THE RETAIL WORLD

2019/2020

SPONSORED BY

ZEBRA

PROFITECT

RWRC BY ASCENTIAL

CONTENTS:

REGIONAL AND COUNTRY REVIEWS:

With thanks to BrandZ for providing the country data on the leading retailers by brand value. The brands featured are only those originally created in that country. The brand is owned by a publicly traded enterprise, or the brand's financials are published in the public domain. Unicorn brands have their most recent valuation publicly available.

Brand Valuation in BrandZ is a combination of two factors: Financial Value and Brand Contribution. Financial Value measures the monetary worth of a brand derived from the parent company which owns it, while Brand Contribution is the proprietary product of BrandZ, the world's largest brand building platform, that measures a brand ability to drive volume and charge premium.

2019 – THE YEAR OF HIGH VELOCITY

How best to summarise retailing in 2019? Without doubt, the big story continues to be the transformation of the industry, as ecommerce grows and store-based retail shrinks. Latest research suggests that globally, ecommerce will account for 30 percent of total retail sales by 2024 – a forecast boosted by the incredible growth of online retail in China.

But if this massive structural change hasn't been enough for retailers to contend with, the global macro picture in 2019 has only become more challenging. Trade wars have been extended with a new ferocity, that are now starting to affect consumers around the world, but also national economies and therefore businesses and supply chains. Elections and political change, including Brexit, have also cast their shadow over retailing due to the unsettling of consumer and business confidence.

The World Retail Congress 2019 took as its theme "High Velocity Retail" because this seemed to sum up best the retail landscape, but also those retail businesses that are winning. From the detailed research report carried out, with OC&C Strategy Consultants, on High Velocity Retail that was presented at the Congress, we learnt that retailers have to be clear about the business models that are fit for purpose in today's retail world – and that if you're not a winning model, you are a losing model. So, no matter what macro pressures are facing retailers, the longer-term goal is to ensure that you are serving the needs of your customers in the best and most dynamic way.

As we look forward to 2020, the focus for the World Retail Congress will turn to what winning retailers call their "Relevance Agenda". Being a High Velocity Retailer is vital but understanding your relevance to consumers and how to execute and deliver that consistently is critical. The 2020 Congress will bring together retailers who will share what relevancy means to them and how they live to those demands: from their business model to customer centricity, a clear brand and social purpose, embracing of transformational technologies and by having the right leadership and company culture.

This special report on "The Retail Year" brings together a wide selection of expert views and analysis that provides greater insight into the trends and developments that are affecting retail globally. It also looks ahead to 2020 to provide forecasts and opinion on how retailing will perform over the coming 12 months. What we know for sure is, that the year ahead will build on the growing number of retailers that are successfully refocussing their businesses, or those new brands that are quickly gathering momentum and pointing the way forward to a new retailing.

I would like to thank all of the contributors to this publication and I hope you find it a valuable and thought-provoking record of "The Retail Year".

Ian McGarrigle

IAN MCGARRIGLE
CHAIRMAN | **WORLD RETAIL CONGRESS**

©Wallmart

RETAIL TECHNOLOGY TODAY – SATISFYING THE MODERN RETAIL CONSUMER

Every year, retailers look for new ways to increase customer engagement and efficiency throughout the shopping experience. Fast and reliable shipping, an efficient checkout process, and an overall-enjoyable shopping experience are no longer nice-to-haves for retailers - they are obligations to the customer.

Customer expectations increase every year thanks to "liquidation of demand" (essentially, the expectation that all companies offer a similar level of technology in their consumer experience - such as Uber's real-time, to-the-minute location tracking or Starbucks' ability to remember and prepare your usual order in advance of your visit), and in the pursuit to meet them, retailers have consistently turned to technology. This is evident as retailers invest in advanced artificial intelligence (AI)- and machine learning-powered technology to optimise their customer experience by re-focusing their workforces on customer engagement.

One of the most effective of these solutions, heavily leveraged by leading retailers around the globe, is prescriptive analytics. This robust and action-driven technology analyses large amounts of data and determines what is happening, why it happened, what to do about it, and who should fix it. Its near-real time, automatic analysis empowers employees at the edge to make fast, accurate, and effective decisions that drive efficiency and operational excellence. This translates into significant time savings on more mundane tasks, which can be re-allocated into customer engagement.

Furthermore, retailers are making significant investments in technologies that enable the efficient use of the workforce. 2019 saw increased interest in collaborative robots ("cobots") to do the mundane tasks, from Ahold Delhaize's "Marty" to Walmart's autonomous floor-sweepers. Additionally, new breakthroughs in RFID solutions augmented with 3D visual scanning technology are rapidly improving inventory accuracy. Such advancements free employees from doing lengthy counts and audits, instead giving them more time on the sales floor.

Continued technology investments will enable retailers to strive for a customer-first store environment, offering today's savvy consumer a truly personalised and engaged shopping experience.

GUY YEHIAV
GENERAL MANAGER | **ZEBRA ANALYTICS**

WORLD RETAIL CONGRESS KEY TAKEAWAYS

WE ARE LIVING IN A HIGH VELOCITY RETAIL WORLD

Retailers have to speed up their operations in order to serve their customers better. But as we learnt, speed is not enough. Velocity is defined not just by pace but also direction, so retailers have to be clear in deciding what kind of retailer they will become.

WHAT IS YOUR "PURPOSE"?

Retailers have always had to have a point of difference if they are to succeed. But in today's world this has changed to knowing what is your "purpose" in serving your customers; what will you deliver but also and increasingly importantly, what social purpose do you serve or enrich?

YOU CANNOT SUCCEED ALONE

New technologies are coming in ever-faster waves and retail businesses have to adapt fast to the changing landscape. But there is not enough time and resource to do that. The answer is partnership and collaboration as we heard from Kroger and Ocado and Carrefour with Google.

A CONVENIENT TRUTH

Today's consumers want convenience. As Wouter Kolk the CEO of Ahold Delhaize Europe said, there is a global shake-up of retail but the battle for the consumer will be won locally.

DIVERSITY DELIVERS GROWTH

Retail businesses, like any business, rely on growth in sales as their measure of success. But as we heard, retailers that fail to reflect their customers by race and gender will themselves fail. And from that diverse collection of people and talents will come growth.

CHANGE FROM THE TOP

It has become a recurring theme that change within retail businesses will not happen without the will and determination of the leadership teams to embrace risk and to recruit the talents required for today such as data-focused, customer-focused and digitally-aware.

THE CUSTOMER FIRST

Whilst retailers have talked about putting the customer at the heart of their business, in reality few truly have. Retailers have to build their value chain around their chosen consumer "tribe". Lord Stuart Rose summed this up best when he said: "The customer is no longer king; the customer is now master of the universe."

THE ENVIRONMENTAL CHALLENGE

Running throughout the Congress was the key message that younger consumers now expect the brands and retailers they buy from to have put environmental concerns and considerations at the heart of their sourcing and supply chain.

AI AND HUMANS

The High Velocity world is being driven by technology, but Artificial Intelligence and robotics are now leading the next technological wave. But we also heard of the need to ensure that technology works with "people" to deliver a service that consumers want.

RETAIL IS NOT DEAD!

An important and powerful message that we heard from veteran retailers such as Lord Stuart Rose, Cath Kidston, Rodney McMullen, Chadatip Chutrakul and Dick Boer. But as they all said, it will only survive if it creates exciting product, engaging stores, great retail and seamless service on and offline and embraces change and new ideas.

©Shutterstock

CHINA SET TO LEAD THE WORLD IN 2020

Global retail expert, Boris Planer, Director of Go-to-Market-Insights at Edge by Ascential, highlights the key trends in the global and national retail markets, which inevitably start with the new powerhouse of China.

As the world continues to face disruption from social, technological, economic and political change, retailers and brands are making efforts to adapt to fast-changing consumer mindsets and retail landscapes. They are doing this by investing in sharper market positionings, greater differentiation, services, digital transformation and ecosystem building.

This is happening in a context where the global ranking of leading retail markets will see significant change in 2020. Finally, China will overtake the US as the world's largest retail market, growing by 12.1 percent to USD4.5 trillion. This will put it ahead of the US market at USD4.4 trillion (+4.1 percent).

While China's large export sector remains vulnerable to shocks from trade link disruption – especially with the US – growth continues to be driven by the rise of provincial and rural populations that break into the middle class, often spending with the country's leading ecommerce platform operators, including Alibaba, JD.com and Pinduoduo. Brands not already doing so should use these platforms now to drive brand awareness, conversion, loyalty and customer lifetime value in the world's new number one market.

As every year, a dollar-based ranking will look distorted by currency effects. In 2020, it is worth pointing out how India's underlying growth dynamics will be more apparent in local currency (+10.7 percent) than in dollar terms (+5.0 percent). Reversely, growth in the United Kingdom will look stronger in US Dollars (+5.3 percent) than in British Pounds (+2.8 percent) as Brexit continues to impact on consumer confidence, spending propensity and cross-border supply chains.

While the list of must-win markets remains largely dictated by size, brands should be aware of accelerated transformation in the healthier retail landscapes. Ensuring they are aware of key initiatives across omnichannel, fulfilment and store of the future so they can energetically tap into the growth opportunities provided by global retail.

Country	2019 Industry (Gross) Total Retail Format National Sales (USD m)	2020 Industry (Gross) Total Retail Format National Sales (USD m)	2020 Y-o-Y growth (%)
United States	4,259,732	4,431,857	4.04
China	4,058,739	4,548,564	12.07
India	1,302,906	1,367,422	4.95
Japan	1,086,281	1,156,562	6.47
Germany	694,587	730,307	5.14
France	592,960	622,326	4.95
Russia	514,864	506,958	-1.54
United Kingdom	492,959	519,135	5.31
Brazil	463,895	505,444	8.96
Italy	443,226	461,739	4.18
Indonesia	427,044	450,593	5.51
Mexico	382,804	385,086	0.60
Canada	348,162	368,481	5.84
South Korea	334,711	366,767	9.58
Spain	265,708	280,454	5.55
Australia	217,269	234,776	8.06
Turkey	195,775	229,453	17.20
Poland	176,479	189,661	7.47

©Shutterstock

SUSTAINABILITY BECOMES MAINSTREAM

Thomas Tochtermann, Vice-Chairman of Global Fashion Agenda and Director Emeritus, McKinsey & Company, looks at how sustainability became the big issue of 2019 but argues far more has to be done by the retail industry

2019 will be remembered as the year where sustainability became mainstream across industries. In the fashion industry, a number of drivers increased awareness. In 2020, awareness needs to turn into massive action.

When I first started spending time on sustainability in early 2000 with McKinsey Fashion & Luxury group, and later as advisor to the World Economic Forum, it wasn't a term commonly used nor understood. My time and efforts were focussed on convincing managers that we have a serious issue with the way we do business. As 2019 comes to an end, it seems every discussion in business touches upon sustainability.

At least five drivers contributed to raise awareness for sustainability in fashion:

1. The evidence on climate change is overwhelming and has created sensibility almost everywhere.
2. The accumulated work from non-profit organizations like Ellen MacArthur Foundation, Global Fashion Agenda, Fashion For Good, Greenpeace and many more industry conveners has been agenda-setting and mobilising.
3. The ability of Greta Thunberg and Fridays for Future to mobilise the younger generations and unsettle others combined with a media industry willing to cover, have brought the need for change to almost every home. This hasn´t changed consumer behaviours and decisions much as yet.
4. Regulators have started to intervene in the fashion industry this year: France introduced a ban on destruction of unsold luxury products in effect by 2023; President Macron supported by Kering CEO Francois-Henri Pinault, unveiled the Fashion Pact at G7 meeting in Biarritz aiming to reduce the environmental impact; the EU launched a Circular Economy Action Plan aiming for products to be repaired or recycled.
5. Corporations and investors start to see sustainability pay off. Due to success stories like Unilever´s 25 sustainable brands that are growing faster than the rest of the portfolio and newly gained transparency for investors through Sustainability Indexes like Dow Jones, sustainability is no longer seen only as cost item.

But let´s not get too excited yet. Not only is the fashion industry long on commitments, but short on actions having vast and lasting effects on CO2 and water, for example. Large financial investments to scale up innovative solutions are needed. And we need to disrupt our growth model fundamentally with new business models like rentals, customisation and circularity in order to produce, sell and consume less.

In the new year, it is up to the decision makers in business and politics to choose between massive actions now, and with a realistic chance to close the gap over the next 10 years, or celebrate awareness and be confronted with an unprecedented need for change and drastic regulations in five years. Before we are willing to jointly write a new, sustainable narrative for business, young consumers can rightly continue to ask us "how we dare not to".

THE TECH REVOLUTION RESHAPING RETAIL

Retail technology has been driving change across retail but in 2019 we have seen many exciting partnerships between retailers and new technology to create engaging new experiences and services. We asked global retail expert, Deborah Weinswig, Founder and CEO of Coresight Research to highlight the key trends seen this year and to look ahead to likely developments in 2020.

Physical stores continued to become more digital in 2019, with the increasing adoption of technology that connects with the shopper to deliver a truly omnichannel experience. In late October, sportswear giant adidas unveiled its new adidas LDN flagship store in London, raising the bar for digital integration in physical retail. The store has over 100 digital touchpoints, including a Hype Wall digital display, radio-frequency identification-enabled fitting-room mirrors and augmented reality (AR) posters that shoppers can interact with using the Instagram camera on their smartphones. In addition, using the geolocation tools through the adidas app, customers can scan products to check stock, request products in their size and make purchases on the spot.

AI integration in retail operations continued in 2019. Brands and retailers are leveraging the technology to improve operational efficiency through effective inventory management and demand forecasting. For example, with the acquisition of leading predictive analytics company Celect, sportswear giant Nike acquired the analytical capabilities required to run complex inventory operations, for direct-to-consumer models and to deliver on-demand customised products.

We saw more retailers and brands adopting visual search technology through collaborations with startups. An extension of computer vision, this technology offers a straightforward and intuitive way for consumers to shop. Image and video-intense social media apps - such as Instagram and TikTok - are the natural platforms to integrate visual search. In May 2019, consumer electronics giant Samsung announced a partnership with visual search technology firm Syte.ai to develop a platform that enables consumers to use the cameras on their smart phones to scan products and shop for visually similar items.

While the expansion of unstaffed stores has started to fade in China - where this model is most developed - companies continued to develop customer service offerings through the use of automation and robotics. In March 2019, Alibaba unveiled its FlyZoo Hotel in Hangzhou, China, which uses AI, facial recognition and robots to provide guests with the most seamless and frictionless customer experience possible. Image recognition identifies the guest at each point of contact including check-ins and check-outs; virtual voice assistants respond to clients' requests; and robots deliver room service.

TAKING RFID TO THE NEXT LEVEL

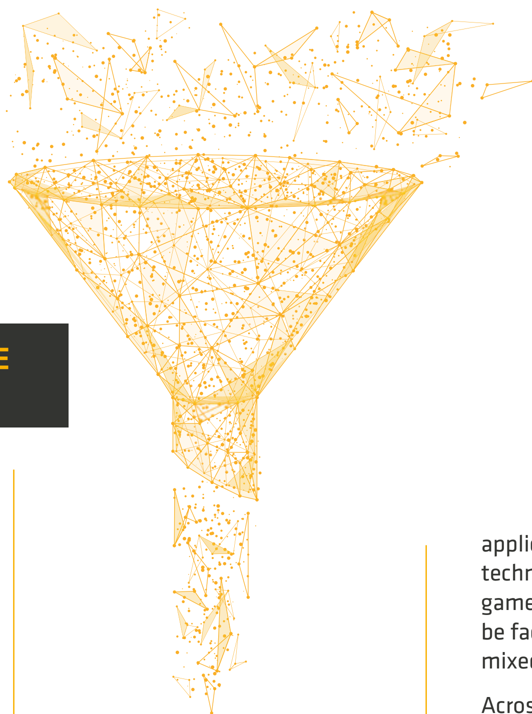
While the popularity of radio-frequency identification (RFID) as an inventory-accuracy tool continues to grow, many retailers have noted it lacks one key element - actionability. RFID tools create visibility and generate data, but retailers need actionability to increase profits, improve efficiency, and optimize the customer experience.

Modern retailers need to augment RFID tools with prescriptive analytics solutions that add actionability. Zebra Prescriptive Analytics takes RFID data and creates real actionable insights.

In one case, prescriptive analytics alerted a retailer's merchandising team that 70 percent of customers left a certain shirt in the fitting room without purchase. A prescriptive action was sent to review quality. Merchandising found the shirt's inside stitching was frayed and felt scratchy against the skin. After contacting the vendor, a large credit was issued and a manufacturing change made, saving the style for the season.

In another case, prescriptive analytics alerted Asset Protection (AP) to a store where RFID data showed 21 designer jackets leaving the premises in one day, but showed sales for only 11. A prescriptive action was sent with CCTV footage from when the 10 missing jackets left the store, uncovering an organized retail crime (ORC) ring. AP broke up the ORC ring and partnered with local police to recover the stolen product.

5G will increase the scalability of Internet-of-Things systems and unleash the potential of data-intense technology such as AI, computer vision and reality technologies—including AR and mixed reality



RETAIL TECH TRENDS WE EXPECT IN 2020

For 2020, we expect technology to continue to reshape and transform the ways in which brands and retailers operate and interact with shoppers.

The commercial introduction of 5G mobile connectivity should represent a breakthrough in retail technology, as it will increase the scalability of Internet-of-Things systems and unleash the potential of data-intense technology such as AI, computer vision and reality technologies - including AR and mixed reality. This will empower existing use cases and deliver new applications.

Technology will continue to redefine the retailers' interactions with consumers. We expect to see further digitalisation of physical retail, with the greater adoption of AI and computer vision to offer personalised services to shoppers. Greater visual interaction will occur in and outside brick-and-mortar stores, with further application of visual search technology. In addition, video-game-like interactions could be facilitated through AR and mixed-reality features.

Across the back-end of the supply chain, we are likely to see a growing adoption of smart logistics, which incorporates automation, AI capabilities and micro-fulfilment facilities. This will enable product value chains to become more agile, capable of anticipating consumer demand and responding to the growing product personalisation trend through mass customisation models.

THE "FEAR FACTOR"

HOW TO KEEP CALM AND CARRY ON

What is the mood of consumers around the world as we head towards 2020? We asked top global consumer trends analysts, WGSN to summarise the key trends. Laura Saunter, Senior Editor of WGSN Insight, highlights a shocking fact.

Fear is rising globally, driven by violence, political corruption, government uncertainty, and climate concerns. With rates of depression and anxiety at crisis levels, consumer mindsets are shifting to prioritise physical and emotional safety. This will require brands and retailers to reinforce a sense of security and calm. As we start to see the pivot towards embracing fear, emerging strategies towards fear-factor engagement will uptick.

Younger generations are being hit particularly hard. In the US, 57 percent of teens are worried about the possibility of a shooting happening at their school. Meanwhile, a new set of fears is emerging based around eco-anxiety – a chronic feeling of worry about the implications of global warming. According to a 2017 study, the psychological effects of climate change can include anxiety, depression and stress.

As tensions rise, businesses must create safe spaces that enable community connections and problem solving. Take Care is a new store in Washington DC that combines indie beauty and co-working under one roof. The company aims to foster a community of support and well-being, where members can work in a space focused around mindfulnes, reducing stress and anxiety.

Madhappy's new flagship in SoHo, New York, debuted in October 2019 with an open floor plan and colourful interior that reflect the brand's mission of optimism and positivity

©Shutterstock

Calming in-store environments with meaningful details will also be the key to alleviating fears and soothing anxiety. Think about using store space to help slow the pace of life down, encouraging more mindful rituals. Aesop, for example, has set its new store in Sydney slightly back from the pavement to give shoppers a "moment to decompress" and acknowledge their transition into a calmer space.

In an increasingly turbulent world, retailers should look to operate with kindness and balance the notion of safe and welcoming. This will help to build trust and create a more inclusive, friendly retail landscape. In 2019, Walgreens announced plans to offer mental health first aid training for its pharmacists, in collaboration with the National Council for Behavioural Health and the American Pharmacists Association. In the UK, Topshop and Topman have partnered with mental health charity Campaign Against Living Miserably (CALM) to launch a collection promoting self-care. The clothes featured oversized graphics to encourage wearers to share problems, and to call CALM's helpline if they're "feeling completely spun out".

Embracing fear will become more widespread among young consumers who increasingly feel they have nothing to lose. Actively facing their worries, they are following a new mindset of joyful activism, which repositions positivity as an act of survival. From empathy clubs where people are encouraged to discuss mental health, to school curriculums focusing on social and emotional learning, creating a welcoming environment is becoming more important for younger and older consumers alike.

Going forward, it will be increasingly important to focus on reassuring brand messaging. LA-based "optimistic lifestyle label" Madhappy, for example, fosters an inclusive local community by hosting what it calls impactful experiences and providing a platform for conversations around mental health. The brand's new flagship in SoHo, New York, debuted in October 2019 with an open floor plan and colourful interior that reflect Madhappy's mission of optimism and positivity.

The Managing Director of WGSN, Carla Buzasi, will be giving a keynote address at the 2020 World Retail Congress on "Introducing your future consumer: Discover the who, how and why of retail in 2022"

©Shutterstock

MALL OWNERS FACE UP TO A TOUGH NEW WORLD

If many retailers are struggling to know how to remodel their physical space, the problem is multiplied for mall owners and developers. Mark Faithfull, Editor, Retail Property Analyst, looks at how they are building a sustainable strategy for the future.

Retail's paragons to consumerism, shopping malls, enter the 2020s facing a future that clearly involves less shops. Whatever the nuances and the caveats, the new generation of brands and retailers do not need the volume of stores that the legacy retailers are closing as they downscale or go out of business and so the net flow remains negative.

Global developers and landlords have responded with a strategy that has quickly evolved from mixed use and place making to 'densification' in effect, working out ways of getting more from what you already have. And most of that asset squeezing is coming in the shape of real estate applications that are not primarily about shopping.

These additional uses are extensive – co-working, residential, food and beverage, leisure, hotels, public services, gyms and fitness, medical and wellness facilities, to name but a few.

And the rationale makes a lot of sense. Firstly, many of these do not encroach on the existing retail offer. For example, office space can go on higher or even new floors, where shoppers are unwilling to tread. Likewise, residential can be built above or adjacent to malls and leisure can occupy areas where stores attract low footfall or act as alternative anchors to department stores.

While these may not achieve the all-important returns once possible through store rents, they do add to the financial effectiveness of schemes and they de-risk by reducing mall owners' exposure to the boom and bust retail economy. They also bring people to the malls – residents will have convenience and night time requirements, cinemas and restaurants extend the evening economy of a mall, and so on.

No new development is coming to market without being packaged as mixed-use.

The days of retail-only mall projects are gone forever. And many existing centres are rapidly transforming, back-filling with new uses and partnering with specialists such as flexible-work brands and residential builders.

The future is also likely to favour those centres with great transport links – an important element for every one of the uses being incorporated – and in the longer term, malls with extensive parking may have more scope for adaptation as autonomous vehicles reduce the need for huge parking lots.

Why does this all matter to retailers? Well the profile of the visitors to many of these malls is about to shift and what they will require is going to be very different from destination visitors. The store offer will need to adapt, and it's likely many malls will continue to shift away from, for example, fashion but will need a supermarket and convenience facilities.

GLOBAL RETAIL TRANSFORMATION GATHERS PACE

©Shutterstock

Michelle Grant, Head of Retailing at Euromonitor, sees some of the world's biggest retail players beginning to see benefits of their early transformation moves.

For the first time in history, the majority of the global population are connected to the internet, currently totalling four billion users. The growth of internet connectivity continues to disrupt the retailing industry, as consumers incorporate digital touchpoints throughout their shopping journey. As a result, there is greater urgency for traditional retailers to embark on a digital transformation to remain competitive in a saturated market and stay relevant in the eyes of their customers.

Traditional retailers with physical stores have been aware of the need for a digital transformation for some time now. Walmart kicked off its investment cycle in 2015, announcing the plan to blend digital and physical retail amongst other initiatives. It followed up this promise with the US$3.6 billion acquisition of Jet.com in part for its talent and technology capabilities. In July 2018, Walmart announced a strategic partnership with Microsoft to leverage Microsoft's cloud computing tools for digital transformation, innovation and collaboration. This was followed shortly by an announcement plan to hire 2,000 people for its technology group in 2019.

Carrefour is another example of a traditional retailer that is relatively new in the digital transformation front. In 2018, Carrefour unveiled its "Carrefour 2022" strategy, which allocated €2.8 billion for investing into digital technologies. In 2019, the Carrefour Digital Hub was launched through a partnership with Google Cloud to accelerate the retailer's digital transformation. The hub hosts employees from Google and Carrefour to determine how to leverage data to improve Carrefour's retailing activities.

Traditional retailers' efforts at digital transformation come at a crucial point not only due to higher consumer expectations, but also as competition for the digital dollar heats up. Traditional retailers face stronger competition from the original ecommerce players, such as Amazon and Alibaba, as well as other technology companies that are moving into the retail industry, distancing traditional retailers from their customers.

Facebook is enabling commerce across its social media and messaging platforms, with other social media companies such as Snapchat following suit. Third-party logistics companies, such as Italy's Supermercato24 are making further inroads. While not a significant threat in the West yet, super apps in Asia are becoming a one-stop shop for consumers, both online and off.

2020 will be a crucial year for traditional retailers to ensure that their technology, process and talent are ready to compete in a digital-first world. Retailers need to make the necessary internal changes to deliver captivating digital initiatives in order to stay ahead of the competition. If traditional retailers fail to embrace digital transformation, there is a slew of competitors that will gladly serve digital shoppers.

LAUNCH OF THE BRANDSHIP RETAIL

We asked Frank Quix, Retail Consultant, Professor and new Chairman of the Ebeltoft global retail network, to select the retail stores that have most impressed him from his travels in 2019.

Sometimes I feel it is a real privilege to be a "flying Dutchman". Over the last 12 months I visited marvellous stores in Amsterdam, London, Milan, Nanjing, New York, Seoul, Shanghai, Tokyo, Wuxi and many more cities.

Which ones should I pick out from all the stores I have visited - from small boutiques in a perfect niche through to famous brands that have created a great "flagship" store? But in thinking about all these stores, I would say that it seems that a new store format is emerging. In some ways it is difficult to find the right words to describe them, but I believe these new stores go beyond the concept of the flagship store – maybe they should be called Brandships. Companies are creating bold statements and physical locations that go beyond the traditional store. Places to worship the brand and which truly become attractions. What all these locations have in common is that they are meeting places, celebrate the brand, combine retail and leisure and offer services next to the traditional product portfolio. Of course, not every city in the world will have these kind of flagship stores, but in 2019 we definitely saw some brands begin to expand these flagships into more locations.

This is my personal selection of just some of those "Brandship" stores.

NIO HOUSE
(SEVERAL CITIES IN CHINA LIKE NANJING, SHANGHAI, WUXI)

NIO is an electrical vehicle brand in China. They are often called the Chinese Tesla. The NIO house is more like a clubhouse for owners of the car. They offer a lounge, a bar, an event space, meeting and workspaces, a kindergarten and a store. Owners can visit the space as often as they want and can get a drink in return for their loyalty points. Points are earned by buying the car, referrals to friends and family and by attending events.

STARBUCKS ROASTERY RESERVE
(CHICAGO, MILAN, NEW YORK, SEATTLE, SHANGHAI, TOKYO)

Now with six stores across the globe, Starbucks created the ultimate venues to worship coffee and tea. All locations are as the first one opened, centred around the craftsmanship of roasting coffee. Next to production, the preparation and brewing of coffee is brought to the next level. Tastings are possible at several bars, with different brew traditions from around the world. The ultimate experience is having the same beans, same roast but different brews. Retail and merchandise are important ingredients for these stores but also the restaurant and the bakery. This is the place for real coffee lovers, and even if you are not you could be indulged.

NIKE HOUSE OF INNOVATION
(NEW YORK & SHANGHAI)

Currently only two stores globally, but soon to be open on the Champs Elysées in Paris as well, this is the place where Nike is showcasing that the brand is innovative and that all the athletes of the world can be part of it. The stores offer product introductions or showcases that change every few months with explanations on the product being integrated everywhere in the store. The stores have unique merchandise, but also have personalisation and customisation stations. Creating your own personal pair of trainers is part of the concept at the Nike by You workshop. With Nike Expert Studio they offer you personalised advice. Made to measure Nike sportswear is part of the concept as well. It's not that they only win on technical aspects, but also on engagement. With gamification they make the athletes of the world participate and use the new shoes on the centre court.

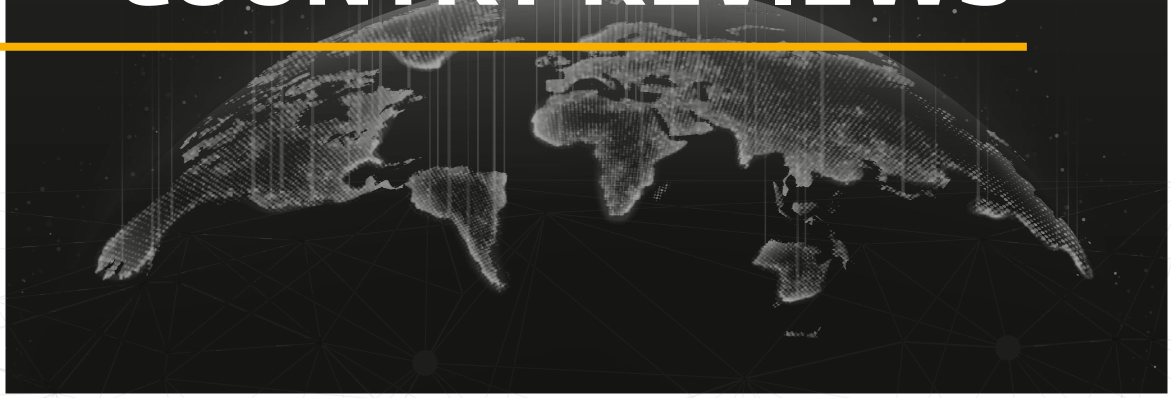
LUSH TOKYO

Although referred to as a flagship by Lush, I feel that their Tokyo store goes way beyond that. The store has several event spaces that can be reserved by customers, including a jelly soap music station. The store has all the products that we expect from a Lush including the freshly made products. It has a florist where you can find the ingredients for many products in the store. The store is used as a test centre for Lush Labs. One of the products that was created and now can be used everywhere in the world is the AR app for the naked products. The store has a spa on its top floor which makes this location a destination.

"WE ARE SEEING STORES BECOMING EXPERIENTIAL DESTINATIONS: MORE SERVICE ASSORTMENTS, LESS INVENTORY. IT'S THE FUTURE"

GUY YEHIAV | GENERAL MANAGER | ZEBRA ANALYTICS

REGIONAL AND COUNTRY REVIEWS



USA

PROSPERITY OVER POLITICS BOOSTS US RETAILERS

As retail continues to evolve to meet the shifting landscape of consumer preferences and technology, the industry is on pace for yet another strong year of growth. The US economy continues to expand, driven by consumer spending, as a strong job market and rising wages have placed more money in families' pockets.

Because of this, the National Retail Federation expects a strong holiday season this year. We are predicting that 2019 holiday sales will grow between 3.8 percent and 4.2 percent over 2018, just about the five-year average. For all of 2019, our models predict that retail sales will increase 3.8 to 4.4 percent year over year.

While the overall economy has certainly boosted these gains in retail sales, make no mistake - retail's success is the result of investment, innovation, hard work and vision. Retailers are embracing both online and in-store, recognising that today's consumers want shopping to flow seamlessly across channels.

Retailers are transforming their stores to meet the specific needs of local markets and customers. The result is a more diverse store landscape than we've ever seen – with a rich and varied set of distinct formats, functions and services.

The growing number of new entrants and novel business models indicates the health and vibrancy of today's retail ecosystem. The barriers to entry have never been lower, enabling innovators to experiment, grow and pioneer new paths.

If self-inflicted policy wounds like tariffs and the trade war can be reversed, we can expect continued growth for the retail industry into 2020. Policies that favour prosperity over politics remain the biggest priority for the National Retail Federation and our members in the year to come.

MATTHEW R. SHAY
PRESIDENT & CEO | **NATIONAL RETAIL FEDERATION (NRF)**

TOP 5 US RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Amazon	334,646
2	The Home Depot	53,822
3	Walmart	36,140
4	Costco	23,504
5	Lowe's	14,670

Source: BrandZ

"NEVER PASS TARIFF EXPENSES TO YOUR CUSTOMERS. INCREASE MARGINS WITH PRESCRIPTIVE ANALYTICS AND ABSORB THEM YOURSELF"
GUY YEHIAV | GENERAL MANAGER | ZEBRA ANALYTICS

SIX OF THE BEST FOR US RETAILERS

Heading into the home stretch of the 2019 holiday season it looks like a bipolar mix of optimistic mania on one extreme and relative "ho-hum" on the other. Customer Growth Partners holds the "mania" ticket, predicting 5.6 percent growth (even up from their original 4.3 percent). And, on the other pole is NPD, forecasting a relatively un-exciting 2.7 to 3.2 percent. With six less shopping days between Thanksgiving and Christmas this year over last, and high levels of inventory, due to early over-buying to offset potential tariff increases, I would place my bet on NPD's forecast. And, what lurks around the corner in an over-inventoried situation is that now old phrase of mine, the "race to the bottom," as retailers start slashing prices earlier, and going deeper, with the cherry on top of six less shopping days.

And, if you add in a heightened level of national anxiety as we head into 2020, it's possible NPD's prediction may even be high. So, what are some of the headwinds that could put a mental hold on consumers opening their pocketbooks?

The short list: impeachment proceedings, the Democratic nomination and a presidential election, immigration issues and climate change. Then there is the tariff issue, geopolitical unrest, and increasing violence and protests around the world, slowing global growth and fears that the corporate and personal tax breaks were a one-off, with no sustainable increases in capital investments, wages and consumer spending. And a big unknown is how violent the political animosity will get, to be exacerbated by the 24/7 full volume noise of the media. Some scary moves by President Trump may be triggered by the media mayhem and the political war, and what affect this anxiety will have on consumer behavior over the holidays, is unknown.

Regardless of a questionable landscape for retail in 2020, only those retailers who focus on the following six strategic and structural challenges and opportunities will win the all-powerful new world consumers.

1. THE POWER OF THE CONSUMER AND REDEFINITION OF PERSONAL VALUE

New-world young consumers demand value beyond price. Product or service newness; where, how and with what ingredients the products are created; how responsive is its distribution/delivery (fast and free and convenient); how it's presented (the environment, the package) and the entire holistic, frictionless and personalised experience. This is the stuff that dreams are made of, redefining the personal values that satisfy dreams, beyond price.

2. PERSONALISATION AND AI (MACHINE LEARNING)

Big data and predictive analytics must be every retailer's strategic priority to drive customer personalisation. Amazon is leading the way, ranking on top of the one-to-ten personalisation scale, while the industry at large ranks at about two.

3. FLUIDLY UBIQUITOUS, LASER-LIKE DISTRIBUTION

The consumer is not only a moving target. They are the new POS (point of sale). Therefore, every supply chain must be liquid, capable of flowing anything and everything quickly and efficiently to each and every one of those fragmented, personal points of sale.

4. CO-CREATED EXPERIENCES

The consumer's digital or physical shopping journey must be embedded with co-created experiences. Apple, Lululemon and Starbucks provide experiences that the consumer pro-actively co-creates with the brands: Lululemon's yoga classes; Apple's co-created educational experience with its Geniuses. And Starbucks is not just a coffee shop. It's a co-created community for coffee lovers to hang out in.

5. RETAIL TECH

Augmented reality is an engaging strategy that creates frictionless, co-created entertaining shopping experiences. New AR devices enhance the shopping journey with interactive touch screen kiosks or windows, 3D imaging, virtual fashion mirrors, interactive dressing rooms, games and barcode scanners that open AR storytelling videos of a product's inspiration, creation and production.

6. SALES ASSOCIATES AS BRAND AMBASSADORS

And finally, the sales associate's role is more critical than ever. This human being, currently called an associate, should be educated to earn a master's degree in customer engagement or in brand ambassadorship: an MCE or MBA, if you will. Plus they should be compensated accordingly. Businesses who want to win big will provide this level of service.

Robin Lewis, CEO, The Robin Report

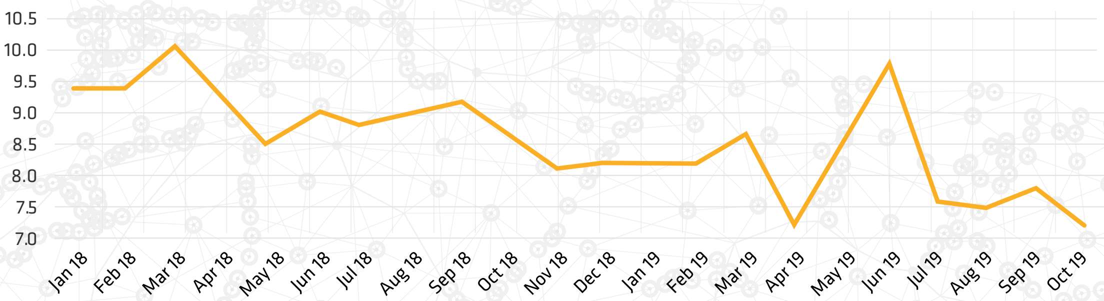
ROBIN LEWIS
CEO | **THE ROBIN REPORT**

CHINA LEADS, THE WORLD FOLLOWS

Even while macro headwinds have threatened to soften the pace of economic expansion, China remains the mainspring of retail innovation. From New Retail, which integrates online, offline and logistics across a single value chain powered by data and technology, to WeChat, which combines social media, services and shopping in a single app, China has reinvented retail. And the process continues.

Retail growth in China slowed in 2019, through October; average monthly growth, year-on-year, softened by 90 basis points (bps) versus 2018. However, we should not overstate the scale of the slowdown; average growth across the first 10 months of 2019 averaged a solid 8.1percent, year on year.

IN 2019 YTD, AVERAGE MONTHLY RETAIL SALES GROWTH HAS SOFTENED BY 90 BPS VERSUS 2018

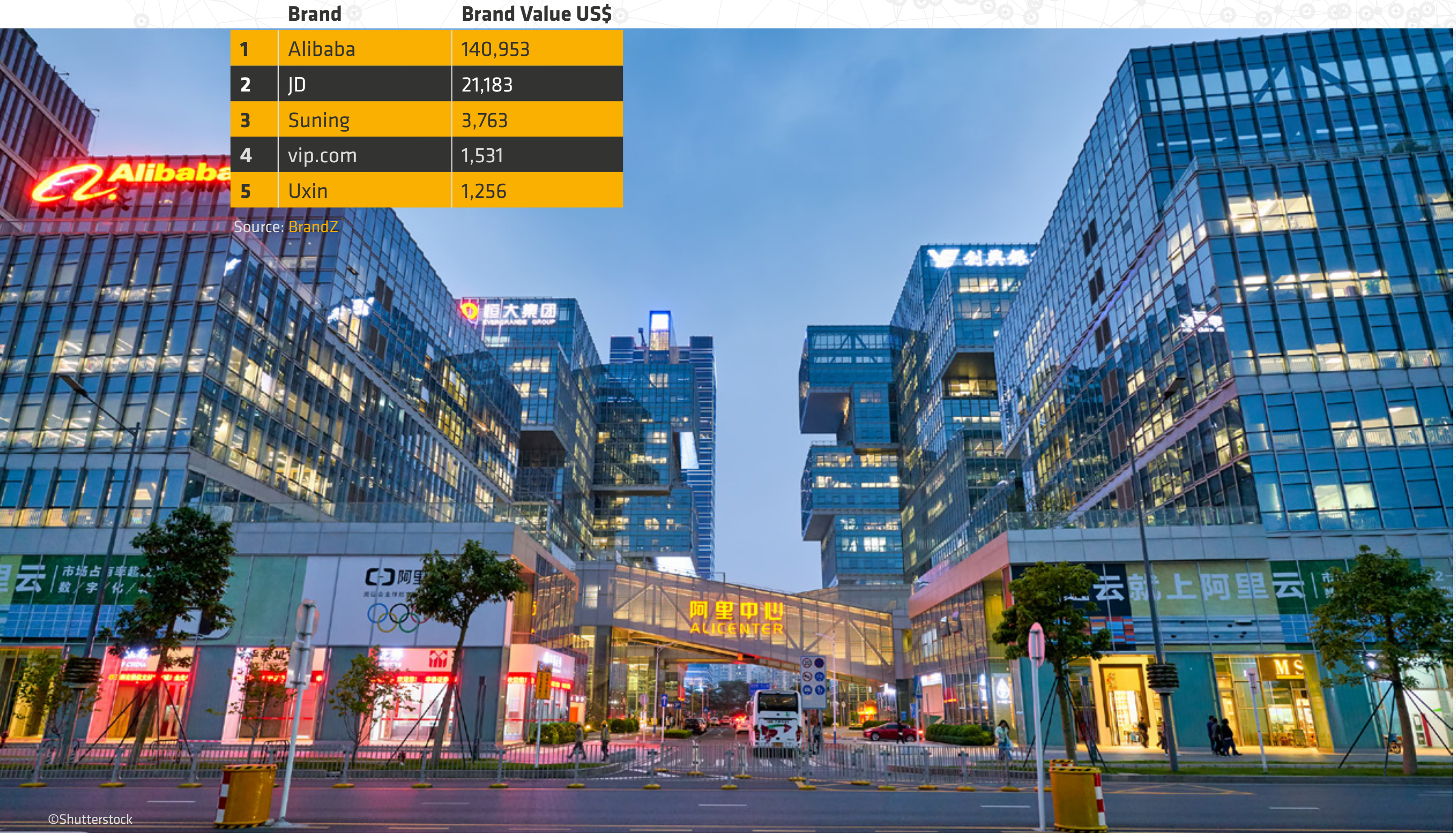


Source: National Bureau of Statistics of China/Coresight Research

TOP 5 CHINESE RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Alibaba	140,953
2	JD	21,183
3	Suning	3,763
4	vip.com	1,531
5	Uxin	1,256

Source: BrandZ



©Shutterstock

Further testifying to the relative strength of consumer demand was Singles' Day 2019. Alibaba reported that its total Singles' Day sales grew 26 percent this year, which compares very solidly to 27 percent last year. The "rule of big numbers" would naturally imply a slowdown as the base for growth increases - and we have previously seen more sharp decelerations in growth, such as between 2017 and 2018.

ALIBABA SINGLES' DAY GROSS MERCHANDISE VALUE: YOY PERCENT CHANGE

2016	2017	2018	2019
32%	39%	27%	26%

Source: Company reports

Furthermore, retail evolution has continued apace, across retail channels, marketing and products.

In retail channels, ecommerce players are tapping into lower-tier cities (tier three and below) through the group-buying model. Group buying offers products and services at significantly reduced prices, but consumers have to join together to buy minimum amounts. Alibaba's group-buying platform Juhuasuan reported that the number of customers from tier-three to tier-five cities grew 100 percent year on year during 2019's mid-year 6.18 shopping festival, as did purchasing volume. Similarly, group-buying site Pinduoduo said that 70 percent of its orders from the same shopping festival came from cities in tier three and below. For Singles' Day 2019, Alibaba and JD.com reported strong growth from lower-tier cities.

In marketing, livestreaming has become a new powerhouse of ecommerce growth - watching a livestream has become the go-to option for Chinese consumers to discover new products and learn more about a brand. Consumers are able to shop immediately for the products they see on the livestreaming platform. Demonstrating the scale of this marketing trend, on Singles' Day 2018, Alibaba's Taobao ecommerce website generated more than $15.1 billion in sales through livestreaming sessions, an increase of almost 400 percent year over year.

Companies are evolving their product strategies too. These include brand mashups, which have become a phenomenon in China as major brands collaborate to launch new projects or products. In many cases, these mashups involve collaborations between highly dissimilar brands: Think Skechers launching Snickers-themed trainers, Lux offering Sprite-branded shower gel and jewellery retailer Chow Tai Fook introducing Coca-Cola-themed jewellery. For Singles' Day, Alibaba emphasised that new product launches would be a key component of its 2019 strategy, with the company promising the launch of over one million new products for the event from brands selling on its platforms. Alibaba's sales and digital marketing platform Juhuasuan partnered with 1,000 brands to develop 1,000 products specifically for Singles' Day shoppers from lower-tier cities.

In 2019, China has remained the crucible of 21st-century retail models, and we don't see that changing in 2020.

DEBORAH WEINSWIG
CEO AND FOUNDER | **CORESIGHT RESEARCH**

THE GOOD, THE BAD AND BREXIT

With the country's future still on hold, almost everything can be blamed on Brexit. There is no doubt that political and economic uncertainty are playing a significant part but, in my view, it's only part of the current UK retail story.

Fifteen years ago, online retailing was just an idea. Today, it accounts for more than £75 billion of retail spend and by the end of 2019, its share of total non-food retail spend will have passed 30 percent. Over the same period, physical floorspace has actually grown. Online hasn't really grown demand and has therefore cannibalised store sales. Increasing overcapacity is the fundamental structural issue and the biggest challenge facing the industry.

Business theory might assume that market forces would kick in, favouring the strong and penalising the weak. However, a plethora of restructuring options allows weak business to call a time out and continue trading. Oversupply is a tightening noose around the industry's neck. No wonder we are seeing increasingly deteriorating trading economics and growing distress.

Most retailers are feeling the pressure but there are some notable winners. At the value end, Aldi and Lidl continue to capture increasing slices of market share from the big four supermarkets. Also motoring ahead with outstanding performance are the General Merchandise value players Home Bargains and B&M. In clothing, Primark is forging ahead but it's not just about value. Premium remains profitable when executed well. Reiss and Selfridges demonstrate what clarity of purpose and investment in quality product and service can achieve.

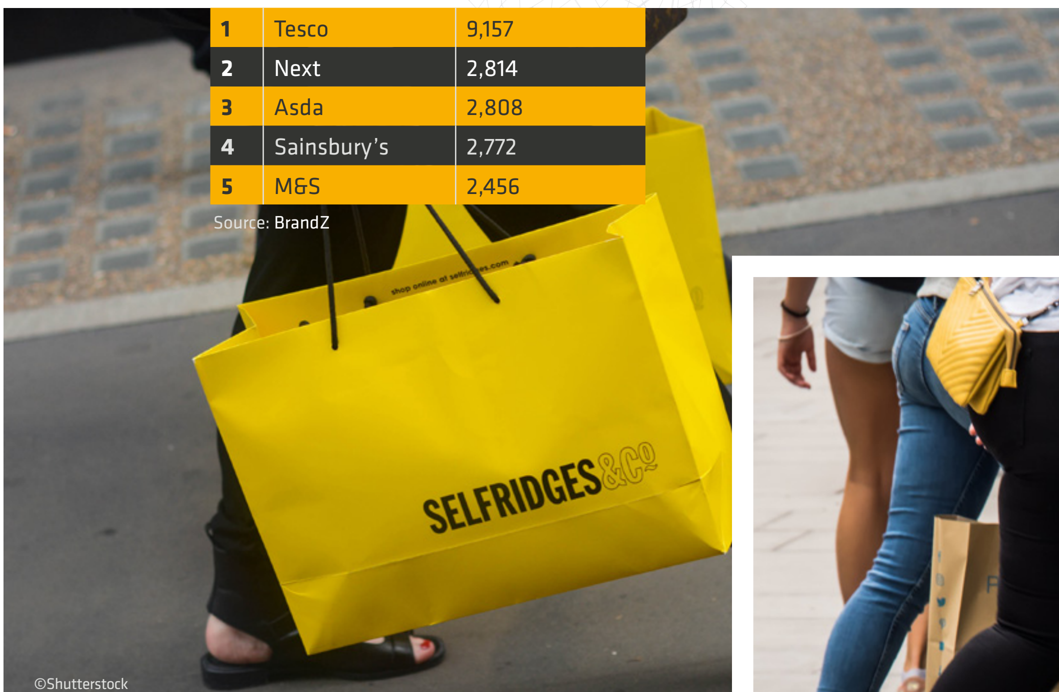
These are some of the players that show what can be achieved. Focus and putting the customer at the heart of what you do are key. So too is leadership with vision and courage. Pressure will continue but there are still great returns to be made for the very best.

RICHARD HYMAN
FOUNDER | **RAH ADVISORY LIMITED**

TOP 5 UK RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Tesco	9,157
2	Next	2,814
3	Asda	2,808
4	Sainsbury's	2,772
5	M&S	2,456

Source: BrandZ



©Shutterstock

©Shutterstock

"ANY CONSUMER-CENTRIC CHANNEL GROWTH NEEDS PRESCRIPTIVE ANALYTICS TO INCREASE EFFICIENCY AND EFFECTIVENESS"
GUY YEHIAV | GENERAL MANAGER | ZEBRA ANALYTICS

GERMAN CONSUMERS KEEP SHOPPING

Despite the German economy undergoing a slight downturn in 2019, consumption has proved to be stable. Global trade conflicts, political crisis and, above all, the uncertainty of Brexit have put pressure on the German economy. And yet, Germans remain in a buying mood thanks to both a stable job market and a rise in average incomes by 3.1 percent. Apparently, consumers aren't too concerned about the effect on their income from the expected dip in the national economy.

As a result, German retail has been boosted. Compared to 2018, business experts of the German retail association HDE are now expecting a 3.2 percent growth (price adjusted: 2.5 percent), up from their initial, more cautious 2.0 percent forecast. Total sales in 2019 are about to reach 543.7 billion Euro (excluding VAT). Whilst there is a nominal growth by 2.7 percent in physical retail, online business grew by 8.5 percent, generating a 57.8 billion Euro turnover (excluding VAT).

For the strong sale period in November and December, experts see a 3.0 percent growth in sales compared to 2018, so the expected turnover of 102.4 billion Euro will cross the magic 100 billion threshold for the first time ever. But there are two sides to this national record. Whilst bigger companies look forward to increasing sales figures, small businesses do have lower expectations in regard to either the Christmas sales as well as for 2020 in general. Their reluctance corresponds with the overall assessment of retail experts who are reluctant to be over-optimistic for the year to come, also because retail tends to lag behind the currently stuttering economy.

For its growth, though, German retail can rely on the mounting online business as the stronghold of future growth. Even if the sales in multichannel retail rarely hit the 10 percent margin in total sales, it is no doubt the driving force in retail.

Consequently, 70 percent of retailers in Germany do budget for digital investments, especially regarding solutions in AI. According to an EHI Retail Institute study, AI is about to fundamentally change the terms of business. Asked about their view on new digital tools, 69 percent of retailers consider AI the most critical technological innovation, especially when it comes to Predictive Analytics (53 percent), site-specific allocation of goods (22 percent) and image recognition systems, as for identifying products on display (22 percent). Also cloud-based solutions and applications are becoming more relevant.

Not least, German retailers are eager to internationalise. German Metro-subsidiary Real, French Cdiscount, Italian Eprice and Romanian Emag have joined forces in founding International Marketplace Network (IMN) to reach 230 million potential customers throughout Europe. It needs such efforts to compete with global behemoths like Amazon or eBay. Despite the pending uncertainties regarding Brexit, the German discount champions Aldi and Lidl are quite optimistic about their 2020 UK business. With four out of five Britons expecting prices for food and beverages to rise further because of (and especially after) Brexit, retail observers assume an increasing demand for discount products from Aldi, Lidl and the like who already held a market share of 14 percent in Great Britain.

MIRKO HACKMANN
EDITOR IN CHIEF | **HANDELSJOURNAL**

TOP 5 GERMAN RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Aldi	14,613
2	Lidl	8,523
3	Zalando	3,079
4	Edeka	2,534
5	DM	2,152

Source: BrandZ

"RETAILERS NEED TO AUGMENT PREDICTIVE ANALYTICS WITH THE ACTIONABILITY OF PRESCRIPTIVE ANALYTICS"
GUY YEHIAV | GENERAL MANAGER | ZEBRA ANALYTICS

©Shutterstock

INNOVATION DRIVES RUSSIAN RETAILERS

Consumer spending has been under pressure in 2019 with consumers preferring to save rather than spend even though there are signs of a recovery in the Russian Federation economy. Despite this challenge, some of Russia's biggest retailers and new disruptors have found ways to boost their businesses.

Russian retail market leader X5 Retail Group is one of the biggest winners with like-for-like sales up between 5-7 percent whilst adding a staggering 1,400 new store openings. Year on year sales grew by 14 percent by the third quarter of the year. And total sales volume exceeded the second largest retailer – Magnit - by 30 percent by the third quarter of 2019. The DIY and home sector in Russia is driven by Leroy Merlin Russia which posted a 15 percent year on year sales volume increase by the third quarter of the year.

The fashion retail market in Russia has got a new leader in the shape of Wildberries the digital platform and marketplace that outperformed Sportmaster and many other retailers. But despite being an ecommerce player, many believe the success of Wildberries is the result of its omnichannel strategy. The company has opened over 6,000 offline pickup and trial units (essentially stores). The business grew by 80 percent in the first half of 2019 and entered the list of Russia's top ten biggest retailers.

What has made these retailers so successful? All the three subsectors (food, fashion and DIY) of the Russian retail market are more and more driven by the need to include greater customer experiences.

Although all top retailers are heavily investing in price promotions, the leaders are also focused on offering a better customer experience, innovative products and personalisation. They are the pioneers in moving quickly on key trends such as sustainable healthy living and are true high velocity retailers. This is true of both omnichannel and digital players from X5 Retail Group as well as Leroy Merlin to Wildberries.

In 2019 we have also seen retailers launch new store formats. These include new formats from Ikea, Leroy Merlin and Petrovich (2nd largest DIY retailer) as well as from X5, Auchan and VkusWill in the food sector. A long list of fashion retailers reshaped their stores and produced capsule and co-branded collections. We have also seen this year a whole range of innovative store concepts being trialled in Moscow and other major cities including the dark store, virtual store, staff less pilots and Wildberries invention and rolling out of its combined 'fit&go' concept across Russia.

Looking ahead to 2020, I expect Russian retail will join the 'east going west' trend. Following Chinese retailers our brands are entering European markets. As well as being well equipped technologically Russian retailers are able to deliver competitive price offers to European consumers. Thanks to the Rouble exchange rates there is a positive gap in domestic prices for food, apparel and homecare goods. This will see several well-known Russian retailers such as Joom.com and Wildberries doing business in the EU and offering an alternative to Amazon and Alibaba for EU producers and consumers.

ALEXEY FILATOV | CHAIRMAN | **BBCG**

Tatyana Bakalchuk, Founder of Wildberries will be sharing the company's vision and growth successes as a speaker at World Retail Congress in April 2020

TOUGH TIMES DOWN UNDER

The Australian retail sector has experienced a mixed 2019. Overall, retail sales in Australia increased 2.40 percent year on year in September 2019, advanced 0.2 percent from the prior month - slowing from 0.4 percent gain and missing market expectations of a 0.5 percent rise.

Overall, consumer confidence is not overly strong and in October 2019, the Melbourne Institute and Westpac Bank Consumer Sentiment Index for Australia was at its lowest level since July 2015. This is despite a series of interest rate cuts by the Reserve Bank of Australia that have left the cash rate at a record low of 0.75 percent.

Consumer spending has likely been supported by Buy-Now Pay-Later (BNPL) operators, including Afterpay, who won the Retail Technology Game-Changer award at the World Retail Awards in 2019. Around 50 percent of Afterpay users say they spend more using Afterpay compared with using a debit or credit card.

In the online retail space, Amazon is seeing some success after a slow start after its launch in late 2017. Low prices and reliable, fast shipping are seeing Amazon's Australian ecommerce sales more than double in 2019 and forecast to reach AU$23 billion in ten years.

Off the back of Amazon, Australian consumer expectations are evolving. Arguably, 2019 was the year of the sale, with online sales such as Singles' Day, Black Friday, Cyber Monday taking hold in consumers' shopping calendar. These events have driven a spike in ecommerce but are also being leveraged by store-based retailers. We have also seen continued rise in the prevalence of marketplace and mobile shopping, as well as growing demand for express delivery.

The year ahead is uncertain. In the near term, expectations are mixed for the Christmas period. The Australian Retailers Association is positive, with expectations the 2019 pre-Christmas sales period will see a 2.6 percent increase from 2018, with revenue expected to be AU$52,728 million. However, retailers expect the worst Christmas shopping season for six years, according to a survey by Deloitte.

Despite the prospect of a "mini boom" in house prices and increased public-sector spending, many are predicting that The Reserve Bank will have to cut the cash rate from 0.75 percent to 0.25 percent by the middle of 2020 in order to prevent the Australian economy going backwards.

SEAN SANDS | ASSOCIATE PROFESSOR, MARKETING DIRECTOR
CXI RESEARCH GROUP SWINBURNE BUSINESS SCHOOL, SWINBURNE UNIVERSITY OF TECHNOLOGY

TOP 5 AUSTRALIAN RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Woolworths	7,045
2	Coles	4,694
3	Bunnings Warehouse	2,740
4	Westfield	2,106
5	BWS	726

Source: BrandZ

©Shutterstock

TOURISM FUELS ASIAN RETAIL GROWTH

While the year 2019 may have been a challenging year for the region, with several trade disputes, political unrest, and uncertain economic outlook, retail continues to stay afloat because of its consumption-driven markets.

In travel retail, Asia Pacific drives growth for the sector as tourism increases. Asian markets showed stellar performance leading sales in the industry. In the study 'Economic Impact Report of Duty Free and Travel Retail in Asia Pacific', Asia Pacific region will continue to be a major driver of global duty-free and travel retail sales, particularly in the East Asian markets. It is projected to maintain its global market lead at an estimated 8.7 percent annual growth rate between 2017-2022.

Furthermore, one of the major highlights for retail this year is the increasing growth of ecommerce in the Asia Pacific region. Consumers show an increasing digital way of life as they use and rely more on their smartphones to buy products online and even pay bills. The growing ecommerce market in the region is said to grow twice as fast compared to mature markets such as US and Europe.

The increasing prominence of ecommerce in the region has significant impacts on both consumers and traditional retailers. Consumers are now becoming informed, connected, more familiar and trusting of the technology and opting to go online for convenience. On the other hand, traditional retailers such as department stores are seen struggling as there have been further closures in several markets in Asia Pacific.

In order to stay relevant, retailers are now applying different innovations across business operations, digital marketing, and customer experience.

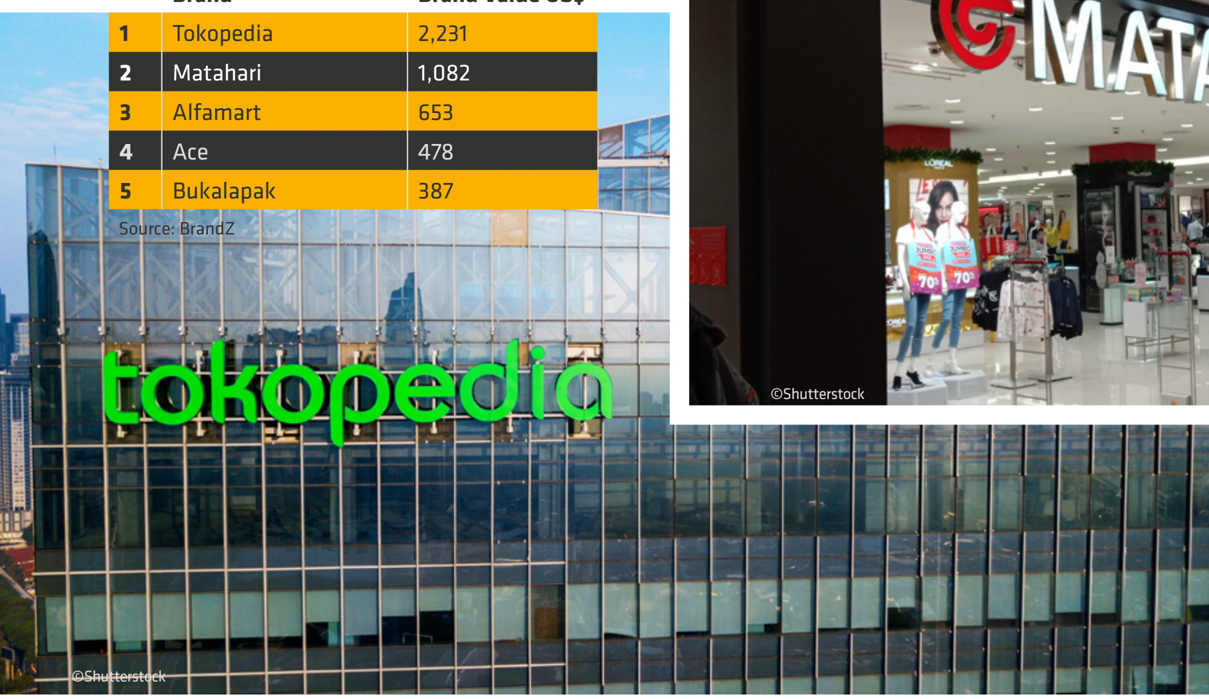
LORENZO FORMOSO
VICE CHAIRMAN | **FEDERATION OF ASIA PACIFIC RETAILERS**

TOP 5 INDONESIAN RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Tokopedia	2,231
2	Matahari	1,082
3	Alfamart	653
4	Ace	478
5	Bukalapak	387

Source: BrandZ

©Shutterstock



©Shutterstock

SOURCES:
Asia Pacific Retail Trends Q3 2019, CBRE
Asia Pacific to drive global travel-retail sales, Michael Arnold (2019), Inside Retail Asia
PWC Global Consumer Insights Survey 2019
Singapore Country Report (2019), Singapore Retailers Association

©Shutterstock

©Shutterstock

©Shutterstock

FIGHTING BACK AGAINST A RETAIL SLOWDOWN

The last quarter of 2019 saw retailers across the region launch into big promotions as well as embracing Black Friday. The UAE began with its Rainbow Friday promotions just as in previous years and just a week before Black Friday itself.

The White Friday sale at Amazon.ae, (previously Souq.com), ran from November 23 to 29, along with Apparel Group's 6thStreet.com. Noon.com returned with the Yellow Friday Sale while online fashion retailer Namshi.com hosted the month-long 'Black November'. These online sales promotions estimated to generate between $360 million to $380 million in Gross Merchandise Value (GMV), an increase of 57 percent over the previous year.

Majid Al Futtaim (MAF) Properties, owner and operator of region's shopping malls and the Carrefour franchise, has ruled out any slowdown in the retail sector as its portfolio continues to grow and it also enjoys close to 100 percent occupancy. A report from research firm Alpen Capital has also said that the UAE retail market remained resilient amid a slowdown in the economy.

Analysts suggest that physical retail, mainly destination and entertainment anchored retail developments, will continue to attract demand given the extreme weather conditions witnessed over the summer months in the region. However, the level of incoming supply in Abu Dhabi and Dubai is likely to add pressures on operators and retailers.

The retail industry in Saudi Arabia is forecast to reach $119 billion by 2023. The 34 million-plus population in the Kingdom has seen far-reaching changes – be that relaxation of foreign ownership of businesses, opening up of cinemas after a 35-year hiatus, more and more local Saudis joining the retail workforce and tech-savvy youth spearheading a digital transformation.

One of the goals of Vision 2030, the Kingdom's overarching blueprint for social and economic reform, is to raise household spending on culture and entertainment to 6 percent of GDP, up from the current level of 2.9percent. Saudi nationals are estimated to spend some $8 billion annually on entertainment and recreation abroad, providing opportunities to satisfy consumer demand closer to home, will be vital to meeting these goals.

LAWRENCE PINTO
MANAGING EDITOR | **IMAGES RETAIL MIDDLE EAST**

BRAZIL'S TOP 5 RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Ipiranga	1,265
2	Lojas Americanas	1,025
3	Renner	820
4	Pao de Acucar	768
5	Magazine Luiza	609

Source: BrandZ

BRAZIL'S RETAILERS BOUNCE BACK

After overcoming the worst crisis and recession in its history, Brazil is starting on a new path to rebuild and rewrite its future through a huge economic transformation.

In recent decades, Brazilian companies used to take advantage of strong connections with the federal government in order to receive fringe benefits and political and economic support, as well. This kind of crony and state-driven capitalism is gone.

For the first time, Brazil's Government is introducing liberal economic policies which I believe are clearly bringing positive results. Growth forecasts for 2020 range from 2.2 percent up to 2.5 percent, according to the most important global financial institutions.

This growth is supported by the increase in household consumption, as well as creating more than 850,000 new jobs along this year and the expected privatisation of major state-owned companies. The best holiday season in six years will bring over 120 million shoppers. This is being helped by the fact that inflation of around 3 percent and interest rates at 5.0 percent are the lowest ever.

2019 also marked the recovery and big transformation in the retail landscape. Mercado Livre, the most popular ecommerce site in Latin America, settled an agreement with PayPal and received an investment of $750 million. Magazine Luiza, Brazilian largest electronic consumer retailer, with a market cap around $14 billion, succeeded in raising almost $1billion in a secondary share offering. C&A, an international fast-fashion retailer, launched their Brazilian branch I.P.O. in October, and Vivara, its jewellery retail chain also launched their first I.P.O. A proof that investors, although its very selective, are seeking new opportunities in the Brazilian market. 2019 was also the year of M&As, with 614 transactions until November, 31 percent growth from last year.

Bolsonaro's administration is strongly committed to reform the economy, promoting a free market approach. One major initiative was launching and sanctioning the 'Economist Freedom Law', that makes it easier for entrepreneurs to open and close business, as well as minimising Brazil's complex bureaucracy and regulations. More recently, after two decades, we finally reformed our pension system, that will save up to $188 billion in the next ten years.

All the indicators point towards a Brazilian golden year in 2020. Family consumption and spending are growing; privatisations are on the way; economic reforms; public spending cuts; administrative and tax reform and a concrete expectation of foreign investment of up to $150 billion in the next year translates to a very promising scenario for the damaged Brazilian economy, on its way to recovery.

For the first time in many years, all our reforms are focused in helping and promoting the foreign investments in our economy, through fair and clear rules in different fields of economy: from infrastructure to real estate, including industry 4.0 and the new retail.

Brazil, after many years, is prepared to join the club of developed countries, promoting free entrepreneurship and competitiveness.

ROBERTO MEIR
CEO | **GRUPO PADRÃO**

THE RISING POWER OF INDIA

India is expected to continue on a trajectory of strong economic growth, making it a major global market for consumer brands and retail. Some factors underpinning the growth and transformation of retail are:

1. GLOBAL TARGET MARKET

Over 300 international fashion and lifestyle brands are to open stores in India by 2022, according to a McKinsey report. A rapidly growing middle-class, powerful manufacturing sector and strong economic fundamentals make the country too important for international brands to ignore. The country is predicted to grow at over seven percent a year between 2019 and 2022. The Indian middle class is forecast to expand at 19.4 percent a year, outpacing China, Mexico and Brazil.

2. DIGITAL INDIA

The explosion of digital payment platforms has enabled millions to be part of omnichannel retail. From 1.5 million acceptance locations in 2016-17, the number of retail and other businesses accepting digital payments modes rose to over 10 million in 2019, according to KPMG.

3. MILLENNIAL PUSH

India has the largest millennial population in absolute terms globally. Numbering over 440 million, the group accounts for nearly 34 percent of the country's total population. With their distinct approach of 'earn now, spend now', millennials form the largest consumer group driving growth of lifestyle brands and retail in India.

4. RETAIL SPACE

The proliferation of modern retail is incubating the development of quality retail spaces. Over 39 million sq. ft. of new structured retail space is expected between 2019-2022. Of this, approximately 71 percent is to come up in Tier one cities; remaining 29 percent in Tier two and three cities.

5. RISING URBANISATION

Growing urbanisation trends mean Ahmedabad, Bhubaneswar, Ranchi, Kochi, Lucknow, Surat, Amritsar, Chandigarh, Jaipur among others, will be where the next chapter of the Indian retail story will play out. We expect increasing funding infusions into the retail sector of these cities in the future.

6. RETAIL VIA DATA SCIENCE

With the objective of delivering 24x7 shopping experiences, boundaries between digital and physical retail networks will completely vanish in a few years' time. Large Indian and international retailers – Reliance Retail, Future Group, Walmart, Amazon, among others – are building large ecosystems for new businesses in tech and supply chain.

AMITABH TANEJA
FOUNDER AND CHAIRMAN | **IMAGES RETAIL**

INDIA'S TOP 5 RETAILERS BY BRAND VALUE

	Brand	Brand Value US$
1	Flipkart	4,659
2	Tanishq	2,802
3	Dmart	2,368
4	Reliance	1,114
5	Magazine Luiza	609

Source: BrandZ

©Shutterstock

©Shutterstock

WORLD RETAIL CONGRESS
BY ASCENTIAL

28-30 APRIL 2020
ROME CAVALIERI HOTEL I ITALY

GET INVOLVED

BOOKING ENQUIRIES

E: Milan.Maksimovic@worldretailcongress.com
T: +44(0)20 3033 2215

E: Barry.Beaney@worldretailcongress.com
T: +44(0)20 3961 8881

SPONSORSHIP ENQUIRIES

E: Julia.Jones@worldretailcongress.com
T: +44(0)20 3033 2952

WORLDRETAILCONGRESS.COM

RWRC
BY ASCENTIAL

SPONSORED BY

ZEBRA | PROFITECT

CONTACT ZEBRA

E: contact.us@zebra.com
T: +44(0)20 3608 4825