



# GLOBAL RETAIL

THE MONTHLY DIGEST OF INTERNATIONAL RETAIL *news*

## EDITORIAL

### 2021, THE YEAR OF ALL POSSIBILITIES

From 2020, some are remembering a phenomenal accelerator of trends and a Darwinian leap of more than 2 years. Those who, before last March, had equipped themselves with digital platforms, had carried out their omnichannel mutation and above all had sufficient cash reserves to cope, seem to have done well. On the other hand, the latecomers of the omnichannel retail, the over-indebted or over-stocked did not resist for long. Not to mention the relationship between retailers and landlords, which the crisis has led to divorce.

Everywhere, agility, reactivity and flexibility have often paid off. But the management and the teams on the ground were decisive. At the beginning of 2021, the hecatomb does not seem, alas, to be over. However, we can look to the future with optimism. Because new models, both eco-responsible and economically viable, are emerging. Retail is in tune with the new aspirations of consumers who have learned, lockdowns after curfews, to get closer to their values, to reflect on the impact of their over-consumption and to reprioritise their daily lives. Are we at the dawn of a sustainable retail?

**Michel Koch**  
Publisher

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**Where is Jack Ma?** Has the charismatic 56-year-old founder of Alibaba, a member of the Communist Party, been isolated by the Chinese authorities or just keeping a low profile? The mystery remains.



## COVER STORY

### DIGITAL TO THE RESCUE OF DEPARTMENT STORES

Department stores, which are particularly exposed to the crisis, deployed unprecedented digital initiatives last year. Meeting with Selvane du Menil, C.E.O. of the International Association of Department Stores.



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Selvane Mohandas du Menil, General Manager of International Association of Department Stores, was previously a member of the Executive Committee at Sonia Rykiel.

### G.R.N.: Please introduce the scope of I.A.D.S.

**Selvane du Menil:** I.A.D.S. is a think-tank serving department stores' management. We bring together 12 global department store giants, including Galeries Lafayette, Manor in Switzerland, El Corte Inglés in Spain, Breuninger in Germany, Falabella in Chile and SM in the Philippines. The combined annual turnover of our members exceeds €31 billion via 490 department stores and 233,000 staff. Our mission is to promote co-operation and identify increased efficiency by sharing best practices, key market insights and through dedicated workshops (category management, private labels). As retailers are often family-owned, they are not subject to the same constraints as those owned by investors or by pension funds.

### After having targeted Chinese tour operators, department stores now need to talk to local customers. It's a 180° turn...

For certain brands, this is very true, particularly in France, Spain and Denmark. There is a real need to refocus the message and attract more local customers again. However, who are these customers, what can we sell and how can we sell in the absence of tourists? It is necessary to regain our voice and brand credibility by direct contact with new local customers. The German Breuninger is particularly advanced in this field. In 2020, the store sold directly to local customers via WhatsApp and Facetime. Those who understand the German market know how difficult it is to penetrate their private social networks. Some clients were offered products to try at home. Following important local tradition, Breuninger delivered 200 Easter rabbits to the best customers. Nicolas Houzé (owner of Galeries Lafayette) also created a similar direct customer relationship in 2020 by sending emails directly to customers. The first action of the new Printemps boss was to send email to customers. This was something Paolo de Cesare never did.

### The fashion, beauty and luxury categories are also highly exposed...

In Western Europe, women's fashion sales plummeted in 2020. In women's fashion, those with a fall of 30% are happy. For make-up, we lost 20%. The home (decoration, small

equipment, electronic products, sports equipment) drives sales. All this has multiple consequences for store layout, purchase planning and marketing. To date, there has not been drastic re-shuffling in favour of one category or another, but we are seeing some interesting initiatives. In Spain, El Corte Inglés launched in September 2020 the 'Decor Studio'. This is an interior design service. Clients talk directly to craftsmen and decorators who help think about the layout of a home in a global way. Selling just lamps and cushions like Ikea is no longer sufficient.

### **John Lewis grew from 40% online sales to almost 70% in 2020. How has e-commerce evolved amongst other retailers?**

In 2020, growth was sustained for all our members. Galeries Lafayette's e-commerce turnover is up by 40%, Breuninger's by 50% and Manor by 100%. For the longer term, all members are aiming for a 20% to 25% share of e-commerce turnover within one to three years. Some are more advanced, such as Falabella (Chile). The value of their e-commerce turnover increased from 30% in 2019 to nearly 60% in 2020.

### **What concretely changed ?**

In 2019, most department stores offered e-commerce by selling a limited range of items via a dedicated warehouse, or via a warehouse and store. Today, the model is to sell all products to all customers without restriction. The online and offline offer has been merged. Store inventory is shared out for e-commerce and 'ship from store' is widespread.

### **Will selling via video make traditional e-commerce very old-fashioned with only product photos and scrolling?**

It is possible. In any case, the advent of video as a sales channel with a salesperson (or live shopping in Asia) is one of the great successes of 2020: when the customer can see and talk live, the transformation rate from enquiry to sale explodes everywhere! In mid-November 2020, the GLs launched the "Exclusive Live Shopping" service

in partnership with the start-up 'GoinStore', developed from a dedicated incubator. Customers book a video link appointment with a sales advisor. The customer can also call live by videoconference and the sales assistant guides them around the store demonstrating different products. In the first month, this service attracted 60% of French customers but also 20% of European customers and 20% of international customers (outside the E.U.). In Denmark, Magasin du Nord implemented this service with a Clientela application (based in the U.S.A.).

### **Will these omnichannel distance selling schemes last?**

Yes, because it is a success. There are many recent examples like 'click & collect', call & collect, e-booking, online shopping and personal shopping via video. For example, from the summer of 2020, Galeries Lafayette Champs-Élysées sales staff focused on a local clientele, by highlighting the flagship products of the collections via "Stories" published on Instagram. In the Philippines, during the March 2020 lockdown, sales staff at SM department stores directly contacted customers via Whatsapp, Viber, Facetime or SMS. This started a personal relationship beyond shopping. Many customers appreciated the gesture, and replied "the timing is right, we need you". In April, SM launched 'Call to Deliver', a service that puts customers in direct contact with a salesperson. Customers now buy any product in the store and these are delivered during the day. This was a very different service from the restricted product range offered by automated e-commerce. The success was such that all 65 stores adopted this approach as standard. Today, it represents between 13% and 15% of turnover. An average "Call to Deliver" basket is twice as large as an automated e-commerce basket.

### **In view of current closures (John Lewis, Debenhams, Le Printemps...) how can the old department store model survive?**

Amongst our members, there has been no radical decision about

the future of property, most of which they own directly. The most interesting news is how regional networks of department stores remain successful. We see this at El Corte Inglés (Spain), Manor (Switzerland), Breuninger (Germany) and Galeries Lafayette (France). We also know that sales at the GL Haussmann flagship are falling (Editor's note: more than 50% of turnover), but we know that regional stores are trading well. In these provincial stores, the emotional bond with a brand and a customer is very strong. Not everyone is suffering from falling turnover. Loyal customers continue to spend, with average basket values well above last year's levels.

### **What are the 3 major topics of 2021 for your members?**

For the past six months, I have been meeting (by video) with management of our 12 member companies. We discussed what kept them awake at night. They listed a top three:

- 1/ The notion of omnicanality in calculating a P&L. What fresh K.P.I.'s should be used in a truly omnichannel model, when previously these were measured as turnover per square metre? Which K.P.I.'s can measure productivity of a physical space?
- 2/ The department stores' brand: what does it mean and what are the perceived values? What does it bring to any customer?
- 3/ How can we rethink the relationship with brands and the concession model itself?

### **A word in conclusion?**

What struck me most was meeting the boss of Falabella, Chile's leading retailer (retail turnover of nearly €3.5 billion in 2019). The first thing he told me was, "We are a digital group with 111 department stores". They've just created a new Business Unit that handles the digital aspects of all their branches (supermarkets, department stores, malls, financial services...) on a transversal basis. The key for the future is to understand that the store is no longer an end in itself. It is certainly an important contact with the customer, but it is also part of an ecosystem including showrooms, local logistics hub and deliveries. ■

## PROPERTY. ARBITRATE - RIGHT NOW

In the U.S.A. and Europe, G.R.N. interviewed major retail and property management. Their answers illustrate a future business model.

This is a profound reset for the major players in retail property. In the **U.S.A.**, “25,000 stores closed in 2020, compared to 28,000 between 2016 and 2019,” said David Bassuk, Retail Director at AlixPartners. Of these stores, more than 75% are in shopping centres. By 2025, 25% of malls are expected to close in the U.S.A. The situation is very tense for all the players, we have to find new models right now to survive.” According to the Lincoln Institute of Land Policy, the pressure is because the U.S.A. has 263 sq.m. of retail per person. This is five times more than Europe at 48 sq.m. per person. “There is a glut of capacity in retail property,” said the President of **Simon Property**, the king of local malls. “Without a doubt, we are going to see a very rapid rationalisation of the whole sector, for all categories of retail. This will happen very quickly. Gone are the days when we kept unprofitable assets for 6 or 7 years. “We changed priorities in a short time”. After decades of over-exploitation, the occupancy rate of malls has fallen from 92.4% in March 2018 to 88.7% in March 2020. Fashion retailers are significant handcuffs. According to Coresight, the proportion of square meters used by fashion retailers will fall from 45% in 2016 to less than 40% in 2020.

In **Europe**, the strategic evolution of land ownership is radical. Until 2019, the trend was towards the development of large destination centres (renovations or ex-nihilo creations) and a focus on “retailtainment”, supported by opaque results. The situation changed in 2020 with the arrival of Covid-19.

Development came to a halt. Closed shopping centres were hit hardest. Retail parks and outlet centres have been more resilient, perceived to be better designed for social distance regulations. “50% of a centre is occupied by fashion retailers,” sums up one French investor. Combined with the sustainability pressure that is sweeping through the metropolises, the few projects that emerge tomorrow will be radically different from today. “They will be more and more mixed-use tenants and the propensity of commerce will decrease”.

For a retailer, the effort required for profitability is under very close scrutiny. According to a leader of a major European property company, “We are going to see a radical restructuring of the networks, with fewer locations but a better selection of malls, city centres and suburban areas. This will lead to a radicalisation of concepts and networking, thanks to digitalisation and data.” **Zara** (Inditex) will eliminate 1,200 stores around the world, but maintain flagships. In the U.K., **Arcadia** will close 31 additional stores. “The pressure on rents is enormous, with expenses and rents being offset by turnover,” sums up a C.E.O. of a specialised retailer. “We must have the correct square metres in the right place, because e-commerce causes a lot of margin pressure. We don’t know how visitors will remain in the city centre with working from home. As a result, we’re reducing the floor area in city centres and retaining stores on the outskirts, which are very dynamic”. In France, according to retail experts, the average vacancy rate in

shopping centres has risen from 3.5% a year ago to around 11% at the end of 2020.

**New offers, fresh services.** To transform unused space, alternatives are developing. “The rent is being converted from a square metre rental contract to a service contract,” notes Gontran Thüring, from the CNCC. Landlords such as **ECE** are setting up shared omnichannel services (pooling of stocks for e-commerce). The start-up **Wishibam** is working with landowners to digitalise their offer, including mutual creation of a marketplace backed by C.R.M. and picking applications. Since the creation, in 2018, of the e-shop for The Village Outlet centre (Grenoble), Wishibam reported a rise of 10% in visitors alongside a rise of 15% in turnover. E-commerce enables revenue even when the centre is closed, as 70% of web orders are between 7pm and 2am. Today, 30% of weekly turnover is generated on a Sunday.

The arrival of new services also generates traffic on weekdays: medical centres, sports clubs, coworking or flats. In Portugal, **Sonae Sierra** is developing co-working spaces in its centres. “These are very interesting clients for our centres, which generate stable traffic on weekdays,” said Cristina Santos, Sonae Sierra’s C.E.O. “We had it in place before Covid-19 and it is now standard business”. In the U.S., the **Caruso** property company offers the ‘Store to Door’ service: customers make a virtual appointment with a centre adviser, order and receive products at home during the day. The selection of brands is also becoming crucial. According to start-up **Placer.ai**, the opening of Planet Fitness sports club in Holyoke Mall (Massachusetts) in early 2020 generated 23% more traffic in one year. “Stores like Lululemon (where people come to take yoga classes) and Peloton static exercise equipment are also real traffic drivers,” concludes David Bassuk. Just like Sur La Table (cooking classes) or Restoration Hardware (furniture)”. ■

### Effort rates under the lens in France

(sources: Global Retail News)

Location type	Effort rates 2021 (rent / turnover)	Turnover 2020 vs 2019 on a like-for-like basis*
Shopping centres	12% to 17%	-6,6%
Pop-up in shopping centres	20% to 25%	-6,6%
City centre	8% to 10%	-8.5%
Retail Park	6% to 8%	+5.6%
Joint development zone	3% to 4%	+5.6%

\*Dats from Retail Int (panel of 70 fashion and footwear French retailers)

## FRANCE BLOCKS €16.1 BILLION BID FOR CARREFOUR



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The Canadian **Couche-Tard**'s offer of €20 per **Carrefour** share was rejected by the French government, citing food security and employment issues. Carrefour, whose share price has fallen to €13, is one of the largest private employers, with 105,000 employees and a turnover of €80.8 billion in 2019. This takeover would have created the world's 3<sup>rd</sup> largest retailer after the American Walmart

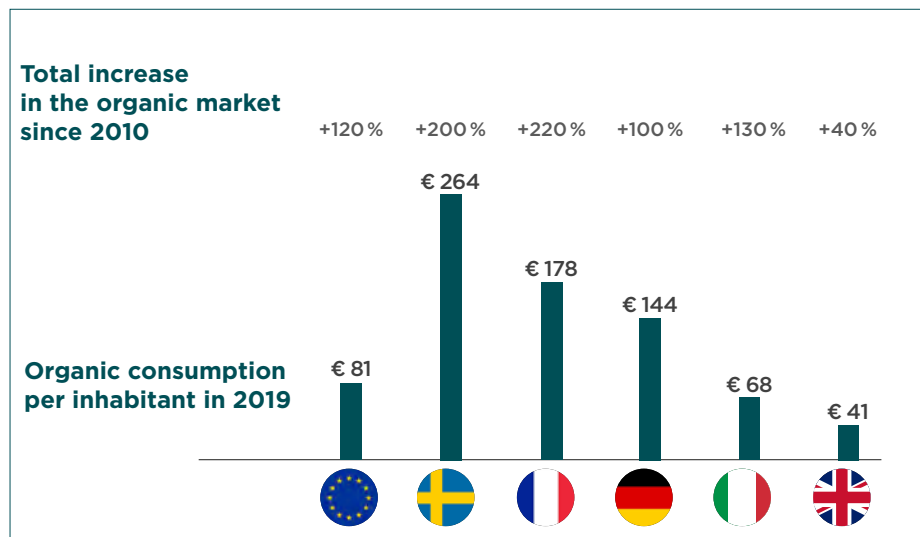
and the German Schwarz Group, owner of Lidl. According to the Wall Street Journal, this refusal shows to what extent the Covid crisis is exacerbating interventionism in Europe. Until now, the French government's action had been limited to strategic sectors such as energy and defence. In the UK, the government proposed new legislation in November to strengthen its powers to block foreign takeovers of British companies. Protectionism is also on the rise in Italy, Spain and Germany, where company valuations are falling as a result of the epidemic, creating not always friendly takeover attempts. Couche Tard is a leader of convenience with 14,500 mini-markets and service stations (Corner Store, Circle K...). 71% of its income comes from petrol. In 2019, it recorded a turnover of €48.5 billion for a net profitability of 4%. But its market capitalisation is almost double that of Carrefour! ■

## FOOD. ORGANIC ATTRACTS INVESTMENT

Organic products have been one of the big winners of 2020, both in the U.S. and in Europe. Whilst Nordic countries and Switzerland remain the most advanced markets in terms of organic per capita expenditure, competition is intensifying in France. The **2MX** investment fund, created by Xavier Niel, Matthieu Pigasse and Moez-Alexandre Zouari raised €300

million and will soon announce a first acquisition in the organic or local products sector. Worth €1.5 billion to €2 billion, 2MX could acquire almost the entire **Casino Group**, whose market capitalisation is less than €3 billion. It could also take over a subsidiary such as Naturalia or Monoprix, as part of the disposal plan under Jean-Charles Naouri. ■

### Comparisons of organic markets in Europe (source: 2MX Organic)



## IN SHORT

### To sell on Veepee rather than Vinted?

Veepee, European leader in private sales (operating in 8 countries, 4 to 5 million visitors per day) wants to offer an alternative to the Lithuanian platform Vinted (34 million members in 2020, operating in 14 countries) by addressing brands directly, with its new "Re cycle" offer. "Re cycle is a reverse sale of CtoB," explains Jacques-Antoine Granjon, C.E.O. of Veepee. It takes the form of a regular sale on Veepee.com, with a promotional banner, but the partner brand offers to recover products rather than sell them.... Inaugurated with Aigle, this format allows Veepee members to send back, free of charge via Mondial Relay, their used products from the brand in exchange for vouchers that can be redeemed in store or on the Web. Consumers received a voucher of €30 for a parka, €20 for adult jumpers or boots and €10 for t-shirts or accessories. The products are then recycled or put back into circulation.

### Lagardère. A store whose offer changes morning and evening?

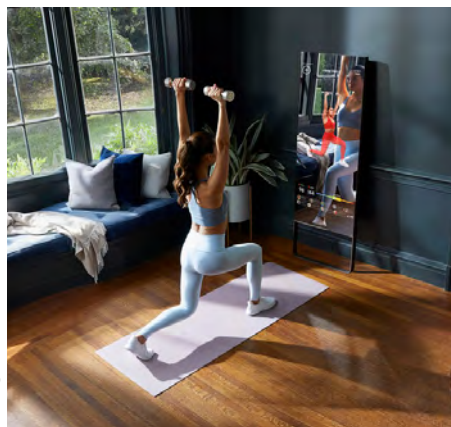
Lagardère Travel Retail Group wants to test a store in Parisian train stations whose offer will be adapted to the commuting movements of travellers. On the programme: pastries and hot drinks in the morning and frozen meals or bread in the evening, combined with an express checkout solution to absorb peak traffic. Delayed due to the Covid, the project should come to fruition as soon as the sanitary situation improves.

### Inditex. Fewer stores, bigger impact.

By the end of January, Inditex will have closed all its physical stores under Bershka, Pull & Bear and Stradivarius banner in China. A year ago, these 3 brands had 162 stores in China. Their official websites will remain open, as well as their store on Tmall marketplace. Zara, Massimo Dutti, Oysho and Zara Home will maintain a physical presence. Heavily challenged by trendy Chinese rivals such as Peacebird, Urban Revivo and Mo & Co, these three brands have almost identical styles, prices and consumer targets, for an average price of around 200 yuan per item (€25). This programme is part of Inditex's plan to close 1,200 stores by 2022 to focus on its major flagships. In October 2020, Zara inaugurated a 3,700 sq.m. flagship store on 4 floors in Wangfujing Street in Shanghai.



## CANADA. LULULEMON, WINNER IN THE HEALTH CRISIS?



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In June 2020, Lululemon acquired Mirror for US\$500 million.

The Canadian brand **Lululemon Athletica** specialises in yoga outfits (turnover of US\$4 billion in 2019, 43% from e-commerce in the last quarter) is defying the gloom of the Covid-19 crisis, and reporting winning numbers. Over lockdown periods, consumers turned to healthier lifestyles, taking up in individual sports such as yoga or Pilates. Virtual working boosted a demand for casual clothing. In the quarter ended October 2020,

Lululemon recorded net revenues of US\$1.1 billion, an overall increase of 22% compared to the third quarter of 2019. E-commerce accounted for 43% of total activity. For the fourth quarter ended January, Lululemon increased the numbers. In 2021, Lululemon continues international expansion, with around 30 new stores, as in 2020. To date, 86% of sales are in Canada and 14% from abroad. "There's no reason why we can't increase to a 50% split in the future," said C.E.O. Calvin McDonald. Lululemon recruited former Nike C.E.O. Blanca Gonzalez (most recently Managing Director of the West Coast after 20 years with the world's leading company) as Vice President of Global Merchandising. She will manage the business in North America, Europe, the Middle East and Asia-Pacific.

Beyond domestic opportunity within a Covid-19 health crisis, this success points to wise decisions by the company, especially investments in e-commerce and technology since

the beginning of the pandemic. In June, Lululemon acquired **Mirror**, an American start-up specialising in home fitness classes and equipment, for US\$500 million. The acquisition is expected to generate US\$150 million in additional revenue for 2021. C.E.O. McDonald's highlights how the firm held production at the beginning of the year and lost no staff, adapting to customer and market demands. "Our brand is getting stronger," he added. "Our customers are living more active lives. We're in the early stages of this market and we're growing faster than competitors. We believe that growth will continue into 2021."

According to the **NPD Group**, outdoor sectors are reporting strong growth. In the third quarter, in the U.S.A., sales of camping equipment jumped by 25% and sales of bicycles by 50%. Deprived of outside events like concerts and restaurants, 25% of Americans tried camping for the first time. **Dick's Sporting Goods** recorded a 20% increase in sales in the third quarter. ■

## PELOTON, THE CONCEPT OF THE MONTH



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Peloton, the "Netflix of home cycling".

**United States.** Home-use anchored bike specialist **Peloton** is "Retailer of the Year" according to Forbes magazine. As consumers flock to Internet-connected bikes and treadmills to exercise at home whilst working, the firm is experiencing unprecedented growth. The company has invented a bold and forward-thinking business model and has won over a wave of new users who

no longer pay to go to a gym. The model is a mix of retail (stores selling clothing and equipment) and "Netflix of fitness", with Web-connected video fitness classes. Peloton is counting on a minimum of US\$3.9 billion in revenue for 2021. Turnover rose in 12 months from US\$228 million (3<sup>rd</sup> quarter 2019) to US\$758 million in the 3<sup>rd</sup> quarter of 2020. This calculates as annual growth of 232%. Sales exceeded US\$1 billion for the first time in the 4<sup>th</sup> quarter.

Apart from equipment, revenues come from Web-connected fitness subscribers (estimated between 2.5 and 4 million). Members choose either US\$13 per month to access Peloton's training programmes via phone or tablet, or US\$39 per month to synchronise video classes with their sports equipment at home. The rapid production of fresh content is critical. Peloton recruits trendy influencers to act as motivational instructors,

such as Emma Lovewell, Kendall Toole and Cody Rigsby. In the third quarter, Peloton created 2,400 virtual Web courses to challenge members, alongside a new 'Bike Bootcamp'.

A key advantage of the rich offer is that customers remain loyal. Loss of subscribers is less than 1%. They are constantly challenged to improve, with regular encouragement from instructors whilst fully integrated within the private closed-loop social network. Peloton reported that online fitness subscribers were averaging 20.7 training sessions per month, compared to 11.7 in the previous 12 months. In December, Peloton diversified with the acquisition of Precor (Amer Sport Group) for US\$420 million. This strengthen and widens the sales offer to other fitness equipment like treadmills or weight training machines.

## C&A. THROWBACK ON AN UNUSUAL YEAR

After 3 years in general management teams at Primark Italy, Damien Defforey joined the Dutch group C&A (1,400 stores in 18 countries). At the head of the French subsidiary, G.R.N. interviewed him as he looked back over an exceptional year.



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Damien Defforey, General Manager C&A France

**G.R.N.: France is the 2<sup>nd</sup> largest C&A market. What were the figures for 2020?**

**Damien Defforey:** Within my French boundary, we operate 126 directly owned C&A stores. 20% are in the Parisienne central areas, 40% in the provinces around the city centre and 40% in the suburbs. Last year, we were closed for 3 months, so 25%. Annual turnover for 2020 is down by around 20%. Overall, the conversion rate has increased. E-commerce doubled with the return rate remaining less than 6%. 75% of web orders are home delivery and 25% are click & collect. However, we see in-store collection increasing.

**G.R.N.: How are you supporting this shift to e-commerce?**

**Damien Defforey:** In 2020, 23% of fashion sales were via the Internet, compared to 15% in 2019 (MFI). At the end of November, C&A launched the "call & collect" programme. The customer calls, chooses his article, pays for it online and picks it up in store. This recreates a more human e-commerce, where a customer is no longer left alone behind a screen. We opened a call centre of 8 people at the head office, by hiring telemarketers from our store teams on a voluntary basis. The order is then prepared in a store closest to

the customer. Whilst this customer has adopted digital services, this is not the service solution for all customers.

**G.R.N.: With 50% of commercial square metres occupied by textile retailers, the reorganisation of square metres is currently a top priority. How do you approach this?**

**Damien Defforey:** The market is on 3 speeds. It is the periphery that drives growth, not the city centre format. Periphery consumption is currently exploding in all French cities, and this is completely normal because of remote working and Covid-19 travel restrictions. Paris, on the other hand, is at a standstill. In our Parisians stores, traffic remains at less than 50%. There are no tourists, and far fewer suburbanites coming to Paris for shopping. The traffic policy also penalises certain shopping areas (Rivoli, Alesia...), which used to be very dynamic. Many retail parks are in good health at the moment. Competitors who only sell in the periphery format are doing well.

**G.R.N.: What are your objectives for the shop-in-shop format at Géant?**

**Damien Defforey:** Launched at the beginning of September, by the end of December we had 8 shop-in-shops at Géant Casino, a premiere in Europe. This format will be rolled out faster in 2021. It is one channel amongst many that allow a closer relationship with customers. These stores are located in the heart of the Géant hypermarket but are completely independent of the store. Each unit covers 400 sq.m. and offer our products with our staff. The only difference is that we share the checkout line. To date, this format generates around 3% of our turnover, but this will change.

**G.R.N.: How do you evolve offers and services?**

**Damien Defforey:** Environmental responsibility is a priority issue across the entire organisation from sales offer, to supply chain and customer relations. The French market for 2<sup>nd</sup>-hand equipment exceeds €1 billion per year and should rise by €1 billion per year to reach €10 billion in 2030. In Germany, the Netherlands, Switzerland, France and Luxembourg, C&A collects used clothing for recycling, in partnership with the start-up Packmee. Customer wrap clothes at home and prints a free postage label. The parcel is sent, and the customer receives a voucher from C&A. On Vinted.com, 2 million C&A items are sold in Europe.

As a brand, we have to consider these second-hand buyers as our customers, and work as closely as possible. To this end, we will launch a major project combining C.S.R. and digital by June 2021. Watch this space! ■

"On Vinted, 2 million C&A items are currently on sale in Europe... We have to consider these buyers."



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A monthly publication (11 issues per year) edited by  
**Global Retail News, SARL** with a capital of €20,000  
Publisher: Michel Koch  
Chief Editor: Sophie Baqué  
E-mail: sophieb@globalretailnews.com  
Editorial Secretary: Ewan Ward-Thomas  
Editors: Anne-Sophie Fernandes,  
Designer: Keith MacDonald  
Address:  
Global Retail News  
52 rue Montmartre  
75002 Paris France  
Tel: (+33) 618 33 77 03  
Annual subscription (Tax excl.)  
E-mail, 1 reader: 599 €  
Paper + E-mail, 1 reader: 649 €  
Simple licence, 2 to 5 readers: 1,199 €  
Unlimited licence: From 2,399 €  
ISSN: 2104-7960  
SIRET: 502 405 996 00021  
CPPAP: 0119 T 93272

## JAPAN. STARBUCKS LAUNCHES A COFFEE CO-WORKING BUSINESS



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Customers reserve an individual or collective workspace on the Starbucks mobile app

**Catering.** Charging customers to reserve a seat? That's the bet the American giant is taking in **Tokyo** with a new type of facility in high-traffic areas.

Starbucks' very first "Smart Lounge" opened at the beginning of 2020 in the Takanawa railway station, including a café and a co-working area. Spread over 185 sq.m., the concept is simple. Customers reserve

an individual or collective workspace via an application, order a meal or drink and then move to the reserved space. The layout of the 'business' area is unique for a coffee house. Individual spaces are equipped with charging sockets for equipment (some can be privatised), a large counter equipped with dividers, a large table with a projector for meetings, free W.I.F.I. and borrowed chargers. This store also includes two offices that can be totally private. "It has a good customer base," said Kate Tancary, International Communication Manager. However, profitability remains a mystery.

The 2<sup>nd</sup> unit is in downtown Tokyo at Circles Ginza. Starbucks applies the same prices and products as elsewhere but turnover or profitability per square metre are not revealed. Where customers book a dedicated seat, they pay a small fee added Tancary. Starbucks is targeting 30 such units by the end of the fiscal year. ■

## IN SHORT ASIA

**Walmart wants to develop Made in India.** The American giant wants to triple its exports of products made in India to US\$10 billion a year by 2027. Today, India is already one of Walmart's main markets for products such as jewellery and household goods, with annual exports of around US\$3 billion. Through this commitment, "we are supporting the Make in India initiative, helping more local businesses reach global customers while creating jobs and prosperity in India," said Walmart's C.E.O. Doug McMillon.

**China. Starbucks is aiming for 600 openings in 2021.** Starbucks (33,000 locations worldwide) is planning 600 openings in China in 2021. It will focus in particular on "walk-thru" locations, which allow customers to collect their orders after placing them online via their smartphone. "Digital innovations launched in China throughout 2020, such as our mini WeChat programme, our enhanced loyalty programme and our partnership with Alibaba, have fuelled customer engagement and strong growth of Starbucks Rewards members," said Kevin Johnson, Starbucks' C.E.O.

## IKEA. THE END OF THE MANDATORY CUSTOMER PATH?



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Recent results say a lot about smart strategies from Ikea, which managed to limit Covid-19 losses last year (retail turnover of €35.2 billion, down by 4%). At the beginning of January 2021, the world's leading furniture manufacturer launched a new independent showroom at Jurong Point in **Singapore**. This was in partnership with **Livspace**, India's digital platform for interior design and

renovation. Covering 65 sq.m., this planning studio is laid out as a three-room flat with a kitchen, living room and bedroom. Entirely dedicated to project design and e-commerce, there are new services for customers, including advice on interior design and even 3D of your interior using virtual reality via QR codes. Aiming to simplify interior design, Livspace created a platform bringing together private individuals, suppliers and craftsmen in the home sector. The aim is to facilitate the implementation of renovation projects for private individuals, extending from a choice of plan, through to technical aspects, budget estimates and final delivery.

In Europe and the U.S.A., furniture retailers are investing heavily in digital technology, plus a competitive edge of professional interior design with physical or virtual advice. For example, **Maisons du Monde** bought 70% of **Rhinov** in 2019. The start-up

provides support in interior design (turnover €3.5 million in 2020, a rise of 60%). For Ikea, the stakes are high. Last year, e-commerce generated 18% of its business (Ikea's web sales grew by 60%) and the website recorded 3.6 billion visitors over the year. This is a billion more than 2019. Moreover, during Covid-19 restrictions, customers demand shopping efficiency and time saving above all. The previously "guided" path around Ikea's stores is frequently quoted as "irritating" by consumers in a hurry. To meet these expectations, Ikea is therefore counting on the city center to provide satisfaction. The firm purchased a building in Paris, on Rue de Rivoli. This site will offer the first 'Ikea Decoration' in the spring of 2021. Over 2,900 sq.m., this store will sell 2,000 decorative items as well as the entire online product range. The group intends to take advantage of falling property values driven down by Covid-19 trading conditions. ■



## ALIBABA. WHERE IS JACK MA?



Jack Ma

Has the charismatic 56-year-old founder of **Alibaba**, a member of the Communist Party, been isolated by the Chinese authorities or just keeping a low profile? The mystery remains. Jack Ma was last seen in public on 2<sup>nd</sup> November 2020, when he was summoned by the Chinese banking regulator. Since then, he disappeared from the radar. The next day, Xi Jinping personally suspended the I.P.O. of **Ant Group**, the financial subsidiary of Alibaba responsible for the Alipay payment application. Scheduled to take place in Shanghai and Hong Kong, this was due to be the largest I.P.O. in history, raising €31 billion. A few days earlier, during a speech in Shanghai,

the billionaire Jack Ma outlined proposals for reforms of the financial system and organisation of the banking sector in the country. Ma accused the regulatory authorities of stifling innovation and compared Chinese banks and stock exchange authorities to "pawnbrokers", imposing excessive guarantees. The authorities did not appreciate his comments and have now launched an antitrust investigation into Alibaba for "suspicion of alleged monopolistic practices", ordering Ant Group to put its business in order. Richard McGregor of the Lowy Institute in Sydney told AFP "The subliminal political message is that no company or individual has the right to challenge the Communist Party, no matter how big or small".

Alibaba recorded a turnover of €72 billion for the financial year ending March 31<sup>st</sup> 2020, a rise of 35%. Alongside e-commerce (Tmall and Taobao), the business sells cloud computing, logistics, health and financial services. ■

## AUCHAN CHOOSES A FAMILY MANAGEMENT STRUCTURE



Alexandre Mulliez, grandson of Gérard Mulliez, becomes Vice-President of Auchan France.

Alexandre Mulliez, (aged 34) is the grandson of Gérard Mulliez, a founder of **Auchan Group**.

He is now Vice President of Auchan - France. Graduating from EM Lyon in 2010, his first student job was as a cashier for Auchan in a Parisian suburb. Mulliez was appointed to the Board of the distributor's French operations in 2006 and Marketing and Innovation Director at Auchandirect.fr from 2014 to 2018. In 2019, he moved to store operations to gain experience, becoming head of the fruit and vegetable department in the Marne-

la-Vallée store, then in the Villeneuve-d'Ascq store. In the footsteps of his family, Mulliez is a serial entrepreneur. He built no less than four start-ups since graduating in 2010. These were Hartô, a designer furniture publisher, Orès Group, a communication agency based in Lille, Koober, a training application and Coco, an application to facilitate online shopping.

This senior appointment follows a recent change in governance, strengthening local management in the operational countries and further decentralising control of the business. Today, General Managers work to the authority of a joint Chairman and Vice-Chairman. In France, Alexandre Mulliez will work with Francis Cordelette, Gérard Mulliez's right-hand man and a decade as Managing Director of Auchan. Cordelette has moved up as Chairman of Auchan. Jean-Denis Deweine, Chief Executive Officer, will now report to the new structure instead of directly to Edgard Bonte. ■

## AGENDA

### NRF RETAIL'S BIG SHOW - CHAPTER 1

19, 21 and 22 January 2021 - online

Our world of retail is changing so fast that a showcase annual exhibition is insufficient. In 2021, the N.R.F. exhibition will expand to a session in January, (but online) and a second event in New York for June.

Initial leaders are:

- Abigail Kammerzell, H&M
- Arpan Podduturi, Shopify
- Christina Fontana, Alibaba
- Janey Whiteside, Walmart
- Jennifer Keesson, Ikea
- Karin Tracy, Facebook
- Kevin Jiang, JD.com

<https://nrfbigshow.nrf.com/>

### RETAIL DIVE

#### Consumer Trends in 2021: What's Actually Changing?

January 26<sup>th</sup> - online

2020 has been a rollercoaster ride! So much has happened within enormous changes for consumers. What lessons were learned? What will be the 2021 trends?

<https://www.retaildive.com/events/consumer-trends-in-2021-whats-actually-changing-webinar-2pm-et-jan-26-2021-retail-dive/>

### POPAI

#### Digital for the Customer Experience - Digital Retail Tour

March 4<sup>th</sup> - online

Explore stores where technological innovations are the new emotional triggers - at the centre of the customer experience!

<https://www.popai.fr/digital-retail-tours.htm>

### DIAMART GROUP

#### Digital B2B trading

March 18<sup>th</sup> - Paris

Trading and BtoB (or rather B to many) are entering a phase of profound re-invention of their business models. How to transpose the historical advantages of B2B trading (personalised relations, support, etc.) into an omnichannel and mobile priority world?

With Adeo, ManoMano, Sonepar and Saint Gobain amongst others.

<https://diamartgroup.fr/event/negoce-connecte-paris/>

## QUOTED FIRMS

2MX, Alibaba, Ant Group, Arcadia, Aurore Market, Bio'C'Bon, Breuninger, C&A, Dick's Sporting Goods, ECE, El Corte Ingles, Falabella, Galeries Lafayette, Golnstore, Greenweez, Groupe Auchan, Groupe Casino, Groupe Carrefour, IADS, Ikea, Livspace, Lululemon Athletica, Maisons du Monde, Manor, Mirror, NP Group, Packmee, Peloton, Placer.ai, Printemps, Rhinov, Simon Property, Sonae Sierra, Starbucks, Whishibam, Zara, etc.