

# THE UK'S TOP 30 GROWTH RETAILERS 2019

How innovation,  
data and digital  
are helping  
retailers win



# AT A GLANCE

**F**arfetch tops Retail Week's annual list of the UK's top 30 growth retailers for the third year in a row in 2019, suggesting it is a business doing many things right in this new age of retail.

First and foremost, the business is an online fashion platform, but it has a vested interest in physical retail through its luxury multi-brand retailer Browns and the technological services it develops and supplies to third-party brands to aid their digital and store strategies.

Additionally, Farfetch seemingly understands when to collaborate with companies and when to go it alone, working with JD.com to take its proposition to China while focusing on developing its own infrastructure to help partner brands in other territories.

Farfetch is also taking a proactive stance on sustainability and the environment through its 'Positively Cleaner, Conscious, Circular and Changing' commitments.

Not all retailers have a chief data officer or head of innovation, but Farfetch sees the need for both roles. This demonstrates a willingness to take control of the key aspects associated with modern retailing.

Others in this year's top 30 share similar business priorities to Farfetch. This shows that retailers dare not stand still for fear of another organisation taking their place and, crucially, their customers.

This year's top 10 is dominated by digital-first businesses that – in many cases – do not have stores or showrooms.

Footasylum can count itself as the only traditional, store-first retailer in the top 10, while the others at the top of the table include digitally led operations such as Boohoo, Missguided and Amazon.

The retailers in the top 30 that do have stores, such as Flying Tiger Copenhagen and Joules, have innovative stories to share about how they are getting the most from their bricks and mortar – and, more importantly, merging bricks with clicks.

## Under the skin of good retail

Based on exclusive data from Retail Week's in-house intelligence service Prospect, which details the top 30 retailers in the UK by year-on-year group revenue, this report gets under the skin of the retailers performing well in what continues to be a turbulent market.

It examines how they have digitally transformed to create tech-driven customer experiences, which have subsequently helped propel their businesses forward.

Over the next four chapters, we explore how some of the leading retailers are unlocking the power of customer data to maximum effect and using digital to drive a better store performance, as well as assessing acquisitions and innovation strategies.

This report also includes exclusive insight from senior representatives at companies listed in the top 30, offering a glimpse into what is driving the success of some of the highest-growth retailers in the UK.

## METHODOLOGY

This year's ranking is based on retailers that have the fastest-growing group sales over the past three full financial years, to year-end 2018.

In previous years, businesses had to be privately owned and registered in the UK to be considered. However, this year Retail Week has extended the criteria to include publicly listed companies, to provide a more comprehensive view of the market.

In addition to this, the retailers must have had sales of at least £25m in their latest available accounts and have reported three years of consecutive sales growth.

Our calculations are based on the information available as of May 2019.

## RWRC CONNECT: THE UK'S TOP 30 GROWTH RETAILERS 2019

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# THE TOP 30 GROWTH RETAILERS

By year-on-year group revenue growth

	RETAILER	FY 2016 %	FY 2017 %	FY 2018 %	AVERAGE %
1	Farfetch	64.7	61.7	75.9	67.4
2	Boohoo	39.7	50.8	96.8	62.4
3	Green Man Gaming	81.3	25.8	27.8	45
4	Matchesfashion.com	27.4	60.6	43.7	43.9
5	The Hut Group	34.5	50.3	46.7	43.8
6	Made.com	44	47.8	39.6	43.8
7	Childرسالون	51.6	42.6	29.3	41.2
8	Missguided	34.4	75.6	4.9	38.3
9	Footasylum	41.5	33.1	32.5	35.7
10	Amazon	20.2	27.1	37.2	28.2
11	Asos	25.6	33.1	25.7	28.1
12	JD Sports	19.7	30.6	32.9	27.7
13	Flying Tiger Copenhagen	44.9	19.7	17.7	27.4
14	Zalando	33.6	23	23.4	26.7
15	Quiz	13.1	29.5	30	24.2
16	Loaf	21.7	28.3	19.8	23.3
17	FeelUnique	17.7	18.3	33.7	23.2
18	B&M	23.6	19.4	24.6	22.5
19	Yours Clothing	35.1	9.8	22.3	22.4
20	Superdry	22.8	27.4	16	22.1
21	Majestic Wine	41.3	15.8	2.3	19.8
22	AO.com	25.7	17	13.6	18.8
23	Yoox Net-a-Porter	30.9	12.4	11.8	18.4
24	Mint Velvet	29	7.4	15.5	17.3
25	Joules	12.8	19.6	18.4	16.9
26	Sweaty Betty	15.2	13.8	20.6	16.5
27	The Range	19.3	13.3	13.8	15.5
28	Ted Baker	17.7	16.4	11.4	15.2
29	Dreams	16.7	19.3	7.7	14.6
30	Moonpig	20.2	17	5.8	14.3

# PARTNER VIEWPOINT



**MARTIJN BERTISEN**  
UK SALES DIRECTOR, GOOGLE

**T**he world is undergoing a digital transformation, offering enormous opportunities for growth, innovation and jobs.

The impact of digital as a force for growth is evident in this ranking of Top 30 Growth Retailers. There is a clear trend that those accelerating fastest are digital natives that are disrupting the landscape, and the four growth drivers explored in this report – unlocking the power of customer data, digital driving store performance, consolidation of the market and future-proofing through innovation – delve into the details of how digital is fuelling their successes.

But, as the table demonstrates, there are a number of more traditional retailers holding their own in this digital age. This report highlights how the likes of Majestic Wine took bold acquisition steps in order to become the retailer it wanted to be, and Zalando and The Hut Group invested in technology firms to enhance their platforms.

And if there is one key message to take away it's that innovating requires both a willingness for internal renovation and an openness to external inspiration – whether that's through mergers, technology partnerships or sharing best practice.

## Tech opportunities for all

At Google, we are passionate about building products and services that work for everyone, whether they're a retail start-up or long-standing players on the high street

looking to drive innovation in the heart of their organisations. We are committed to ensuring people have access to training to develop their digital skills.

For the start-ups, Google Campuses – currently in London, Tel Aviv, Madrid, Seoul, Warsaw and São Paulo – offer spaces for entrepreneurs to learn, connect and build companies that will help change the world.

For all retailers, Google offers some useful tools to make sure you stand out when consumers are looking for you both online and offline.

Google My Business makes it easy to create and update your business profile when people are searching for your business on Google Search or Maps, so you can stand out and bring customers in.

For most retailers, their website is now their 'flagship' store, so you'd better make sure it is fast and easy to use. Grow My Store can boost your business with a quick and easy evaluation of your retail website.

Grow with Google provides free training courses, tools and in-person coaching to help people get the right skills to find a job, advance their career or grow their business. Training is based on individual needs, and digital knowledge is delivered in a rich and interesting way through bite-sized videos, with the help of everyday experts: real-life business owners.

These are all part of Google's commitment to help everyone benefit from the opportunities created by new technology.



Those accelerating fastest are digital natives who are disrupting the landscape



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**Digital Garage:** [learndigital.withgoogle.com/digitalgarage](https://learndigital.withgoogle.com/digitalgarage)

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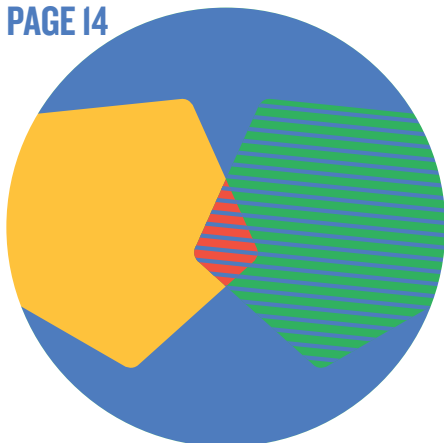
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**CHAPTER I**

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**UNLOCKING  
THE POWER OF  
CUSTOMER DATA**

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- >> Top growth retailers are using customer data effectively
- >> Understanding consumer behaviour prompts personalisation
- >> Retailers sharing key data with brands benefits all parties

**N**ew hires at Farfetch in 2019 underline the importance this year's number-one growth retailer attaches to data – but, crucially, it has not lost focus of traditional retailing as a result. This year, the company appointed its first chief data officer, Kshitij Kumar, and announced its inaugural chief brand officer by adding the role to Browns chief executive Holli Rogers' job portfolio.

Chief executive and founder José Neves says these roles are evidence of the direction of travel at Farfetch: “They reflect the importance of our strategic priority to build our brand, blending both the art of building a fashion brand and the science involved in building world-class, data-driven, demand-generation capabilities.”

This year's list shows the top UK retailers are using customer data to maximum effect. Boohoo (which came second), Matchesfashion.com (fourth) and Made.com (sixth) are among the businesses successfully using data to fuel business decisions and tweak the customer experience.

At Boohoo, customer analytics plays a key role and the company says it uses data to “get inside customers' minds” and personalise the online fashion experience, while Made.com makes website recommendations based on a shopper's personal browsing and buying history. The furniture retailer also uses data to measure the impact that visits

to its showrooms – located in key European cities – have on online purchases.

But a commonality between the top 30 growth retailers, in a world where many organisations claim to be drowning in data and lacking in insight, is that they are using customer information to make positive changes in incremental ways.

FeelUnique (17th) has adopted some very functional methods of using what it knows about customer behaviour to tweak its proposition and provide a more personalised service in its email communications.

Chief operating officer Jim Buckle says there are three key ways to use data in an organisation such as his.

One is using data and related tracking tools to understand consumer behaviour and subsequently make short- and long-term tactical changes to the website.

Another involves using it to improve customer experience, such as presenting personalised recommendations on the website and via email based on past purchases and user behaviour.

“The tools available to track this type of information are increasingly sophisticated and give a more immediate review of what's going on,” Buckle explains.

One example of how Buckle and his technology team, led by chief technology officer Neil Landon, have tweaked the proposition thanks to stringent data

analysis includes fast-tracking Apple Pay functionality based on evidence that the majority of its customers use Apple's Safari web browser.

The third core data consideration for FeelUnique is how to send information back to its brands as a way of giving them more information and insight into their customer base.

"It's a financial transaction to a certain extent – we can attract a better margin with brands if we are sharing some of that data with them," Buckle notes, adding that this is another advantage online-first retailers have over their traditional counterparts.

"It's not always in the armoury of traditional retailers and, if it is, it's pretty clunky. Tracking and managing the data is more difficult to do in stores."

### Selling socially

One new source of data that retailers are able to use is the social media footprint consumers create via their likes, follows and content on platforms such as Facebook, Instagram and Twitter.

Third on this year's growth list is Green Man Gaming, an online retailer that is not yet 10 years old as a business, but uses social with maximum impact.

It relaunched its ecommerce site in 2016 and, one year later, created a new community platform to integrate with its own social network, Playfire.

Green Man Gaming acquired Playfire in 2012 and it has given the retailer the ability to automatically capture real-time data from the gaming accounts of its subscribers across platforms including PC, Playstation and Nintendo. In return for this data, it offers gamers rewards to use online.

Paul Sulyok, founder and chief executive of Green Man Gaming, told Retail Week in 2016: "It is absolutely key for what we do to understand our customers on a deeper level.

"Our customers were all born after 1980 and their expectations are higher than the rest of the nation. It is our job to find out what they want so we can convert them at a much higher rate."

In recent years, retailers have started including their social media growth in financial statements as evidence of their marketing power and customer reach. But simply counting numbers of followers is increasingly being replaced with finding ways to directly sell to shoppers through these channels.

Missguided (eighth) has always used social media in its own marketing and has celebrity influencers. The fast-fashion player taps into customer comments on social media and leverages them to create user-generated content that is published across its website as a further hook to sell its products.

Meanwhile, trials of Checkout on Instagram launched in the US in March 2019, allowing early-adopter brands such as Burberry, H&M, Nike and Zara to sell their products directly through the site.

This momentum behind direct social commerce will be something retailers looking to attract younger generations will monitor closely in the months ahead.





## ASOS AND ACTIONABLE DATA

In its preliminary results announcement for the 2017/18 financial year, Asos (11th) said “significant investment in its data science and analytics platforms continued”. This particular area of focus has helped power the retailer’s new recommendations algorithms, as well as its first conversational interface platform.

The conversational interface in question is a Facebook Messenger chatbot called Enki, which shoppers can access to ask for fashion advice during their online search, as well as activate through voice command on Google Assistant.

As more and more shoppers opt to use Enki, Asos aims to learn the different customer engagement techniques and then tweak the service accordingly.

Asos has form when it comes to using data to make strategic business decisions. Unlike many retailers that collect swathes of data but don’t actually do anything with it, Asos is known for acting on insight and evolving its proposition in line with customer demand.

For instance, it scrapped its short-lived A-list loyalty scheme at the end of October 2018 to focus on

Premier delivery, where shoppers pay a flat fee for year-round next-day delivery.

Chief executive Nick Beighton explained: “We thought we’d simplify the customer experience given that the data we were seeing was that customers were migrating towards our Premier offer. We’ve seen a higher engagement through Premier and can ramp it up to more of our customers globally.”

Personalisation has always been high up Asos’ priority list, and continues to be with the unveiling in recent years of several new features.

One of those is Asos Recommendations, which uses previous history data to suggest products from brands and categories consumers have already bought, while a clothing fit tool was launched in 2018 to offer bespoke fitting advice to shoppers.

Other initiatives to ensure it remains relevant to individual consumers include its ‘Your Edit’ weekly drop of curated items and ‘You Might Also Like’ based on shopping history.



**We thought we’d simplify the customer experience given that the data we were seeing was that customers were migrating towards our Premier offer**



**NICK BEIGHTON, CHIEF EXECUTIVE, ASOS**

## CHAPTER 2

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# HOW DIGITAL IS DRIVING STORE PERFORMANCE

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- >> Retailers are finding new functions for physical stores
- >> Channels must be linked to experience growth
- >> Retailers continue to expand into bricks and mortar

**T**he growth in online retail has not spelled the end of the physical store, contrary to the expectations of many industry commentators.

Many retailers have, however, identified less of a need for sizeable real estate portfolios versus the pre-digital 20th century, with a raft of company voluntary agreements giving the likes of Arcadia and Debenhams a quickfire route to closures.

Equally, there is growing momentum behind finding new functions for stores, with the likes of fashion retailer Joules (25th) effectively viewing its physical space as its central marketing tool – and one that fuels ecommerce sales and brand recognition.

The Works – a retailer in growth mode but not on this year's top 30 list – says click-and-collect is its fastest-growing sales channel, justifying its 50 new shop openings in 2018-19 and plans for similar numbers in 2019-20.

Indeed, this year's top 30 list – although dominated by online-first companies with limited store estates – shows there are multiple retailers using digital to drive in-store performance to good effect.

A commonality shared by the top 30 growth retailers with a significant bricks-and-mortar presence across the UK is their focus on joining up their digital and

physical sales channels as best they can. There is mounting evidence to suggest the two channels should be intrinsically linked if a retailer is to experience growth.

Research released by consumer and demographic insights group CACI in July suggests that closing physical stores can lead to a 50% drop in online sales for retailers, and it talks of a substantial halo effect for running stores.

CACI's study found online retailer sales were on average 106% higher inside the catchment of a physical store than they were outside. This figure rose to 154% for electronics, 127% for fashion and 124% for sportswear. Half of online spend touches a physical store in some way, it says. With that in mind, it is no surprise that the likes of JD Sports (12th), Flying Tiger Copenhagen (13th) and Joules are innovating in terms of linking up digital and physical channels.

For example Size? – a JD Sports fascia – has launched a service with Hero's online-to-store link-up software that enables shoppers to live-chat with a member of staff in a shop when browsing online for trainers.

The service helps a shopper confirm stock availability in store, as well as boosting their knowledge of the item if they want to purchase it online.



Flying Tiger Copenhagen does not offer ecommerce, but like Primark (not in this year's top 30) it works hard to drive traffic to stores through the content on its website and social media channels. Prominent features on the site include a 'New in store' section, which showcases the latest seasonal items customers can find in shops, as well as a store finder.

Joules turns the 'digital influences stores' argument upside down, with chief financial officer Marc Dench telling eTail Europe 2019 delegates that it opens stores as much for their impact on ecommerce sales and click-and-collect potential as their ability to generate their own sales. He said that when Joules opens a store, ecommerce sales in that area go up between 5% and 10%. He also said a quarter of all shop transactions are related to a digital sales journey, such as click-and-collect or online orders made in store.

It was illuminating to hear that Joules plans for a year-on-year base decline in sales

via its stores, but sets "quite challenging targets" for click-and-collect and digitally influenced transactions attached to each store in order to drive overall growth.

Even some of the online-only businesses have a store strategy, with Zalando (14th) a case in point. One of its recent launches is a Connected Retail proposition that allows third parties selling through its website to ship products ordered on Zalando from local stores as well as central warehouses.

The Connected Retail approach enables partner brands to link their warehouse and store stock to the Zalando platform, and this inventory sharing can create significant efficiencies for customers and the businesses involved.

For instance, Zalando can widen its assortment, offer better product availability and potentially get products to customers quickly by identifying the nearest store from which to fulfil stock.

This method of opening up store stock more widely is part of Zalando's continued drive to help brands maximise the value of their partnerships with the online platform.

### A sense of place

A significant proportion of the top 10 growth retailers are online businesses that have opened physical spaces – clearly identifying the potential to drive customer engagement with their brands and raise their profiles.

Made.com operates eight showrooms in the UK and Europe, which are viewed by the company as a crucial extension of the localised websites they support, while Matchesfashion.com's 5 Carlos Place is a destination location for the online brand.

Designer kidswear retailer Childrensalon (seventh) has opened an outlet store in Tunbridge Wells, Kent, the birthplace of its brand, while Missguided has operated two huge stores – one in Westfield Stratford

City, which has now closed, and another in Kent's Bluewater shopping centre.

Amazon (10th) launches pop-up spaces annually to promote new propositions or services. The store being used as a marketing tool is a simplified way of summarising this activity; it is perhaps more a case of what futurist and analyst Doug Stephens calls "the store as media and media as the store".

Stephens, also known as the Retail Prophet, says: "Increasingly, the primary role of the store will not be to sell product, but rather to deliver the most powerful and emotionally galvanising experience possible."

It appears The Hut Group (fifth) has something similar in mind with its soon-to-open showroom in Manchester.

The multi-category retailer has acquired the 100 King Street building in the city centre and plans to create what chief executive and

founder Matt Moulding describes as "a new and innovative environment for customers and influencers to discover and fully experience our prestigious brands".

In an interview with Retail Week, Moulding reveals that it will not be a store in the traditional sense. Indeed, the full function of the space has not been worked out yet. "Being brutally honest, I'm not bothered if it doesn't sell a single product – it'll be based around an experience that we will bring to marketing people and influencers to bring to life what we are actually doing," he says.

Gauging its success will be achieved by measuring the showroom's impact on brand awareness, how many new customers it adds and its influence on social media conversations.

These are new key performance indicators for today's growth retailers.



**Increasingly, the primary role of the store will not be to sell product, but rather to deliver the most powerful and emotionally galvanising experience possible**



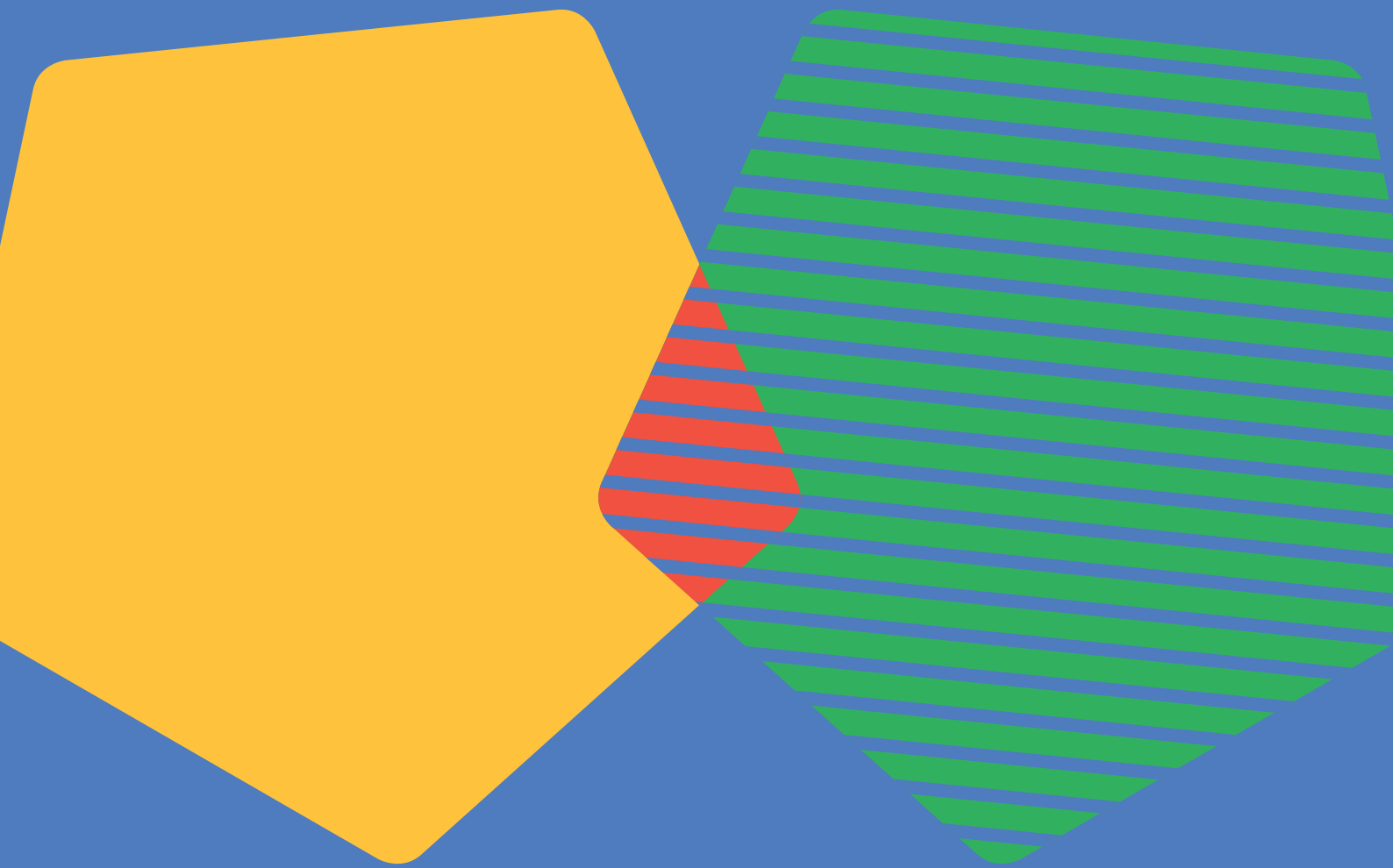
**DOUG STEPHENS, FUTURIST AND ANALYST**

## CHAPTER 3

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# A CONSOLIDATING MARKET

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- >> Retailers are filling the gaps in their offer through M&A
- >> It is crucial retailers know what they stand for
- >> Developing USPs in operations remains key

**T**he past few years have been a prime time for merger and acquisition (M&A) activity in retail.

It is perhaps unsurprising at a time of significant disruption and industry evolution that companies are acquiring businesses to fill the gaps in their retail and customer offering, or joining forces with complementary organisations.

There is a fierce battle for market share and many of the growth retailers in this list have been successful in identifying potential threats to their progress by acquiring challenger businesses or taking stakes in these organisations.

From JD Sports' acquisition of trainer retailer and fellow top 30 growth business Footasylum (ninth) to Boohoo's Nasty Gal and MissPap takeovers, there are plenty of examples of growth retailers absorbing the assets of rising stars in their space.

There are also other distinct types of M&A activity evident among the top 30. The acquisition of Mobile Phones Direct

by AO.com (22nd) is an example of buying a company to fast-track expansion in an additional product range, while The Hut Group buying up new brands is part of its current strategy to be the go-to online destination for beauty and wellbeing.

The coming together of Yoox Net-a-Porter (23rd) in 2015 was founded on parent group Richemont wanting to create a multi-country online luxury superpower.

Zalando and The Hut Group have also bought into technology companies to strengthen their systems and platforms.

The former acquired a stake in retail merchandising network Anatwine, which helps connect retailers' and brands' systems, while the latter bought translation services provider Language Connect.

At the time, The Hut Group said the deal would help it deliver "a step change in its translation capabilities" and support further international expansion for its range of brands. Language Connect is now embedded in its proprietary tech platform.



# You're taking decisions for the business that will contribute value in five years – they have negligible impact in the early stages



MATT MOULDING, FOUNDER AND CHIEF EXECUTIVE, THE HUT GROUP

## ACQUISITIONS: THE LONG AND THE SHORT OF IT

The Hut Group has been in acquisition mode for several years now as it looks to build out its portfolio.

Some of its more recent acquisitions include luxury haircare brand Christophe Robin, subscription service Glossybox and ethical cosmetics brand Illamasqua, as well as British contract manufacturer Acheson & Acheson.

But in an interview with Retail Week in July 2019, The Hut Group chief executive and founder Matt Moulding said the company's impressive growth over the past 12 months was primarily down to brands that have been in its stable for several years. Those include skincare brand Espa and beauty retailer and subscription box service Lookfantastic, which he revealed was 14 times bigger than it was eight years ago when the group bought it.

"Beauty has been by far the strongest performer and the majority of the business for the first time," Moulding explained. "We get loads of profile for acquisitions, but it contributes near to nothing in the first year or two. This year we spent £110m on a couple of acquisitions but it will contribute less than 1% to revenue this year and 1.5% next year."

He added: "You're taking decisions for the business that will contribute value in five years – they have

negligible impact in the early stages." Giving more detail about his strategy, he said selling third-party power brands such as L'Oréal and Estée Lauder was also aiding sales.

"We are focused on getting brands direct to consumers everywhere in the world and we have some fantastic brand partnerships in which we do that."

Taking care of the day-to-day challenges of an online business, including website iterations and ecommerce customer touchpoints, was a key part of a successful business strategy, Moulding noted.

He continued: "There are countless initiatives across every touchpoint of the business that require real investment, focus and energy to make happen, and those are what drive the growth. When you see us go out and spend £100m on various [brands] that's just thinking ahead – it's irrelevant to today."

The Hut Group is gaining a reputation for being a technologically strong organisation, and it is recruiting hundreds of engineers over the coming years to bolster its team further.

The acquisition of Language Connect was also to enhance its own tech platform.



## Extolling their values

In a consolidating and competitive market, it is crucial retailers know what they stand for and the extent of their value proposition.

Those in acquisition mode in the top 30, including AO.com, Boohoo and Zalando, are clear about what they are trying to deliver for their customers and how they want to act as public retail businesses.

Majestic Wine (21st) buying up Naked Wines in 2015 is one such example. In June this year, the specialist retailer announced it would be spinning off all fascias bar Naked Wines, which has been its main growth driver of late, and in August Majestic was sold to a US investment firm.

At the time of the Majestic-Naked acquisition, it was billed as a “transformative deal” and this latest development certainly shows the business is preparing for an online-first future, with the aim of exploring further the potential of digital retailing and expanding internationally.

AO.com differs from many other retailers in that it owns its delivery service, which means it is able to offer fulfilment options that none of its competitors can

provide, but another USP is its approach to staff empowerment.

Founder and chief executive John Roberts talks regularly on the events circuit about encouraging staff to do what they think is right, rather than being overly formulaic in establishing customer care policy.

Boohoo is clear in its target of global domination of the fashion ecommerce market, and it is this goal that led to it taking a 66% stake in Pretty Little Thing in 2016, and full acquisitions of Nasty Gal and MissPap in 2017 and 2019 respectively.

Zalando sees the power in its platform, and by continuing to recruit new talent – for example, it has created a personalised marketing department combining product managers, marketing experts, engineers, data and AI scientists – and developing new concepts it aims to be the go-to place for starting a fashion shopping journey.

Vice-president of womenswear at Zalando Sara Diez says: “We want to be for fashion what Spotify is for music, what Netflix is to entertainment, and what Airbnb might be for providing accommodation for a holiday.”



## CHAPTER 4

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# FUTURE-PROOFING THROUGH INNOVATION

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- >> Continually innovating companies top the 2019 growth list
- >> Retailers creating unique propositions are the true innovators
- >> Retail apps can engage shoppers and generate more sales

Innovation and investing in the most suitable retail technology are some of the most difficult things to get right for today's retail businesses, according to FeelUnique's Buckle.

"You need to find the balance between things that are easy to implement and will have great impact versus those which aren't easy to implement and may have minimum impact," he says.

"It's a bit like being a venture capitalist investor – you have to do four or five, and maybe one's a hit but three or four are a miss. The key thing is not to spend too much time on them and bring things to market quickly."

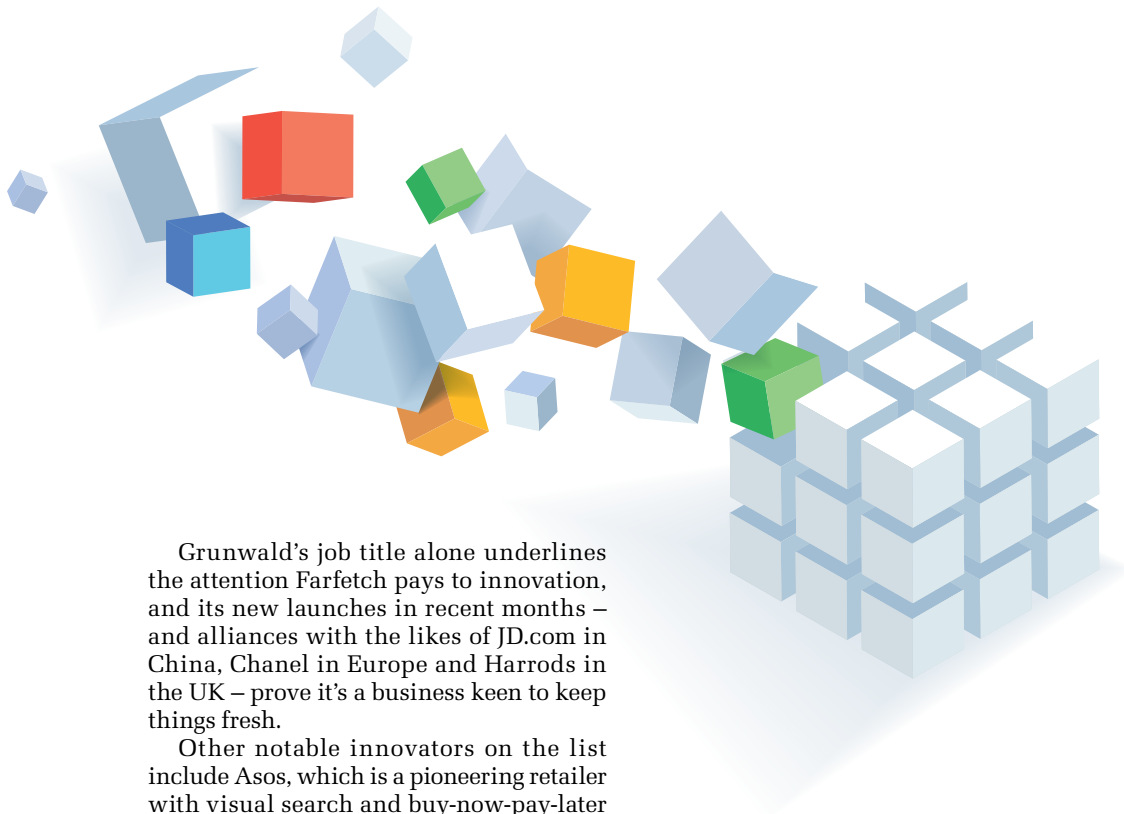
Specifically talking about the particular challenges facing smaller businesses like his, he says: "We have to be risk-averse, but we can't be too risk-averse or we'd be dying – it's a really tricky balance to maintain."

In an age of digital transformation, the pace of change shows no sign of slowing down for retailers, and the businesses winning in this year's ranking are those that have continued to innovate against the challenging backdrop Buckle describes.

Companies that have shot up the list of the world's most valuable businesses in recent years – including Amazon, Google, Microsoft and Alibaba – are renowned for announcing a continual stream of new initiatives, investments and innovations. The same can be said for the organisations topping the growth retailers list.

Farfetch, this year's leader, continues to develop its Store of the Future concept – often using its Browns fashion boutique as a test bed for the technology that helps brands link up their digital and physical assets. At eTail Europe 2019, its vice-president of innovation David Grunwald described it as "borrowing the best bits of an ecommerce experience and taking it to a physical store", such as providing in-store access to wider inventory.

It also keeps refining its Black & White tool, an ecommerce solution to help third-party luxury brands fast-track their online activities, and this year it launched visual search and created a new handbag resale proposition to support its sustainability drive.



Grunwald's job title alone underlines the attention Farfetch pays to innovation, and its new launches in recent months – and alliances with the likes of JD.com in China, Chanel in Europe and Harrods in the UK – prove it's a business keen to keep things fresh.

Other notable innovators on the list include Asos, which is a pioneering retailer with visual search and buy-now-pay-later – two technologies and services that are becoming ever more commonplace in the sector, particularly in fashion.

Asos' technology priorities in 2019 include localisation, personalisation and extending currency and payment options, as it pushes ahead with its global development programme and races towards its £4bn turnover target in the near future.

### Dare to be different

There is an argument that if everyone is innovating, then no one is innovating, meaning that retailers creating unique propositions are the true innovators.

Examples from the top 30 list include Asos' 2019 move to use augmented reality (AR) in its iOS app in the form of a virtual catwalk experience for 100 of its Asos Design products. Customers using the app can point their phone at a flat surface and click the AR button on the product page, and models will virtually appear wearing the product.

FeelUnique's Buckle, meanwhile, talks fondly about its sampling offering for customers. Woolworths in the UK may have fallen by the wayside in 2008, but pick 'n' mix – a feature the general merchandise

store was famous for – lives on at FeelUnique in the form of a monthly beauty sample box, to encourage customers to try new items.

"It's also about maintaining an open-mindedness and creativity internally," Buckle explains. "We introduced pick 'n' mix, where the customer can select five samples for a small fee, which is refunded if they go on to make a full purchase – no one else does that."

He adds that, while it is important to maintain a blend of monitoring external innovations and working on new concepts internally, it is not a straightforward process.

"Pick 'n' mix was an idea from the business, so we gave it a go, but you can't do that every time someone has an idea. You have to be open to new ideas, but you have to be quite careful on what you actually execute."

## ZALANDO ON AN INNOVATION DRIVE

Vice-president of womenswear at Zalando Sara Diez was at eTail Europe 2019 to explain the array of services the Germany-based online platform continues to bring to market for the good of its own operations and its third-party brands.

Continuing to develop and modify its mobile app is a central focus for Zalando, as it strives to offer an app that is a mainstay on consumers' smartphones in territories all over the world.

Diez revealed that 80% of Zalando's website visits are from mobile devices, and that it has 27 million active customers and 400,000 products from 2,000 brands, serving 17 countries across Europe.

Of the 80%, more than half of traffic comes from the app, doubling in the past two years, and this focuses the business's attention on continuing innovation.

Diez said its data showed half of total orders made on Zalando came from people shopping multiple brands, prompting Zalando to build a "framework to help us become the starting point for fashion". She also said app users engaged more – spending more time on the site, visiting more often and buying more products.

The target for 2023 is to be a €20bn (£18bn) business, and the company acknowledges this can only be achieved by being a platform that offers its partners multiple services alongside a place to sell their goods. Diez added that this platform strategy was creating the potential for "all our brands to partner with us in the way that fits".

This is where the innovation at Zalando has ramped up in recent years, with the launch of Zalando Fulfilment Solutions (ZFS), Zalando Marketing Services (ZMS) and Connected Retail. These complement the wholesale model on which it has built its business.

ZFS enables brands to share their inventory and Zalando takes care of the logistics, which benefits consumers too because they receive one package, rather than getting separate parcels from different brands.

ZMS helps partner brands reach new markets via dedicated consultancy and local information.

"We are expecting that 40% of our business will come from the partner services programme and 70% of that will be through ZFS," Diez revealed.



# Building a platform of services creates potential for brand partnerships that fit



SARA DIEZ, VICE-PRESIDENT OF WOMENSWEAR, ZALANDO

# RETAIL GROWTH TIPS: THE TOP FIVE TAKEAWAYS

**T**he organisations featured in this report typically have an easy relationship between the digital and physical arms of retail – using technology as a tool to fuel wider business success.

They are data-savvy and know what they want to do with the customer information at their fingertips, proven by the fact that they are rolling out new concepts and user experiences based on what they have learned.

Growth can be driven organically if a retailer has a compelling customer offering, but those wanting to succeed are always looking for potential acquisitions to fast-track their ambitions.

This report has also shown how embracing innovation – both from inside and outside the organisation – can help retailers attract shoppers and drive sales.



## CONTINUALLY INNOVATE

Big and small retailers alike must build innovation strategies that bring new ideas to capture consumer engagement and spend.

1



## ACT ON DATA LEARNINGS

Acting on insight is key; retailers must invest in the right solutions and expertise to ensure they optimise their customer data.

2



## KEEP YOUR EYES OPEN

Brands eyeing growth should consider acquiring other retailers or suppliers that can elevate their proposition.

3



## CONSIDER PARTNERSHIPS

Some UK growth retailers – such as Asos, Farfetch and Zalando – have partnership models that shouldn't be dismissed offhand.

4



## TAKE INSPIRATION FROM LEADERS

Retailers should look at companies driving growth, and learn and adopt tactics in keeping with their own brands.

5

