NEW REPORT

STORE OF THE FUTURE

ResearchFARM

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Retail Analysts

STORE OF THE FUTURE 2016
HYPERMARKETS

INSIDE:
Key questions answered + table of contents

November 2015

In 2015/6 the hypermarket is under pressure. Decline is inevitable, the format was groundbreaking in the 1980s. But this also opens up space for innovations...

Among the initiatives employed are the obvious, the innovative and the truly radical.

More obvious solutions have seen retailers trying to integrate the format with online:

1) by opening drive thrus, click & collect solutions, locker banks or dedicated pick up points.

2) by bringing online technology into the store, but often these solutions interrupt the shopping journey. In most cases they won't bring about transformational change either.

3) by renting out space to concessions. In France, Casino has more or less outsourced its non food business to Cdiscount, the online marketplace. This has added such flexibility and been so successful, that Carrefour has copied the strategy with the RueDuCommerce acquisition.

Moving from the obvious to more innovative solutions:

The old weekly market on the main city square has been revived and updated. Especially in the Netherlands both the introduction of food service elements and the addition of organic, local and hipster brands have been a huge success (Landmarkt, Jumbo). There are different versions, but all concepts described here are radical and have no non food at all.

If revitalisation attempts fail, then retailers should use the space so it is still producing value for the business. Retailers could use part of the buildings to get into the huge real estate demand for shared office space for (retail) start ups. Retailers could also use the sheds as server farms. These could store crucial business data and the big data from customer touch points in a private cloud.

Moving to the more radical possibilities:

One option would be turning sheds into warehouses to fulfill from. After all many hypermarkets are in perfect locations for this, near conurbations and residential areas. Crucially links to established B2B supply chains are up and running. Instacart or Uber could work well in combination with such out of town depots.

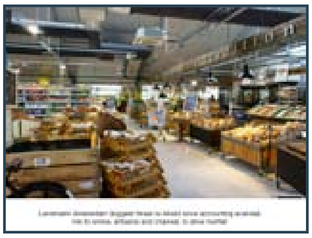
Alternatively, one could combine hypermarket space with UAVs. Solar panels apart, many hypermarket roofs are dead space. One could now use drones and robots to make urban farming on roofs a reality, all access needed would be a lift shaft.

KEY QUESTIONS ANSWERED 1/2

- Which hypermarket location had the highest sales in the EU in 2014?
- What sales densities are achievable?
- Why is Kaufland, for years the standout operator, suddenly struggling?
- Does non food have a future in hypermarkets?
- Are concessions, drive thrus and click & collect the way to go?
- Are there any instore technology solutions (that sometimes work well in other formats) really suited to the hypermarket shopping trip? Have any of them proven transformational? And if not, why not?
- How do US hypermarket operators localize their stores? How do you regain authenticity?
- Why has Carrefour copied Casino’s Cdiscount strategy? Will the Priceminister acquisition be a success? Why was Ahold’s acquisition of BOL a masterstroke?
- How have retailers in the Netherlands emerged as groundbreaking innovators? Why has Landmarkt Amsterdam become a trendsetter in large store food retailing? Who are the other major players?
- How will the street food trend influence hypermarkets of the future? Will street food, pop ups and niche brands become the saviour of the format?

KEY QUESTIONS ANSWERED 2/2





- How can you copy an Amazon marketplace model with 3P sellers in a hypermarket store?
- What sales densities are achieved by radical new farmers market/hypermarket ventures? How important is food service?
- How important is collocation between organic, hipster, local and artisanal players and the chained operators under one roof?
- Which hypermarket operators are moving to high street and why? Can you operate a full sized out of town store in the city centre – assuming a suitable location becomes available? What are the learnings from IKEA?
- Is car parking still important? What about selection and range depth – or can all of this be outsourced to online?
- Which shopping mall and hypermarket operators have started to truly and radically innovate and subleased space to start ups?
- Should shed space be used as server farms? Or is turning sheds into fulfillment centres and delivery hubs the way to go? Will Heathrow's Terminal 5 and Westfield Shepherd's Bush become logistics models of the future?
- What about underused capacity – such as roofs, are there any groundbreaking innovations around? Who is moving beyond solar panels … How about urban farms and what role could drones play in this context?

FACT SHEET

STORE OF THE FUTURE 2016: HYPERMARKETS

FEATURES

- Discussions on solutions available including localisation, concessions, click & collect and 3P marketplace integration, with examples of each
- Arguing the case for hypermarkets to be part of a multichannel mix
- How food markets offer a glimpse into hypermarkets of the future
- A section on how logistics can bring hypermarkets closer to the inner city
- An outlook on the future of the high street
- More ‘out-there’ suggestions on how to utilise space in large stores
- Analysis from store visits including pictures
- Outlook section on the format’s future

BENEFITS

- Gain a thorough understanding of why the hypermarket format still has a bright future
- Acquire insights into the many innovative solutions retailers are using for larger stores
- Understand the various solutions available and decide which ones are most relevant to you.

RETAILERS/COMPANIES COVERED

- Ahold, Aldi, Amazon, Arcadia, Argos, Auchan, Asda, BOL, Budnikowsky, Carrefour, Casino, CDiscount, City Farm Systems, Delhaize, DHL, Edeka, E.Leclerc, HEB, Ikea, Jumbo, Kaufland, Kerb, Kohl’s, Landmarkt, Lidl, London Union, Macy’s, McDonald’s, Netto, Nike, Priceminister, Sainsbury’s, Target, Tesco, Torvehallerne, Urban Food Fest, Westfield

STORE VISITS

- Denmark, France, Germany, Netherlands, UK, US.

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- PDF & Powerpoint files
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TABLE OF CONTENTS 1/3

TABLE OF CONTENTS 2/3

TABLE OF CONTENTS 3/3

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Global Channel Category sales
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«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

«The discounters reports were and still are very helpful as we got lots of detailed information and figures we haven't found anywhere else. This has helped us to progress with our plans of expansion in the US and convince people internally of the market potential.»
Marketing Manager - Bonifaz-Kohler

«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.»
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