CARL BOUTET

THE GREAT ACCELERATION

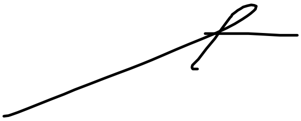
THE RACE TO RETAIL RESILIENCE

"IT IS UP TO US TO DECIDE IF THIS IS THE BEGINNING OF THE RENAISSANCE OR THE BEGINNING OF THE END"

-SCOTT GALLOWAY

Warmest thanks to the APCC and its members. It was a real privilege to keynote The Great Acceleration at your incredible NextGen - Retail Ecosystems event at LX Factory in Lisbon.

Parabens & Obrigado!



Carl Boutet

"The only constant is change"

-Heraclitus

Carl Boutet
Author, Speaker & Retail Prescriptor

Carl Boutet is a Montreal based retail strategist and executive advisor with over 25 years of hands- on operational, marketing, merchandising and retail executive experience. He has worked across a full array of retailer environments from the very large, such as 10 years with Costco Wholesale to working as a strategy consultant for a group of 800 independent retailers across Canada.

As the founder of StudioRx, he advises retailers, business leaders, b2c solution providers, companies and researchers on how to tailor their solutions according to consumers' evolving needs and build effective go-to-market strategies.

Recently named by Rethink Retail among the world's 100 top most influential retail thinkers , he's keynoted on major stages & screens around the world for numerous corporations and major conferences including NRF Big Show, ShopTalk, RCC STORE, Store of the Future (UK), ASEAN Retail Summit, Egyptian Retail Summit and Economic Forum of the Americas. He is a regular contributor to BNN Bloomberg TV, CBC News, Radio Canada Premiere and CTV News.

ACKNOWGEMENTS

Although the book has my name on the cover, this is truly the greatest of collaborations. One that spans the globe connecting people I admire, respect & love working with.

I should start by thanking Professor Doug Reid, my Queen's University business school strategy professor who over 5 years ago, after a long discussion at a class reunion dinner, simply said: "Carl, you have a book in you". Up to that point, I had never even considered the idea. He was the first to propose it and, in many ways, instigated the idea that I should invest time in this endeavour. So yes, this first book for me has been a long time coming.

Secondly, I want to acknowledge many of our industry thought leaders who've inspired me and showed me a path forward. I first connected with Doug Stephens (aka, "Retail Prophet") over a decade ago that exposed me to a whole new approach to a potential career trajectory. I still consider Doug's "The Store is the Media" among the most groundbreaking ideas of the past decade.

I feel tremendously privileged to exchange with many of the world's best retail leaders & thinkers, several of whom you'll find interviewed on these pages. Plus, you'll continue to discover others as this multimedia project is meant to be the launch of an ever-expanding project. I would also like to acknowledge the works of dear industry friends who I highly encourage you to read/listen/watch as their brilliant perspectives are very complimentary to mine, particularly: Steven Dennis, Anne Mezzenga, Chris Walton, Roslyn Griner, Jeremy Gutsche, Mitch Joel, Lauren Thomas, Phil Wahba, Ian Scott & Brandon Wael. Very special mention to Oliver Banks for the brilliant audio commentary of the interview extracts we shared to promote this project and notorious "Prof G." aka Scott Galloway for his continued inspiration and support.

Lastly and most importantly, I want to show my deepest appreciation for the team that has supported me most in making this book happen: starting with Ashish Mangla my trusted research assistant who compiled & visualized all the complex data, Jasmine Glasheen who helped with editing the data report, Devieka Gautam who brilliantly summarized my interviews, Pratish Shrestha who brought his creative genius to the layout and design, Laurens Bonnema for the amazing interview illustrations, Michael Cardillo for the promotional videos and Molshree (Molly) Vaid who contributed immensely in producing the important sustainability portion of this project.

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INTRODUCTION

Shanghai January 16th, 2020

Here I was getting ready to fly back from a whirlwind Asian tour that started ten days earlier chairing the first ASEAN Retail Summit in Bangkok. Little did I know that I was so near ground zero of a tsunami of the greatest of global pandemics of the last hundred plus years. A tidal wave that in a matter of weeks would provoke so many fundamental changes in the ways we live and consume.

During the following weeks, I would stay close to my Shanghai-based friends, watching with some admiration how rapidly they were adapting to these dramatic new conditions and showing great resilience.

Then, as the months followed, the one word that kept on being pronounced by business leaders & thinkers was unavoidable: Acceleration. This idea that in a matter of months we lived through advancements in trends that we had previously predicted would take 5-10 years, we witnessed in 5-10 weeks. This acceleration in many ways proved to be a portal into the future.

April 2020, during Steve Dennis's excellent Remarkable Retail book launch, was the first time I shared this notion of how we might choose to look back on this period, the context of the other "Greats", i.e., the 1929 Great Depression, 2008 Great Recession but this time, with a hopefully more optimistic business outlook. Recognizing the massive short term changes as opportunities to accelerate much more structural components.

For instance, in the spring of 2020, we saw e-commerce adoption double in much of the west which had severe repercussions on logistics & supply chains. Entire office towers went dormant. Education went online. Medical appointments were remote.

"Never let a good crisis go to waste" is the famous Winston Churchill that is also regularly referenced as many business leaders recognize the pandemic as an (albeit sometimes painful) opportunity to push their change initiatives harder and faster. A good example being retailers using the government-imposed shutdowns to place themselves in creditor protection to exit leases in less desirable conditions. Other examples of increased investments in automation, restructuring of supply chain and logistical attributes.

So big questions arouse around notions of "new normal" or probably better said "new ab/paranormal". Knowing that many of the extreme changes provoked by the Covid-19 pandemic, especially those created to protect public health and limit in-person interactions, wouldn't last forever, we wonder, "how much of this acceleration will remain?". "What will be its lasting impacts?"

This "book" (I paraphrase as this more an always evolving multimedia project than a static written endeavour), is meant an exploration of the business impacts of The Great Acceleration.

It is divided into four main sections: First, I frame "The Race to Resilience" then with the support of my friend Molly Molshree, someone who has researched fashion industry environmental sustainability, we present my broader sustainability flywheel concept and how it supports the race to resilience.

Then, I share the highlights of the interviews I conducted discussing the broad impacts of The Great Acceleration and the sustainability flywheel with inspiring industry leaders whom I consider to be visionaries. I suspect that with the exception of the always thought provoking Scott Galloway, this will be the first time you hear of many of these great global thinkers and doers. I'm convinced you'll learn many insightful lessons from them.

The interviews section will be followed by the initial concept that led me on the path to writing this book when in 2018 I developed the Retail Relevance Index (RRI) framework. Which I see as more necessary than ever to build strategic differentiation in these times of accelerated change.

The last part of the book is a report tracking e-commerce adoption in a dozen key markets to track the evolution of consumption patterns, a key attribute of The Great Acceleration. There will also be opportunities to access quarterly updates to see how these patterns evolve.

THE RACE TO RESILIENCE

re·sil·ience
/rə'zilyəns/
noun

1. 1.
   the capacity to recover quickly from difficulties; toughness. "the often remarkable resilience of so many British institutions"
2. 2.
   the ability of a substance or object to spring back into shape; elasticity. "nylon is excellent in wearability and resilience"

Resilience takes many forms. It can be viewed as mental and physical fortitude, spiritual grounding, a willingness to persevere through the toughest of challenges.

The resilience I wish to refer to in the context of The Great Acceleration, where during the pandemic, we saw into a future where organizations must develop both digital and physical fortitude and reflexes. Probably one where they can rely on one strength as much as the other as we "race" to a world that is equally (i.e., 50/50) physical and digitally enabled. At the average 15% growth of e-commerce, we were witnessing pre-pandemic, looking solely at e-commerce "versus" in-store commerce (which we know are more complementary than opposing factors), we expected that parity to occur in about 10 to 15 years.

Through the Great Acceleration and the notion of amplified digital-enabled logistical channels (think curbside pick-up, smart lockers, etc.), we can expect that to now occur much sooner. For those that believe that prognosis is too aggressive, just look at China that arrived at 50% "e-commerce" adoption in 2020 propelled by an earlier pandemic (SARS) that laid much of the groundwork we are now witnessing.

The idea of this parity is particularly alluring as it would finally allow us to focus less on their differences and more on how they better each other. I.e., remove the organizational silos that hinder the overall performance and how we optimize our ability to best serve our customers.

Thus, the race to resilience is the ability to equally rely on both & either to better manage through upcoming challenges may they be once again public health-related (we are repeatedly forewarned that these will not be isolated occurrences) or digital infrastructure shortages (ex. Rises in cyber-terrorism, DNS attacks, ransomware, etc.).

Many still believe that organizational resilience is driven by heightened technology adoption that automates, replicates and replaces more fallible/less efficient human capacities. Although some of these technologies do indeed contribute to resilience, the much more important traits will be tied to the organizational culture built upon effectively adapting to The Great Acceleration.

Recognizing the need to adapt is now a foregone conclusion, the ability to rapidly address, for the right reasons and deploy the proper sustainable solutions, technologically-enabled or not, it is much more an organizational muscle to be developed than a problem to be solved by an algorithm.

In the next chapter, we discuss the impact of how a new broader "sustainable flywheel" approach can support this race to resilience.

THE SUSTAINABILITY FLYWHEEL

In a pre-pandemic January 2020, I wrote an article for Retail Insider where I outlined what I considered the most important trends of past and future decade: The past being how brands had leveraged new channels to create Direct-to-Commerce (DTC) relationships with their customers, bypassing traditional retail distribution models all the while building precious data. Although the DTC momentum continues to grow into the 2020s, I anticipated that a push for a "triple bottom line" sustainability model would be the most defining feature for the next decade.

The Sustainability Flywheel

The notion was that the coming decade would be the opportunity for brands, retailers and the ecosystem to build a new paradigm for value creation. One built on a broader definition of sustainability that took into account a more holistic approach beyond the crucial environmental (planet) concerns to include social (people) and economic (profit) dynamics. Those familiar with the B Corp movement would be quite aware of this triple bottom line approach to business management.

I predicted that those who truly embraced this focus would create positive value/margin differentiation for the first half of the decade. In 5 years, it would be a basic feature, table stakes, for brands to be level with others. By the end of the decade, not fully embracing a triple bottom line approach nor showing legitimate concern would be a substantial impediment, one that would force these brands into a death spiral.

Then the pandemic struck. Lockdowns occurred. Retailers overly dependent on selling through physical store channels were clobbered.

All focus immediately moved to cash flow and drastic cost reduction. The furthest priority on the vast majority of executives' minds was "sustainability" beyond financial survival. So, I thought, "there goes my 3-month-old prediction'.

Thankfully, as we eased out of our first lockdowns, as businesses used the crisis to revisit their financial structures, review asset mixes and an openness provoked by the acceleration to "build back better", the word sustainability made its return.

As I did the interviews for this book through 2020 and early 2021, I was encouraged to hear the term increasingly used and foundational to more business strategies. From commercial real estate to fast fashion, consumer electronics distribution to sporting goods retailing, all eventually discussed the central importance.

What began to emerge was this notion of how a flywheel effect, whose principle of building momentum on key attributes of its business model and made even more notorious by Amazon, was building.

Contrary to Amazon, this one begins with a concern for the planet that would lead to a greater sensitivity around the people working towards that common purpose. This could also be a talent magnet that would allow those working for the company to demonstrate greater social consciousness. So, with these crucial environmental and social values in hand, you could translate that into increases in financial performance. Then reinvest a portion of those profits into improving environmental sustainability and the other initiatives that lead to your differentiated success. From there, a well-governed flywheel should build momentum on itself.

For clear examples of this at work, we look to what we could consider the creator of this fabulous sustainable flywheel; Patagonia. Whose success built on these factors is already well documented. Now see how other global brands like Nike, Levi's and even fast-fashion retailers are quickly pivoting towards this new paradigm. Now think of your favourite new local brand or shop and it's almost impossible to think, this isn't at their core.

Going beyond these obvious triple bottom incentives, I'm increasingly seeing how building an organization that embraces a triple bottom line will further contribute to resilience. These reflexes will build internal fortitude and emotional equity that will increase engagement from your stakeholders both in the best and worst of times.

Now to go into further detail of this dynamic, mostly from its fashion and environmentally sustainable perspective, I asked my dear friend and subject matter expert Molshree "Molly" Vaid to give this important chapter the credibility it deserves.

I also shared with her my interview with Peter Bäckström who works closely with H&M's sustainability initiatives, so she could build on that particularly inspiring exchange.

Corporate bureaucracy was sacrificed at the altar of Covid-19 as companies turned agile overnight. A process like curbside pickup that might have taken a year or two to implement after passing through the hoops of standard procedures, was instead rolled out in a span of weeks or a few months. The moral of the story- when backed into a corner, the biggest of players can deliver change at speed and scale. (or)

The moral of the story- no matter the size of the business, change can be delivered at speed and scale.

The pandemic has also highlighted the interconnectedness across different dimensions. Planetary health and human wellbeing are interlinked and so is the world economy through global supply chains and technology. The crisis is giving rise to a reconfiguration of the networked systems we rely on.

In a rapidly evolving scenario, the global clothing industry, one of the worst-hit by the virus, has a chance to build back better and significantly improve its environmental and social sustainability credentials.

Many established fashion brands do recognize this opportunity to pull ahead instead of cutting back on sustainability efforts whilst seeking to recoup economic growth in the post-Covid world.

Even before the pandemic, the pressure points were present. Zoom out and see the bigger picture—the planet has been heating up due to climate change while consumption continues at an unbridled pace. Consequently, the mid to long-term

business risks add up to competition for scarce resources, commodity price volatility and potential regulations.
Therefore, businesses need to future-proof their existence as the threat of extreme weather will continue to loom large on supply chains and operations. The need of the hour is to follow the systems approach and build a resilient and flexible business ecosystem. And to tackle the complex challenges in an increasingly limited timescale, players need to band together and accelerate the industry's collaboration efforts.

In his interview with Carl, Peter Bäckström, of H&M says, "In a crisis, one might just focus on their own narrow scope of business. But if you don't have a functioning, sustainable supply chain, when the crisis ends, you would have shot yourself in the foot. We need everyone to do their part to come through and especially help those who are helping you drive the agenda forward."

More than ever before, it is critical to emphasize that a sustainable supply chain is one that not only belches lesser carbon but also is humane and improves the lives and wages of workers in the supply chain. However, this statement does sound like rhetoric given that a large number of leading fashion brands cancelled their orders or refused to pay the manufacturers in the wake of the pandemic. Meanwhile, as investors and customers have begun to increasingly demand social justice and fairness across business operations, fashion's C-suite needs to step up and reform its purchasing practices. Transparency-led efforts must ensure the health and safety of workers in the supply chain and that they are paid a living wage at the very least. Funding social sustainability is as critical as resourcing environmental sustainability measures.

We see the virtuous interplay between people, planet and profit as the development of the sustainability flywheel.

The concept of a flywheel, initially introduced by author Jim Collins, is rooted in the premise that a logical sequence of sustained efforts builds up a dynamic and then a self-sustaining momentum.

Therefore, as companies invest in the environment and stakeholders, they will attract and retain the top talent. A survey by sustainability consultancy, Anthesis suggests that Gen Z and Millennials attach high importance to sustainable credentials of their workforce and will vote with their feet for an employer that gives them a sense of purpose. Better people will drive profit and better profit drives reinvestment into the pursuit of more sustainability goals.

The sustainability flywheel starts to turn, one round after another. Over a period of time, investments into sustainability efforts will start compounding in the form of scaled-up low-carbon business models as well as inclusive and meaningful work opportunities for employees and others in the value chain, thereby leading to enhanced business reputation.

The concept might sound utopian, but forward-leaning businesses are already striving to deploy this flywheel strategy.

They have finally come to understand that the linear model of selling fashion has a limited shelf-life and want to use sustainability as a lever to improve revenues, thus powering the flywheel.

Bäckström says, "The industry as a whole is undertaking different tests and trials to calibrate the winning formula- whether it is exploring circular business models or unlocking value from their existing knowledge and resources."

Here, the H&M Group is walking the talk by throwing their hat into several rings. In 2020, the group launched a B2B white label sustainable supply chain service called Treadler that covers all steps from product development to logistics.

Other brands in its portfolio have taken the lead by forays into the resale and rental markets. Mid-market brand COS launched a resale platform in 2020 while the lifestyle brand Arket has started renting out its childrenswear. The group, through its investment arm also holds a majority stake in the Swedish platform for secondhand fashion, Sellpy.

Entrepreneur-led resale models, in particular, have registered explosive growth in the West such as Depop in the UK and Poshmark in the US. According to another American player, Thredup, the resale clothing market is set to more than double to $64 billion in the next five years.

However, several operational questions related to the well-intentioned circular models need answering. For instance, whether they will likely create a larger footprint due to transport and packaging is not known. There are choices to be made between keeping the model decentralized (C2C) or centralized (C2B2C or B2B2C).

Players from mass to luxury are trying to find the right recipe for re-commerce and rental that generates the flywheel, delivering on margins and sustainability gains.

To understand sustainable fashion retail better, Bäckström remarks, “the fashion industry needs to put a lot more money into R&D. Look at industries like auto and pharma which put aside 10-15% to invest into building future products.”

One couldn’t agree more. Increasing investment into innovation is critical given that every rule in the playbook is being questioned.

Some players, if not all, are using the Covid-led disruption to rethink the established practices and course-correct from the trajectory of overproduction—how and where the products are created, in what quantities and sales of new product assortments through multiple fashion seasons.

Interestingly, Covid has brought the industry to a unique juncture whereby the digitalization wave is merging with the sustainability wave. The reformational impacts will be felt across the value chain, whereby brands can better match supply and demand by producing what the customers desire. The use of artificial intelligence (AI) and 3-D technologies will enable improved forecasting, on-demand production and realignment of global versus local sourcing.

Moving further upstream in the supply chain, companies want to close the loop for input materials to unlock environmental benefits by creating more efficient processes and sourcing sustainable materials.

Yet Bäckström says the supply of better materials is limited. For instance, organic cotton accounts for less than 1% of the global cotton production and the new family of sustainable materials are not available at scale.

In any case, he adds that "to be successful and sustainable, we have to decouple economic growth from resource use. Over the long run, we cannot depend on oil from the ground and turn it into the fabric. Keeping a product in use for as long as possible and then reclaiming it for reuse is key."

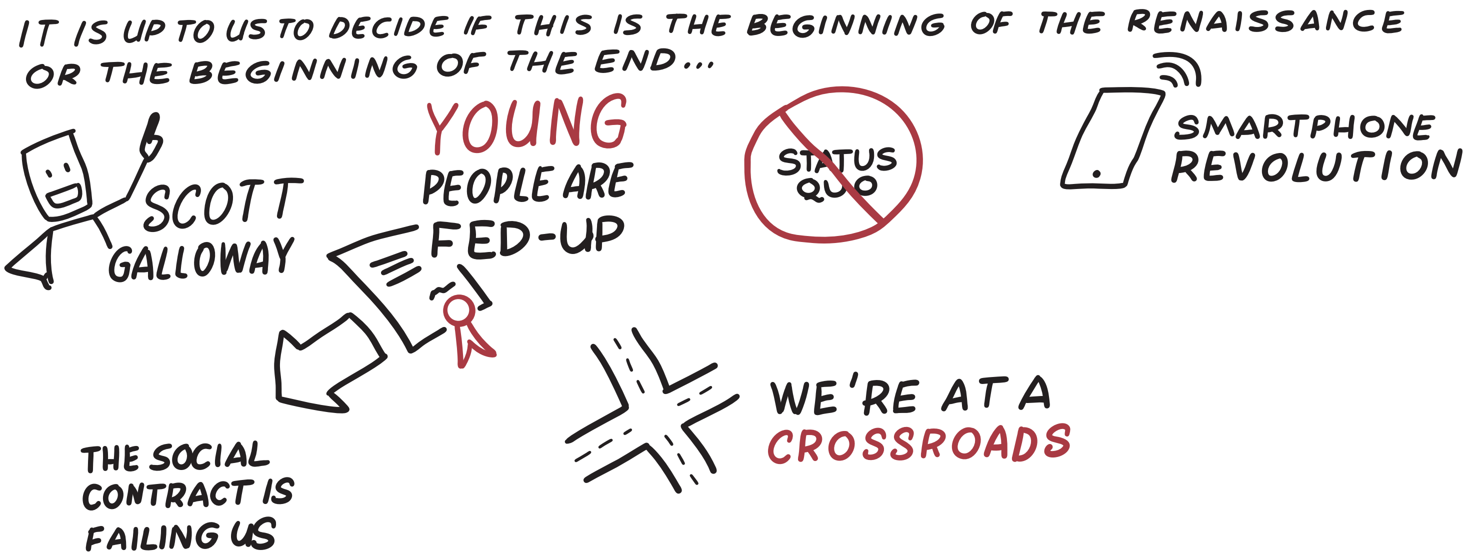
Customer education to bring back the old or ready-to-discard garments is an essential step in that direction. High-street brands like Marks & Spencer, Zara and Uniqlo have implemented clothes take-back programmes on the shop floor, encouraging customers to return used garments to the brand rather than send them to landfill. Taking it up a notch, in October 2020, H&M piloted a first-of-its-kind recycling machine at a store in Sweden. The service offers customers the chance to convert their old clothes into new clothes and watch the process firsthand.

Overall though, extensive apparel recycling is still far from reality. Consider the often-quoted stat– more than 100 billion garments are produced every year and less than 1% of them are recycled into similar goods. However, a number of innovative startups like Evernu and Renewcell are hard at work to scale their technology that involves a chemical breakdown of garment fibre into its original components. The process is an upgrade to the traditional mechanical recycling that involves shredding fabrics to fibres, which reduces the quality of the fabric.

There is an enormous amount of work to be done and is being done, but those who choose to not make sustainability a priority will face a widening competitive gap, setting themselves on a course to irrelevance. The time to invest and power the sustainability flywheel is now

In the next section of the book, we share highlights of ten interviews I conducted in early 2021 with insightful industry leaders to get reactions to how they see the impacts of The Great Acceleration, the Sustainability Flywheel and other impacts mostly provoked/accelerated during the Covid-19 pandemic. Consider these a series of short stories that I'm sure will inspire several new courses of action across our retail industry.

HIGHLIGHT OF THE INTERVIEWS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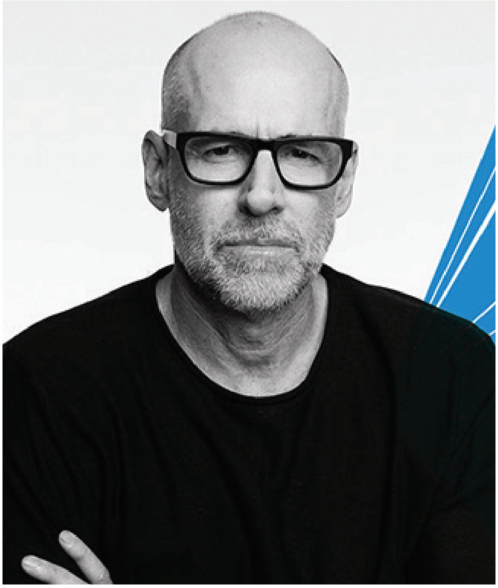


SCOTT GALLOWAY
NYU Stern & Founder Section 4,
USA

Scott Galloway
Cultural Manifestations

For this chapter of the book, I was honoured to interview an NYU Stern marketing professor, best-selling author, podcast host, entrepreneur and all-around awesome "provocateur" Scott Galloway or as some of you may know, Prof G.

Scott is a solid thought leader around all the elements at the intersections of commerce, technology and society. He's been an active part of the retail community for almost three decades. In 1992, Scott co-founded Prophet, a brand and marketing consultancy firm that employs over 400 professionals. In 2005, Scott founded a digital intelligence firm, L2 Inc, which was later acquired by Gartner. Continuing his entrepreneurial endeavours, Scott recently founded Section 4, an online educational start-up in which I've taken some classes and highly recommend to all those interested in strategy, branding and beyond.

He has served on the board of directors of Eddie Bauer, The New York Times Company, Gateway Computer, Urban Outfitters, and Berkeley's Haas School of Business. Twice a week, Scott co-hosts a podcast called "Pivot" with American tech journalist Kara Swisher. He also hosts "The Prof G Show", a weekly podcast answering listener questions on business, money and tech.

It was during a book launch celebration for our common friend Steve Dennis, which occurred in the early days of the pandemic (April 2020) that I first introduced the notion of The Great Acceleration to Scott as we were discussing the clear trends set in motion by the public health crisis.

This insightful interview occurred nearly one year later; the very afternoon of the Reddit fueled "GameStop Revolution" as an entirely unexpected "public wellbeing crisis" was unfolding. Scott was still processing the deep impacts this would have on a cohort of young men who make an important part of his audience.

Specially troubled by the many adverse psychological effects the pandemic was having on a physically and emotionally cloistered group, ironically more digitally enabled than ever. He rightly predicted (and was clearly very concerned) this wouldn't end well for many of them and questioned the impacts this new "search for dopamine" would create. That story is still playing out and will be for years to come as it created an entirely new layer of market dynamics.

This did manage to set a fascinating stage for how Scott helped me connect dots around the impact of this digital acceleration on society. Sharing his thoughts on an opportunity for a renaissance to happen, Scott came up with the central quote for this book -

"It is up to us to decide if this is the beginning of the renaissance or the beginning of the end."

Here are the excerpts from the full interview with Scott Galloway:

A central theme of Scott's always insightful work is dispersion. Mainly how we are witnessing dispersion, propelled by deep societal shifts (including massive increases in smartphone use) that impact beyond markets and traditional commercial platforms to more entrenched industries like healthcare and education. It does seem like everything is accelerating past the traditional gatekeepers in terms of distribution too. There is more to the great acceleration than accelerated trends in e-commerce. A lot of the aforementioned momentum comes from a small number of players who have become very adaptive leveraging social media and all its diversifying channels.

Access to novel and exciting content vis-a-vis smartphones is making the business environment fluid. With such content that has the dynamism to go viral, people such as Elon Musk are now tweeting one word and sending stocks up by 150%. One might not realize that how now everything is pushed out and institutions are bypassed. With young people's wealth, under the age of 40, dwindling from 19% to 9%, they seem to be fed up with the traditional institutional framework that does not seem to be working for them anymore.

Underpinned by social elements, the most prominent example includes that of many people getting together on Reddit to rally against hedge funds, investing in cryptocurrencies, trading through Robinhood, and sourcing news from Tiktok over continuing with the traditional mode of operation. The state of affairs has changed radically.

With the change in influence preceded by new social media platforms, it almost feels like passing the baton from the older people to younger people. We see a dispersion of power from elected representatives to electors who now can master new mediums quickly and seen as innovators.

" Technology is the weapon only when the bullets are blamed for the war."

The pandemic has forced people to stay at home bored and angry, and armed with a phone and stimulus are now waging war in a way. With trading apps, social media, and weakening institutions playing their part in 'coordinated market manipulation', these institutions seem to have failed the young people who are now poised to take matters into their own hands. When you have a disproportionate amount of young people single and unemployed, the likelihood that the nation will go to a 'war' increases dramatically.

This war appears to stem from income inequality and the weaponization of technology. This disguised as war is also fueled by the breaking down of the social construct (mostly American) that for the first-time young people are not doing as well as their parents did. When that is the case, you start losing faith in the institutions that propagated this very construct.

"An angry bored young man is the most dangerous person in the world."

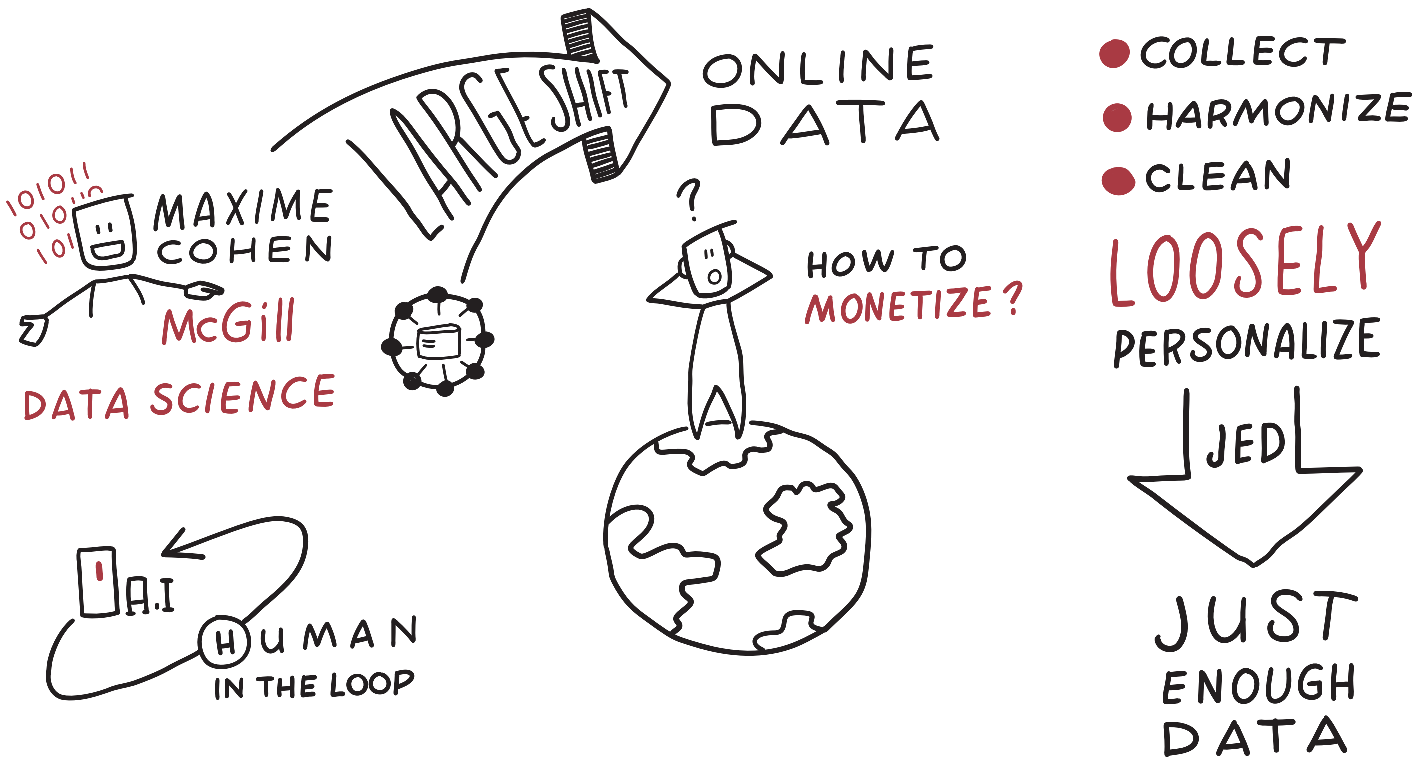
The general agreement that ' if I work hard and play by the rules then I will do better than my parents ' has been broken down. This disappointment is then coupled with the constant reminder shoved in your face every day that you're failing if you are not rich. Much shame and frustration are resulting from loading up on the struggle-porn industry that continually talks about taking control of your life. A 24-year-old supposed to be in graduate school or working a job cannot go out to play sports, drink, or date. They are now working from home and bored on a screen and trading bitcoin on Coinbase and GameStop on Robinhood to get their dopamine fix. Young adults have been bottled all that adrenaline akin beers in the freezer, and they are exploding now! We're at the crossroads where nothing is determined. With the virus now killing more people than World War I and II, it is now up to us.

Investing in bettering the health of the most vulnerable while striking a balance between embracing body positivity and the current health crisis will be interesting to note. Dispersion in Head Quarter (HQ) locations transferring employee's commuting time to being better parents and making more money is also ongoing. Finally, dispersion in Healthcare and Preventive Medicine using an initial layer of AI is the next thing in the Great Acceleration.

As always, "Prof G" was waxing poetic well beyond the script, brought us to contemplate much broader issues, mainly around how the unintended consequences of second-order effects are playing out by favouring the few at a deep cost for many.

As we only scratched the surface of these deep and complex topics, I highly recommend you don't miss a single podcast, blog post, short course or any other brilliant (and often equally entertaining) piece of content he comes in contact with. It might be like drinking from a firehose, but I promise it's the best way to quench your intellectual thirst around all things impacted by the convergence of technology, commerce and society.

Disclaimer: *This "Highlights of Interview" section does not represent the opinion(s) of the employer or organization. Sections which aren't in direct quotes are authors interpretations for contextual intent*



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HUMAN
IN THE LOOP

MAXIME COHEN

Professor & Co- Director
McGill University Retail Innovation Lab,
Canada

Maxime Cohen
Emerging Data Science

Maxime is a Professor of Retail and Operations Management and the co-director of the Retail Innovation Lab at McGill University. Maxime completed his Ph.D. in Operation Research at MIT and worked as a faculty at NYU Stern and as a research scientist at Google AI.

Having expertise in data science and pricing, Maxime has collaborated with several organizations including Google, IBM, Oracle Retail, and Spotify, to name a few. Currently, Maxime is actively involved in leading the Retail Innovation Lab, which is one of the most innovative and futuristic retail spaces around. Having Maxime for this interview would mean discussing the latest innovations in the retail sector backed by strong data.

Here are the excerpts from the interview with Maxime Cohen:

There is no one-size-fits-all approach when it comes to measuring change. It is dependent on the size of the retail business we're talking about. Retailers have seen a massive shift from physical to online. Online retail provides an excellent opportunity in terms of data granularity as it enables the collection of much more granular data. When you know who your customer is, you can track features and past purchases and use this data to offer customized coupons and recommendations.

When we focus on smaller companies with physical locations that have lost business due to the pandemic, data was often a second priority for them. The size and type of the business are critical to understanding the pandemic effect. For example, restaurants were not much into data analytics before the pandemic. But now that many of them have moved to online deliveries, they can see the power of data, allowing them to track users and learn their preferences.

The value of the data to retailers is substantial. Typically, when you sign a contract with a third-party provider, there are several discussions about who owns the data, who can access the data, and whether this data can be sold to other parties. All these questions have become more relevant than ever because businesses started to realize the power of data. Another important example is local retailers. Such retailers have been typically focusing more on their physical stores with a modest online presence. To further develop the online channel, they can leverage online providers such as Shopify to accelerate sales and conversions. In other cases, some retailers never had an online channel until the pandemic forced them to create one. In such a scenario, "Great Acceleration" is a fantastic term to signify the shift.

"The richness of the collected data when moving from the offline to the online world is offering new opportunities."

Having a large amount of data has its own challenges. Some retailers with a lot of data don't have the skilled resources to develop techniques in order to monetize this data. Some retailers are looking at a hybrid model comprising 2-3 in-house analysts with a couple of advisors and consulting mandates. Another challenge is when companies fail to see the potential that data can bring to their business.

"Companies look at the descriptive side of data but often fail to look at the prescriptive side that can significantly improve future operational decisions."

The first step always remains to collect the data properly. Another point is to collect and link the different sources of data. Combining the data is very important, especially when the data from one user is being collected from different sources.

One challenge is to balance personalized recommendations with privacy issues of users – a loose type of personalization. Indeed, we don't need to know everything about a customer in order to provide personalized service. Many retailers, such as Amazon and Walmart are doing a good job at personalizing offers and recommendations.

Some research work points to the fact that customers are willing to give data away to companies in exchange for a better quality of service. In return, companies should offer full transparency on the process and purposes of using this data (e.g., better-customized recommendations). Giving the customers the choice to take their own decision in terms of data sharing will allow trust-building between customers and companies and will avoid any future surprises.

"Regulators should come up with a way to make it easy for customers to fully understand what they are signing up for and which type of personal data is collected."

Retailers should always outline a priority list with their most pressing business problems. Then, they should identify a good dataset to help solve each of these problems. In the process, retailers should be prepared to take some risk and conduct some experimentation to move beyond their comfort zone. The pandemic has helped people become aware of the power of data. There is a big difference between industries when it comes to adopting the power of the data. While online platforms are native to harnessing the power of data, some other traditional companies have not yet adopted data as part of their strategy and culture. Fortunately, the world is moving toward realizing the need and benefit of data and AI and the impact data can have on an organization's bottom line.

"AI should not be applied on its own. Instead, the combination of humans with AI is often the winning formula."

Improved customer service with more convenient, seamless, and quicker delivery of products are and will always be the winning combination in The Great Acceleration.

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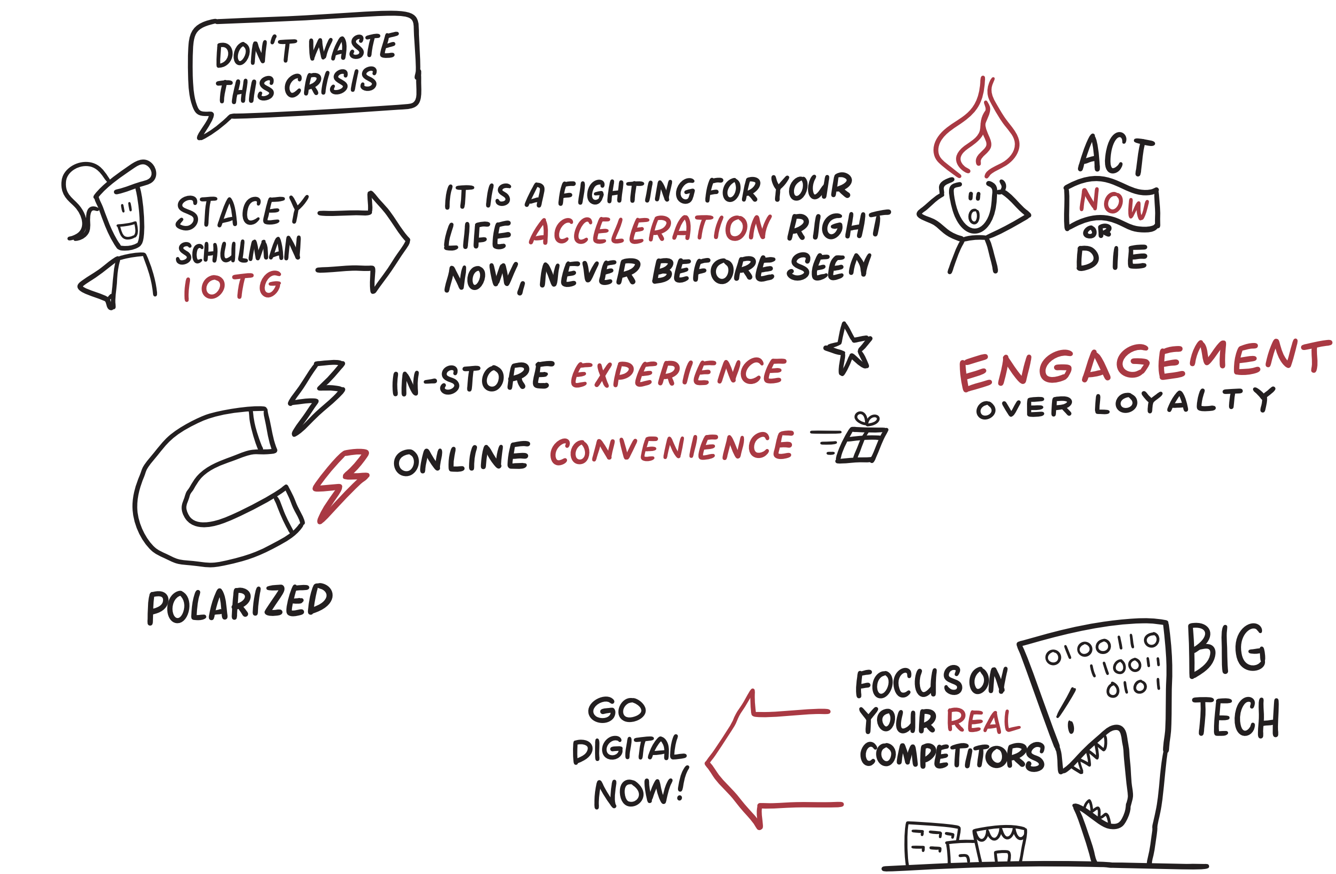
DON'T WASTE THIS CRISIS
STACEY SCHULMAN
IOTG
IT IS A FIGHTING FOR YOUR LIFE ACCELERATION RIGHT NOW, NEVER BEFORE SEEN
ACT NOW OR DIE
IN-STORE EXPERIENCE
ONLINE CONVENIENCE
POLARIZED
ENGAGEMENT OVER LOYALTY
FOCUS ON YOUR REAL COMPETITORS
BIG TECH
GO DIGITAL NOW!

STACEY SHULMAN

VP Internet of Things Group,
GM Emerging Technologies,
Intel Corporation
USA

Stacey Shulman
Impacts Beyond Technology

For this piece of the book, I could not imagine interviewing anyone other than Stacey Shulman, an innovation leader and VP of the IoT group at Intel Corporation. An industry expert with more than three decades of experience in retail, Stacey joined Intel as Chief Innovation Officer for its IoT group retail division.

In my opinion, Stacey has got the most profound experience around technological adoption for Commerce, having started her career with Walmart in the late 80s. Before joining Intel, Stacey played several pivotal roles at some of the best-known retail brands, such as Levi Strauss and American Apparel. She is passionate about helping industries adopt sustainable and innovative practices.

In this chapter, Stacey shares her thoughts around post-pandemic trends in the retail industry and how retailers should pivot themselves and remain prepared for technological change.

Here are the excerpts from the full interview with Stacey Shulman:

The last twelve months have seen change happening a lot quicker than was happening pre-COVID. There is a new level of desperation and urgency which has now replaced the earlier spurts of acceleration. The retailers who had not invested in technological change are in big trouble right now, whereas other retailers who had clarity and pivoted quickly are in a good position. The latter can now efficiently implement features like curbside pickups, omnichannel sales network, and numerous others relevant to their respective business models. There is also a third category of retailers who are confused as to if they should leverage technology and not.

The retailers that are thriving now have figured out what is going in their favour. These digital-native retailers are currently planning which store locations they should be targeting once the pandemic is over. Some other successful ones continue making the most of their existing stores - doing deliveries and treating their retail stores as delivery centers.

"Retailers should ideally begin the cleaning required in the businesses during COVID and start afresh."

From just doing an ROI analysis for the nth time, organizations have now started focusing more on reducing their IT infrastructure's downtime now that their stores are closed. There is a need to make faster decisions moving forward.

"The winners in retail are those that had solid basics and knew how to leverage all the available inventory and get it to their customers fastest."

The equation between experiential and convenience in retail has now become polarized. COVID has solidified that humans are all social beings, and we don't want a world where we sit at home and shop on computers. Humans are programmed to like mutual experiences and shop in-person with friends. Some industries such as grocery and convenience products are in for a rude awakening. Consumers won't necessarily find shopping for these items a social affair. Other sectors such as clothing shall still attract crowds to shop socially.

She also points out how Clienteling, another trend to accelerate during the pandemic, isn't just about communicating with customers via text, emails or calls. It is about leveraging the data to understand customers' behaviour and needs. The retailers who shine at Clienteling use intelligent digital technologies such as Artificial Intelligence to interact and engage with their clients.

However, the ultimate goal of Clienteling remains the same - to engage more and more with customers. Opportunely, the brick-and-mortar stores continue their need of applying Clienteling the most while others are still talking about customer loyalty over customer engagement. Organizations need to be mindful of customer turnover to digitally advanced retailers due to a lack of customer engagement.

"The organizations that did not understand the need to talk to their customers before COVID probably still don't get the need."

The Great Acceleration is happening and will continue at a similar or even a faster pace. Undoubtedly, it is a rough time for retailers. On the flip side, it is an excellent opportunity for the retailers to pivot and invest in digital transformation. In such an environment where the future is uncertain, astute retailers can quickly map out a prospect and take a giant leap over their competitors. It will be exciting to watch how the grocery retailers alleviate the perplexity to invest in a digital environment before dining out starts again.

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YOU NEED TO BUILD RESILIENCE
PETER BÄCKSTRÖM H&M
1. GLOBALIZATION
2. DIGITALIZATION
3. SUSTAINABILITY
EXPLORE NEW BUSINESS MODELS
RECOMMERCE
SUBSCRIPTION
TRIPLE BOTTOM-LINE
CONSIDER THE WHOLE ECOSYSTEM
COLLABORATE WITH YOUR COMPETITORS
OPPORTUNITY AND CHALLENGE!

PETER BÄCKSTRÖM

Product Owner - Innovation Management
H&M Group,
Sweden

Peter Bäckström
Scaling Sustainability

When it comes to Sweden's contribution to global retail, how can one not talk about IKEA or H&M or Swedish Meatballs? Peter Bäckström, our interviewee for this section, is a product owner for innovation management at H&M Group's business development division. Peter is very enthusiastic about digital business strategies and has over 15 years of deep experience in marketing, design and omnichannel retail.

Peter focuses a lot of his work at H&M on sustainability-related innovation. In this chapter, Peter helped me wrap the conversation around the importance of sustainable business models in the retail industry. We also contributed plenty of time talking about the circular economy, another important subject in which Peter has expertise.

Here are the excerpts from the full interview with Peter Bäckström:

Peter was quick to point out how after the seismic waves of globalization and digitization, we would now be entering the significant macro wave of sustainability. This supports the notion of the Sustainable Flywheel framework discussed in our opening chapter!

Looking at the industry, one can see a divide between the prominent players and the small and medium retailers. Big players see sustainability as the opportunity to uplift everybody whereas smaller brands are forced to cut back on their sustainability initiatives in these challenging times

For significant and successful players, these challenging times have served as an opportunity for brands to rethink their existing business practices. A good example is the implementation of curbside pickup, which a lot of big retailers would have taken more than a year to implement.

Every retailer shares the same end goal for sustainability but driving towards that goal is surely challenging. At H&M, since the beginning of the pandemic, we've taken the opportunity to level up in terms of sustainability practices and taken up a more prominent role within the industry to serve discussions around honouring agreements with suppliers.

"We're living in a complex ecosystem, and to act sustainably, we need everyone to play their part."

Organizations must help everyone within the industry to come through, especially the ones helping them drive the agenda forward. Systems should be resilient to create an ecosystem that is flexible and can absorb shocks without having a single point of failure.

Making our business model more environmentally and socially sustainable is about evaluating all parts of the business. The traditional way of selling fashion hasn't changed in a meaningful way for a very long time. Organizations should explore new business models and offer different ways of creating value. For instance, at H&M, we have launched an initiative – 'Treadler.' It is a B2B service that offers sustainable sourcing and production expertise to other retailers to help accelerate sustainable change.

"There is a big difference in understanding the definition of sustainable from a consumer and a business perspective."

With the general narrative in the industry about sustainability, this poses an excellent opportunity for businesses to increase their revenues. From the consumer's perspective, there is a regional variance. In some countries, there is a strong emphasis on climate and carbon emissions, while in other countries, sustainability takes a social angle. Whereas from a business point of view, there is a more precise and more aligned view on sustainability centring on the triple bottom line.

We've seen an increased interest in many different re-commerce models, with Poshmark recently coming out with its IPO in the US and Depop attracting the younger generation in the UK. While there is a vital sustainability component, there also is a strong value proposition to the concept of re-commerce. It indeed is more affordable if a consumer is interested in branded products.

H&M Group brands such as COS and Arket have launched a re-commerce offer and a subscription model for kidswear respectively. Re-commerce can be fulfilled in both good and bad ways. It is about executing, creating that flywheel, and finding what part it will play in the value proposition. Without relying on theoretical guesswork, the industry has to pour money into R&D to understand sustainable fashion retail better.

"All of this points to the different attempts being made to re-calibrate and find the winning formula."

Continuously tweaking the collection based on what seems to be in fashion has been a success story for fast fashion brands for some time now. We want to have many different brands to cater to the shoppers' preferences and to maintain resilience by offering different price points and different business models.

H&M group has a bright future with the right mindset and is well resourced. With many collaborations with even our competitors, we are all pushing the agenda forward. In terms of Great Acceleration, a trend is being observed with established groups of companies pulling ahead and questioning the established practices to benefit all. On the other side of the spectrum, some companies do not seem to care about it too much and are ending up creating an ultra-fast business that is not sustainable.

"You get what you measure, and that is the key to getting the results that we want in the end."

There is a need to disconnect economic growth from resource use. If we want to be sustainable in the long run and for generations to come, we cannot depend on oil from the ground to turn into fabric. We need systems in place, and we are focused on closing the loop, especially in terms of input materials. By utilizing recycled materials and creating efficient processes for fabric production, we can benefit from environmental perspectives. The new material that is starting to be available still needs to be scaled in order to be able to compete and handle customer's price sensitivity concerns. As an industry, we must all come together to make that ecosystem happen and close the loop on a larger scale. With only 1% of clothes produced ending up being recycled, consumer education initiatives require to take the front seat.

"A general concern in the fashion industry is that there isn't enough sustainably sourced material available."

It will be exciting to track the new level of urgency that has been a catalyst for meaningful discussions and decisions to solve the fashion industry's shared challenges as part of The Great Acceleration.

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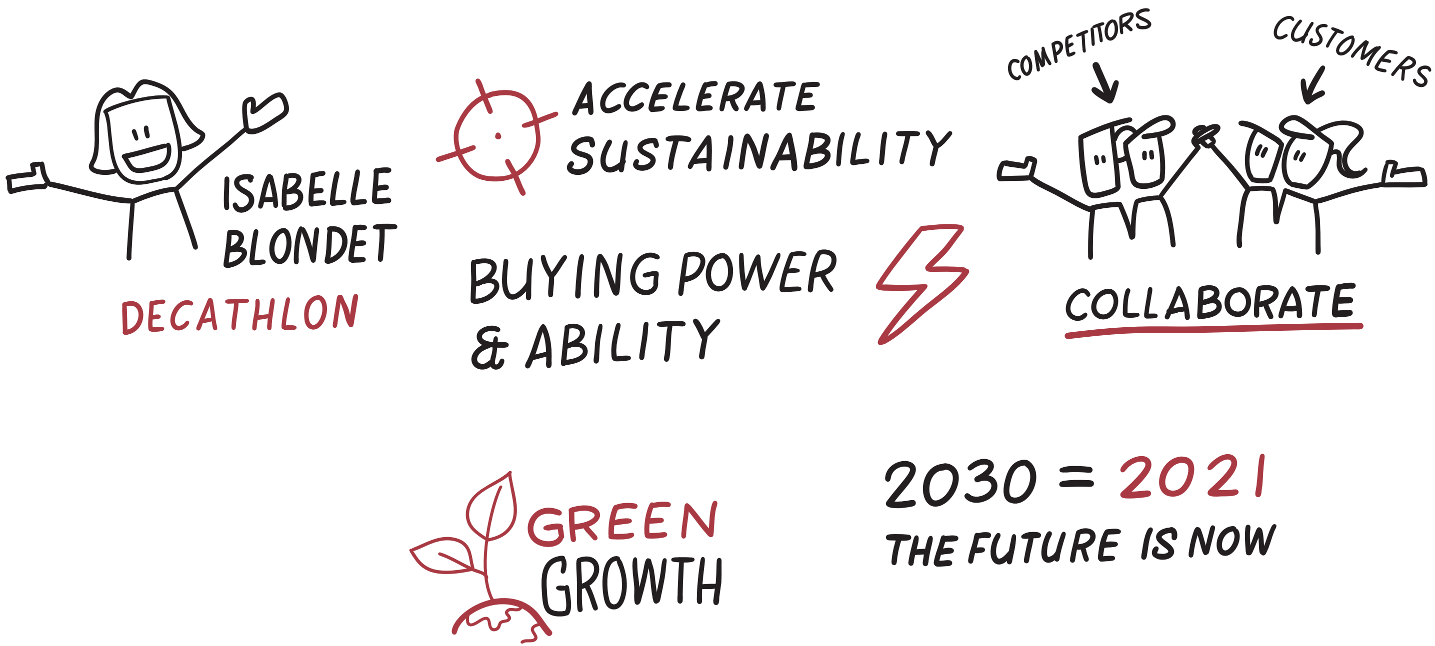
ISABELLE
BLONDET
DECATHLON
ACCELERATE
SUSTAINABILITY
BUYING POWER
& ABILITY
COMPETITORS
CUSTOMERS
COLLABORATE
GREEN
GROWTH
2030 = 2021
THE FUTURE IS NOW
TOGETHERNESS
OVER
TRAN$ACTION

ISABELLE BLONDET

Manager of Architecture
Décathlon,
France

Isabelle Blondet
Sustainable Global Retail

One of the goals of this book is to present our readers a bird's eye view of retail across the globe. Working towards this goal, I thought it will be best to interview Isabelle Blondet, an architect by training and a well-established global executive. Isabelle is currently Manager of Architecture at Decathlon International, leading the team of architects positioned globally. She is also Co-leader for Decathlon's strategic vision for 2030.

Working with Decathlon for more than two decades, Isabelle has supported the French sporting goods retailer step its foot across the globe with a recent extension in North America. Fascinating commercial concepts such as Decathlon City are the brainchild of Isabelle. In this chapter, Isabelle shares her thoughts around sustainability's great acceleration.

Here are the excerpts from the full interview with Isabelle Blondet:

Isabelle was quick to point out how sustainability is essential, more so because the pandemic looks like a problem of the Earth today. By talking about the 3Ps' – People, Planet and Profit, we need to talk about the Earth. Sustainability is an opportunity, and that is why we talk about the Great Acceleration. Every element in the 'People' aspects, right from customers to colleagues, need to understand the impact of sustainability and show the will to change.

"We need to strike a balance between - What we want to buy vs. the impact that has on our power to buy."

Customers talk about sustainability only till they reach out for the cash and realize that they themselves cannot live up to that promise of sustainability. The big revolution for tomorrow is to ask how we can imagine a good sustainable product at a good price, continue producing clean products, and visualize a new ecosystem. The next task is to foster partnerships and alliances between organizations.

"It is time for organizations to engage in knowledge sharing, partner and play together."

Organizations should be focused on the customer and try to better for them. Each interaction with the customer should be about making the shopping experience about them and not about selling a product to them. For example, at Decathlon, we use technology to predict that a child's growth that will result in their shoe size increasing in the next three weeks. Now, instead of selling the smaller size, we consult and offer buying a bigger size. Perhaps the customer won't end up purchasing that shoe at that point. However, we are focused on providing the best solution to the customer while at the same time being sustainable. This approach makes us closer to the customer, allowing us to build a true partnership with them. Our customers are our partners, not just a transactional Point of Sale anymore.

Lately, the Green Growth metric's inclusion amongst other business metrics serves as a commitment by organizations to check their efficiencies. The ongoing pandemic has dramatically accelerated this commitment to preserving the planet. It is also why in about a year; we will witness organizations vigorously checking the green output of the company vis-à-vis their carbon footprint.

With time against us, we need to make some decisions, swiftly. The lesson for this year is to ask ourselves continually how we can help our customers? The most significant symbol of the Acceleration would be how laboratories took a diving mask and made it into a face mask for the ventilators in the light of the pandemic.

"Tomorrow, when you choose a company, you should choose it because the company truly reflects who you are."

Organizations now need to streamline their operations, inclusive of all the components: retail, distribution, and online platform. The power lies in the teamwork among employees who embody the values of the organizations they work with.

The next in Sustainability's Great Acceleration should be a shift from a transactional relationship between customers and organizations to pure partnerships. It also makes it essential for organizations to adopt a more agile approach to listen to the customers to build a better world for tomorrow.

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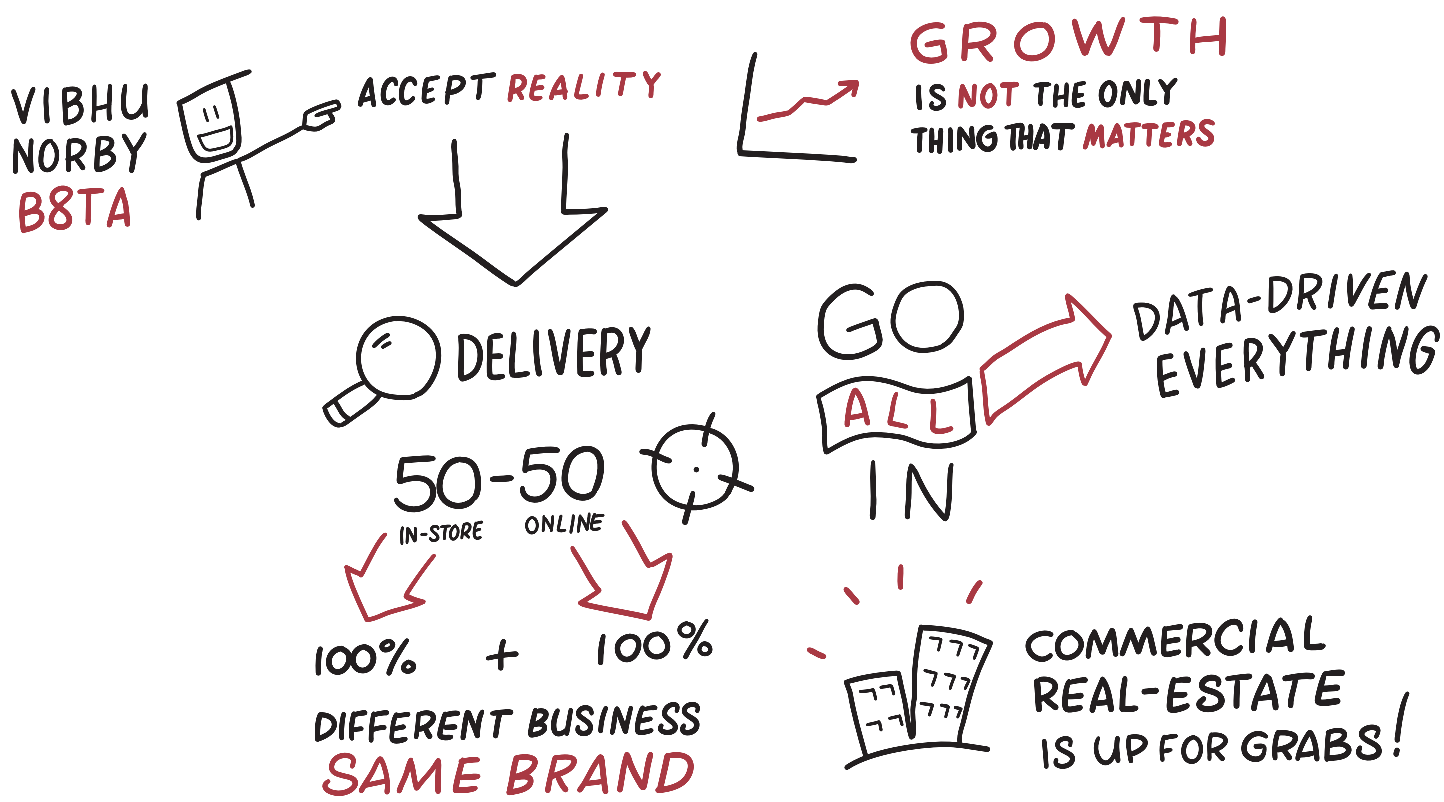
VIBHU
NORBY
B8TA
ACCEPT REALITY
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IS NOT THE ONLY
THING THAT MATTERS
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100% + 100%
DIFFERENT BUSINESS
SAME BRAND
GO
ALL
IN
DATA-DRIVEN
EVERYTHING
COMMERCIAL
REAL-ESTATE
IS UP FOR GRABS!

VIBHU NORBY

Founder and CEO of
b8ta,
USA

Vibhu Norby

New Business Models

One of the most innovative tech retail concepts of the past decade is b8ta. Our next interviewee, Vibhu Norby, is the brilliant entrepreneur, co-founder and CEO of this next generation and rapidly evolving retail-as-a-service company. Vibhu co-founded b8ta in 2016 with his colleagues at Nest Labs, that among several cutting-edge products created the Nest Smart Thermostat. Nest Labs was later acquired by Google. Being involved in this very innovative segment showed Vibhu and his associates the shortcomings of traditional retail distribution to properly promote more complex and innovative technologies.

b8ta is one of the first business models that I noticed was trying to leverage the value of interactions more than the value products they sold. Since the theme for the book is acceleration and resilience, it was clear to me that Vibhu's perspectives would be essential. Since the pandemic, Vibhu is more actively working on live-shopping experience projects, one of many things I am excited about. In this chapter, Vibhu gathered his thoughts on the latest technological innovation arising in retail and accelerating digital consumption trends.

Here are the excerpts from the full interview with Vibhu Norby:

It's clear, the world is never going to go back to exactly the way it was pre-pandemic, which has created an elevated need to accept the changes in how consumers wish to engage with new innovative products.

While b8ta's footfall has gone up to 2 million people in 2020, almost double what it was in 2019. The number of its stores growing is one reason for it. Year on year, our stores didn't show any consistency in terms of footfall, and we never focused too much on it. Since the thing that matters the most to us as an organization is conversion rates. In the last six months, with our traffic being down 83% and conversion going up 30%, we are forced to think about what has to change about business to have a profitable store with significantly fewer people.

"The behaviour of people is caused by COVID and no longer related to COVID."

We have never fashioned ourselves as a store wherein one knows what they want, and they'll get it, and neither was that our business model. We've been dependent on the flow of the traffic from other stores pouring into ours. Just like people's interfacing with restaurants will never be the same again, we don't see our footfalls going back to the original number. Both physical and online retail will serve fundamentally different purposes and use cases for customers.

"In 2021, thinking of a 'store' should be the same way we think of a 'phone'"

Referring to the above quote, even though we call 'iPhone' a phone, we use it and do many other things with it than we could with a traditional phone. Similarly, it is not appropriate to think of a 'store' as just a physical location selling a bucket of products. It is much more than that.

The experiences such as booking a session at your Nike store basketball court, being greeted by an ex-college athlete, and trying out merchandise on the equipment just cannot be delivered online. Unlike Amazon, b8ta doesn't have information about inventory and where products need to be. At the same time, we prioritize putting stores where people live, but that doesn't mean that that is the best spot to be at. The reality is always going to be more of a compromise. The internet penetration not being 100% is difficult to imagine. There are decades of lag time between what is going to happen and the reality of things.

"Considering extremes are useful for innovation."

Our focus right now is b8ta TV, and the plan is to build the stores around the live stream. Every store will have studios where we'll be hosting our b8ta testers to bring customers into the experience. With the store window displaying that we will be showcasing live momentum, we will invite local brands to use our best infrastructure that has scaled from twenty-five thousand views in December 2020 to over a million in April 2021 with 30-50 pieces a week*

Physical infrastructure needs to be hosted in an environment built for it. That has to be the first thing in building a consumer experience in which the videos and products will be integrated. While QVC is 60% online now, its business model is traditional. The integration on live streaming has to be bi-directional. Everything built at B8ta has been made with the focus to be more direct to consumers. We want to be supportive of products and not be a curator based on gut feeling. Our business model drives the assortment that our customers love. We take all the products that are launching and getting filtered very fast.

With Commercial Real Estate continuing to be disrupted, retail landlords' business models will never be the same. It will surely be exciting to track the space availability that is up for grabs at the moment.

One thing for sure, whichever twists and turns await Vibhu and b8ta expect the outcome to be among the most cutting edge in the market from both experience and business model perspectives.

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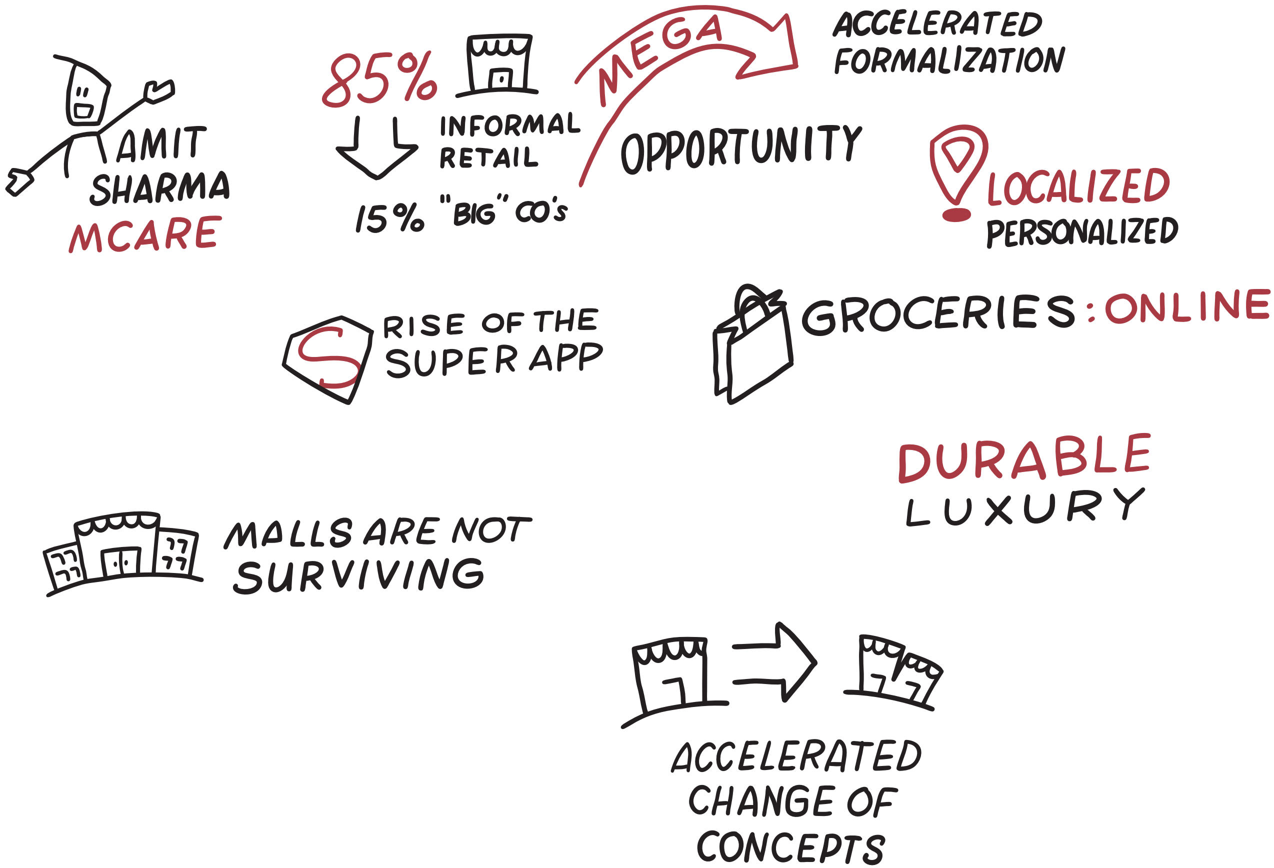
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RISE OF THE
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GROCERIES: ONLINE
DURABLE
LUXURY
MALLS ARE NOT
SURVIVING
ACCELERATED
CHANGE OF
CONCEPTS

AMIT SHARMA

Founder
MCare,
India

Amit Sharma
Formalizing Indian Commerce

If you follow Indian retail, it is hard to abstain from hearing about one of India's biggest retailers, the Future Group. Our interviewee for this chapter, Amit Sharma, has worked with the Future group for almost 15 years before exiting the company as VP to lead his entrepreneurial journey by founding M-care, a mobile protection solution business.

When it comes to retail, Amit enjoys sharing his rich industry experience with his colleagues and also with students at India's top B-schools as visiting faculty. Also, it is imperative to mention that he deeply understands the arrangements of the Indian marketplace, also the challenges, and the opportunities it extends. Talking with Amit about Indian retail is like a never-ending journey.

In this episode, we could merely package our discussion about the acceleration of digital commerce in India. However, my next book will be about the emerging Indian market and the enormous opportunities it extends. I predict The Great Acceleration will have its greatest structural impacts on markets like India that could replicate similar new dynamics that we witnessed in China after the SARS pandemic propelled e-commerce and platforms like Alibaba that now represent over 50% of transactional commerce.

Here are the excerpts from the full interview with Amit Sharma:

Since the inception of the Covid-19 crisis, India has been experiencing many different emerging or changing trends in its retail market. The Indian retail industry contributes about 12% to its GDP, out of which 85% is unorganized retail consisting of 16 million local 'haats', and mom & pop stores. Out of the remaining 15%, 8-10% consists of offline organized retail and 4-5% e-commerce - with giants such as Amazon, Walmart – Flipkart having almost all of it. One phenomenon that India is witnessing is the rise of retail super apps, akin to China's Tencent and Alibaba.

Talking about grocery, the pandemic proved to be a blessing in disguise for retailers that capitalized on the opportunity it presented. Some retail stores converted their small shops to full-fledged grocery stores. During and post-pandemic, grocery retailers did not hesitate in expanding their square footage across the country, even in the most expensive real estate areas! With Indian Grocery retail being all about proximity and convenience, retailers are now facilitating grocery home delivery within 1 hour.

"The Work from Home" culture has now rightly translated into "Shopping from Home" culture.

The pandemic accelerated the change in several business models across the retail market. In India, what we call a pharmacy is a prescribed drug or medicine store. Pharmacies introduced discounts of up to 20% on over-the-table medicines, a practice never heeded before. Some of these pharmacies doubled up as general stores offering FMCG goods and convenience products. In the mobile phone retail market, India is witnessing new retail concepts such as an offline mobile retail chain consolidating local unorganized mobile stores with India on track to have 440 million new smartphone users by the end of 2021.

The 'Make in India' initiative launched a couple of years back has two faces – one that pertains to the anti-China narrative demonstrated by MG Motors India stylizing their name to Morris Garages. The other with China's Xiaomi corporation recording the highest smartphone sales during last festive season, reflecting the flip side. It rightly points us towards the Indian consumer's affinity towards price sensitivity and buying cheap products.

Back in 2004, the Indian shopping mall industry was at its peak but since then it is starving to death. There has been a massive consolidation, with malls now becoming fulfillment centers, warehouses, or transforming into big stores such as D-Mart. One primary reason for this was the unregulated Indian laws (concerning AMC, Property tax) and high rentals charged by malls, operating purely on a Minimum Guarantee model. It was only in 2013-2014 that some malls moved towards a revenue-sharing model. During the pandemic, the mall owners faced a lobby formed by top Indian Retailers to protest against the high rentals amid the lost sales during the nationwide lockdown.

Offline retail in the Indian market is witnessing both store closures and new openings. Major conglomerates are now lessening the lease duration for a particular location while choosing from different retail formats from their portfolio to fit that specific catchment. Another emerging trend is that unorganized retail store owners present in high streets are converting their spaces into experiential centers with better lighting, fixtures, and furniture to better cater to the new generations that are becoming their potential customers.

"Undoubtedly, the newer generations are truly modernizing the Indian unorganized retail."

With the rise of the health, fitness, and wellness industry and the consumer durables industry, online retail will continue to rise in sales and consumer acceptance. I will be excited to witness how Indian consumers and retailers will look at the need for sustainability in retail and how small and big retailers will adapt to these fast-emerging digital trends.

So much more could be said about this massive and complex market where the world's largest firms such as Walmart, Facebook, Google just to name a few are looking to build on the rapidly expanding market opportunities built on the potential of an emerging middle class.

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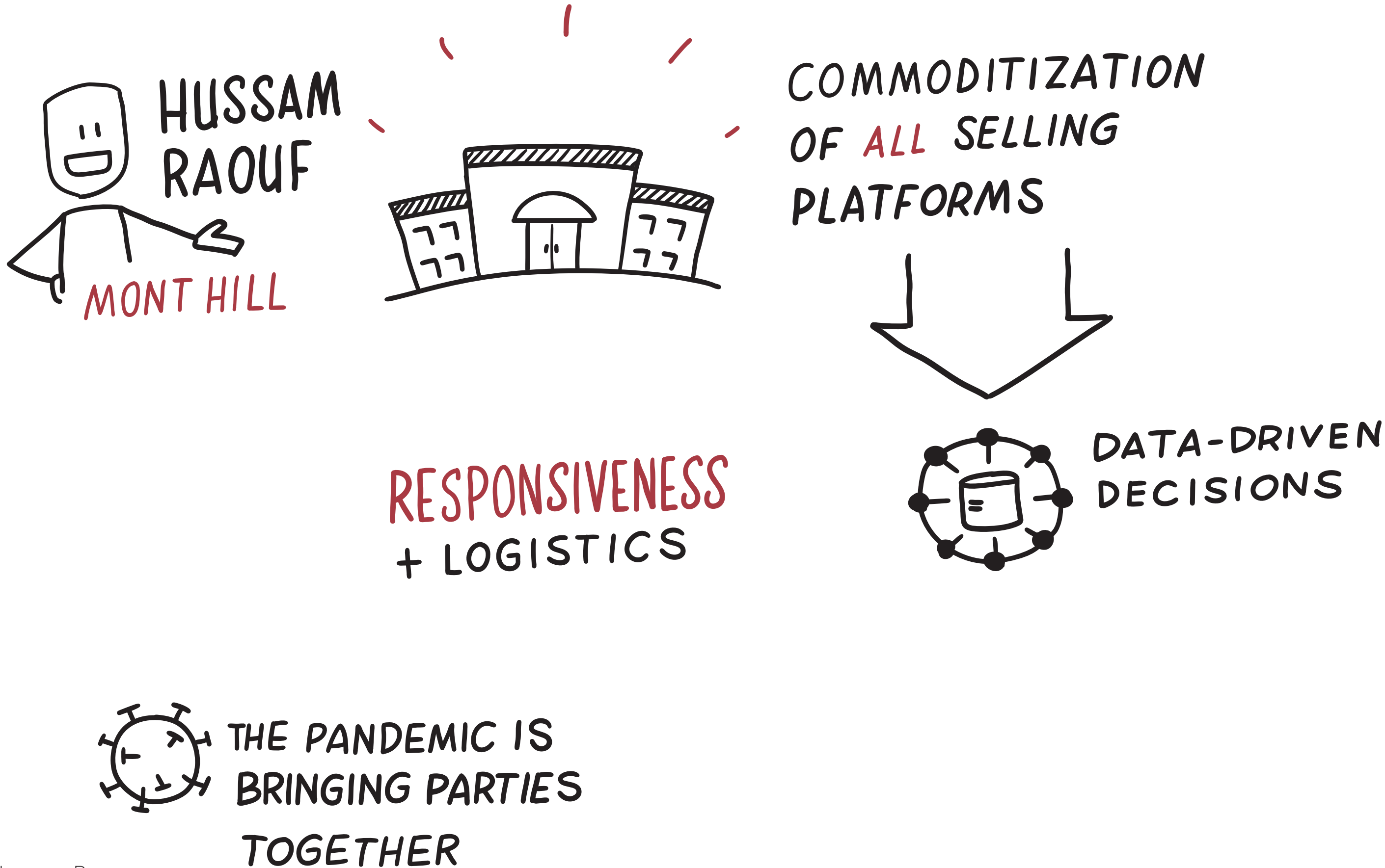

HUSSAM RAOUF
MONT HILL
COMMODITIZATION OF ALL SELLING PLATFORMS
DATA-DRIVEN DECISIONS
RESPONSIVENESS + LOGISTICS
THE PANDEMIC IS BRINGING PARTIES TOGETHER

HUSSAM RAOUF

Founder
Raouf Advisory,
UAE

Hussam Raouf

Evolving Commercial Destinations

Commercial real estate (CRE) developers in the United Arab Emirates are renowned worldwide for producing some of the most ambitious and impressive commercial destinations in the world. Among those centrally involved in creating that well-deserved reputation is commercial real estate strategist and futurist Hussam Raouf.

Hussam is Managing Director at Raouf Advisory, a real estate advisory and services firm. Before Raouf Advisory, Hussam was an executive leader at Emaar, a real estate group responsible for iconic projects such as Burj Khalifa, Dubai Mall, and Dubai Fountain. During his working time at Emaar, Hussam actively contributed to the design and development of Dubai Mall.

Hussam has an incredibly holistic perspective around the role of commercial real estate with a digital bend to it. It was exciting to have a discussion with Hussam about how with help of data analytics and digital tools can the future of CRE be transformed? Also, we had an exchange around brand engagement and how those brands work within their supply chains.

Here are the excerpts from the interview with Hussam Raouf:

In the last couple of decades, shopping malls have evolved with the developers charging more rent from their tenants and spending more to create the right shopping environment for their patrons. With nationwide lockdowns, the pandemic has led to a widespread retail slowdown. Commercial real estate (CRE) has borne the brunt of the shutdown due to its significant dependency on the rent.

While developers of malls were busy refining real estate developments and charging high rents, the pandemic caught them by surprise. They experienced the shift of consumer behaviour from an offline medium to an online medium. However, we are not necessarily moving from one asset class to another but instead leveraging technology to do that for us. CRE developers will have to adapt to a new business model leveraging the technology to stay relevant since, with the same function of selling a product in an excellent environment, the shopping mall is just one part of the selling process and not the entire process. The way technology is deployed in shopping malls is what will change the existing model.

"It's less of being resilient but being responsive."

By employing a data-driven approach, entire project plans can be evaluated and redesigned to suit the modern changes. "I would expect to see a new industry where brands will be setting up two stores for six months in Abu Dhabi, other two stores in Europe and similarly other two stores in mid-Asia with continuously selling online. This approach has to be supported by supply chain and continuous evaluation of the data metrics." By employing such a customized solution process, the role of malls then changes from an asset provider to a solution provider. With the correct deployment of technology, the question that comes to the forefront is 'What works better where and why?'

In CRE - an industry based on predictability; such a riskier proposition might help the mall developers. With mall developers focused on providing a social experience for its shoppers with the dining and entertainment offering, they've realized the need to mix and match the tenant offerings. By balancing a combination of the brand mix, pop-up stores, and seasonal changes that follow a storyline, for example, healthy living, international brands, malls should start deploying 'responsive GLA 'to maximize returns for their financial operations and extend customer lifetime value.

"The pandemic has made malls receptive to customized solutions albeit in a chaotic but progressive way."

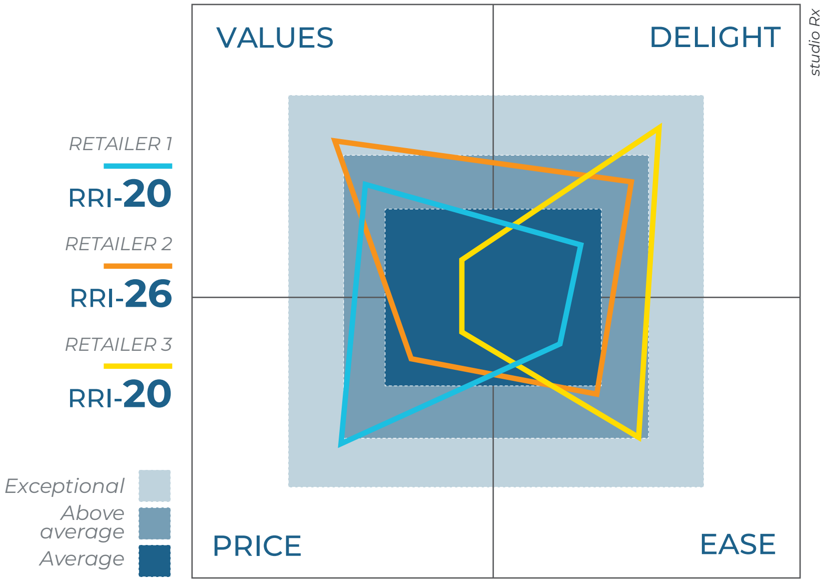
With such a cross-functional approach through Mixed-Use Development, developers rely on capitalizing the catchment area, understanding the customers, and serving them better. This concept even exists in retail, wherein book stores have cafes inside them. With psychographics being more important than demographics, mixed-use development is here to stay.

Both developers and tenants are taking an adaptive and flexible approach. Organizations are now getting smaller offices with shorter lease contracts and repurposing offices with bigger meeting rooms to facilitate work from home culture. While developers now started to think from the tenant's point. Also, I foresee a shift in terms of the supply chain from globalization to localization. I am also excited to witness emerging new economies, especially Asia, with the rise of start-ups, cross functionalization between industries, and data utilization.

I suspect that the UAE will continue to show the path forward for progressive, sustainable and holistic real estate development with some of the most fascinating projects still to come.

Disclaimer: *This "Highlights of Interview" section does not represent the opinion(s) of the employer or organization. Sections which aren't in direct quotes are authors interpretations for contextual intent*

RETAIL RELEVANCE INDEX



Retail Relevance Index *Inspired by the Kahn retailing success matrix.*

Back in 2018, I was inspired by the research of Professor Barbara Kahn from Wharton School of Business at University of Pennsylvania. She had just published the Shopping Revolution book that introduced the Retailing Success Matrix. This interesting 2x2 matrix introduced vectors of differentiation where retailers could position their value propositions. She demonstrated how increasingly, successful retailers would need to be exceptional in at least two of these attributes.

I decided to build upon this model, renaming some of these key attributes and measure them to align with how I saw value creation around these 4 key attributes:

1. **Price:** Often the primary attribute of the worlds largest retailers with the buying power and supply chains to primarily differentiate on everyday low prices combined by massive volume.

2. **Ease:** The facility with which the customer can engage and transact. The ultimate goal being "frictionless" experiences where the entire customer journey, often digitally enhanced, is fluid, cohesive and comprehensive.

3. **Delight:** Is the value add that a delightful experience creates and often justifies better margins. This would be why a customer goes out of their way to deal with a specific retailer. This can also be enhanced by data centric technologies, clienteling tools and mostly passionate / well trained brand ambassadors (formerly known as sales associates).

4. **Values:** Not to confuse with price driven value, these are the authentic beliefs that often created the brand's purpose, ideologies and convictions.

The axis also plays an important role as those above the x-axis (Delight & Purpose) will be more focused on creating marginal value. Whereas those below the x-axis would be more focused reducing dissonance through easier access (Ease) and economic factors (Price).

Those right of the Y axis (Delight & Ease) will be more about how we purchase while those left of it (Values & Price) will often be more about what stands at the core of the product or service.

To make this a scorable index, each attribute is measured on a scale where we statistically measure the differentiation (or lack thereof) based on four simple questions that indicate which factors most influence a consumer to engage and transact. Then standard deviations are attributed to show where the mean stands with the objective of being two standard deviations towards exceptional (representing the top 3.5%!). This measurement tool could also apply to other industries who increasingly reflect similar business dynamics.

Although this book focused on the acceleration of new consumption trends and how retailers need to adapt to create the resilience to best respond to these rapidly evolving times, this does not exclude nor reduce the need to differentiate in a relevant manner. Ie. Remain relevant!

If you're interested in learning more about how to use this tool and the benefits it can provide to align your organization's go to market strategy, simply email *info@studiorx.ca* and we'll be happy to provide further details.

THE GREAT
ACCELERATION

DATA REPORT

As the first wave of pandemic brought on lockdowns, it was obvious that we were going to see massive shifts and swings to online commerce. So, with the assistance of Ashish Manga, our research lead at StudioRx, we began to look around the world to track reporting of "e-commerce adoption". I out that in brackets as simple as the idea sounds of purchasing online, the way to measure it can greatly differ as certain categories (ex. fuel) or channels (ex. Curbside) may or may not be included in the statistics depending on the governing body who is measuring them.

For that reason, what's most important to track are the trendlines rather the absolute percentage points. Specially as we move that level of parity with an increasing range of digitally enabled channels and services (think smart lockers, drones, automated instore delivery, etc) which will further blur the lines of what we've considered primarily physical or digital to this point.

We will continue to chart these quarterly. You may visit www.studiorx.world/thegreatacceleration for more details on how to subscribe to receive these updates.

Overview

Well before the onset of COVID-19 crisis, the orthodox retail industry was in the middle of a crisis. Along with financial challenges such as increased debts, decreased sales, and compressed margins, retailers faced immense pressure due to increased customer expectations. The economic shock set off by the pandemic accelerated and intensified trends that were already underway. It is well known that every crisis exposes existing weaknesses and creates new opportunities, the onslaught of COVID-19 accelerated the decline of obsolete retailers exposing the broken retail operating model and accelerated the pace of change of emerging trends demanding greater creativity from existing retailers.

It might be a no brainer that the major emerging trend from the COVID-19 pandemic is digital commerce, provoked by sudden shutdowns of physical retail stores during the various incarnations of lockdown around the world. StudioRx refers to this accelerated digital commerce adoption in the retail industry as "The Great Acceleration 2020." "The Great Acceleration 2020" data insight report tracks the changes in both physical and digital e-commerce across major world economies to visualize emerging trends in 2020.

Our research and data show that the global retail sales plunged more than 25% from February 2020 to April 2020, with very large declines in the clothing and accessory and department store categories. Even after retail sales began to recover in July, the fashion and restaurant industries continue struggling to reach to pre-pandemic levels. Though the prognosticators predicted the decline of the brick-and-mortar retail, now at the end of the 2020, we can observe that the overall retail industry saw a healthy growth comparable to the pre pandemic years. This growth can be attributed to the accelerated e-commerce growth that helped retailers pivot in such challenging times.

Even though e-commerce penetration in 2020 turned out to be lesser than what was expected by retail experts (33% penetration expected by Mckinsey), it is interesting to discuss what the term "e-commerce" means to different entities. To establish uniform criteria to evaluate the category, we must ask questions like: What sales are attributed towards e-commerce by the reporting agencies? Is curbside pick-up considered e-commerce or physical commerce? The answers to these questions are very subjective. Store chains that are very centralized will attribute those curb-side pickup sales to e-commerce, while others might attribute them to physical sales. This report tracks the official e-commerce numbers provided by each country's statistical body. However, "The Great Acceleration 2020 Data Report" focuses on what we like to call "Digital Commerce," which includes curb-side pickup, live shopping experiences, traditional e-commerce, and how AI facilitates the in-store shopping experience.

As a result of this accelerated growth in digital commerce, StudioRX projects a complete blurring of digital and physical retail by 2025, when 50% of retail sales will take place via physical retail outlets and 50% will take place digitally. This acceleration will continue to push up digital commerce, making it hard to figure out the line that differentiates between the two sales channels, leading to a complete physical/digital blur. This blur will mean consumers shopping from anywhere at any time on their computers or mobile devices, stores morphing into showrooms or fulfillment centers, products being shipped out for home delivery at ever-increasing speeds, digitization everywhere.

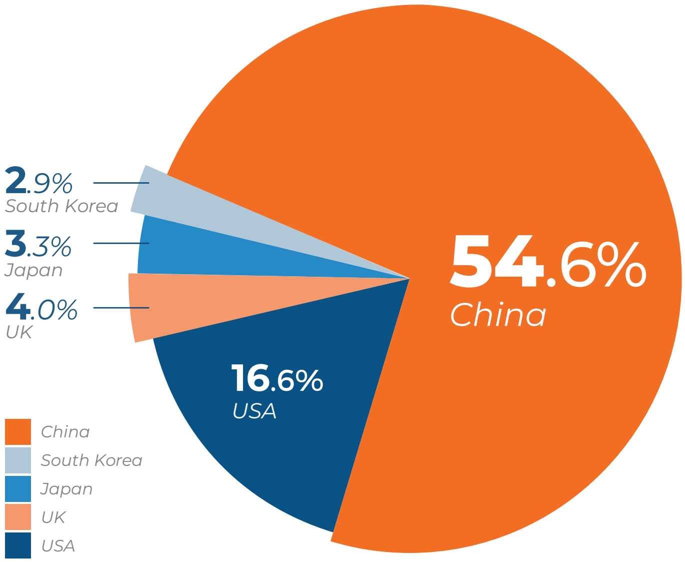
From the data collected, we conclude that consumers are willing to embrace the new emerging digital trends, irrespective of their individual age or gender demographics. According to surveys, these omnichannel shopping behaviour will be here to stay as more than 60% respondents say that they will continue to shop online even after the COVID-19 pandemic. The way forward for many retailers will require them to be more resilient and agile. Those retailers who embrace these emerging trends will come out stronger than those that resist these changes. Retailers need to reassess the role of their physical store and revisit their operating models to pave a new path for the future. (Deloitte, 2020)

Data Insights by Country

Accelerated digital shopping has been the global trend for 2020. Retailers with strong data sources and agile digital platforms succeeded in meeting consumer expectations and delivering a competitive shopping experience, despite the many unavoidable challenges of operating during a pandemic. We saw a sharp increase in online grocery delivery, digital payments, in-store pickups, and AI-based retail experiences. Digital shopping journeys are the new normal of the retail industry.

We researched and gathered data from trusted sources to assess the global retail e-commerce market. Predictably, China's e-commerce market is the largest in the world with a volume of 1.94 trillion USD in 2019. China's total e-commerce sales increased by 27% in 2019 compared to the year prior. E-commerce sales in China account for a quarter of China's total retail sales volume. As such, China's e commerce sector is more than three times the size of the US market, which ranks second with 17% of global share. (Tenba Group, 2020)

GLOBAL E-COMMERCE SALES PROPORTION BY COUNTRY

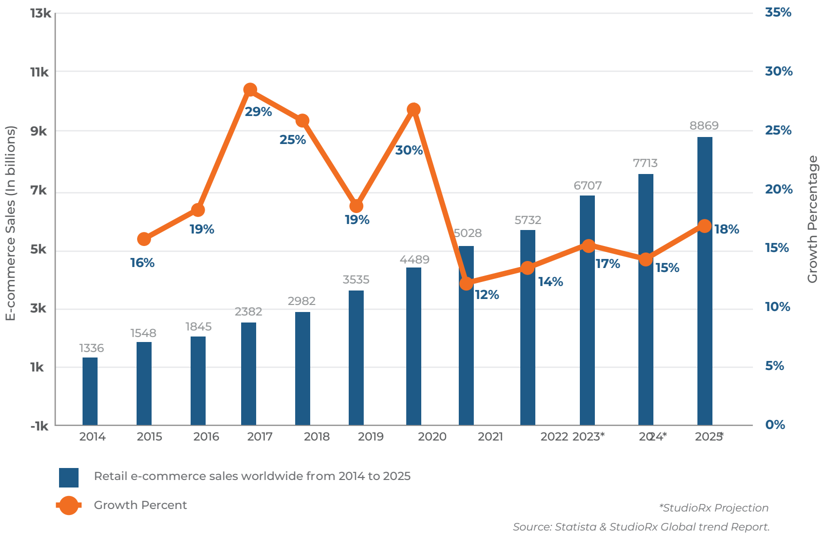


Global e-commerce Market Size in 2019. Source: (e-Marketer, 2020)

Even before the pandemic, e-Commerce market penetration was already more than 25% in China. Such high e-commerce penetration can be attributed to SARS pandemic in 2003, which helped Alibaba make its newly launched online platform Taobao more relevant for its users. In 2020, China's e-commerce market grew almost 27.5%, a 3% more than it did in 2019.These digital acceleration trends are observed well ahead of wide deployment of 5G technology. Once the 5G technology is implemented, it will be a smooth path towards digital/physical blur.

According to Statista, Global e-commerce grew 19% in 2019 when compared with 2018. Earlier in 2020, we estimated global e-commerce sales will grow 30% in 2020 followed by a steady 10-18% growth rate for next 5 years. Our predictions were close enough to 26% global e-commerce growth observed in 2020.

Retail E-commerce Sales worldwide from 2014 to 2025 (in Billion U.S Dollars)



StudioRx projected global e-commerce growth rate including China (e-Marketer, 2020).

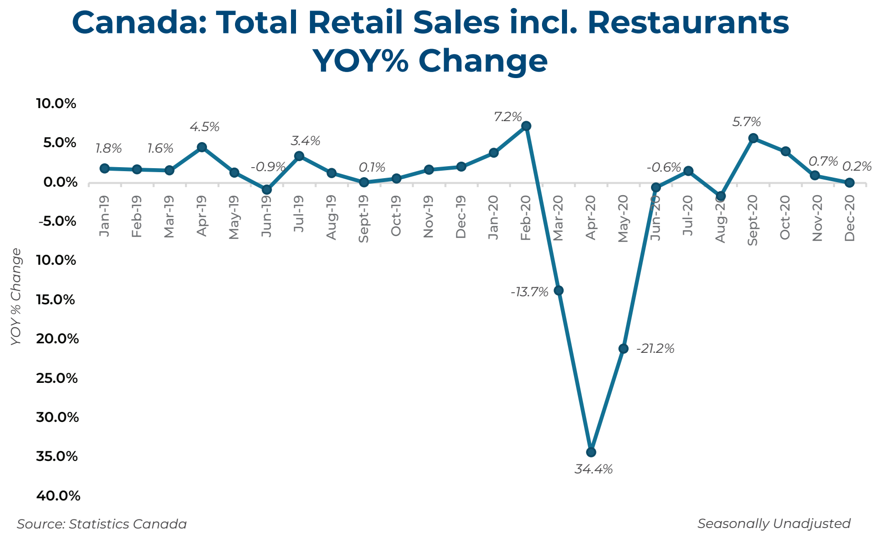
CANADA

The COVID-19 pandemic led consumers to change their shopping habits and retailers to change their business practices, and this impacted retail sales. Both faced a rapidly changing retail environment as protective measures to curb the spread of COVID-19 resulted in the temporary closure of stores deemed non-essential, along with other physical distancing measures. This in turn changed the way consumers bought goods, as well as how they shopped.

Canadian retailers finished 2020 with $606 billion in sales, down 1.4% from 2019. This was the largest annual decline since the 2009 recession, as the onset of COVID-19 in the first quarter of 2020 and related health measures led to the temporary closure of many non-essential brick-and-mortar retailers across the country.

Limitations on in-person shopping and gatherings also contributed to a 1.7% volume decline in sales, also the largest drop since 2009.Retail sales posted their largest decline since the low of April driven by the COVID-19 pandemic, decreasing 3.4% to $53.4 billion in December. Core retail sales—which exclude sales by gasoline stations and motor vehicle and parts dealers—also posted their slowest growth since April, falling 4.6% in December on lower sales at general merchandise stores and clothing and clothing accessories stores, as well as sporting goods, hobby, book, and music stores.

On the heels of continued growth in November, core retail sales declined 4.6% in December as all subsectors in this group, except health and personal care stores (+0.3%), posted lower sales. The largest contributor to the decline in core retail sales was general merchandise stores (-7.6%).



Year-on-year change on monthly basis for Canada's Retail sales including food Services

Core retail adjusted sales – which exclude gasoline stations, as well as motor vehicle and parts dealers – edged up 0.3% at sporting goods, hobby, book, and music stores (+11.8%); furniture and home furnishings stores (+6.6%); and building material, garden equipment and supplies dealers (+2.9%). (Statistics Canada, 2020)

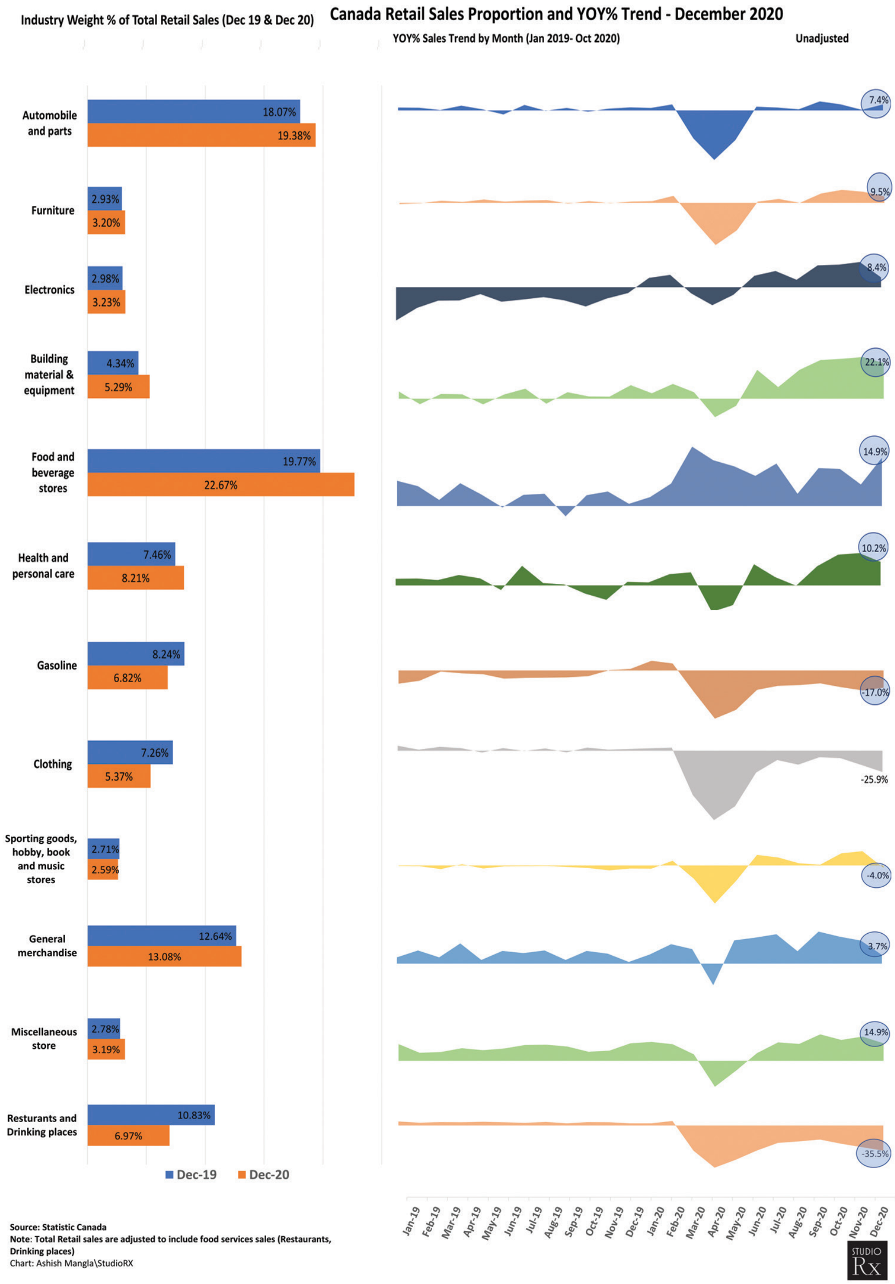
Retail sales were down in 9 out of 11 subsectors, representing 83.6% of retail sales.

One Month Change in Canada's Retail Subsectors (November to December)

Sales at clothing and clothing accessories stores fell for the third consecutive month, decreasing 17.0% in December—the largest decline for this subsector since April. Approximately half of the retailers in this subsector reported being closed for an average of six business days in December. In April, 70% of retailers in this subsector were closed for an average of 20 days. Two of the three industries in this subsector reported declines in December, while sales at shoe stores edged up 0.1%.

Following two months of growth, sales at sporting goods, hobby, book, and music stores decreased by over one-fifth (-22.5%) in December. This decrease coincided with the closure of brick-and-mortar retailers in several regions on Boxing Day, as well as other restrictions on the sale of non-essential goods.

Also contributing to the decrease in core retail sales were electronics and appliance stores (-12.8%) and furniture and home furnishings stores (-7.0%). These declines followed increases in November, which saw record gains in several commodity groups within these subsectors as a result of a prolonged Black Friday and an earlier Christmas spending season.(Statistics Canada,2020)

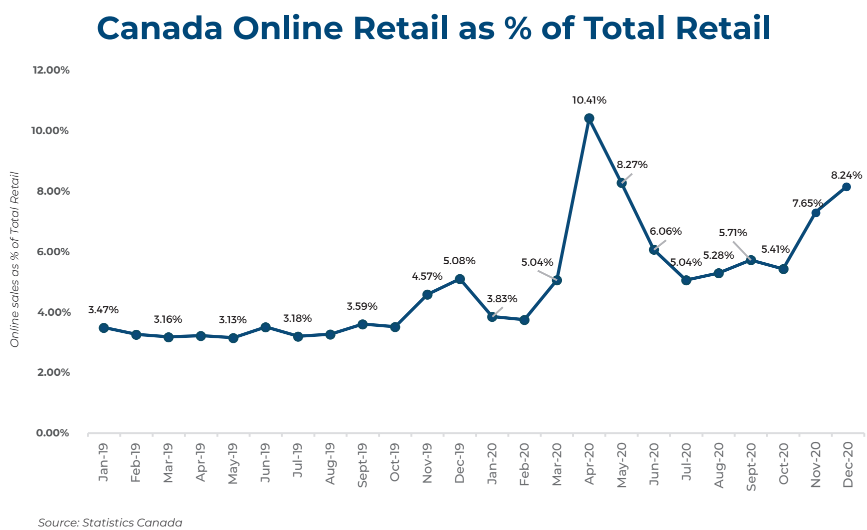


Year-on-year change on monthly basis for Canada's Retail sales by industry from Jan 2019 to Dec 2020.

RETAIL E-COMMERCE SALES IN CANADA

On an unadjusted basis, retail e-commerce sales reached a record high in December, increasing by over two-thirds (+69.3%) year over year to $4.7 billion in December. In comparison, total unadjusted retail sales increased 5.9% on a year-over-year basis in December. E-commerce accounted for 7.8% of total retail trade in December—the largest share since May. The rise in e-commerce sales coincided with an uptick in the number of retailers reporting shutdowns in December.

When adjusted for basic seasonal effects, retail e-commerce sales increased 1.1%

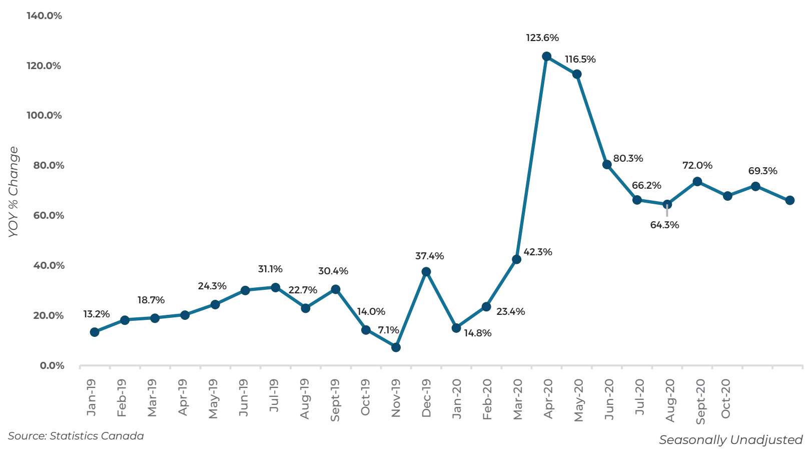


Online Sales as a percentage of the total retail sales in Canada

The share of e-commerce sales out of total retail trade reached a record-high 10.41% in April, when most non-essential retailers were mandated to close their storefronts across the country.

Retail e-commerce sales accounted for 5.9% of total retail sales in 2020, up from 3.5% in 2019. The onset of COVID-19 prompted many Canadian retailers to open or expand their e-commerce presence, quickly changing the retail landscape.

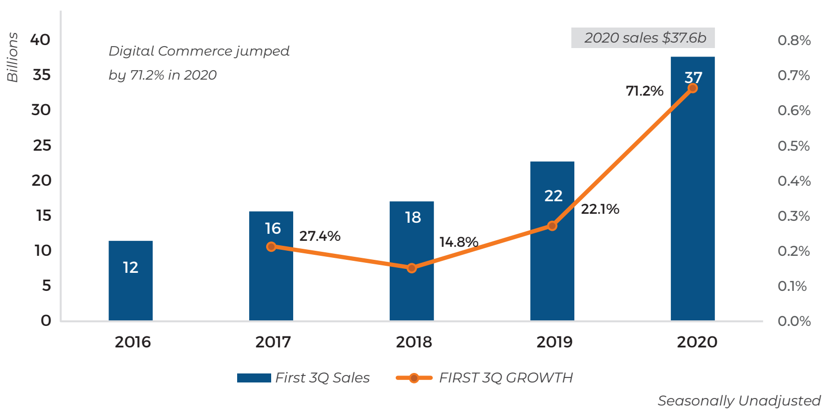
Canada Online Retail Sales YOY% Change



Year- on Year percent change (monthly Basis) of Online Retail Sales in Canada

Temporary store closures and physical distancing measures made online shopping a more attractive and accessible alternative to the in-store experience. Many brick-and-mortar retailers were quick to adopt and promote online sales. As a result, retail e-commerce sales increased 71.2% in 2020.

E-commerce sales vs Growth percentage in Canada



Yearly e-commerce retail sales volume and growth in Canada.

The Canadian e-commerce market continue to grow at healthy rate during the first quarter of 2021. We believe this trend is here to stay and Canada is on its path to digital/physical blur in near future.

UNITED STATES OF AMERICA

In December 2020, retail sales and food services (excluding gas) increased 5.4% when compared to sales in the same month previous year. Compared to previous month, retail sales and food services increased 4.06%.

USA: Total Retail Sales incl. Restaurants YOY% Change

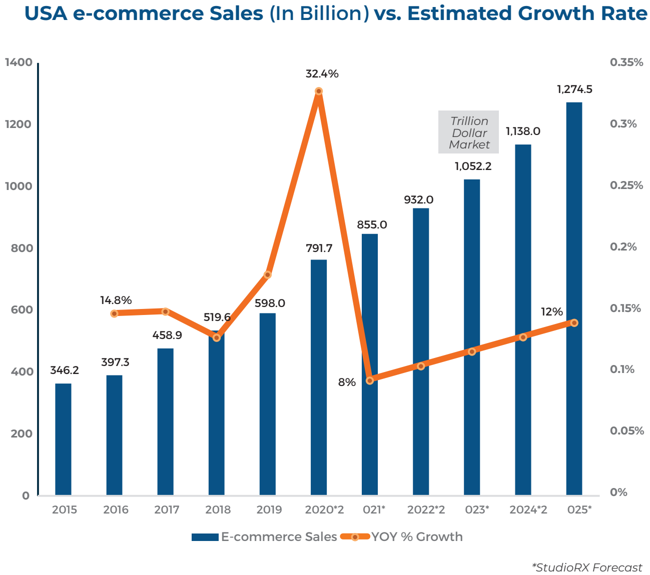
Monthly Year-on-Year Percent Change of Total Retail Sales including food services and excluding Gas In USA

RETAIL E-COMMERCE SALES IN USA

On a not adjusted basis, the estimate of U.S. retail e-commerce sales for the fourth quarter of 2020 totaled $245.3 billion, an increase of 23.1 percent from the third quarter of 2020. The fourth quarter 2020 e-commerce estimate increased 32.1 percent from the fourth quarter of 2019 while total retail sales increased 6.9 percent in the same period. E- commerce sales in the fourth quarter of 2020 accounted for 15.7 percent of total sales.

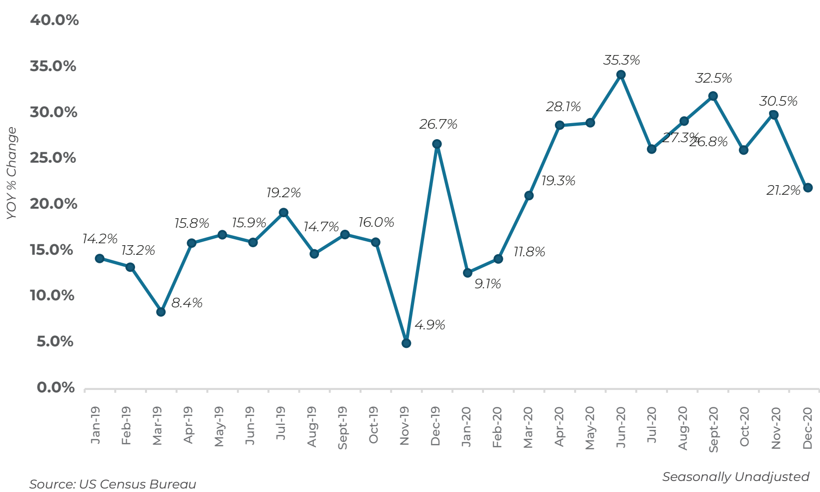
Total e-commerce sales for 2020 were estimated at $791.7 billion, an increase of 32.4 percent from 2019. Total retail sales in 2020 increased 3.4 percent from 2019. E-commerce sales in 2020 accounted for 14.0 percent of total sales. E-commerce sales in 2019 accounted for 11.0 percent of total sales.

USA e-commerce Sales (In Billion) vs Estimated Growth Rate



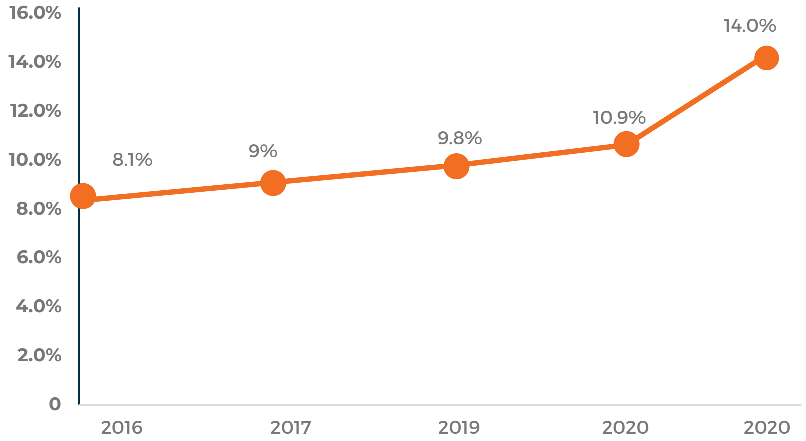
Estimated e-commerce retail sales volume and growth in USA.

USA: Online Retail Sales YOY% Change



Monthly year-on-year percent change in online retail sales in USA

E-commerce as % of Total Retail

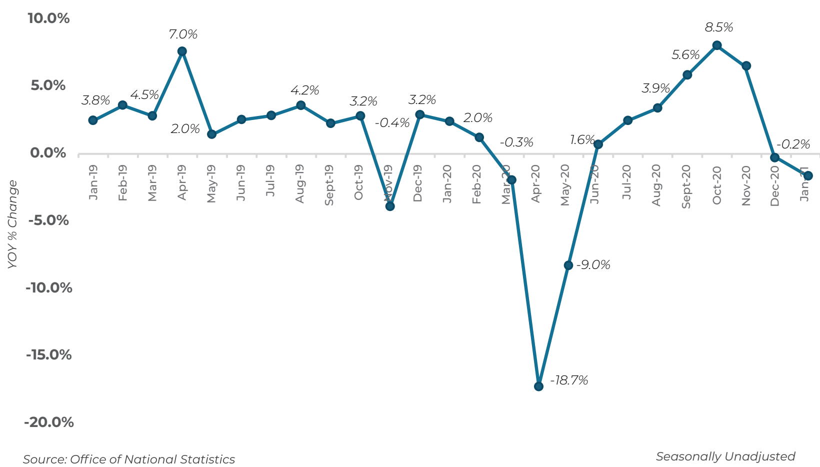


Online sales as a percentage of the total retail sales in USA.

GREAT BRITAIN

In December 2020, retail sales volumes increased by 0.3% when compared with November 2020, resulting in an increase of 2.7% when compared with February's pre-lockdown level. The year-on-year growth rate in the volume of retail sales excluding fuel decreased by 0.2% when compared with December 2019; non-store retailers reported the largest year-on-year growth at 43.5% while food stores also saw strong annual growth of 4.4%.

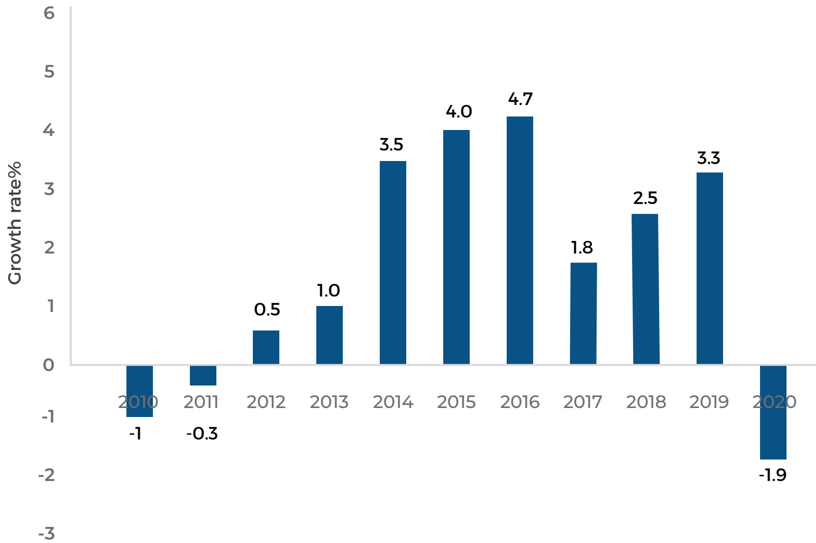
UK: Total Retail Sales excl. fuel YOY% Change



Monthly year-on-year percent change in Great Britain's total retail sales excluding fuel

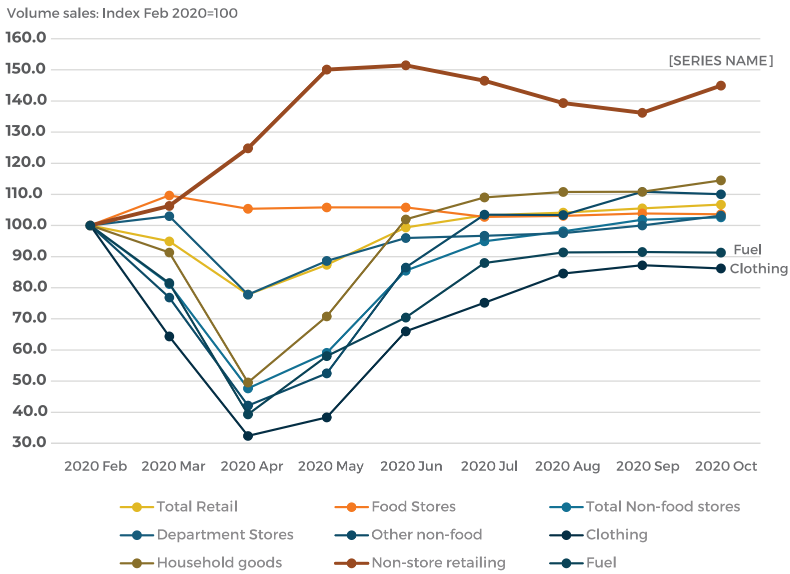
In 2020, estimates of the quantity bought decreased by 1.9% when compared with 2019, the largest year-on-year fall on since records began in 1997.

Volume sales, seasonally adjusted, Great Britain, 2010 to 2020



After experiencing declines at the beginning of the decade of 1.0% and 0.3% in 2010 and 2011 respectively, the trend in the quantity bought in total retail sales has been one of consistent growth with a peak at 4.7% year-on-year growth in 2016 and continued growth up to 2019, which was up 3.3% on the previous year.

Volume Sales, seasonally adjusted, Great Britain, February 2020 to October 2020



Great Britain's seasonally adjusted retail sales volume by industry indexed in February 2020 (Pre-Pandemic). Source: Office of National Statistics

The above chart shows the volume of sales for each retail sector from February 2020, pre-coronavirus (COVID-19) lockdown. Non-store retailing has shown strength over the course of the pandemic and remains at high levels. Till October 2020, non-store retailing sales volumes were 44.9% higher than February. Most sectors recovered to a higher level than February, boosted by consumers shopping for the holidays earlier this year, which helped boost seasonal sales. Clothing and fuel were the only sectors that remain below their pre-lockdown sales levels.

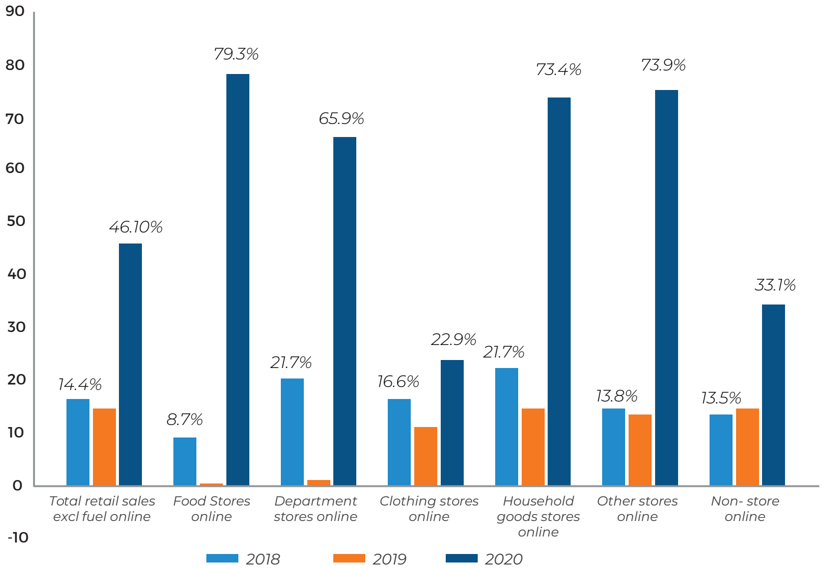
RETAIL E-COMMERCE SALES IN GREAT BRITAIN

In 2020, the amount spent in online retail sales increased by 46.1% when compared with 2019, the largest annual increase since 2008.

All sectors of retail reported large increases in total online sales in 2020. Food stores reported the largest increase in online sales of 79.3% for the year, a record annual increase for the sector. Retailers' feedback suggested a change in consumer habits caused by the coronavirus (COVID-19) pandemic, with a sustained and significant move to click and collect orders.

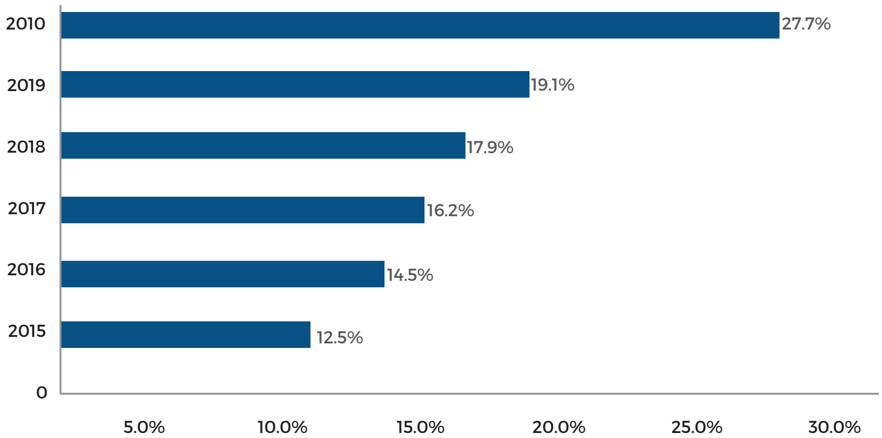
Department stores, household goods stores and "other" stores also recorded record annual increases in sales for 2020, at 65.9%, 73.9% and 73.4% respectively when compared with 2019. Anecdotal evidence from each of the sectors suggested this was again a consequence of physical store closures forcing consumers to shop online for their items during 2020.

Value sales, seasonally adjusted, Great Britain, 2018 to 2020 Annual growth rate (%)



Great Britain's seasonally adjusted retail sales by industry and growth percentage when compared to February 2020 Source: (Office for National Statistics, 2020)

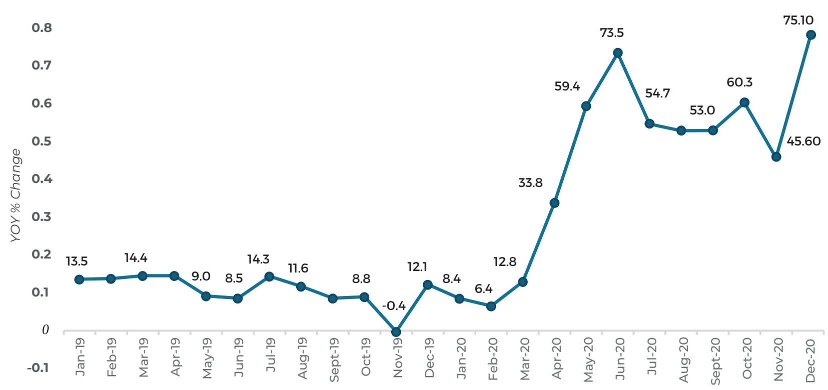
Online Sales as a Proportion of all Retailing excl. Automotive Fuel



Great Britain's seasonally adjusted retail sales by industry and growth percentage when compared to February 2020 Source: (Office for National Statistics, 2020)

In 2020, the proportion of online sales as percent of total retailing in UK rose to 27.7%, one of the highest when compared to other nations worldwide.

Great Britain: Online Retail Sales YOY% Change



Source: Office of National Statistics

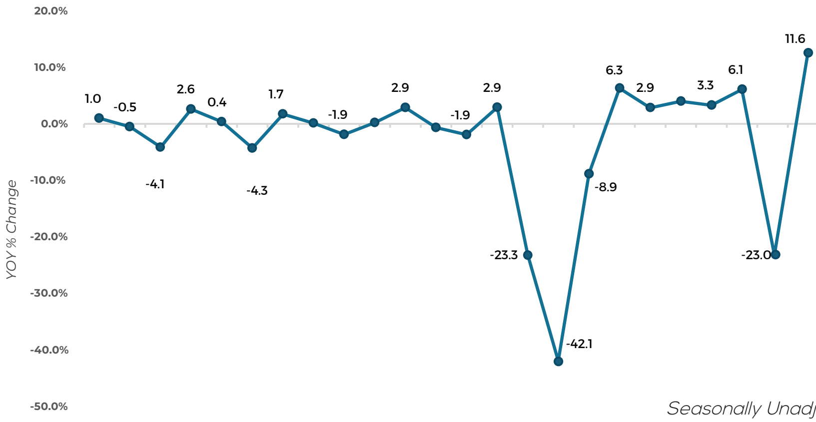
Seasonally Unadjusted

Monthly year-on-year percent change in Great Britain's online retail sales

FRANCE

December saw a rise in retail turnover by 11.6% year-over-year (unadjusted for seasonal and working-day variations). In November alone, retail turnover fell by 23.%. Sales of small retail stores increased by 17%.

France: Total Retail Sales YOY% Change



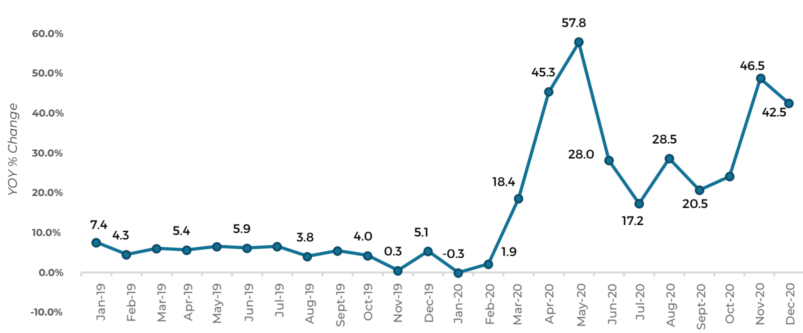
Seasonally Unadjusted

Monthly year-on-year percent change in France total retail sales

In December 2020, online sales grew very strongly by 42.5% year-on-year (after 46.5% in November). Overall, in 2020, the online sales in France grew by 23% from the previous year. In the year 2019, this growth was approximately 6%.

France: Online Retail Sales YOY% Change

(Banque de France, 2020)



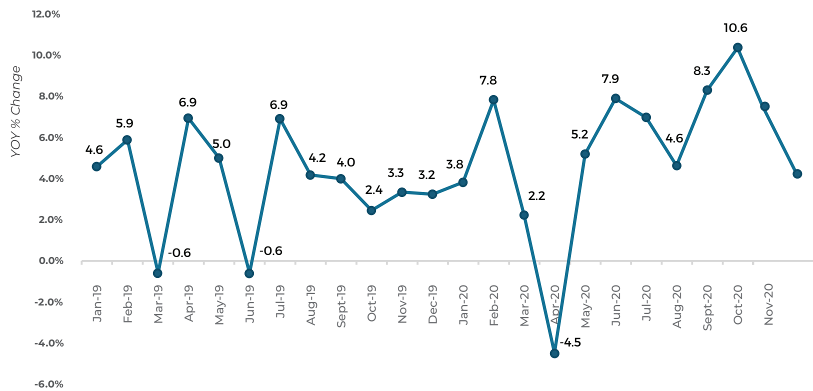
Seasonally Unadjusted

Monthly year-on-year percent change in France online retail sales

GERMANY

In December 2020, retail turnover excluding automobile sales rose by 4% compared to the same month the previous year. Overall, in 2020, the retail turnover increased by 5.1% in 2020 compared to the previous year in nominal terms.

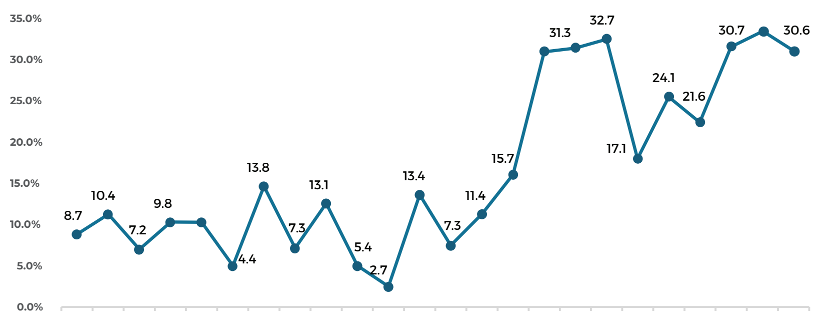
Germany: Total Retail Sales excl. Automobile YOY% Change



Seasonally Unadjusted

Monthly year-on-year percent change in Germany's total retail sales excl. automobile.Source: Statistis ches Bundesamt

Germany: Online Retail Sales YOY% Change



Monthly year-on-year percent change in Germany's online retail sales (StatistischesBundesamt , 2020)

ITALY

In December 2020 estimates for seasonally adjusted index of retail trade increased by 2.5% in the month-on-month series, both in value and volume terms.

In the 4th quarter of 2020, value of sales dropped by 1.5% and volume fell by 0.8% when compared with the previous quarter.

Year on year, value of retail trade decreased by 3.1%, with a 9.4% fall in non-food sales and a 6.6% increase in food sales. Volume sales contracted by 3.2%.

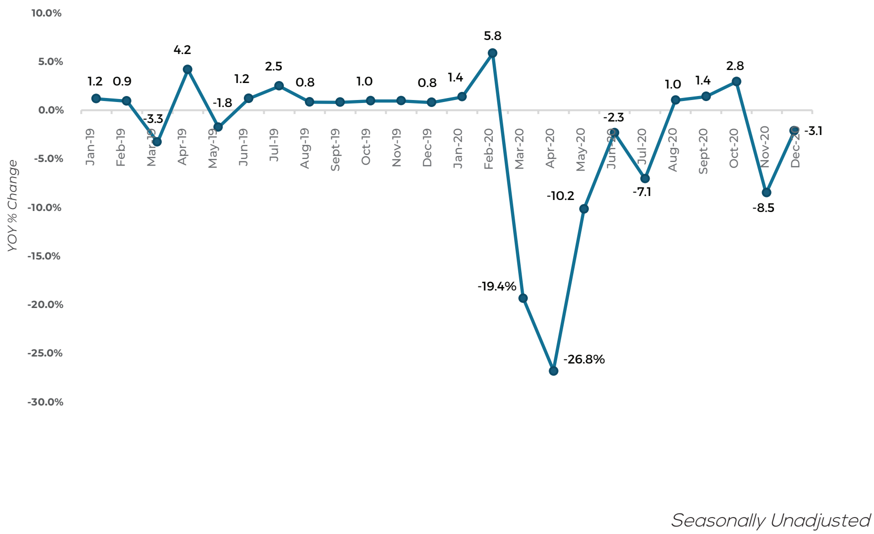
In December 2020, all channels of distribution, besides e-commerce, continued their fall when compared with December 2019. Large-scale distribution was down 2.5% year on year, small-scale distribution dropped by 6.6% and non-store retail sales decreased by 12.3%.

Online sales continued their rise in December 2020, with sales up by 33.8% compared with the same period a year earlier.

Looking at the value of sales for non-food products, among all other sectors, clothing reported the largest annual fall at negative 23.4%, followed by shoes, leather goods and travel items (-14.6%). Growths were only reported for computers and telecommunications equipment (+15.3%), tools (+2.3%) and furniture, textile items and household furnishings (+0.5%).

In 2020, value of sales decreased by 5.4% and volume was down 6.2% when compared with 2019, the largest year-on-year falls on record.

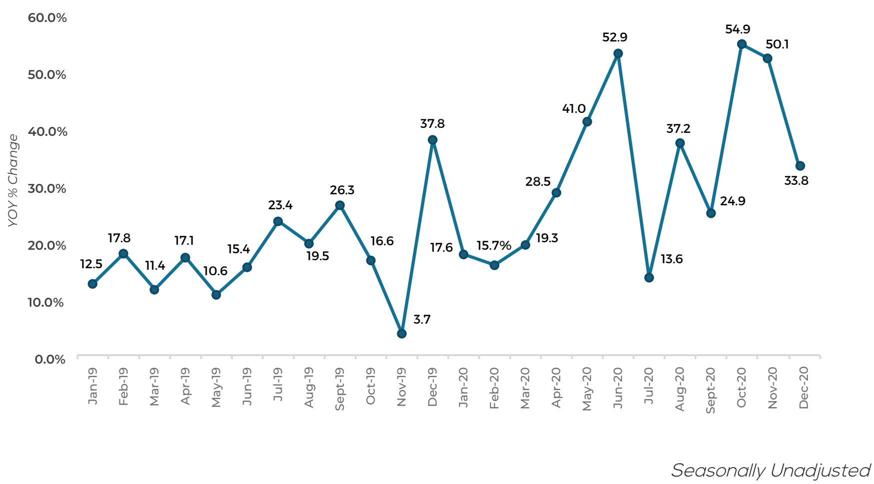
Italy: Total Retail Sales YOY% Change



Monthly year-on-year percent change in Italy's total retail sales.
Source: (Istituto Nazionale di Statistic, 2020)

RETAIL E-COMMERCE SALES IN ITALY

Italy: e-commerce Retail Sales YOY% Change

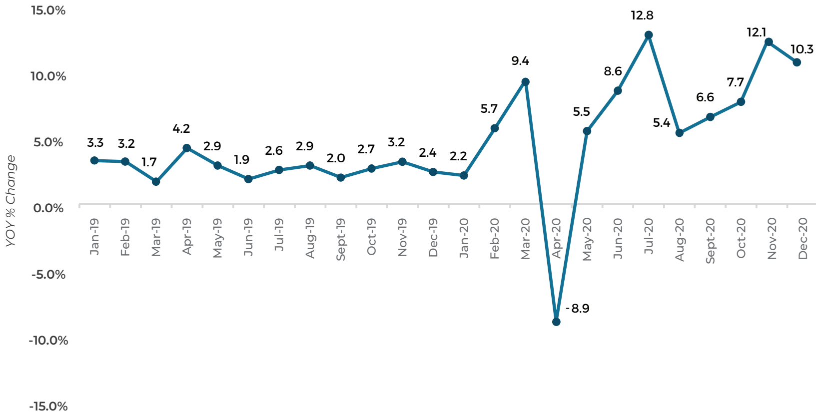


Monthly year-on-year percent change in Italy's online retail sales.
Source: (Istituto Nazionale di Statistic, 2020)

AUSTRALIA

In December 2020, Australian sales value was up 10.3 % compared with December 2019.

Australia: Total Retail Sales YOY% Change



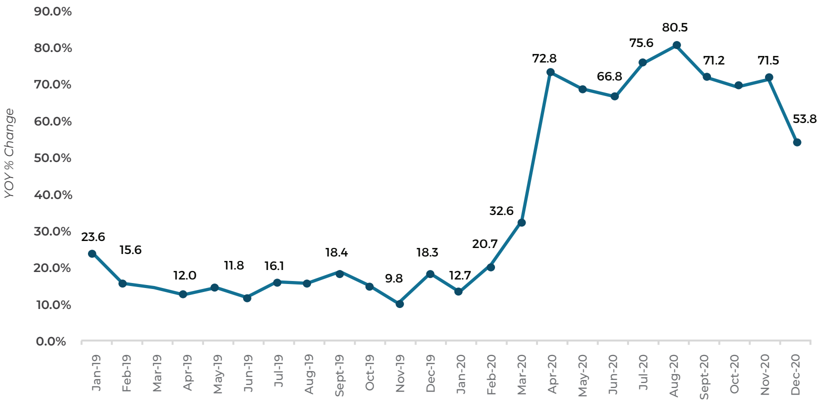
Monthly year-on-year percent change in Australia's total retail sales
Source: Australia Bureau of Statistics

ONLINE RETAIL SALES OVERVIEW: AUSTRALIA

The total online series fell 1.5% in seasonally adjusted month-on-month terms in December 2020, following a fall of 1.4% in November, and a fall of 0.7% in October 2020.

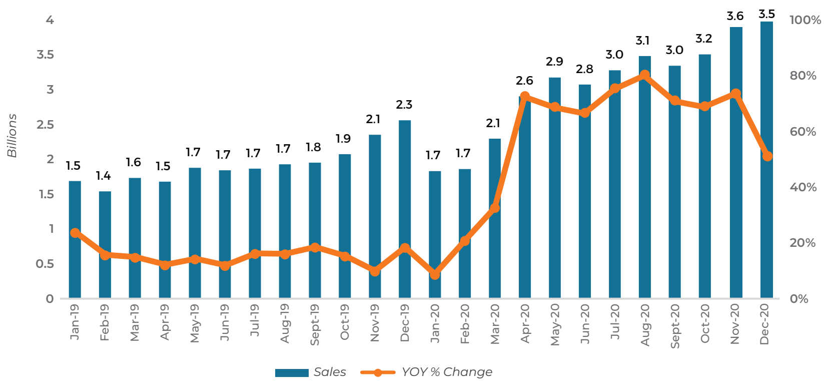
In through-the-year terms, the seasonally un-adjusted series rose 53.8% compared to December 2019. While this is much larger than pre-COVID-19 growth, it is lower than November (71.5%) and October (69.1%). In the 12 months from March 2019 to February 2020, total online sales averaged annual growth of 14.7%.

Australia: Online Retail Sales YOY% Change



Seasonally Unadjusted

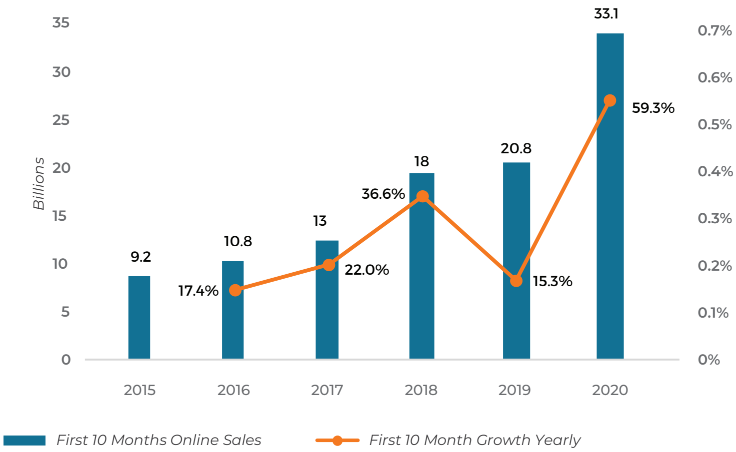
Australia Total Online Sales and YOY% Change



Monthly year-on-year percent change in Australia's online retail sales and total online sales volume in billions Source: (Australia Bureau of Statistics, 2020)

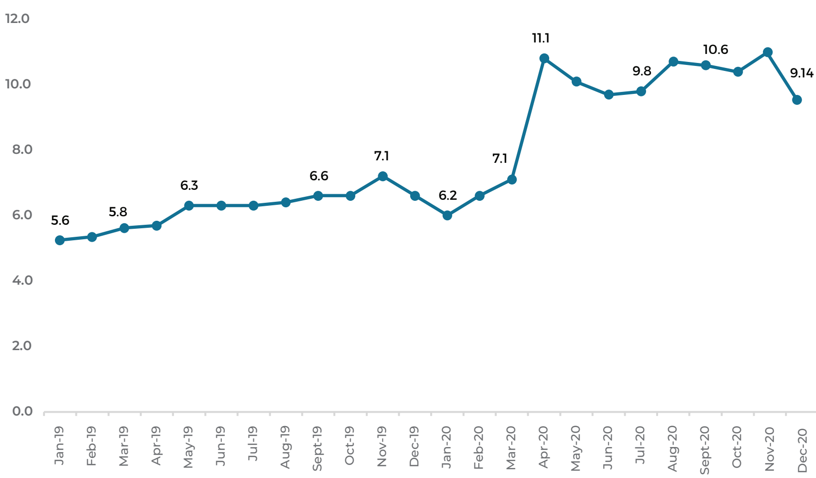
Coinciding with the shift to online purchasing at the outset of the COVID-19 pandemic in Australia, total online sales has averaged an annual rise of 59.3% compared to 15.3% in 2019. (Australia Bureau of Statistics, 2020)

Australia: Online sales Vs Annual Growth



First 10 months e-commerce sales volume and % growth compared with same month previous year Source: (Australia Bureau of Statistics, 2020)

Online Sales as a percent of Total Retail Turnover



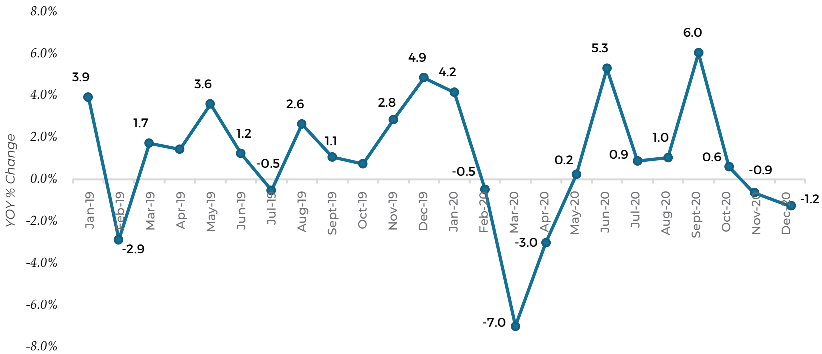
Online sales as a proportion of Total retail sales in Australia Source: (Australia Bureau of Statistics, 2020)

Online sales made up 9.14% of total retail turnover in December 2020, compared to 10.97 % in November 2020. Compare this to December 2019, when online retail turnover contributed 6.55% of total retail revenue.

SOUTH KOREA

In December 2020, sales value was down 1.2% compared to the same month a year prior.

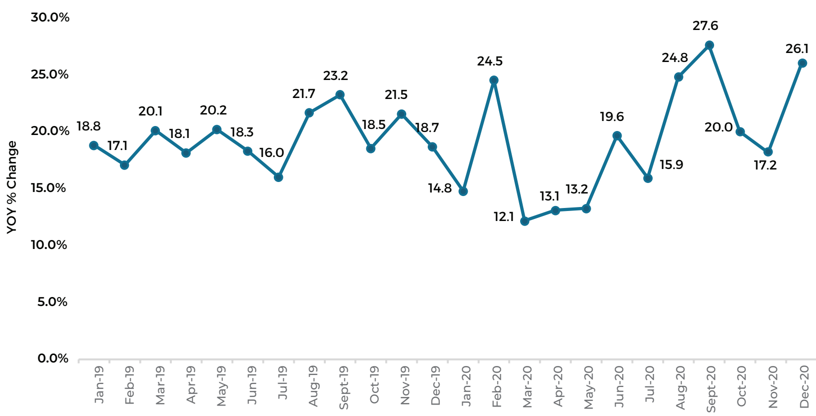
South Korea: Total Retail Sales YOY% Change



Monthly year-on-year percent change in South Korea's total retail sales.
Source: Statistics Korea

In December 2020, Online sales grew by 26.1 % in the year-on-year series. (Statistics South Korea, 2020).

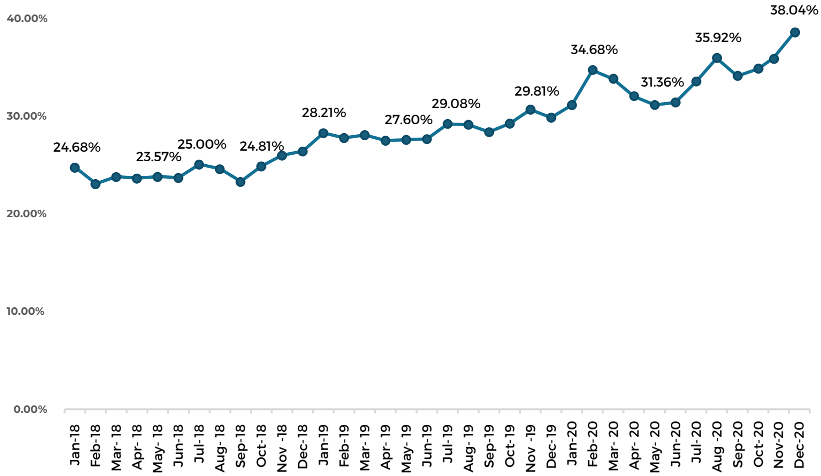
South Korea: Online Retail Sales YOY% Change



Monthly year-on-year percent change in South Korea's total retail sales
Source: Statistics Korea

In 2020, the proportion of online sales as percent of total retailing in South Korea rose to 33.8%, more than 7 percentage point increase when compared with year 2019.

South Korea: Online Sales as percent of Total Retail



Source: Statistics Korea

Online sales as a percent of total retail sales in South Korea
Source: Statistics Korea

SOUTH AFRICA

Measured in real terms (current prices), retail trade sales increased by 0.98% year-over-year in October 2020. Negative annual growth rates were recorded for: all 'other' retailers (-25,0%); as well as those selling pharmaceuticals and medical goods, cosmetics, and toiletries (-5,4%).

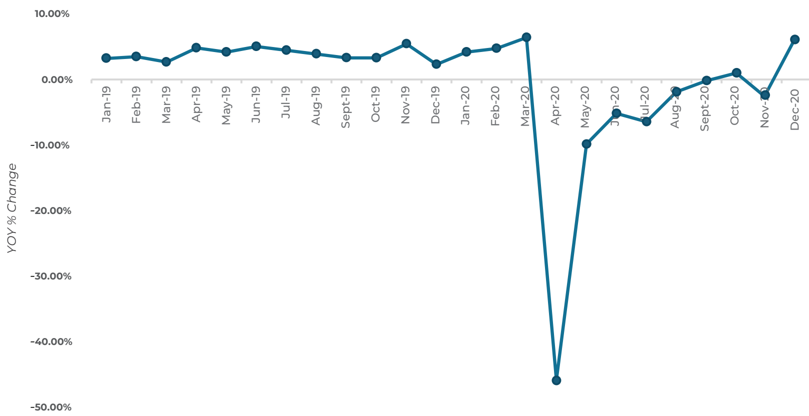
The negative contributors to the 0.98 % increase were: all 'other' retailers (contributing -3,4 percentage points); and retailers in pharmaceuticals and medical goods, cosmetics, and toiletries (contributing -0,4 of a percentage point).

Seasonally adjusted retail sales decreased by 0,2% in October 2020 compared with September 2020. This followed month-on-month changes of 1,0% in September 2020 and 4,4% in August 2020. In the three months ending in October 2020, seasonally adjusted retail trade sales increased by 7,1% over the previous three months.

Retail trade sales decreased by 2,8% in the three months ending in October 2020 compared to the same months the year prior. These sectors contributed to this decrease:

all 'other' retailers (-28,0% and contributing -3,7 percentage points); and retailers in textiles, clothing, footwear, and leather goods (-3,7% and contributing -0,6 of a percentage point). (Statistics South Africa, 2020)

South Africa: Total Retail Sales YOY% Change



Source: Statistics South Africa *Seasonally Unadjusted*

Monthly year-on-year percent change in South Africa's total retail sales.
Source: Statistics South Africa

Summary

The data included in this report clearly demonstrates the accelerated emerging digital trend that was provoked by the COVID-19 pandemic. In 2020, we saw many retailers that were already facing challenges before the pandemic being forced to go out of the business. Those that resist the tides of change, as opposed to adopting emerging trends, will land themselves in a very critical position.

To thrive in today's environment, retailers need to overcome challenges, find new ways to interact with their customers, build trust among consumers, and explore new opportunities. It might be right time for retailers to assess the existing data about their physical store and rethink their store's purpose. While devising strategies for future, it is critical retailers should use what they have learned about their businesses in lockdown to chart their course. Many will need to evaluate whether it is better to continue to operate their physical store as a traditional brick and mortar store, to use it as a fulfillment centre for its digital channel, or to completely shut down the store.

It's time for retailers to think globally and act locally. 2020 taught us the necessity of local supply chains and our duty to support our local communities. Retailers have a unique opportunity to strengthen their relationships with customers by building new partnerships and supporting their local economies. Seamless integration between sales channels is paramount to retailers' ability to deliver a standout shopping experience. Customers have come to expect the ability to orchestrate their shopping journey on whichever channel is the most convenient at the moment. The same customer that buys a product online may want to pick up the item in-store to reduce wait times. But this same customer may opt to return the product for a bigger size through USPS and email. Seamless integration makes retailers more resilient and better prepared for everyday black swan events. Another benefit of blurring physical and digital channel is empowering retailers to shift to any channel in situations when one channel is under threat. If there is a cyber-attack on retailer's e-commerce platform, for instance, the company can lean on physical store to fulfill its customer requirement.

The time is now. Retailers have the perfect opportunity to modify their business models to be more resilient and agile when tomorrow comes. The future is rife with opportunities for those who are willing to do things differently.

CONCLUSION

Living through accelerations are mostly stressful, sometimes exciting, often adrenaline pumping journeys where we often wonder “when will this craziness end?”. “When will we get back to a regular pace: get back to normal?”. As you probably understood in this book, there are certain new ways of conducting business that are here to stay. Specially those new ways we’ve developed which facilitate (dare I say automate) the mundane aspects of simply purchasing the recurrent and undifferentiated.

The Great Accelerations portal into the future has clearly shown us what is needed to address those aspects that will now be sooner our day-to-day reality than we would have thought 18 short months ago.

That said, I’m also in the camp of the “roaring 20’s” reboot (March 2021 US bureau of commerce seems to prove that point). Where consumers will have a massive appetite to re-engage in the most experiential, positive emotion inducing aspects of consuming products, services and experiences. But don’t forget that many will also be looking for the broader more sustainable attributes that we discussed in the flywheel section. We knew that the undifferentiated “average” was a dying breed of experiences. Consider it now officially dead.

So, our job as retail and business leaders has once again become more complicated. Hence the need now more than ever to focus on what matters most to ensure your race to resilience remains relevant, differentiated and sustainable.

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Quotes from interviews inspiring leaders that will be found in this book:

"The winner in retail are those that had solid basics and knew how to leverage all the available inventory and get it to their customers fastest."
Stacey Shulman, Intel Corp

"We're living in a complex ecosystem, and to act sustainably, we need everyone to play their part."
Peter Bäckström, H&M

"We need to strike a balance between - What we want to buy vs. the impact that has on our power to buy."
Isabelle Blondet, Decathlon

"The behavior of people is caused by COVID and no longer related to COVID."
Vibhu Norby, b8ta

"Undoubtedly, the newer generations are truly modernizing the Indian unorganized (informal) retail."
Amit Sharma, Mcare India

"The pandemic has made malls receptive to customized solutions albeit in a chaotic but progressive way."
Hussam Raouf, Raouf Associates

"The richness of the collected data when moving from the offline to the online world is offering new opportunities."

- Maxime Cohen
McGill University