



Candidates must complete this page and then give this cover and their final version of the extended essay to their supervisor.

Candidate session number

Candidate name

School name

Examination session (May or November)

May

Year

2015

Diploma Programme subject in which this extended essay is registered:

Bus & Law

(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay:

How and why have online sales outperformed traditional sales at New Look in the UK?

### Candidate's declaration

*This declaration must be signed by the candidate; otherwise a mark of zero will be issued.*

The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

I have acknowledged each use of the words, graphics or ideas of another person, whether written, oral or visual.

I am aware that the word limit for all extended essays is 4000 words and that examiners are not required to read beyond this limit.

This is the final version of my extended essay.

Candidate's signature: \_\_\_\_\_

Date: \_\_\_\_\_

3/3/15

## Supervisor's report and declaration

The supervisor must complete this report, sign the declaration and then give the final version of the extended essay, with this cover attached, to the Diploma Programme coordinator.

Name of supervisor (CAPITAL letters) \_\_\_\_\_

Please comment, as appropriate, on the candidate's performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate's own work. You may attach an additional sheet if there is insufficient space here.

The candidate selected a topic and a company he is interested in. His research was planned to include both Primary and secondary research. The candidate was focused during the research process and data analysis, but the writing-up phase was rushed. The candidate acknowledged that, as well as getting excited with the company reports of primary data that he felt using additional resources might complicate the essay.

The Viva exhibit a clear understanding and knowledge of the research process, its limitations and its importance. It also reflected his understanding of the business theories and practices.

This declaration must be signed by the supervisor; otherwise a mark of zero will be issued.

I have read the final version of the extended essay that will be submitted to the examiner.

To the best of my knowledge, the extended essay is the authentic work of the candidate.

As per the section entitled "Responsibilities of the Supervisor" in the EE guide, the recommended number of hours spent with candidates is between 3 and 5 hours. Schools will be contacted when the number of hours is left blank, or where 0 hours are stated and there lacks an explanation. Schools will also be contacted in the event that number of hours spent is significantly excessive compared to the recommendation.

I spent  hours with the candidate discussing the progress of the extended essay.

Supervisor's signature: \_\_\_\_\_

Date: 10/03/2015

**Assessment form (for examiner use only)**

Candidate session number	
--------------------------	--

**Achievement level**

Criteria	Examiner 1	maximum	Examiner 2	maximum	Examiner 3
A research question	1	2		2	<input type="checkbox"/>
B introduction <i>prod.</i>	0	2		2	<input type="checkbox"/>
C investigation	2	4		4	<input type="checkbox"/>
D <i>no adequate responses at all!</i> knowledge and understanding	1	4		4	<input type="checkbox"/>
E reasoned argument <i>prod.</i>	2	4		4	<input type="checkbox"/>
F analysis and evaluation <i>no evidence, no level</i>	1	4		4	<input type="checkbox"/>
G use of subject language <i>use of words</i>	2	4		4	<input type="checkbox"/>
H conclusion	2	2		2	<input type="checkbox"/>
I formal presentation <i>links references throughout</i>	2	4		4	<input type="checkbox"/>
J abstract <i>limited 'scope'</i>	1	2		2	<input type="checkbox"/>
K holistic judgment	1	4		4	<input type="checkbox"/>

Total out of 36




*D+ (5) A<sub>cc</sub>*

Name of examiner 1: \_\_\_\_\_ Examiner number: \_\_\_\_\_  
(CAPITAL letters)

Name of examiner 2: \_\_\_\_\_ Examiner number: \_\_\_\_\_  
(CAPITAL letters)

Name of examiner 3: \_\_\_\_\_ Examiner number: \_\_\_\_\_  
(CAPITAL letters)

IB Assessment Centre use only: B: \_\_\_\_\_

IB Assessment Centre use only: A: \_\_\_\_\_

# How and why have online sales outperformed traditional sales at New Look in the UK?

Subject: Business and Management

Session: May 2015

Word Count: 3983

v. descriptive.  
Backward  
looking

AI

## Abstract

*RO*

*R-4*

"How and why have online sales outperformed traditional retail sales at New Look in the UK?" In the last few years e-commerce has become especially popular in the clothing industry. At New Look, in the UK, e-commerce sales of clothes have grown rapidly while the traditional retail sales of clothes have declined. The question then arises, how have e-commerce performed marginally better than traditional forms of retail and why have e-commerce been performing so well of recent years? To focus further on this question the researcher decided to look at a popular clothing store throughout the UK, New Look and compare and analyze its two forms of retail. An extensive part of the research was gathered through an interview conducted with New Look's Head of E-commerce, Sally Heath as well as surveys and statistics taken from the New Look Insight team. The conclusion reached by the researcher was online sales had soared percentage wise in recent years and had become a greater part of the market mix as well profit growth while the traditional retail sales had declined in both. Essentially, primarily being due to one major stakeholder in the business, the consumers. The research shows that the convenience of the consumers favors e-commerce rather than traditional retail and for that reason has been outperformed in the past five years.

*Tools!*

Word Count: 230

*limited scope*

*JL*

# Table of Contents

Abstract .....	2
Introduction .....	4
Information on Research Gathered .....	5
SWOT of E-commerce .....	6
How? .....	7
Why? .....	10
Conclusion .....	15

*basic*

# Introduction

In the past few years the idea of selling goods via the Internet, e-commerce, has become a growing sensation. For some markets it has now become the main form of retail such as travel agencies and bookshops and perhaps in the future the clothing industry<sup>1</sup>. The interesting thing to see is by how much the sale and profitability has e-commerce improved compared to traditional retail, specifically at New Look UK and why. The exact same products are being offered yet traditional retail methods of selling them have declined.

data? figures? substantiation?

For this reason the researcher chose the following question:

How and why have online sales outperformed traditional retail sales at New Look in the UK?

The significance to the case?

The researcher predicts that the increase of the impact on the marketing mix for e-commerce in the clothing industry at New Look is due to convenience, price, and promotion. These three factors favor e-commerce rather than traditional forms of retail.

predict!

## Procedure

With statistics and surveys on online sales versus traditional retail sales along with an interview conducted with Head of E-commerce, Sally Heath a conclusion will be drawn as to how and why traditional retail sales over the past five years have been outperformed. First a SWOT analysis of New Look's current E-commerce will be performed to give a general idea and understanding of its role and potential in the business. Then each form of retail will be analyzed to see how one has performed better than the other and why convenience, price, and promotion favor e-commerce.

by whom?

How a future planning tool is applicable to a backward looking question.

NBOD

BO

<sup>1</sup> "Why Traditional Books Will Eventually Die." Michael Hyatt. N.p., n.d. Web. 06 Sept. 2014.

No academic  
Spillage

## Information on Research Gathered

Since New Look first opened in Taunton, 1969 it now has the following<sup>2</sup>:

- 1,160 stores worldwide (and an online store serving over 120 countries)
- 20,000 people !
- Nearly 3.0 million Facebook fans
- Over 170 thousand Twitter followers.

Mission Statement: to help our customers look and feel great.

### Location-

All information including statistics, interviews, and surveys will be gathered in the UK. The reason the UK has been picked is because that is New Look's main market and is where the researcher currently lives and studies and therefore research could very easily be obtained.

please see the subject requirements - on academic research.

### The Product-

The focus will be on all the clothes, accessories, or any other item New Look sells. New Look has a record of the amount of items sold for each shop, market, and form of retail.

### Market-

which is ?

The research and analysis will focus on New Looks market in the UK. From this the conclusion will show why the online market has vastly improved while traditional retail market has not.

### Consumers<sup>3</sup>-

New Look's market mix in the UK is made up of 95% women's clothes because of this the main consumers are women. Within the 95% there are different clothing sections called Inspire, Generation, and Maternity. Inspire is designed for overweight women, Generation is for kids and teenagers, and Maternity is meant for pregnant women. This means New Look has a variety of consumers and do not only target one type of woman but many. The clothes are designed for women of all ages while the average shoppers age is 32. The other 5% accounts for the men's section, which targets men of all age ranges up until about 60.

---

<sup>2</sup> "Who Are We?" *New Look*. N.p., 22 Dec. 2013. Web. 03 Sept. 2014.

<sup>3</sup> "Reports and Publications." Reports and Publications. New Look Retail Group Limited, 19 Dec. 2014. Web. 26 Dec. 2014.



# SWOT of E-commerce

How and why relevant?

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- New Oracle ATG Digital Platform (Jack Smith, Group Digital Director). This makes the New Look website more appealing and easier to follow.</li> <li>- Wide and deep range of clothing items (Wide: Many different types of clothing items, Deep: Variety of same clothing item)</li> <li>- Low level of returns (exchanging the clothes)</li> <li>- New Look is an online fashion destination due to its popularity (more than 4 million visitors a week)</li> <li>- Efficient and effective distribution</li> </ul>	<ul style="list-style-type: none"> <li>- Low average order value (average basket size lower compared to competition)</li> <li>- Not a unisex website (targeted mostly at women, not as much promotion for men)</li> <li>- Limited marketing budget. Lack of advertisement and promotion, especially for menswear.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- More options and more categories (eg. Perfume, make up, leather handbags)</li> <li>- Be able to search by specific size and category. This works now although not all possible clothing items shows up</li> </ul>	<ul style="list-style-type: none"> <li>- Competitors with much bigger marketing budgets</li> <li>- Shift in consumer mindset as to how they would like to place orders (through social media)</li> <li>- Fashion market places selling more than one brand. 3PE (3rd Party E-commerce) websites selling more than one brand may take attention away from New Look.</li> </ul>

All the information for the SWOT analysis was gathered from an interview footnoted below

extremely basic.

N.A.T.G answers.

inappropriate approach.

<sup>4</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

## How?

5

	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14
<b>Group Revenue- £m</b>	1.463,6	1.461,2	1.447,5	1.484,0	1.528,8
<b>E Comm Sales - £m</b>	37,0	52,3	62,7	91,4	149,8
<b>Store Sales - £m</b>	1.426,6	1.408,9	1.384,8	1.392,6	1.379,0
<b>Group Margin</b>	56,7%	53,9%	50,9%	52,9%	52,7%
<b>UK Retail Margin</b>	56,6%	53,2%	52,0%	58,1%	59,1%
<b>E Comm margin</b>	42,4%	37,9%	32,7%	56,3%	55,4%
<b>Group Underlying Operating Profit - £m</b>	162,7	98,0	62,7	115,5	128,5
<b>E Comm Underlying Operating Profit - £m</b>	6,3	8,1	5,9	14,5	35,2
<b>UK Retail Underlying Operating Profit - £m</b>	148,4	84,2	60,5	92,8	94,3
<b>Sales mix - Stores</b>	97,5%	96,4%	95,7%	93,8%	90,2%
<b>Sales mix - E Comm</b>	2,5%	3,6%	4,3%	6,2%	9,8%
<b>Underlying Operating Profit mix - Stores - £m</b>	91,2%	85,9%	96,5%	80,3%	73,4%
<b>Underlying Operating Profit mix - E Comm - £m</b>	3,9%	8,3%	9,4%	12,6%	27,4%

When looking at the table above provided by the New Look Insight team there are several ways in which e-commerce sales have outperformed traditional retail sales.

### *E-commerce sales vs. traditional retail sales (store sales)*

When looking at the table provided above it becomes clear that e-commerce has not sold nearly as much as traditional retail methods from March 2010 to March 2014. However, when looking at the growth of each, e-commerce has by far consistently outperformed traditional retail sales every year dating back to March 2010. We can see that for e-commerce from March 2010 to March 2011 sales increased by 15,3 million, from March 2011 to March 2012 sales increased 10,4 million, from March

<sup>5</sup> New Look Insight Team. Marketing Mix Sales Analysis. Mar. 2014. Raw data. England, London.

2012 to March 2013 sales increased by 28,7 million, and from March 2013 to March 2014 sales increased by 58,4 million. However, when looking at the store sales they have decreased every year except for March 2013 where there was a slight increase by 7,8 million. These numbers show that New Look's e-commerce sales are more impressive than the store sales because despite the base of the sales growing year on year the e-commerce business is still growing in absolute terms but more impressively in percentage as well. The e-commerce branch has outperformed the previous years percentage growth every year except for March 2011 to March 2012. This is extremely difficult and shows the success of e-commerce because as the base number of sales increases, in order for the percentage growth to beat the year before it has produce a great amount of more sale.

Just simple description of stats.

### *Sales Cannibalization*

When looking at the figures in the table it can be argued that perhaps the great performance of e-commerce has caused sales cannibalization within the company. Cannibalization within a business refers to a situation where one aspect of a company may 'eat' up an amount of the sales from another aspect of the company.<sup>6</sup> Therefore, although there has been an increase in e-commerce sales the group revenue still declined from March 2010 to March 2012 due to the decline in store sales. However, in March 2014 there was the highest group revenue in the past five years (1.528,8 million) although there was a decline in store sales to the year before by 13,6 million. This was due to the great performance of the e-commerce sales of March 2014, 149,8 million making up for the decline in store sales providing an overall improved group revenue. Meaning that although that there might have been cannibalization within the company it did not negatively impact the overall sales, group revenue of New Look in 2014. Essentially, when looking at e-commerce sales and store sales it becomes clear that over the past five years store sales have been outperformed not only because e-commerce have 'eaten' up some of store sales but because they have still managed to provide an increase in group revenue at the same time.

?)  
When?

Just description

### *Gross Margin*

profit.

When looking at the gross margin we can see that for both the e-commerce sales and store sales it has fluctuated quite a bit. Basically, to find gross margin of each form of retail we subtract total sales revenue of either one and minus its cost of goods sold and then dividing by the total sales revenue, expressing it as a percentage. What gross margin shows is the percent of total sales revenue that a business keeps after subtracting direct costs there are from producing the goods sold.<sup>7</sup> Although the gross margins for each may have changed drastically over the past five years we

<sup>6</sup> "Market Cannibalization | Investopedia." *Investopedia*. N.p., n.d. Web. 02 Sept. 2014.

<sup>7</sup> "Gross Margin | Investopedia." *Investopedia*. N.p., n.d. Web. 02 Sept. 2014.

can see that the March 2013 e-commerce gross margin, 56,3% was extremely close to that of the store gross margin 58,1%. In March 2014 the gross margin for e-commerce declined slightly to 55,4% while the store gross margin rose to 59,1% and Sally Heath, Head of E-commerce at New Look had an explanation for it when interviewed. She stated, "The biggest reason the gross margin of e-commerce has declined this year (March 2014) is because we have spent a lot of money on the promotion of clothes online in order to improve our sales in the long term." Later going on to talk about, "This year (March 2014) store gross margin has outperformed us (e-commerce gross margin) but when we look at the past five years there has been greater growth and improvement in our's (e-commerce gross margin) than the store's." Talking about the future she also said, "Looking at our intended goal for next year (March 2015) we (e-commerce) intend to have a higher gross margin than the store's, and that would be a first." Having listened to what Sally Heath had to say it tells us that looking at the past five years the e-commerce gross margin is generally growing quicker and has a plan to further improve by having a better gross margin than the store's already by next year.

5). still just description  
not really an academic research

#### *Profitability of e-commerce vs. traditional retail methods (store)*

When looking at the profitability of the two forms of retail we can conclude that at this time e-commerce is a more profitable business than any form of traditional retail and has been over the past five years. We can see this when pointing out that in March 2014 e-commerce was 9,8% of the sales mix but 27,4% of the underlying operating profit mix. We can see this is the highest percentage taken up of the underlying operating profit mix by e-commerce in the past five years. It has also grown drastically in percentage annually since March 2010 while traditional retail methods have decreased by percentage. This shows that over the years more of the sales from e-commerce are turned in to profit than store sales. This is because e-commerce has fewer expenses than traditional retail methods. Traditional retail methods have expenses such as paying staff, capital expenditure, real estate, electricity bills, and many more. While e-commerce still need to pay staff, a lot less workforce is required making it a cheaper expense. Essentially, not only have e-commerce outperformed traditional retail methods by being a more profitable form of retail since March 2010, but also because e-commerce have become a greater percentage of the underlying operating profit mix every year while traditional retail methods have not.

V. description.

# Why?

Why has the popularity of shopping online become such an important channel at the clothing retailer New Look? After retrieving surveys lead by the New Look Insight team, conducting an interview with the Head of E-commerce, Sally Heath, and doing extensive and thorough research of my own the answer can be broken down in to three simple categories. Convenience, Price, and Promotion. These are three significant aspects that appeal to the New Look consumers and are involved in the decision to shop online rather than in store.

Why?  
Convenience?

## *Convenience*

### Location:

A tremendous issue for consumers at New Look leading to the decision for them to shop online is the location of stores. Although New Look currently has 570 stores just in the UK there is not a store that can reach everyone and even if there was the consumer very often would not have the time to be able to go to a store and look for what they like.<sup>8</sup> By shopping online the consumer saves a lot of time because this can be done in any location. As long he/she has a phone, tablet, laptop, or any other digital device that allows them to access the Internet they shop whenever or wherever. This means that in their lunch break at work they can shop or if they are sitting at home ready to go to bed they can shop because it does not take more than a few minutes. Looking at a multiple choice survey conducted by the New Look Insight Team below with a base of 25,000 participants it can be seen that 48% of participants out of said, "Saves time to shop online rather than go to a store." This proves that people are really busy and simply do not have the time to visit the store and see if there is something they may or may not want. For that reason, shopping online appeals to the convenience of the consumer because they can do it at anytime, anywhere and it does not take long, whereas going to a store is time-consuming and cannot be done anywhere.

### Time:

As well as the locations of the stores the opening and closing times affects the consumer's decision to shop online. 19% of participants that took part in the survey said, "I was unable to get to a store" as a reason for shopping online. Most people have busy working and social lives and can find it hard to find time to visit a store that is open when they are available. The New Look online store is always open on the other hand and can be accessed at any time of the day. This means that if a woman needs a dress for a party she is attending she can order it online when she has time at home or at work with a maximum of a 4-day wait rather than not being able to because Monday-Friday

✓  
Sally Heath

<sup>8</sup> "Who Are We?" *New Look*. N.p., 22 Dec. 2013. Web. 03 Sept. 2014.

the customer has plans.<sup>9</sup> When ordering online the location in which the product is delivered also suits the customer much better. The product can be delivered to the nearest store, nearest train station to them, to their workplace, and to their home making it more convenient.

#### Range:

As stated earlier New Look has 570 stores throughout the UK.<sup>10</sup> However, with that being said not every store is identical. That means that some stores are going to have items that others do not. For example New Look on Oxford Street has every range there is including Men's, Inspire (clothing for overweight women), Maternity (clothing for pregnant women), Generation (clothing for young girls), Tall (taller women), and Petite (shorter women) but New Look in Stratford does not have any of the ranges listed only the standards for each store.<sup>11</sup> This means men, overweight women, pregnant women, teenage girls, tall women, and short women are all unable to shop at New Look unless they decide to take a drive to a New Look store that provides them with their sizes or shop online. Earlier though, we stated the main reason people shop online is because they do not have the time to drive to a store, hence the obvious option would be to shop online. By shopping online the range is much greater than any traditional retail store there is because it offers all sizes there are and all clothing items. Looking at the survey again as to why people decide to shop online rather than in store the second, third, and fourth greatest reason at 29%, 26%, and 20% are, "The item wanted wasn't sold in store", "Greater range/more choice", and "My size wasn't available in store." This proves the point that by going online shoppers are able to see every clothing item there is rather than be limited to what there is in their nearest New Look store.

Basic

#### Search Methods:

Customers are more often than not looking to save as much time as possible when shopping. When looking around in a store customers do not get to see all the clothes because there is simply too many items and some of the clothes may be out of sight behind rails.<sup>12</sup> There may also be one of the same clothing items in different sections making the right size hard to find. When shopping online there is a very specific search bar. In this search bar it includes clothing item, size, pattern, and price range meaning if the customer is looking for a specific item they have seen or want a

See the subject requirements.

<sup>9</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

<sup>10</sup> "Who Are We?" *New Look*. N.p., 22 Dec. 2013. Web. 03 Sept. 2014.

<sup>11</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

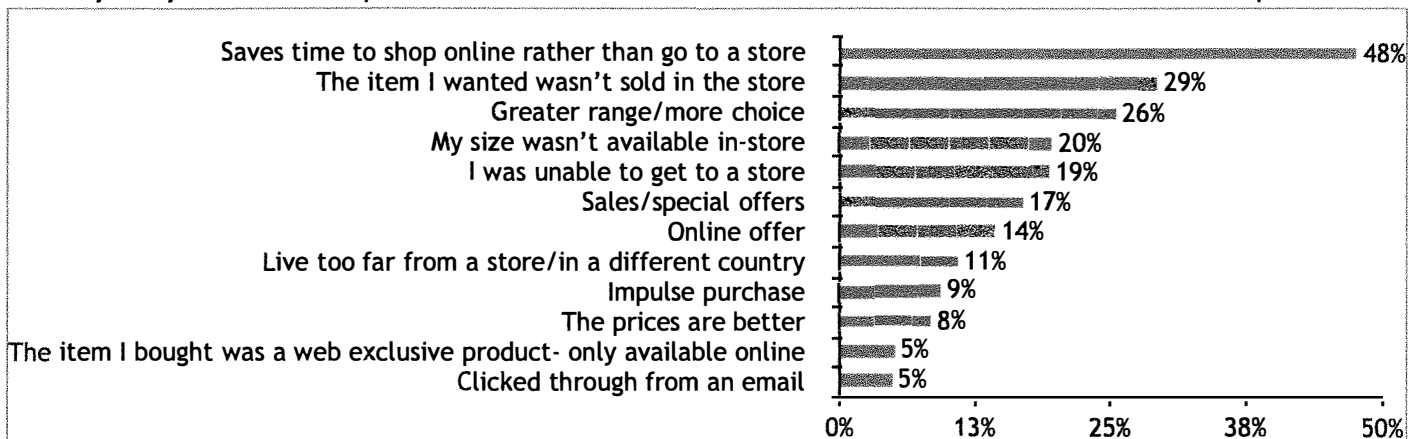
<sup>12</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

specific style then it is easy to find rather than looking around in a store.<sup>13</sup> This search bar is not completely reliable, not because the clothes that show up are not the right size or pattern of what described but because not all clothing items matching this description may show up.

Another great aspect that adds to the convenience and satisfaction of the customers online rather than in store is the price range option. When shopping in store a customer may have found something they really like, however it is not within their price range and therefore may upset him/her. When shopping online if the customer knows they have a budget or price limit then they can insert that number and only view items within that price range. This makes sure that the customer is not wasting their time looking at items they are interested in but are unable to afford.

14

**Q: Why did you choose to purchase from the New Look website rather than visit a store? Multiple choice.**



Source: Edigital post purchase surveys; March-August; base 25,000+

*Prices*

Personalized Offers:

When it comes to looking at the price between New Look's online store and New Look's traditional retail stores they are identical. One thing the online store offers that the traditional retail store does not is personalized promotions. This means that based on clothing items that a customer has purchased or viewed the computer database will be able to find their taste and give them offers that most likely interest them.<sup>15</sup> When shopping in store these promotions and offers are not given to the costumers because the employees do not know the customers personally, their taste, color, and style and for those reasons are not able to offer them promotions. Although the promotion may

<sup>13</sup> "New Look | Women's Clothing, Men's Clothing and Teen's Fashion." New Look. N.p., n.d. Web. 10 Sept. 2014.

<sup>14</sup> New Look Insight Team. E-commerce Survey. Mar. 2014. Raw data. England, London.

<sup>15</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

still be there and the employee may offer the customer a promotion the customer might not be interested in that specific one and for that reason misses out on one they are interested in.

#### Free Returns:

When it comes to returns both in store and online returns are free.<sup>16</sup> This has led to a very common trend in women who shop at New Look. Women who need to attend events often time don't have time to go to a shop so they do what is most convenient as stated earlier, go online. The women then shop for a few different outfits and when the items get delivered to their home's they try them on and see which one fits best and looks best. Because most women do not have time to shop and try the clothing items on in store and see which ones they like they order many clothing items, try them on, and return the ones they don't like because returns are free. Again this is much less time consuming and helps women make a decision on what they like best and what fits best (source). Returns are free both in store and online meaning the only aspect causing them to pick one over the other is convenience, where online would be the better option.

#### *Promotion*

##### Social Media:

Viral marketing, the use of social networking sites to increase brand awareness (book) has become a great method of promoting New Look's products. With over 3 million 'Likes' on the New Look Facebook<sup>17</sup> page and 490 thousand followers on New Look's official Instagram<sup>18</sup> account viral marketing has become New Look's primary method of marketing<sup>19</sup>. Through Facebook and Instagram pictures, links, promotions, and news can be presented to the people who are interested. This means people can click on the links, pictures, and promotions, which will direct them to the online store or can read the news about certain clothing items. This means on Facebook there are over 3 million and Instagram 490 thousand more people aware of a promotion online and have easy access to it while the promotion is not available outside the Internet.

---

<sup>16</sup> "Returns." Help Centre | New Look. N.p., n.d. Web. 08 Nov. 2014.

<sup>17</sup> "New Look." Facebook. N.p., n.d. Web. 16 Jan. 2015.

<sup>18</sup> "New Look (@newlookfashion) • Instagram Photos and Videos." Instagram. N.p., n.d. Web. 16 Jan. 2015.

<sup>19</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.



Advertisement:

Most of New Look's marketing today is done online and has links to the online store, online sales, online offers, or specific clothing items online.<sup>20</sup> Other than online promotion New Look has posters in the city on buses and trains, however are yet to produce commercials. This means that almost all promotion leads to the online store, which is another major factor as to why the online store has grown in popularity. New Look has banners and pop-ups, which means New Look has deals with other online clothing stores or other websites in general to allow their promotions to be advertised.<sup>21</sup> This means a customer can be shopping on the online shop for Scotch and Soda and a pop-up will appear advertising a certain clothing item for New Look and this may interest the customer, subsequently causing him/her to click on it. New Look also uses pop-ups and banners in another way. If the customer has been on the New Look website before the database can see what the customer has looked at.<sup>22</sup> As a consequence whenever there are new clothing items similar in stock or sale to similar items the customers have looked at pop-ups and banners will appear when they are surfing the web.

v. descriptive.

A basic, non-academic research

---

<sup>20</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

<sup>21</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

<sup>22</sup> "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.

## Conclusion

Conclusively, the researcher predicted that reason the for e-commerce outperforming traditional retail methods for the past five years at New Look is because of an increase to the impact on the marketing mix due to convenience, price, and promotion. After completing a SWOT analysis of E-commerce, conducting an interview with Head of E-commerce, Sally Heath, and retrieving data from the New Look Insight Team the researcher does not only understand how e-commerce has outperformed traditional retail methods but also understands why, accepting the initial prediction made.

When looking at how e-commerce has outperformed traditional retail methods it has in several aspects. For one, although e-commerce sales are not as high as store sales the percentage increase over the past five years has been much greater for e-commerce. This may have lead to sales cannibalization as e-commerce may have taken sale away from store sales, however the group revenue was still the highest in 2014 than it had been in the past five years due to well performing e-commerce. As well as that, the gross margin for e-commerce has improved far more than traditional retail methods and is also a much more profitable form of retail because of the fewer expenses there are to run the online business sector.

When looking at why e-commerce has outperformed traditional retail methods it becomes clear that there has been an increase of the impact to marketing mix due to convenience, price, and promotion because each of these categories benefit the customers more. People are looking for convenience not only in terms of location but also regarding time, range, and the means of finding their clothes, which from the analysis strongly favors e-commerce. Most people are busy and for that reason do not have time to visit stores but visiting a website only takes a few seconds. When the convenience of e-commerce comes with the same price as traditional retail methods but with better personalized promotions to get the customer to buy more the option to shop online not only becomes better for the customer but also for the business. Regarding promotion's, because pop-ups and banners can follow possible customers throughout the time they are surfing the web this potential customer is more likely to visit the New Look website than taking the time out of their day to visit a New Look store.

Essentially, traditional retail methods are by far still the most common form of retail at New Look but the past five years show that e-commerce at New Look is growing fast and traditional retail methods are are slowing declining. This means that in a decade or two from now e-commerce may be the main form of retail at New Look and would actually benefit the business more because it is a more profitable retail method.

Technically, instead of function.

RI was  
not

e-commerce

## Works Cited

- "Gross Margin | Investopedia." Investopedia. N.p., n.d. Web. 02 Sept. 2014.
- Heath, Sally. Marketing Mix Sales Analysis. Mar. 2014. Raw data. England, London.
- "Interview with New Look's Head of E-commerce, Sally Heath." Personal interview. 03 Oct. 2014.
- "Market Cannibalization | Investopedia." Investopedia. N.p., n.d. Web. 02 Sept. 2014.
- "New Look | Women's Clothing, Men's Clothing and Teen's Fashion." New Look. N.p., n.d. Web. 10 Sept. 2014.
- "New Look." Facebook. N.p., n.d. Web. 16 Jan. 2015.
- New Look Insight Team. E-commerce Survey. Mar. 2014. Raw data. England, London.
- "New Look (@newlookfashion) • Instagram Photos and Videos." Instagram. N.p., n.d. Web. 16 Jan. 2014.
- "Reports and Publications." Reports and Publications. New Look Retail Group Limited, 19 Dec. 2014. Web. 26 Dec. 2014.
- "Returns." Help Centre | New Look. N.p., n.d. Web. 08 Nov. 2014.
- "Who Are We?" New Look. N.p., 22 Dec. 2013. Web. 03 Sept. 2014.
- "Who Invented the Internet?" History.com. N.p., 18 Dec. 2013. Web. 04 Sept. 2014.