



Monthly Business Report

January, 2014

This Month:

#areyoulistening

- Change is happening faster than you can call a meeting.
- If your Web page takes more than 15 seconds to load, you lose 30% of your sales.
- Incremental adjustments to the store layout and product assortment are insufficient to survive.
- We have passed the tipping point: Tough economic times and evolving consumer behavior have hastened the change.

Superstars

Today's superstars in sales are not Walmart or Amazon.

In the late 90s and early 2000s mass merchandisers like Walmart seized full control of retailing from manufacturers. Major chain stores dictated what would be sold and at what price. If you didn't list with the big boys and follow the rules you were relegated to team B ... but, their star is losing its glow.

Walmart Sales (X 000,000,000,000)				
1997	2005	% Incr. over 7 years	2012	% Incr. over 7 years
\$100	\$312	212%	\$443	42%

Amazon's main competitors are the men in shorts: UPS and FedEx

Amazon is a retailer with big warehouses while UPS and FedEx are shipping companies with big warehouses. Web sites and order payment systems are cheap. The common challenge is **getting box A to destination B**. Amazon has expertise in computing systems and artificial intelligence that others in logistics can't match. Amazon is not the retailer's enemy—they may be their best friend.



There is a new Superstar in town

By 2017, 60% of all U.S. retail sales will involve the Internet.

Forrester Research Inc. entitled "U.S. Cross-Channel Retail Forecast, 2012 to 2017."



Products with the lowest online sales are the products with the greatest levels of online research through mobile activity like customer reviews, Tweeting and Facebook. These products, referred to as Research Online Buy Offline (ROBO), will account for **\$1.1 trillion** of the \$1.8 trillion total **Web-influenced retail** sales predicted for 2017. (The Web-influenced figure does not include the e-commerce purchases of \$370 billion.) In general, consumers in all categories touch the Web during some part of their purchase journey, but Web sales (i.e.

dollars spent online) tend to be strongest in categories where consumers don't need to touch the products or have them immediately.

Consumers expect stores to deliver an experience that they cannot get online

- Consumers expect a personalized experience that responds to their needs and provides access to **a broader range of products than the store can physically showcase.**
- Consumers need to be able to order anytime, anywhere.
- Consumers expect the ability to scan product bar codes and access product information.
- The mobile device is the check out.
- Consumers expect high levels of convenience, flexibility and immediacy around pickup and delivery, even when they buy in store.



The changing role of the store has far reaching implications both within the four walls of the store as well as for the overall retail organisation. **Fundamental changes** will need to be made **across the organisation** in all functions in order to support the operation of the store of the future.