

Retail 2020 & Beyond



Kurt Salmon
Part of Accenture Strategy

accenturestrategy

Al Sambar | Managing Director
NA Lead, Retail Growth Strategy & Innovation



Al Sambar

Accenture Retail Strategy

Managing Director, Retail Strategy Digital & Innovation

Kurt Salmon

Managing Partner, North America Retail & Consumer Goods

Venture Capitalist

Individual Angel Investor, Manager Angel Investment Fund

Industry Expertise

NRF "The List:" Industry Influencer, Consulting Magazine Top 25
Consultant, WSJ, CNBC, WWD, etc

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US business environment

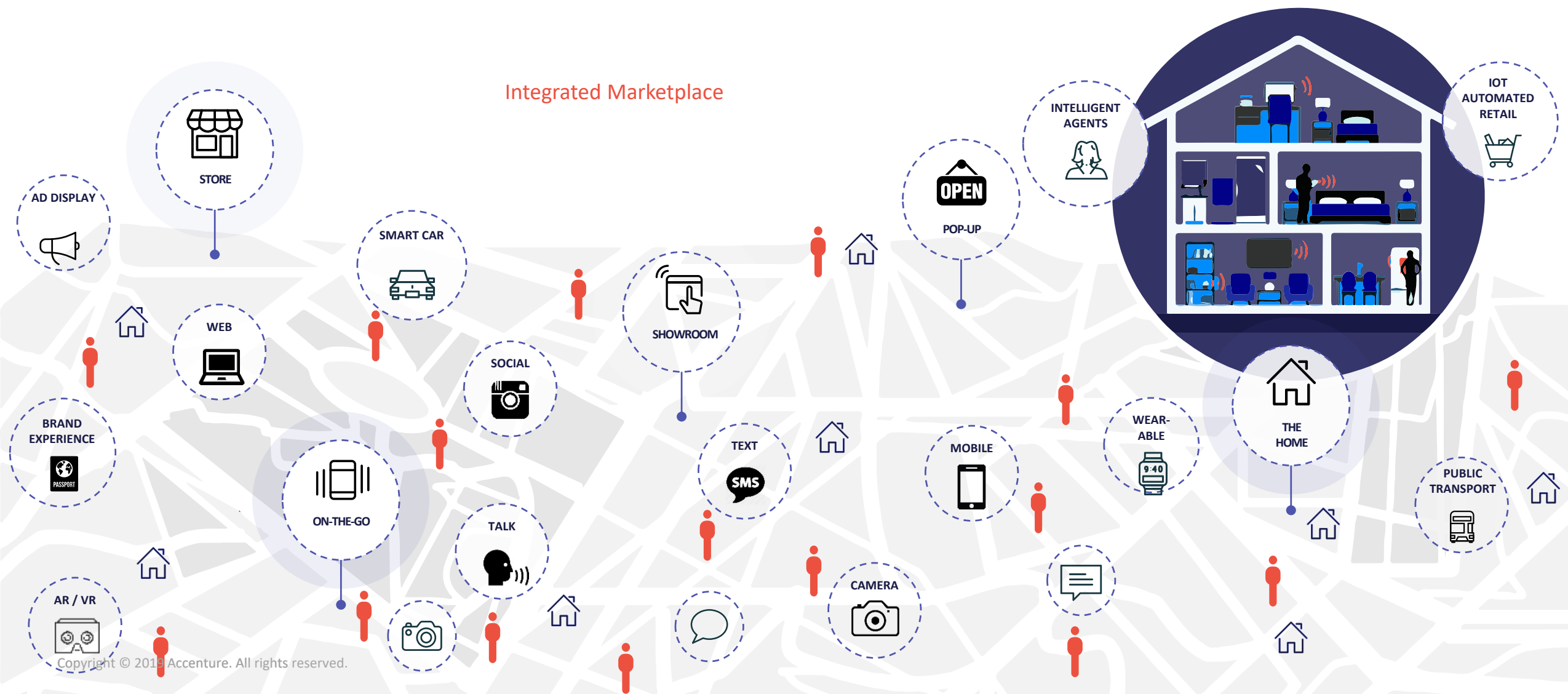
Digital Renaissance

Economic Migration

THEREFORE

Unprecedented Opportunity

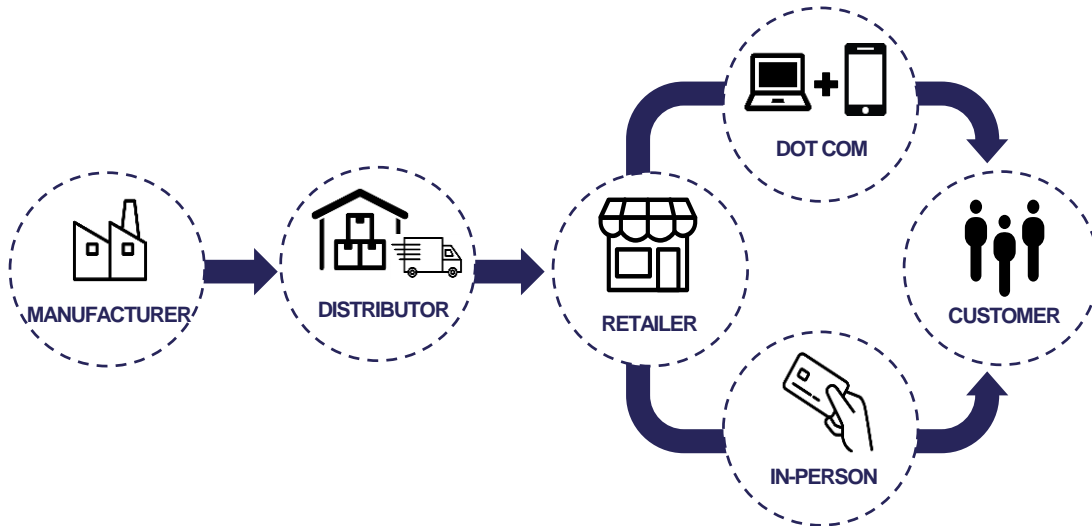
Future selling: native commerce everywhere



Implications: modern flywheel business strategies

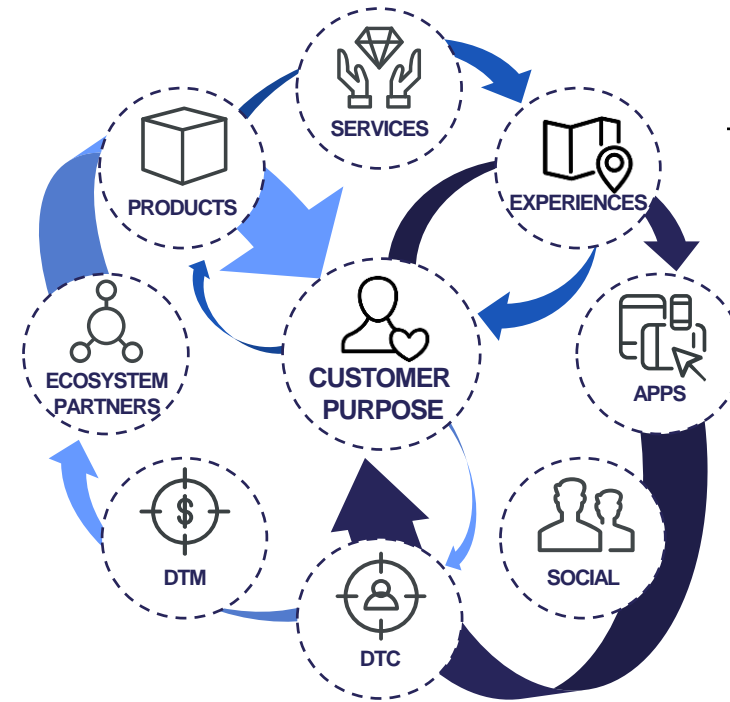
Linear Business Model

$$\text{Performance} = \text{traffic} \times \text{conversion rate} \times \text{basket size}$$



Flywheel Business Model

$$\text{Performance}^* = \frac{\text{ARPU} \times \text{GM}}{\text{CAC} \times \text{Churn}}$$



Examples

amazon



NETFLIX



Spotify



Glossier.

Accelerators

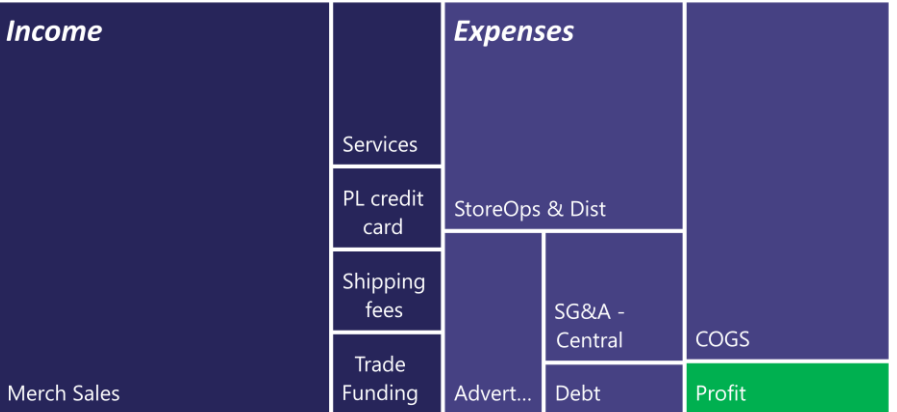
Offerings | Experiences | Capabilities | Operating Models

* This equation is commonly referred to as LTV yield. The profitability of a consumer relationship divided by the cost to acquire and maintain that relationship.

Implications: evolving business models

Traditional Retail

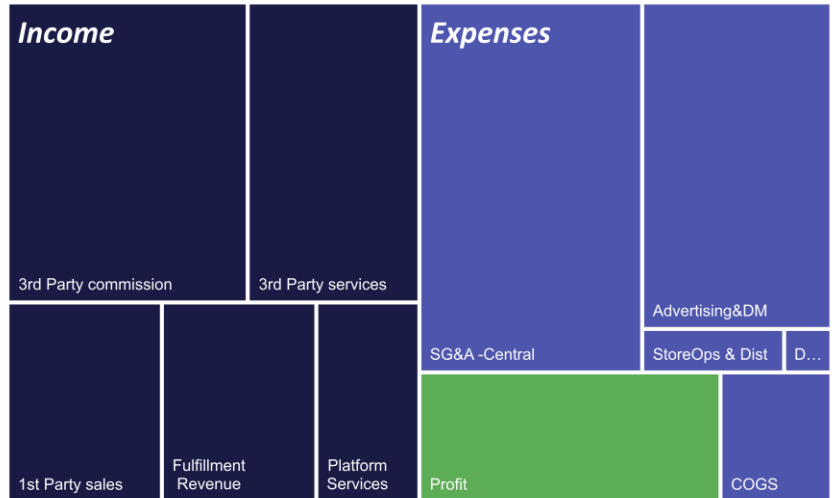
Enterprises using single sided channel platforms to drive revenue growth through direct sales. Primary revenue derived through sales of owned/curated merchandise (1st party).



Examples: Macys, Nordstrom, Target, Kohls, Best Buy, Home Depot, WM

Marketplace Platforms

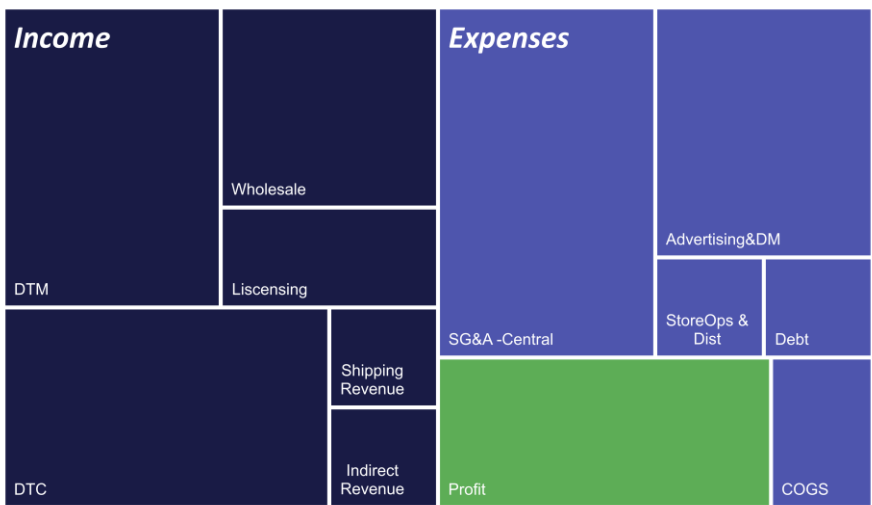
Enterprises using multisided platforms to drive revenue growth with 1st and 3rd party sales. Primary revenue derived through commissions and services for 3rd party sellers.



Examples: Amazon, eBay, Alibaba, Zolando, WM/Jet, Wayfair, etc.

Vertical Retail (House of Brands)

Enterprises using centralized single sided platforms to drive revenue growth of a collection of owned brands(IP). Primary revenue derived from owned and licensed brand sales through multiple direct and indirect channels.



Examples: Nike, LVMH, RL, Disney, WM/Hayneedle, etc.

Implications: transformation spending

- 01.** **Digital Acquisition**
- Owned Marketplaces
 - Loyalty & Currency Programs
 - 'Ecommerce Brain' (Predictive Consumer)
 - COOP & Ad serve platforms

- 02.** **Offering Expansion**
- Category Expansion
 - Product as a Subscription
 - Platform Service models
 - Circular Products
 - Personalized products
 - Exclusive brands & Private Label
 - Retail As A Service
 - Product Incubators/Venturing

- 03.** **Chanel Expansion**
- Home as a retail store
 - Direct To Marketplaces (DTM)
 - Streaming Retail
 - Managed Services platforms (e.g. connected health)

- 04.** **Intelligent Execution**
- Intelligent operations
 - Hyper-localization & personalization
 - Smart Engagement Centers
 - Labor of the future
 - Robotics-as-a-service

- 05.** **Marketplace Infrastructure**
- Store of the Future (IRL)
 - Seller Marketplaces
 - Org transformation
 - Venture/Transformation units
 - Strategic venturing
 - Applied Intelligence Units

Thank You

Al Sambar

Kurt Salmon, part of Accenture Strategy

Email | Al.Sambar@Kurt-Salmon.com

LinkedIn | <https://www.linkedin.com/in/alsambar>

San Jose, CA

