THE FUTURE OF RETAIL
SANTIAGO MAY 5, 2015
Take a deeper look at how business is today, how it was years ago and where it is going - books that are written for the modern business person like you to gain knowledge and to know business beyond business!

_Greg Thain_ has over 40 years experience developing businesses and is an expert in marketing, market research, internet/ttech, real estate, investment & property funds, publishing, and consultancy with a focus for the last 22 years in emerging markets. Involved in politics as a candidate for the UK Conservative Party for the European Parliament in 1991.
www.wiley.com

30% off VBJ84

Just enter thain

http://as.wiley.com/WileyCDA/Section/id-WILEYASIA2_SEARCH_RESULT.html?query=thain
TOTAL RETAIL SALES WORLDWIDE, 2013 - 2018
TRILLION AND % CHANGE

$21.189 (6.4%) $22.492 (6.1%) $23.927 (6.4%) $25.366 (6.0%) $26.827 (5.8%) $28.300 (5.5%)

Source: eMarketer.com
E-RETAIL SALES

E-RETAIL AS A PERCENTAGE OF TOTAL RETAIL
GLOBAL RETAIL AND E-COMMERCE SALES FORECAST
EXCLUDES TRAVEL AND EVENT TICKETS / US$ TRILLIONS
2013-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Retail Sales</th>
<th>Retail E-commerce Sales</th>
<th>Brick-and-Mortar</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$20.1; 94.9%</td>
</tr>
<tr>
<td>2014</td>
<td>$1.3</td>
<td>$1.3</td>
<td>$21.2; 94.1%</td>
</tr>
<tr>
<td>2015</td>
<td>$1.6</td>
<td>$1.6</td>
<td>$22.5; 93.3%</td>
</tr>
<tr>
<td>2016</td>
<td>$1.9</td>
<td>$1.9</td>
<td>$23.9; 92.6%</td>
</tr>
<tr>
<td>2017</td>
<td>$2.2</td>
<td>$2.2</td>
<td>$25.4; 91.8%</td>
</tr>
<tr>
<td>2018</td>
<td>$2.5</td>
<td>$2.5</td>
<td>$26.8; 91.2%</td>
</tr>
</tbody>
</table>

Total retail sales % change:
- 2013: 6.4%
- 2014: 6.1%
- 2015: 6.4%
- 2016: 6.0%
- 2017: 5.8%
- 2018: 5.5%

Retail e-commerce % change:
- 2013: 25.9%
- 2014: 22.2%
- 2015: 20.9%
- 2016: 18.6%
- 2017: 16.4%
- 2018: 13.3%

Source: eMarketer
TOP 10 POPULAR GLOBAL RETAIL MARKETS
PERCENTAGE OF GLOBAL RETAILERS PLANNING TO OPEN A STORE PER COUNTRY FOR 2014

#1 GERMANY 40%
#2 UNITED KINGDOM 26%
#3 FRANCE 40%
#4 AUSTRIA 22%
#5 CHINA 22%
#6 SWITZERLAND 20%
#7 BELGIUM 18%
#8 SPAIN & ITALY 17%
#9 CZECH REPUBLIC 16%
#10 SWEDEN 15%

Source: World Property Channel
Based on retail revenue rendered in 2013 (not including the e-retail sales)

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Country</th>
<th>Retail Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>U.S.A</td>
<td>$476.29B</td>
</tr>
<tr>
<td>Tesco</td>
<td>U.K.</td>
<td>$112.98B</td>
</tr>
<tr>
<td>Carrefour</td>
<td>France</td>
<td>$105.30B*</td>
</tr>
<tr>
<td>Costco</td>
<td>U.S.A</td>
<td>$105.17B</td>
</tr>
<tr>
<td>Kroger</td>
<td>U.S.A</td>
<td>$98.4B</td>
</tr>
<tr>
<td>Aldi</td>
<td>Germany</td>
<td>$88.52B*</td>
</tr>
<tr>
<td>Home Depot</td>
<td>U.S.A</td>
<td>$78.8B</td>
</tr>
<tr>
<td>Metro A.G.</td>
<td>Germany</td>
<td>$77.09B*</td>
</tr>
<tr>
<td>Target</td>
<td>U.S.A</td>
<td>$72.60B</td>
</tr>
<tr>
<td>Walgreens</td>
<td>U.S.A</td>
<td>$72.28B</td>
</tr>
<tr>
<td>Lidl</td>
<td>Germany</td>
<td>$61.09B*</td>
</tr>
</tbody>
</table>

*Converted Euro to Dollars
**Converted Pounds to Dollars

Source: List Dose
This year, the TOP 10 list most popular retail and e-tail brands consumers mentioned as places they intended to shop included:

<table>
<thead>
<tr>
<th>RETAIL</th>
<th>E-TAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wal-Mart</td>
<td>Amazon.com</td>
</tr>
<tr>
<td>2. Target</td>
<td>Walmart.com</td>
</tr>
<tr>
<td>3. Macy’s</td>
<td>eBay.com</td>
</tr>
<tr>
<td>4. CVS</td>
<td>Kohls.com</td>
</tr>
<tr>
<td>5. Best Buy</td>
<td>Macys.com</td>
</tr>
<tr>
<td>6. TJ Maxx</td>
<td>Zappos.com</td>
</tr>
<tr>
<td>7. Staples</td>
<td>Overstock.com</td>
</tr>
<tr>
<td>8. Footlocker</td>
<td>Gap.com</td>
</tr>
<tr>
<td>9. Payless</td>
<td>Nike.com</td>
</tr>
<tr>
<td>10. Apple stores</td>
<td>Target.com</td>
</tr>
</tbody>
</table>
ALDI WHERE THE GROWTH IS!

$88.52BN 2013 SALES

29.4% INCREASE IN SALES

$95.06BN 2018 SALES FORECAST

7,600 STORES WORLDWIDE

54 NEW STORES TO OPEN THIS YEAR

INTERNATIONAL MARKET SHARE

20% AUSTRIA
16% GERMANY
10% AUSTRALIA
8% IRELAND
4.7% U.K

FACTS

90% OF PRODUCTS ARE THEIR OWN BRAND

17 AVERAGE NUMBER OF ITEMS IN SHOPPING BASKET FOR EACH TRIP

40% OF GOODS PRODUCED IN BRITAIN

1 of 3 HOUSEHOLDS VISIT ALDI AT LEAST ONCE A MONTH
LIDL FOCUS IS WINNING 100BL BY ‘18

- $61.09BN 2013 Sales
- 17.5% Increase in Sales
- $98.9BN 2018 Sales Forecast
- 9,800 Stores Worldwide
- 40 New Stores to Open This Year

INTERNATIONAL MARKET SHARE
- 24% - AUSTRIA
- 18% - BELGIUM
- 17% - GERMANY
- 7.5% - IRELAND
- 3.5% - U.K.

FACTS
- $48M Exports Whisky from UK to International Stores Annually
- $159M Cheddar Cheese was sent around the world
- 24% of its customers are from Class A & B (They call LIDL-Class)
The 5 largest online retailers in the world: but Alibaba is more like eBay, not owning 2/3 of what it sells!

1. Alibaba.com: $248,000,000,000
2. Amazon: $67,000,000,000
3. Apple: $18,300,000,000
4. Staples: $10,400,000,000
5. Walmart: $10,000,000,000

Source: insidermonkey.com and businessinsider.com
Alibaba VS eBay (Q2 2014)

Mobile Gross Merchandise Volume ($ Billions)

Alibaba Group

Mobile, $27 33%

Source: Alibaba, eBay, BI Intelligence Estimates
### THE ONLINE RETAIL DEMOGRAPHICS

**GLOBAL ONLINE POPULATION**

<table>
<thead>
<tr>
<th>Region</th>
<th>2011 (in Millions)</th>
<th>2014 (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific/Oceania</td>
<td>922</td>
<td>1033</td>
</tr>
<tr>
<td>Europe</td>
<td>476</td>
<td>500</td>
</tr>
<tr>
<td>North America</td>
<td>272</td>
<td>292</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>215</td>
<td>255</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>186</td>
<td>241</td>
</tr>
</tbody>
</table>
PERCENTAGE OF INTERNET USERS PER CONTINENT WHO SHOP ONLINE

North America: 83%
Central & Latin America: 81%
Africa: 53%
Europe: 85%
Asia: 87%

Source: Wicked Vouchers
MOST COMMON TYPES OF PRODUCTS PURCHASED ONLINE*

- Consumer electronics: 69%
- Books: 67%
- Clothing and apparel: 63%
- Household goods: 38%
- Office supplies: 30%
- Consumer packaged goods: 28%
- Sporting goods: 20%
- Pet supplies: 20%
- Food and groceries: 20%
- Tools and home: 18%
- Luxury goods: 6%

*The average user is purchasing products across multiple categories

Source: Walker Sands, Marketing Profs
## CONSUMER SPENDING (ONLINE RETAIL SPENDING SHARES)

<table>
<thead>
<tr>
<th>GENDER</th>
<th>APPAREL/ACCESSORIES/JEWELRIES</th>
<th>HOBBIES</th>
<th>BOOKS/MUSIC/VIDEOS</th>
<th>VIDEO GAMES/CONSOLE</th>
<th>ELECTRONICS</th>
<th>EVENTS/MOVIE TICKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOMEN</td>
<td>71%</td>
<td>67%</td>
<td>61%</td>
<td>56%</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>MEN</td>
<td>29%</td>
<td>33%</td>
<td>39%</td>
<td>44%</td>
<td>54%</td>
<td>56%</td>
</tr>
</tbody>
</table>
SO WHO ARE THE DIGITAL BUYERS?

- Baby Boomers (Age 50-64): 10%
- Generation Z (Under Age 20): 7%
- Silent Generation (Age 65+): 2%
- Millennials (Age 20-34): 53%
- Generation X (Age 35-49): 28%
<table>
<thead>
<tr>
<th>MEDIUM</th>
<th>GLOBAL AVERAGE</th>
<th>ASIA-PACIFIC</th>
<th>EUROPE</th>
<th>MIDDLE EAST/AFRICA</th>
<th>LATIN AFRICA</th>
<th>NORTH AMERICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPUTER</td>
<td>80%</td>
<td>81%</td>
<td>78%</td>
<td>60%</td>
<td>82%</td>
<td>84%</td>
</tr>
<tr>
<td>MOBILE</td>
<td>44%</td>
<td>52%</td>
<td>33%</td>
<td>55%</td>
<td>48%</td>
<td>27%</td>
</tr>
<tr>
<td>TABLET</td>
<td>31%</td>
<td>35%</td>
<td>24%</td>
<td>38%</td>
<td>29%</td>
<td>26%</td>
</tr>
</tbody>
</table>
#NRF15 By The Numbers:
A Social Snapshot of Retail’s BIG Show 2015

Top 3 Trends

- Investment in Mobility [22%]
- Retail Technology Solutions [19%]
- Global E-commerce [15%]

Many Complex Trends, One Simple Question: Is Your Company Ready?

Based on independent research.
**GROWTH RATES 2014**

- E-retail Industry increased by 20.2%
- Retail Industry increased by 9%
- Global Economy increased by 3.7%

Source: IMF
EMERGING MARKETS OF RETAIL
BASED ON GLOBAL RETAIL DEVELOPMENT INDEX SCORE OF A.T. KEARNEY

- **CHINA**
  - GDRI Score: 64.4
  - GDP per capita: $9,800 (2013 est.)

- **CHILE**
  - GDRI Score: 65.1
  - GDP per capita: $19,100 (2013 est.)

- **URUGUAY**
  - GDRI Score: 63.4
  - GDP per capita: $16,600 (2013 est.)

- **UNITED ARAB EMIRATES**
  - GDRI Score: 60.5
  - GDP per capita: $29,900 (2013 est.)

- **BRAZIL**
  - GDRI Score: 60.3
  - GDP per capita: $12,100 (2013 est.)

- **ARMENIA**
  - GDRI Score: 57.5
  - GDP per capita: $6,300 (2013 est.)

- **GEORGIA**
  - GDRI Score: 55.9
  - GDP per capita: $6,100 (2013 est.)

- **KUWAIT**
  - GDRI Score: 54.0
  - GDP per capita: $42,100 (2013 est.)

- **MALAYSIA**
  - GDRI Score: 52.8
  - GDP per capita: $17,500 (2013 est.)

- **KAZAKHSTAN**
  - GDRI Score: 52.7
  - GDP per capita: $14,100 (2013 est.)
COMPARING GROWTH POTENTIAL AND CONSUMER BEHAVIOR LEADS TO THREE DISTINCT GROUPS OF ONLINE MARKETS

Online consumer behavior
(Index: 0 to 100)

Online growth potential
(Index: 0 to 100)
Despite a thriving ecommerce market, the US lags other countries in some key metrics

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>UK</th>
<th>CHINA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 ecommerce sales</td>
<td>$349.1b</td>
<td>$93.9b</td>
<td>$562.7b</td>
</tr>
<tr>
<td>2015 Sales Growth</td>
<td>14.2%</td>
<td>14.5%</td>
<td>32%</td>
</tr>
<tr>
<td>% of total retail</td>
<td>7.1%</td>
<td>14.4%</td>
<td>12%</td>
</tr>
<tr>
<td>Digital buyer penetration*</td>
<td>64.9%</td>
<td>74.3%</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

*of population

Source: eMarketer
China is the global leader in ecommerce sales; it will account for 35.4% of worldwide ecommerce sales in 2015.

Source: eMarketer
<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>34.9%</td>
<td>32.9%</td>
<td>31.7%</td>
<td>31.1%</td>
<td>30.7%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>28.3%</td>
<td>31.2%</td>
<td>33.4%</td>
<td>35.1%</td>
<td>36.4%</td>
<td>37.4%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>26.4%</td>
<td>25.4%</td>
<td>24.6%</td>
<td>23.9%</td>
<td>23.3%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Latin America</td>
<td>4.2%</td>
<td>4.3%</td>
<td>4.2%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>4.1%</td>
<td>4.0%</td>
<td>3.8%</td>
<td>3.5%</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.3%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Source: eMarketer
SMART PHONE GROWTH WILL DRIVE E-COMMERCE IN DEVELOPING MARKETS

Developing ‘Big’ Smartphone Markets (China / India / Brazil / Indonesia / Russia) = +32% Growth in 2013 = Strong, Material Penetration Upside Remains

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2013 Smartphone Subs (MMs)</th>
<th>2013 Smartphone Sub Growth</th>
<th>Population Penetration</th>
<th>Total Population (MMs)</th>
<th>2014E Smartphone Sub Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>422</td>
<td>26%</td>
<td>31%</td>
<td>1,350</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>117</td>
<td>55</td>
<td>10</td>
<td>1,221</td>
<td>45</td>
</tr>
<tr>
<td>3</td>
<td>Brazil</td>
<td>72</td>
<td>38</td>
<td>36</td>
<td>201</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>48</td>
<td>42</td>
<td>19</td>
<td>251</td>
<td>36</td>
</tr>
<tr>
<td>5</td>
<td>Russia</td>
<td>46</td>
<td>30</td>
<td>33</td>
<td>143</td>
<td>27</td>
</tr>
<tr>
<td>6</td>
<td>Mexico</td>
<td>22</td>
<td>49</td>
<td>19</td>
<td>119</td>
<td>39</td>
</tr>
<tr>
<td>7</td>
<td>Egypt</td>
<td>21</td>
<td>41</td>
<td>25</td>
<td>85</td>
<td>36</td>
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<td>8</td>
<td>Italy</td>
<td>21</td>
<td>33</td>
<td>34</td>
<td>61</td>
<td>41</td>
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<td>9</td>
<td>Spain</td>
<td>21</td>
<td>20</td>
<td>44</td>
<td>47</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>Philippines</td>
<td>20</td>
<td>43</td>
<td>19</td>
<td>106</td>
<td>36</td>
</tr>
<tr>
<td>11</td>
<td>Nigeria</td>
<td>20</td>
<td>43</td>
<td>12</td>
<td>173</td>
<td>39</td>
</tr>
<tr>
<td>12</td>
<td>South Africa</td>
<td>20</td>
<td>32</td>
<td>41</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>13</td>
<td>Thailand</td>
<td>18</td>
<td>27</td>
<td>27</td>
<td>67</td>
<td>24</td>
</tr>
<tr>
<td>14</td>
<td>Turkey</td>
<td>18</td>
<td>32</td>
<td>22</td>
<td>81</td>
<td>28</td>
</tr>
<tr>
<td>15</td>
<td>Argentina</td>
<td>17</td>
<td>40</td>
<td>41</td>
<td>43</td>
<td>34</td>
</tr>
<tr>
<td>Top 15</td>
<td></td>
<td>905</td>
<td>33%</td>
<td>23%</td>
<td>3,996</td>
<td>28%</td>
</tr>
<tr>
<td>World</td>
<td></td>
<td>1,786</td>
<td>28%</td>
<td>25%</td>
<td>7,098</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Informa
WIFI TRACKING ENABLES ENGAGING SHOPPERS IN REAL TIME

WIFI approach wins out because it’s ubiquitous & doesn’t require client app

Device ID & location are identified

Data is sent to cloud server for processing

Smartphone WIFI scans are picked up by SMI routers

Location position based on RSSI triangulation
ENGAGEMENT: PERSONALIZED SHOPPER EXPERIENCE

How a ‘personalized customer experience’ gets delivered

Targeted offers/services, personalized interactions

Engage customers by location

Insight from customer data
Customer influence factors

Increased baskets, conversions, visits, FB Likes…

Secure WIFI connectivity and log in
Identification via loyalty number, social media or new registration
TRAFFIC ANALYTICS FLAGS ISSUES AND OPPORTUNITIES
Advanced, real time analytics on shopper behavior

- Number of visitors per day; mall/store/zone
- New visitors vs. repeat mall/store
- Frequency of visit; last visit mall/store
- Location hot spots by time of day mall/zone
- Stores shopped by store shoppers
- Walk by store traffic vs. walk in traffic
- Shopper segmentation by zones shopped
- Heat maps and zone flows mall/store
- Avg. dwell time in mall/store/zone
- Zones shopped by store shoppers

Store Performance: avg dwell time (secs.), visit count, bounce rate

<table>
<thead>
<tr>
<th>Store</th>
<th>Visit Count</th>
<th>Store Dwell Time</th>
<th>Bounce Count</th>
<th>Bounce Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Cash</td>
<td>1412</td>
<td>620</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>H &amp; M</td>
<td>754</td>
<td>1120</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Barnes &amp; Noble</td>
<td>122</td>
<td>820</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Adidas</td>
<td>895</td>
<td>659</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Holland &amp; Barett</td>
<td>95</td>
<td>585</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Levi's</td>
<td>155</td>
<td>385</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Le Restaurant</td>
<td>117</td>
<td>142</td>
<td></td>
<td>07</td>
</tr>
<tr>
<td>Le Cafe Bistrot</td>
<td>115</td>
<td>245</td>
<td></td>
<td>09</td>
</tr>
<tr>
<td>Mr. Juicer</td>
<td>107</td>
<td>212</td>
<td></td>
<td>05</td>
</tr>
<tr>
<td>Sabine's</td>
<td>92</td>
<td>145</td>
<td></td>
<td>05</td>
</tr>
</tbody>
</table>
EXAMPLE OF: PERSONALIZED, LOCATION MARKETING

Ad was delivered when shopper was in the department store zone for Louis Vuitton handbags

- 15-20% higher conversion rates
- 1-3% increased visitors from walk by traffic
- 2-3% increased repeat visits
- 8% higher cross sales
- up to 10% churn reduction on high value segments
- Avg. marketing cost on closed sale < $.50

Location and time are #1 influence factors
Companies are researching you in unprecedented ways.

"Retailers now have an unprecedented capacity to use technology and data to deliver intelligence, not about what consumers say they'll do, but about what they actually do."

Source: Business Insider
Same-day (or hour) delivery will become common.

To compete with online retail, brick-and-mortar stores might start using their locations as distribution centers.

Source: Business Insider
Traditional stores will have the same analytic intelligence as online. Their knowledge of who is in the store; where they move in the space; and the products they interact with, will all be instantly and continually calculated.

Source: Business Insider
Media companies will start selling products. The media’s traditional role as an advertiser is shifting, and companies are starting to sell the products themselves.

Source: Business Insider
The “New Industrial Revolution” will advance.

In response to strikes for better wages, low-paying companies like McDonald’s and Wal-Mart will begin to automate tasks whenever possible.

Source: Business Insider
6. The lines between online and offline commerce will blur.

Stores will allow customers to order items for same-day delivery. This will be an easy way for retailers to impress shoppers.

Source: Business Insider
Consumers are increasingly concerned about their privacy while shopping online, and will begin to pay for services that keep them anonymous.

Source: Business Insider
People won’t care as much about ownership.

As the middle class hollows out and culture shifts toward living with less, consumers will evaluate their purchases more closely.

Source: Business Insider
Social feedback will factor into purchases.

Nordstrom recently launched a program where it displays merchandise that’s popular on Pinterest more prominently. This will become more popular this year, as shoppers seek out reviews and opinions from other consumers.

Source: Business Insider
Prices could change multiple times in one hour.

Retailers will begin to test out "dynamic pricing" in stores, allowing them the same competitive advantage as websites like Amazon and Priceline.

Source: Business Insider
Social networks will serve as shopping platforms

Retailers that have already started participating in the trend include Nordstrom and Target, which are using the Like2Buy platform on Instagram, and Home Depot, (RED), and Burberry, which are testing Twitter’s buy button.
Loyalty-wise, the points-for-purchases model will no longer be effective. The practice has become so commonplace that the allure of earning points doesn’t excite consumers the way it used to. Walgreens, for example, now lets its members earn points whenever they engage in healthy activities like walking, weight tracking, and more.
More ecommerce sites will set up shop offline

In 2014, we saw a number of ecommerce-first businesses expand into the offline realm. Former online pure-play Birchbox, for example, opened its first physical shop in Soho last July, while companies like Bonobos and Warby Parker doubled down on brick-and-mortar by opening even more physical stores in 2014.
Customization of product

We’re seeing emerge is the notion of micro-manufacturing. The best example of this is the Selfridges Fragrance Lab in the UK. Whether you’re in a hurry or have time to linger, you’ll create a customized fragrance that’s made just for you.

Source: origindesign.ca
HOW RETAIL WILL CHANGE THIS YEAR

15. Experiential retailing

Retail stores are now:
• Social gathering places
• Centers for knowledge and learning
• Places of relaxation and recreation

One example is Hedonism in the UK. They focus on the wine experience with daily wine tastings mixed with an incredible visual journey through the store.

Source: origindesign.ca
HOW RETAIL WILL CHANGE THIS YEAR

16.

Online and offline mashup

This is all about allowing customers to shop where and how they want and finding ways of bringing the immediacy of online into brick and mortar.

An example is Argos in the UK. Fifty percent of their sales are ordered online and picked up in store. Their business model is that their stores are delivery points for products. As such, they scaled down the size of their stores and focused on a virtual showroom that consists of numerous ordering stations.

Source: origindesign.ca
1. This morning, we were told: the supply chain has to adapt to the individual customers.
2. But this is also true of manufactures, FMCG and all retail.
3. The customer is in control, we are in the age of 1 to 1.
4. The speed of change, it will quicken, but there is a reason that the largest retailers are in 30 countries, the FMCG in 120+
5. Putting the customer first is a mantra, but increasingly you need to do it.
6. How many of you have suffered, “customer not service”. These companies need to change or they will die.
7. Design the customer experience first?
8. Reverse logistics.
9. Mum and pop stores will die, quickly, but mum and pop businesses will succeed.
10. Curation.
So.......Value for money is winning, not big stores, fresh is increasingly important, everything can and will be bought on line which will be 10% of all purchases, consumers are following their own friends, the consumer is much more powerful, but we can track and monitor and see exactly what, where and when they are motivated to buy.
http://www.planetretail.net/Analysis/Wizard?type=macroeconomic
http://listdose.com/top-10-worlds-biggest-retail-giants
http://marketbusinessnews.com/metro-ag-company-information/16215
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