



The Future of Retail

Being relevant, efficient and different

Simon Mayhew, Head of Online Retail Insight, IGD

IGD's global innovation research programme





1 Increasing shopper expectations

2 Being **Relevant**, **Efficient** and **Different**

3 How do we respond?

More **single** person households

People will be **working longer** as retirement age rises

Life expectancy will continue to rise

Health consciousness will rise



Cities will expand as population increases

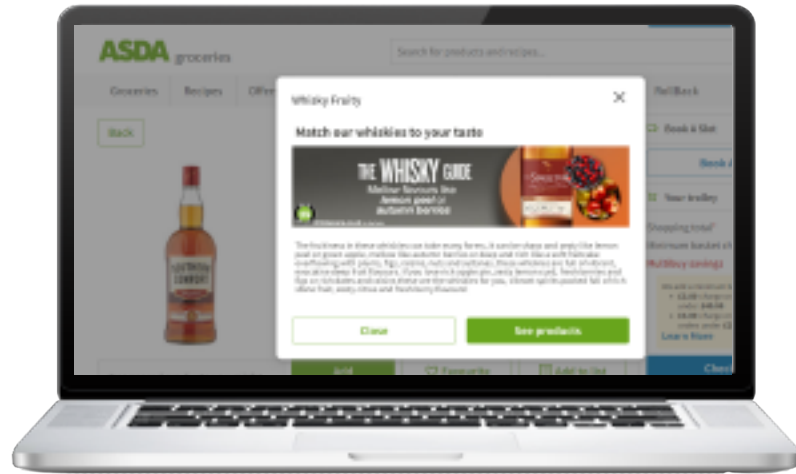
Living space will become more of a premium

More **dual income** households

Technology will continue to impact the everyday

Disruptive demographic changes are underway





Value
(price + quality)



Choice
(range + availability)



Convenience
(speed + service)

Shoppers have fundamental needs





Engagement



Transparency



Experience



Value



Live well



Ethical



Choice



Convenience



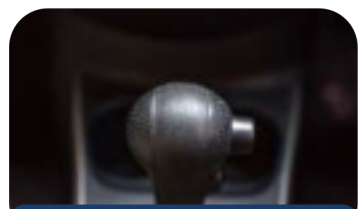
**Access not
ownership**



Traceability



Personalised



Control

Tech innovation has led to changing shopper expectations...






“People have a voracious appetite for a better way...”



“...and yesterday’s ‘wow’ quickly becomes today’s ‘ordinary’”

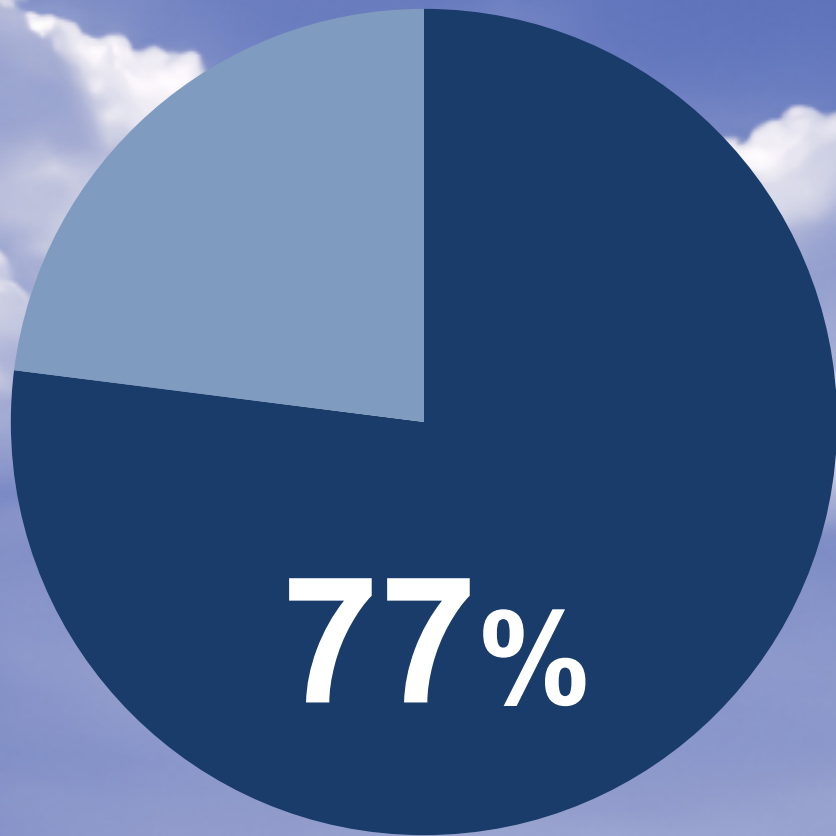


**AI learns patterns
from data and the
environment,
adapting
automatically to
changing situations
with *high precision,
accuracy, and speed***

Source: Eversight

AI, computer vision, robotics.. are transforming grocery



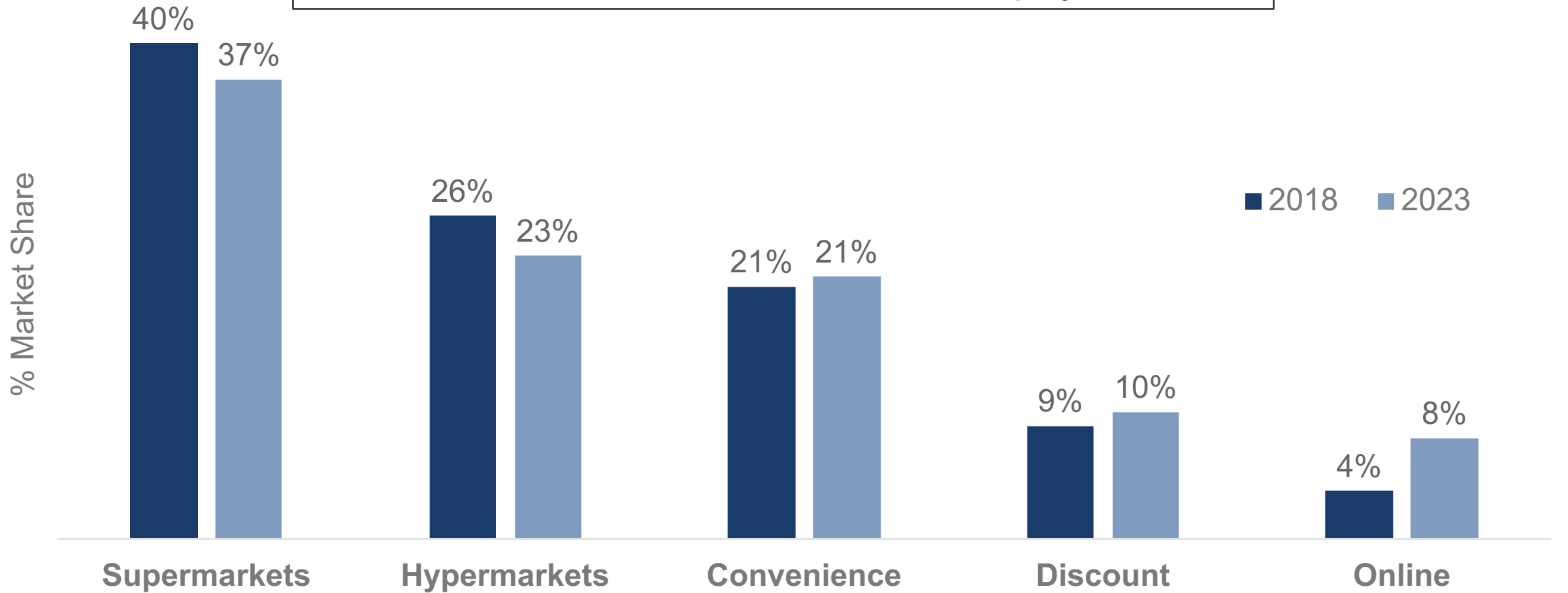


Source: IGD ShopperVista, June 2019

Shoppers want to use technology



92% of modern trade will remain physical



Source: IGD 2019. Combined market share forecasts for modern trade in 27 leading global grocery markets

Shoppers want to use stores





Mediocre and complacent retail is very dead

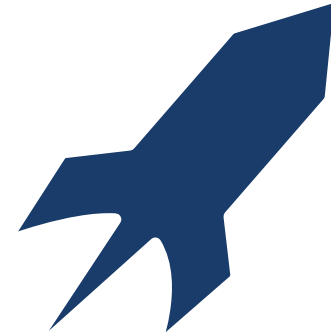




RELEVANT



EFFICIENT



DIFFERENT

Stores need to be R.E.D



“E-commerce is rapidly evolving into New Retail.”



*The boundary between offline and online commerce disappears as we focus on fulfilling the **personalized needs** of each customer”*

Previously purchased

By Department | Last bought | Most frequently purchased | Nutritional values

Nutritional values in your messages


Wondering how much sugar, salt or other nutritional value in your messages? This service tells you how much of a certain Albert Heijn voedingswaarde per 100 grams in a product, tailored to your messages.

[Do you have questions? Read more.](#)

Please note: under your shopping let's you alternative products from the same range. You can compare them on one specific nutritional value, for example the amount of sugar in the product per 100 grams. This says nothing about the other nutritional values, the proportions of this in the featured products or a healthy eating pattern. At Albert Heijn we do everything to make the product information for the products we sell is as accurate as possible. However, because products are regularly improved, product information, ingredients, nutritional values, dietary or allergy information change. Therefore we recommend that you always first read the packaging before taking the product.


[Opt out? Please log in first >](#)

Sugar
Top 3 purchases with the majority of sugar



[Check your sugar >](#)

Salt
Top 3 purchases with most salt



[Check your salt >](#)



platejoy + instacart
Healthy Eating. Personalized.

Platejoy plans your ideal menu, based on your unique health goals & taste preferences.

Instacart delivers fresh ingredients for your menu same-day, with no excess packaging waste.

Source: Albert Heijn and platejoy.com

Retailers offering personal advice

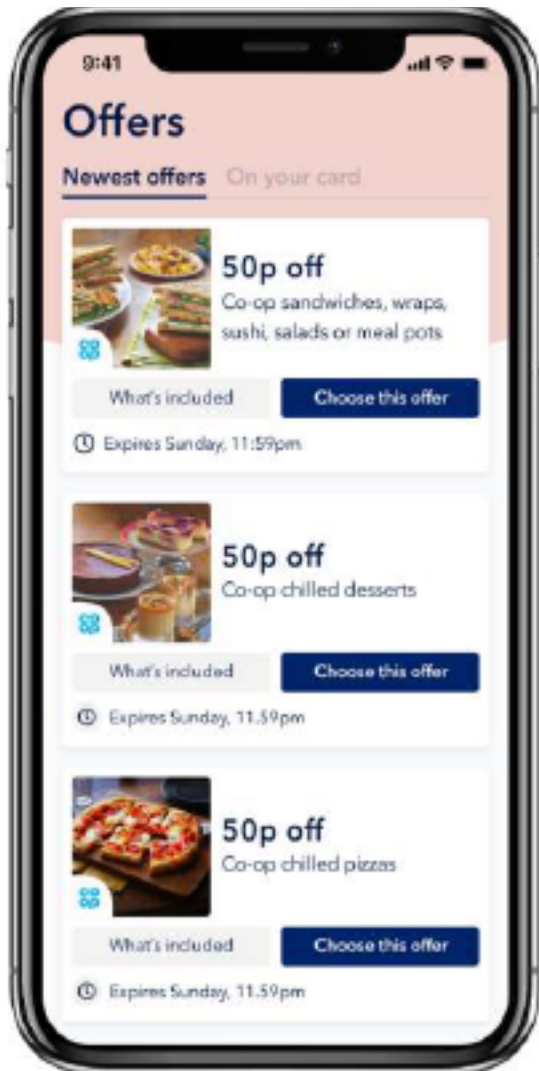




Source: Waitrose and Coty

Personalised products and recommendations

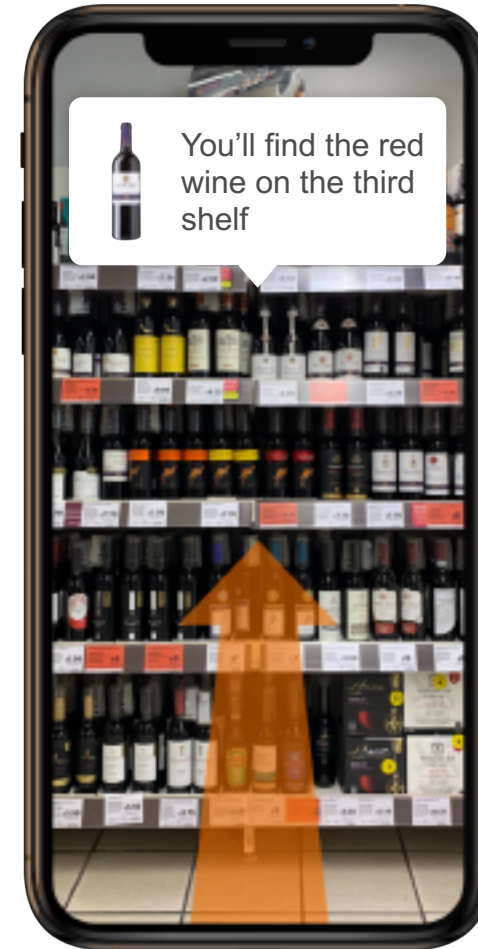
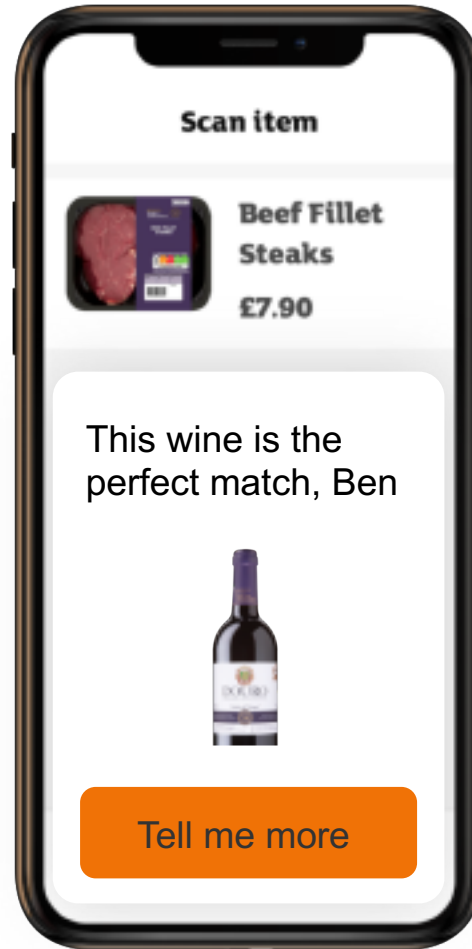




Source: Co-op and Alibaba

Personalised promotions and loyalty





Source: Sainsbury's

Digitising and personalising the path to purchase in-store





EFFICIENT

Efficiency for both the shopper and retailer





Source: Tesco and Carrefour

Shoppers benefit from checkout free and whenever, wherever deliveries



**THIN,
COMPETITIVE
MARGINS**

**MULTI-ITEM
BASKETS TO
PICK**

**SHORT SHELF-
LIFE AND
FRAGILE
PERISHABLE
PRODUCTS**

**INDIVIDUAL
ITEMS WITH
RELATIVELY
LOW PRICES**

**MULTIPLE
TEMPERATURE
REGIMES**

**RELATIVELY
HIGH BARRIERS
TO ENTRY**

Remember that Consumer Packaged Goods retailing is different





H1 2019/20

Group Revenue: £31,090m

Profit before tax: £494m

Margin: 1.5%



Q1-Q3 2019

Total sales: \$193,086m

Income before tax: \$9,923m

Margin: 5.1%



Q1-Q3 2019

Revenue: \$115,782m

Income before tax: \$28,291m

Margin: 24.4%

It's not a level playing field



Sainsbury's to cut hundreds of management jobs

Supermarket chain structural reorganisation is part of plan to save £500m in costs by 2024



Asda to replace fish counters with 'food to go', including sushi

By Tom Seaman Jan. 9, 2020 17:50 GMT



Source: Guardian and undercurrent news

Retailers are cutting costs





Source: Bossa Nova

Retailers are digitising store operations





Source: Sedano's and Takeoff Technologies

Stores turning into urban fulfilment centres





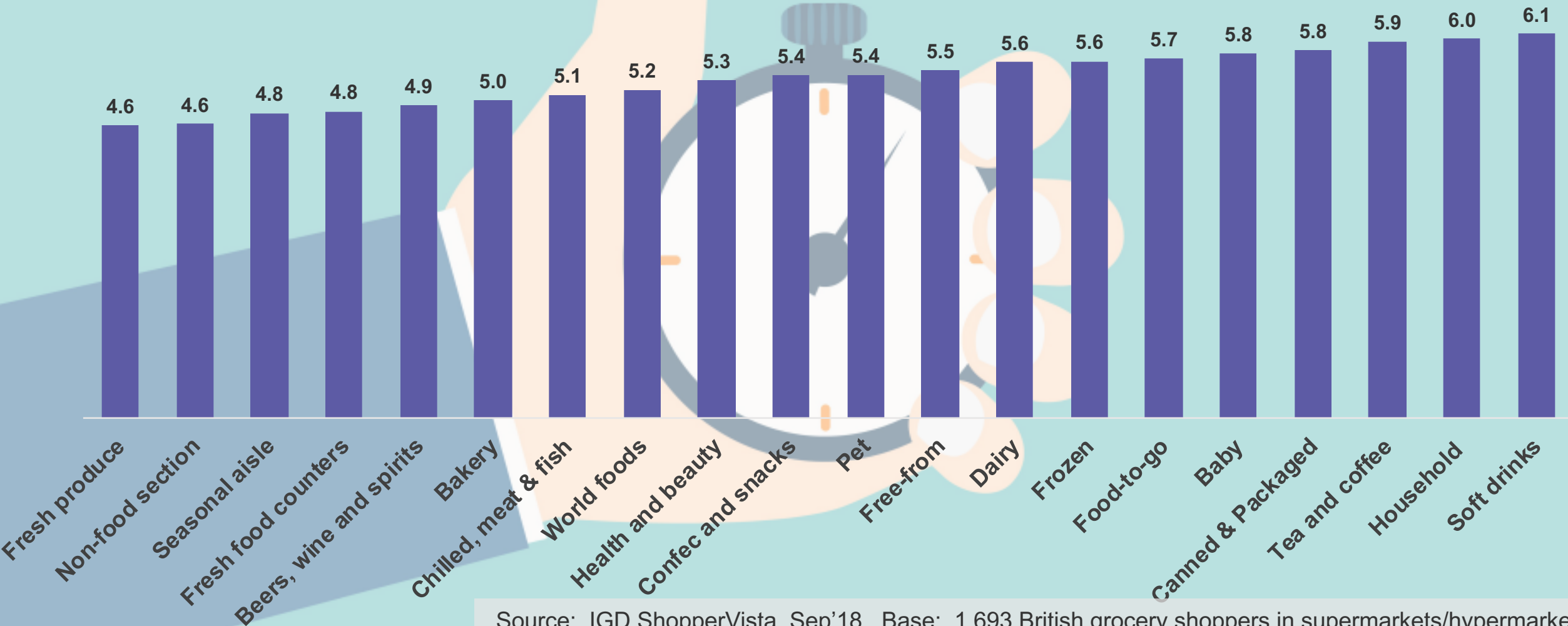
DIFFERENT

Source: *Amazon how the world's most relentless retailer will continue to revolutionize commerce*

“What Can’t Amazon Do?”



Shopping preference – scale of 0 to 10 where 0 means 'I spend time browsing this area in-store' and 10 means 'I try to shop this area as quickly as possible' – mean score out of 10



Source: IGD ShopperVista, Sep'18. Base: 1,693 British grocery shoppers in supermarkets/hypermarkets

Desire to browse fresh and specialist, save time on ambient



Source: Fresh Street, Vancouver

Offering unique designs





Source: Albertsons

Providing impactful displays





Source: Le 4 Casino and Food Network

Retailers offering unique expert advice in the store and at home





Source: Sainsbury's

Offering unique services





Responsible: climate concerns are being amplified

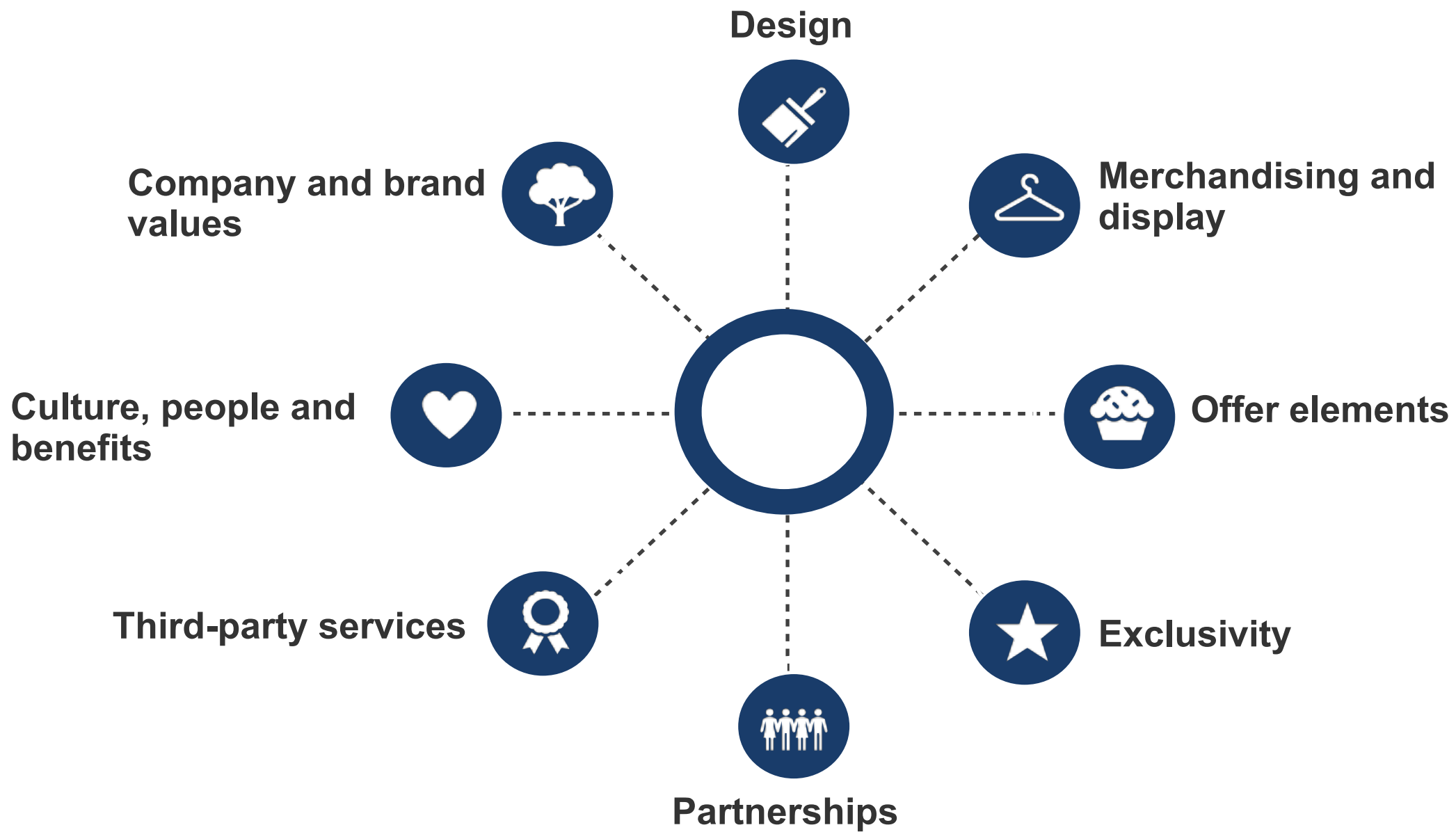




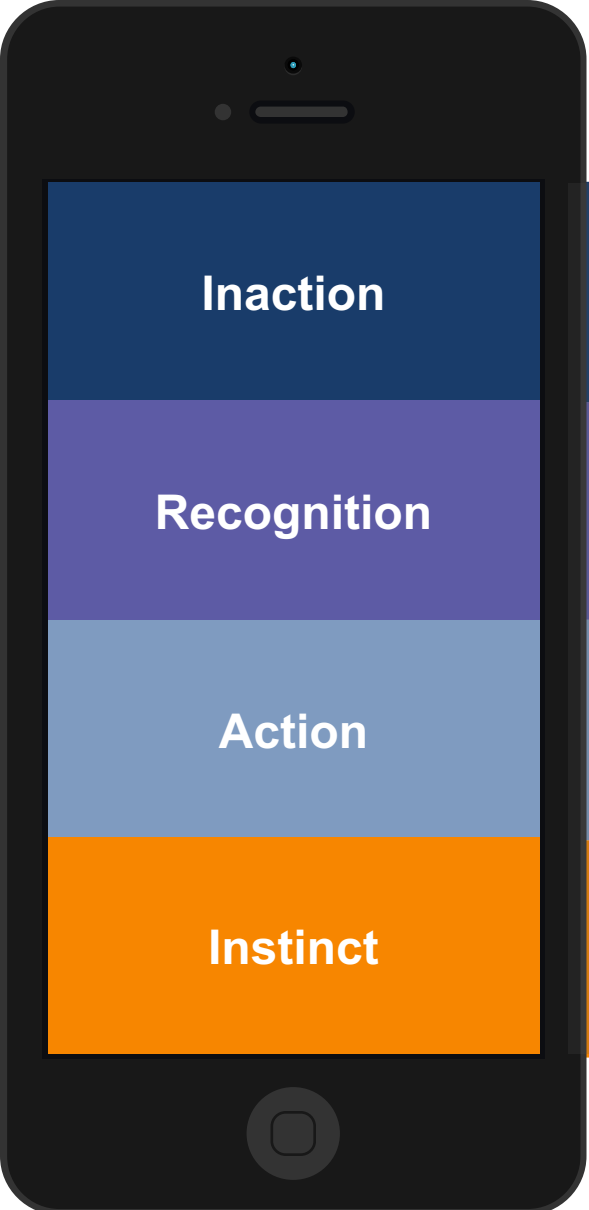
Source: Waitrose

Reducing packaging





Lots of different approaches



Inaction

17%



Recognition

46%



Action

25%



Instinct

12%



Benchmark your digital capability
igd.com/digitalassessment

It's a new world for most of us...



A portrait of Frans Muller, CEO of Ahold-Delhaize, wearing a blue suit and tie. The background is a blurred office setting.

“Our world is getting too big, too complex, and too fast to do it alone”

Frans Muller, CEO, Ahold-Delhaize



... and you don't need to solve it alone





Leadership: champion the potential of technology from the very top of the organisation



Culture: empower people to be creative, test and learn and challenge existing ways of working



Data: treasure and protect your data; along with your people, this will be your most valuable asset



Talent: cultivate diversity and a lifelong learning mindset, recognising many will resist change

Source: IGD *Digital retail models of the future*

Four capabilities to progress your digital transformation



Thank you for stay in contact

Sign up to our free newsletter: igd.com/newsletters

 https://twitter.com/simayhew_igd

 <https://www.linkedin.com/in/simon-mayhew>

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