

2016-2017

WEBRANKING BY COMPREND

FASHION & LUXURY SECTOR

Key takeaways

The luxury and fashion sector knows how to do digital – at least for commercial means. One of the early adopters of glamorous web design, the fashion industry has created stunning commercial sites that appeal to consumers. Luxury groups, on the other hand, have demonstrated their strategic marketing prowess on the web by taking social media by storm. While these groups are winning over the fashionistas, they struggle to win over the market. In order to be credible, L&F groups must communicate their long-term vision, show that they are financially sound, act on sustainability issues and present a competent management capable of innovation and addressing key industry challenges to an ever-demanding group of stakeholders. Few, however, are doing so.

In this whitepaper, we focus on the 29 largest European luxury and fashion (L&F) groups on the stock market by market cap (including **L’Oreal, Luxottica, H&M, Christian Dior, Hermes** and more), as well as 10 non-listed companies (including **Versace, Calzedonia, Furla, Max Mara** and more) operating within this sector and examine how they address critical information via their digital corporate channels. We argue that L&F groups must increasingly look at the hard facts to demonstrate they are credible to a wide-range of stakeholders and that their digital corporate communications channels are the right places to start.

The Webranking analysis is based on annual surveys for the capital market, jobseekers and digital managers which tracks corporate communication trends and evaluates transparency in disclosure amongst the largest companies in Europe.



Long road ahead to reach credibility:

L&F groups need to up their game when it comes to credibly communicating with their stakeholders. For more details, head to page 3



Keeping mum: L&F groups are keeping a tight lid on succession planning. Find out why on page 3



Issue of diversity looms large: Brands need to step up their game when it comes to communicating transparently on diversity. More on page 3



It’s not me, it’s you: Brands are reluctant to integrate social media onto their corporate websites, with few using the digital platforms available to them to engage users. More on page 6

Our key numbers

20th international edition

29 listed luxury and fashion brands ranked in Europe

10 non-listed luxury and fashion brands ranked in Europe

800+ the number of companies ranked globally

460+ responses to the two Webranking by Comprend questionnaires dedicated to the financial community (Capital Market Survey) and to jobseekers (Careers survey)

Order your customised company report

The Webranking research helps companies understand how to improve their communication to better meet the needs of stakeholders, by comparing themselves to their international peers. It is the only research which, by annually investigating the needs of different stakeholders, gives a voice to website users.

For further information about the research and to order the report contact:

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Webranking 2016 – 2017: Luxury & fashion brands face the communications stress test

Based on the demands of stakeholders, Webranking works as a stress test in that it measures the fundamentals of online corporate communications and digital dialogue. The research's objective is to promote a digital culture within companies and help them understand how to meet the growing expectations of stakeholders. For the first time ever, Webranking places the luxury and fashion sector under its lens.

Luxury & fashion brands need to adopt a digital first approach for corporate information

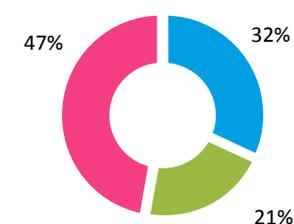
The research reveals that a large gap exists between the content and style seen in commercial websites, and that presented in corporate websites of L&F brands. While commercial sites are glitzy, glamorous and appeal to the consumer, corporate websites are treated like the brand's ugly cousin, on which little affection is bestowed.

Given the pervasiveness of the digital universe, all L&F brands must place digital corporate communication at the forefront of their thinking. The most successful L&F brands will be those that build trust amongst their stakeholders by communicating transparently and credibly on a range of issues facing the sector, from financial sustainability, to exploitation in the workplace, to addressing textile pollution and ways of implementing sustainable supply chains.

Creating and maintaining a compelling corporate website, sustaining a strong mobile presence and engaging and influencing consumers through targeted use of social media all play a key role. While L&F brands are largely successful at doing this on the commercial side, they need to up the ante on their corporate channels.

Who passes the stress test?

Listed Companies



- Passed (50 points or more)
- Held back (between 30 and 50 points)
- Failed (less than 30 points)

Note:

In some areas throughout the report, listed and non-listed companies are referred to separately as the research protocol differs for the two. Where the criteria is the same for both, the full number is provided.

Long road ahead to reach credibility

Our research examined the corporate websites of 29 listed companies and 10 non-listed companies within this sector, with results revealing a significant gap in what stakeholders expect and what L&F brands are actually presenting via their digital channels. As the criteria in the protocol is based upon the needs and expectations of stakeholders – through annual surveys to investors, journalists and jobseekers – half of the max score (50 points out of 100 for listed companies; 40 points out of 80 for non-listed companies) is considered the threshold at which companies respond adequately to capital demands.

Listed



Listed companies within this sector prove to be more transparent than their non-listed peers, due to more stringent legal requirements (i.e. they are legally bound to publish annual reports), with six companies passing the stress test. Almost one third of the companies find themselves in the held back category (31%) while nearly half failed the test altogether.

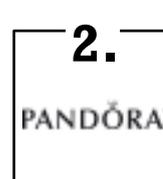
Non-Listed



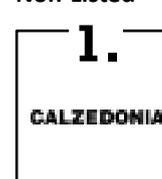
All non-listed companies fail the communications stress test, with Swiss-based sports brand **Intersport Holding** the highest-ranked company with 19.6 points. The average number of points of the ten companies considered is 12, increasing by 2.6 points since 2015, doing little to appease stakeholder needs. With high profile names such as **Versace**, **Furla**, **Max Mara**, **Dolce & Gabbana** and **Armani** included in this group, it is deeply worrying that digital transparency is so low.

Best improvers

Listed



Non-Listed



1. Who are you?

The goal of a corporate website is to present the company to a range of stakeholders, producing engaging content that invites the reader to explore further. While commercial sites have proven successful at attracting consumers, the corporate websites we examined have not, hardly meeting their own stakeholders' needs. This despite the fact that corporate comms platforms allow the fashion and luxury sector (L&F) the opportunity to communicate on issues of reputational significance – ones that truly matter to their stakeholders. These include lack of diversity, discrimination in the workplace and questions of succession. We examine these below.

Are you talking about diversity?

6 companies provide information about diversity in numbers, a low number considering the industry being consistently called out on this issue. While strides have been made, model diversity (or lack thereof) remains a pertinent issue.

Vogue's recent March 2017 edition is a case in point. The magazine was called out for hiring a white model to represent a Japanese geisha, leading to global outcries and a formal apology from the model herself. It is crucial for L&F brands to understand not only the reputational consequences to a lack of diversity, but also the economic ones with many customers choosing to boycott brands that fail to use a diverse pool of models.

As content owners of corporate websites and social media channels, L&F brands have an obligation to use these platforms to address diversity. They should also mirror diversity within their own teams, publishing figures on gender, race and age. Our research findings reveal that only **13** listed companies present their approach to diversity and equal opportunities within their company on their corporate website. No non-listed companies do so.

Is your brand at risk of a "one man" show?

16 listed companies provide updated annual information on their major shareholders, with only **1** non-listed company detailing its ownership structure. Legacy and succession planning in a business often named after its owner (think **Giorgio Armani**) is extremely important, but few L&F brands use their platforms to speak on these topics.

Showing that there is a clear management in place to lead the company can help potential investors, journalists and customers understand how the firm views the present and future world, what its values are, and if they have a clear plan in place to ensure the longevity of the business. As many of these are multi-million brands, more transparency on this topic is sorely needed.

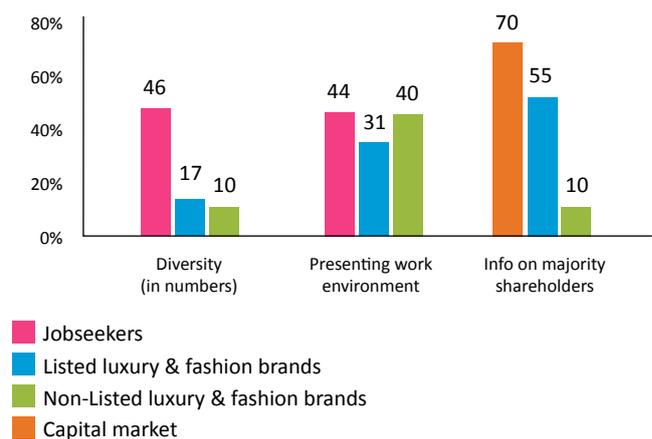
What kind of employer are you?

9 listed and **4** non-listed companies present the working environment within their companies, as well as the working conditions for jobseekers. The glamorous and compelling nature of the industry means it generally doesn't have a problem in attracting a raft of talent, but retaining them is becoming more difficult.

Issues faced by employees in the industry such as sexual harassment, wage and hour violations, and discrimination have received an increasing amount of attention in recent years, and it is important for the industry to speak transparently on these issues.

Providing adequate working conditions for employees is essential if companies want to retain talent (and keep them from escaping to a rival brand), and also for the customers who buy the products, who are increasingly looking beyond the product to see how company employees are being treated. More companies should use their digital channels to speak up on these matters and showcase what they are doing to change an increasingly negative perception in this area.

Gap between supply and demand



Source:

Webranking by Comprend 2016-2017: The graph represents the difference between stakeholders expectations (% of those who consider certain information important, having rated it 3 or higher (maximum is 5) and what companies actually offer (% of companies offering the information)

2. Where are you heading?

Fashion and luxury brands operate in a competitive sector, with customers expecting them to stay both true to their heritage as well as create fashion “newness.” Digital, and the pervasiveness of the “see now, buy now!” culture are challenging long established business behaviours. Setting future trends and responding to challenges the sector is facing requires a clear strategy, and investors are increasingly looking to a company’s digital channels to find these. Few companies, however, are presenting this information online.

Do you have a strategy in place?

20 companies within this sector outline their strategy on their corporate website; with **4** listed companies providing concrete actions on how to implement it (**0** non-listed companies provide this information).

Brands that do provide this information focus on, for example, identifying significant growth opportunities by tapping into under-penetrated markets with new product lines. Unfortunately, many well-known L&F brands are still keeping a tight lid on this information.

This despite the fact that the industry is facing a myriad of challenges now, which include, but are not limited to, the China slowdown, negative perceptions of discounts and their association to fast fashion and ensuring they have the creative talent in place to respond to ever changing needs. This lack of digital transparency from the biggest names in L&F shows there is still a long way to go in credibly communicating in this area.

Best practice – Strategy



Are you providing the investment figures that truly matter?

12 listed companies provide information on how they manage their risks, with **10** presenting information on debt. Understanding the company’s vision of the future is key to investors and analysts, who are increasingly looking beyond the annual report for useful information in understanding the investment story of a company. Unfortunately, many L&F companies struggle to provide this information.

Did you know that...

95% of investors would like companies to outline their group strategy

BURBERRY

British luxury brand Burberry clearly defines its strategy on its corporate website. It sets out its ambitions, goals and actions under three distinctive areas: Product, Retail and Process.

Areas of current under-penetration are evidenced and given solutions (such as extending the brand’s product range in the luxury handbag market), with areas of strength highlighted (i.e. extending its digital prowess to confirm e-commerce leadership). Burberry also details its progress on each of these strategic goals, showing clear transparency and commitment to its stakeholders.

3. How do you run your business?

The rise of the conscious consumer has put a spotlight on how the luxury and fashion industry is running its business. From the pesticides used in cotton farming to the toxic dyes used in manufacturing, implementing a sustainable supply chain should be a top priority for companies in this field. Communicating credibly on how the business plans to address these issues can restore faith from a consumer base that is starting to turn its back on brands who refuse to address them, despite recent crises putting these issues in the spotlight. Despite this, our results show that less than a quarter of brands are communicating on these topics.

Do you have, or are you developing, a CSR strategy?

17 listed companies (**0** non-listed companies) have a CSR strategy in place with **10** companies connecting it directly to the business. Having a strategy, however, is not enough. What makes brands really stand out is the way in which they develop their strategy.

Four listed companies present a materiality analysis on their corporate website, a process of defining what is important for each company and its stakeholders. This introspective exercise allows companies to focus on what really matters.

By investing time and energy into developing strategies on issues that have a larger global impact, companies are doing their bit to solve tomorrow's problems. With an increasingly conscientious consumer, the brands that are engaging in this exercise have the ability to win more hearts and minds.

Are you reporting on your environmental targets and achievements?

With reports suggesting the global L&F industry to be second only to the oil industry in pollution, brands are coming under more pressure to communicate transparently on how they plan to reduce their environmental footprint.

Our results reveal that **5** listed companies are publishing up-to-date data for more than one environmental area, while four of these are presenting their environmental targets and achievements.

Through incorporating CSR online, L&F brands can commit themselves to reducing their environmental footprint, and they are able to communicate transparently while taking these issues seriously and working to reduce their impact on these areas. While this low number is worrying, it is even more striking that no non-listed companies publish any data in this area.

Did you know that...

67% of capital market respondents want brands to present their CSR strategy

64% of capital market respondents would like to see companies publish their environmental target and achievement numbers

Best practice – Transparency on environmental figures

RESULTS AND OBJECTIVES

Improve energy efficiency and reduce CO₂ emissions in

ACTIONS	2015 RESULTS	OBJECTIVES
Measurement of the environmental impact of the production facilities	Energy audits in the production facilities in 2015	100% production and transportation of all products in 2015, 2016 and 2017
Reduction of electricity from renewable sources	100% use of renewable energy for electricity in 2015	100% use of renewable energy for electricity in 2015, 2016 and 2017
Use of lighting systems with a low environmental impact	100% of energy consumption (CO ₂) in the listed Italian brand area LED lighting	100% of energy consumption (CO ₂) in the listed Italian brand area LED lighting



Italian luxury fashion house **Moncler** clearly sets out its environmental actions, results achieved in 2015 and its environmental objectives for the future. The four areas it focuses on are – Improve energy efficiency and reduced CO₂ emissions; use of paper from responsible sources; reduce the environmental impact of the shopping experience; raise employee awareness of the environmental impact of daily activities and encouragement of responsible behaviour.

4. How do you engage users?

More and more people are accessing corporate websites on their mobile and seeking out social media channels to interact directly with brands. Despite this, and although they excel at this on a commercial level, when it comes to corporate information, a number of luxury and fashion brands are still not “mobile-friendly” with few using social media to interact directly with stakeholders

Can I browse through you on my mobile?

69% of companies have a responsive website (which allows a single website to adapt to different screen resolutions). As growing numbers of people access the web from mobile devices and digital penetrates further into daily routines and working life, users have come to expect fast, intuitive access to relevant content.

Research conducted in 2016 from StatCounter showed that for the first time worldwide, mobile and tablet internet usage has exceeded the desktop. In fact, brands commercial sites have nailed this on the head, with many offering specific apps and tailored responsive websites to make the shopping experience even more fluid.

This should also be translated to the corporate arm, and sends an important message to the **31%** of brands who still do not have responsive corporate websites in that they need to move fast to stay competitive.

How can I interact with you?

12 companies present live social media feeds on their corporate website. Social media drives engagement with stakeholders, and is one of the few ways companies can directly engage with users.

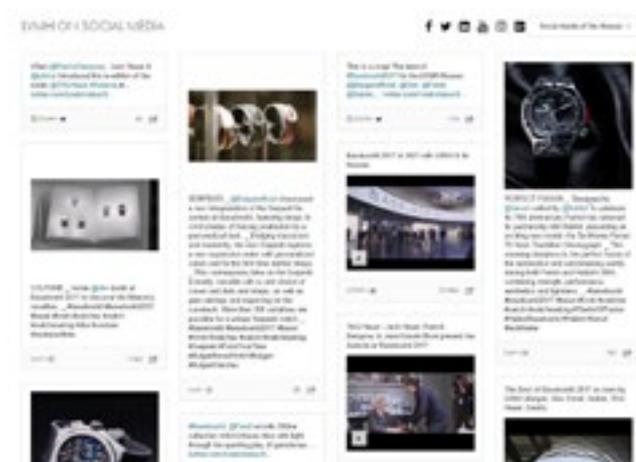
Again, on the commercial side, brands have multiple channels to engage with their consumers, and have seen the direct benefits that comes from this type of interaction. This should inspire brands to transfer this knowledge onto their corporate channels as well.

Not only does this promote transparency, but it also shows that brands are taking their interactions with other stakeholders, apart from consumers, seriously.

Did you know that...

9% of digital managers are fully satisfied with social media presence, yet **67%** have a social media strategy

Best practice – Live social media feeds



LVMH

French luxury holding **LVMH** is one of the few companies in this sector that provides live social media feeds on their corporate website. The feeds include a smattering of news from the luxury behemoth's many brands.

Comprend Webranking 2016-2017

Fashion & Luxury – Listed Companies

2016 Position	Company	2016 Score	Country
1	Luxottica	64.1	Italy
2	Amer Sports (owns various brands incl. Salomon, Wilson & Atomic)	62.8	Finland
3	Fiskars (owns various brands incl. Gerber, Royal Copenhagen & Rogaska)	59.7	Finland
4	Stockmann (owns Index)	57.5	Finland
5	Adidas	57.2	Germany
6	Oriflame	55.5	Sweden
7	L'Oréal	49.6	France
8	H&M	48.2	Sweden
9	Safilo Group	46.3	Italy
10	Richemont (owns various brands incl. Chloé and Cartier)	44.7	Switzerland
11	Marks & Spencer	43.1	UK
12	Pandora	42.9	Denmark
13	Moncler	40.0	Italy
14	YNAF	39.9	Italy
15	Burberry	38.8	UK
16	LVMH (owns various brands incl. Louis Vuitton, Fendi & Givenchy)	38.2	France
17	Inditex (owns various brands incl. Zara & Massimo Dutti)	37.9	Spain
18	Kering (owns various brands incl. Gucci & Bottega Veneta)	37.3	France
19	Next	36.1	UK
20	Zalando	31.5	Germany
21	Brunello Cucinelli	26.0	Italy
22	Moleskine	24.7	Italy
23	Swatch Group	24.3	Switzerland
24	OVS	23.3	Italy
25	Prada	23.1	Italy
26	Salvatore Ferragamo	22.2	Italy
27	Hermes International	21.4	France
28	Technogym	17.2	Italy
29	Christian Dior	14.9	France

Notes

The 29 listed luxury & fashion brands were selected based on their market capitalisation in June 2016. Companies scoring more than 50 points were evaluated at least twice by different researchers between the beginning of July and August 31st, 2016. Companies in the top 10 were ranked three times. The maximum number of points is 100.

Results from previous years can be found on comprend.com/webranking

Fashion & Luxury – Non-Listed Companies

2016 Position	Company	2016 Score	Country
1	Intersport Holding	19.6	Switzerland
2	OTB Diesel (owns Diesel)	19.1	Italy
3	Percassi (owns Kiko Milano)	15.0	Italy
4	Versace	12.8	Italy
5	Calzedonia	12.2	Italy
6	Maus Frères SA (owns Lacoste)	11.2	Switzerland
7	Furla	10.6	Italy
8	Max Mara	9.9	Italy
9	Dolce&Gabbana	7.1	Italy
10	Armani	2.4	Italy

Notes

How we selected the companies to evaluate

Companies are selected based on number of employees, brand recognition and annual results.

How we evaluated the companies included

The evaluation of corporate websites closed in mid-October 2016. The protocol used derives from the one designed for the listed companies. This year it has been revised to even further consider the context in which non-listed companies find themselves operating in. The research evaluated the Italian/German/English version of the corporate websites (or corporate information available on commercial sites) of the companies considered.

Company websites were evaluated twice by two different rankers throughout September and October. Companies in the top 10 were ranked three times by three different rankers.

Read our whitepaper on how European companies are communicating digitally:

<http://bit.ly/WREurope2017>

Order the report

The Webranking Report is an online tool that identifies the gap between your key stakeholder demands and your digital corporate communication. It provides you with tools to reach your goals, meet stakeholder demands, benchmark against peers and competitors, or reach your anticipated ranking position.

The Webranking Report

- Your company's score and ranking.
- Your strengths and weaknesses, overall and by section.
- Benchmark analysis with 3 selected peers.
- Detailed description of all 100 criteria.
- 300 best practice examples to be inspired from while planning for your improvements.
- Interactive tool that lets you test how improvements would affect your results.
- Access to the data from the background research surveys.

The Webranking Plus Report also includes

- A qualitative analysis with detailed recommendations on how to improve your digital corporate communication.
- A face to face presentation of your results where we also share current trends and suggest possible ways forward for continuous improvement. We also review design, message and findability.

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Digital Corporate Communications

At Comprend we believe in creating stronger, more engaging Digital Corporate Communications solutions for our clients. We combine communications knowledge with digital expertise. Our international clients rely on us for their IR, media, CSR, employer branding, internal communications and social media. Our work has global reach and successfully supports worldwide as well as local market-specific initiatives.

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