
# TOP OF THE SHOPS

## The OC&C Proposition Index 2011/12

OC&C
Strategy Consultants

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## THE OC&C PROPOSITION INDEX 2011/12

**The OC&C Proposition Index is a major piece of consumer research conducted annually, measuring shopper perception of the strength of different retail propositions. Consumers were asked to systematically rate retailers they had shopped at on their overall offer, and across different elements of their proposition (such as price, service, etc). From this, customer perception of the strength of retail propositions can be benchmarked, and "Champion Retailers" identified who are setting the standard, not just for their category, but for all of retail.**

**Scoring highly in the index is not just a measure of customer satisfaction, but also an indicator of potential for long term revenue growth. On average, retailers ranked in the top third of the OC&C Proposition Index have delivered annual growth over the last 5 years 10% faster than those in the bottom third.**

### UK PROPOSITION CHAMPIONS 2011/12


### Amazon Tops UK Rankings

Amazon was again rated by shoppers as the UK's favourite retailer (by a very clear margin), retaining the leading position it achieved in last year's OC&C Proposition Index. Amazon's success in building compelling consumer appeal has been founded on succeeding across different proposition dimensions: It is perceived to offer very strong value for money across a broad and authoritative range - and has an economically advantaged business model to support this positioning. Amazon is also seen by shoppers to have the best service proposition, delivering consistent service and fulfillment to a high standard.

These different sources of proposition strength enable Amazon to appeal across a broad range of different consumer segments - much more so than most leading store-based retailers; with both price sensitive shoppers and those purchasing online for other reasons finding compelling reasons to shop there.

With two other online pureplay retailers in the Top 10 (eBay and Play.com), and these also demonstrating broad appeal, this highlights the ongoing challenge to many bricks and mortar retailers of maintaining mass appeal through simultaneously establishing a competitive pricing strategy and improving the service proposition.

### RISERS AND FALLERS

**Biggest changes in overall proposition ratings versus last year's index**

**IMPROVING**

| | Company | Change in Rating |
|---|---|---|
| 1 | Phones 4U | +6.5 |
| 2 | Clarks | +6.1 |
| 3 | Ocado | +4.2 |
| 4 | Sports Direct | +3.4 |
| 5 | John Lewis | +2.9 |

**DECLINING**

| | Company | Change in Rating |
|---|---|---|
| 1 | Gamestation | -7.1 |
| 2 | Boots | -5.7 |
| 3 | Aldi | -5.5 |
| 4 | Dixons | -5.0 |
| 5 | Gap | -4.9 |

#### How the Proposition Index is Measured

The OC&C Proposition Index is compiled by surveying nearly 20,000 consumers across 6 different countries (UK, Germany, France, Netherlands, USA and China). Between them consumers rated over 360 retailers in total - including 99 different retailers across 15 different retail categories within the UK.

Respondents were asked to rate a random selection of 10 retailers that they had shopped at (ie, visited or purchased) in the last 3 months on the overall strength of their proposition - and on individual elements (such as low prices, quality of products, service etc). Questions were based on a 5 star rating system (from 1=poor to 5=excellent) which was then converted into the simple 0-100 score shown in the index.

The sample sizes collated for each retailer means that ratings are accurate to within +/- 1.5 - and that differences greater than this are statistically significant.

# THE OC&C PROPOSITION INDEX 2011/12

**Rating of Overall Retail Proposition by Consumers Visiting or Purchasing at Retailer in Last 3 Months (Indexed 0-100)**

| Rank | Company | Category | Score |
|---|---|---|---|
| 1 | Amazon | General Merchandiser | 88.8 |
| 2 | M&S Simply Food | Grocery | 83.1 |
| 3 | John Lewis | Department Store | 82.6 |
| 4 | Play.com | Entertainment | 82.5 |
| 5 | Waitrose | Grocery | 81.7 |
| 6 | eBay | General Merchandiser | 81.6 |
| 7 | Selfridges | Department Store | 80.5 |
| 8 | Clarks | Clothing & Footwear | 80.2 |
| 9 | M&S | Clothing & Footwear | 79.8 |
| 10 | Wilkinson | Household | 79.5 |
| 11 | Argos | General Merchandiser | 78.4 |
| 12 | Boots | Health & Beauty | 78.1 |
| 13 | Asda | Grocery | 78.1 |
| 14 | Greggs | Other Specialist | 77.0 |
| 15 | Home Bargains | Discount | 76.6 |
| 16 | Richer Sounds | Electricals | 76.5 |
| 17 | Morrisons | Grocery | 76.4 |
| 18 | Debenhams | Department Store | 76.1 |
| 19 | Ikea | Furniture | 76.1 |
| 20 | Mothercare | Other Specialist | 75.8 |
| 21 | Pets at Home | Other Specialist | 75.6 |
| 22 | House of Fraser | Department Store | 75.5 |
| 23 | Card Factory | Stationers | 75.5 |
| 24 | Dunelm Mill | Department Store | 75.4 |
| 25 | Tesco | Grocery | 75.3 |
| 26 | Toys R Us | Other Specialist | 74.6 |
| 27 | Sainsbury's | Grocery | 74.3 |
| 28 | Iceland | Grocery | 74.2 |
| 29 | Game | Entertainment | 73.8 |
| 30 | Poundland | Discount | 73.7 |
| 31 | Primark | Clothing & Footwear | 73.6 |
| 32 | HMV | Entertainment | 73.2 |
| 33 | Asos | Clothing & Footwear | 73.1 |
| 34 | Next | Clothing & Footwear | 73.1 |
| 35 | Ebuyer | Electricals | 73.1 |
| 36 | Lloyds Pharmacy | Health & Beauty | 73.1 |
| 37 | Zara | Clothing & Footwear | 73.0 |
| 38 | Hobbycraft | Other Specialist | 72.9 |
| 39 | Sports Direct | Sports & Outdoors | 72.8 |
| 40 | Ocado | Grocery | 72.8 |
| 41 | M&M Direct | Clothing & Footwear | 72.7 |
| 42 | Lidl | Grocery | 72.4 |
| 43 | B&M Bargains | Discount | 72.2 |
| 44 | H&M | Clothing & Footwear | 72.2 |
| 45 | Matalan | Clothing & Footwear | 72.1 |
| 46 | Superdrug | Health & Beauty | 72.0 |
| 47 | New Look | Clothing & Footwear | 71.9 |
| 48 | Monsoon | Clothing & Footwear | 71.9 |
| 49 | B&Q | DIY | 71.7 |
| 50 | Ted Baker | Clothing & Footwear | 71.7 |
| 51 | Holland & Barrett | Health & Beauty | 71.4 |
| 52 | Jessops | Electricals | 70.9 |
| 53 | Republic | Clothing & Footwear | 70.8 |
| 54 | 99p store | Discount | 70.5 |
| 55 | Poundstretcher | Discount | 70.1 |
| 56 | WH Smith | Stationers | 69.9 |
| 57 | Aldi | Grocery | 69.7 |
| 58 | Maplin | Electricals | 69.7 |
| 59 | Wickes | DIY | 69.0 |
| 60 | Superdry | Clothing & Footwear | 68.9 |
| 61 | Gamestation | Entertainment | 68.9 |
| 62 | Peacocks | Clothing & Footwear | 68.7 |
| 63 | Robert Dyas | DIY | 68.6 |
| 64 | Dorothy Perkins | Clothing & Footwear | 68.3 |
| 65 | River Island | Clothing & Footwear | 68.2 |
| 66 | Very | Department Store | 68.1 |
| 67 | Majestic Wine | Other Specialist | 68.1 |
| 68 | Fat Face | Clothing & Footwear | 67.7 |
| 69 | Co-op | Grocery | 67.5 |
| 70 | Homebase | DIY | 67.5 |
| 71 | Jack Wills | Clothing & Footwear | 67.4 |
| 72 | Goldsmiths | Jewellery | 67.2 |
| 73 | Ernest Jones | Jewellery | 67.1 |
| 74 | Gap | Clothing & Footwear | 67.1 |
| 75 | Blacks | Sports & Outdoors | 67.0 |
| 76 | H Samuel | Jewellery | 66.8 |
| 77 | TK Maxx | Clothing & Footwear | 66.1 |
| 78 | Carphone Warehouse | Electricals | 65.8 |
| 79 | Halfords | Other Specialist | 65.8 |
| 80 | White Stuff | Clothing & Footwear | 65.8 |
| 81 | Clinton Cards | Stationers | 65.5 |
| 82 | TopShop | Clothing & Footwear | 65.5 |
| 83 | JJB | Sports & Outdoors | 65.1 |
| 84 | JD Sports | Sports & Outdoors | 65.1 |
| 85 | PC World | Electricals | 64.9 |
| 86 | Comet | Electricals | 64.6 |
| 87 | Currys | Electricals | 64.2 |
| 88 | Dreams | Furniture | 63.4 |
| 89 | Boden | Clothing & Footwear | 63.1 |
| 90 | The Original Factory Shop | Discount | 62.6 |
| 91 | Phones 4U | Electricals | 62.1 |
| 92 | Dixons | Electricals | 61.1 |
| 93 | DFS | Furniture | 59.6 |
| 94 | Carpetright | Furniture | 57.8 |
| 95 | McColls | Stationers | 55.4 |
| 96 | Magnet | Furniture | 54.9 |
| 97 | Mappin & Webb | Jewellery | 54.9 |
| 98 | Furniture Village | Furniture | 54.8 |
| 99 | Littlewoods / Shop Direct | Department Store | 46.9 |

# TOP RATED PROPOSITIONS

**Households Earning Less Than £20,000**

| Rank | Company | Score |
|---|---|---|
| 1 | Amazon | 90.9 |
| 2 | Play.com | 87.4 |
| 3 | eBay | 85.1 |
| 4 | Clarks | 83.7 |
| 5 | Asda | 81.3 |
| 6 | Wilkinson | 81.0 |
| 7 | M&S Simply Food | 80.8 |
| 8 | Home Bargains | 80.5 |
| 9 | Argos | 80.1 |
| 10 | Morrisons | 79.6 |

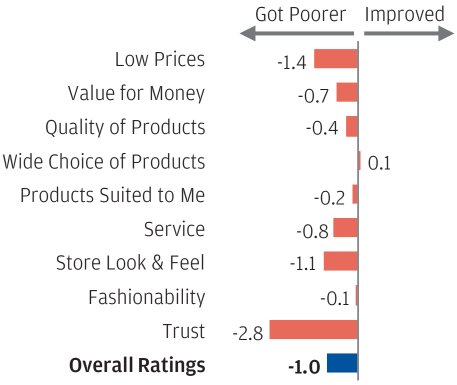
**Households Earning More Than £50,000**

| Rank | Company | Score |
|---|---|---|
| 1 | Amazon | 90.1 |
| 2 | John Lewis | 86.6 |
| 3 | Waitrose | 84.9 |
| 4 | M&S Simply Food | 83.5 |
| 5 | Selfridges | 82.0 |
| 6 | eBay | 81.4 |
| 7 | Marks & Spencer | 80.6 |
| 8 | Clarks | 79.3 |
| 9 | Play.com | 79.2 |
| 10 | House of Fraser | 78.9 |

# AVERAGE CHANGES IN RATING

**All Retailers**

Average Change vs Previous Year




## Emergence of a New Breed of Discounters

Particularly noticeable this year is the emergence of a set of value players, who are able to translate a very strong price-led offer into overall consumer appeal. Card Factory, Home Bargains, B&M Bargains and Wilkinsons are clear examples of this making in-roads in sectors where the price-quality equation of more mid-market players is not stacking up.

Our research suggests the appeal of these players is broadening - and expanding beyond their heartland of a less affluent core of customers where they are already very strongly rated. The pressure being felt by the 'squeezed middle' set of consumers will likely accelerate this - and there are clear signals that these shoppers are showing less satisfaction with many incumbent mid-market offers.

For incumbents in sectors facing this insurgent challenge, this highlights two clear priorities - get sharper on price or improve the quality proposition to drive differentiation that the consumer values.

## Trust is Key – But is in Decline

Trust is a key factor underpinning consumer appeal - with nearly all retailers rated highly overall seen as being trusted by their shoppers. On average, levels of trust in retailers have seen a significant decline over the last 12 months - and it is the proposition factor that has seen the biggest change in perception (even more than price, despite the impact of high inflation).

However, the decline in trust has not been evenly spread across all retailers - and the consumer has become more polarised in their perception. Despite the overall decline, some long established trusted names, such as Waitrose and John Lewis have actually enhanced their position. This creates a real challenge for those outside this top cohort as they seek restore their position.

Looking at those that are rated highly, it is clear that trust is 'won' not 'spun'. Whether it is long established retailers or more recent online players; those leading the rankings on trust have got there through consistent positioning and execution - not just by running a good marketing campaign.

## Proposition Champions

The proposition index assesses not only which retailers customers see as winning on overall proposition strength, but also who is perceived to have the leading offer for each different element of the proposition.

These proposition element 'champions' are drawn from a broad range of sectors, for example.

- Primark is seen as the best retailer for low prices (where it is rated top across all sectors not just in the UK, but versus any other retailer in our global survey)
- Amazon perceived as best for value for money (and the difference in shopper ratings for this versus low prices does demonstrate that consumers genuinely recognise the difference between low prices and value)
- M&S Simply Food (closely followed by Waitrose) believed to offer the best product quality
- Amazon and John Lewis perceived to deliver the best service proposition

There is also a set of specialist retailers that are seen to shine through offering specific strengths or spikes in their proposition. For example, Richer Sounds is perceived to deliver a much stronger service offer than any other electricals specialist. In the pet sector, Pets at Home is seen as an exciting store proposition.

Choosing specific elements of the proposition to excel in can be a valuable route to building a differentiated customer proposition (provided these are aspects target customers truly value).

# CONSUMER PROPOSITON CHAMPIONS

## LOW PRICES

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Primark | 90.8 |
| 2 | Poundland | 89.6 |
| 3 | Card Factory | 88.5 |
| 4 | 99p store | 87.3 |
| 5 | Home Bargains | 85.8 |
| 6 | Amazon | 84.3 |
| 7 | Sports Direct | 83.8 |
| 8 | Aldi | 83.6 |
| 9 | Wilkinson | 83.6 |
| 10 | B&M Bargains | 83.2 |

## VALUE FOR MONEY

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Amazon | 86.3 |
| 2 | Card Factory | 83.6 |
| 3 | Primark | 82.1 |
| 4 | Play.com | 81.8 |
| 5 | Home Bargains | 81.5 |
| 6 | Wilkinson | 81.3 |
| 7 | Poundland | 81.2 |
| 8 | Asda | 79.7 |
| 9 | eBay | 79.5 |
| 10 | B&M Bargains | 78.5 |

## TRUST

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | John Lewis | 82.1 |
| 2 | M&S Simply Food | 81.3 |
| 3 | Amazon | 81.3 |
| 4 | Clarks | 79.0 |
| 5 | M&S | 78.7 |
| 6 | Play.com | 78.4 |
| 7 | Waitrose | 77.4 |
| 8 | Boots | 77.0 |
| 9 | Mothercare | 75.8 |
| 10 | Selfridges | 74.6 |

## SERVICE

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Amazon | 84.2 |
| 2 | John Lewis | 82.8 |
| 3 | Waitrose | 80.7 |
| 4 | M&S | 80.4 |
| 5 | M&S Simply Food | 79.0 |
| 6 | Play.com | 77.9 |
| 7 | Clarks | 76.6 |
| 8 | Richer Sounds | 75.6 |
| 9 | Selfridges | 74.6 |
| 10 | Boots | 74.6 |

## PRODUCT QUALITY

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | M&S Simply Food | 87.2 |
| 2 | Waitrose | 87.1 |
| 3 | John Lewis | 86.3 |
| 4 | Clarks | 85.7 |
| 5 | Amazon | 84.4 |
| 6 | Play.com | 83.3 |
| 7 | M&S | 82.8 |
| 8 | Selfridges | 82.4 |
| 9 | Boots | 81.6 |
| 10 | House of Fraser | 78.9 |

## WIDE CHOICE OF PRODUCTS

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | eBay | 92.3 |
| 2 | Amazon | 92.2 |
| 3 | Argos | 84.9 |
| 4 | Play.com | 84.8 |
| 5 | Toys R Us | 84.3 |
| 6 | Asda | 82.7 |
| 7 | John Lewis | 82.3 |
| 8 | Selfridges | 82.1 |
| 9 | Boots | 81.8 |
| 10 | Ikea | 81.2 |

## STORE / WEBSITE LOOK AND FEEL

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Amazon | 84.9 |
| 2 | John Lewis | 81.4 |
| 3 | Waitrose | 80.4 |
| 4 | M&S Simply Food | 79.5 |
| 5 | Play.com | 79.4 |
| 6 | Selfridges | 78.6 |
| 7 | eBay | 78.0 |
| 8 | M&S | 77.2 |
| 9 | Ocado | 77.0 |
| 10 | Pets at Home | 74.9 |

## FASHIONABILITY

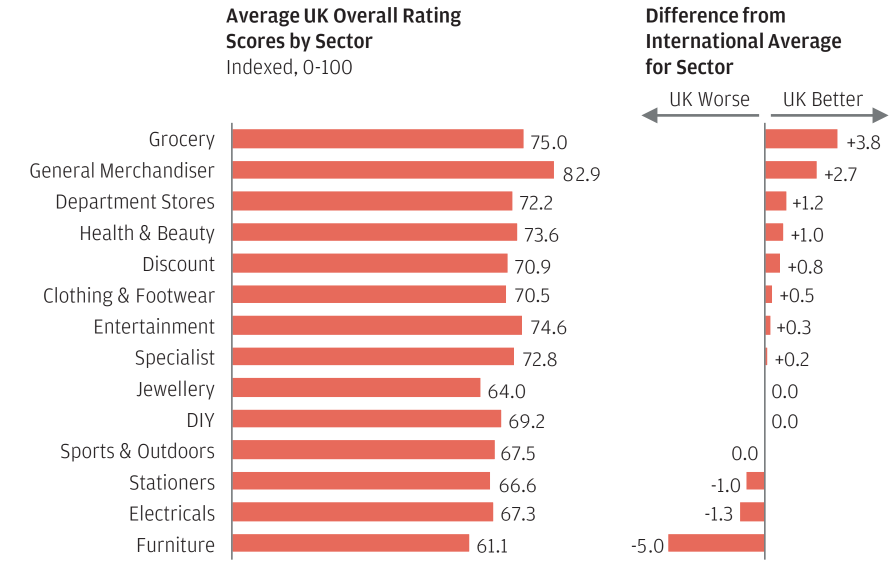
| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Asos | 81.9 |
| 2 | New Look | 78.4 |
| 3 | Zara | 77.1 |
| 4 | Superdry | 76.9 |
| 5 | H&M | 76.5 |
| 6 | Ted Baker | 76.4 |
| 7 | River Island | 76.0 |
| 8 | Republic | 75.7 |
| 9 | Topshop | 75.3 |
| 10 | Next | 73.5 |

## Sector Winner and Losers

This research also highlights a set of sectors where shoppers perceive that they have a choice of particularly strong or weak retail propositions in the UK. In particular, grocery, department stores and health & beauty are sectors where UK retailing is seen as world class – and UK players are offering strong propositions versus other retail categories.

Conversely, consumers have a much weaker view of the furniture, electricals and stationers categories – and shoppers feel underserved by existing retail propositions. This is not just versus other retail sectors in the UK, but also versus how shoppers in other countries rate those same sectors locally. There may be learnings for UK incumbents in these categories from looking at international best practice – or for insurgents and niche players to profit in these sectors.

### How UK Retail Sectors Compare Internationally




# INTERNATIONAL RANKINGS – TOP 25 RETAILERS

| Rank | Retailer | Category | Country | Overall Rating | Change vs Previous Year |
|---|---|---|---|---|---|
| 1 | Amazon | General Merchandiser | Germany, UK, US, France | 90.2 | 2.6 |
| 2 | Picard | Grocery | France | 83.9 | (0.5) |
| 3 | M&S Simply Food | Grocery | UK | 83.1 | n/a |
| 4 | John Lewis | Department Store | UK | 82.6 | 2.8 |
| 5 | Play.com | Entertainment | UK | 82.5 | (1.4) |
| 6 | DM | Health & Beauty | Germany | 81.9 | (4.6) |
| 7 | Waitrose | Grocery | UK | 81.7 | 0.5 |
| 8 | Ikea | Furniture | France, Netherlands, UK | 81.6 | 0.9 |
| 9 | eBay | General Merchandiser | UK, Germany, US, France | 81.6 | (2.6) |
| 10 | Bol.com | Entertainment | Netherlands | 80.9 | (0.5) |
| 11 | Globus | Grocery | Germany | 80.7 | 3.5 |
| 12 | Selfridges | Department Store | UK | 80.5 | n/a |
| 13 | Clarks | Clothing & Footwear | UK | 80.2 | 6.0 |
| 14 | Yves Rocher | Health & Beauty | France | 80.2 | n/a |
| 15 | Douglas | Health & Beauty | Germany, France | 80.0 | 2.3 |
| 16 | M&S | Clothing & Footwear | UK | 79.8 | (4.3) |
| 17 | Wilkinson | Household | UK | 79.5 | n/a |
| 18 | Costco | Grocery | US | 79.3 | 0.8 |
| 19 | FNAC | Electricals | France | 79.3 | 1.8 |
| 20 | Decathlon | Sports & Outdoors | France | 79.3 | (0.4) |
| 21 | Thalia | Entertainment | Germany | 79.1 | n/a |
| 22 | Sephora | Health & Beauty | France, US, China | 79.0 | 0.3 |
| 23 | Victoria's Secret | Clothing & Footwear | US | 78.8 | n/a |
| 24 | Nature et Découvertes | Department Store | France | 78.7 | 1.5 |
| 25 | Argos | General Merchandiser | UK | 78.4 | 0.8 |

# UNPICKING INDIVIDUAL RETAILER RATINGS

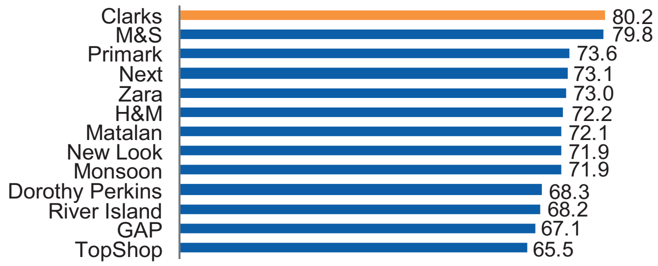
**The Proposition Index can be used to unpick how an individual retailer is perceived by its shoppers, what elements of the proposition are rated highly, where it is improving - and where there remains opportunity for further proposition development in the eyes of the customer.**

**As an example of this, below is shown some selected specific analysis from the Proposition Index on Clarks – a retailer where perception of the proposition has shown one of the largest levels of improvement vs last year.**

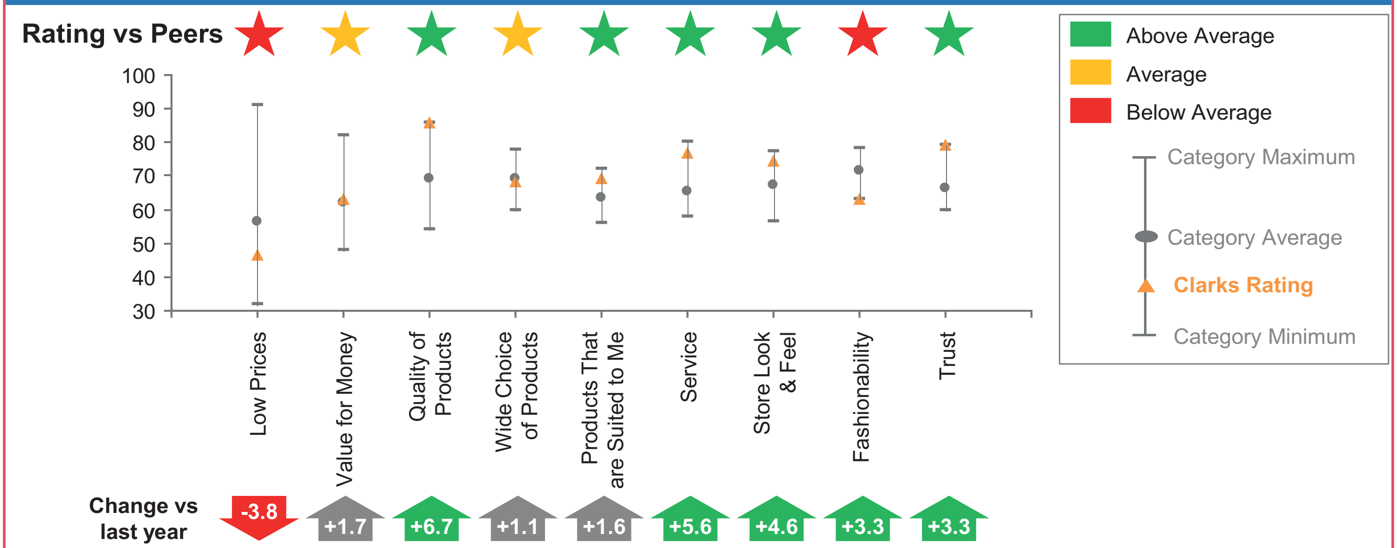
## Proposition Index Dashboard: Example Retailer – Clarks

### Overall Shopper Rating of Clarks Proposition

**Visitors & Purchasers in Last 3 Months**


### Shopper Rating of Components of Clarks Proposition

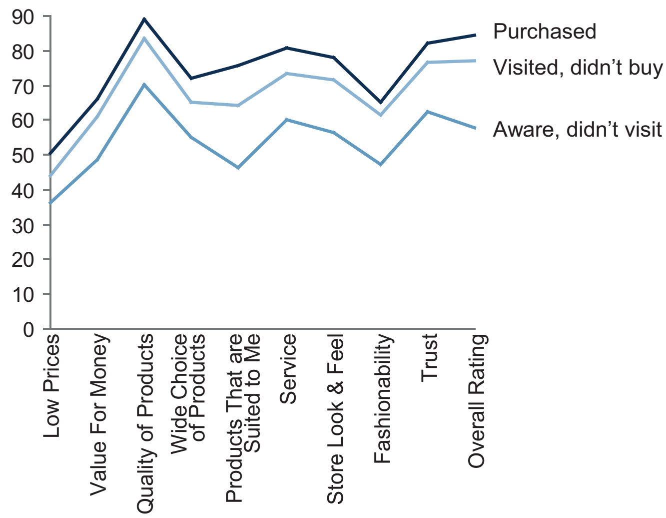



### Clarks Rating by Customer Segment

**Visitors & Purchasers in Last 3 Months**

| Household Income (£) | | Under 35 (Age) | 35+ (Age) |
|---|---|---|---|
| | Over 30k | **78.9** *Overall UK Ranking: 11th out of 99* | **78.7** *Overall UK Ranking: 7th out of 99* |
| | Under 30k | **79.2** *Overall UK Ranking: 4th out of 99* | **83.6** *Overall UK Ranking: 9th out of 99* |

### Shoppers vs Non-Shopper Rating



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