



NEW REPORT

Store Of The Future 2014

Towards the smart store - learning from online,
copying success factors, making USPs count

ResearchFARM



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December 2013

OVERVIEW: A SHOPPER JOURNEY



Out of town

- How can out of town stores stay relevant as much of their space will become redundant going forward?
- Can they pivot on existing infrastructure, supply chain integration and assets?
- Are there examples for successful transformations?

High street

- How can the high street innovate? What is the triple bottom line?
- Why is pedestrianisation such a buzz theme?
- What will be the impact on logistics?
- What will the smart city mean for retailing?
- Will same day delivery morph into crowdsourced models?
- Why are independent book stores in the USA growing again – in spite of Amazon or because of Amazon?
- What is the future of the convenience store? Why are travel locations so significant?



Logistics

- How will logistics reorganisation drive a revival of both high streets and out of town?
- How can bricks and mortar players copy the rise of prime and what can they do about it?
- Will Heathrow's Terminal 5 logistics set up become a model for the future high street? Westfield is using the same model already, there are other EU examples.
- How big will the modal shift become? Will logistics be all about the road in future?

Technology

- How can stores mimick the ecosystem approach so successfully deployed by online players such as Amazon or Apple (kindle, iTunes)?
- Will clienteling transform department stores, luxury players and car showrooms, what about other sectors?
- What loyalty approaches enable real time data visibility in store? Showing path to purchase history, consideration index and so on and thereby driving up conversion rates and enabling up-selling?

Creating destination status

- How can store based players combat the rise of online marketplaces by adopting similar models in the physical world? Who is doing this already?
- Why has Giraffe Watford become the best performer in the whole Group?
- Are restaurants the only way to drive future footfall into out of town centres?



TABLE OF CONTENTS (1/3)

Store of the future 2014: copying online, executive summary	p12
The cinema pivot: a model for retail stores?	p19
Pivot on existing infrastructure - model for stores?	p20
Learning from other sectors: The cinema pivot to opera, ballet and art	p21
Learning from other sectors: can this be replicated by retailers?	p22
3 key success drivers of Amazon	p23
Learning from online: Three successful concepts transforming retailing	p24
Ecosystems	p25
Rethinking the store	p26
Store of the future: Stores as ecosystems, integration of loyalty schemes	p27
Store of the future: Stores as ecosystems, collaboration	p28
Store of the future: Stores as ecosystems, heart of infrastructure, sharing footfall	p29
The other meaning of ecosystem: taking a leaf out of Apple's and Amazon's book, M&S	p30
The other meaning of ecosystem: M&S health & beauty kiosks creating a walled garden	p31
IKEA: The 3D kitchen planner, convenience, revenue enhancing, installation service	p32
Kitchen planner	p33
IKEA: The planner as market research tool, engagement and conversion enhancer	p34
Ecosystem: Linking up off and online shopper in real time, enabling personalisation	p35
Enabling ecosystems: 3 Recommendations	p36
Ecosystems recommendations, beyond clienteling	p37
Home delivery and Out of Town hubs, the next step in the evolution of drives and click & collect, how to combat and copy prime	p38
The out of town hypermarket: establishing future viability	p39
The out of town hypermarket: Carrefour's Planete – too costly, little traction	p40
Reducing redundant space: pivoting on retail infrastructure to combat prime	p41
Reducing redundant space: Vendor Flex, iteration of click & collect, collaborative delivery	p42
Reducing redundant space: recommendation for unproductive OOT space	p43
Auchan – the innovator	p44
Auchan: the innovator, the e-commerce structure, Auchandirect, Auchan.fr, Grossbill	p45
Auchan: figures, hyper vs. Chronodrive 2012, average sales and growth	p46
France: The development of the drive solution	p47
Recent key developments: car sharing, new formats, Simply Market drives, Arcimbo	p48
Auchan: Chronodrive/AuchanDrive, H1 2013 statistics, sales, customer numbers, baskets	p49
The Chronodrive model: the innovator	p50
Chronodrive: arterial roads, pure solution versus add on, cost management	p51
France: As no trading permits were needed, a boom in the format followed	p52
Linking out of town to the high street of the future	p53
Margins: all about route optimisations and efficiency, the rise of click & collect and lockers	p54
New use case: hubs on the outskirts, bundling trips from all retailers, milk round deliveries	p55
City consolidation centre	p56
The evolution of the high street: start ups, pop ups, smart cities, smart parking	p57
Changing context	p58
The future high street: low emission zones, congestion charging, pedestrianisation	p59
4 case examples: Copenhagen, Melbourne, Bogota and New York	p60
Liveable cities: the triple bottom line	p61

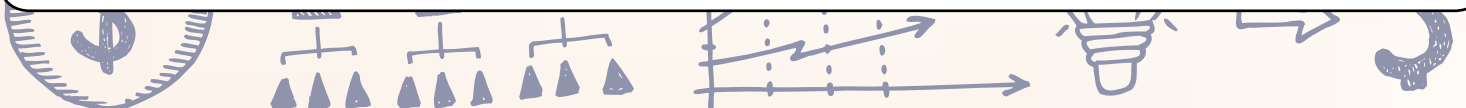


TABLE OF CONTENTS (2/3)

The future high street: the triple bottom line, learning from shopping centres	p62
The future city: pedestrianisation leads to logistics knock on effects	p63
Smart parking: ecosystem link up, temporary pedestrianisation	p64
Heathrow Terminal 5 - a model for the high street?	p65
Heathrow Terminal 5: reducing cost, improving OSA, increasing sales	p66
Hub Solution: combining sectors, online grocery & food service, comprehensive solution	p67
Retail logistics: Reducing the empty runs, interleaving	p68
Retail logistics: Partnerships will become a necessity as online shopping continues to expand	p69
Rethinking outbounding	p70
Same day and crowd sourced delivery	p71
Same day delivery: Shuttl's benefits, net promoter score, conversion rates, new customers	p72
Same day delivery: new use cases, Amazon Fresh, gifting	p73
Crowd sourced delivery – Stockholm	p74
Crowd sourced delivery: P2P on the last mile, the Stockholm example	p75
The modal shift: integrating the C store into the supply chain, fulfillment opportunities	p76
Supply chain integration: Morrisons, Casino and Cdiscount	p77
Supply chain integration: using the physical location as a hub to drive down costs	p78
Innovative delivery systems in urban areas: Casino Group's river delivery system in Paris	p79
Innovative delivery systems in urban areas: Casino's sustainable logistics	p80
Innovative delivery systems in urban areas: Franprix's reduced CO2 footprint	p81
Creating destination status: The flagship store of the future	p82
Store of the future: the high street flagship, pop ups	p83
FMCG stores - Paris, Amsterdam, Berlin, London	p84
Creating destination status: The flagship store of the future	p85
Creating destination status: A is for Apple stores	p86
Apple: first KPI declines, next step in evolution	p87
CG companies: going fishing where the fish are	p88
Creating destination status: Nespresso – creating perfect loyalty through ecosystems	p89
Case study: M&M store brand-building in the UK and the US	p90
Case study: Ritter Sport, Beiersdorf's Nivea in Germany, creating 360 ° environments	p91
Creating destination status: need to compete online, the offline opportunity	p92
Creating destination status: Recommendations	p93
Creating Destination status - Planet Modulor, Berlin	p94
Planet Modulor: The flagship store of the future, verticalisation and personalisation	p95
Collaboration: transposing the marketplace model into bricks and mortar	p101
Collaboration: making the online marketplace model work in offline	p102
Creating destination status without a flagship: Aldi & Rewe teaming up in Germany	p103
Aldi and Rewe, from competition to cooperation, a model for other markets and sectors?	p104
Footfall & loyalty through collaboration	p105
Food service: the out of town mega trend, Tesco & Giraffe	p106
Food service: the service shift from shopper to restaurant guest	p107
Restaurants & Retail	p108

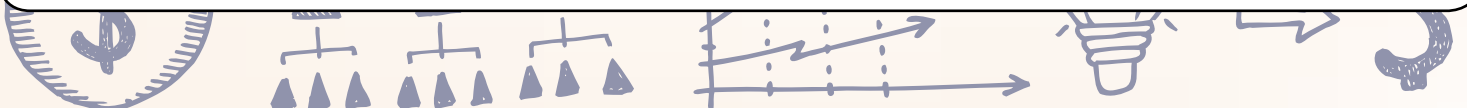
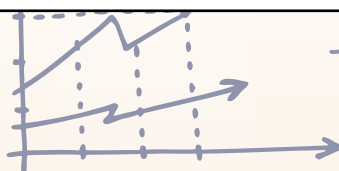
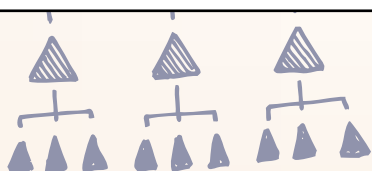


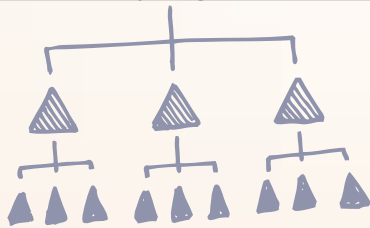
TABLE OF CONTENTS (3/3)

Restaurants & Food service: M&S and Sainsbury's failed Fleet street kitchen	p109
Restaurants & Food service: the better model, concessions or fully owned?	p110
Restaurants & Food service: Wholefoods and HEB best in class	p111
IKEA Restaurants - footfall driver par excellence	p112
IKEA: In-store experience, children's play areas, Swedish foodhalls as moment of truth	p113
The food service opportunity for c-stores	p114
Food service: moving towards coffee shops, difficult proposition	p115
Convenience stores: Congenial environments, fast casual dining	p116
Chez Jean: Casino & Relay cooperation, Daily Monop innovative space saving solutions	p117
Circle K: attract target customers and make them regulars	p118
Food service: Rewe to go, difficult German market, bakeries and gas station saturation	p119
Actionable recommendations: food service and third space	p120
Convenience stores and travel locations – the winning format	p121
Convenience stores and travel locations	p122
Catchment centrality: the opportunity in travel locations	p123
Catchment centrality: dedicated convenience private labels	p124
C-stores: winning formats of the future – confluence of supportive trends	p125
Catchment centrality: Travel hubs – the fastest growing convenience location	p126
Travel hubs: A lucrative location for convenience stores	p127
Background drivers: guaranteed and high quality footfall, at least twice a day	p128
Background drivers: higher standards, logistics advantage, easier to open small outlets	p129
Travel hubs case examples: Sourced Market, London St. Pancras, crowd sourcing expansion	p130
Travel hubs case examples: Sourced Market, London St. Pancras, 10k customer per week	p131
Travel hubs case examples: Hubiz, Paris, swivelling a time sensitive proposition	p132
Travel hubs case examples: Hubiz Paris, stock rotation	p133
Travel hubs: Casino and Monoprix bringing everyday convenience to train stations	p134
Travel hubs: Monop' station, offering laundry services	p135
Recommendations: Travel hub convenience 1/2	p136
Recommendations: Travel hub convenience 2/2	p137
Travel locations, click & collect, Copenhagen & Switzerland	p138
Travel hubs: click & collect lockers targeting commuters	p139
Travel hubs: Asda, Amazon and the London Underground	p140
Conclusion – bringing it all together	p141
Conclusion	p142
Recommendations: treating the store as a node in a wider network	p143
Conclusion: the arrival of the truly smart store	p144
Sources	p145
Postscript: Ageing populations: How do H&W trends affect the hypermarket of the future?	p147



STORE PICTURES

- Nespresso Store
- M&M store, London
- Ritter Sport store, Berlin
- Nivea store, Berlin
- Rewe, Aldi Mannheim
- M&S, Marble Arch, London
- Amazon locker, London
- Chronodrive, Paris
- The 3D Print Store, Farringdon, London
- Chez Jean, Paris
- Circle K, Hong Kong
- Rewe to go
- Hubiz, Paris
- Monop' station
- Click & collect locker, Copenhagen
- IKEA, Nuernberg
- Rewe, Muehlheim
- Tesco, Watford
- Carrefour, Paris
- Auchan, Paris
- Arcimbo
- Casino
- BIC store, Paris
- The Old Amsterdam Cheese Store, Amsterdam
- Planet Modulo, Kreuzberg, Berlin
- Apple store, Lincoln Park
- Sourced Market, London St. Pancras



The out of town hypermarket: Carrefour's Planete – too costly, little traction



In France, where the hypers have suffered for years – also, it has been said, caused by specific French legislative hurdles, such as the Loi Raffarin, not just by oversaturation – the erstwhile market leader Carrefour tried to move the stores more upmarket with the planete concept. This proved costly and did not deliver the desired uplifts, as shoppers did not start to spend freely because of hairdressers and sushi bars in their hypermarkets. One explanation is that French shoppers looked for value in a recessionary environment, explaining the success of E.Leclerc, and hence rejecting the planete makeover, another is that hypermarket revitalisation is difficult to pull off, as many secular trends count against the model, as we just discussed on the previous slide.

However another strand of thinking comes to the conclusion that **much of the out of town hypermarket space acquired during the boom times when retailers were expanding, resulting in a space race between the competitors is now redundant**. The UK's DIY market leader B&Q sharing and subletting an outlet to Asda would be an example of the latter strand of thinking.

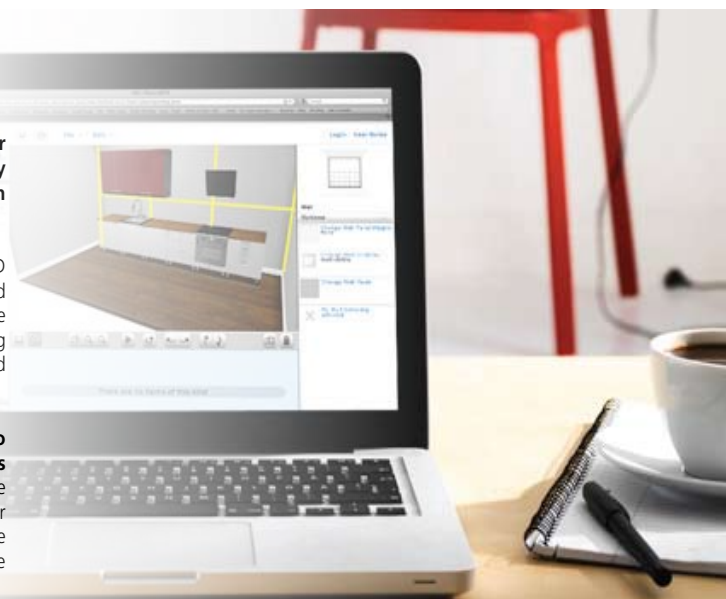
For the hypermarkets at the moment it is all about how to draw footfall, and the importance of food service should not be understated, Tesco's current strategy around partnering up with the restaurant chain Giraffe is a good example of this. We will go into a bit more detail on restaurants and food service later on.

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Services on the IKEA website include the option to download interior planning software, whereby customers are presented with the opportunity to interactively create a unique and tailored design for the room they wish to furnish.

One such example is the 3D kitchen planner which includes features such as a 3D virtual centre to customise products, and a detailed floor plan which can be printed with dimensions to aid in the furnishing process. The ordered item can then be saved on the online server to be picked up at the closest IKEA store (guaranteeing footfall). The planning service is user friendly, whereby furniture can be chosen and customised using a drag, drop and rearrange facility.

In the past, in order to design the layout of a room, IKEA customers had to plan in-store, making the latest online service more convenient with regards to time and travel. The tool could also be critical as it presents a new and innovative way to engage and expand the range of services available with customers. For instance, when designing a kitchen, a specialised IKEA team is needed to install the units, not only contributing to revenues, but also enhancing reputation. It should be noted, that made-to-order products designed in this manner are non-refundable.



TESTIMONIALS AND CLIENTS

«For us the ResearchFarm reports are so useful. The information provided give us the opportunity to increase our knowledge about the retail industry and its key trends.» Rafael Florez CEO GS1 Columbia

«I found it very insightful. [...] Impressed with the amount of information that has been covered by your report.» (Retail merchandising company)

«I found the document easy to read, well laid out and the content thought-provoking. It reminds me of the major considerations that affect our markets, and to address these key issues when approaching the global brands and retailers.» (Technology supplier)

«The content is very interesting to us, as we look after many of the largest shopping centres and we also represent many international retailers entering our market. There is plenty of food for thought.» (Property consultants)

«It was helpful. It helped me to persuade my boss to take on a project about e-commerce research. I was really surprised by the importance of legal issues. I never read that elsewhere before.» (Government)

«Thank you again for the study. These are very, very interesting, well explained (so, logical) predictions. Highly reliable and useful (I like the idea very much that loyalty schemes will move onto smart-phones). It's quite impressive!» (Publishing group)

«On DLF's (Danish Association of Fast Moving Consumer Goods Manufacturers) New Years Conference we had the great pleasure to hear ResearchFarm speak about future trends in online grocery retailing. The feed back from the conference participants was very positive as they gave ResearchFarm's presentation the highest score of all speakers, finding the analysis about the key success factors of chosen EU and US online retailers both very interesting and inspiring. We can therefore give ResearchFarm our best recommendation.»

Dagligvareleverandørerne – Danish Association of Fast Moving Consumer Goods Manufacturers



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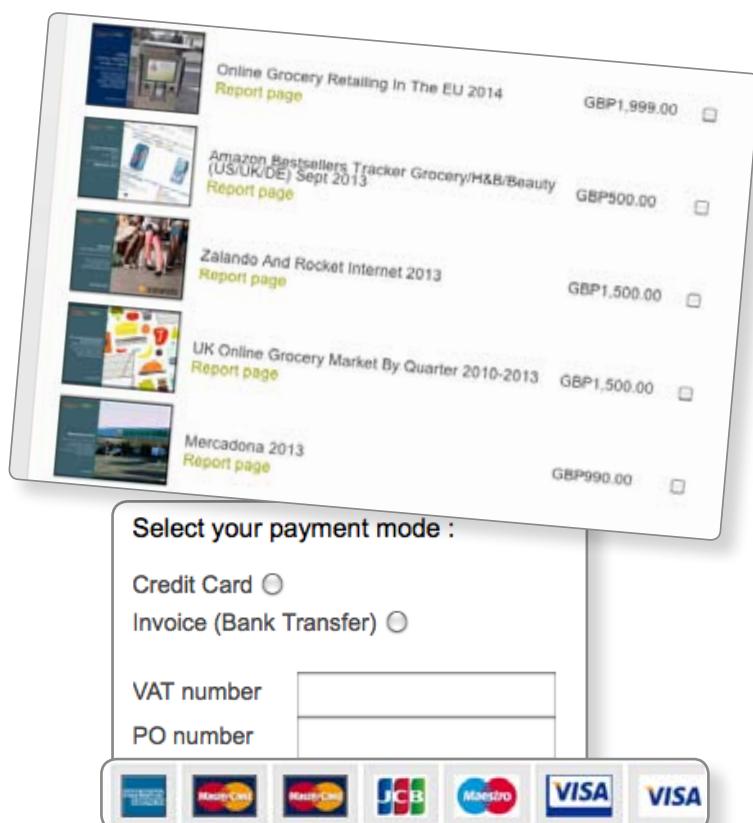
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