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TOPSHOP Analysis

1. **Overview of TOPSHOP**

TOPSHOP, a well-known fast retailer in the United Kingdom, was establish in the mid 1960’s by the Burton Group – known as the Arcadia Group today (Arcadia). Starting as a small brand featured in a Peter Robinson department store, TOPSHOP featured clothing lines by many young British designers. One year later, TOPMAN was launched as a sister store to serve to the male population. Fast forward a decade, Topshop had its own stand-alone store marking the beginning of image solidification in the fashion industry (Arcadia). Although TOPSHOP struggled in the 80’s and was labelled as old fashioned, TOPSHOP was able to turn the tables in the 90’s under the new leadership of Jane Sheperdson. Designer clothing was introduced at affordable prices and personal shopping services were available with no charge (BBC). With the partnership between TOPSHOP and NEWGEN, TOPSHOP is able produce new trendy styles for each season, making them a fast retailer. TOPSHOP is also the “only high street brand” to be featured in the London Fashion Week (Topshop About).  As of today, TOPSHOP has over five hundred stores total with around three hundred stores in the United Kingdom and the rest spread throughout thirty seven countries.

1. **Financial Results**

TOPSHOP and TOPMAN are owned by Arcadia Group. Since 2012, TOPSHOP and TOPMAN have generated strong cash flow through increased sales and minimal debts. “We are pleased once again to report strong cash generation of £296m, against the background of on-going challenging global market conditions.” (Sir Philip Green, 2013) Strong cash flow can be a reliable indication of strong brand growth and development.

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2011-2012 | 2012-2013 | 2013-2014 |
| Sales | £2,679.0m(-£3.5m) | £2,735.7m (+£56.7m) | £2,706.5m (+£23.9m) |
| Net Profit | £225.4m (£35.0m) | £220.9m (£4.3m) | £189.3m (£31.6m) |
| Markup  | 1.2% | 1.2% | (0.6%) |

The figures above are for the financial statements of Arcadia Group, included are TOPSHOP and TOPMAN figures. (AGF.co.uk, 2015) The difference in figures between the two financial years suggest stagnant, if not declining, brand growth. Although in these years cash flow has been strong, net profit and retail markup have been declining; suggesting stagnant brand success. TOPSHOP and TOPMAN also rely on e-commerce to drive their company’s sales and recognition. In 2013-2014, TOPSHOP and TOPMAN experienced a 13.4% sale increase on their e-commerce platforms. (AGF.co.uk, 2015)

1. **Target Market**

TOPSHOP’s target market is aimed at ages thirteen to twenty four – decided in the early days of the brand when their parenting company expanded women’s wear by splitting TOPSHOP and Peter Robinson, placing emphasis on “young” for TOPSHOP. However, over the years, TOPSHOP’s prices have risen continuously, causing a skew from their original target market. A portion of the target market – mostly the younger consumers – have opt for cheaper options for their money’s worth. Whereas, the older population – those more capable of affording prices offered by TOPSHOP – have become more inclined to shop at TOPSHOP; thus, creating a slight deviation and an influx of more mature and sophisticated collections (impactnottingham.com, 2015).

1. **Merchandise Assortment**

TOPSHOP is known as a “fast-fashion” retailer. This means the lead time between product conceptions to garment development is drastically reduced. Fast-fashion retailers are some of the most consumer-centric businesses. (apptricity.com, 2015) TOPSHOP’s merchandise consists of private label and branded merchandise. For example, in the Oxford Circus location there was a vendor space for Levi’s. This means that their merchandise is shipped, flown, or bussed in. According to Arcadia Group, they own none of their manufacturing mills and 91% of their sellable goods come from their top ten vendors. (ag.co.uk, 2015) With TOPSHOP’s extensive supply chain, Arcadia Group ensures ethical conduct and practices with all their manufactures and vendors. (Ethical Audit Programme, AG.co.uk, 2015) Arcadia Group uses strict guidelines to ensure the vendors do not use unethical or illegal fabrics or practices.

**V. Web and Social Media**

TOPSHOP can thank its millennial re-launch for its brand revival. One key to TOPSHOP’s successes and brand growth, is their web-based platforms. They currently sell merchandise through e-commerce websites like their own, Nordstrom.com and others. TOPSHOP also connects with its customers through media outlets like Facebook, Instagram, Pinterest, and many more. A strong web-based following drives sales, says Sir Philip Green. Social media brings more attention to the brand.



It’s great that TOPSHOP has different social media accounts to cater to the locals. However, a recommendation would be to include more photos or models that relate to the younger consumers. TOPSHOP should also hold more events to attract more traffic into their less visited stores.

**VI. Analysis of Oxford Circus, Knightsbridge, and Shepherd’s Bush**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Oxford Circus | Shepherd’s Bush | Knightsbridge |
| Assortment | 1 | 2 | 3 |
| Displays | 1 | 2 | 3 |
| Convenience | 3 | 2 | 1 |
| Cleanliness | 3 | 2 | 1 |
| Traffic (1 being the most and 3 the least) | 1 | 2 | 3 |
| Preference to Shop at | 3 | 1 | 2 |
| TOPMAN | Yes | Yes | No |

Oxford Circus

TOPMAN at Oxford Circus is known as their flagship store for the purpose of brand recognition. Just outside the Oxford Circus tube station, TOPSHOP lies straight ahead with five entrances: three in front and one each on both sides of the building. With six floors in total, the lower two floors and ground floor display women’s while the upper three showcase men’s. Upon entering the store, accessories can be seen such as handbags, backpacks, necklaces, and more. The side of the store is connected to Miss Selfridge, a past competitor of TOPSHOP that was acquired by their parenting company, the Arcadia Group. Something we found interesting, is the fact that they have small food joints cluttered in the center such as Lola’s Cupcakes, Frae FroYo, and Bubble Tea.

Going down the escalators to -1 floor, sales can be seen lined up in rows. Other than the sale racks, TOPSHOP organizes their clothing by category and brand. For example, there are tall, petite, boutique, and personal shopping sections. Within those sections, TOPSHOP would further divide their clothing into different brands. A juicery can also be found amidst chaos. Taking it one floor further, shoes are displayed, as well as a further assortment of sales. From what we can see, fancy closed toed shoes such as heels and boots are the first to be seen when arriving at the shoe section. These are the products from last season that need to be cleared. Walking down further, opened toed shoes can be found for the spring season, as well as less formal shoes such as sneakers. At the other corner of the floor, lies shoes separated by different brands such as Office, Offspring, Dune, and others. As for the sale section of this floor, we noticed that the clothes were separated by brand – different from upstairs, which were only separated by price. The collections in the lowest floor were also pricier than those upstairs. Beauty salons and EAT were also present.

Similar to the floors that featured women’s, the men’s were practically a mirrored image of the women’s – with an exception to the top floor which was the personalized shopping. The first floor of men’s included a small sale section and consisted mostly of basics such as denim and t-shirts. One floor up displayed the pricier and fancier items such as suits and button downs as well as fancy dress shoes. Likewise, the shoes were sectioned by brands. TOPMAN also had a service to “design your own t-shirt.” Upstairs also includes a barber shop for men’s.

The placement in Oxford Circus TOPSHOP is interesting because of the amount of consideration taken for the customers. For example, in order enter the maternity section of TOPSHOP, you would have enter from Regeant Street – a street with slightly less traffic than Oxford Street – unless you take the escalators down and then up from a different set of escalators. With the maternity section secluded from the rest of the store, soon to be mothers can shop comfortably away from the crowd. TOPSHOP also organizes the store to create exposure to their products. For example, escalators to the women’s section move in different directions, forcing shoppers to walk to the other side – and possibly stop and see something they like. However, it is quite the opposite for the upper levels consisting of the men’s. This could because men don’t really spend much time on shopping and if forced to walk to the other side of the escalator could make them change their mind on going spending extra time in the store. Personal shopping is also secluded to create more privacy for shoppers that want to use the service. For example, men’s personal shopping is separated by wooden stairs in the corner that lead to the top floor. As for the food, people may only want to go to TOPSHOP for something to eat. However, they might be able to see something they like while grabbing lunch. Since most of the traffic goes on -1 floor, there are also more areas for checkout and fitting rooms.

We thought the TOPSHOP at Oxford Circus had the best, most eye-catching, and well executed displays and adverts. The retail space itself, allowed for massive lighting structures, freestanding displays, and specific vendor or brand-related selling space. The entire store was well lit and the different selling rooms had their own atmospherics. At times, the store environment seemed overwhelming. The combination of high energy music and brightly lit areas could catch some customers off guard. Throughout the store, the different departments, brands, and retail-spaces had a clear division of selling-space, but were all cohesive and fluid with the brand image. Another atmospheric attribute we noticed was, any one product or style of product was not far from its complement. For example, within the men’s department, the casual attire proceeded the casual footwear; the same could be seen in the juniors’ department. Within the junior’s floor, product was divided by designer, collection, brand, or price-point (most applicable to sale items only). The customer service was par. There was not much interaction between the shopper and workers.

As for the cleanliness, Oxford Circus TOPSHOP needs work. Although there were employees floating around to clean and reorganize the products, their brooms got in the way of many shoppers’ feet.

Knightsbridge

After visiting the TOPSHOP on Oxford Street, we took the 10 and headed over to the TOPSHOP in Knightsbridge. Its surrounding neighbors included Harrods, Guess, Zara, Ted Baker, and Caffe Concerto. The first thing you will see are mannequins dress in evening wear. The ground floor consisted more of dresses for fancy and formal events. The center of the ground floor displayed floral dresses and other pieces of clothing, suggesting the new spring collection. The lower floor had items that were somewhat outdated (season-wise). Each section was fairly small which included: denim, shoes, swimwear and sale.

Stairs line with shiny LED lights led the way to the top floor which displays more of their recent collections. We can say that that floor had more of the pricier items. Like the other TOPSHOPs, clothes were separated into petite, tall, and boutique and further separated by brands.

The customer service was nonexistent. We chose to act more like customers to see if we could receive a response from the employees. Extracting a smile from the employees was as difficult as getting their attention. Nearly all the employees were performing some sort of task. After going up to the employees, we found that they weren’t eager to help but they were professionally polite with our made-up inquiry. The store’s cleanliness, on the ground and first floor, was extremely tidy. The basement, where most of the sale and footwear was, was messy. Shoe boxes, tissue paper and garment hangers were scattered on the floor near their appropriate spots.

 Unfortunately, the TOPSHOP at Knightsbridge did not include a TOPMAN which takes away some of the business.

Shepherd’s Bush

 The TOPSHOP at Shepherd’s Bush is located inside Westfield. Colorful steps along with mannequins decorated the window display. Even before entering the store, you will see hot pink signs with the word sale on the racks. The ground floor consists of its spring collection in the middle and accessories in the back. Unlike the other TOPSHOPs, this TOPSHOP did not have a personal shopping service. The next floor up was divided between men’s and women’s. Like Knightsbridge, the second floor consisted mostly of more expensive items. As for TOPMAN, there were more formal items such as suits, button-downs, dress shoes, and more. Tees and denim were set up in the opposite corner and had few selections.

 Customer service at Shepherd’s Bush was quite distant and unprofessional. We were not helped with at all and when caught by the security guard for taking pictures, the female employee snickered at us. As for the cleanliness, the store was definitely more organized and well-kept than TOPSHOP at Oxford Street.

**VII. Major Differences**

The three TOPSHOP locations we analyzed were: Oxford Circus, Shepherd's Bush, and Knightsbridge. These locations serve very different consumers and the individual stores reflect that. For example, the flagship store—located in Oxford Circus, uses elaborate visual displays and lighting aids.  However, at the Knightsbridge location, the TOPSHOP atmospherics were calmer. Customers are given more physical space to shop. As a result, the muted interior and fashion-forward vibe welcomes customers to leisurely shop. The TOPSHOP located in the Westfield’s mall at Shepherd's Bush was a delightful combination of the two other stores. The Shepherd’s Bush location included eye-catching advertisements and displays but thankfully, did not have the overwhelming foot-traffic. These differences between the stores usually reflect the attitudes the customers have while they shop. These attitudes were transparent inside each retail location.

Located in central London, Oxford Street is the go-to shopping strip for foreigners recommended by many online travel sites, as well as, family and friends. Due to this shoppers seen at this store were dressed more casually and did not care too much about appearance since they’re technically “on vacation”. There were many shoppers bumping into each other, trying to snatch the best sale items. Since Oxford Street is over crowded with foreigners with suitcases, we would suggest that it is equivalent to a shop in Ontario Mills – large and lots of people and sales.

Situated in a fairly upstate neighborhood, TOPSHOP in Knightsbridge caters more to the upper class – who have just finished shopping at Harrods. Because of this, Knightsbridge’s collections consists of the newer product lines and display more formal wear. The sale section was tremendously tiny with few to choose from. Only opened toed shoes for spring/summer were featured. Even the design of the TOPSHOP in Knightsbridge is taken into consideration. According to RetailWeek, in order to attract towards those in the area, the most expensive element in the store is the windy stairway highlighted with LED lights. This staircase is made out of “steel, glass, and grey tiles” (RetailWeek, 2015). Lights on the staircase can also be adjusted to match the occasion. The ground floor uses metropolitan tiles to create a travelers look and aim to win the hearts of those on the go that enjoy prints. The lower floors places focus on their shoes with neon lights to grab shoppers’ attention; whereas, the top floor provides more floor space for “exclusive emerging designers” (RetailWeek, 2015). We would say that this TOPSHOP is equivalent to a shop in a Beverley Hills shopping center.

Another the other hand, Shepherd’s Bush had a larger location, but only two floors. Oddly enough, many items were on sale and spread throughout the store. We also noticed that videos cameras were very noticeable throughout the store. We would suggest that the Shepherd’s Bush store appeals to the middle/upper middle class that would prefer less crowded store from Oxford Street. The people who shopped there were dressed nicely – especially the male shoppers. The collections offered were a mix formal and casual. Judging from its neighbors, Shepherd’s Bush is similar to a store in South Coast Mall.

**VIII. Suggestions to Locations**

Oxford Circus

Since Oxford Circus is the most visited out of all three TOPSHOPs, store managers should make it a point to watch for organization and cleanliness. Since there is a lot of displays at Oxford Circus TOPSHOP, it becomes overwhelming where there is too much product everywhere. Shoes lying around in awkward positions and clothes not hung in right places do not please the eye. Although there are employees cleaning the store, their brooms will sometimes come at your feet. However, too employees cleaning just causes more crowdedness. They should clean when there is low traffic in the store. Sweeping the floors while there is many people just makes it much more obvious that the floors are not as clean as it should be.

Knightsbridge

 Knightsbridge had the least amount of traffic flow in the store. This may be because there are many selections to choose from. It was easy to navigate around the store because most products were spread out; however, more empty space just means less product. In addition, there is no TOPMAN joined together with the store – mostly because of the limited space. If TOPSHOP were the open a TOPMAN close by, there would be more traffic.

Shepherd’s Bush

 All of the three, Shepherd’s Bush branch seems the most strict. Less than five minutes from when we entered the store, we were already rudely called out by the security guard not to take pictures. The many video cameras set up on the ceilings everywhere makes it the atmosphere intense and uncomfortable. Selection and traffic wise, we would enjoy shopping here if it weren’t for the constant suspicion that we would be doing something harmful the company. The security guards should loosen up and only deal with those committing petty crimes.

TOPSHOP in General

 As studies show, TOPSHOP prices have gone nowhere but up. Customers complain that rising prices do not equal a rise in quality which makes it disappointing for consumers. As a suggestion, TOPSHOP should either require their factories to use better materials or change suppliers to ones that do use high quality items.

 Although it may be have been because it was a weekday when we visited all three TOPSHOPs, we noticed that most traffic occurred on Oxford Street. In order to attract shoppers to other TOPSHOPS, they should hold different events or special discounts for different stores. They should also hold giveaways or send free samples for bloggers to recommend their clothing. TOPSHOP may also want to consider expanding their product line to TOPKIDS or TOPHOME for home goods such as their competitors: Zara Kids, Zara Home, or H&M Kids and Home.
 All three TOPSHOPS must upgrade their service. In all TOPSHOPs, we were never greeted or received kindly. Oxford Circus had many employees on duty; however, they were too busy dealing with other problems such as cleaning for talking to other customers. They should either hire more employees or train their employees to interact more with customers. As for Knightsbridge and Shepherd’s Bush, the employees definitely knew we were there, but did not even acknowledge us will we were inside. We were only stared at for a few seconds. Likewise, interaction with customers would benefit to the overall ambience.

**IX. Career Opportunities**

U.S. Merchandisers (approximately $45,000 per year) (glassdoor.com, 2015)

1. Link between concept and product
2. Different merchandisers for different countries

U.S. Sourcing and Production Manager ($50,000 per year) (glassdoor.com, 2015)

1. Sourcing for fabrics, garments, or labor.
2. Ethical Vendor Director
3. Oversee exports and imports

U.S. Real Estate Developer

1. Researching, purchasing, and developing on land.
2. Expansion to new territories
3. Work close with corporate on how they want the brick and mortar store to look.

U.S. Census and Market Researcher

1. Researching through qualitative and quantitative data to find the best retail locations to invest in.
2. Investigate potential new markets

Marketing and Public Relations (approximately $45,000 per year) (glassdoor.com, 2015)

1. Handle corporate Public Relations

National (District) Manager

1. Oversee retail stores and evaluate individual performance

**X. Brand Success**

Overall, TOPSHOP has been successful company that is still in process of growing and expanding. From a small brand in a department store to its own stand-alone store in thirty seven different countries, TOPSHOP was able to pull through hard times and has made a solid presence in the fashion industry. Fast fashion retailing is successful since they are able to sell in bulk and they are always ahead of the season. Name recognition is almost always guaranteed and prices are more often affordable. Not only do in-stores make profit, but also internet sales. Social media is also able to boost their image and promote their new product lines. Being a fast retailer also makes it somewhat easier to expand globally and create more franchises.

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