Market Research & Synthesis

Prepared for

International wholesale retail company looking to diversify in the B2C space with a new concept store in London, UK and appeal to millennials

Prepared by

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Last updated

Sample report based on 2018 data



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Our Understanding of Your Needs





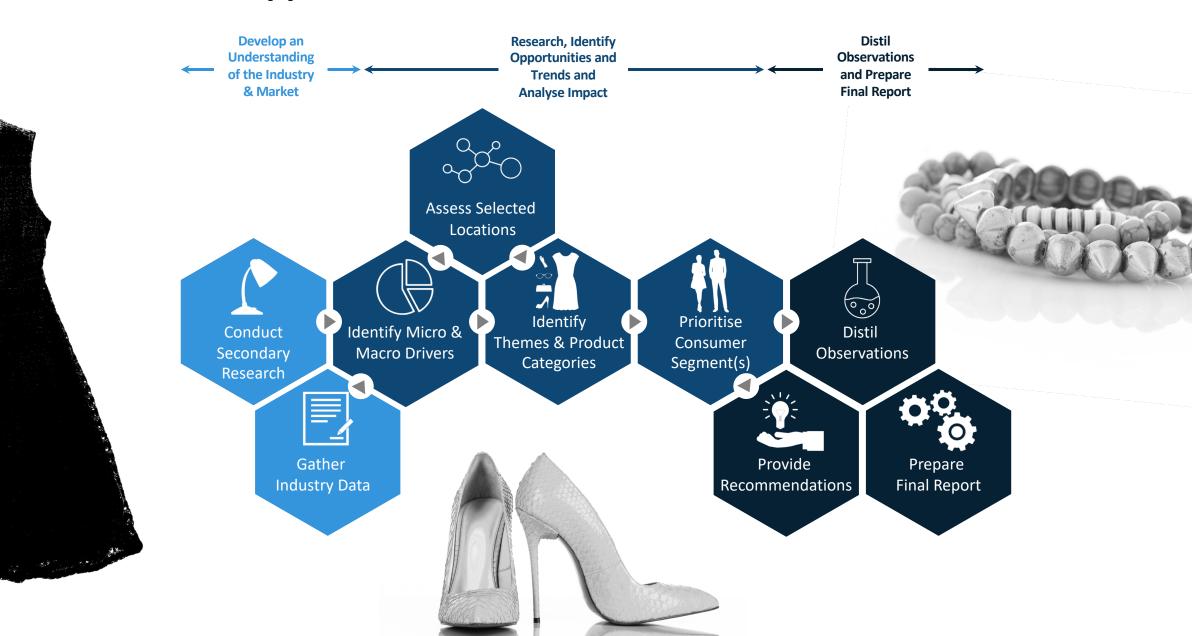


Your company is experiencing plateauing profitability and looking for additional revenue sources

Your company is looking to diversify by entering into the B2C space and considering opening new concept store

Your company is looking for insights about what excites millennials to be able to better serve them

Our Approach





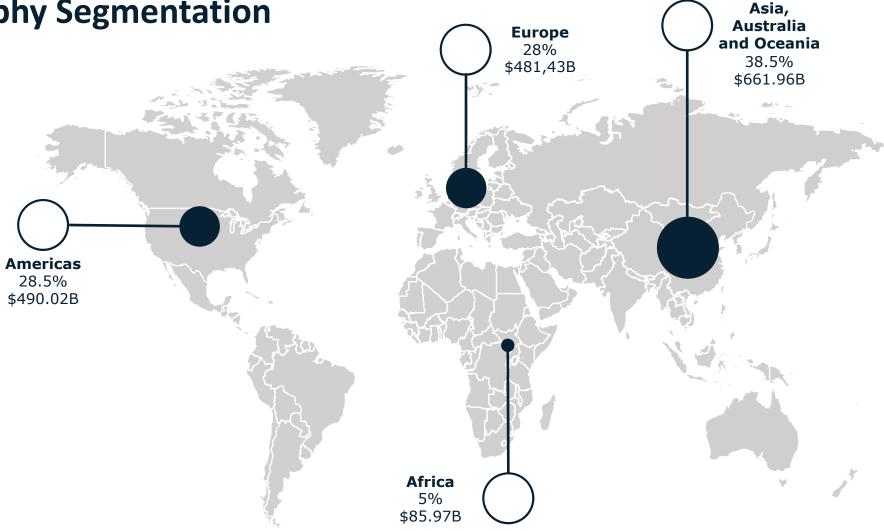
Global Apparel Market Revenue



The global apparel retail industry is estimated to grow by 5.1% in 2017 to reach a value of \$1,719 billion; womenswear is the largest segment of the global apparel retail industry, accounting for more than 50% of the industry's total value

Source: https://www.statista.com/forecasts/821415/value-of-the-global-apparel-market

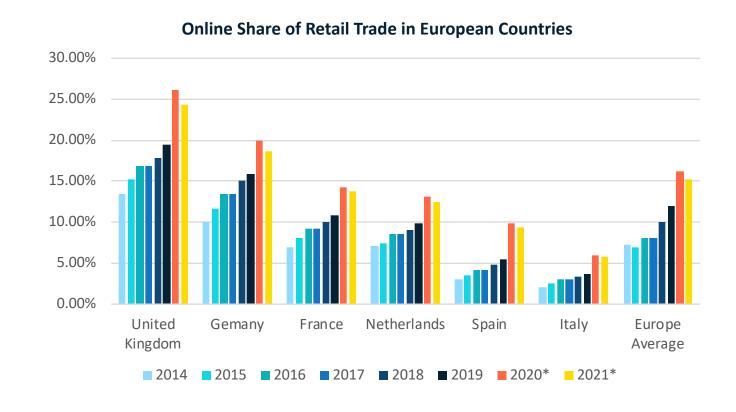
Global Apparel Retail 2018: Geography Segmentation



Asia-Pacific accounts for 38.5% of the global apparel retail industry value and is expected to continue to grow with China driving most of the growth

Increase in Online Retail Sales Pushes Retailers Towards Secondary Revenue Streams

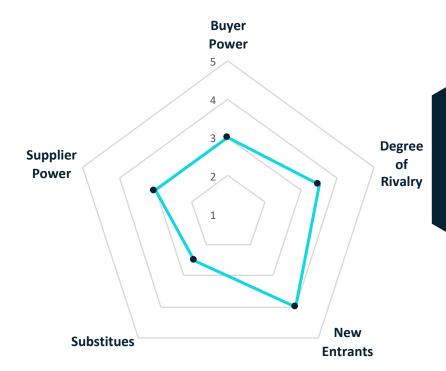




The global online retail sector has been growing at a robust, double digit rate YoY; the global online retail industry will continue to grow with Apparel, Accessories, Luggage & Leather Goods as the largest segment with around 30% of the industry's total value

Forces Driving Competition in the Apparel Retail Industry in Europe

Demand patterns are susceptible to branding and advertising.



The industry is characterised by strong incumbents and lack of diversification between players. This leads to increased competition.

Low barriers to entry and relatively low requirements for capital mean there is a high likelihood of new entrants in this market.

The industry is associated with lack of big switching costs and high bargaining power of consumers, in a market often subject to unpredictable and rapid changes in fashion.

As consumers place more importance on overall experience, retailers are introducing new attractions to drive visits and earn more time with their shoppers.

No significant product innovation in the sector and apparel retailers are also increasingly aiming to establish themselves as "lifestyle brands".

Source: https://pestleanalysis.com/five-forces-analysis-of-fashion-retail-industry/



The Rise of the Experience-Driven Retail

Nearly 8 in 10 Millennials say their best memories come from live events or experiences they've attended or participated in



Flagship Stores

- Large retail outposts meant to serve not only as shopping centers, but as destinations.
- From outsized selection to special events and community spaces, these stores represent the ultimate tangible embodiment of their brands.



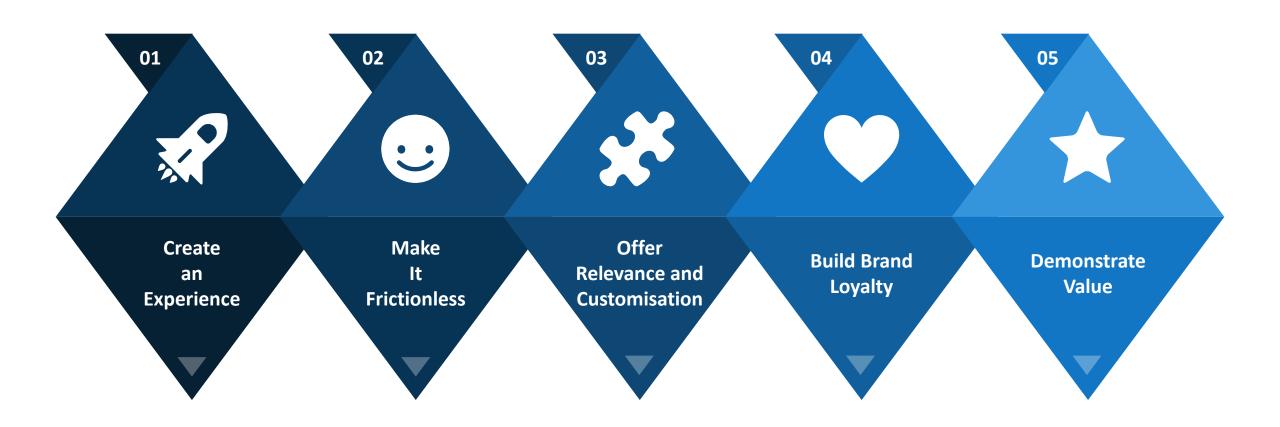
Curated and Concept Shops

- Highly curated physical spaces are an approach that smaller retailers – or those targeting a narrow demographic – can use to differentiate themselves (storefront as brand microcosm).
- The shop-within-a-shop houses select items for the street style set in a venue garnished with textured, craftsman-style sur-faces and urban-inspired art by local artists. Interactive digital lookbooks and unique one-off events complete the space.



Pop-up Shops

- A favorite of small brands and large retailers alike, the pop-up allows companies to experiment and to engage urban consumers without an onerous longterm investment in physical space.
- Typically placed in prime urban locations, one-offs like these enable retailers to take advantage of the high visibility of urban centers and major cultural events.







Create an Experience

It 's NOT about the product but the experience customers have with the brand or the experience the product creates. It's really all about brand's ability to provide one-of-a-kind experiences. By focusing on relevant, personalised and meaningful interactions, brands have the ability to drive interest and loyalty towards their products.

- Focus on a particular consumer segment and curate a selection of styles based on the selected group
- Create or curate complimentary accessories to compliment the look and offer styling tips
- Track digital behaviour and manage purchasing triggers
- Deliver cohesive cross-channel service experience infused with deep 'customer' knowledge
- Deliver engaging dynamic content via web, social, email and mobile channels
- Craft social media presence and engage via social marketing





Make It Frictionless

Whether Millennials are in the store or have already left, the experience they have with the brand matters. Their busy lifestyle and work-life balance means they are trying to shop online, read reviews and get good value for money all within mere seconds. Making it easy and accessible is the best thing a brand can do to keep this segment coming back again and again.

- The connected experience: integrate online and in-store experiences on a common platform
- Offer superior shopping tools like tailored & guided search and easy navigation across all channels
- Provide rich and personalised product recommendations and content
- Invest in highly immersive and engaging experiences
- Offer seamless omni-channel experience





Offer Relevance and Customisation

Millennials expect to make everything their own. The generation has grown up with the expectation that everything and anything can or should be customised. With a "what's in it for me" mentality, millennials expect everything to be about them and for them. Brands can create customer-focused category, assortment, price and demand plans that ensure consumers receive what is perceived to be a customised product.

- Incorporate a single view of the consumer to drive retail and consumer insights
- Anticipate demand to forecast categories and plan assortments
- Personalise interactions & recommend relevant product and services in real-time
- Optimise merchandise, and pricing to the consumer
- Next generation situational targeting and wearables





Build Brand Loyalty

Social networks and peer recommendations are the life blood of most millennials social circles. It's crucial that the buzz is positive and stays positive. As competition stiffens across major consumer goods segments, building and maintaining consumer loyalty is crucial to maintaining margins, shelf placement and demand. The key to fostering loyalty is being able to develop rich insights on consumers and then put those insights into action.

- Conduct real-time behaviour analytics using structured and unstructured data
- Leverage consumer insights to drive optimised retail operations
- Categorise customer needs into three categories "essential", "performance" and
 "delighters". To provide lasting customer loyalty, "essential" customer needs have to be
 entirely met, and extra effort must be put on "performance" and "delighters" (unexpected
 sparkles that delight customers and enhance overall customer impression of the product)





Demonstrate Value

Most millennials are financially savvy but they are also looking for value & quality above price. They are on the lookout for that little something extra and it's no longer just about free shipping. The in-store experience could offer unexpected delight and a sense of belonging. Acquiring and managing an accurate single view of the consumer is the best way to be able to demonstrate value as a brand.

- Offer inspirational and valuable content to your customers
- Build and maintain an omni-channel consumer hub for your customers to share knowledge and information about your brand
- Share your own stories with your customers to create positive brand awareness and promote your products and services

Establishing an experience-based concept store can...

Provide Excitement

Give customers another reason to visit, at a time when customers are increasingly shopping online

Increase footfall

Experiences are building customer loyalty and getting customers in store

Enhance the brand

Brand harmonisation will cement the relationship consumers have with the retailer



Become social glue destination

Customers can buy a product online but cannot have the same interaction with a friend online

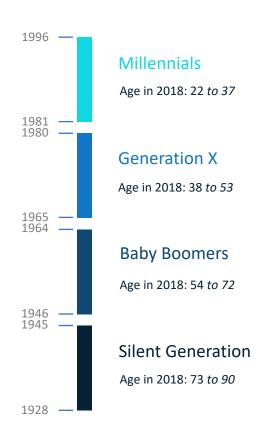
Increase dwell time

Increased dwell time will naturally increase spend at the retailer



Millennials

The Generations Defined



Millennials are:

- **1. Socially Conscious**
- 2. Technology-savvy
- 3. Ethnically Diverse and Optimistic
- 4. Embrace Experiences and Ethical Spending
- 5. Educated and Knowledgeable
- 6. Health Conscious
- 7. Financially Conscious
- 8. Spiritually Conscious

Millennials: Thirsting for an Experience



When it comes to discretionary spending, 'experiences' trump 'things'

More than 3 in 4 millennials (78%) would choose to spend money on a desirable experience or event over buying something desirable, and 55% of millennials say they're spending more on events and live experiences than ever before



Millennials crave more experiences

82% of millennials attended or participated in a variety of live experiences in the past year. 72% say they would like to increase their spending on experiences rather than physical things in the next year, pointing to a move away from materialism towards experiences



Consumers are dedicating more income to experiences

The demand for live experiences is happening across the generational board. Since 1987, the share of consumer spending on live experiences and events increased 70%. People want to experience more, and businesses are evolving trying to meet that demand



FOMO drives millennials' experiential appetite

Nearly 7 in 10 (69%) millennials experience FOMO. In a world where life experiences are broadcasted across social media, the fear of missing out drives millennials to show up, share and engage



Experiences help shape identity & create life-long memories

77% of millennials say some of their best memories are from an event or live experience they attended or participated in. 69% believe attending live events and experiences make them more connected to other people, the community, and the world



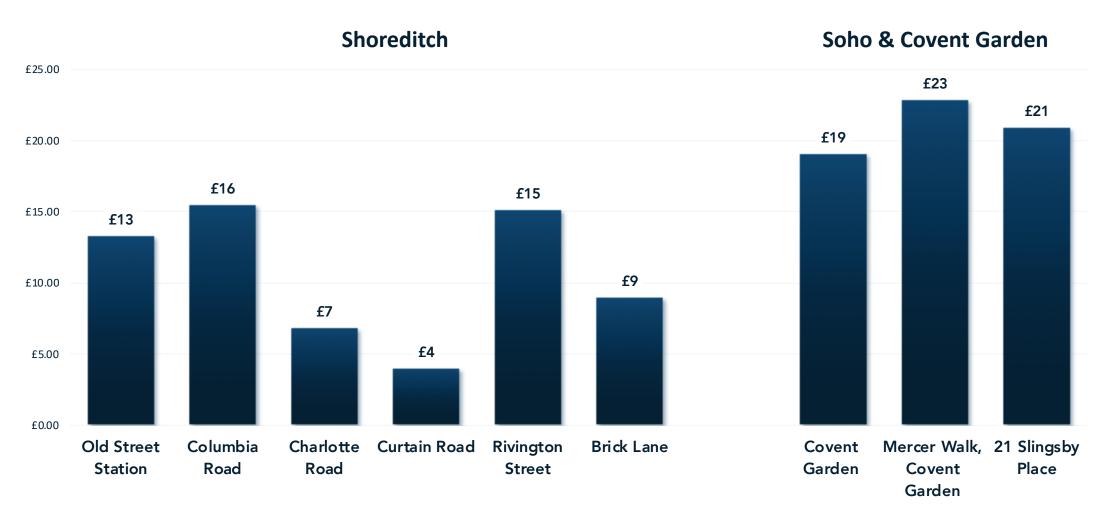
Districts & Places in London: a patchwork of cultures



Recommended concept store locations in line with target customer concentration and brand identity are Soho, Covent Garden and Shoreditch

	Affluent	Bohemian	Business	Classic	Creative	Fashion	Family	Foodie	Going out	Hipster	Tourist	Trendy	Young
Bloomsbery	✓			✓									
Brixton								✓	✓				✓
Camden					✓		✓			✓		✓	
Carnaby		✓			✓	✓					✓		
Chelsea	✓			✓									
City of London	✓		✓	✓									
Covent Garden	√		✓			✓		✓	✓		✓	✓	✓
Fitzrovia				✓									
Fulham	✓			✓									✓
Hackney					✓			✓		✓			✓
Kensington	✓			✓			✓						
Mayfair	✓			✓									
Nothing Hill	✓			✓	✓		✓				✓		
Shoreditch					✓	✓		✓	✓		✓	✓	✓
Soho	-	✓			-	✓	-	✓	✓	-		✓	✓

Average Monthly Rental Cost per sqft for Appropriate Locations



Selected Concept Stores London



Concept Store Themes



Art Uniqueness

AIDA

Description: Concept store with a deep sense of community at its core. The result of four sisters' vision to create a space that reflects the creative vibrancy of the area

Categories: Apparel, homeware, barista-style coffee, inspiring events in art, music and design

LN-CC

Description: The designer store is like a maze and contains individual product rooms, a record store, cafe, gallery and club

space. Promoting a forward-thinking lifestyle and avant-garde fashion

Categories: Apparel, music, books, coffee bar

HUH.

Description: Online hip culture mag HUH launched its first store in late 2011, selling a selection of its favourite sartorial items **Categories:** Apparel, homeware, lifestyle, coffee bar

Modern Society

Description: Modern Society was born through a series of pop-up stores in 2013 to offer diversified shopping experience,

creative inspiration and to connect with people

Categories: Apparel, homeware, coffee bar, consulting

Natural Law

Description: Natural Law is an independent retail platform housing a wide range of unique, handmade, eco conscious

lifestyle products

Categories: Apparel, eco-conscious, up-cycled jewellery, homeware, organic food

Wolf & Badger

Description: Wolf & Badger offers unique fashion, accessories & homeware items by independent designers instead of

pushing big established brands

Categories: Apparel, homeware, coffee bar

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About Insight Parrot

London based with a global perspective, Insight Parrot's mission is to supercharge your growth through uncovering new opportunities and being your eyes and ears on the market. Whether you are looking for a strategic partner to expand your product portfolio, an acquisition target to take advantage of synergies or just want to stay close to what your competitors are up to – we have what you are looking for.

We are focused specialist research & consulting partner with deep knowledge of the travel & tech industries, passionate about connecting the dots and bringing crisp, actionable insights at your fingertips.

The Insight Parrot explores thousands of data points and is on the lookout for the trends that shape the forward curve of your industry to help you navigate the ever changing travel and harness the potential of unfolding opportunities.

Stay ahead with Insight Parrot.

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