

Retailing

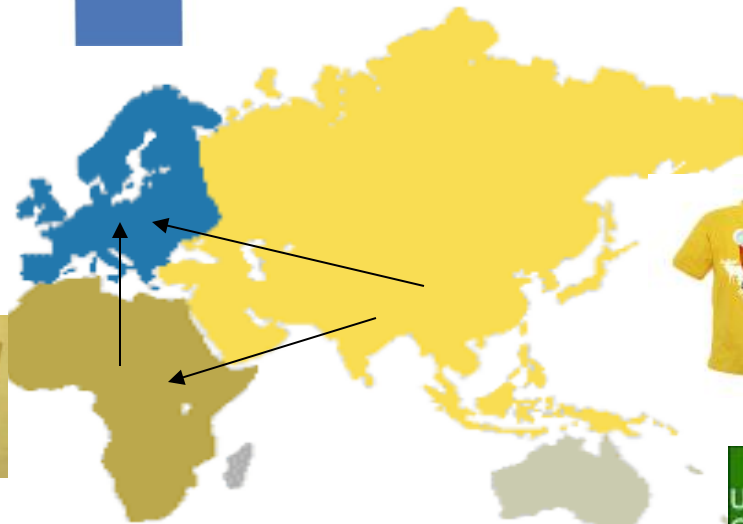
- **A brief overview on the business landscape of retailing**
- **Ending up in: What does it have to do with our Tech-projects...**

The history behind 60 000 T-shirts destroyed in EU harbours



Tulltaxan, Taric, innehåller över 20 000 varukoder som styr vilken tullsats som gäller för olika varor, vilka övriga avgifter som ska betalas vid importen och om det krävs licens eller några särskilda tillstånd att föra in varan till EU.

Soucre: DN, 2005



ZARA

UNITED COLORS OF BENETTON.

AFTONBLADET

Kinesiska klädberg i svenska hamnar

60 000 tröjor måste kanske eldas upp.

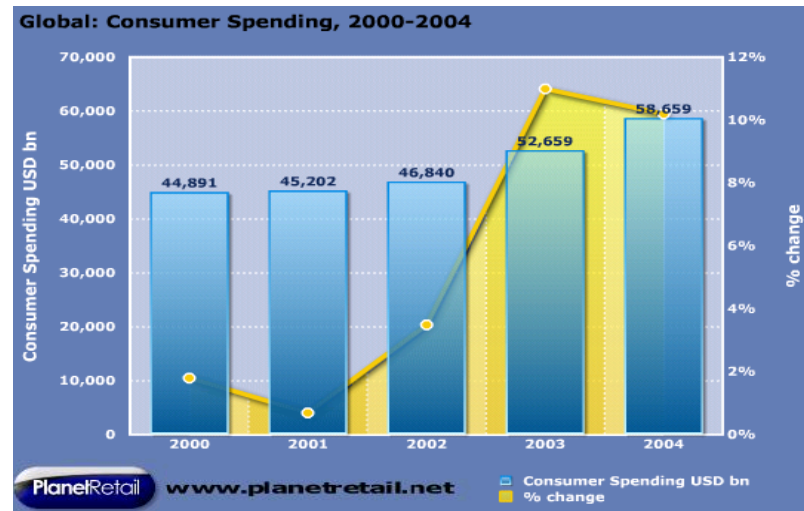
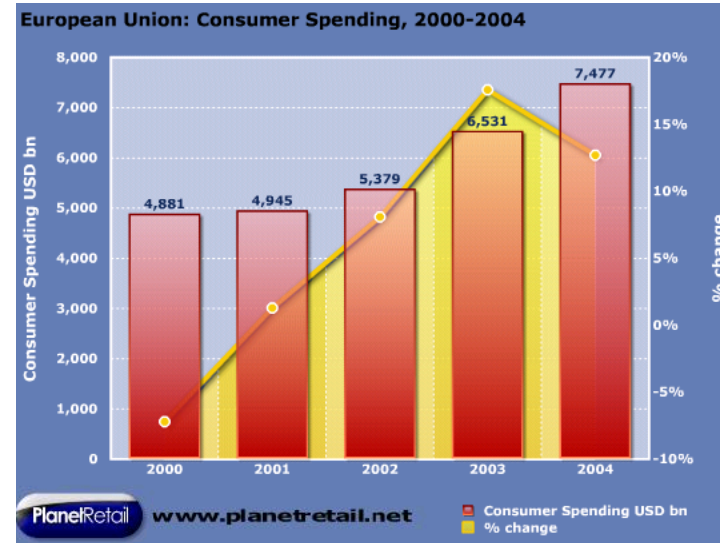
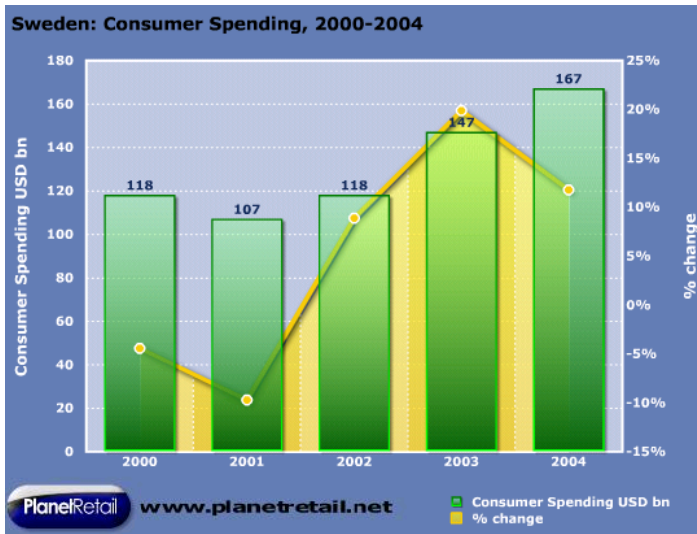
söndag 4 dec 2005

Textilimportörerna

Why telling you this?

- **Law and politics is all over
(like every industry)**
- **It is worth understanding
Retailing from a "logistics" as
well as "political" perspective
point of view**

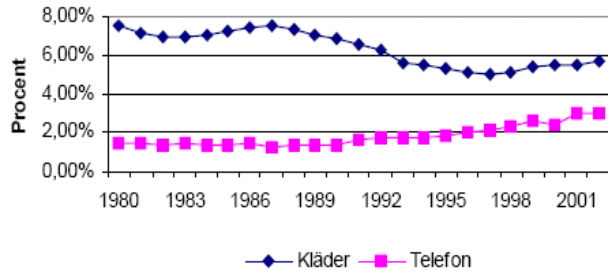
Consumer spending?



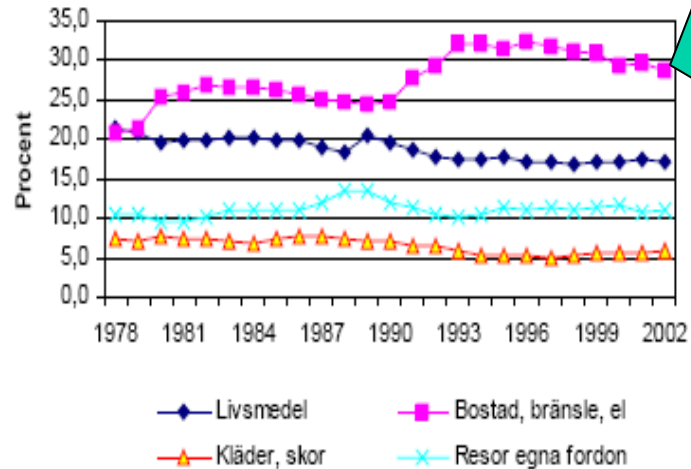
- What did happen to retailing during financial crises?

The "Swedish wallet"

Kläder och telefon i procent av total privat konsumtion

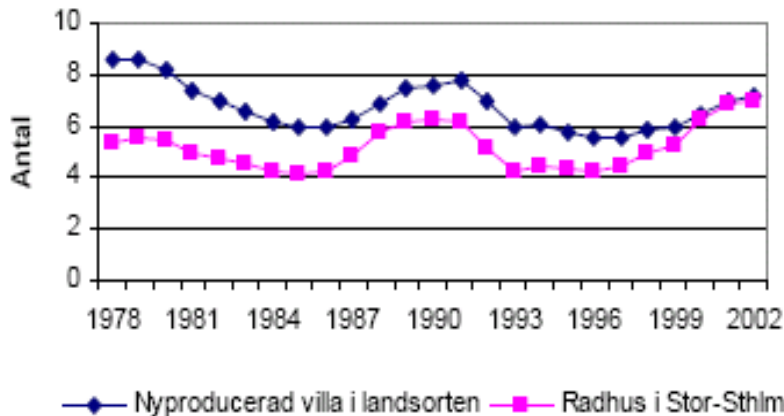


Privat konsumtion 1978 - 2002

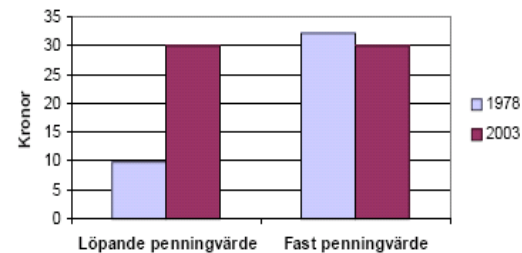


Big Mac have become cheaper. Telefoni and housing increase its part of the wallet. How much is spent on "shopping"?

Antal årslöner för köp av småhus 1978 - 2002



Priset på en BigMac



Källa: SCB, Institutet för Privatekonomi

Some products live on a global marknad

The hamburger standard

	Big Mac price in dollars*	Implied PPP† of the dollar	Under (-)/over (+) valuation against the dollar, %
United States†	2.90	-	-
Argentina	1.48	1.50	-49
Australia	2.27	1.12	-22
Brazil	1.70	1.86	-41
Britain	3.37	1.54‡	+16
Canada	2.33	1.10	-20
Chile	2.18	483	-25
China	1.26	3.59	-57
Czech Rep.	2.13	19.5	-27
Denmark	4.46	9.57	+54
Egypt	1.62	3.45	-44
Euro area	3.28**	1.06††	+13
Hong Kong	1.54	4.14	-47
Hungary	2.52	183	-13
Indonesia	1.77	5,552	-39
Japan	2.33	90.3	-20
Malaysia	1.33	1.74	-54
Mexico	2.08	8.28	-28
New Zealand	2.65	1.50	-8
Peru	2.57	3.10	-11
Philippines	1.23	23.8	-57
Poland	1.63	2.17	-44
Russia	1.45	14.5	-50
Singapore	1.92	1.14	-34
South Africa	1.86	4.28	-36
South Korea	2.72	1,103	-6
Sweden	3.94	10.3	+36
Switzerland	4.90	2.17	+69
Taiwan	2.24	25.9	-23
Thailand	1.45	20.3	-50
Turkey	2.58	1,362,069	-11
Venezuela	1.48	1,517	-49

MORE COUNTRIES Data for the countries below are not provided in printed editions of *The Economist*

	Big Mac price in dollars*	Implied PPP† of the dollar	Under (-)/over (+) valuation against the dollar, %
Aruba	2.29	1.41	-21
Belarus	1.37	1021	-53
Bulgaria	1.85	1.03	-36
Colombia	2.35	2241	-19
Costa Rica	2.61	390	-10
Croatia	2.42	5.14	17
Dom. Rep.	1.32	20.7	-
Estonia	2.27	10.2	-
Fiji	2.35	1.47	-
Georgia	1.90	1.26	-
Guatemala	2.01	5.52	-31
Honduras	1.98	12.4	-32
Iceland	6.01	151	107
Jamaica	1.88	39.0	-35
Jordan	3.65	0.89	26
Kuwait	7.33	0.74	153
Latvia	2.00	0.38	-31
Lebanon	2.84	1483	-2
Lithuania	2.26	2.24	-22
Macau	1.40	3.86	-52
Macedonia	1.84	32.8	-36
Moldova	1.93	7.93	-33
Morocco	0.26	0.82	-91
Nicaragua	2.19	11.9	-25
Norway	5.18	12.2	79
Pakistan	1.90	37.9	-34
Qatar	0.68	0.85	-77
Saudi Arabia	0.64	0.83	-78
Slovakia	1.98	22.8	-32
Slovenia	2.42	166	-17
Sri Lanka	1.41	48.3	-51
Ukraine	1.36	2.50	-53
UAE	0.67	0.84	-77
Uruguay	1.00	10.3	-65

*At current exchange rates †Purchasing-power parity ‡Average of New York, Chicago, San Francisco and Atlanta
§Dollars per pound **Weighted average of member countries ††Dollars per euro

Sources: McDonald's; *The Economist*

Big Mac Index



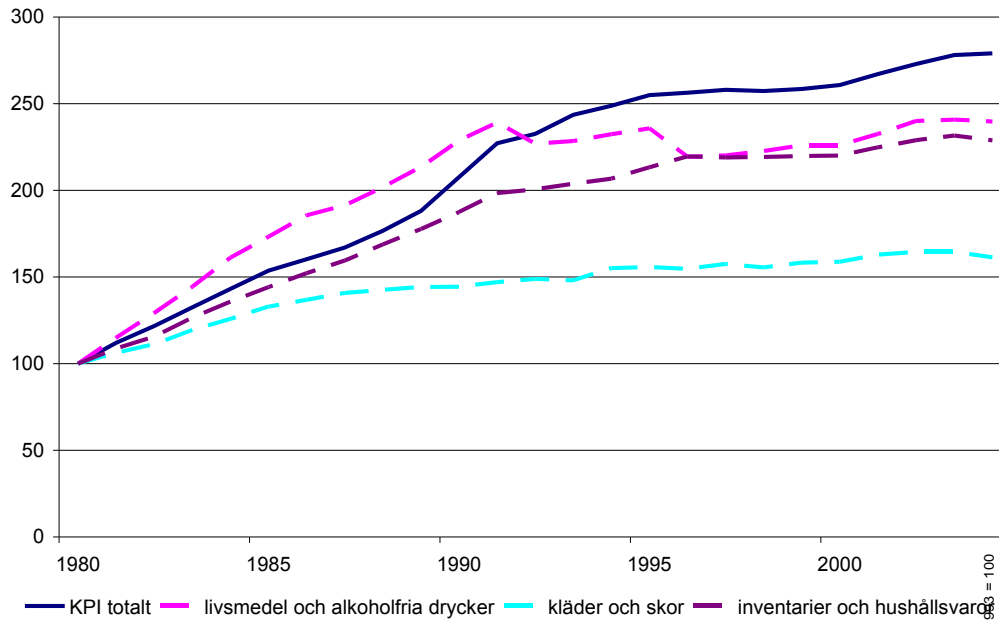
But Snuff lives on a local marknad

Prises and productivity in Retailing

Shrinking more in the future?

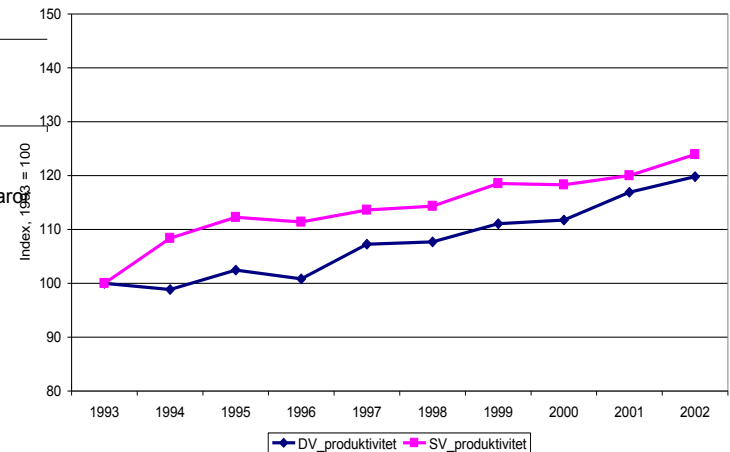
Meaning: Constantly trying to get a bigger proportion of the customer wallet

Sweden



Indexdev 1995-2005

France	+ 2 %
Sweden	0 %
Italy, Spain	- 2 %
Germany	- 5 %
Uk	- 5 %



Do you prefer shopping
Or going to the pub?

Source: Bergström, HUI, SCB, OECD, FAO (2005)

Henrik.Blomgren@indek.kth.se

The "Swedish customer"

Is this actually swedish?

- What did happen in my home when Gåshaga was presented was a desaster...or not

How much are you willing to spend if you this summer only where allowed to by one pair of shoes?

HOW DOES YOUR/ OTHERS WALLET LOOK?

How to understand consumer pattern of today is a BIG challenge

Can I picture you as:

- Boy/Girl?
- Young/old?
- Married/unmarried?
- Poor/Rich?
- Familyperson vs not?
- SEGMENTATION IS DEAD

Retailing is struggling heavily to understand "who" we are



It is a daily job understanding "who" we are



- At Manhattan only 16 % of the people do have children.
 - Look around in Sthlm.
- Why dont you marry nor get driving license?
- How come my grandmother uses here iPad more than you?
- What are the preferences and values of "customers"?

Said by the former head of NK



Old women
asking for
"yesterdays
bread"

Young "sloppy"
people buying a
Rolex

Who should we
care about?



Even more terrible...

We are not any more
"consistant" as
individuals

- Take a look at yourself, or me, or Björn, or Åke
- Expensive, cheep at the same time... but can change during the day, depending on situation etc...

It is difficult being a "big company" serving the masses...when the masses constantly move, and occasionally do not exist!

Anyone has a friend that would like to be called "part of the masses?"

How come well-educated students at KTH that easily get boy/girl-friends do use Tinder?

How come my recently retired business-friend do use Tinder eventhough he has been married 25 years?

Why telling you this?

- **Final customers is all over
(like every industry)**
- **It is worth understanding
Retailing from a "customers"
perspective point of view**

Actors in Sweden: Size matter



But new small actors pop up

At the same time as only ONE beercompany was created (Pripps)... huge amount of local breweries did pop up

"Small" stuff happening in retailing:

- Ecoactors
- Go to your closest farmer
- Home-grown stuff
- Restaurants selling retailingstuff
- ICA recently did launch "old fashioned fill-your-milk-bottles"
- E-...E-...E...

Could the same happen i retailing?

IT ALREADY DOES!

Size is relative in EU

Top 5 Share EU 1990	Top 5 Share EU 2000
14	26



Andelar Hemma
28
27
8



Europe:

- Swedish actors are small.
- In Europe no one is over 7 % marketshare. But Metro, Tesco, Carrefour are big and have grown more than 100 % during 10 years.

Western Europe: Top 10 Retailers, 2004

Rank	Retailer	Retail Banner Sales (USD mn)	Market Share (% RBS)
1	Carrefour	90,189	6.9
2	Metro Group	65,242	5.0
3	Tesco	56,707	4.3
4	Rewe	51,246	3.9
	ITM (Intermarché)	45,648	3.5
	Auchan	44,861	3.4
	Schwarz Group	42,647	3.3
8	Aldi	39,792	3.0
9	Edeka	39,519	3.0
10	Casino	35,462	2.7

Source: Planet Retail - www.planetretail.net

In US and Asia size really is relative

North America: Top 10 Retailers, 2004

Rank	Retailer	Retail Banner Sales (USD mn)	Market Share (% RBS)
1	Wal-Mart	250,246	15.0
2	Kroger	58,647	3.5
3	Target	53,949	3.2
4	Ahold	50,106	3.0
5	Costco	47,461	2.9
6	Albertsons	41,975	2.5
7	Walgreens	38,939	2.3
8	Safeway (USA)	37,685	2.3
9	CVS	32,564	2.0
10	JCPenney	27,790	1.7

Source: Planet Retail - www.planetretail.net

Asia: Top 10 Retailers, 2004

Rank	Retailer	Retail Banner Sales (USD mn)	Market Share (% RBS)
1	AEON	48,955	3.3
2	Seven & I	43,453	2.9
3	Uny	20,508	1.4
4	Daiei	17,736	1.2
5	FamilyMart	13,270	0.9
6	Lawson	13,093	0.9
7	Wal-Mart	12,602	0.9
8	Lotte	9,111	0.6
9	Carrefour	7,885	0.5
10	Tesco	6,446	0.4

Planet Retail - www.planetretail.net



On global scale swedish actors is not to be seen at all.

Wallmart = biggest on the globe.

Why is not WallMart in Sweden... yet?!



The global fight in retailing



The same time when WalMart went for China with 35 000 employees... They decided to enter the "West-coast" of US.

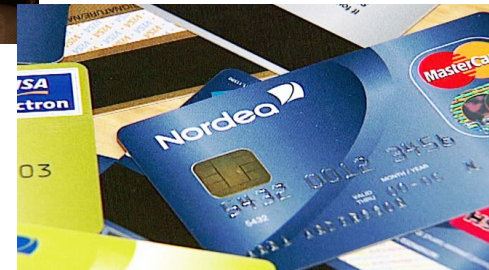
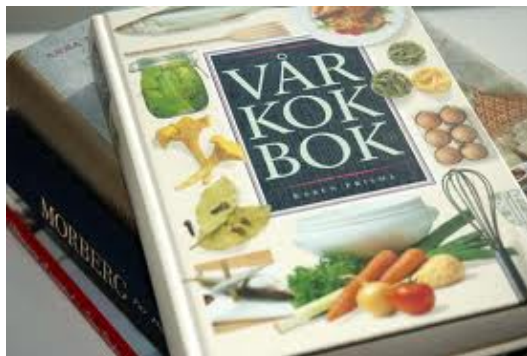
Lot of stuff left for the big ones to do



Why telling you this?

- **Competitors is all over (like every industry)**
- **It is worth understanding Retailing from a "competitors" perspective point of view**

Still...During history COOP was early adaptors in...



...And US retailers did travel to Sweden
"to learn"

Why telling you this?

- **Technology is all over (like every industry)**
- **It is worth understanding Retailing from a "historical Tech" perspective point of view**

Conclusion: When implementing New Technology in Retailing

- Every tech.project is embedded in the life of "Politics, Logistics, Customers, Competitors" etc

The PEST (Politics, Economy, Society, Technology)-model is great...if used well
and in depth

AND: Will help you succeed!