Highlights of

NRF 2018

Retail's Big Show

By Jorij Abraham

Short introduction…

Our mission is to promote digital global trade…

Peace is the natural effect of Trade

Charles de Montesquieu
Philosopher
1689 - 1755

Initiated by Ecommerce Europe, we now cooperate with 50+ associations worldwide

The Ecommerce Foundation fosters global digital trade in three ways

20+ free reports on how to sell online in in 50+ countries

A Global trust mark allowing consumers and merchants to shop and sell worldwide

An online handbook by/for 25.000 ecommerce experts

About the National Retail Federation (NRF) Big Show

Many presentations you can find at nrfbigshow.nrf.com/recap

By the numbers

35k
ATTENDEES

18k
RETAILERS

3.5k
COMPANIES

600+
EXHIBITORS

95
COUNTRIES

Ecommerce FOUNDATION

What are the Key Retail Trends of 2018?

Any sufficiently advanced technology is indistinguisable for magic. Arthur C. Clarke

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NRF 2018 is all about Tech

Mobile is becoming the dominant platform

Mobile commerce will reach 50% in 2023 (or earlier)

https://commons.wikimedia.org/wiki/File:Mobile_Payment.jpg

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Mobile is going to be the dominant platform

Replacing PC, Laptop & Tablet

Mobile

46x A day we check our mobile phone	**92%** have used their mobile while shopping		**89%** use their mobile while watching TV
	50% of spend will be mobile in 2023 in the USA	**80%** of ecommerce in China is already mobile	
80% of Millenials & Gen Z expect targeted mobile ads		**59%** Of offline purchases are digitally influenced	**87%** of the time spend on mobile is spend on an app

Source: Apple presentation @NRF2018 & Digital Survey Deloitte 2018

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Panera Bread is investing heavily into an instore mobile experience

The entire investment is funded by increased revenues

- 30 million users

- 70% are using Apple devices

- 30% of sales is digital

- 10% is order online & pick up

- Also use to order from table

- Home & business delivery are online only (no calls).

- Customer frequency has increased between 12 – 45%

http://www.mitreagency.com/work/01-panera-bread.php

The end of the check out is near... payment is becoming seamless

AplePay can be used instore, online and in-app. Paypal is experimenting with 'unbuying' transactions.
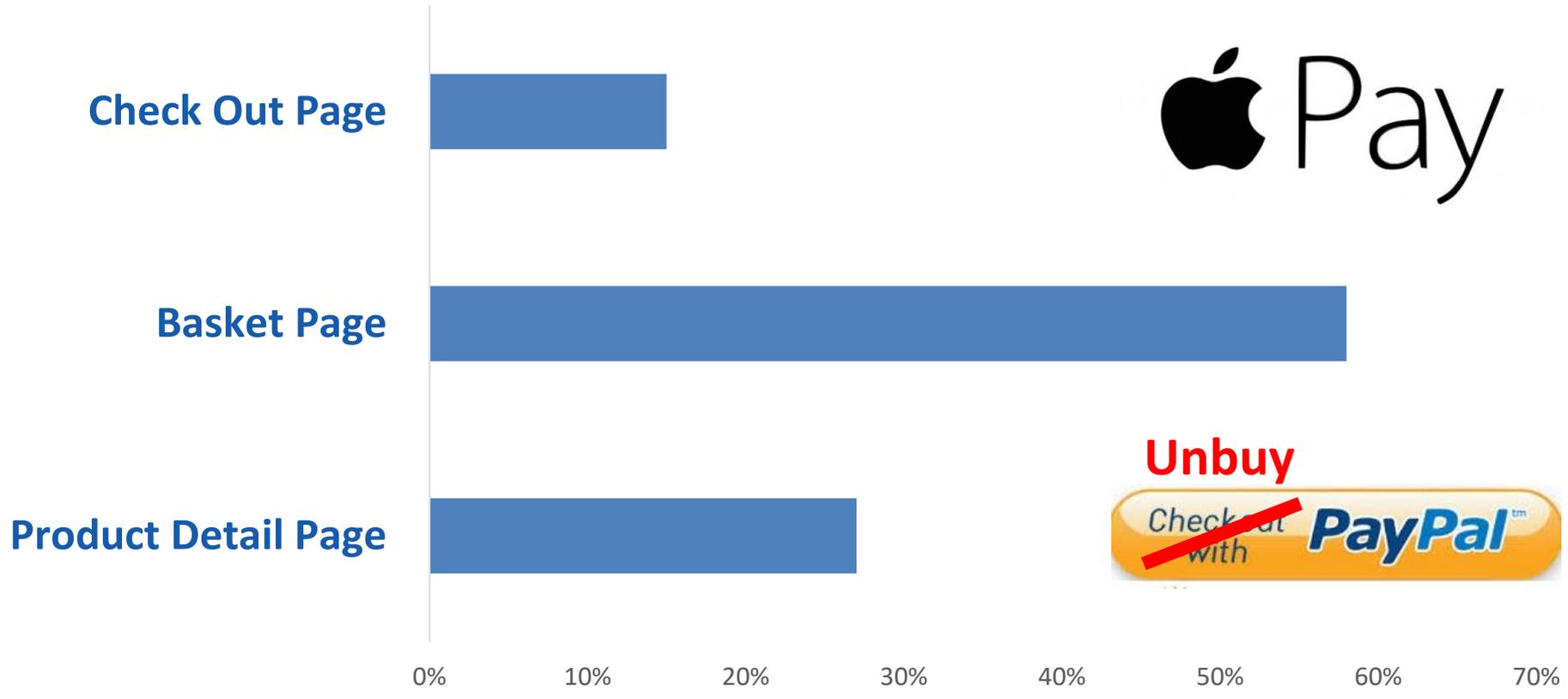
Tech is becoming part of the Store Experience

But robots still have a long way to go…

Instore display and camera's are being integrated to offer a new experience

Integrating pricing, face recognition, message personalization and more…

Instore

Brands are building stronger store experiences

Adidas is planning to control 60% of the brand's global retail space by 2020 (up from 30% in 2016)

The store front is being digitized allowing stores to interact day & night

More tech is integrated into the store concept to add value

Like a body scanner by Unspun to create custom fit jeans and New Balance using a foot scanner

Instore

blog.fit3d.com/fit3d-scans-used-to-make-custom-jeans-68e316916a36 https://www.volumental.com/partners/

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Retail robots have not developed much further in the last year

Still welcoming people, guiding them to the right product and scanning in-store inventory

Retail robots have not developed much further in the last year

Still welcoming people, guiding them to the right product and scanning inventory

Social Media is becoming an integral part of ecommerce

Social Media is no longer branding only, they are becoming a market place of their own

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Social Media is becoming an integral part of ecommerce

With Millennials taking the lead

Social

40%
of the world population uses social media

58%
check social media daily

39%
of marketing spend, is spend digitally

60B
messages are handled by Facebook & Messenger daily

66%
Millennials value social media more than personal
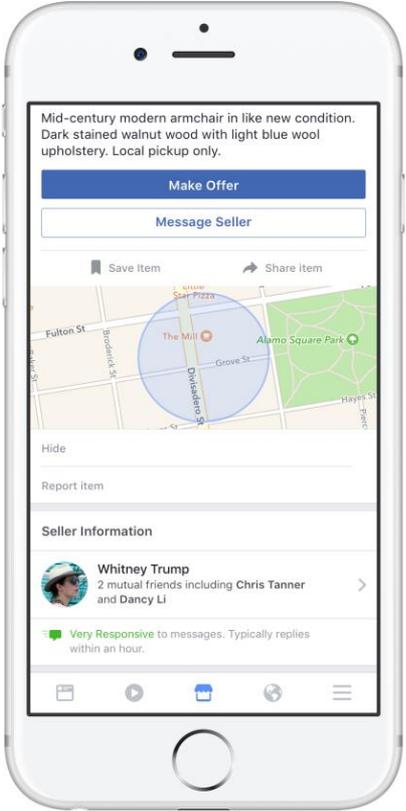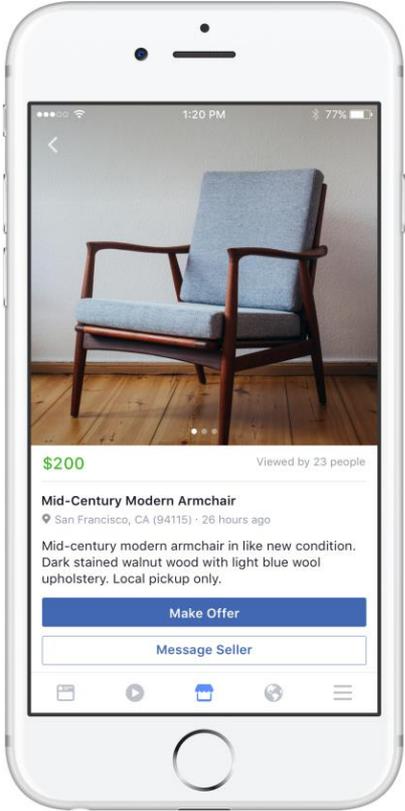
67%
67% find mobile adds irrelevant

83%
will skip advertising if we allow them

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Facebook Marketplace allows consumers to sell & buy via Facebook

With 550 million visitors and 18 million posts in May 2017 alone

Facebook has as ambition to become the Retail's new storefront

Retail's new storefront

Facebook and Instagram are the new storefront for retailers

Traditional media no longer reach consumers, but they are fighting back

Hearst has grown its revenues for 5 consecutive years to more than $ 10 billion

Cosmo reaches more women via social media than via its own magazine & site

Cosmopolitan ✓
@Cosmopolitan

How This Woman Lost 44 Pounds Without *ANY* Exercise csmo.us/ZJfSwnq

bloomingdale's

★macy's

Creating social media content for retailers.

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Hearst also "acquired" blogger Pioneer Woman

with 23M readers, 7M followers and her own food show
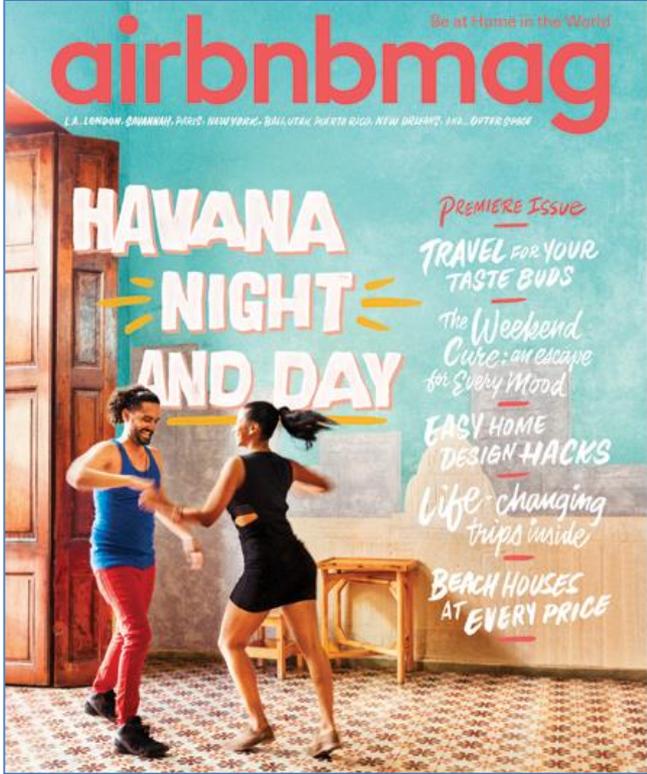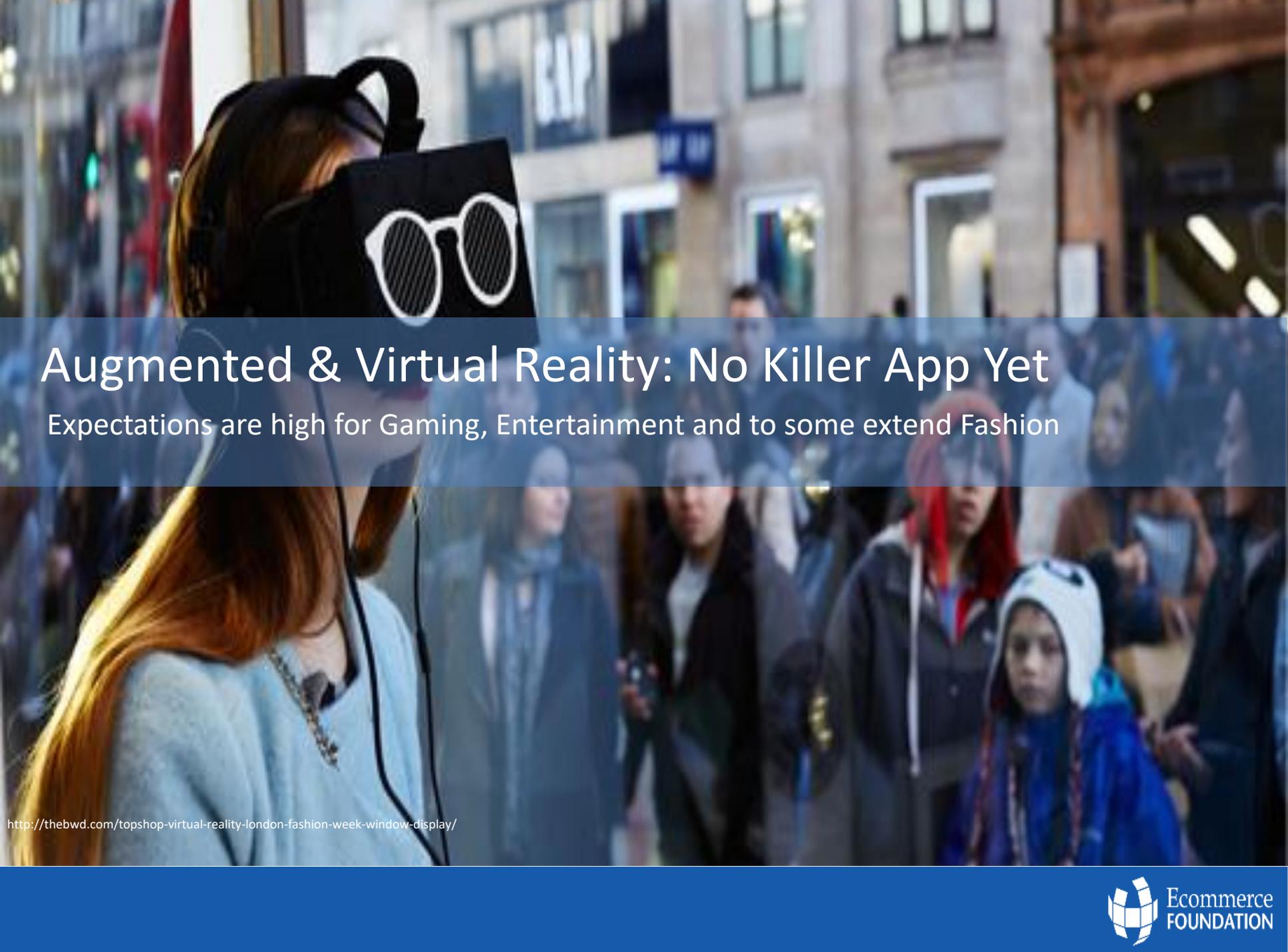
Hearst cooperates with Airbnb to offer inspiration in a new way: Print

Working in close cooperation with the CEO of AirBNB

Augmented & Virtual Reality: No Killer App Yet

Expectations are high for Gaming, Entertainment and to some extend Fashion

http://thebwd.com/topshop-virtual-reality-london-fashion-week-window-display/

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"Simple" application may add the most value for retailers

Like showing products which do not exist yet

Select an option:

High resolution, life like images delivered instantly.

Create as many views as you like. Each new product variation instantly updates all of your views.

Retailers are still exploring Augmented & Virtual Reality

Virtual mirrors may become the norm for Fashion, but experts expect VR to be 5 years in the making

AR / VR

http://factor-tech.com/future-cities/4451-retail-future-virtual-reality-set-to-dominate-tomorrows-shops/
http://www.reddretailgroup.com/virtual-reality-augmented-reality-retail-disruption/

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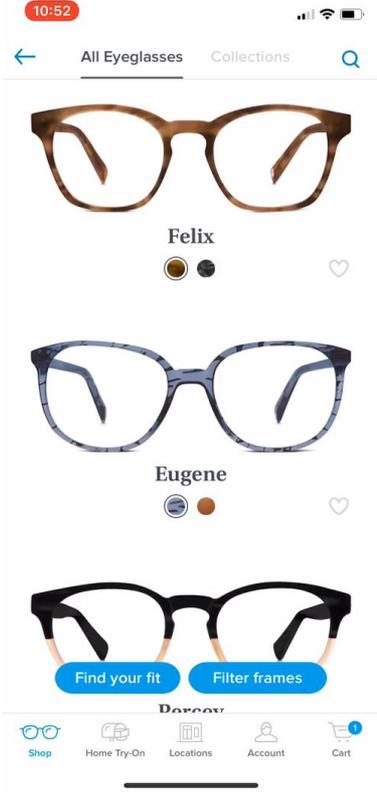# Warby Parker is using Apple's Face ID to map glasses on faces

Source: newscult.com/warby-parker-uses-new-iphone-x-face-id-match-users-perfect-glasses-theres-catch/

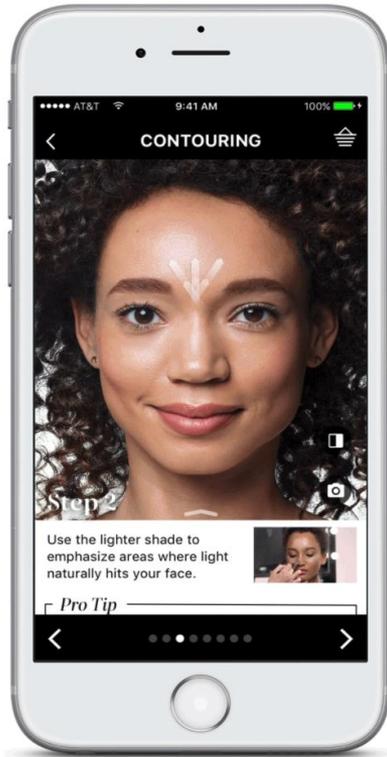# Warby Parker is using Apple's Face ID to map glasses on faces

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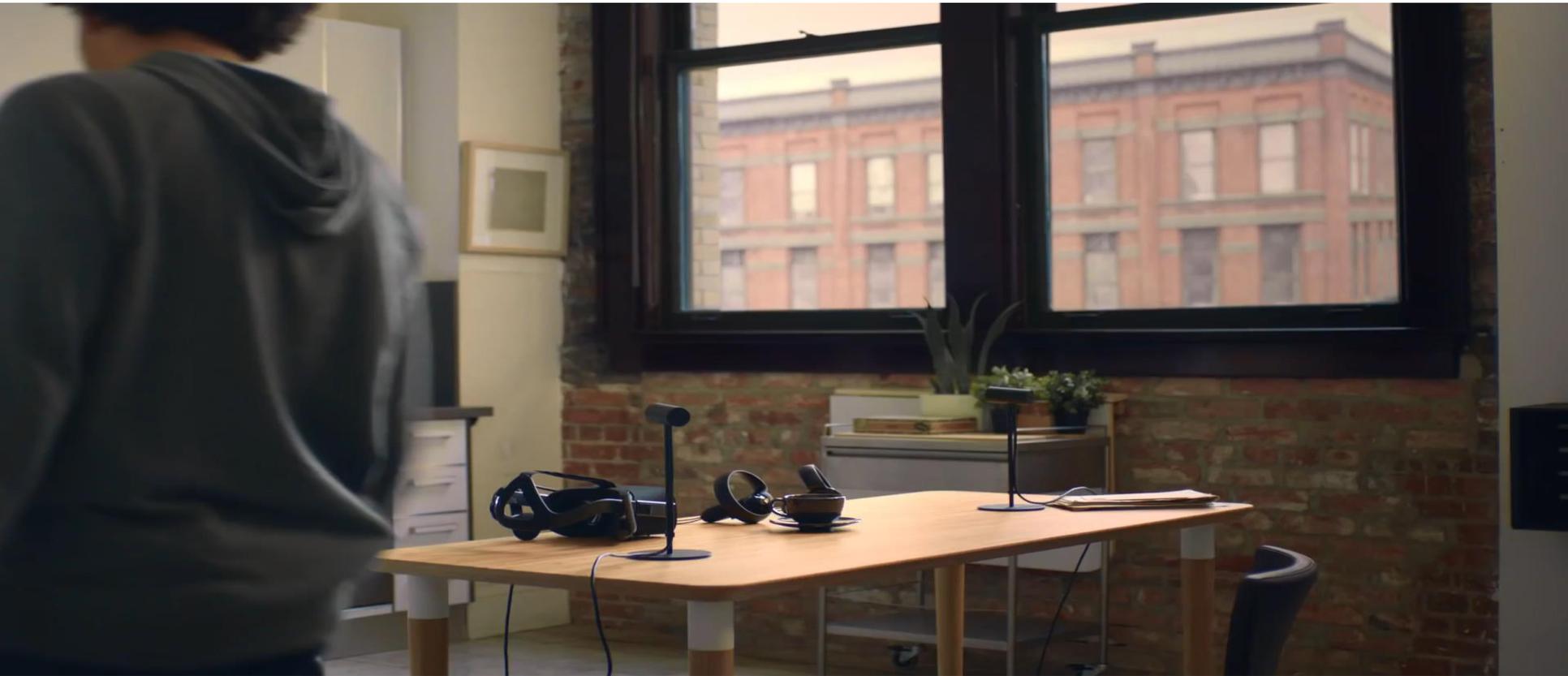
Sephora integrated face image recognition into its virtual artist app

Selecting make-up is as complex as buying an phone

AR / VR

Facebook is investing heavily in VR communities

Big Data is the Oil, Artificial Intelligence the Drill

Artificial Intelligence is the enabler behind several technologies & concepts

Artificial Intelligence is all about personalization

Personalization may lead up to 30% more sales

Pre-purchase:
- Identification
- Targeting

Purchase:
- Predictive search
- Sorting
- Recommendations
- Triggered messages

Post-purchase:
- Chat bots
- Supply chain

http://maxpixel.freegreatpicture.com/Personalization-Data-Retention-Fingerprint-279759

Stitch Fix uses data to better service its clients (39% only buys from them)

Fashion is curated based on customer preferences, social media activities and feedback
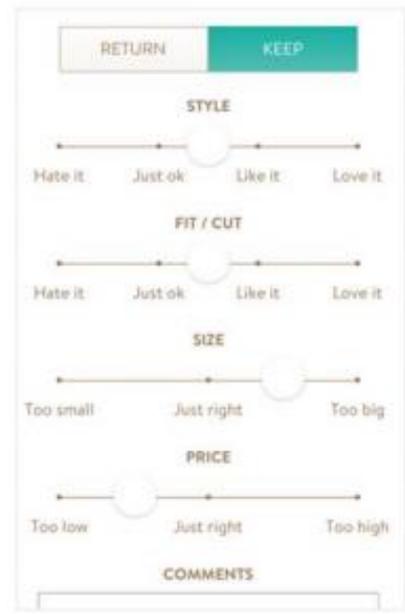
AI & Big Data

Elaborate intake

Unique curation

Continous feedback

Source: Internet Trends 2016 – Mary Meeker (kpcb.com/InternetTrends) & algorithms-tour.stitchfix.com/#recommendation-systems

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Several companies are offering image and photo recognition using AI

Briding the gap between seeing a product and buying it

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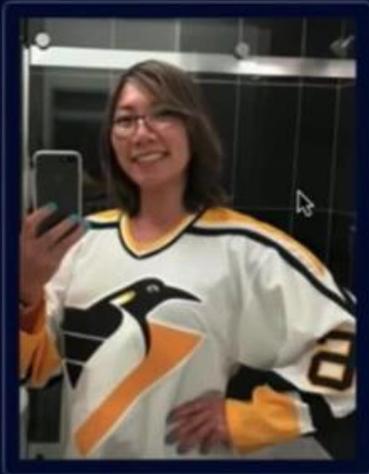
Short Brunette 81%

Predictions

Recommenda

Pittsburgh Pengu

Long Blonde   0%

Long Brunette   6%

Short Blonde   10%

Short Brunette 72%

Conversational Commerce

Voice is replacing written communication

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Voice is replacing written communication faster than we think…

41 % of people who own a voice-activated speaker say it feels like **talking to a friend or another person**.

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Voice is the next text

Alexa is integrated into cars, fridges, watches, purifiers by 50+ brands

AI, Voice, IoT will merge into entirely new kinds of products

Artificially Yours

"Barbie Wants to Get to Know Your Child," *New York Times Magazine*, September 20.
Image: Jamie Chung for *The New York Times*

https://www.wellesley.edu/news/2015/september/node/73721

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AI, Voice, IoT will merge into entirely new kinds of products

Amazon owns shopping, Google & Apple communication, Google search

But boutique apps will have their own place in the conversational commerce market

Voice

"Alexa reorder toilet paper"

"Google find a restroom"

"Siri call John"

"Freud, we need to talk"

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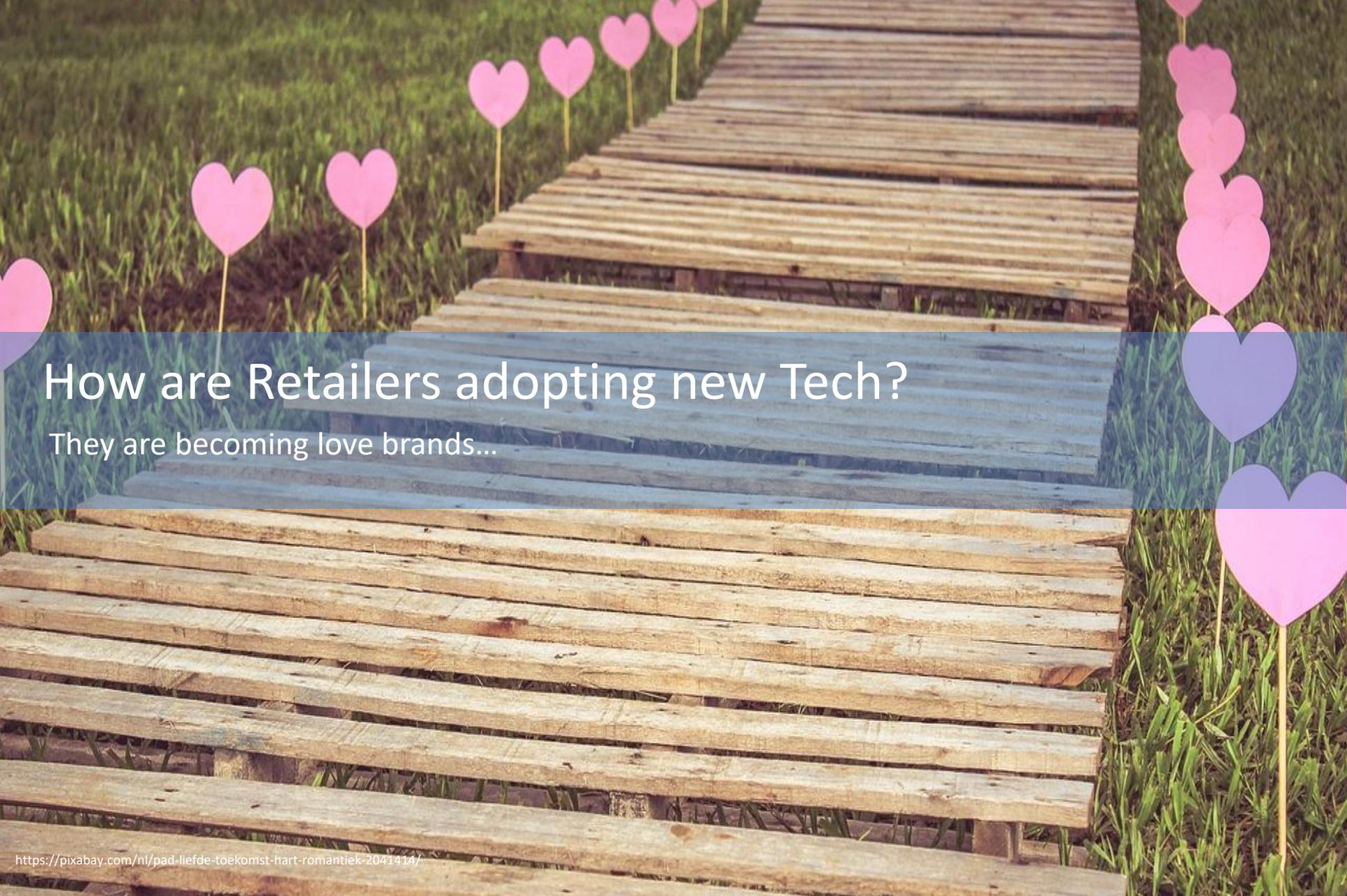
How are Retailers adopting new Tech?

They are becoming love brands…

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Nobody was saying the "A" word

"Products are becoming commodities
owned by Amazon."

Amazon is forcing retailers to become stronger brands

Amazon is expected to own 50% of the online USA market in 2020

34%	44%	64%	71%
CLOUD	ONLINE COMMERCE	HOUSEHOLDS WITH PRIME	VOICE HOME DEVICES
GLOBAL	U.S.	U.S.	U.S.

Source: L2, 2018

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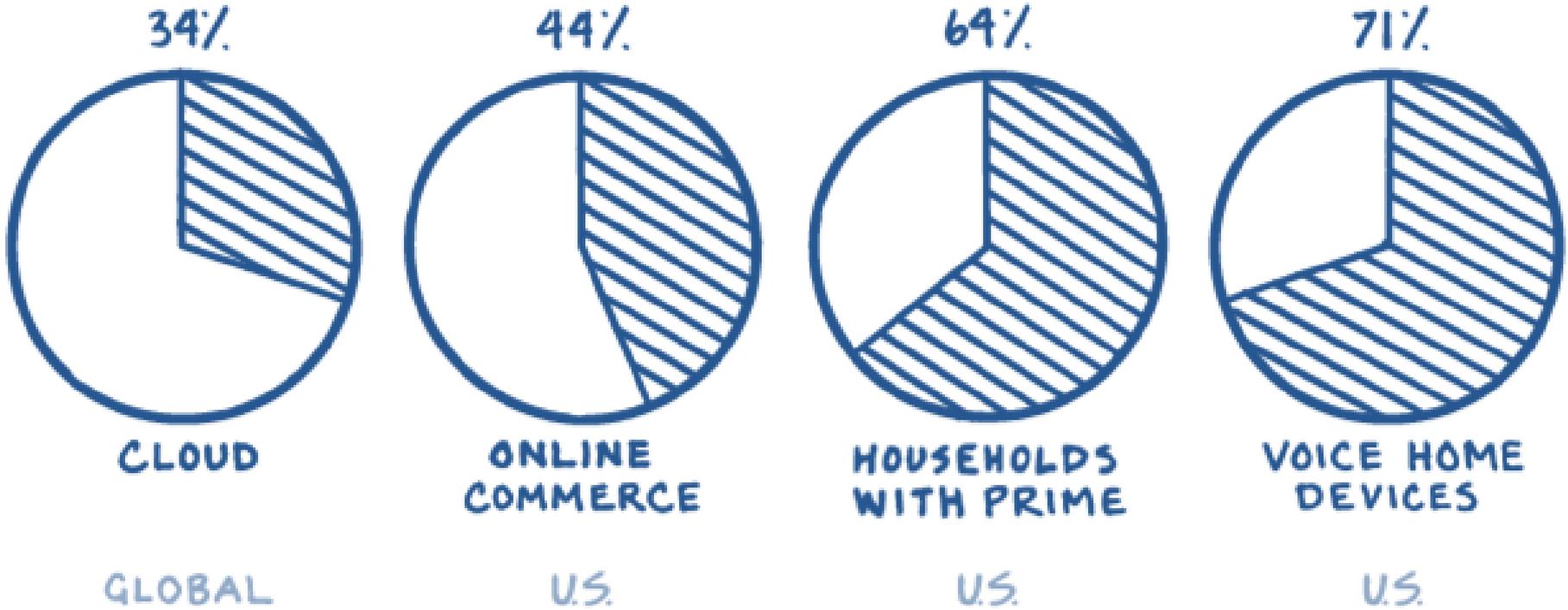
Companies are focusing on building a stronger, "Love brand"

Technology now help building a truly engaging brand

Fun

Holds people's attention in an entertaining way

Relevant

Provides clear and customized information

Engaging

Identifies with individual needs and wants

Social

Connects people with each other

Helpful

Is efficient, easy and adapts over time

https://www.slideshare.net/fjordnet/the-love-index

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But how to build a "Love Brand"?

By merging the left & the right brain, emotion & logic

Experience driven
Emphatic & emotional
Super culture centric
Seamless
Transparent
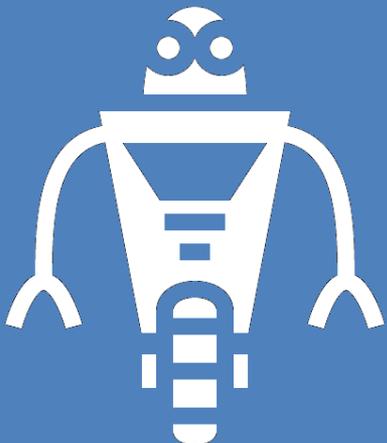
Data driven
Logic & price
Thinking global
Sophisticated
Scientific

http://game-icons.net/delapouite/originals/mono-wheel-robot.html

Story creates a new in-store experience every 4 to 8 weeks

The products and store format is adapted every time

Fun

Remember When

Art

Wellbeing

F-Word

Style.Tech

Love

The Museum of Ice Cream is a great example of creating retail experiences

Fun

- Launched in October 2016
  - ○ Wait list to get in
  - ○ Increased prices to reduce waitlist
  - ○ Average price $ 100 per ticket
- Ice cream is universal and brings people together:
  - ○ Allowing interaction
  - ○ Exploring the senses
  - ○ Igniting imagination
  - ○ Playing like kids, build for adults
- Now has 4 locations, each 50.000 square feet
- All traffic is via social media
- Never spend a dollar on marketing
- Does not pay for A-locations
- They are the destination

B8ta helps brands tell their story by selling store space to try & buy

The iPad offers information but also stores all user interaction including facial expressions

Relevant

Transparency is the new cool: what is in it, how it is made, what it costs

Everlane offers fashion from ethical factories, designed to last and sold in a transparent way

Levi's: a 150 year old start-up being market leader in jeans with only 5%

It wants to become market leader in the wardrobe creating lifestyle solutions

Engaging
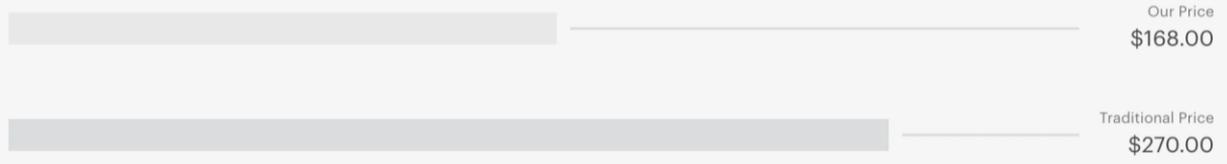
Levi.com/LiveInLevis

Levi's: a 150 year old start-up being market leader in jeans with only 5%

It wants to become market leader in the wardrobe creating lifestyle solutions

Engaging

BARK understands that pet owners have become pet lovers

The company's empathy allowed it to grow to a 100 million company in 5 years

- 56 million USA households own a dog
- 70 million dogs live in the USA
- 50% let their dogs sleep in their bed
- 33% are willing to sleep less comfortable
- The "Happy Team" customer service reps create a strong bond with customers
- Offering insights that allow the company to develop its own (better) products

BARK BOX.

A monthly delivery of toys, treats, and crazy dog joy.

LEARN MORE

BARK SHOP

WHERE'S MY AGENT?

Where Dog People become Crazy Dog People.

SHOP TO IT

Ecommerce FOUNDATION
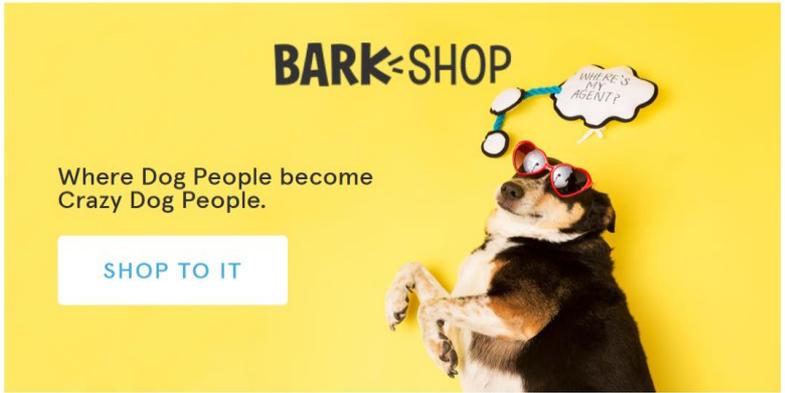
&Pizza is not about pizza but about belonging to a specific culture

Work hard, live fast, order quick

Social

- 40+ Boutique pizza shop in 5 years
- It is anti-establishment
- Every pizza shop is designed differently:
  - Representing the local neighborhood
  - and having its own name
- 100 employees have the "&" tattoo

"One of the things we try to do before we open our doors is spend 90 to 120 days in the community speaking to people, learning about what's going on."
Michael Lastoria, CEO

Zola has reinvented the Wedding Registry for Millenials

Having made the wedding process seamless for 100.000 couples in 5 years time
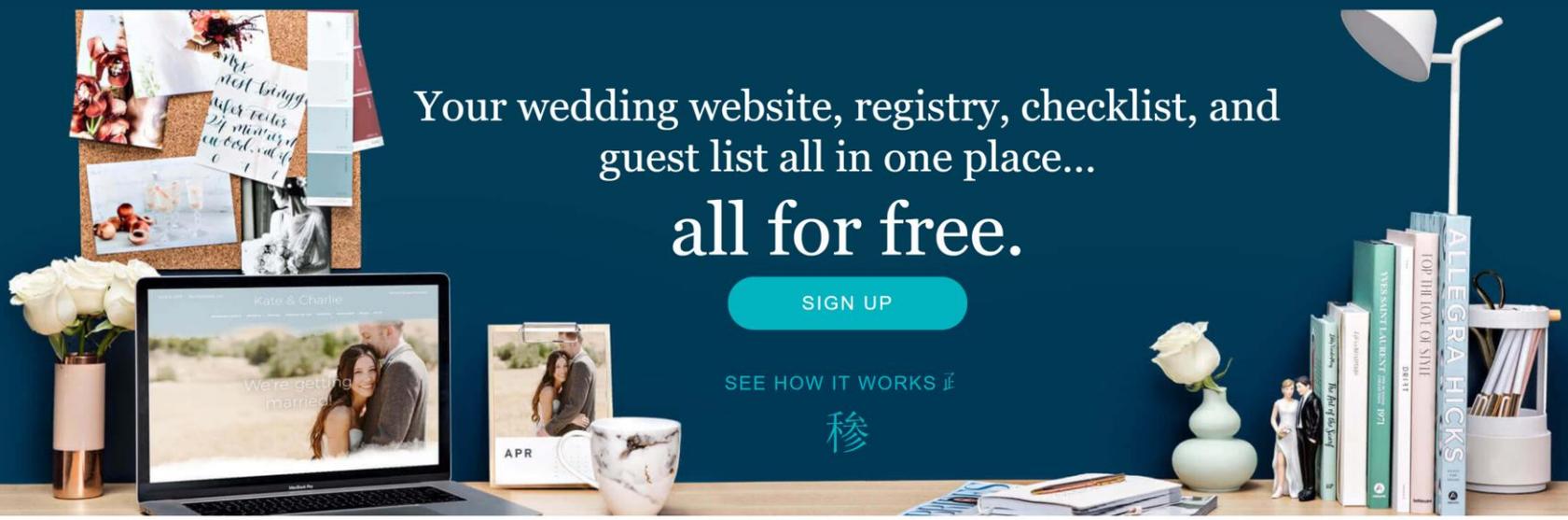
The time of huge margins is over.
It is about increasing transactions.

Dan Levitan
Venture Capitalist

Beauty Pie offers luxury cosmetics at factory costs for $ 10 a month

Cosmetics: 8% cost of goods, 92% marketing, Beauty Pie combines logic with hearth

Helpful

At Beauty Pie,

OUR MISSION IS TO BRING OUR MEMBERS
THE WORLD'S BEST BEAUTY PRODUCTS AT
TOTALLY TRANSPARENT FACTORY COST.

NO MUMBO-JUMBO.
NO MIDDLEMEN.
NO MARKUPS.

WE'RE THE BUYERS CLUB
FOR BEAUTY ADDICTS™

JOIN BEAUTY PIE

Wholefood Market offers a "produce butcher" service

You pick your preferred fruit and veggies. Then the produce butcher will chop, slice & dice

Helpful

Wholefood Market offers a "produce butcher" service

You pick your preferred fruit and veggies. Then the produce butcher will chop, slice & dice

Helpful

NRF 2018 Wrap-Up

Once you stop learning, you start dying. Albert Einstein

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Tech has become the dominant topic in Retail

Operations, Logistics, Instore have literally been pushed to the basement

Where would I put my money? Mobile, Social are a Must Have (for 2017).

AI & Big Data should be on the road map for 2018 with Voice pilot in 2019

| Orientation | → | Selection | | → | Delivery | → | Service |

Engaging

Relevant

Social

Fun

Helpful

Social Media

AR / VR

NFC/RFID

AI & Big Data

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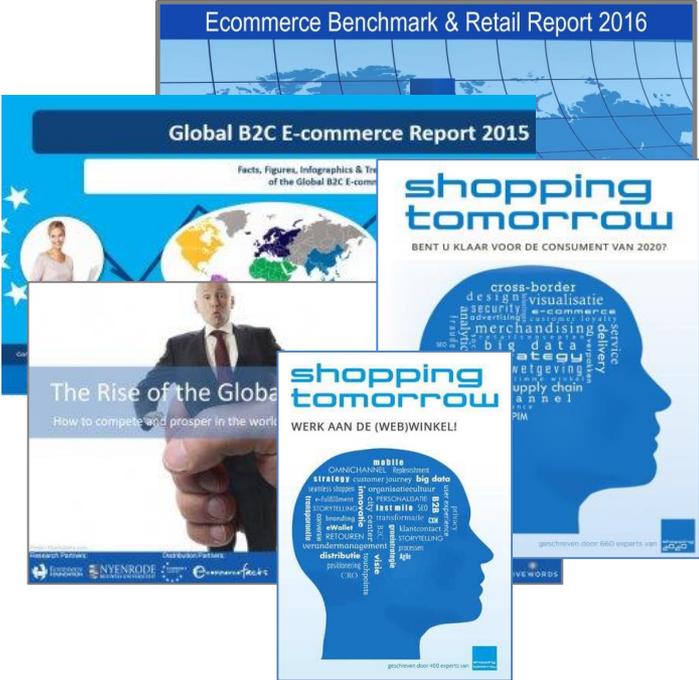
Want the presentation? Link with me!

Download all our report for free from www.ecommercefoundation.org
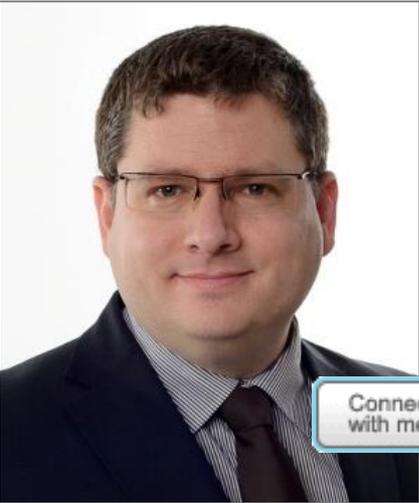
Jorij Abraham
Managing Director Ecommerce Foundation
E: JorijAbraham@EcommerceFoundation.org
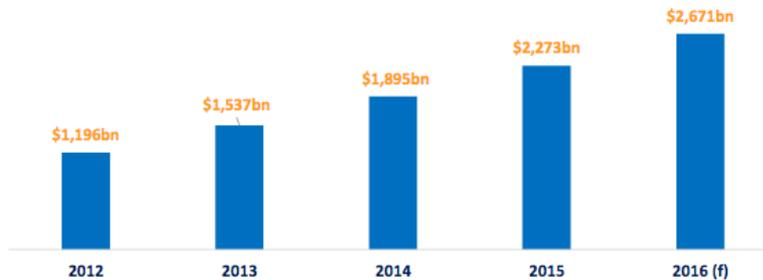M: +31 6 52 84 00 39

Global Ecommerce Alliance

Global Ecommerce is growing at a phenomenal rate

1 billion consumers will buy cross border in 2020 (from 390 million in 2016)

GLOBAL B2C E-COMMERCE SALES

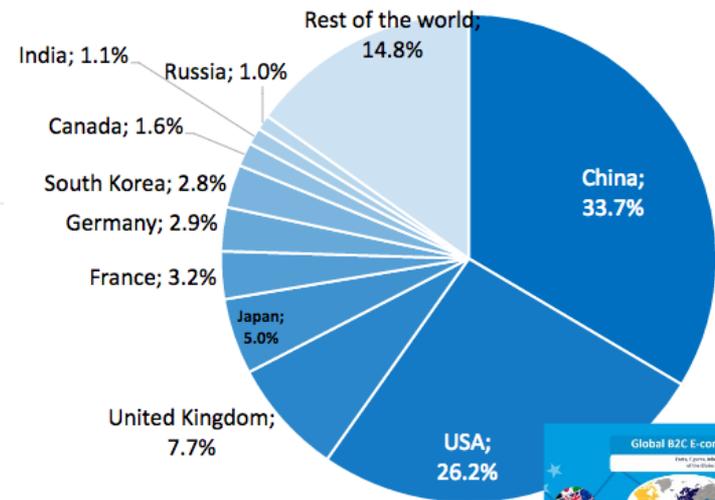Total online sales of goods and services of countries covered, 2012 - 2016

- 2012: $1,196bn
- 2013: $1,537bn
- 2014: $1,895bn
- 2015: $2,273bn
- 2016 (f): $2,671bn

Source: Ecommerce Foundation, 2016

GLOBAL B2C E-COMMERCE GROWTH RATE

Percentage change in B2C e-commerce turnover of countries covered, 2012 - 2016

- 2012: 23.6%
- 2013: 28.5%
- 2014: 23.3%
- 2015: 19.9%
- 2016 (f): 17.5%

TOP 10 COUNTRIES SHARE OF GLOBAL B2C E-COMMERCE MARKET

Share of global B2C e-commerce market, 2015

- China; 33.7%
- USA; 26.2%
- United Kingdom; 7.7%
- Japan; 5.0%
- France; 3.2%
- Germany; 2.9%
- South Korea; 2.8%
- Canada; 1.6%
- India; 1.1%
- Russia; 1.0%
- Rest of the world; 14.8%

Global B2C E-commerce Report 2016

118

The Mission of the Global Ecommerce Association

To foster digital commerce around the globe.

Through knowledge sharing and networking

GEA will be formally launched on the 11th of January 2019

At the NRF Big Show (participant will receive 2 free tickets values at $ 2.200).

Septmeber 2018	November	NRF 2019
Official Announcement	Draft statutes & business model	First General Assembly & Elections