

ANALYSIS  
Global Retail 2018

YOUNG & ENTERPRISING  
Nada Alawi

FOCUS  
CCC

FEATURE STORY  
Outdoor Markets

CEO TALKS  
Mohamed Azeem

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February 2018



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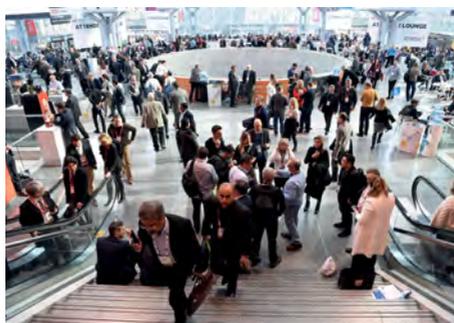
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# Dear reader

## Tribute to a great retail 'ikon'

Just as we were wrapping up this edition came the news of the passing of IKEA founder Ingvar Kamprad, 75 years after he founded IKEA. Our cover story this edition includes excerpts from NRF 2018 on Walmart, Levi's, Tommy Hilfiger and so on and a few lines about the world's largest furniture retailer will not be out of place.

The company Kamprad founded in 1943 became the world's largest furniture retailer by outfitting college dorms, starter apartments, bachelor pads and other homes everywhere from Stockholm to Shanghai. However, IKEA's 400-plus stores may look minuscule when compared to Walmart's nearly 12,000 stores, but its presence in 49 countries surpasses the latter's in 28.

There are many amusing little-known anecdotes about Kamprad. He first tried his hand in trading by reselling boxes of matches he would purchase from an aunt in the city for a tidy profit. Kamprad retired five years ago from the board that controls the IKEA brand and began to hand power over to Mathias, one of his three sons.

Kamprad was born into a farm family in southern Sweden, where he had the exposure to the rural virtues – simplicity, industry, sincerity – which he blended into the IKEA brand and which helped it become one of the world's most recognisable.

After his initials, Kamprad formed the company's name with the first letters of the family farm, Elmtaryd, and its parish of Agunnaryd, in Smaland, a forested province where life was far from comfortable.

Kamprad was born in 1926 and soon moved into retail. From matches, he expanded to fish, Christmas tree decorations, seeds, ballpoint pens and pencils. He started a makeshift mail-order catalogue, getting products to the train line via the local milk van.

In 1950, Kamprad introduced furniture produced by local manufacturers. The line was so popular that he decided to focus entirely on low-priced furniture. But he discovered that many customers wanted to see what they were buying, and so in 1952, he opened the first IKEA showroom in the town of Älmhult, today an IKEA corporate hub, which boasts an IKEA museum.

*Lawrence Pinto*

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# The global powers of retailing in 2018

*The global powers of retailing, report by Deloitte identifies 250 of the largest retailers around the world based on publicly available data for FY2016 (fiscal years ended through June 2017), and analyses their performance across geographies and product sectors. It also provides a global economic outlook and looks at the 50 fastest-growing retailers and new entrants to the Top 250.*

*This year's report will focus on the theme of "Transformative change, reinvigorated commerce," which looks at the latest retail trends and the future of retailing through the lens of young consumers. To mark the 21st edition, Deloitte takes a retrospective, which looks at how the Top 250 has changed over the last 15 years.*

**RetailME** brings excerpts from the report

It is a transformative time

in retail. The shopper is apparently in the driver's seat, enabled by technology to remain connected continuously and more empowered than ever before to drive changes in shopping behaviour. "Everywhere commerce" has taken root, allowing consumers to shop, however, wherever and whenever they want - whether in stores, online, by mobile, voice activation or click-and-collect. Across the retail industry, disruption of traditional business models has given way to unprecedented and transformative change - change required online and offline to better serve more demanding shoppers and redefine customer experience. Innovations and transformations are happening faster and at a higher magnitude than

ever, presenting challenges for retailers accustomed to balancing conventional performance metrics like growth, profitability and space productivity. The standards are shifting, however, as some of the world's nimblest and fastest-growing retailers - recognised industry disruptors like Amazon and JD.com - actively forego short-term profitability in their quest instead for customer acquisition, top-line expansion and retail dominance. Established and entrenched retailers could be at risk of losing customers and market share to these retail disruptors who can exploit organisational and operational agility. Stores are closing as retail spending moves online at a meteoric pace, gets overturned by spending on

services, and some retailers lose favour with consumers. In fact, the US saw a record number of store closings in 2017, with 6,885 stores already having shut their doors by December 1, 2017. Among those rationalising their store bases are Macy's, JC Penney, Sears/Kmart and a host of mall-based apparel specialists. Stores across the globe face a similar fate as retailers close unprofitable outlets to instead focus on their most productive and promising locations. The rules of retailing indeed are being rewritten in this time of transformative change. Innovation, collaboration, consolidation, integration and automation will be required to reinvigorate commerce, profoundly impacting the way retailers do business now, and in the future.

## Retailing of the future

### New technologies

such as smart tagging and smart check-out will no longer be supplemental to the shopping experience, but fundamental

**Innovative user-friendly experiential stores** will act as retail galleries which allow customers to create their personalized shopping experience through AR/VR technologies

**Customer experience** continues to be important as shoppers want more engagement and interaction in stores

More e-retailers and small traders as social media is enabling people to create and promote their own brands.

## Building world-class digital capabilities

Retailers across the globe are rapidly adapting to the fact that, from the consumer perspective, shopping is not about bricks versus clicks or one channel versus another. Instead, consumers are channel-agnostic. The shopping journey and pre-shopping research is a fluid process with consumers bouncing between online and offline along the path to purchase.

Just how much digital influences consumer spending is a real eye-opener. In the 2016 report, 'The New Digital Divide', Deloitte found



# Soaking in the outdoor vibes

Today about 9.5 million people are living in the UAE, coming from hugely diverse backgrounds and all corners of the world – literally a melting pot of cultures with the expatriate population beautifully complementing the local Emiratis. That, in effect, opens up a sizeable audience for shopping malls and retail brands to reach out. We speak about the shopping malls, because, well, the UAE – especially Dubai – is known to the world best for its iconic shopping malls, where one can find brands from almost every corner of the globe. Having that said, the landscape is, gradually, changing, getting more and more dotted by the alternate retail formats – the outdoor

markets and pop-ups. Many will argue that retail in the UAE – like in other parts of the Middle East – actually began with the outdoor markets or traditional souks, which were very much prevalent up until the mid-90s even. There were souks for textiles, spices, gold & jewellery, consumer electronics and much more. And these locations are still beautiful to residents and tourists – think about Gold Souk and Spice Souk in Dubai; Carpet and Iranian Souk in Abu Dhabi; and Souk al-Markazi and Souk Al Arsah in Sharjah. Small wonder, Dubai-based master developer Nakheel is building Deira Islands Night Souk, a modern interpretation of a traditional

souk next to the upcoming Deira Mall on Deira Islands. Similarly, Meraas has launched the Al Seef project reflecting traditional Emirati culture, paying homage to age-old traditions while highlighting contemporary sleek architectural designs. Deerfields Mall in Abu Dhabi organises an outdoor market to showcase local craftsmanship. There are many more examples. Add to that the Global Village, the first-of-its-kind multicultural festival park in the region. It brings together cultures from different parts of the world, as well as the region, for guests to enjoy an unparalleled shopping and leisure experience. Visitors can see and purchase unique

handicrafts and souvenirs from different parts of the world as well as watch cultural shows from the representative countries. Adding on to the already diversified mix is the flurry of outdoor markets and pop-ups, acting as platforms to encourage local talents. Some of these, like Arte, have been around for more than a decade. Ripe Markets have reinforced the importance of outdoor markets as an excellent opportunity for visitors to get acquainted with local farmers and various home-grown businesses. A great addition is also the Market Outside the Box, held alongside the Dubai Shopping Festival, to offer a unique experience to shoppers to





# Retail is not dead

*There are more reasons for retailers to be optimistic in 2018, following an extraordinary year for retail. There were forecasts and predictions throughout the year about the “retail apocalypse” and the demise of retail as is well known that it paves the way for the all-powerful entity – Amazon. While the threat of Amazon is very real, retail ended the year on a high note, posting the biggest increase in US holiday sales since 2011.*

*Like always, the retail community gathered in New York City in January at the National Retail Federation’s BIG Show, NRF 2018, to see and discuss what is top of mind going into the next year. While shows in the past years presented powerful, innovative concepts, there were some very valuable, tangible takeaways that retailers should have from this year’s event that can steer them into the uncertain future.*

**Lawrence Pinto** brings an insider view from the Big Show on what the retail industry thinks and where it sees customer-retailer relationship going in a post-seamless scenario? How it’s prepared to meet the tech-savvy customer that looks to make an intelligent decision on an equally intelligent deal?

The NRF expected record attendance, with 35,000 registered attendees and 600 exhibitors from more than 3,500 companies and 90 countries. NRF executives held a pre-show press briefing in the Innovation Lab, a show within a show designed to highlight emerging technologies.

“Retail is not dead,” declared Matthew Shay, president and CEO of the NRF, in his opening remarks. “It is being reshaped in

## Media briefing by Matthew Shay



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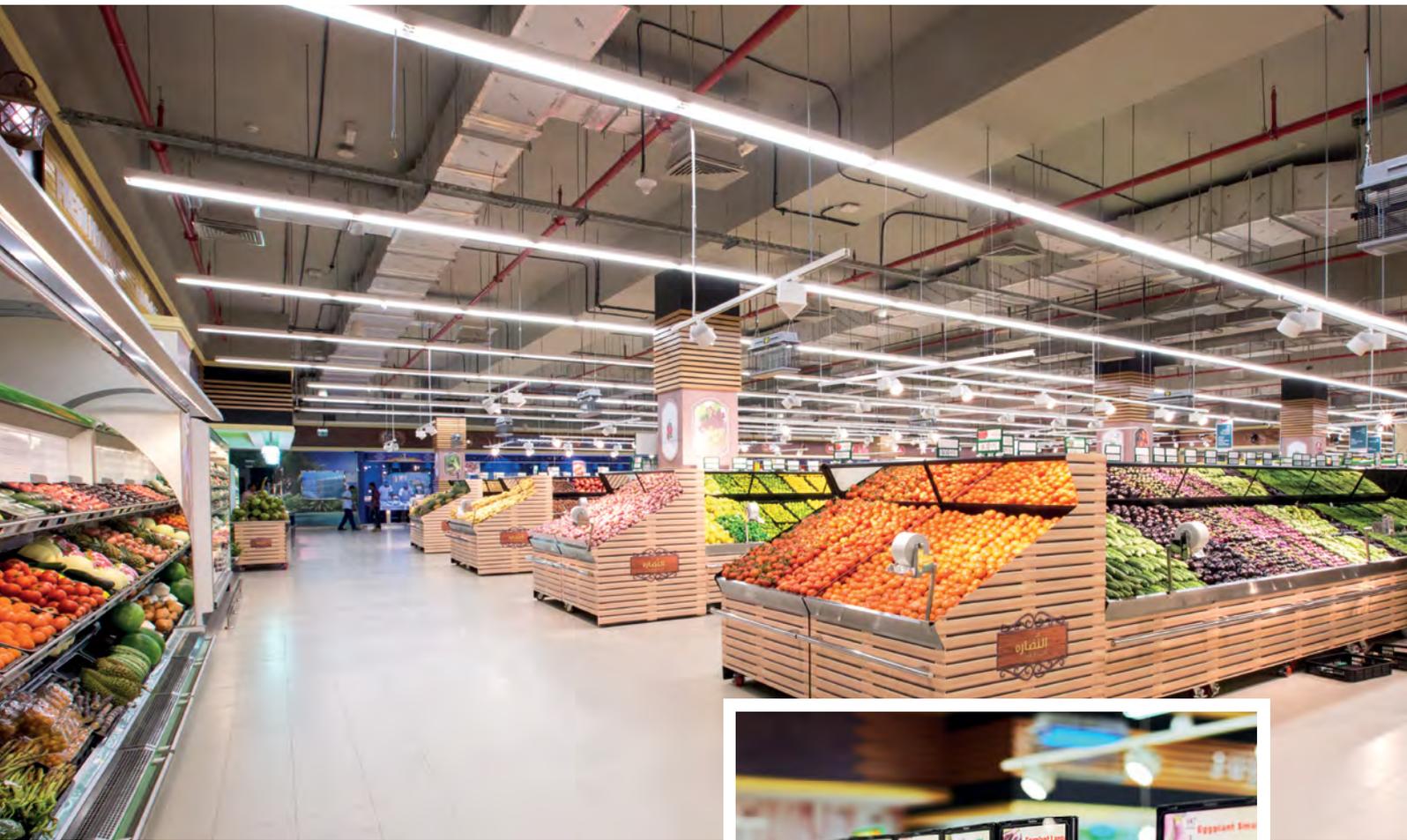
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# Store *of the* month

OUTLETS | SPACES | IDEAS | INNOVATIONS |  
DESIGNS | CONCEPTS | VENDORS | BRANDS |

## Nesto Hypermarket

Location: **Mushrif, Ajman**

Size: **200,000 sqft**

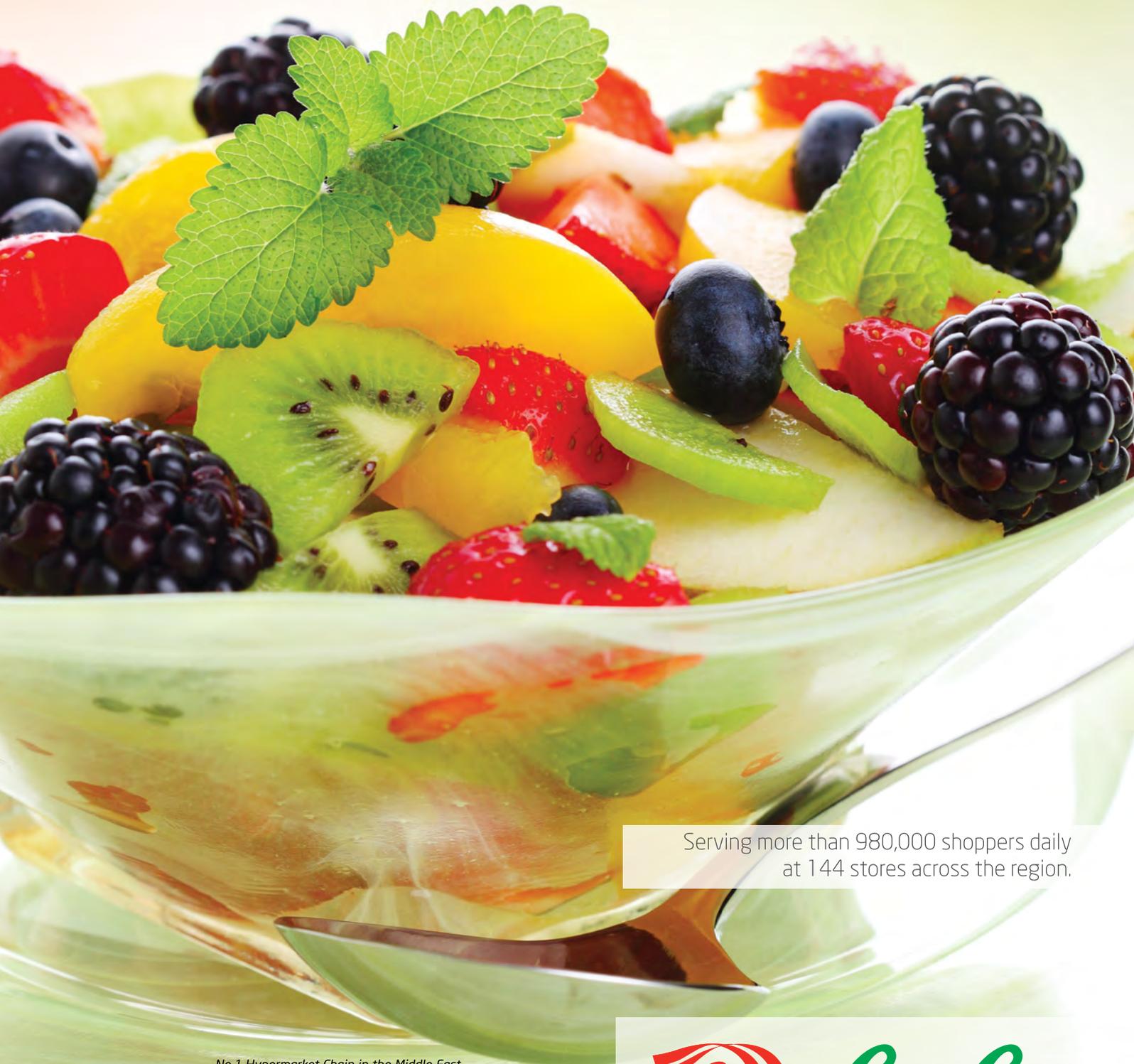
ESL supplier and implementation: **Eram Mena FZCO**

ESL solution by: **Hanshow**

Nesto Hypermarket, Mushrif has been a pioneer in implementing technology into retail. The store, spread across two floors, has an impressive display of food and non-food products ranging from fresh produce to electronics.

Some of the technology initiatives undertaken by the team, considered as the latest feather in their cap, are the use of electronic shelf labels (ESL). ESL technology implemented with Eram group has enabled Nesto to come up with display labels incorporating new VAT requirements within seconds. Nesto team is committed to taking the new ESL technology to all its stores, which while facilitating seamless customer transactions, also allows the retailer meet the legal compliance and improve multiple internal processes. While shopping in a technologically advanced store, customers can have full confidence in the prices displayed and the shop floor staff can devote more time to serve customers more efficiently.

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