

SPECIAL REPORT
EXPO 2020 DUBAI

ANALYSIS
RETHINKING GROWTH

MALL WATCH
MANAR MALL

CEO TALKS
AHMED RAGAB

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January 2020

Digital Transformation in Retail



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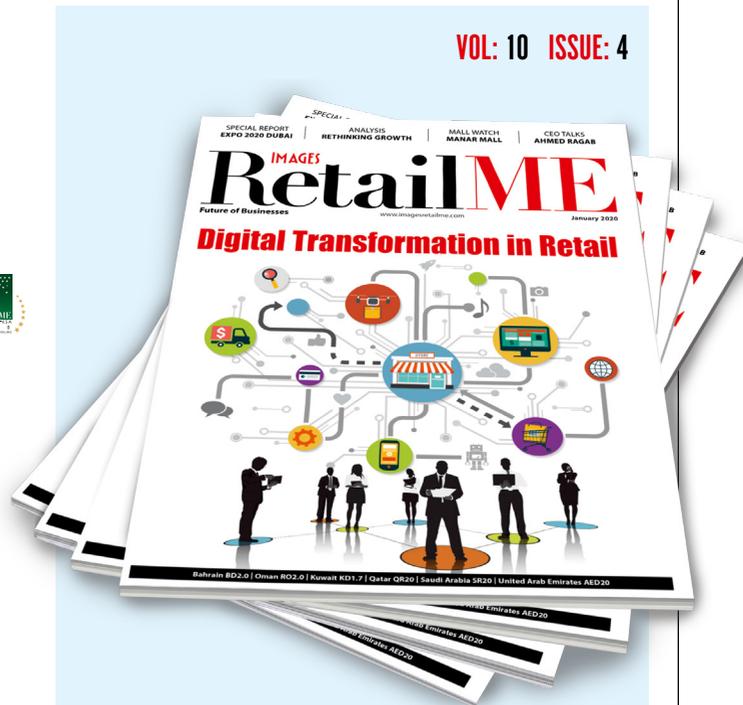
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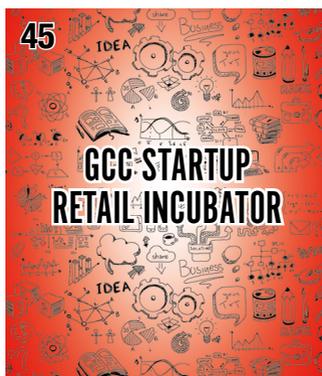
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COVER STORY

Experiential brick-and-mortar, robust e-commerce and engaging mobile app – these are at the forefront of omnichannel retailing. However, digital transformation journeys in the retail industry are not restricted to these areas alone. It encompasses much more to deliver a seamless shopping experience. High on the retailers' agenda are faster fulfilment, greater personalisation and building a more in-depth relationship with customers. On the part of customers, better communication with brands they like; more and more choice; and smarter buying experiences, including social commerce, will be high on the agenda.



Making retailing more exciting

As we enter 2020, indicators are pointing at aspects that will make the retail landscape more exciting. Top on the retailers' agenda is faster fulfilment, greater personalisation and building a more in-depth relationship with customers. On the part of customers, better communication with brands they like; more and more choice; and smarter buying experiences, including social commerce, will be high on the agenda.

The three significant areas to watch out for are that shopping will continue to be a multi-channel activity – from the wrist to shop floor. Thus, the need to develop a robust back end with a single view of inventory and customer and customised fulfilment ability.

Stores aren't perishing but will become smarter. Hence, the need to implement the right technology – from ERP to RFID and everything in between.

Selling is essential but not as much as meaningful engagement, leading to long-term relationships in the age of 'instant'. Herein lies the crucial importance of data and its accurate translation. Read more on how digital transformation is reshaping the future retail on page 14.

Expo 2020 Dubai, which is receiving the finishing touches, is an event that promises to further elevate the UAE's position on the world map as a nation driven by humanistic values, spirit of innovation and commitment to sustainability. The Expo will open its doors on October 20, 2020 and run until April 10, 2021. As a platform, it promises to change the future for the better through collaboration, innovation and sustainable development. Our special report examines how Expo 2020 Dubai will significantly contribute to the UAE economy (page 38).

Economic development and trade policy remain the most significant factors in shaping retail growth in consumer markets, indicate research firm AT Kearney's Global Retail Development Index (GRDI) 2019. The bi-annual study of the global retailing landscape also reveals that the UAE remains a resilient retail environment with an overall growth rate of 3-4%. This year, retail in the UAE is seeing a new era of disruption, with e-commerce growth estimated at upwards of 20% per year (page 28).

Also, look out for the announcements on Middle East Retail Forum and RetailME Awards in Dubai in April 2020 and Jeddah, Saudi Arabia in June 2020.



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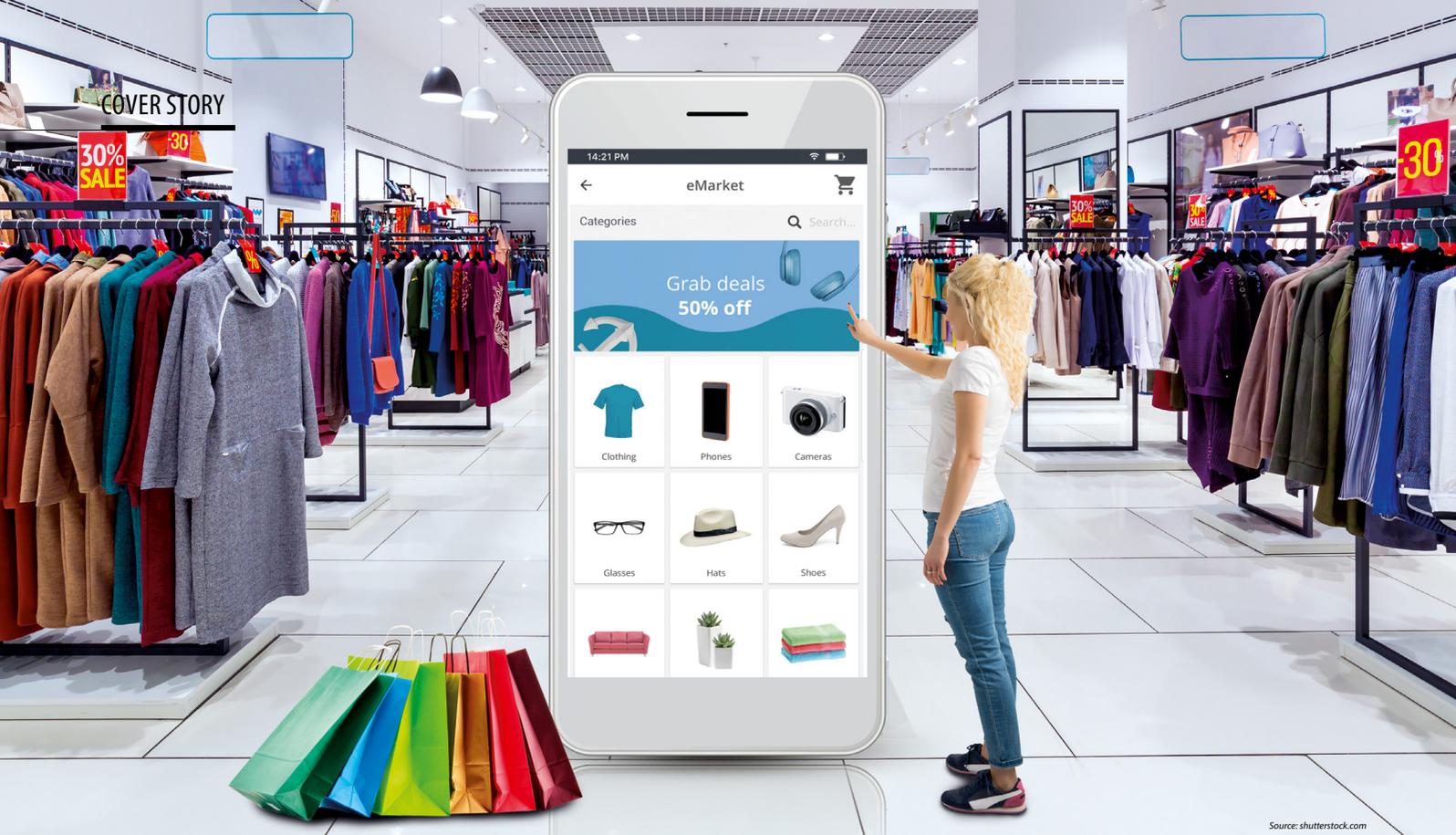
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Creating 'smarter' shopping experiences

Experiential brick-and-mortar, robust e-commerce and engaging mobile app – these are at the forefront of omnichannel retailing – also termed as 'new retail'. However, digital transformation journeys in the retail industry are not restricted to these areas alone. It encompasses much more to deliver a seamless shopping experience.

From CRM (customer relationship management) to the last mile, inventory management to warehousing, payment gateways to self-checkout – every aspect must be aligned to offer a highly differentiated shopping experience. As the fundamentals of retail are continually evolving, the

need for speed, convenience and experience are converging, making delivery of delightful shopping experience more and more complex – at the same time exciting – for retailers.

Organisations are also busy thinking of ways to integrate the human touch with technology. They are thinking of ways to increase efficiency to not only meet but also anticipate exact customer demands – as well as reduce returns – through use of machine learning (ML), artificial intelligence (AI), augmented reality (AR) and even robotics.

As we look into 2020, indications point towards certain aspects that will make the retail landscape more exciting. High on the retailers' agenda are

Overall, three significant areas to watch out:

- Shopping will continue to be a multi-channel activity – from the wrist to shop floor. Thus, the need to develop a robust back end with a single view of inventory and customer and customised fulfilment ability.
- Stores aren't perishing but are slated to become smarter. Hence, the need to implement the right technology – from ERP to RFID and everything in between.
- Selling is essential but not as much as meaningful engagement, leading to long-term relationships in the age of 'instant'. Herein lies the crucial importance of data and its accurate translation.

faster fulfilment, greater personalisation and building a more in-depth relationship with customers. On the part of customers, better communication with

brands they like; more and more choice; and smarter buying experiences, including social commerce, will be high on the agenda.

Rethinking growth strategies

Economic development and trade policy remain the most significant factors in shaping retail growth in consumer markets, indicate research firm AT Kearney's Global Retail Development Index (GRDI) 2019.

Taxation policies dictate discretionary consumer spend, impacting everything from cost-of-goods to the consumer to the cost of doing business in a country; and lead certain companies to operate or not operate in individual markets; and even determine the quality and quantity of goods for sale. In 2018, to diversify away from its dependence on oil revenues, Saudi Arabia adopted a value-added tax (VAT) of 5% across a broad range of goods, causing a decline in spending.

Geopolitical instability and growing power of local and regional competition in emerging markets are forcing global retailers to rethink their strategies continually. While social media and e-commerce fuel the evolution of global consumers, local realities such as internet connectivity and availability and cost of labour, continue to shape retail developments in the Middle East.

2019 Global Retail Development Index

2019 Rank	Country	Region	Population (mn)	GDP PPP/Cap (US\$)	National retail sales (US\$ bn)	MA	CR	MS	TP	Final score	Rank vs. 2017
						(25%)	(25%)	(25%)	(25%)		
1	China	Asia East	1,394	18,110	3,869	100.0	72.7	18.9	88.4	70	1 ↑
2	India	Asia South	1,371	7,874	1,202	60.2	60.9	66.8	88.8	69.2	-1 ↓
3	Malaysia	Asia South East	32	30,860	110	76.9	87.8	23.1	59.9	61.9	0 →
4	Ghana	Africa West	29	6,452	24	18.3	42.3	96.6	79.5	59.2	27 ↑
5	Indonesia	Asia South East	265	13,230	396	51.7	50.2	53.2	79.8	58.7	3 ↑
6	Senegal	Africa West	16	3,651	10	7.3	24.3	91.4	99.2	55.6	New
7	Saudi Arabia	MENA ME	33	55,944	125	84.4	69.4	16.1	49.9	54.9	4 ↑
8	Jordan	MENA ME	10	9,433	15	44.2	51.1	60.1	59.4	53.7	7 ↑
9	UAE	MENA ME	10	69,382	78	86.0	100.0	0.5	24.6	52.8	-4 ↓
10	Colombia	America South	50	14,943	101	46.7	71.9	42.2	43.8	51.1	0 →
11	Vietnam	Asia South East	95	7,511	109	25.1	25.3	61.6	88.7	50.2	-5 ↓
12	Morocco	MENA NA	35	8,933	47	32.9	53.7	63.0	51.0	50.2	-5 ↓
13	Peru	America South	32	14,224	66	42.7	63.1	47.2	47.1	50	-4 ↓
14	Dominican Rep	America Central	11	18,425	30	50.0	17.5	61.6	59.1	47	-1 ↓
15	Kazakhstan	Asia Central	18	27,550	53	53.4	38.8	65.0	30.9	47	1 ↑
16	Brazil	America South	209	16,154	472	65.5	67.4	25.4	28.1	46.6	13 ↑
17	Bulgaria	Europe East	7	23,156	23	65.3	61.3	10.5	47.2	46.1	New
18	Sri Lanka	Asia South	22	13,397	35	23.9	38.5	72.0	48.0	45.6	-6 ↓
19	Azerbaijan	Asia Central	10	18,076	15	34.7	23.5	82.8	40.6	45.4	4 ↑
20	Philippines	Asia South East	107	8,936	148	29.4	37.7	35.2	75.7	44.5	-2 ↓
21	Paraguay	America South	7	13,395	13	20.7	15.0	85.6	56.5	44.5	-2 ↓
22	Turkey	Europe East	81	27,956	208	60.3	58.3	33.6	24.8	44.2	-18 ↓
23	Russia	Europe East	147	29,267	497	79.8	36.0	0.0	58.8	43.6	-1 ↓
24	Thailand	Asia South East	66	19,476	146	50.3	51.8	10.4	59.3	43	6 ↑
25	Tunisia	MENA NA	12	12,372	14	27.4	34.0	69.4	37.5	42.1	-1 ↓
26	Egypt	MENA NA	97	13,366	116	21.6	15.7	68.5	59.8	41.4	New
27	Serbia	Europe East	7	17,555	20	52.0	45.3	13.0	48.9	39.8	8 ↑
28	Tanzania	Africa East	59	3,444	24	0.0	12.0	96.0	45.7	38.4	-7 ↓
29	Guatemala	America Central	17	8,436	38	31.8	6.9	66.3	39.3	36.1	5 ↑
30	Nigeria	Africa West	196	6,027	105	12.4	8.0	90.2	32.7	35.8	-3 ↓

Notes: MA is market attractiveness. CR is country risk. MS is market saturation. TP is time pressure. The change in rankings vis-a-vis 2017 considers the total set of countries rather than just 30.

Sources: EIU, IMF, Planet Retail, Euromoney, World Bank, Doing Business, WEF, United Nations, Population Reference Bureau, press articles; A.T. Kearney analysis



Innovate the Future of Retail

APRIL 8, 2020

MRF & Retail Tech Awards 2020

9:15-10AM	Registration & networking breakfast
10-10:15AM	Opening address
10:15-10:35AM	How to deliver delightful CX?
10:40-11AM	Are brands delivering on the CX promise?
11AM-1PM	The CX roundtable
1-2PM	Lunch
2-3:30PM	Case studies: Building partnerships to wow customers
3:30-5PM	Start-up Conclave

Retail Tech Awards 2020 - **7:30PM ONWARDS**

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MIDDLE EAST RETAIL FORUM & RETAILME AWARDS - KSA 2020

JUNE 10, 2020

Commemorating retailing excellence in the Kingdom of Saudi Arabia

10 - 10:15AM	Opening address
10:15 - 10:30AM	Keynote address: Retail prospects in KSA
10:45 - 11AM	Research report: Evaluating the retail potential in KSA
11 - 11:30AM	Solo addresses: Retail's relationship with technology & tourism
11:30AM - 12:30PM	CEOs Conclave: Retailing in the Kingdom
12:30 - 1:30PM	Lunch
1:30 - 2:15PM	Nurturing KSA's human capital
2:15 - 3PM	Evolving face of tomorrow's retail
3 - 3:45PM	Building future-proof social destinations
7PM ONWARDS	RetailME Awards - KSA

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Examining the Expo 2020 effect

In November 2013, when the UAE won the bid to host the largest event in the Arab world – the Expo 2020 Dubai – it seemed like a distant dream. In the next few years, concerted efforts and investments have gone into sketching out the plan and build the Expo site in Dubai. Selection of themes and bringing the

stakeholders together came next. Over to 2020, now the finishing touches are being given to an event that promises to further elevate the UAE's position on the world map as a nation driven by humanistic values, spirit of innovation and commitment to sustainability.

Being held under the theme 'Connecting Minds, Creating the Future', Expo 2020 Dubai is preparing to open its doors on October 20, 2020, and run until April 10, 2021. As a platform, it promises to change the future for the better through collaboration, innovation and sustainable development.

In different phases – pre, during and post/legacy – Expo 2020 Dubai will significantly contribute to the UAE economy. It is through construction activity in the pre-Expo phase; visitor activity during Expo; and commercial activity and visitors to Dubai Exhibition Centre (DEC) during the legacy phase.¹

¹"The economic impact of Expo 2020 Dubai" – Ernst & Young



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