in all colour options, and from a product page, shoppers can see styles illustrated through a range of images. The retailer has both iOS and Android mobile apps. Its iOS app – with separate versions available for iPad and iPhone – is also highly engaging. It enables shoppers to discover new styles, find styles through visual search and then swipe to like, while push notifications and wish lists also help shoppers to stay up-to-date. Customers don't need to register to buy, but signing in enables them to track orders and see when they will be delivered.

Delivery options include next-day delivery for orders placed by 10pm, as well as click and collect both from more than 100 UK branches of Yours Clothing, or more than 600 Asda stores.

Top100

CASS ART EST.1984

Cass Art: offering expert advice

©shutterstock

Art supplies retailer Cass Art promises expert advice, both via its website and in stores staffed by working artists. Cass was founded by Mark Cass, who remains its chief executive and hails from a family that has worked in the art industry for several generations. His great uncle, Paul Cassirer, was an art dealer in the 1920s who helped to promote the Impressionist movement in Europe.

Cass Art opened its first shop on London's Charing Cross Road, near the National Gallery, in 1984 and started selling online in 2013 before relaunching its website last year. It now has 14 shops, of which six are in London, operating under its long-running slogan: "Let's fill this town with artists".

The Cass Art website is easy to navigate, through primary categories that include brands, paint, draw, paper, canvas and studio before drilling down to specific items from watercolours and oils through to easels and canvas by the roll. Shoppers can filter their search by brand, type, price and series and choose their exact colour via a colour chart. Once they have found the right item, shoppers can add it to a wishlist.

The product page includes details from an overview down to key specifications, alongside information on delivery and returns, and the ability to share via social channels Facebook Pinterest and Twitter or by email. The retailer shares customers' opinions via both Google Reviews and Trustpilot from its website.

Delivery options include standard delivery in between three and five days, which is free for orders of £50 or more, while the cost of next-day delivery varies by order value. Unwanted items can be returned for up to 14 days from delivery.

Shoppers can sign up to the Cass Art newsletter from the home page, where they can also find its customer services number. They can also click through to five social media platforms – Facebook, Twitter, YouTube, Instagram and Twitter. Its largest following is on Instagram, where it has 57.1k followers for images that range from artworks to product inspiration. The retailer also posts a customer service number on its home page.

Payment options, also signposted on the home page, include PayPal, Google Pay, Apple Pay and buy-now-pay-later (BNPL) option Klarna.

Top100

MenKind

MenKind: helping find the right gift

©shutterstock

Gadget shop MenKind opened its first gift shop in 2002 with a mission of sourcing, developing and stocking gifts and novelty items that customers would really like to buy for themselves. Today, it is owned by Gift Universe, which has expanded in recent years through the acquisition of retail brands including Hawkins Bazaar and Prezzybox. In November 2022, the business became an employee-owned trust as founder Paul Kraftman approached retirement.

Today MenKind sells online and through 58 shops – a store estate that regularly expands to about 70 around Christmas.

Its website is focused on helping shoppers find the right gift – whether for someone else or for themselves. Visitors can use search or navigate the site through key categories from gifts to gadgets and gaming – and then explore the site through sub-navigation including who a gift is for through to product types and personalised items.

From the product page, items are shown through a choice of images, while shoppers can click through to product details, delivery information, payment options – which include PayPal and BNPL methods Klarna and Clearpay – and find out what others thought of an item through customer reviews and star ratings. Fulfilment options include free same-day collection and a range of delivery options that include standard tracked delivery in two to three working days at a cost of £3.99 and next-day delivery. Returns of unwanted items can be made for up to 30 days from the date of purchase, whether bought or collected in-store or online.

Shoppers can sign up to a newsletter from the home page and can also read its blog. From its home page, shoppers can click through to social media sites including Instagram, Facebook and YouTube. MenKind has 35k followers on Facebook for content that includes product inspiration, a store front – from which users can click through to the MenKind website to find out more and complete a transaction – and videos.

Top100

©shutterstock

The Works: speeding up shopping

Books to stationery discount retailer The Works aims to make multichannel shopping faster for time-poor customers, reducing friction at every stage of the shopping journey. Its website is quick to find and to navigate, enabling shoppers to add a product to the basket as soon as they find it, with recommendations offered at every stage, and to checkout via payment methods including PayPal and Apple Pay.

The Works started life in 1981 as discount bookshop Remainders, and launched its first website in 2011, listing on the London Stock Exchange in 2018. Today the multichannel retailer sells online and through more than 520 shops around the UK.

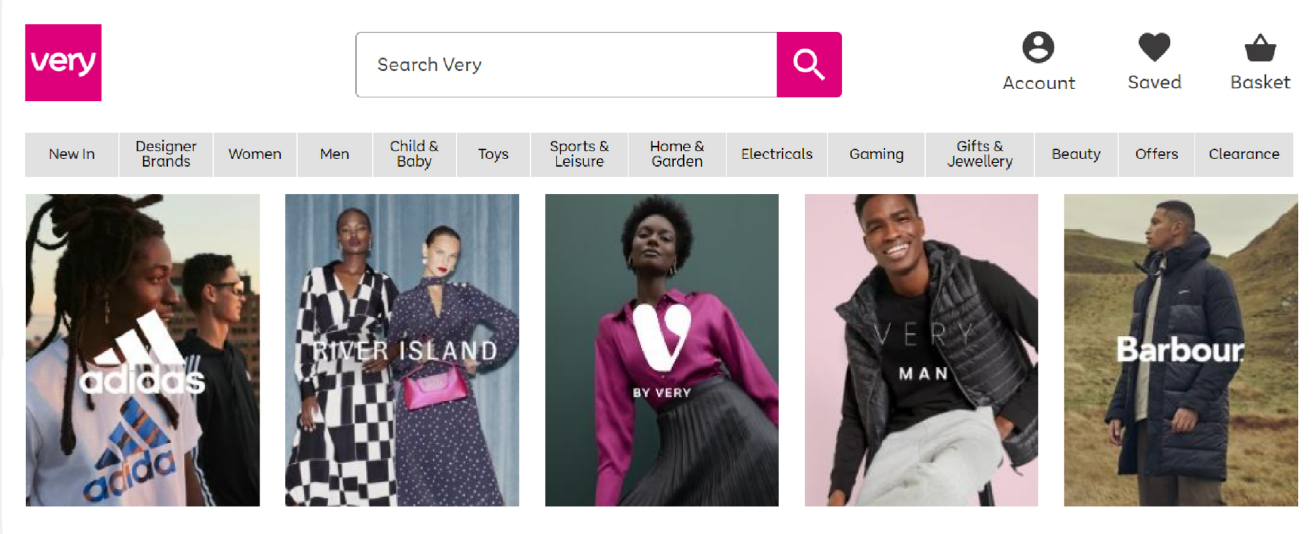
Under the leadership of chief executive Gavin Peck its 'better, not just bigger' strategy is focused on improving the quality of its stores and its range, while also serving time-poor customers with a flexible multichannel retail service. In its latest full-year results, to 1 May 2022, The Works reported revenues of £264.6mn, 46.5% up on the previous year, and a pre-tax profit of £10.2mn – up from a loss of £2.8mn a year earlier – as customers returned to its shops in the wake of Covid-19.

The retailer, which aims to inspire through reading, learning, creativity and play, operates a primary-colour website, where navigation is through key categories such as books, kids, arts and craft, toys and games. Visitors to the website can narrow down their searches using filters such as colours, brands, ratings and price – and can also hide out-of-stock products in order to speed up their shopping journey.

Customers can localise the website to buy in euros or in pounds since The Works sells in Ireland as well as the UK. Online orders can be delivered as quickly as next day when orders are placed by 11pm, or shoppers can collect from a store in a service that takes around three days in the UK and five days in Ireland. Shoppers get three-day standard delivery – which normally costs £3.99 – for free, or next-day delivery for £3, when they spend at least £25. They can also qualify for free collection from a store or parcel shop. Shoppers don't have to sign in to checkout, but those that do create an account can earn loyalty points or add items to a wishlist.

Top150

Very: using automation for speed and relevance



©very.co.uk

Online department store Very has invested heavily in automation in areas from its warehouse to the digital customer experience – enabling fast delivery, relevant recommendations and, in the Very app, chatbot-based customer service.

The privately owned Very Group reported flagship Very brand revenues of £1.8bn in its latest financial year, the 52 weeks to July 2 2022, down 4% on the previous year. Its retail sales came in at £1.4bn (-7.7%), compared with record pandemic sales. The wider Very Group reported group revenues of £2.1bn (-7.3%) over the same period, and pre-tax profits of £63.9bn (+2.2%). At the time, Very Group chief financial officer Ben Fletcher said its "robust performance" was "driven by ongoing structural growth in the Very brand, our integrated business model – and, of course, our amazing people" which "continues to prove resilient as we adapt to changing customer behaviour". The roots of the Very Group go back to mail order catalogues in the 1860s. The Very brand launched in 2009 to serve online shoppers.

The Very website is easy to navigate, whether through search or primary categories from designer brands and toys to electricals. Filters to narrow the choice include product, activity, colour, fit, price range, delivery speed and customer ratings.

Products are illustrated through zoomable images, while information includes delivery times, reviews and star ratings, plus a fit checker for clothing. Shoppers can save items for later, or share them via email, Google Plus, or social media channels. Recommendations include other items from the same brand, as well as 'people who bought this'. From the landing page, shoppers can download mobile or Android apps, or click through to Facebook, Instagram, Pinterest, Twitter and YouTube.

The retailer, whose fully automated Skygate warehouse opened in March 2020, offers one-day delivery as standard for orders placed by 10pm, Sunday to Friday, at a cost of £3.99. Premium delivery services include nominated day, direct from supplier and larger item services. Click and collect – from one of "thousands" of stores, including Post Offices and Yodel network collection points – costs £3, or is free for orders of £30 or more. Returns can be made for up to 28 days, through a Yodel or Post Office collection point, free of charge using a pre-paid label.

Top150

SWAROVSKI

Swarovski: inspiring and engaging with jewellery shoppers

©shutterstock

Jewellery and decorations brand Swarovski aims to inspire customers through the way it presents its cut-glass crystal products, both on its website and in its stores. The brand has recently redesigned its store concept, and it uses strong imagery on its website, supported by a range of advice and guidance options.

Live chat, a size guide, 'complete the look' and 'you may also like' recommendations are available online, while shoppers can get advice in person through in-store appointments, bookable online. It has more than 7mn followers on both Facebook and Instagram, as well as a presence on YouTube, TikTok, Pinterest and Twitter. The brand also engages with shoppers through the Swarovski Club, with 10% discounts for members.

The company was founded in 1895 by Daniel Swarovski and remains a family-owned business. Today, it sells in the UK both online and through more than 40 Swarovski stores and a range of third-party retailers, from jewellers to department stores.

In its latest financial results, for the year to 31 December 2021, Swarovski UK turned over £68.5m, down 3.1% from £70.7mn a year earlier, reflecting the impact of Covid-19. It reported a pre-tax profit of £4.9mn, up from £1.8mn a year earlier.

The Swarovski website is easy to find through a search on the brand name – results are topped by shopping results and its UK site, while the first page also includes store locations on a map, its social media presence on websites including Facebook and Instagram, and its products on third-party retail sites.

From the website, shoppers can change country and language, localising the experience to more than 30 markets.

Visitors navigate the site through search and key categories including jewellery, watches, accessories, decorations and gifts. They can also opt to search by material, colour or collection and read advice on how to look after their purchases. The brand promises carbon neutral shipping and returns, with free shipping when customers spend £60 or more, and free returns. They can also reserve or buy and collect an item from a store.

THANK YOU

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Expert insight

Navigating commerce in challenging times

James Barlow, VP sales UK at Akeneo, asks how brands and retailers can adapt quickly during times of equally rapid change

Navigating the choppy waters of today's retail landscape is no easy feat. With supply chain disruptions, ever-shifting pandemic restrictions, new technologies developing at break-neck speed and the rising cost of, well, everything, the way most people live their lives and spend their money has completely shifted. With customers limiting their spending, yet still looking for new channels of discovery and purchasing, what are the new customer behaviours and how can brands and retailers adapt to them?

With lockdowns and social distancing measures in place, many customers turned to online shopping as a more convenient, and often more cost-effective, method. Almost a quarter of all retail sales this past year happened online and this is only expected to grow as new technologies offer never-before-seen digital and hybrid shopping experiences. This means your consumer audience pool is larger than ever, with geographical boundaries becoming less important as retailers open up their virtual doors to the world. Additionally, as the cost-of-living crisis squeezes wallets around the globe, customers are prioritising value for money over brand loyalty. Offering additional value to your products such as free shipping, easy returns and extensive customer support enables your organisation to provide a more enhanced customer experience.

Both these trends signal one very important message to brands and retailers: your customers need a transparent, omnichannel shopping experience. Shoppers want to feel that they can trust an organisation and its products in order to make a purchase, yet this trust cannot be built if they are struggling to read or even find product descriptions, understand product data or view product assets.

When a customer knows they're going to get the same experience regardless of where they encounter a brand or its products, this can serve as a foundation for loyalty. And in such a tumultuous time, customers are looking for brands they can rely on. By focussing on proper management and communication of your product information, your organisation will be able to embrace the omnichannel nature of shoppers and meet them where they are, all while ensuring you're providing the most value for their money as possible.

Think about it like trying to sail a boat. It doesn't matter how many oars you have, how strong your sails are, how detailed your map is or how much experience you have navigating choppy waters. If your boat has holes in it, you'll never make it past the dock.

Your product information is your boat. You can spend as much time as you'd like iterating and reiterating on your customer experience, but if you don't address the gaps in your product information – the holes in your boat – you've got yourself a sinking ship that's slowing you down instead of keeping you afloat.

By creating a strong foundation, you're enabling your organisation to create exceptional, consistent experiences across every channel that foster customer loyalty. That means navigating the current turbulent waves of the retail industry, and those to come, with a fully patched boat. Bon voyage.

Expert insight

Talking to customers

Anup Khera, VP and GM of international at Attentive, considers how retailers and brands can best engage with online shoppers during challenging times

Winning customers' attention is top of the CMO agenda in a cost-of-living adjustment. While shoppers are cutting back on spending as the cost of everyday essentials rises, there are still some retailers and brands they wouldn't be without. Being among these requires a level of trust that only comes from retailers properly understanding their customers and knowing how they want to buy. When shoppers have less to spend, they want that spending to make a bigger difference to their lives.

That's why offering an omnichannel experience that works for customers and being able to adapt to their evolving shopping habits are critical. Post-pandemic, shoppers are often on the move as they return to the office and opt to shop at stores. With them goes one constant channel where the most trusted retailers and brands can reach them immediately: the smartphone. It's the device that most online shoppers now use to browse and buy because they want to do so at speed, finding value and convenience as they do so.

STAYING AHEAD OF MOBILE ADOPTION

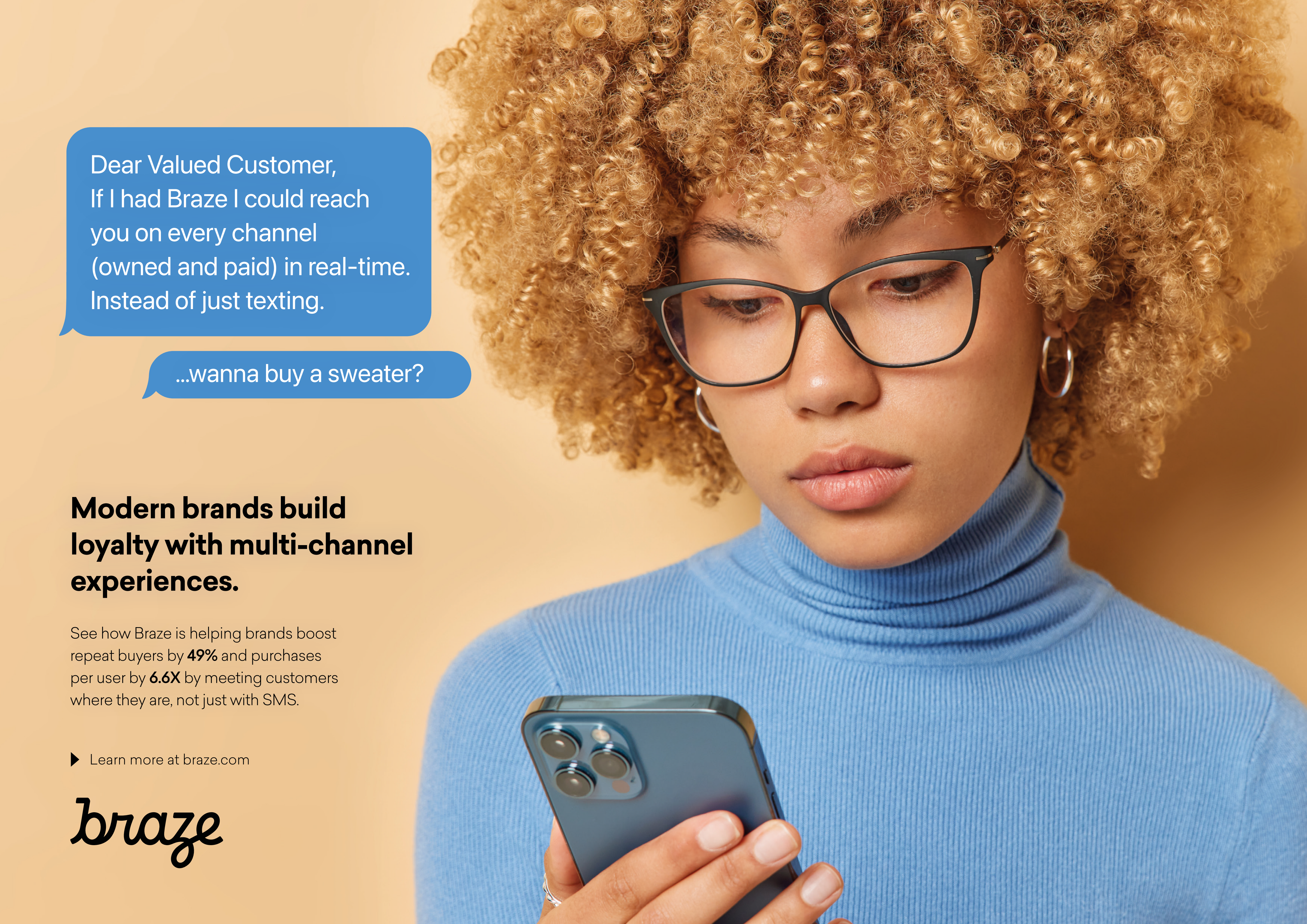
While most retailers have seen this shift toward mobile commerce for themselves, not all have been as successful as they could be in harnessing the power of this trusted device to reach their customers quickly. Those that have, however, are delivering important information to opted-in shoppers.

They're telling them the product they looked at is back in stock, or alerting them to the last order deadline for a date that matters to them – from Valentine's Day to Easter – or they're letting them know the location of their nearest shop. They're doing that via SMS and they're doing that through two-way conversations. This is no longer a one-way channel, but a way that shoppers can ask questions, let retailers know their preferences and so build the kind of relationships that customers want to be able to rely on. In return, retailers are getting back promotions, stock alerts and the kind of information that the most enthusiastic customers really want.

At Attentive, our research tells us that 90% of UK customers are already subscribed or interested in subscribing to brand text messages. Early movers will be the first to gain that valuable place in their customer's inbox – and the better they know the customer, the more personalised the experience will be. US retailers are taking the early strides in this direction now and as with many previous technology innovations, their counterparts in the UK and Europe are likely to follow fast on their heels.

THE IMPORTANCE OF DATA FOR TWO-WAY SHOPPING EXPERIENCES

Getting to know a customer's preferences and responding to them in a relevant manner is all about the data. The more information retailers gather around a wide range of attributes, the more personalised – indeed, the more one-to-one – the customer experience will be. That's what customers who are now used to talking to their favourite brands on social media have come to expect. Gone are the days where brands could afford to broadcast one-way messages to their consumers by email or direct mail. The brands that are evolving the way they think about customer relationships are doing so as they respond to what their customers really want. And that's making a real difference to where they stand. Increasingly, that's in their mobile inboxes.


Dear Valued Customer,
If I had Braze I could reach you on every channel (owned and paid) in real-time. Instead of just texting.
...wanna buy a sweater?
Modern brands build loyalty with multi-channel experiences.
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Expert insight

Humanising your brand

Magith Noohukhan, head evangelist at Braze, on the need to personally engage consumers wherever they are

As consumer buying habits adapt to a post-pandemic reality, we're seeing a fundamental shift in retail as brands attempt to keep up. Although consumers have now returned to in-person shopping, they are still buying online much more frequently than they did during the pandemic. So what does this mean for leading retailers, brands and marketplaces?
A flexible cross-channel approach is needed to engage consumers whenever and wherever they choose to shop. Winning hearts and minds as consumers cut back will be more critical than ever in an increasingly competitive market.

USING PERSONALISATION TO WIN CUSTOMERS

For CMOs, the priority is delivering customer-centric campaigns that drive engagement. With consumers spending less, retailers should avoid a batch-and-blast marketing approach and opt for more proactive strategies based on buying behaviour. Brands should develop campaigns based on consumer wants, needs and habits in order to foster human connections that could boost conversions by up to 27.5%.

THE PROVEN BENEFITS OF CROSS-CHANNEL

One of the key lessons for brands is the increasing reliance on cross-channel models. Research from Braze shows that users who only received single-channel campaigns saw a 179% increase in engagement rates, compared to those who received cross-channel campaigns and experienced a whopping 642% increase. Users who received cross-channel messaging from brands saw engagement rates as much as 844% higher than individuals who were sent no marketing messages at all.

OVERCOMING KEY CHALLENGES

With Braze, brands can harness real-time data to provide customers with relevant, meaningful experiences to build a more human connection that puts consumers at the heart of your brand. Addressing the demise of Google's third-party cookies means investment in zero-party and first-party data strategies to gain a better understanding of consumer needs. By developing a data goldmine that collects information including demographics and purchasing history, brands can benefit from data-driven marketing strategies that always centre the consumer.

THE FUTURE OF CROSS-CHANNEL RETAILING

In order to future-proof marketing campaigns in an evolving retail landscape, brands should invest in regular experimentation and testing to serve consumers relevant messaging about products they actually want. This could be something as simple as re-evaluating retargeting and cart abandonment emails. Braze worked with a leading fitness brand to reduce membership churn and re-engage with former members with rejoin offers during the lucrative New Year period. Reaching a wide range of former members – from people who'd placed a gym membership in an online shopping basket but didn't complete the purchase, to people who paid visits to gyms but let their memberships lapse – required a comprehensive cross-channel campaign. As a result of their strategy with Braze, the brand increased email open rates by 69%, with people who received retargeting emails showing a 206% higher conversion rate, as compared to emails sent to all users.

At Braze, we power customer-centric interactions between consumers and brands while driving growth with our data-driven cross-channel solution. Partnering with Braze means customers can start anywhere and go everywhere with our flexible, cross-channel technology.

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Braze is a leading comprehensive customer engagement platform that powers interactions between consumers and brands they love. With Braze, global brands can ingest and process customer data in real-time, orchestrate and optimise contextually relevant, cross-channel marketing campaigns and continuously evolve their customer engagement strategies.
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Expert insight

Understanding the future of retail's digital transformation

Rob Watson, senior digital commerce advisor at Columbus Global, says it's vitally important for retailers to react quickly when challenges emerge

Today, retailers face more challenges than ever before. Most recently, economic pressures from inflation, supply chain disruptions and a global energy crisis have placed constraints on retail operations. Being able to identify these challenges and react quickly to reduce their impact is crucial for retail success at a time when competition is tougher than ever.

The major challenges facing retailers are:

- Fast deliveries and seamless click-and-collect services
- Mastering the customer journey online
- Maximising the value of physical stores and merchandising
- A 360-degree view and knowledge of customers
- Aligning brands with value-driven consumers
- Making the most of after-sales

Despite ongoing uncertainty, there are still several opportunities for retailers. By adopting the latest technologies, retailers can become more resilient to market pressures and better adapt to rapid change. A recent report by McKinsey, *Preparing for a European recession: A CEO's guide*, summed it up well: "Resilient organisations bounce back better than before and go on to thrive in a hostile environment. They play defence well, and they also go on offense."

Having an intelligent, 360-degree customer view with a flexible business model is vital to providing retailers with a competitive advantage. These are especially important as consumer trends and behaviour continue to evolve, with consumers increasingly conscious of what they're buying, why they're buying and who they're buying from.

To successfully achieve transformation in the retail industry, the value of working with a digital business consultancy cannot be understated. They can help you align retail industry best practices with the goals of your company to drive transformation initiatives. At a time of economic uncertainty, a consultancy also provides flexible resource when retailers need to align value creation with cost.

A good partner will be able provide a view over the horizon of upcoming challenges and help you discover how digital technology can unlock opportunities to create new business value. They will also help find ways to release value early and incrementally.

Looking forward, AI is emerging into the mainstream through DALL-E 2 image generation and ChatGPT text generation. While the scope of opportunities opened up by generative AI technology is yet to be understood in the retail industry, predictive AI offers immediately accessible benefits. It's expected to have a transformative effect on retail over the next decade.

Retailers are finding considerable success by moving beyond the concept of omnichannel to an even more integrated approach called **unified commerce**. This offers customers a seamless and relevant purchase journey regardless of channel, driven by consolidated real-time customer data that's actionable across channels. It means that every part of the retail process, whether customer-facing or back-office related, has the customer at heart.

Technological innovations, customer expectations and economic uncertainty mean the retail industry will continue to rapidly evolve. Those organisations that invest in technology and can create robust operating models will emerge as the strongest.

Expert insight

The evolution of search

Rachel Tonner, VP of marketing at Klevu, considers how search is making it easier for shoppers to find the products they want to buy

Do you remember Ask Jeeves? Way back in 1996, the search engine encouraged users to phrase their queries in the form of a question. The concept was years ahead of its time. Now, with the explosion of ChatGPT, conversational searching using natural language is quickly becoming the norm.

According to Google, searches for **"best affordable"** have grown 60% globally year-on-year. With inflationary and supply chain pressures creating cautious mindsets around spending, consumers are shopping less often but being more thoughtful about it. They have realised they must be more specific in how they search in order to narrow down the vast number of options. Businesses that want to stay ahead have to understand the impact of search and discovery impact on conversion, as well as how the right tools can help them improve it.

DON'T LOSE REVENUE OVER DEAD-END SEARCHES

Shoppers will abandon the website if they are faced with a dead end like a zero results page. Instead of trying a new search, shoppers think that a retailer can't meet their needs, or that the item they want simply isn't there. Yet often it is, but isn't surfacing.

Ecommerce search was a challenge for Puma, which knew it needed to optimise search across its multilingual ecommerce portfolio to avoid 'zero results'. Puma integrated Klevu's search and merchandising software and realised huge benefits in multiple global markets, including a 52% increase in search-led conversion and 60% D2C growth.

Consider these terms: **"womens dress under $100" or "top rated women's tops on sale"**. Klevu can understand that **"best rated"** involves product reviews, that **"on sale"** refers to a reduced price and **"under $100"** is a price filter. Cool, huh?

MAKE YOUR SEARCH LOOK SENSATIONAL

Since people using a retailer's on-site search are four to six times more likely to convert than those who don't, exposing the search bar in your main navigation to encourage its use makes sense. Brands that use Klevu have seen a 44% increase in orders from mobile search when doing so.

Explaining to your shoppers how they can search using complex descriptions also helps. Paul Smith, for example, has told customers they can search for anything and highlights suggestions for popular searches including price ranges.

KEEP PRODUCT RECOMMENDATIONS FRESH

Merchandisers can waste hours over-merchandising their stores only to realise that shoppers are digging for products using search, filters or re-ordering. Artificial Intelligence (AI) can help retailers create almost effortless customer-centric product discovery experiences that constantly refresh with trends and shopper behaviour. As a result, visitors are inspired and can find products, leading to higher conversion.

We've come a long way since Ask Jeeves but what's clear is that retailers can boost their revenue by letting people easily find products. First, they should optimise their on-site search experience to encourage its use. Next, ensure that the on-site search engine shows relevant results whatever the query. Then, use search, browsing and purchase data to influence dynamic filters on product listings. It sounds complicated and it is. But it's easy with the right tools.

About our research

Across different reports, RetailX research focuses on the numbers that matter – and on what these numbers mean for those working in the retail sector

In 2023, RetailX will continue its research into the ecommerce and multichannel retail sector. As ever, one of our key starting points will be customer behaviour. Which channels do shoppers now favour? How are shopping patterns changing? What are customers' expectations of different kinds of retailers? We will also look in detail at how retailers are responding to ever-changing customer behaviour – and, more than this, at how leading retailers don't just meet customer expectations but consistently exceed them.

RETAILER PERFORMANCE

We published the first UK Top500 Footprint Report back in 2014. In every subsequent year, we have researched the UK retail sector. Over this time, we have charted huge shifts in the UK retail sector. Think, for example, of how department stores have had to reinvent themselves in order to survive. Or the way the catalogue-shopping desktop model of ecommerce, once dominant, is now only one of many digital channels. Or how much we learnt during the pandemic about how quickly retailers can recalibrate what they do.

Since 2014, we have expanded our coverage of retailers in different markets. This year, we will again publish the RetailX Europe Top1000 report, which focuses on leading retailers in the EU and EEA plus the UK and Switzerland. We will also publish our second annual Global Elite1000 report.

The RetailX UK Growth 2000 Report lists and analyses the 2,000 retailers that follow on from the Top500 in the UK, while the RetailX Europe Growth 3000 follows a similar approach to Europe's emerging retailers and brands. Listed in both are specialist retailers and brands, experts in their sectors of the market, and growing retailers that may well be listed one day in the UK Top500 and Europe Top1000 rankings. The DeliveryX UK Top500 Report and DeliveryX Europe Top1000 Report each looks at how retailers perform within logistics, in particular the business off getting goods into the hands of customers.

Changing focus, the RetailX Brand Index lists and sets in context the leading 500 direct-to-consumer brands serving European customers. We will also be looking in depth at Europe's marketplaces. This is important because the performance of retailers can only be meaningfully assessed in the context of consumers also buying direct and, in particular, via marketplaces. To offer some numbers here: Amazon has 407mn visits per month from the UK while eBay has 298mn.

Finally, we plan to publish reports looking in more detail at the leading retailers in territories such as Spain, Germany and the Nordics.

REGIONAL FOCUS

In addition to focusing on retailers, RetailX also researches different markets. This is analysis reflected in two of our flagship titles: the RetailX Europe Ecommerce Region Report and the RetailX Global Ecommerce Report. The Europe report offers a comprehensive picture of what is happening in the most developed ecommerce region in the world.

In the Global report, we look across different regions. This report is often especially revealing and valuable because, while digital commerce develops differently across different continents, new techniques and approaches that arise in one part of the world are there to be used by retailers elsewhere. Think, for example, of how live-streaming, initially heavily associated with the Chinese market, rapidly became an international phenomenon, or of how Africa, because of its lack of a fixed infrastructure, taught the world about mobile-first digital commerce.

Building out from these titles, we also look in more depth at key markets across the world, whether that be looking at the Benelux region or the Nordics, or at specific countries such as the UK, Germany, France, Italy, the USA and South Korea. These reports are primarily written for those operating in these markets and looking to expand or for those looking to launch in specific regions.

SECTORS AND KEY ISSUES

Another key component of the work of RetailX is in focusing on specific sectors. To look at that another way, what does the luxury sector have to teach the rest of the retail world? Or the sports goods sector? Or the homeware sector? Especially over the first part of the year, we look in depth at a variety of sectors.

This year's reports will include analysis of the travel sector, which has long been innovative in its use of digital commerce and marketing. Plus we will also be looking at the proliferating number of subscription-based offerings, a world of weekly veg boxes, beer clubs, shaving as a service and, from a very different angle, the way Amazon has folded free delivery and a video-on-demand service into its Prime service.

Sustainability will continue to be a recurring theme in a series of reports over the year. We are also launching our inaugural report on the Metaverse – has it been over-hyped or is this a vital new channel? RetailX will also be researching reports on behalf of ChannelX, the leading resource for businesses and business people who trade on online marketplaces.

PODCASTS

Because of the speed at which digital retail changes, there are inevitably times when we want to revisit themes we have already written about. Look out for our podcasts over the forthcoming year.

CUSTOM RESEARCH

In addition to our published reports, our six-year research archive, billions of datapoint and individual metrics can be mined and analysed for your specific requirements.

Custom reports: We can analyse by region, sub-region, sector, metric, time-periods; create custom comparisons or analyse in greater depth than print or general interest allow. If you have particular requirements for data access and analysis, please contact us to discuss your needs.

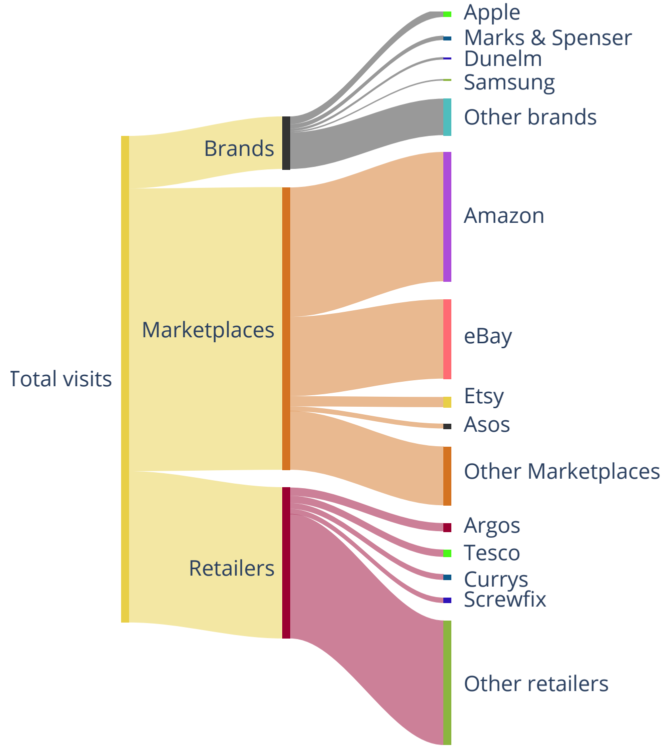
Custom research: Should you require additional or deeper research into any area within multichannel retail or direct-to-consumer digital commerce, please let us know your requirements and we will be happy to advise and quote

Board presentations: If you would like to discuss with us our findings, arrange a board presentation or would value face to face analysis from our leadership team, Martin Shaw and Ian Jindal are available. Please contact us with enquiries.

Email: help@retailx.net

Figure 15. The split of British web traffic, by business type

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



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

Source: SimilarWeb

Methodology

Footprint

Inclusion in RetailX Ranking Reports is based on the size, or 'Footprint', of retailers: their impact in terms of search volume, visits, stores, social reach and turnover. This report includes the largest 500 retailers in the UK. Assessment is based on their retail operations within the UK. We take into account retail revenues, both online and offline, the number of stores, the volume of web traffic, and the popularity and use of apps to give each retailer a Footprint value.

Value chains

Our rankings are based on performance – the services that retailers offer the consumer – and how that performance is rewarded via revenues, profile and profit. Four value chains drive this performance:

The Customer Value Chain: optimising the value of customers, measured by profit per customer.
The Product Value Chain: optimising the value derived from products sold, measured by net margin.
The Operations Value Chain: the ability to function at scale, repeatedly and profitably, measured by profit per order.
The Capital Value Chain: the ability to source, harness and grow human, financial and intellectual capital, measured by return on capital employed (ROCE).

Performance is optimised when we extract the maximum profit per customer from the greatest customer base, selling products for the highest margin, at the lowest cost to serve.

The retailers named Leading in each Value Chain demonstrate best practice.

KPIs

Each Value Chain is assessed across nine KPIs, with RetailX metrics assigned as indicators against each of 36 combinations of Value Chain and KPI. For the purposes of our report we focus on the following KPIs in assessing the operations in each Value Chain:

Access: how to access the market, customers, products and capital.
Volume: how to get more of everything. More customers, traffic, product, capital and capacity.
Margin: how to increase the margin on interactions.
Conserve: how to eliminate margin-destroying waste.
Share: increasing share of attention, customers, products and wallets.
Choice: how to make the best use of scarce resources when buying, marketing, and running operations.

We also look at how organisations can flex, adapt and improve **the business operating model**: (optimising process flows and capabilities), **change and innovation practice** and **capital access, performance and creation.**

Research parameters

The several hundred performance metrics we track are assigned, along with a relative weight, to one or more value chain KPI combinations, where they serve as ranking signals of retailers' performance. Occasionally, metrics are negative against one KPI and positive against another in the same value chain:

Corporate: revenue, profitability, EBITDA, share price, market capitalisation, number of employees, ownership of the company.
Customer service: speed and helpfulness of responsiveness to simple questions; access channels.
Checkout friction: speed and simplicity of signin/sign-up and payment, number of interactions from add to basket to completed sale.
Finding the store: number and spread of stores, stock visibility on website, ratings and reviews.
Finding the website: number of visitors, duration of time on-site and bounce rate, search visibility, Google Lighthouse assessments, ratings and reviews.
Fulfilment: flexibility, reliability, and speed of delivery and collection
Localisation: language, currency, customer service, seasonality/sales cycles.
Mobile app: availability, popularity and usage, usability and functions.
Returns: clarity and visibility of policy and its length and terms, convenience and cost to the customer.
Social media: presence, availability, the nature of interaction.
Sustainability: independent standards signed up to, commitments and verified compliance, transparency of product supply chains (social and environmental impact), and support for mending/repair/recycling of products sold.
Website usability: intuitiveness of navigation and product selection, Google Lighthouse assessments.

Ranking

The final ranking of the list combines both Footprint with the Value Chain results of all retailers in the list to produce a ranking where retailers are listed alphabetically within performance clusters.

What constitutes a retailer?

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

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

	Companies excluded from the Top500
Marketplaces	Where a candidate retailer is simply a marketplace, the company is not featured. Where a marketplace undertakes customer acquisition, manages payment, customises offers and recommendations and offers recourse on purchases, then the company will be eligible for inclusion.
Pure transaction /tariffs	Where ecommerce is ancillary to the primary purpose of a business, we will not necessarily include them. Online payment for gas or electricity is excluded since the purpose here is to supply energy. Travel companies are not included in the Top1000. We have also excluded media-streaming services.
Business-to-business (B2B) and direct-selling brands	While the scope of retail is normally direct to the consumer, two trends are challenging this: the move for brands and previously solely B2B businesses to sell direct to consumers; and the increasingly retail-like behaviour of B2B brands, in terms of acquisition, promotion, personalisation and service. We have therefore included certain B2B businesses and direct-selling brands.

Conclusion

Throughout the pages of the RetailX UK Top500 2023 we've seen how retailers, brands and marketplaces have continued to respond to the changing ways in which shoppers want to buy. Businesses are doing this at a time when Russia's invasion of Ukraine has compounded cost-of-living issues that were already building before that war started.

At the same time, shoppers are returning to stores, leading to adjustments of capabilities that were scaled to meet the online peaks of the pandemic. As shoppers return in-store, retail businesses are reinforcing omnichannel systems that fully bring digital into their stores – and the store experience onto their websites.

The RetailX UK Top500 will return in 2024 to show how traders have developed their digital and multichannel models over the year. If you have suggestions of new metrics that our research should be tracking over the coming months, or want to suggest new retailers – of any size – that we should track then do get in touch at research@retailx.net.

As always, our graphics are free to share under the Creative Commons licence detailed on this page and we encourage you to do so.

Chloe Rigby, Editor

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