Retail in Transition
The development of Points of Engagement
Ebeltoft Group is the global Alliance of retail consulting firms with members in over 20 mature and emerging retail markets.

Founded in 1990, today Ebeltoft Group counts over 650 retail experts supporting Retailers, Investment Funds and Suppliers to the industry.

We are unique in our ability to combine global retail expertise with deep local insight and convert this to innovative and practical solutions.

Ebeltoft Group works extensively with the local retail community around the globe, partnering and supporting many retailers and brands.

-33 of the Top 50 retailers worldwide
-28 of the Top 50 retailers in Europe
-21 of the Top 50 manufacturers worldwide
-24 of the Top 50 retailers in the US

Overview
Global experts with local insight

Europe
- Denmark
- France
- Germany
- Italy
- Ireland
- Netherlands

Americas
- Portugal
- Romania
- Spain
- Switzerland
- Turkey
- UK

Asia Pacific & Africa
- Brazil
- Canada
- China
- India
- Russia
- Australia
- Singapore
- South Africa
- Thailand
- Vietnam

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### Industry in Transition

Digital impact

“*The Fourth Industrial Revolution is characterized by a range of new technologies that are fusing the physical, digital and biological worlds*”

*Klaus Schwab - World Economic Forum*

<table>
<thead>
<tr>
<th>From Industry 1.0 to Industry 4.0</th>
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<tbody>
<tr>
<td><strong>1.0 1784</strong></td>
</tr>
<tr>
<td><strong>2.0 1870</strong></td>
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<tr>
<td><strong>3.0 1969</strong></td>
</tr>
<tr>
<td><strong>4.0 tomorrow</strong></td>
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Channels in Transition
Online continues to grow

Retail Ecommerce Sales Worldwide, 2014-2019
trillions, % change and % of total retail sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Ecommerce Sales</th>
<th>% Change</th>
<th>% of Total Retail Sales</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>$1.336</td>
<td>6.3%</td>
<td>26.3%</td>
</tr>
<tr>
<td>2015</td>
<td>$1.671</td>
<td>7.4%</td>
<td>25.1%</td>
</tr>
<tr>
<td>2016</td>
<td>$2.050</td>
<td>8.6%</td>
<td>22.7%</td>
</tr>
<tr>
<td>2017</td>
<td>$2.498</td>
<td>9.9%</td>
<td>21.9%</td>
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<tr>
<td>2018</td>
<td>$3.015</td>
<td>11.4%</td>
<td>20.7%</td>
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<tr>
<td>2019</td>
<td>$3.578</td>
<td>12.8%</td>
<td>18.7%</td>
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% Change:
- 2015: 7.4%
- 2016: 8.6%
- 2017: 9.9%
- 2018: 11.4%
- 2019: 12.8%

% of Total Retail Sales:
- 2014: 26.3%
- 2015: 25.1%
- 2016: 22.7%
- 2017: 21.9%
- 2018: 20.7%
- 2019: 18.7%

Source: eMarketer December 2015

Which method do you most prefer for buying your purchases?

- Books & multimedia: 34%, 48%, 9%, 8%
- Toys: 53%, 32%, 7%, 8%
- Electronics & computers: 57%, 35%, 4%, 4%
- Clothing and footwear: 59%, 28%, 7%, 7%
- Sports equipment & outdoor: 60%, 27%, 6%, 6%
- Health & beauty: 60%, 27%, 7%, 6%
- Jewellery & watches: 63%, 24%, 6%, 6%
- Household appliances: 67%, 25%, 5%, 3%
- DIY & home improvement: 69%, 21%, 5%, 5%
- Furniture & homeware: 70%, 19%, 6%, 5%
- Grocery: 79%, 12%, 4%, 4%

Source: PwC Total Retail 2016 & calculations Ebeltoft
Brands in transition
Brands continue to go retail

Source: Ebeltoft Group Brands go Retail 2016
People in Transition
Digital natives will become the largest spending population

Digital Native
Born during or after the widespread adoption of digital technology, has a greater understanding and acceptance of technology and the speed of tech thinking

Digital immigrant
Individual who was born before the widespread adoption of digital technology and for whom their buying habits and temperaments were already or mostly formed

Digital Natives Set to Dominate by 2017
This chart showcases the increase of the digital native audience (those under age 30) and the decrease of digital immigrants (those over age 40) in the general population over time. It's projected that the gap between the "DNA" and digital immigrants will continue to increase over time.

Source: WD partners & PwC
Retail in Transition
The environment is changing at a fast pace

Boxtel 1963 The Netherlands
Seattle 2017 USA
Retail development
Three basic principles

Development in retail:

- Efficiency
- Expertise
- Experience

The blend and balancing of these key elements creates a differentiated model.
Points of Sale

First stage

- The earlier fifties: retail was a supply driven business
- Brands & retailers use **Point of Sale** marketing to convince consumers to be selected
- Retailers at this stage won through **efficiency** and suppliers winning at the **Point of Sale**
Points of Purchase
Second stage

- Power shifted from the supplier to the retailer in a more **competitive market**
- Efficiencies have become the **basic ingredient** for all retailers
- Retailers & brands start **Point of Purchase** marketing to stand out from the crowd
- Retailers need to **differentiate** themselves from others on **experience** and **expertise**
Is there still space for physical retail?

YES!

But people don’t have to go to stores anymore

People have to want to go to stores
Efficiency
Connected store developments (Aldo shoes)
The big power shift, now the customer is in charge

Retailers & brands start moving from transactional to attractional environments

Retailers have to add more experience and expertises to create a difference

Retailers must not only compete with offline competition but also compete with online
How can we move to a Point of Engagement?

- Adding values on either or both the dimensions: experience and expertise
- Stores are becoming much more than just the place where customers transact
- Options to express this seem to be endless…
Expertise: the right people make the difference

- Educator
- Guide
- Trainer
- Entertainer
- Fixer/producer
- Designer
The stores as classroom, the customers as students and the staff member as educator
The store as your fitness club with the staff member as your personal trainer
The store as theatre, the staff member as cast member and the customer as their audience
The store becomes a platform for product selection with the (virtual) staff member as your guide.
The store as the workshop where staff members manufacture, grow or fix products.
Designer

The store as a workshop and the staff member as artist
Experience: the right environment makes the difference
Evaluate

Give customers the chance to try and test the real products
Learn

Give customers a chance to get more out of their purchase
Give customers the chance of training together with peers
Expression

Give customers the chance to share their capabilities and thoughts with the other customers
Give customers the chance of creating their own personalized products
Give customers and staff members the chance for experimentation
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Ebeltoft Group
International Retail Experts
Globetrotter

Educator | Guide | Trainer | Entertainer | Designer | Fixer/Producer
---|---|---|---|---|---
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Converse
Samsung 837
### Nike SoHo

#### Expertise
- Educator
- Guide
- Trainer
- Entertainer
- Designer
- Fixer/Producer

#### Experience
- Learn
- Evaluate
- Exercise
- Expression
- Create
- Experiment
“Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world.”

~ Albert Einstein