

Retail Week power list 2015



he past year has been full of etail firsts, epitomising a rate of change that seems only to be accelerating.

Argos, for instance, became the first UK multichannel retailer to pass the £1bn mark in m-commerce sales – a landmark moment on its journey towards being a digitally led business.

And Ocado, the brainchild of feisty entrepreneur Tim Steiner, made its first full-year pre-tax profit.

That was a first that, to Steiner's irritation, many observers believed might never happen. He no doubt took some satisfaction in proving his critics wrong.

And, for the first time, Amazon founder Jeff Bezos tops our Etail Power List.

The fact Bezos, until now, has never topped the rankings may seem rather odd. After all, few can genuinely be said to have changed the retail landscape as fundamentally as he has done.

In the past, Amazon's power and influence have been reflected in the high ranking of its UK boss, Chris North. But over the past year, as much as in any of the 20 years of Amazon's existence, developments in the US have been shaping the direction of the business globally.

From experiments with delivery by drone to the evolution of food arm Amazon Fresh – poised to launch here – and the development of subscription service Prime, the States is driving change and it seemed perverse not to include Amazon's guiding spirit in the list.

But etail is not just about one person, no matter how influential. Twenty people make the list for the first time, which is indicative of the rate of innovation and change.

When we come to put together the next list, no doubt it will be another year of etail firsts.

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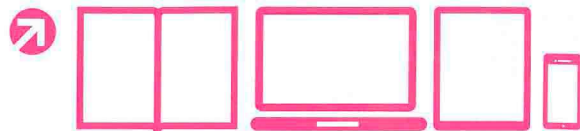


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View the full countdown of the top 50 at Retail-week.com/etail50
Let us know what you think about the list on Twitter using #etail50

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**Bezos
attributes
Amazon's
ability to
disrupt the
industry to
having the
courage of its
convictions**

Jeff Bezos Chief executive, Amazon (NEW)

I Amazon founder Jeff Bezos calls the tune for every retailer with an ecommerce proposition and his top place in this year's Etail Power List means Amazon has seized the crown once again.

In the past, Amazon's entries have been restricted to UK directors but innovation seems ever more to be coming out of the US, and Bezos is behind it.

If others do not follow they are likely to be left by the wayside as customers vote with their clicks and choose Amazon's superior shopping experience.

The retail Goliath's proposition is so powerful not even a long-running tax controversy in the UK dissuaded consumers from shopping on the platform.

Princeton computer science and electrical engineering graduate Bezos has applied his scientific brain to ensure Amazon continues to adapt its model to improve the customer journey by making constant tweaks to the platform.

But it is not just incremental advances that have resulted in Bezos topping this year's Etail Power List. More important is his ability to second-guess the future of retail and introduce innovations that disrupt the sector.

Bezos believes his three most durable innovations are Prime, Marketplace and Amazon Web Services.

And the most important of these in Bezos's eyes is Prime, the annual subscription service that entitles customers to unlimited free delivery and a TV and film streaming service.

Rivals have scrambled to follow suit with their own versions of Amazon Prime, such as Jet.com and Walmart in the US.

And Amazon has sent shockwaves through the UK grocery sector by extending its Prime Now one-hour delivery service to chilled foods in a Birmingham trial.

On the horizon Bezos is eyeing drone deliveries. The idea was scoffed at when it was first mooted and even dismissed as an April Fool's stunt, but Bezos is determined to make it happen.

While he admits the launch of drone

deliveries is years rather than months away, he is adamant it will become a reality.

Amazon is testing commercial drone deliveries in Cambridge and lobbying governments in an effort to get them to relax aviation laws to pave the way for them. Early indications suggest the UK aviation authorities are being more accommodating than those in the US, which means Britain could be the test ground.

Bezos attributes Amazon's ability to disrupt the industry to having the courage of its convictions.

"We have an eagerness to invent that is a deep part of our culture, as is a willingness to think long term," Bezos told *The Telegraph*. "We can work on things that don't need to work for five, six, seven years. There aren't many companies willing to take that kind of time horizon."

However, it is not always plain sailing for Bezos. In August he was forced to deny the retailer is a "dystopian workplace" after a *New York Times* exposé on Amazon's employment practices.

The article included allegations that white-collar workers who had suffered from cancer, miscarriages and other personal tragedies had been evaluated unfairly or forced out of the company.

In an internal memo Bezos said he did not recognise the "soulless, dystopian workplace where no fun is had and no laughter heard" that was depicted in the article.

Bezos describes his senior Amazon colleagues as "paid volunteers" and argues they choose to work at Amazon rather than "sipping margaritas on a beach".

With a Beverly Hills mansion, Bezos could be drinking cocktails by the pool himself, but given his drive and work ethic there is no chance he will be doing that anytime soon.

Instead, expect him to continue driving the future of retail for years to come. Despite being based in the US the increasingly borderless nature of retail has meant there is no denying he is the business brainbox retailers in the UK look to for inspiration.

"We have an eagerness to invent that is a deep part of our culture"

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Jack Ma Chairman, Alibaba (2014, 39)

2 Any UK retailer hoping to get an eetail foothold in China needs to consider working with Alibaba, as Sainsbury's and Marks & Spencer already have. And, having earned himself a place in the Etail Power List last year, Alibaba founder Jack Ma has rocketed into second spot this time following an impressive 13 months since the online titan's IPO last September.

The company, which owns the Tmall and Taobao marketplaces, has vastly expanded its business portfolio and tapped into home electronics, unveiling partnerships with retailers Gome and Haier to offer more appliances online.

Ma led from the front in January, revealing ambitious plans to extend a customer base of two billion people and hit annual sales of £313bn. With those goals at the heart of its strategy, Alibaba moved into the smartphone market in February, taking a \$590m (£387.7m) stake in phone manufacturer Meizu Technology Corp and acquiring a \$200m (£133m) stake in

popular messaging app Snapchat the following month.

After penning a lucrative deal with Disney to bring Marvel merchandise to China, Ma suffered a setback in May when Alibaba was sued by luxury goods manufacturer Kering for allegedly selling counterfeit products on Taobao. While the issue has not gone away, Alibaba responded promptly by launching QR-style codes to prevent fake items being sold.

In August Alibaba acquired a 19.99% stake in electronics chain Suning, one of China's largest bricks-and-mortar retailers, for \$4.6bn (£2.9bn). Alibaba said its distribution operations would join forces with 1,600 stores to improve fulfilment and deliver items to customers within two hours.

But Alibaba's latest quarterly figures revealed it grew at its slowest rate for more than three years in the three months to June 30. Executive chairman Ma will no doubt have more tricks up his sleeve this year as he and Alibaba's new boss, Daniel Zhang, work towards their lofty targets.



Chris North UK managing director, Amazon (2014, 1)

3 Amazon's Chris North once seemed immovable at the top of the Etail Power List, so it is perhaps fitting only his boss, Jeff Bezos, could ultimately knock him off the top spot.

Amazon's UK sales have been growing steadily under North's stewardship and increased 14% to \$8.3bn (£5.3bn) in the year ending December 2014, which compared with a 13% increase the year before, when sales hit £4.3bn.

North has kept a low profile of late, perhaps partly because of the furore over Amazon's tax avoidance, but is likely to draw less flak now that the etailer has begun booking sales in the UK.

The change means Amazon will pay corporation tax in Britain rather than Luxembourg after establishing a London branch of its main retail company.

During the shake-up North and finance director Rob McWilliam resigned from the board of Amazon.co.uk.

However, North will remain as head of Amazon here, while McWilliam's job title was changed to vice-president of consumables.

North has had plenty on his plate beyond tax matters this year, ranging from overseeing the launch of Prime Day in the UK to the roll out of one-hour deliveries.

Prime Day, an exclusive one-day sale for members of Amazon Prime, offered more deals than Black Friday and Amazon encouraged shoppers to join in the sale by offering £20 off the usual £79 Prime membership fee.

Other big projects included the opening of Europe's largest fashion studio in east London, and it is believed the etailer is on the cusp of launching its online grocery proposition, Fresh, in the capital.

14%
UK sales increase
for year ending
December 2014

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Tim Steiner Chief executive, Ocado (2014, 2)

4 It has been a mixed year for Ocado but co-founder and boss Tim Steiner maintains his place in the upper ranks of the list, despite falling two places.

The online grocer reported its first full-year pre-tax profit this year – £7.2m compared with a full-year loss of £12.5m the previous year – as Steiner served up the perfect answer to his critics.

That profit came despite further heavy investment, as Steiner bids to keep Ocado at the forefront of cutting-edge technology with the development of pick-and-pack humanoid robots and the planned opening of a fourth customer fulfilment centre.

But with the launch of Amazon Fresh in the UK edging ever-closer – and threatening to make inroads into Ocado's core customer base – Steiner could be about to face his toughest year yet.

Against that backdrop, the former Goldman Sachs banker's vision of transforming the business from an online grocer into a technology provider will become even more important.

Ocado's tie up with Morrisons has delivered a solid first full year, but Steiner's dreams of securing a similar deal overseas are yet to be fulfilled, despite his confidence that a partnership would be in place by the end of 2015.



Alex Baldock Chief executive, Shop Direct (2014, 3)

5 Alex Baldock has had a busy 12 months. Shop Direct this year launched a brand new premium fashion business, Very Exclusive, which Baldock says aims to “democratise” luxury by selling brands such as Vivienne Westwood on credit.

And, in a bid to modernise the business, Baldock has, within the space of a few months, canned Woolworths, axed the Littlewoods catalogue and unveiled plans that include the likely shutting of two Shop Direct call centres as communication with consumers increasingly becomes digital. He has also revealed plans to fold Isme into Very in an effort to streamline the business and release funds to power its bigger brands.

Baldock, a former banker, has a keen eye on data too, creating algorithms that personalise web pages for customers.

All that after unveiling a fivefold profit hike in 2013/14, building on the retailer's first pre-tax profit in 2012/13 and Shop Direct winning three gongs in the 2015 Retail Week Awards with Oracle.

The cerebral Baldock, who has a double first from Oxford University and a MBA from Harvard, shows no signs of slowing down. After unveiling that profit spike, he said: “We’re nowhere near the full potential of this business, there’s a ton more to do, and we’ll continue to invest heavily to get it done.”

