JUNE 2023

RETAIL25

CELEBRATING THE COMPANIES & LEADERS THAT DRIVE EXCEPTIONAL GROWTH

-Growth-

INDEX

Foreword

CHAMPIONING GROWTH

It has never been a simple task to foster business growth at the pace achieved by the Retail 25. Remarkably, the retail sector has emerged as the dominant force among the UK's fastest-growing companies, with one out of every four businesses on the 2023 Growth Index falling under the retail umbrella.

What makes their accomplishment even more remarkable is the backdrop against which it occurred. These enterprising companies managed to thrive amidst the final stages of Covid lockdowns, surging inflation, lingering labour disputes, supply chain disruptions, constrained household spending power, economic stagnation, and an overarching sense of uncertainty.

The leaders we've spoken with don't seem phased. They're more concerned with testing their latest lipstick range (the irrepressible Marcia Kilgore, of Beauty Pie - page 20), forging partnerships with new third-party entities (Ali Hall and Julie Lavington of Sosandar – page 10) or finding the social influencer collaboration to crack America (our winner, Swansea's AU Vodka - page 4).

The Retail 25 embody ingenuity across all sub-sectors, as is evident from the diverse array of growth stories featured in this report. For specific details, please refer to page 17. Fashion takes the lead, surpassing food and drink as well as homeware, which find themselves in joint second position.

Could the key to their success lie in adopting multichannel trading strategies? Quite possibly. Over 65% of the Retail 25 have embraced multichannel approaches, enabling them to expand their customer base, connect with customers through various channels, and drive sales. We delve deeper into this subject on page 16.

We hope that you derive as much enjoyment from perusing this report as we experienced in assembling it. To all those who have made it onto the Retail 25, congratulations!

Contents

LEFT TO RIGHT: JACKSON QUINN, CHARLIE SLOTH AND CHARLIE MORGAN

WINNER PROFILE:

Bucks without the fizz: How AU Vodka plans to conquer the world

Co-founders Charlie Morgan and Jackson Quinn on standing out, social media marketing and cracking America.

The chemistry swots among you may find it fitting that this year's fastest-growing company is named after the chemical symbol for every winner's favourite element, gold.

GX winner AU Vodka has dazzled the drinks industry with its signature gold bottles - concealing often startlingly-coloured spirits - and its highly effective social media and influencer marketing.

Co-founders and managing directors Charlie Morgan and Jackson Quinn had the idea in 2015, when they were 19 and 21 respectively. Noticing that their friends were all receiving clear premium vodkas in clear bottles for their birthdays, they saw a market gap for something with more visual impact.

"We were super young and naive. We thought it was easily achievable to overtake [leading premium vodka brand] Grey Goose in the UK market. That is a really ambitious task, but in hindsight it was a great attitude to have," says Morgan.

> *"If you're going to take a market seriously, you need people on the ground, speaking the language*

In 2016, they sold 2,000 bottles, but despite rave customer reviews and prestige listings in Selfridges and Harvey Nichols, growth was slow for the first few years. Then two things happened that set the duo on their path to exponential expansion.

The first was when they contacted DJ Charlie Sloth on Instagram and asked if he wanted a free bottle. This was as much strategy as serendipity. Morgan and Jackson had set out with the belief that social media and ecommerce were a great way to build a business, even though these were in their infancy in the beverages sector. In particular, they saw the potential for influencers to drive brand awareness and engagement.

With Sloth, who loved AU Vodka so much that he invested in the company, their persistent efforts on social media paid off. He introduced them to his extensive contact book of rappers and influencers, which is what led to their second breakthrough moment - a collaboration with rapper Fredo in 2019 to create their first flavoured vodka, black grape.

Morgan and Quinn spent all of their remaining annual marketing budget on the launch campaign, which included a professional photoshoot. "It was a game-changing moment and gave us a huge platform. Fredo had a quarter-of-a-million likes on that photo. Our followers grew on social media and we managed to get a listing in Costco off the back of that exposure, giving us nationwide distribution for the first time," says Quinn.

Although pubs were shut, AU Vodka was perfectly placed to grow during the early Covid lockdowns, with 90% of sales coming from social, ecommerce and wholesale distribution.

And grow it did - with a string of stunning influencer collaborations, new flavours like bestseller blue raspberry and brand extensions like ice lollies, turnover rose from £706,000 in the six months to April 2020 to £38.4m over the following 12 months, reaching £43.9m in 2021-2.

The channel mix has evolved, with on-trade sales tracking towards 20%, but AU Vodka's focus on digital remains as strong as ever: Morgan says ecommerce represents 15% of sales but 80-90% of its marketing budget.

Quinn and Morgan point out that while their brand recognition now sits at 80% in the UK, they don't intend to sit on their laurels: their big focus over the next year is to crack America.

They plan to replicate their social influencer marketing approach - for example, tattooing a bottle onto US YouTuber-turned-boxer Jake Paul's arm ahead of a much-publicised fight with Tommy Fury in February - but recognise that this requires hiring the right people Stateside.

"If you're going to take a market seriously, you need people on the ground, speaking the language. They still need to understand our concept, but it needs an American twist. It's important to jump on [influencers] when they are on the up, and maybe someone who lives in Swansea or London won't know who the next big artist to come out of Georgia is, compared with someone who lives in Atlanta," Morgan explains.

After America, the world. Quinn says that their north star is to become a truly global brand, while Morgan still has his golden sights on a certain Grey Goose: "They sell 48 million bottles a year, we sell just under three million. There is a massive scope for us." ■

The table

COMPANY NAME	RANK	CEO NAME	2 YR CAGR %	LASTEST SALES	ACCOUNT DATE	LOCATION	ABOUT	COMPANY TYPE
AU Vodka	01	Charlie Morgan Jackson Quinn	412.77	£43.9m	Apr, 22	Wales	Premium British vodka company with iconic gold bottles	
Ooni	02	Kristian Tapaninaho Darina Garland	289.44	£208m	Dec, 21	Scotland	Pizza oven manufacturers from wood-fired to gas-powered	P
Lounge Underwear	03	Daniel Marsden	112.56	£71.3m	Jun, 22	West Midlands	Online lingerie retailer founded by husband and wife team	
Wolf & Badger	04	George Graham	107.75	£24.6m	Dec, 21	London	A global curated marketplace for independent designer brands	P
Gousto	05	Timo Boldt	95.46	£315.2m	Dec, 21	London	Recipe box subscription service with easy recipes and precisely measured ingredients	P,U
Fairfax & Favor	06	Felix Favor Parker Marcus Fairfax Fountaine	84.89	£28.9m	Feb, 22	East of England	A British country lifestyle fashion brand	
Sosandar	07	Julie Lavington Alison Hall	80.65	£29.5m	Mar, 22	North West	Digital-first women's fashion brand	P
Butternut Box	08	Kevin Glynn David Nolan	79.33	£34.9m	Dec, 21	London	Freshly prepared dog food delivery company	
Beauty Pie	09	Marcia Kilgore	78.92	£53.1m	Mar, 22	London	Premium beauty company with a disruptive subscription model	
Muc-Off	10	Alex Trimnell	72.51	£44.3m	Dec, 21	South West	Creates innovative cleaning products for bicycles and motorbikes	
WoolOvers	11	Mike Lester	70.60	£57.7m	Mar, 22	South East	Retailer of natural cashmere and cotton knitwear retailer	
Ascona Group	12	Darren Briggs	69.92	£194.7m	Mar, 21	Wales	Operates petrol station forecourts	P
Me+Em	13	Clare Hornby	69.22	£47.7m	Jan, 22	London	Women's designer fashion and luxury clothing	
LeMieux	14	Dan Mahoney	66.25	£39.9m	Apr, 21	South East	Equestrian products brand	
Nodor	15	Vincent Bluck	62.02	£35.7m	Dec, 21	Wales	World's largest manufacturer of tungsten darts and originator of the bristle dartboard	
Tropic Skincare	16	Susie Ma	61.03	£90.6m	Dec, 21	London	Vertically integrated vegan skincare brand	P
BB Catering Supplies	17	Younus Bhamji	60.94	£11m	Jun, 21	North West	Wholesale catering supplier	P
Huel	18	James McMaster	60.65	£102.7m	Jul, 21	East of England	Produces fully nutritional meal products	P
Gymshark	19	Ben Francis	57.61	£437.6m	Jul, 21	West Midlands	Disruptive direct-to-consumer sportwear firm with a strong international community	U
Mattress Online	20	Steve Adams	57.60	£37.4m	May, 21	Yorkshire & the Humber	Online mattress retailer	P
Net World Sports	21	Alex Loven	55.48	£61.4m	Sep, 21	Wales	Manufactures and sells own-brand sports equipment and outdoor furniture	
McQueens Dairies	22	Michael Mcqueen	54.78	£60m	Jul, 21	Scotland	Third-generation family firm restoring the traditional doorstep milk delivery	P
The Greenhouse People	23	Richard Baggaley	54.68	£33.5m	Dec, 21	West Midlands	Online greenhouse retailer	
Maze	24	Andy Baxter	53.59	£36.9m	Dec, 21	East of England	Premium outdoor furniture retailer	P
Lintbells	25	Fiona Hope	53.20	£47m	Dec, 21	East of England	Global pet healthcare and supplements company	P

COMPANY TYPE KEY: E Exited Unicorn U Unicorn P Purpose* S Spinout

**We defined purposeful companies as those that have a clearly-defined, public-accessible purpose that extends beyond financial results or the functional performance of the business*

INTERVIEW:

Improving DE&I *in the fashion industry*

DE&I has become a buzzword for many companies, but fashion still has a long way to go. A recent report from the British Fashion Council found just 5% of the most senior roles in the industry are held by people from an ethnic minority background.

Chanda Pandya has worked in fashion for more than 20 years as a senior brand and buying director for companies including Arcadia. Here, Chanda tells us how the industry can become more inclusive.

I graduated from the London College of Fashion more than 20 years ago and decided to become a buyer. I started at Debenhams as an assistant and there was only one other that looked like me. Because fashion is so expressive and being based in London, I didn't think that being Asian would ever be an issue.

For me it wasn't really, but as I climbed the ladder I realised there was a real lack of diversity. And when I became on the side of actually employing young people, I realised there was a need for equity. But more than 10 years after a board member told me 'we need more people like you', not much has changed. I went to a retail conference recently and you could count the number of people of colour on your two hands. So diversity and representation still doesn't exist. Below are some of my suggestions of how companies and executives can begin making a difference.

START WITH EDUCATION

If we don't educate about these things, and we don't educate for opportunities in our industry within these different communities, then there's a problem. Education should start at school or university but should also be promoted among c-suite executives.

SHOW THE OPPORTUNITIES

Fashion is the second biggest employer across the globe and the opportunities are so broad. We're not introducing or exposing it at a young enough age in the education system. The 'cliqueness' also still exists. Success shouldn't rely on who you know, and we in the fashion industry should lead the way on this.

TAKING ACTION

It has to come from the top down. Having a CSR policy and ESG policy are great on paper, but there are currently limited calls to action. Brands and companies are not being held accountable. Companies should make sure they have a diverse intake and should also fast-track diverse talent to the top positions.

ACHIEVE AN EQUITY BALANCE

There's a charity called the Black British Initiative (BBI) who are doing great things and helping retailers and brands to achieve equity. I suggest leaders sign up to their Kitemark as a starting point. There has to be an equity balance so it's not about positive discrimination but about understanding all the barriers they face. I find it surprising when you have a middle aged white person as the head of diversity and inclusion. I'm sorry but unless you've lived it, breathed it and you can talk about it from a grassroots level then you cannot understand it.

PAY TRANSPARENCY

There should be parity in pay for all men and women doing the same roles. The gender pay gap is still bad but the race gap is even greater. Recruiters should make their suggested salary clear, even if it's within a range (such as £45,000 to £55,000). We shouldn't be paying some people lower wages for the same work in 2023.

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Everybody has a part to play. By following some of the above points, you can help make a change. Only by taking action will any difference be made.

CHAMPIONING GROWTH

FELIX FAVOR PARKER (R) & MARCUS FAIRFAX FOUNTAINE (L)

INTERVIEW:

Felix Favor Parker

Fairfax & Favor

Appropriately enough for a brand that began with leather footwear, Fairfax & Favor was thoroughly bootstrapped. Founders Marcus Fairfax Fountaine and Felix Favor Parker funded the Norfolk-based business through its early days by working summer jobs in the local pub and delivering fireplaces. They kept their stock in Parker's mum's attic.

Behind these humble beginnings was an ambitious vision. "You often find London brands dictating what you should be wearing. We're saying the countryside is cool. We're pioneering rural vogue," explains Parker.

Although F&F is primarily a D2C ecommerce brand, its sales strategy is rooted in direct contact with customers at country fairs, shows and horse trials and, since 2019, its own shops in picturesque market towns like Holt, Stamford and Helmsley.

"We have private appointments, and people travel down from Manchester or up from Brighton and base their weekend around them. We recommend where to stay and what to do in the area. If it's your birthday you get a balloon and champagne. You can't do that online," Parker says.

Customer contact has not only helped to build brand loyalty, but also fed into product development, leading for example to innovative new calf fits and elastication for their flagship boot, the Regina.

A decade old, F&F has expanded into outerwear, bags and accessories, to become a fully-fledged luxury brand. Turnover reached £28.9m in their latest accounts, and is due to hit £35m this year. Throughout it all, it has remained profitable, and is still controlled by its founding pair.

"That means you can be spontaneous. When everything has to go through a committee it just kills enthusiasm and ideas. We try to have a culture of fun," Parker says, pointing (figuratively) to the company's racehorse, Mayheblucky, which is part-owned by its customer racing club.

While fun and dynamism have helped innovation and talent retention, it hasn't all been smooth riding. In late 2018 their main manufacturer in Spain went bust, leaving them without a supplier for the Regina just before Christmas. "We learned a lesson there: don't put too many eggs in one basket. We were working with about five factories then, now there are about 30," Parker says.

With the supply chain secure - and a new 60,000 sq ft warehouse in Norfolk - F&F is primed for growth. "We always set out to be a £100m company - that's valuation, but we can also get to that in revenue," Parker says. Sales in the US - where there are nine million horses and a thriving equestrian community - are currently 4-5%, but Parker and Fountaine are targeting 15% over the next few years.

"We want to go to those small horse trials, build the network and replicate what we've done here, without losing focus on the UK... we know the market is there and we've proved we can do this." ■

CHAMPIONING GROWTH

ALI HALL (LEFT) & JULIE LAVINGTON (RIGHT)

INTERVIEW:

Sosandar

Online fashion retailer aims for global growth as sales surge

It's been a challenging couple of years for retailers, with the cost of living crisis impacting sales and increasing costs for businesses. But one company managing to weather the crisis is Sosandar, an online fashion firm targeting the over-30s.

Cheshire-based Sosandar, one of just 30 companies to make the Growth Index for the second year , recorded a 44% jump in sales to £42.5m in its latest financial year as the average order value rose 8%. Annual pre-tax profits are expected to come in at £1.6m, an impressive turnaround compared to a £600,000 loss the previous year.

The reason for the company's fast growth has been its decision to focus on selling through third parties including John Lewis and M&S as well as through its own website, says co-founder Julie Lavington. "Working with third parties is a very profitable way to trade. It raises brand awareness, because we're working with partners that obviously have very big audiences of their own. It's a key part of our scale-up strategy, and working with third parties is as important to us as our own website and direct to our own consumers," she says.

> *Working with third parties is a very profitable way to trade. It raises brand awareness..,*

Sosandar was founded in 2016 by Julie and Ali Hall, who used to run weekly lifestyle magazine Look before quitting to launch Sosandar after raising £2m from private investors.

Key to the brand's success is its ability to engage readers through content and marketing strategies, thanks to the pair's experience of running a magazine. Email communication contributes to more than 50% of revenue, says Ali. "We run our marketing a bit like a news desk. We are able to react and change things depending on what's happening. Our experience of fashion editorials means we also know the importance of lifestyle imagery for engagement. People are buying into a lifestyle as well as the product."

Sosandar's marketing spend is spread across three core areas – TV advertising, glossy brochures and social media. Together these three elements build the brand and create an emotional connection, driving sales by bringing potential customers to the Sosandar website and getting them to spend once there. This multi-channel strategy differs from many other fashion retailers or fast fashion brands, which typically focus on social media adverts and partnerships with influencers.

"We think this marketing mix works really well for us, but we constantly refine and amend our marketing strategy and are constantly monitoring the best TV channels for us, the best time of day to show our adverts and so on. It's about getting the best quality customers who will go on to spend," says Julie.

The quality of the clothes is also important. Once customers have been encouraged to make a purchase, they need to be happy with what they're wearing. Sosandar takes the quality of its products seriously, working with suppliers across Turkey, China and India to ensure the best quality. "Yes, our expertise is in communicating well with customers and doing great imagery. But fundamentally the product, the design and ensuring we manufacture really good quality products is absolutely everything to this business," adds Julie.

Sosandar has big plans for growth in the coming years. The company aims to partner with more retailers in the UK to increase brand awareness in its home market. There are also plans to expand internationally and Sosandar is currently assessing territories overseas where the brand could launch.

Julie and Ali say they encourage entrepreneurial spirit within the business even as headcount is growing. The company employs more than 50 people and running a democratic organisation is important to the founders.

"I think part of that comes from having two CEOs, so there isn't one person making a decision," says Ali. "Everything Julie and I do is discussed and debated. As a result, these discussions go throughout our leadership team. We're very open, we're inclusive, we debate stuff and we come up with the best solution as a team. It's not about what one person's vision is – it's about how we all work together to communicate that vision and execute it."

Growth stories

Despite the challenges of the last three years, growth has come as a result of creativity, pivoting, innovating and technology.

WOLF & BADGER

Founded 2010
London

CEO **George Graham**

RANK 04

Wolf & Badger leads the charge with its curated selection of independent fashion and design brands. With a keen eye for innovation and style, this platform has garnered recognition for its commitment to showcasing iconoclast and unique creations. Wolf & Badger's success stems from its ability to spot emerging talent and provide a platform for independent designers to shine. From award-winning collections to critically acclaimed pieces, Wolf & Badger continues to captivate the fashion and design industry with its unrivaled curation and consistent support for the creative community.

ME+EM

Founded 2009
London

CEO **Clare Hornby**

RANK 05

With an impressive lineup of clothing brands, ME+EM has gained recognition for its ability to blend style and comfort seamlessly. Their success can be attributed to its commitment to producing subversive and boundary-pushing fashion pieces that resonate with their discerning clientele. Whether it's their award-winning designs or their renowned collections, ME+EM continues to captivate the fashion world with their unique vision and unwavering dedication to excellence.

CHAMPIONING GROWTH

Butternut Box

Founded 2016
London

CEOs (joint) **Kevin Glynn & David Nolan**

RANK 08

Butternut Box have gained recognition for revolutionising the way we feed our furry friends. With their freshly prepared, nutritionally balanced meals delivered right to your doorstep, Butternut Box has won the hearts of pet owners nationwide. Their dedication to using high-quality ingredients and personalised meal plans ensures that every dog receives the best care possible. It's no surprise that Butternut Box has quickly become the go-to choice for pet parents looking to provide their beloved companions with wholesome and delicious meals.

maze

Founded 2008
Market Harborough

CEO **Andy Baxter**

RANK 24

Maze impresses in the outdoor funiture industry with its impeccable craftsmanship and captivating designs, that redefine outdoor living spaces. Maze's success is rooted in its unwavering commitment to pushing boundaries and offering customers stylish and distinctive options for their homes and gardens. With accolades for its designs and critical acclaim for its collections, Maze continues to attract homeowners and exterior design enthusiasts.

Lintbells

Founded 2006
Hitchin

CEO **Fiona Hope**

RANK 25

Lintbells stands out in the pet industry with its dedication to pet health and wellness. A significant contributor to their success is their flagship product, YUMOVE, renowned for its transformative effects on joint health in dogs. But Lintbells' impact doesn't stop there. They continue to produce groundbreaking solutions that improve the lives of pets worldwide. With a focus on research and development, Lintbells is always looking for ways to improve their products and better serve their customers.

KRISTIAN TAPANINAHO & DARINA GARLAND

ooni

Founded 2012
Edinburgh

CEOs (joint) **Kristian Tapaninaho & Darina Garland**

RANK 02

As a leader in the industry, Ooni have gained recognition for its exceptional craftsmanship and commitment to revolutionising the way we enjoy homemade pizzas. Ooni's success can be attributed to its groundbreaking designs, allowing enthusiasts to achieve perfect wood-fired pizzas in their own backyard. From award-winning ovens to rave reviews from culinary experts, Ooni continues to delight pizza lovers with its unmatched performance and dedication to bringing the authentic pizzeria experience to homes worldwide.

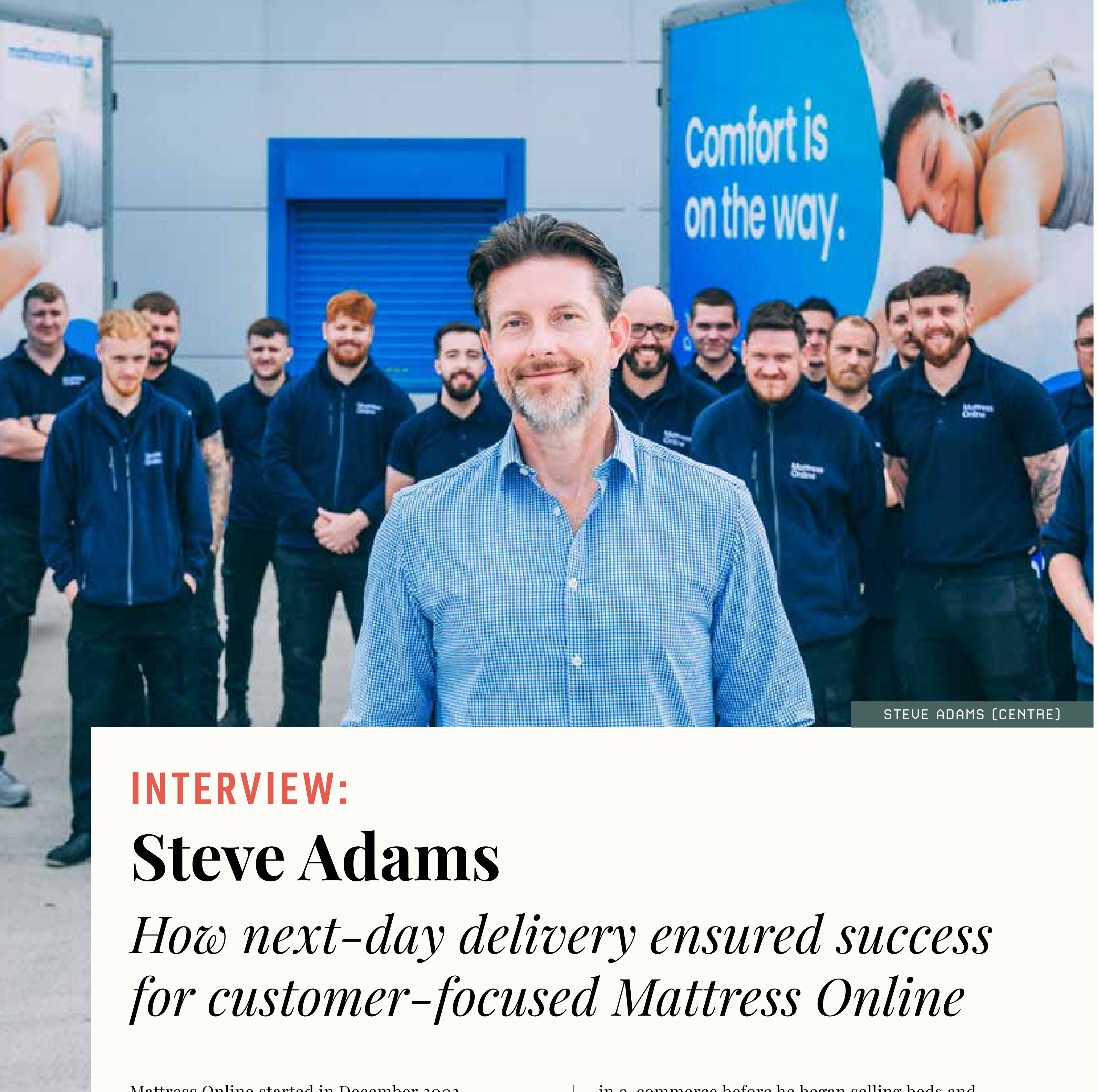
GYMSHARK

Founded 2012
Solihull

CEO **Ben Francis**

RANK 19

Billed as the UK's answer to Nike and Adidas, Gymshark has attracted loyal fans the world over for its performance fitness apparel and accessories. Whilst the press celebrate the former pizza-delivery boy becoming a paper billionaire, business insiders admire Ben's focus, quest to hire the very best global talent, creative social marketing and ability to anticipate market changes. With the company opening a store on London's Regent Street in 2022, we look forward to seeing what comes next.



STEVE ADAMS (CENTRE)

INTERVIEW:

Steve Adams

How next-day delivery ensured success for customer-focused Mattress Online

Mattress Online started in December 2003, appropriately from co-founder Steve Adams' bedroom. Starting with just five products, it took two weeks for the company to sell its first mattress, and another two weeks to make another. Sales fortunately picked up in January - the peak month for furniture and homeware shopping - and the company has never looked back.

"We've been a stockholder from day one and that's been the key to our success. We have around 21,000 mattresses sitting in warehouses ready for next-day delivery," says Adams, whose background was in e-commerce before he began selling beds and mattresses.

Originally, the business imported mattresses from overseas with no brand names attached. A turning point came when Silentnight, the biggest bed brand in the UK, was brought onto the website and sales grew. That started a long-term relationship with other big brands including Emma, Simba and Tempur.

> *We're not saying never to external funding. But we make a profit on everything we sell...*

Mattress Online's strategy has always been customer-focused, getting goods to customers as soon as possible and allowing people to specify a delivery date that suits them.

"It was a very different time nearly 20 years ago. There were very few people doing what I did. The other bed shop owners were traditional, quite staid, and none were offering next day delivery like me," says Adams.

Around 70% of orders are delivered to customers the next day, with many of the remaining 30% choosing a later delivery date to suit their working patterns or other logistical issues. Customers are given a two-hour delivery window that they are told by email and text the night before. They will get a phone call when the driver is half an hour away and customers can track the driver through an app.

"Having that transparency speaks volumes. Customers want to know if the driver is stuck in traffic and to see how their delivery is progressing," adds Adams.

Being based in South Yorkshire has helped with transport and delivery as it's easy to travel north or south. Property is also affordable in the local area, meaning Mattress Online can maintain a 135,000 square foot warehouse that would not be affordable in the south.

Adams describes Mattress Online, a new entrant on the Growth Index this year, as a tech company at heart that happens to be selling mattresses. The company manages its website, stock control and dispatch systems in-house.

Mattresses are still the core part of the business, although the company has also expanded into beds and sofa beds. Turnover has doubled in the past five years to £29m in 2022, with pre-tax profit coming in at £2.2m.

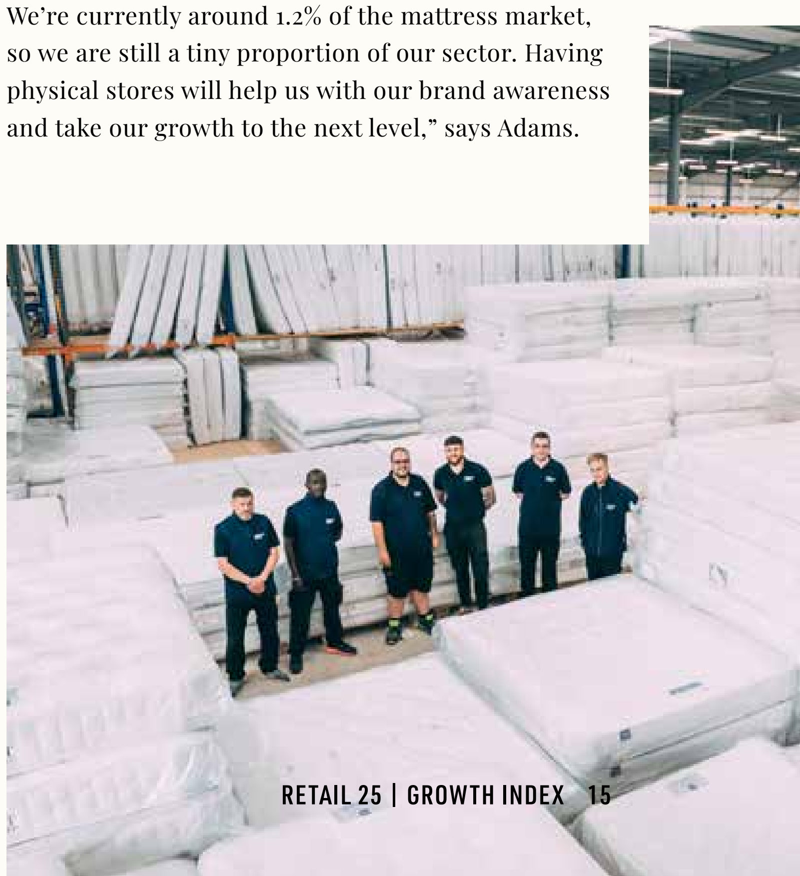
Growth has been organically funded from profit, rather than taking external investment, and the company is in the enviable position of having no debt.

"We're not saying never to external funding. But we make a profit on everything we sell and we make money every year, so we have been able to grow organically. I know we could double our turnover overnight if we just went for volume and market share, but we'd likely lose money because pay-per-click is very expensive now," says Adams.

The company employs 75 people and is currently recruiting for six more. Adams says one of its biggest obstacles in growing is that it's hard to hire talent. "It's a very difficult job market at the moment. We particularly find it challenging to find sales consultants."

Although Mattress Online is very much an online retailer, the plan is to open 20 physical stores within the next three years. The company already has three up and running in the north of England and is negotiating on another three. The aim is to raise brand awareness and to allow customers to test mattresses before buying.

"I'm a firm believer that some customers do want to go into a store and want the reassurance of a store. We're currently around 1.2% of the mattress market, so we are still a tiny proportion of our sector. Having physical stores will help us with our brand awareness and take our growth to the next level," says Adams.



What can we learn from the UK's top 10 retailers

In popular imagination, the fastest way to grow a business is with an app or algorithm. Yet it is retail, not tech, that dominated this year's Growth Index, the definitive list of the UK's 100 fastest growing companies.

Growth Index ranks UK-based companies with revenues above £5m on their compound annual growth rate in turnover over two years. Over a quarter were retailers, including the UK's fastest growing business, AU Vodka.

An analysis of these retailers - including the top 10, listed on page 6 - shows some intriguing trends. The first is how multichannel dominates the list. Of the Retail 25, only seven are online-only, with another two selling exclusively via bricks-and-mortar stores. The rest (65%) trade through at least two standard sales channels - retail, wholesale, digital and online marketplace with Tropic additionally selling through ambassadors.

Interestingly, none are genuinely omnichannel, i.e. selling across all four channels. This is likely to reflect the sharp strategic focus that you'd expect from highly successful companies in the absence of unlimited resources. But that doesn't mean we won't see them moving that way in future, as they continue to grow.

The rise of multichannel is a striking change in narrative from a few years ago, when Covid lockdowns made digital seem like the only way to go. Since then, the partial retreat of ecommerce's market share and the rising cost of online customer acquisition has led to a marked pivot, with many brands in particular moving into wholesale and online marketplaces.

There are also several high profile entries on the list that were until recently pure-play digital retailers but that now sell via retail or wholesale, including fitness brand Gymshark, independent fashion marketplace Wolf & Badger, and women's fashion firm Sosandar.

Julie Lavington, Sosandar's co-founder, sees its wholesale partnerships with retailers like M&S and Sainsbury's as integral to its growth strategy. "We work with third parties because it's a very profitable way for us to trade, and because it has a halo effect for raising brand awareness," says Lavington, who is incidentally among the 19% of the leaders of the UK's fastest-growing retailers who is female, far above the average outside the sector.

This is not to say that the balance between digital and physical retail is equal. The majority of the UK's fastest growing multichannel retailers sell primarily online.

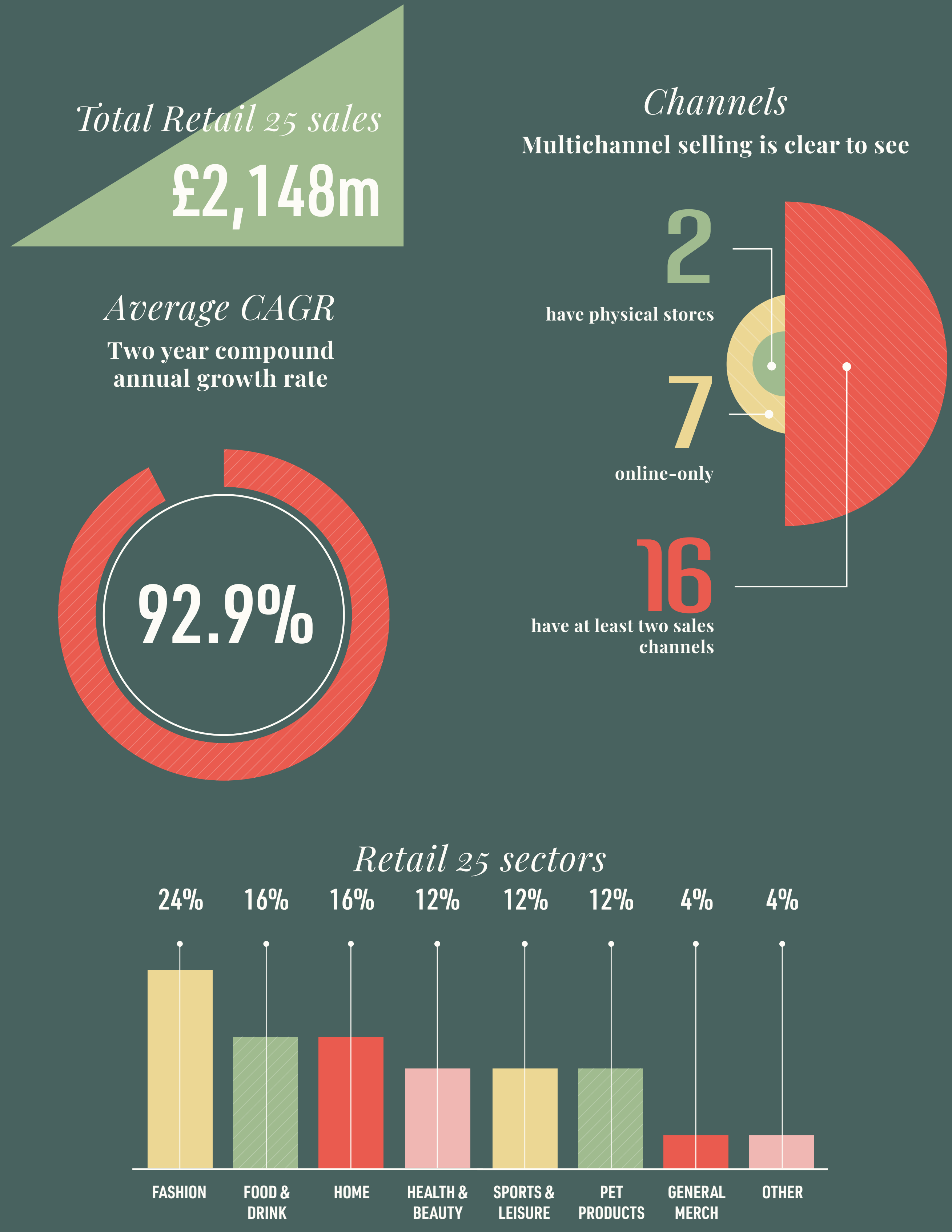
Even some of the most prominent companies where this isn't the case, such as AU Vodka, are notable for a digital-first mentality. Co-founder Charlie Morgan, whose business has excelled through sharp social media marketing and influencer collaborations, explains: "Ecommerce is about 15% of our sales, which is really big for an alcohol brand, but it [takes] 80-90% of our marketing budget."

Indeed, those hoping that the rise of multichannel means a fully-fledged resurgence in bricks-and-mortar retail are likely to be disappointed. Physical retail is the least prominent channel among our list, with only around a quarter (27%) operating their own stores, and over half of those operating fewer than 10 locations.

What this likely means is that digital remains for most, but not all, the primary route for rapid growth, but that it is stronger when it is part of a fully-fleshed out multichannel strategy.

Orlando Martins
CEO Growth Index & ORESA

Retail by numbers



JAMES MCMASTER

INTERVIEW:

James McMaster

How Huel aims to be the world's leading plant-based brand

CHAMPIONING GROWTH

The nutritional food brand is targeting global growth after raising £20m from investors.

The idea behind Huel is simple. The company sells a powder product designed to be a meal or a snack, and since launching in 2015 has attracted legions of fans worldwide who refer to themselves as Hueligans and swear by its benefits.

Designed by NHS dietician James Collier, the powder is high in protein and fibre and contains 26 essential vitamins and minerals. Simply add one or two scoops to water, shake it, and that'll be your breakfast or lunch. Huel is popular with health-conscious and time poor consumers, and the company's product offering has now expanded to include bars, vegan ready meals, ready to drink bottles and a daily greens powder.

Sales surged by 41% to £144m in 2022 as the number of active customers rose by a fifth to £914,000. Growth is expected to surge this year after Huel raised £20m in a funding round in late 2022 that saw Hollywood actor Idris Elba and television presenter Jonathan Ross come on board as investors.

"We've evolved quite a lot from powder to where we are now. We are building a global brand that is a force for good. Our products are convenient, healthy, affordable and plant based. So, we tick all the major trends right now and by being plant based we're helping people lower their carbon footprint so there is an environmental benefit too," says chief executive James McMaster.

More than half of Huel's revenue comes from outside the UK. Huel sells to more than 100 countries worldwide with key markets including the US, Germany, Sweden and Japan. The company sells its products directly through its website and in the UK has a presence in retailers including Sainsbury's. Huel's aim is to increase its partnerships with retailers so the brand is visible to more consumers.

"It's important for us to be in places where people are impulse-buying food and drink. It helps us reach new customers. When you are an online-only brand, and you have minimum order quantities, people are effectively buying in bulk from you. Being in stores offers an easy way to try the brand," adds McMaster.

The money recently raised from investors will help Huel expand its presence in retail stores and boost its product range and market share worldwide. Huel says its brand is becoming more recognisable each day, helped by loyal customers who post on social media and who wear Huel-branded t-shirts.

Most new customers come to Huel through the recommendation of an existing customer. Huel, which employs around 250 people across its offices in London, Hertfordshire, Birmingham and New York, says its priority is therefore to make customers happy. The company is constantly assessing the end-to-end experience – checking the website is user friendly and orders are being dispatched efficiently and packaged correctly.

It hasn't all been plain sailing for Huel though. Like any other company, Huel has had to battle against rising inflation over the past year, which has pushed up the cost of ingredients, packaging and shipping. The company has so far avoided putting up prices since December 2021 by finding ways of being leaner.

McMaster says Brexit, Covid-19 and high inflation brought on by the war in Ukraine has made it difficult for anyone running a business in the past few years. But he is confident about Huel's growth in the coming years.

> *We have big ambitions. There are some incredible foundations to the business, and our brand is continuing to grow. We got off to an amazing start and we believe we have an opportunity to be the leading plant-based brand in the world.*

INTERVIEW:

Marcia Kilgore

Beauty Pie

"You'd think people would be busting our door down

MARCIA KILGORE

Beauty Pie is a buyer's club for luxury make up, without the markup. To illustrate the concept, founder Marcia Kilgore holds up a lipstick sample she received from a supplier.

"It's packaged already. It has a beautiful formula already. It's colour matched already. They've painted the barrel and put a logo on it. A cosmetics company can go to a lab and buy this for $4 and sell it for $40 without doing anything to it. Who's done all the work? Where does the extra $36 of value come in for the customer?"

Kilgore, the serial entrepreneur behind Bliss Spa, Soap & Glory and FitFlop, came up with a direct-to-customer business model that cuts out the middleman. Members pay a monthly fee that allows them to buy transparently priced beauty products at discounts of up to 90%, while suppliers get consistent and crucially high-volume orders of luxury products, where they make a better manufacturing margin.

Educating customers that they've been overpaying has proved more challenging than expected, Kilgore admits: "You'd think that people would be busting our door down, but we do have to advertise to find new customers."

Beauty Pie doesn't reveal membership numbers, although its growth rate suggests whatever it's doing is working. Making *Growth Index* for the second year in a row, the company posted revenues of £53m in the year to March 31 2022, a 220% increase since 2020.

CHAMPIONING GROWTH

It doesn't hurt that Beauty Pie has posted exceptionally strong customer retention rates since launching in late 2016 - reportedly above Netflix's and Spotify's. Kilgore attributes this to an ever-expanding product range coupled with a "vicious" focus on quality. To add a new SKU, the company releases small batches and invites customers to feed back via a QR code and vote on whether to make it a permanent part of the range.

She also credits customer retention to Beauty Pie's email and social communications adding value to customers' lives. "It could be making her more expert about what she puts on her face, or helping her dream, or giving her a moment away from her stressful day," Kilgore explains.

She helps to stay close to customers by spending "too much" time on social media. "The person at the top should be standing in front of the customer, to know how she's feeling and what makes her excited. Otherwise you're guessing - and who wants to guess?"

The ambition is for Beauty Pie to be the most loved and trusted beauty brand in the world, and Kilgore sees no limits. "I'm like Al Pacino [in *Scent of A Woman*], I'm just getting warmed up." ■

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