

# RETAIL'S ROCKY ROAD TO CHRISTMAS

## The DynamicAction Retail Index: Autumn 2016

An analysis of more than €6.6 Billion in consumer transactions. Those transactions account for €4.2 Billion in North America and £2.4 Billion in Europe.

### Here is the current state of retail

#### PROMOTIONS ↑

In **Europe**, retailers are continuing to pull their promotional lever more than ever in the lead up to Christmas, with **orders using promotions up**

## 144% YoY



as compared to an **increase of 85% globally**



Buyers moving from first purchase to second purchase in the region are **↓11% YoY** and **↓19%** for the quarter



New customer orders are **↓6%** across the board, coupled with marketing costs that are **↑4% YoY** and **↓18%** for the quarter

CUSTOMER LOYALTY ↓



With the rise of the European bargain hunters, who have become **accustomed to BOGOF, BOGOHO and free-with-purchase offers** throughout the year, **customer loyalty is waning** and retailers in the region are finding it **increasingly more difficult to attract, acquire and retain customers**

### When the BREXIT Vote Rocked Retail's World



Full price sales were looking promising in the 4 weeks prior to the EU Referendum, **↑slightly** by **1% YoY**

In the 4 weeks following the Brexit vote they were **↓an average 8% YoY**



Things were looking up for UK retailers in the 4 weeks leading up to the EU Referendum, with orders using markdowns **↓7% YoY**

The 4 weeks after the Brexit vote? **↑an average 10% YoY**

### But there may be some *sparkling* Christmas lights at the end of that dark tunnel

European retailers are beginning to institute changes to increase operational efficiencies and protect profit margins, which could help them turn things around come Christmas time. They're teaching their counterparts across the pond a thing or two as well...

#### Product Profit

**Europe**  
**67% YoY** and **25%** for the quarter **↑**



vs



**North America**  
**4% YoY** and **2%** for the quarter **↓**

European retailers are also running leaner, more efficient businesses by holding less inventory overall, but having on hand more of the stock that their consumers are **actually** looking for and ready to buy.



Items customers are viewing are **11% more often** in stock this year **in Europe than in North America**

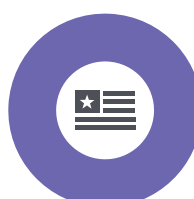
As European retailers optimise their inventory and marketing, they are increasing the profitability of each customer visit to their site and maximising each and every click, a paramount strategy to ensure continued success heading into Christmas and 2017.

#### Product Profit Per View

**Europe**  
**up 28% YoY**



vs



**North America**  
Flat for the Year – **up just 2%**

Although the promotional addiction must be curbed for retailers to experience significant improvements, the European focus on operational effectiveness is beginning to pay dividends.

#### FREE SHIPPING ↓



**Free shipping**, for example, is **down** for both the year and the quarter and in the lead up to Christmas could prove vital to European retailers' bottom lines.

**↓8% for the year** **↓22% for the quarter**

The study benchmarks retail trends in key categories from 1<sup>st</sup> of January - 1<sup>st</sup> of September 2016 in comparison to 2015. Any references to quarterly numbers refers to 1<sup>st</sup> of June - 29<sup>th</sup> of August 2016 in comparison to 2015.



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