

# Reinventing retail



# Contents:

1. Changes from real estate environment influence retail i
  
2. Reinventing retail
  - 2.1. Moving from one brand to dualbrand strategy
  - 2.3. Moving from dualbrand to dualchannel strategy
  - 2.2. Moving from dualchannel strategy to an “omnichannel” one;

## Changes from retail environment influence real estate :

- 2009 all retail market had dropped significantly.
- Electro-It market had dropped **40%** in net value !
- Traditional retailers have reduced their gross margin trying to face internet competition
- Real estate operating costs for traditional retailers had increased from 4% somewhere between **8%** to **12 %** from TO
- Readjusting mechanism start into real estate, based on NEW Market environment
- Rents start to drop slowly , and push further the banks into extending amortization period for new projects from 10/15 years towards 20/30 years
- European Central Bank decided in July 2012 to drop the key interest rate to **0.75%**, lowest level since EUR has been implemented.
- Facing low demand for new project , land & construction cost had dropped down as well

# Influence of real-estate business on electro-IT sales

- An eventual come-back of the real-estate sector will help electro-it sales, based on new houses equipment
- Romanian electro-IT market today is based on replacement need mostly
- Market dynamics is influence by timing for replacement which is about 19,5 years, three times over the European media – which is about 6 years
- Romanian average spending per capita for electro-it is about 50 euro on annual basis, comparing to Germany 500 euro, Poland 150 , Hungary 80 or Greece for example 200 euros

# Reinventing retail

“The greatest glory in living lies not in never falling, but in rising every time we fall.” Nelson Mandela

- Phase one: Going from a single brand to a dualbrand strategy
- Phase two : Going from dualbrand to a dualchain strategy
- Phase tree : Going from dualchain to an omnichannel strategy

# Phase 1 –Dualbrand strategy

Developing two brands that address different target groups :

- 1992 - Altex (families , medium income, average size , proximity store)
- 2004 - Mediagalaxy (young people, higher income, large size, destination store)
- Going from one single brand retailer to a dualbrand strategy in order to address different targets, with different ages and different income in a growing market ( 2004 - 2008 )a popular model for traditional retail sector

# Phase 2 -Dualchannel strategy offline – online

- We hold the top position among consumer electronics retailers in Romania and now we are reinventing ourselves. We are closely integrating our online activities:
- Customers can order items via internet and then pick up at their local store or delivered at home.
- Get advice from their local store, think over, and then order online
- Check prices online and experience product in the store J Order wherever they want , online or instore J
- Lesson learned : Customers don't care
- how they get their goals : they expect us to be there for them 24 / 7

# Phase 3 - From Dualchannel to Omnichannel

- Omni means “anytime, everywhere”
- VISION : In the future we intend to be always where customers expect us to be: brick-and-mortar store, web platform, mobile shopping platform, social media shopping application, QR codes shopping, etc .



# Online / offline – a complementary relation

- The virtual shops are by no means competition for the bricks-and-mortar stores. Quite the contrary: they complement each other

- Where we are heading

Case study: YouTube Tesco Seoul

<http://www.youtube.com/watch?v=oPM4Ui6Sjfk>

**Thank you !**