

OC&C RETAIL  
PROPOSITION  
INDEX 2023

# RPI 2023

*Teaching new dogs old tricks*

November 2023



**OC&C**  
Strategy consultants

uncommon sense™

# THE RETAIL PROPOSITION INDEX IN NUMBERS



First Launched

**2010**



Ratings analysed since launch

**62M**



Consumers surveyed in 2023

**42,477**



Countries included in 2023 survey

**9**



Number of retailers rated

**685**



## What causes a shopper to choose *one retailer over another?*

The OC&C Retail Proposition Index answers this through the sector's most comprehensive analysis of consumer attitudes.





# Introduction

IN THIS 13TH EDITION OF OC&C'S ANNUAL RETAIL PROPOSITION INDEX (RPI), WE HAVE ASKED **42,000 SHOPPERS GLOBALLY** HOW THEY RATE THE PLACES THEY SHOP AND WHAT DRIVES THEIR DECISIONS ABOUT WHERE AND HOW THEY BUY.

This year's report has clearly been written against the backdrop of a challenging market, with pressure on retail margins and consumer wallets.

Despite this pressure, we are encouraged by the positivity of shoppers and the ability of compelling retail propositions to differentiate themselves in the eyes of the customer - with points of proposition difference being more exaggerated in this year's report vs. ever before.

There is also increased consumer emphasis on value, which is unsurprising given the macroeconomic context. Keeping a keen eye on how you are delivering value for money will be critical over the next 12 months, but importantly this needs to be done without putting 'at risk' longer term programmes of focus and differentiation e.g. around sustainability.

This report provides the rankings of this year's UK 'winners' against each area of the retail proposition and explores some of the key themes we see in this year's data. Our conclusion is that winning over the next 12 months will require retailers to dust off some old tricks, and re-focus on core skill sets that may have been de-prioritised over the past decade.

If you would like to discuss further please get in touch with the OC&C retail team on [retail@occstrategy.com](mailto:retail@occstrategy.com).

What we include in this report...

## 1. THIS YEAR'S RANKINGS

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## 2. HOW THE CHANNEL POWER STRUGGLE HAS SHIFTED

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## 3. A NEW SET OF IMPERATIVES FOR RETAILER'S STRATEGIES

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# 1. This year's rankings

## *Top of their category*

**cardfactory**

**W**  
Waterstones

**amazon**

### 1. VALUE FOR MONEY

Rank	Retailer	Shopper rating
1	Card Factory	86.3
2	Aldi	85.1
3	Home Bargains	83.6
4	Lidl	83.5
5	Shein	81.8
6	Vinted	81.6
7	Primark	81.2
8	George at ASDA	81.1
9	IKEA	80.7
10	Poundland	80.2

### 2. SUITED TO ME

Rank	Retailer	Shopper rating
1	Waterstones	83.6
2	Lookfantastic	83.5
3	Majestic Wine	82.1
4	Etsy.com	81.9
5	M&S Simply Food	81.2
6	Card Factory	80.8
7	Screwfix.com	80.7
8	Ocado	80.5
9	Moonpig	80.5
10	IKEA	80.3

### 3. EASY TO SHOP

Rank	Retailer	Shopper rating
1	Amazon	86.1
2	Waterstones	84.4
3	Pets at Home	83.6
4	Moonpig	83.5
5	ASOS	83.2
6	Card Factory	83.1
7	Gymshark	83.1
8	funkypigeon.com	83.0
9	eBay	82.8
10	M&S Simply Food	82.6

**amazon**

**M&S**  
— FOOD —

**JOHN LEWIS**  
— PARTNERS —

### 4. WIDE CHOICE OF PRODUCTS

Rank	Retailer	Shopper rating
1	Amazon	89.6
2	eBay	87.7
3	Lookfantastic	86.9
4	IKEA	86.7
5	Etsy.com	86.6
6	Shein	85.9
7	Screwfix.com	85.3
8	AliExpress	84.9
9	ASOS	84.8
10	Waterstones	84.7

### 5. PRODUCT QUALITY

Rank	Retailer	Shopper rating
1	M&S Simply Food	88.4
2	John Lewis	86.7
3	Waitrose	86.7
4	Waterstones	86.6
5	Dr. Martens	85.6
6	Gymshark	85.4
7	Lakeland	84.3
8	Majestic Wine	84.3
9	Lookfantastic	84.0
10	Nike	83.8

### 6. RELIABILITY

Rank	Retailer	Shopper rating
1	John Lewis	84.1
2	Dr. Martens	83.7
3	Waterstones	83.5
4	M&S Simply Food	83.4
5	Screwfix.com	82.6
6	Moonpig	82.0
7	Nike	81.8
8	Ocado	81.7
9	Lakeland	81.5
10	Lookfantastic	81.5

# 1. This year's rankings

## *Top of their category*



### 7. LOW PRICES

Rank	Retailer	Shopper rating
1	Card Factory	85.9
2	Shein	84.4
3	Aldi	84.0
4	Poundland	83.6
5	Lidl	82.9
6	Home Bargains	82.7
7	Primark	82.4
8	AliExpress	82.2
9	Poundstretcher	80.8
10	Vinted	80.4



### 8. FASHIONABILITY

Rank	Retailer	Shopper rating
1	Zara	84.2
2	Dr. Martens	83.6
3	Gymshark	83.4
4	ASOS	83.1
5	Selfridges	82.6
6	Superdry	81.4
7	Shein	80.2
8	END	79.9
9	Schuh	79.5
10	All Saints	78.8



### 9. CUSTOMER SERVICE

Rank	Retailer	Shopper rating
1	John Lewis	81.3
2	Majestic Wine	80.9
3	Richer Sounds	79.9
4	Lush	79.9
5	Waterstones	79.3
6	Ocado	77.5
7	Body Shop	77.3
8	Holland & Barrett	76.9
9	M&S	76.7
10	Screwfix.com	76.4



### 10. FUN TO SHOP

Rank	Retailer	Shopper rating
1	Hobbycraft	81.7
2	Vinted	80.1
3	Lush	80.1
4	Etsy.com	79.7
5	Space NK	79.6
6	Waterstones	79.4
7	IKEA	77.7
8	Gymshark	77.6
9	Shein	77.3
10	Lookfantastic	77.2



### 11. SUSTAINABILITY

Rank	Retailer	Shopper rating
1	Lush	79.5
2	Body Shop	79.4
3	Depop	75.6
4	Vinted	75.5
5	Back Market	74.6
6	Gymshark	73.8
7	Naked Wines	72.7
8	IKEA	72.3
9	Dr. Martens	72.2
10	Weezy	71.9



### 12. LOYALTY SCHEME

Rank	Retailer	Shopper rating
1	Tesco	75.1
2	Boots	74.2
3	Sainsbury's	73.9
4	Space NK	70.1
5	Body Shop	68.1
6	Naked Wines	67.6
7	Holland & Barrett	66.3
8	Sephora	66.1
9	Matchesfashion	65.6
10	Pets at Home	65.3

Shopper rating indexed 0-100. Based on shoppers visiting or purchasing from that retailer in the last 3 months. Source: OC&C Retail Proposition Index 2023, OC&C analysis.

## Methodology

The OC&C Retail Proposition Index is a major piece of international consumer research measuring shopper attitudes and perceptions towards the world's leading retailers. Around 42,000 consumers globally are asked to rate the retailers they have shopped on the strength of their overall proposition, and then to score the key elements of that proposition (Price, Range, Service, etc). These results are then used to compile a ranking of c.700 retailers from across the globe.

Since the Retail Proposition Index was first launched in 2010, we have analysed over 62m ratings. Now in its 13th year, the index is a powerful tool to understand how shopper opinions and priorities have changed over time, and to identify the key long-run trends driving shifts in the retail landscape.





## 2. The channel power struggle has shifted

### RETURN OF THE STORE: HOW CHANNEL DYNAMICS ARE SHIFTING

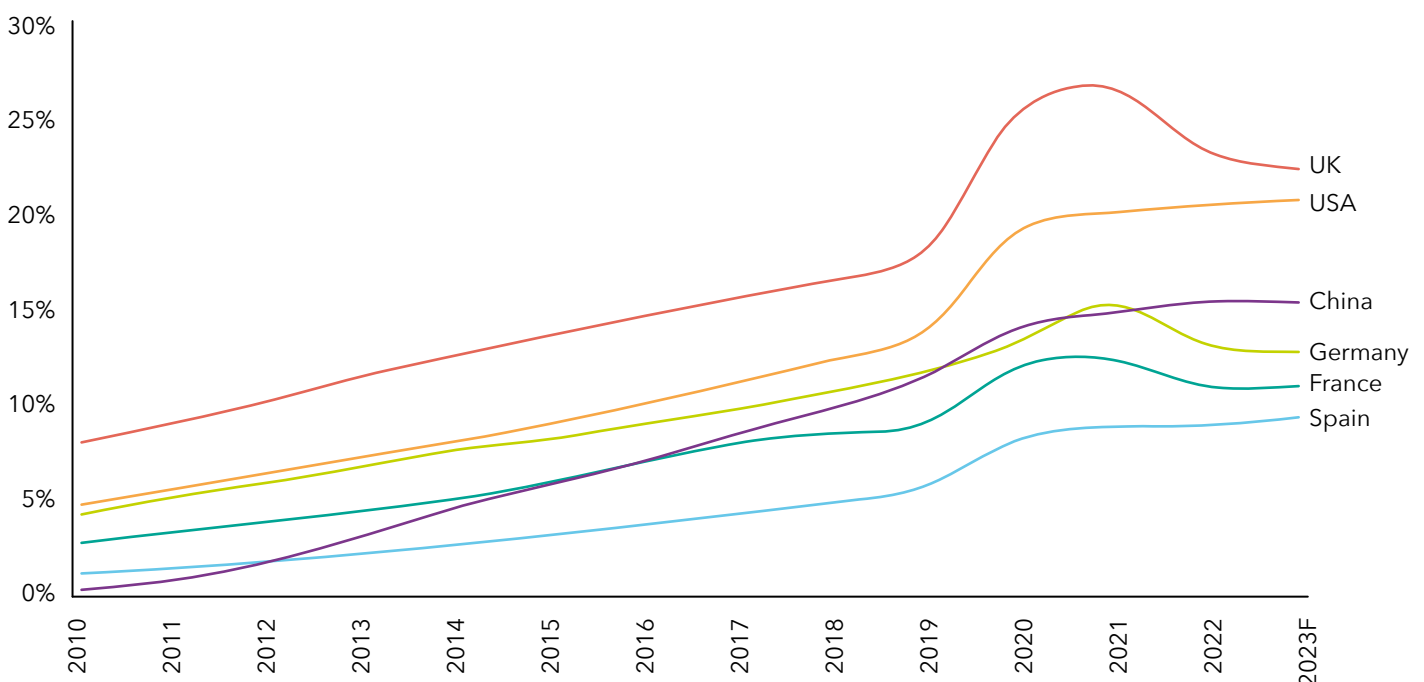
The power balance is shifting back towards retailers with a physical store footprint and is sparking the next revolution for the pureplay model. The acceleration towards e-commerce to drive growth has markedly slowed, and pureplayers need to be more creative to re-strengthen their position with shoppers.

Across countries, the pandemic shone a light on the extent to which spend could migrate online. However, this was less extreme than many expected; the step-change shift in e-commerce penetration has since seen a reset at a higher rate. We are now seeing much more stability in the sales profile of physical space.

Consumers continue to migrate online - albeit at a slower pace and in increasingly omnichannel ways. They favour retailers who can serve their flexible needs. As the pace slows, online players can no longer rely solely on an ever-increasing addressable market to drive growth. Consumers are increasingly finding single-channel retail models constraining, with advantages previously placed on digital-only set-ups struggling to cut through.

### RETAIL E-COMMERCE PENETRATION

#### By Country 2010-203F (%)





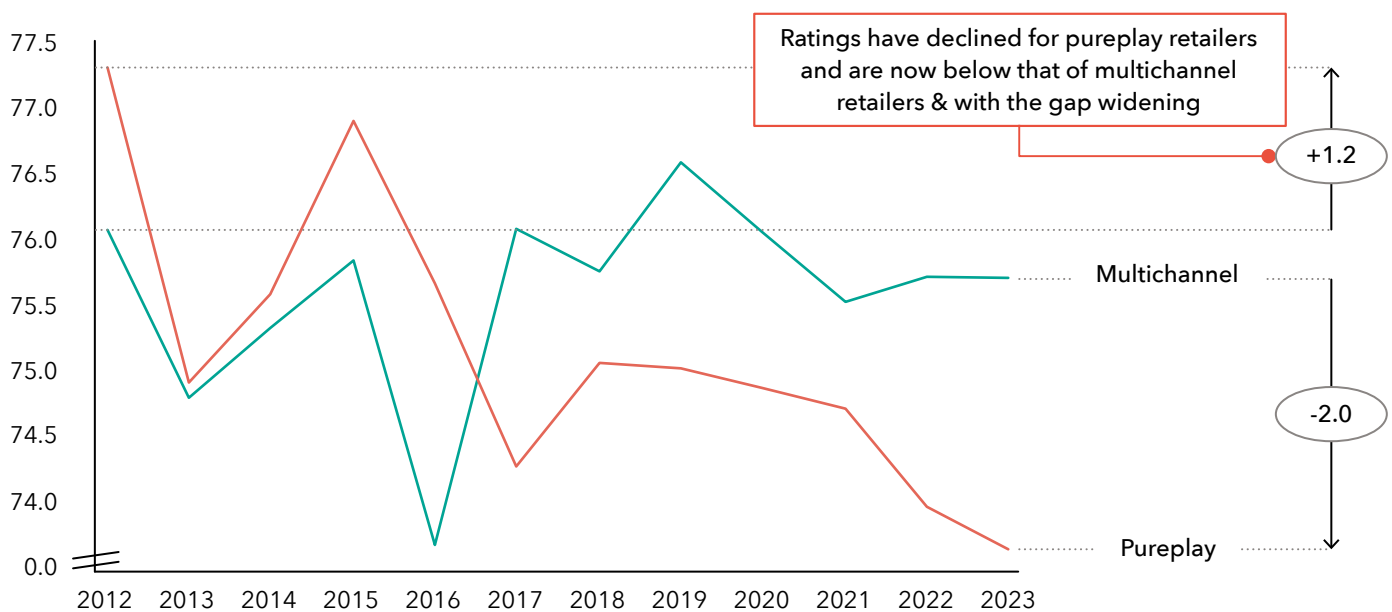
*Ratings for online-only models are, on average, gradually declining, whilst those for multichannel players remain consistently high – causing a widening of the ratings gap with omnichannel retail since 2018.*



Not only has there been a slowdown in eCommerce growth rates for pureplays to contend with, but there has also been a fall in customer ratings across a range of proposition elements. Ratings for online-only models are, on average, gradually declining, whilst those for multichannel players remain consistently high – causing a widening of the ratings gap with omnichannel retail since 2018. Digital pureplayers are finding it harder to sustain their customer affection and appeal.

## AVERAGE OVERALL PROPOSITION RATING BY BUSINESS MODEL TYPE<sup>1</sup>

UK 2012-23 (Overall rating / 100)



1. Shopper rating indexed 0-100. Based on shoppers visiting or purchasing from that retailer in the last 3 months. Using fixed cohort of brands with complete KPC data since 2012.

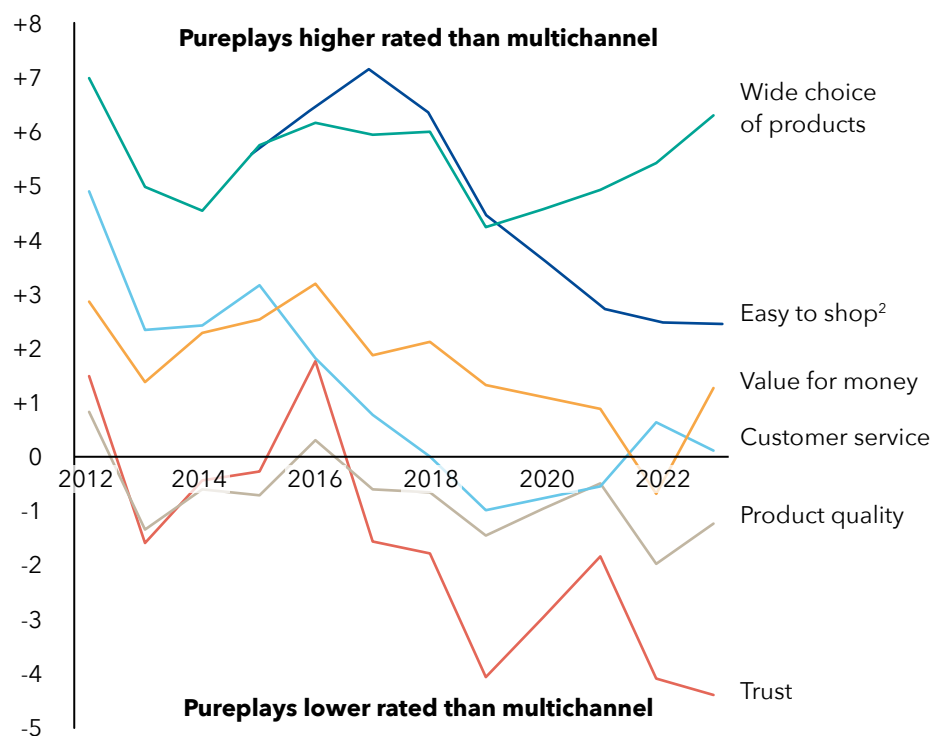




We see a particularly sharp decline in ratings for 2 of the top 3 considerations for overall ratings: trust and ease of shopping, contributing towards the growing gap in overall proposition rating.

## DIFFERENCE IN HOW CUSTOMERS ARE RATING PUREPLAY AND MULTICHANNEL MODELS<sup>1</sup>

UK 2012-2023 (Pureplay score - multichannel score)



## MOST IMPORTANT PROPOSITION CRITERIA TO CUSTOMERS<sup>1</sup>

	<b>TRUST</b>	<b>#1</b>
	<b>RELIABILITY</b>	<b>#2</b>
	<b>EASY TO SHOP</b>	<b>#2</b>

1. Shopper rating indexed 0-100. Based on shoppers visiting or purchasing from that retailer in the last 3 months. Using fixed cohort of brands with complete KPC data since 2012.  
 2. Easy to Shop begins from 2015 figure due to first being included in RPI in that year.

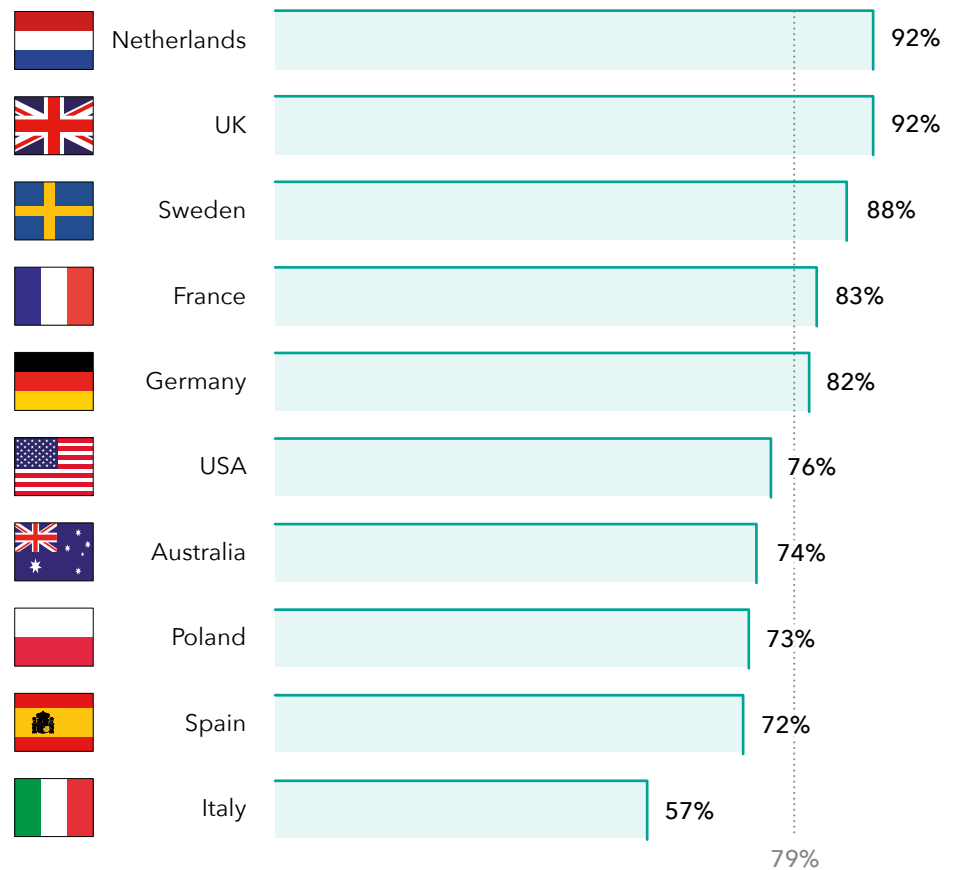
At the same time we see this ratings gap widen, growth via digital channels is likely to remain harder to come by. Firstly, the vast majority of internet users have now sampled online, and for many retailers, they may have already served their target customer segments.

We are also seeing escalating costs of acquisition as the fight for digital real estate and share of screen has re-accelerated post Covid. Google and Meta saw their cost per thousand impressions increasing 25-30% 2020-23.

This creates a shift in priorities for retailers moving forward. It implies a re-balance towards growing share of customer wallet and searching for new target customer segments, rather than a focus on attracting new front of funnel customers which are becoming increasingly hard to recruit.

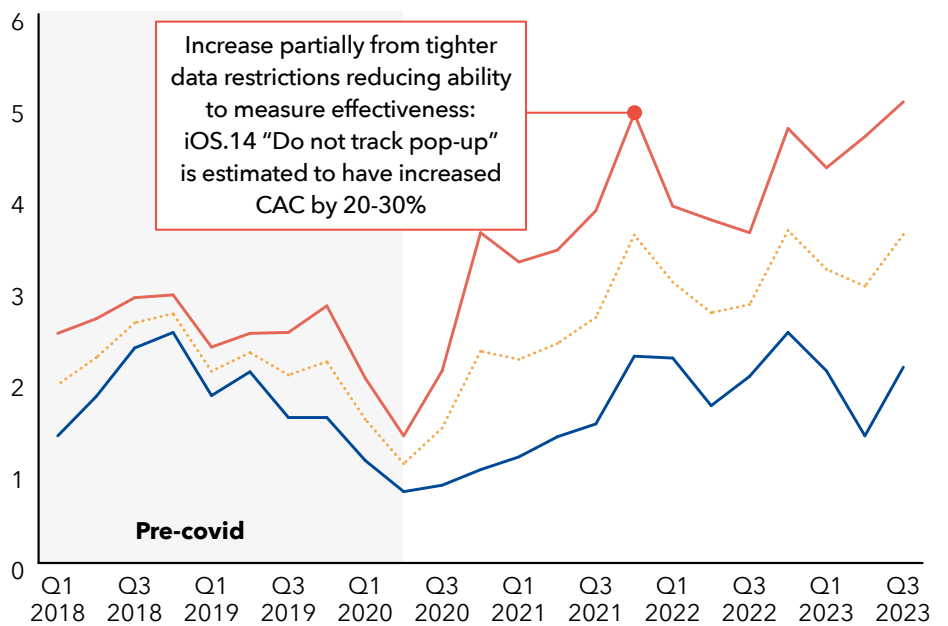
## SHARE OF INTERNET USERS WHO HAVE PURCHASED ONLINE IN THE PAST

2022 (% of internet users)



## COST PER THOUSAND IMPRESSIONS EVOLUTION

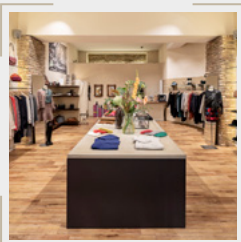
Global 2018-2023 (\$ per mille)



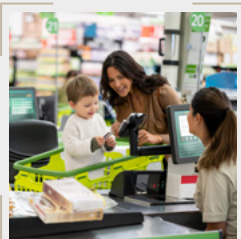
1. CAGR on annual average of Q1-Q4 each year (excepting 2023 which uses YTD average Q1-Q3).
2. Growth rate from Q3 22 - Q3 23.

### 3. Creating a new set *of imperatives for retailer strategies*

A SET OF STRATEGIES NEED TO BE 'DUSTED OFF BY RETAILERS' AS THEY SEARCH FOR NEW WAYS TO GROW:



1. Optimise your physical **footprint**



2. Re-focus on driving share of wallet and **loyalty**



3. **Sustainability** remains important despite cost pressure



4. Deliver **growth** with a clear, differentiated model





# 3.1 Optimise your physical footprint

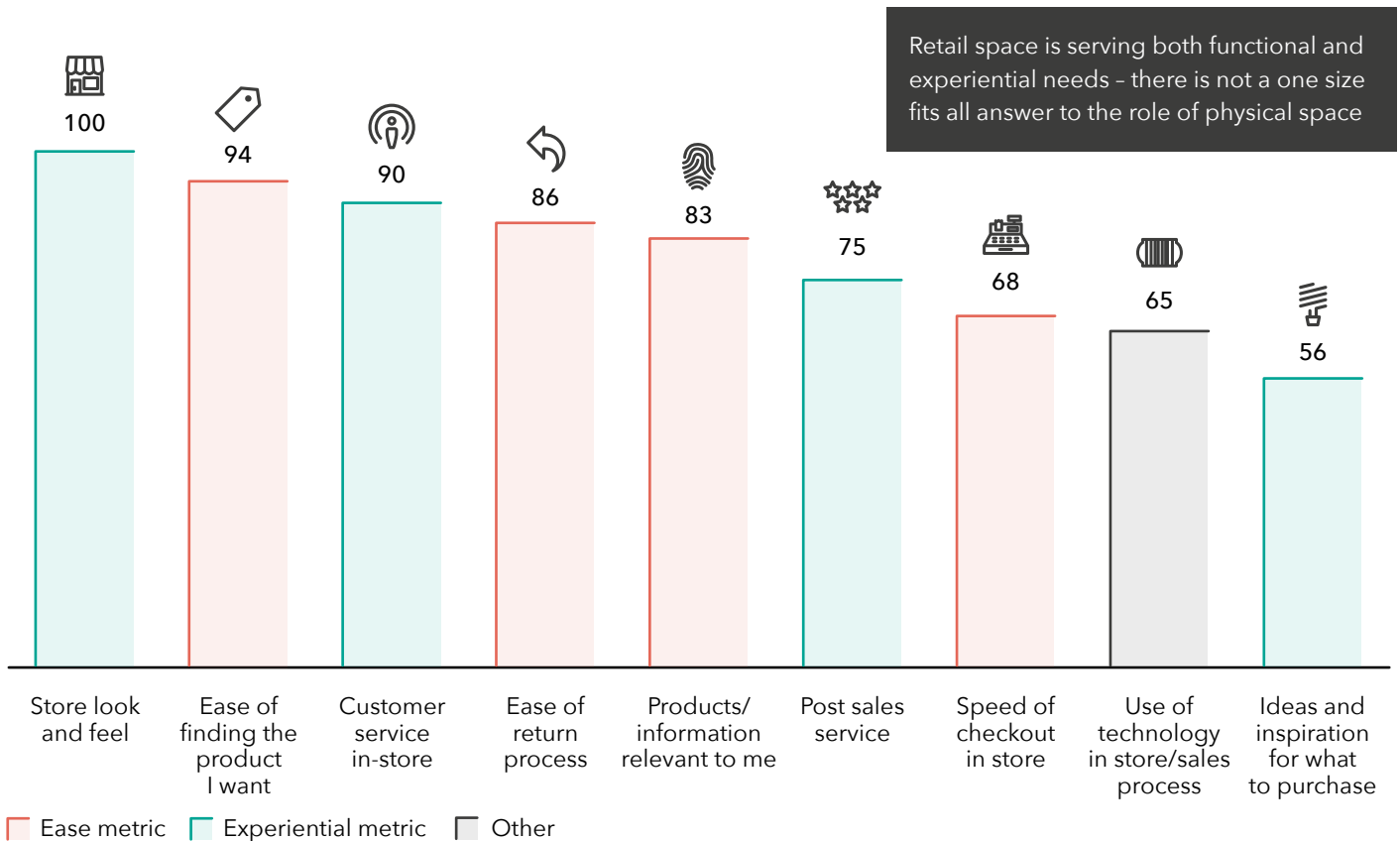
## RETAILERS MUST OPTIMISE THE ROLE OF THEIR PHYSICAL FOOTPRINT TO MAXIMISE VALUE.

As consumers place increasing focus on ease of shopping, retailers must optimise the role of their physical footprint to maximise value. They should carefully consider what the right mix of store formats is, as well as catchment presence, to improve reach and performance.

Physical space can play multiple roles for retailers, from driving an experiential offering to providing a more efficient and convenient experience for consumers. Retailers need to re-focus on delivering against the right missions, in the right categories, in the right locations.

### MOST IMPORTANT DRIVERS OF RETAIL SCORES ON STORE EXPERIENCE<sup>1,2</sup>

Global 2023 (indexed 100 = Store look and feel)



1. You said you shopped in-store from BRAND in the last 3 months. How would you rate BRAND on each of the following?
2. Please rate [Brand] on the following criteria [1 = Poor, 5 = 5 Excellent]; Overall Rating.



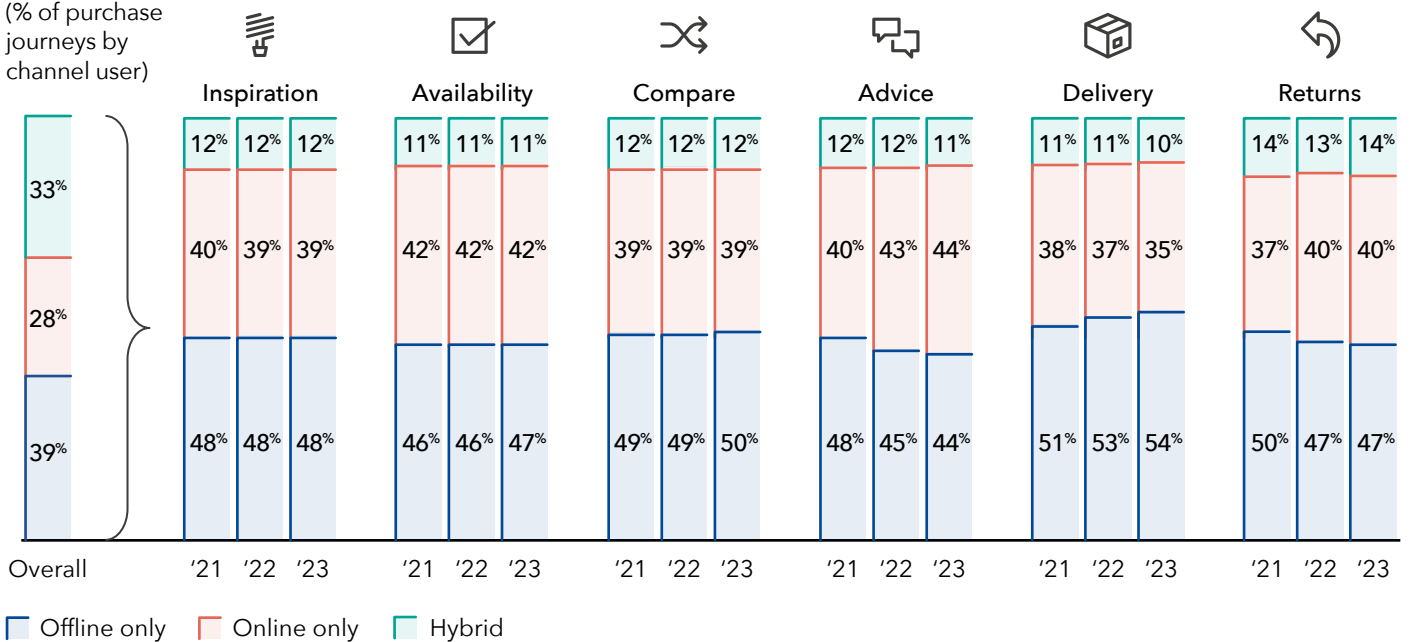


## PHYSICAL STORES CONTINUE TO PLAY A CRITICAL ROLE ACROSS THE CUSTOMER JOURNEY, FROM IDEATION TO FULFILMENT AND POST-SALES CARE.

### CUSTOMER PURCHASE JOURNEY BY CHANNEL<sup>1</sup>

Overall, global 2023  
(% of purchase journeys by channel user)

By stage in the process journey, global 2021-23  
(% of step in the purchase journey by channel used)



1. Thinking about the last time you purchased from BRAND, how did you do each of the following?



## WINNING RETAILERS ON STORE LOOK & FEEL AND EASE OF SHOPPING

	Retailer	Store Concept	Design
Store Look and Feel	 <b>Ranked #1</b> for Store Look & Feel	<ul style="list-style-type: none"> <li>• <b>Unique store designs</b> inspired by <b>global culture and art</b></li> <li>• Designed to <b>inspire purchases</b> while creating <b>sense of discovery</b></li> </ul>	
	<b>HARVEY NICHOLS</b> <b>Ranked #8</b> for Store Look & Feel	<ul style="list-style-type: none"> <li>• <b>Steers away from traditional department store</b> 'shop within shop' using open store design</li> <li>• Blends brands to create a <b>seamless browsing experience</b></li> </ul>	
Ease of Shopping	 <b>Ranked #3</b> for Easy to Shop	<ul style="list-style-type: none"> <li>• <b>Omnichannel experience</b> focused on <b>speed and convenience</b></li> <li>• Features include <b>one-hour store click-and-collect</b>, <b>video consultations with staff</b>, and <b>same-day delivery</b></li> </ul>	
	 <b>Ranked #12</b> for Easy to Shop	<ul style="list-style-type: none"> <li>• <b>Proposition</b> emphasises <b>simplicity and quality</b> for all</li> <li>• Stores are <b>well-organised</b> and include <b>auto-scanning self-checkouts</b> to reduce queuing</li> </ul>	

## THE NEXT WAVE OF ONLINE TO OFFLINE MODELS

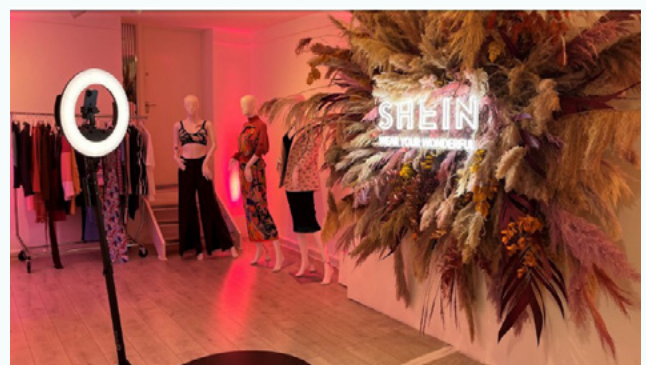
### GYMSHARK

- Gymshark opened a **18,000 sq ft Regent Street location** in Oct 2022 focused on 'retail, community, lifting'
- The store includes a **'Sweat Room' fitness studio** and holds weekly classes for Gymshark members
- **The 'Hub'** portion of store hosts podcasts, live events, and Sunday Brunch clubs for community members



### SHEIN

- Shein has adopted a **'Pop Up' model** in the past
- These **temporary stores** are set up for few days, **generating buzz** by **inviting influencers** and **offering prizes and discounts** to attendees
- Shein recently toured a **'glam' bus** from Birmingham to Bristol, previewing spring collection and offering manicures to customers





## 3.2 Re-focus on driving share of *wallet and loyalty*











**THE DAYS OF SCATTERGUN ACQUISITION STRATEGIES ARE BEHIND US. RISING ACQUISITION COSTS HAVE MADE DRIVING LOYALTY AND GROWING SHARE OF WALLET WITH EXISTING CUSTOMERS ESSENTIAL.**

As we look forward, success increasingly hinges on driving valuable long term relationships with customers. In this vein, we have seen increasing focus on formal loyalty schemes as the answer.

But this is only part of the story. Fundamentals such as value for money and delivery on promise remain critical considerations for consumers, as wavering levels of confidence and high inflation have driven them to brands they trust.

Therefore as retailers aim to drive retention and share of wallet, they should consider the full range of levers available to them.

There are several tactics, which retailers will be familiar with, to try and increase the spend of existing customers. Successful strategies here are not revolutionary – these are tactics which have been employed consistently by retailers over time and represent important factors of many retailers’ core proposition.

	Tactics Employed	Retailer Spotlight
<b>Tailored Loyalty Programs</b> 	<b>Rewarding recurring spend</b> via prizes, points and promotions to drive <b>higher average purchase value and frequency</b> .	<b>Tesco Clubcard</b> is the UK’s <b>#1 rated loyalty scheme</b> , combining <b>loyalty points</b> with <b>regular discounts</b> . 
<b>Membership Programmes</b> 	<b>Loyalty schemes</b> that require a subscription or up-front fee to join, <b>providing more valuable rewards</b> for recurring spend.	On <b>Naked Wines’</b> scheme, <b>ranked #7</b> in <b>UK for loyalty</b> , members ‘save’ £25 every month to spend on discount wine. 
<b>Broaden Suite of Services</b> 	Extend services on offer to <b>deliver more value to customers</b> , this could involve <b>developing rental or second hand offers</b> , or adding <b>ancillary services</b> in-store or online.	<b>John Lewis’</b> services range from <b>home design, personal styling, financial credit</b> , to an online ‘gift list’ for presents. 
<b>CRM and Customer Data</b> 	Using CRM / customer data to better <b>understand and target existing consumers</b> with <b>marketing or promotions</b> . Shifting marketing focus towards actively managing returns from cohorts of existing customers vs. being obsessed with recruiting, or re-recruiting the next cohort.	In 2022, <b>M&amp;S</b> acquired <b>Thread</b> – a fashion marketplace – to improve <b>online personalization</b> and <b>recommendations</b> . 
<b>Alternative Acquisition Channels</b> 	As <b>budgets are squeezed</b> , retailers are using <b>organic / unpaid channels</b> , or shifting to <b>cheaper paid channels</b> , outside Google, Amazon and Meta.	<b>Depop</b> has benefited from <b>TikTok fashion</b> trends, with over 2.9m likes on platform (more than double H&M’s 1.1m). 

*Successful strategies here are not revolutionary – these are tactics which have been employed consistently by retailers over time*

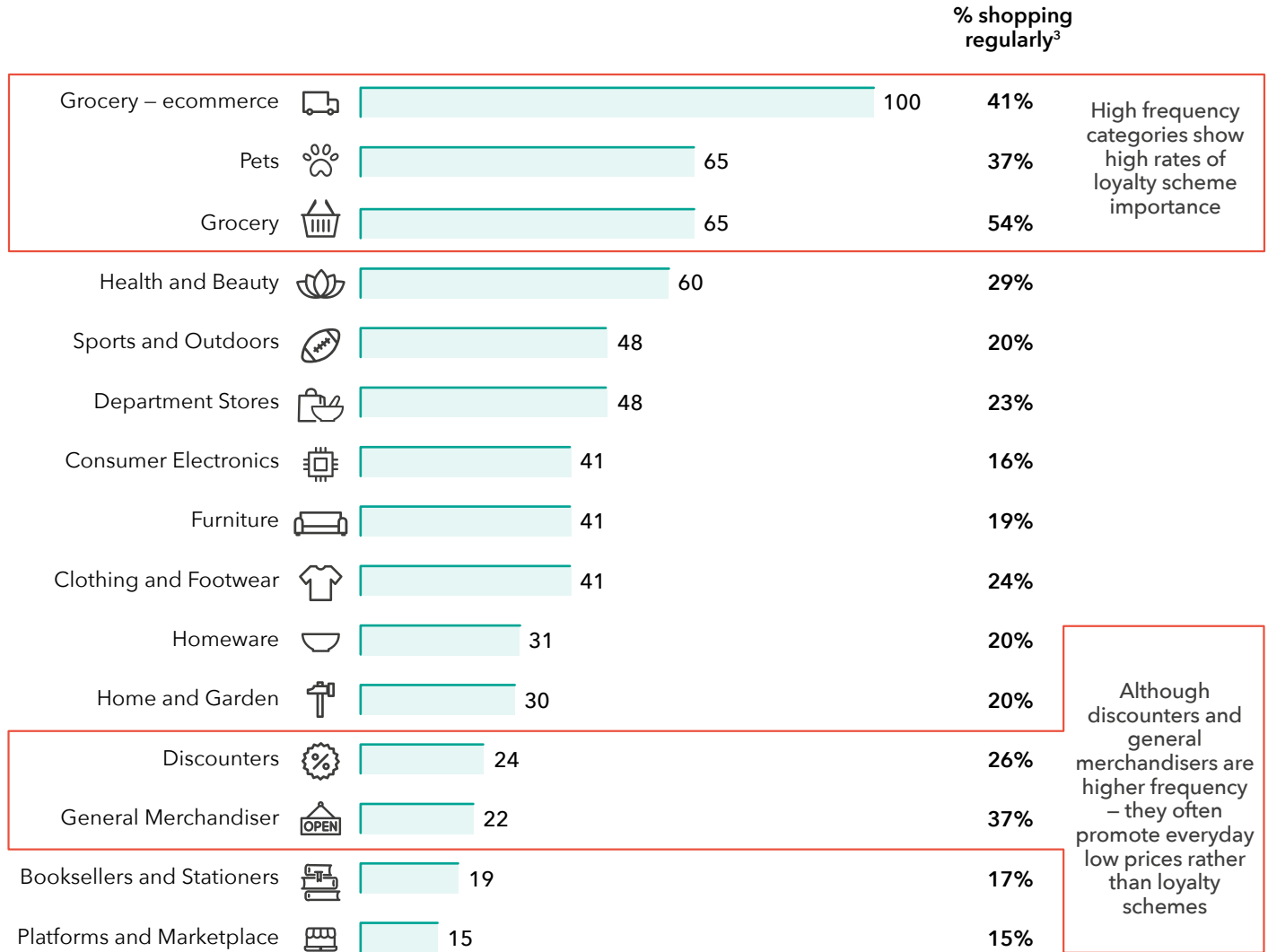


# REWARD IN HIGH-FREQUENCY CATEGORIES

We see formal loyalty schemes as being particularly relevant in high-frequency categories where consumers who shop consistently can see their rewards accruing real-time and feel more direct benefits.

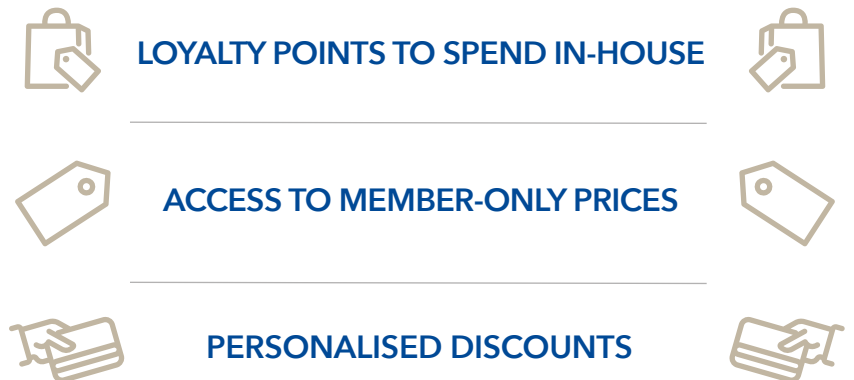
## RELATIVE IMPORTANCE OF LOYALTY SCHEME TO CONSUMER DECISION MAKING BY CATEGORY<sup>1,2</sup>

**Global 2023** (indexed, grocery ecommerce = 100)



Driving value through loyalty schemes will involve consumers accruing rewards as they shop. We see winners in the loyalty scheme space pivoting to flexible, real-time rewards that provide consistent benefits to frequent shoppers via points or customised discounting. In a world where loyalty schemes are becoming synonymous with promotions and 'yo-yo' discounting, consumers value consistency and personalisation.

## TOP 3 DRIVERS OF TOP-RATED LOYALTY SCHEMES<sup>1,2</sup>



1. What is the main reason you shopped with BRAND?

2. Correlation of KPC value to purchase conversion rate by brand.

3. Q: How would you characterise the frequency with which you shop at [Brand]? A: I shop there regularly - at least a couple of times a month.



## CASE STUDY



## RANKINGS

**#2** Value for money

**#3** Low prices

**#15** Trust

**#11** Overall rating

- Aldi doesn't have a traditional loyalty programme like many grocers - relying on consistently delivering quality products at low prices to generate loyalty
- Foregoing a loyalty scheme speeds up the checkout process and makes it easier to shop
- Aldi rely on non-traditional channels (e.g. social media) and buying teams to understand consumer demand

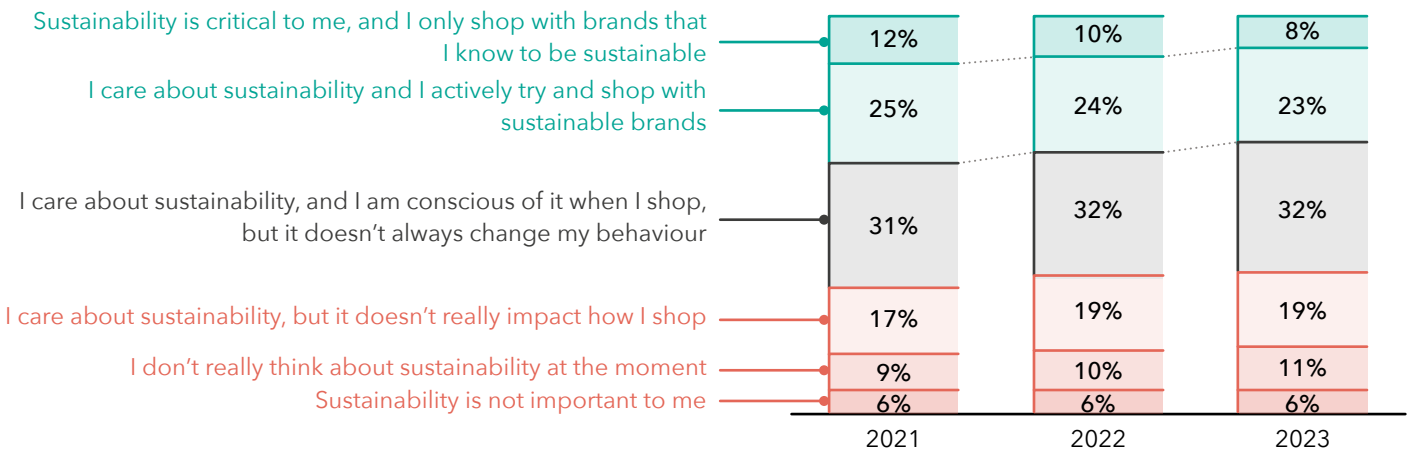
# 3.3 Sustainability remains important despite cost pressure

## SUSTAINABILITY IS ETCHED INTO THE RETAIL AGENDA AND IS INCREASINGLY BECOMING PART OF CONSUMER RELATIONSHIP-BUILDING.

You could be forgiven for thinking it's been deprioritised in consumer decision-making as wallets have been squeezed following the cost-of-living crisis. However, there remains a core group of consumers who make purchase decisions based on sustainability, particularly amongst younger generations.

### ROLE OF SUSTAINABILITY IN CONSUMER'S SHOPPING DECISIONS OVER TIME

#### Global 2021-23

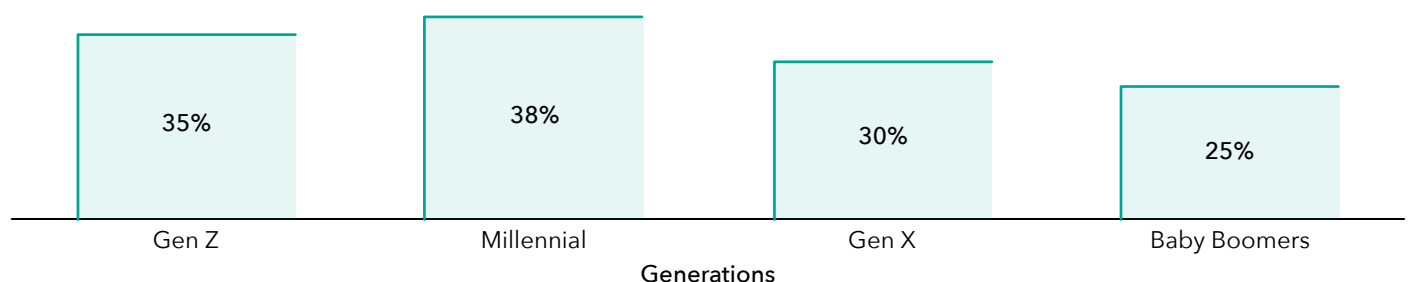


Sustainability has a: ■ Large impact ■ Medium impact ■ Little to no impact

1. Which statement best describes your attitude to environmental and social factors?

### SHARE FOR WHOM SUSTAINABILITY HAS A LARGE IMPACT BY CONSUMER TYPE

#### Global 2023 (%)

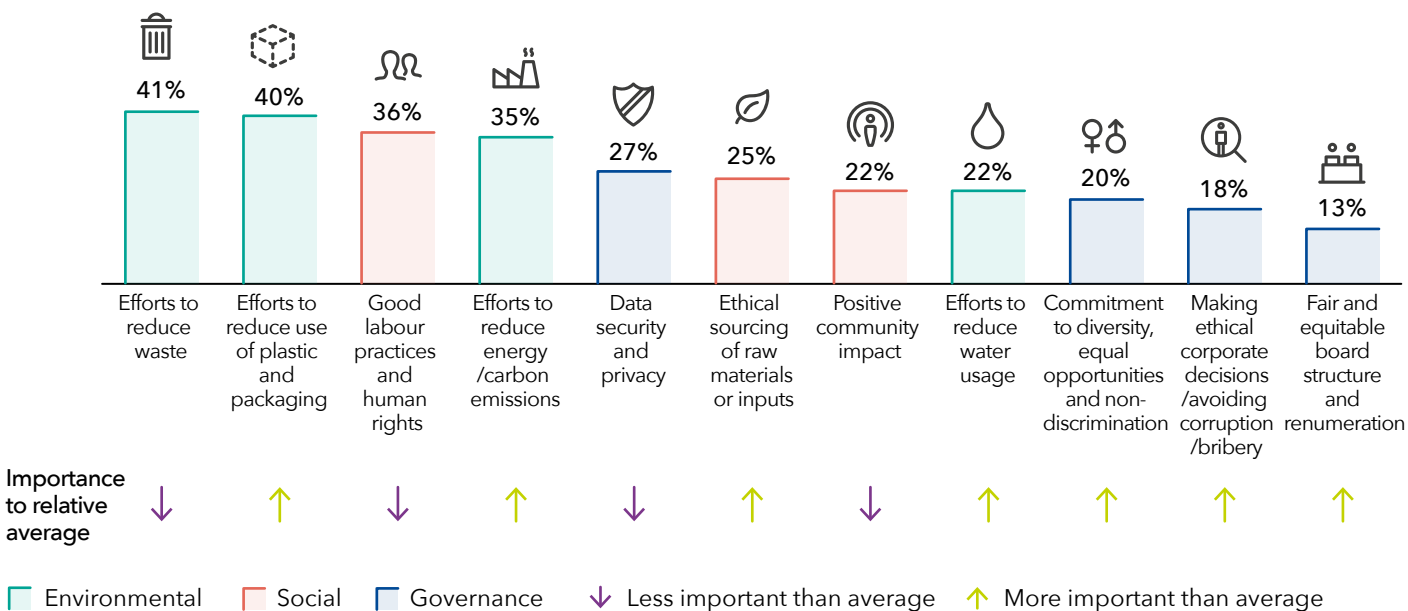




Taking your foot off the pedal with sustainability is incredibly risky, as building reassurance is all about consistency. In the near-term future, those that fall on the wrong side of the sustainability agenda will struggle. For the most ESG-conscious customers, social and environmental factors (such as CO2 emissions and responsible sourcing) are front of mind.

## MOST IMPORTANT ESG CONSIDERATIONS<sup>1</sup> FOR THE ESG-CONSCIOUS<sup>2</sup>

UK 2023 (% of ESG-conscious respondents ranking consideration in top 3)



1. Thinking about actions retailers are taking on environmental, social and governance (ESG) factors, which of the following do you think are the most important?  
 2. Which statement best describes your attitude to environmental and social factors? ESG-Conscious: Options that indicate caring about sustainability:  
 Less-ESG-Conscious: Options that indicate limited interest in ESG considerations.

We see retailers committed to their sustainability agenda being recognised and rewarded for this behaviour by consumers.

## CASE STUDIES

Differentiation	2021	2023	Initiatives	Examples
 <b>#53 #7</b>  <b>+46 Places</b>	<ul style="list-style-type: none"> <li>Introduced 'green grape logo' to <b>spotlight sustainable producers</b></li> <li>Run 'Green wings': a <b>community forum</b> for members to discuss <b>sustainability</b> within the wine industry</li> <li>Change packaging to <b>reduce weight and emissions</b> in transport increase use of <b>recycled/ recyclable</b> materials</li> <li>Partnerships with <b>multiple charities</b></li> </ul>	<p><b>Changing the wine industry for the better</b></p> <p>Naked exists to change the wine industry for the better. With a proven track record improving the lives of winemakers and wine drinkers, we know we're best placed to make serious progress in protecting our planet and our people.</p> <p><b>Giving Back</b></p> <p>Making a meaningful difference to the wine industry and to the lives of others, means giving back to those that need it most.</p>		
 <b>#22 #9</b>  <b>+13 Places</b>	<ul style="list-style-type: none"> <li>In 2020 laid out plan to focus on improving ESG element of operations</li> <li>E.g. <b>responsible materials sourcing</b> and working with Carbon Trust to <b>decarbonise the value chain</b></li> <li>Launched 'Resouled' in 2023 in partnership with Depop to reduce volume of boots going to landfill</li> <li>Customers <b>send worn boots</b> which are <b>repaired and re-sold on Depop</b></li> </ul>	<p><b>BEYOND THIS SEASON. AND THE NEXT</b></p> <p>We've made a <b>commitment</b> to offer our wearers more options and support to maximise the life of their footwear and keep their boots and shoes stomping for longer. ReSouled is our next step forward on our path towards leaving things better than we found them – to help our wearers make the most of each pair of DM's.</p>		

## 3.4 Deliver *growth* with a clear, differentiated model

THE CHARACTERISTICS OF THE WINNING FUTURE RETAIL MODELS REMAINS FAIRLY INTACT, DESPITE MARKET DISRUPTION IN RECENT YEARS.



To drive performance, players should focus on delivering against a targeted operating model to avoid getting 'caught in the middle'. We see four winning models emerging: Platform, Customer Solution, Brand, and Source & Supply.

Each of these models have distinct strategic imperatives to drive differentiation. Retailers must focus on building out the most important elements of the proposition.

## KEY CHARACTERISTICS OF MODELS

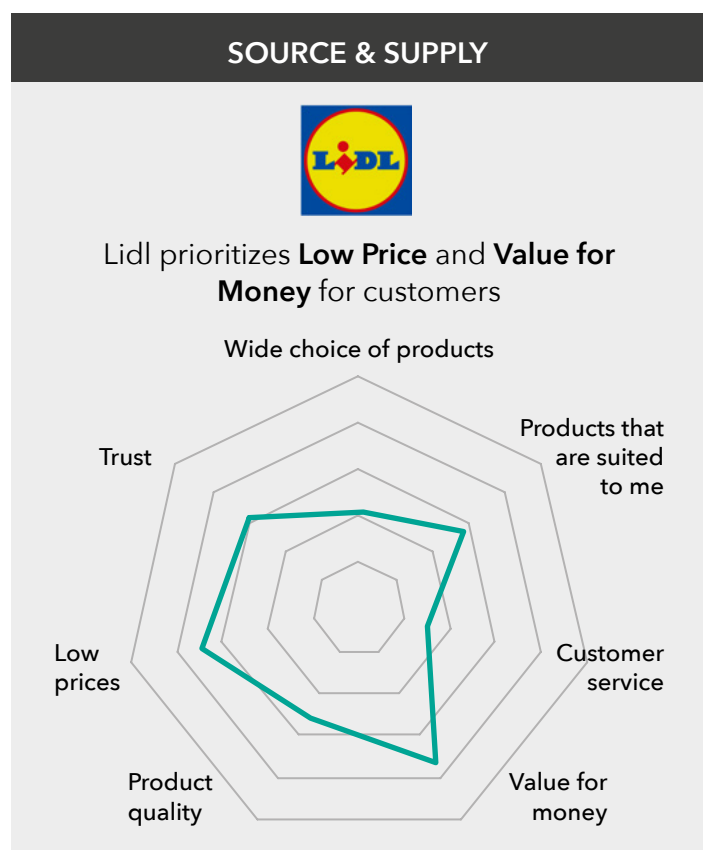
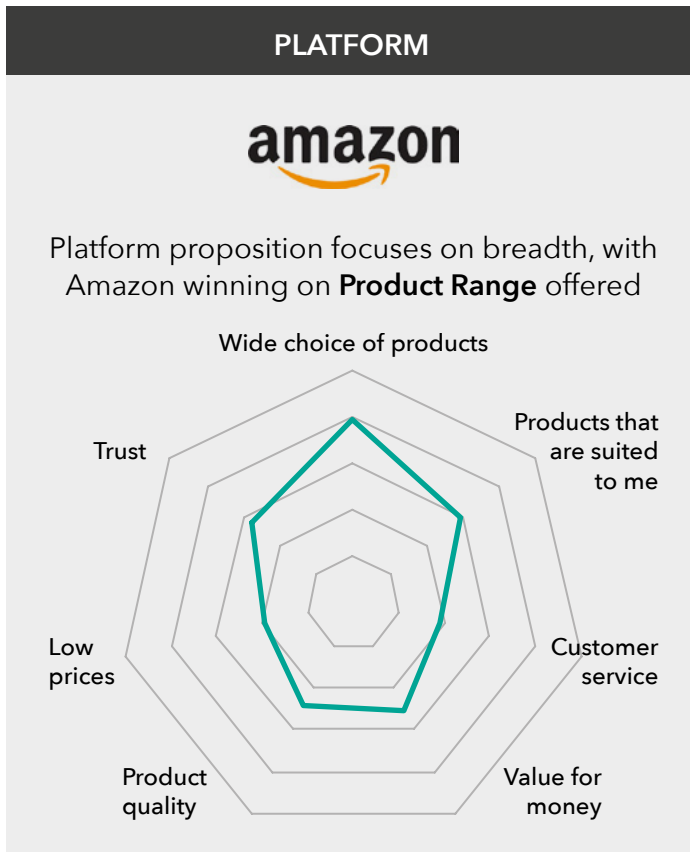
	Key Characteristics	Differentiation	Strategic Priorities	Example Brands
<b>Platform</b> 	Retailers with functional capability that is increasingly being leveraged to expand footprint - these started as pureplays but the model is increasingly multichannel in nature.	Leverage investment in fixed assets, capabilities and customer base.	<ul style="list-style-type: none"> <li>Establish 'front of mind' awareness to become the indisputable <b>starting point for purchase journeys</b></li> <li><b>Disintermediate search engines</b> to be a first <b>destination for advice</b>, inspiration and ideation (even where customers do not convert)</li> <li>Embrace the <b>subscription</b> model to <b>lock-in consumers</b></li> </ul>	  
<b>Customer Solution</b> 	Focus on offering additional customer services & outcomes alongside traditional retail.	Create value through customer services.	<ul style="list-style-type: none"> <li><b>Product curation</b> alone is <b>no longer sufficient</b> value-add for consumers</li> <li>Retailers must deliver <b>outcomes</b> via a <b>proposition</b> that <b>serves an end-to-end consumer need</b> across an ecosystem of products and adjacent services</li> <li><b>Embed subscriptions</b> and bundling into the offer to <b>solidify customer position within the ecosystem</b></li> </ul>	 
<b>Brand</b> 	Operate own brand exclusive physical and/or online stores with individual brand identity core to retailer positioning.	Become truly distinctive.	<ul style="list-style-type: none"> <li><b>Align customers to proposition</b> by <b>generating brand distinctiveness</b> and <b>customer clarity around mission</b></li> <li>Winners will <b>generate a connection to customers</b> via <b>authenticity</b> and <b>consistency</b> across <b>messaging; product quality;</b> and across all <b>customer touchpoints</b> - no matter how or where consumers interact with your brand</li> </ul>	  
<b>Source &amp; Supply</b> 	Value focused retailers; often providing products from suppliers without D2C channels.	Leverage scale and integration to drive value.	<ul style="list-style-type: none"> <li>Deliver <b>unmatched value</b> through <b>vertical integration, scale</b> economies and <b>operational efficiency</b></li> <li>For forward-thinking players, <b>adopt an end-consumer mindset</b> to deliver a proposition that serves core needs, rather than a singular product/service</li> <li><b>Leverage scale</b> to drive share in these <b>ancillary products or services</b></li> </ul>	  



# CUSTOMER RATINGS OF DIFFERENT MODELS

As we look at our data on how consumers are rating retailers across proposition elements we increasingly see them recognising and rewarding retailers for their spikes. Rather than being retail generalists, the winners are those with clearer points of difference.

As the retail landscape evolves, we see these different shaped propositions emerging which are winning in their own way. Retailers should assess their own internal core competencies and their target audience to understand which model best fits their long-term strategic goals. It is more critical than ever to be focused on how you execute against these to migrate to the higher ground and avoid being stuck in the middle.



# 4 Imperatives for Retailers

Four imperatives for retailers wanting to win in tough times.



## #1

### Optimise your physical footprint

Be clear on what the role of physical space is for your business model. Aim to facilitate shopping however your customers prefer. Actively manage your footprint to go for the best space in the best catchments. Look for flexibility in following customer trends, curating the in-store experience to deliver convenience and provide inspiration, ideation, and entertainment.



## #2

### Re-focus on driving share of wallet and loyalty

Fragile consumer confidence and high inflation are driving customers to retailers they trust. Build trust through providing quality products at consistently affordable prices. Alternatively, foster loyalty through successful loyalty schemes offering regular rewards for frequent shopping and driving incremental value.



## #3

### Sustainability remains important despite cost pressure

Despite income pressure, there is a core group of consumers for whom sustainability considerations impact purchase decisions. For the most ESG-conscious customers, social and environmental factors are front of mind. Do not underestimate the importance of sustainability in the near-term – retailers who do so will likely suffer both in consumer opinion and financially.



## #4

### Deliver growth with a clear, differentiated model

Focus on delivering against a targeted operating model to avoid getting 'caught in the middle'. The emerging winners span four models, for whom performance varies by category and target proposition. Assess internal core competencies and target audience to understand which model best fits long-term strategic goals.

## OFFICES

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Rotterdam

São Paulo

Shanghai

Sydney

Warsaw

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To find out more about how consumers rate a particular retail brand, or for any questions about this report please get in touch:

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