

Asia's Ecosystems and the Future of Retail

The market is quickly changing, providing challenges and opportunities for incumbent retailers.

Retail is booming in Asia

Asia has the world's highest rate of Internet shopping and fastest growth in overall sales.



More than half of all retail growth is expected to come from Asia in the next five years

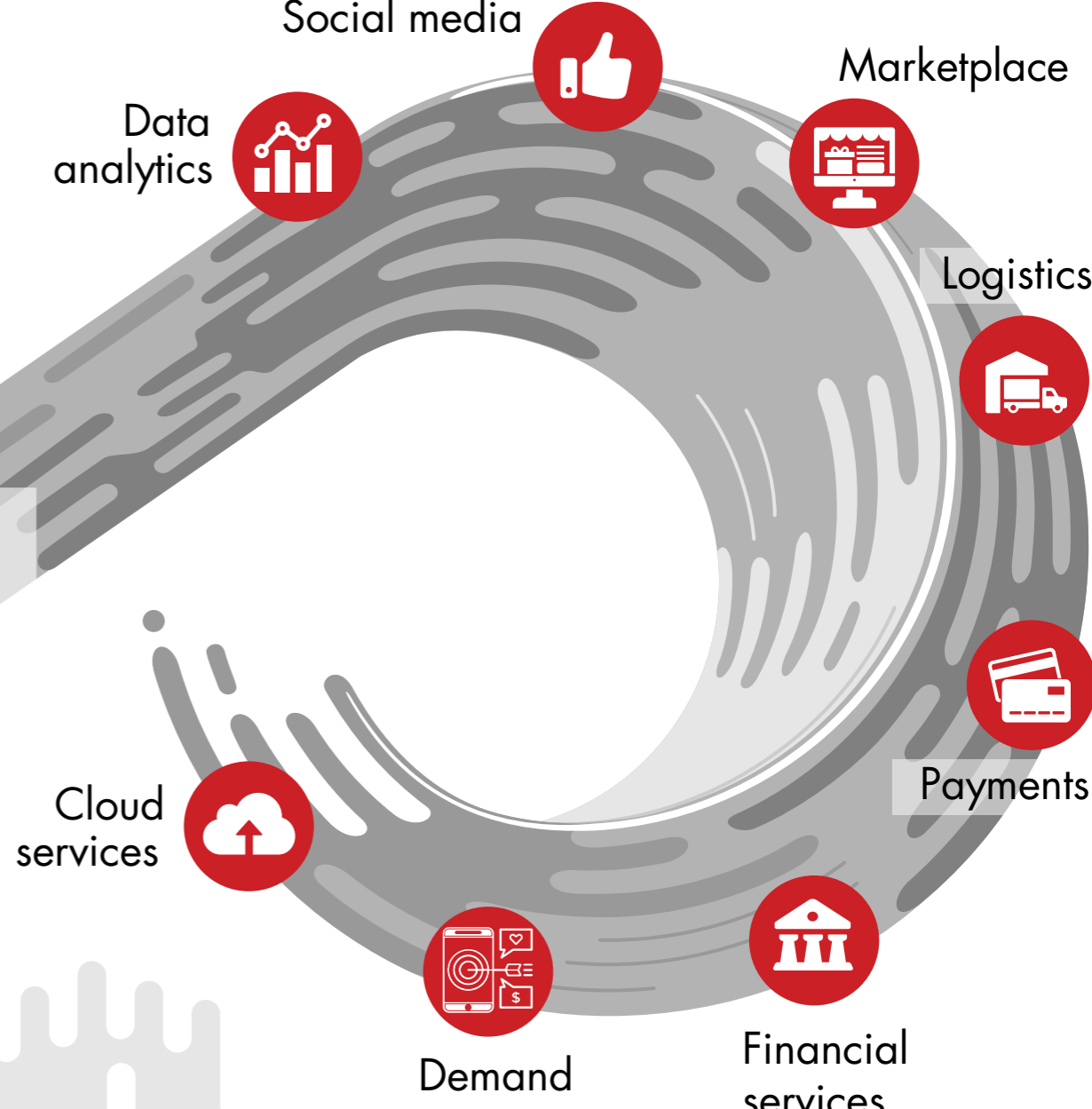
Ecosystems are changing the game

Vast communities of consumers, retailers and partners are rapidly reshaping the entire retail landscape.

SHOPPERS



RETAIL PARTNERS



WELL-DESIGNED ECOSYSTEMS ALLOW RETAILERS TO:

- Provide a "one-stop shop" for consumers
- Scale the platform
- Reach new profit pools
- Scale to reinvest
- Build a subscriber base and drive traffic
- Attract a broad set of retail brands and partners
- Create competitive advantages such as data and infrastructure

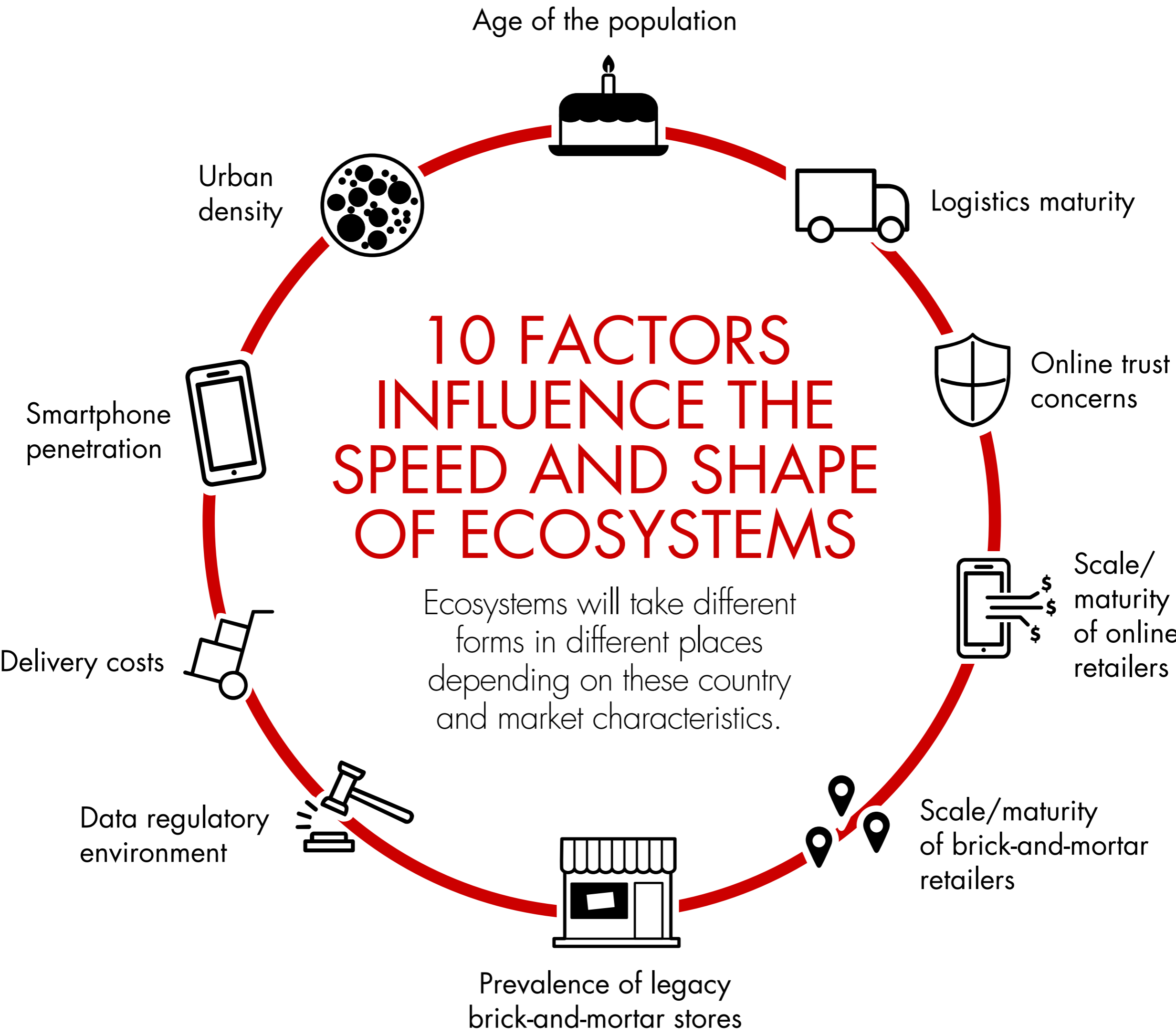
New rules for successful ecosystems

Companies need to rethink the assumptions that have helped them grow in the past.

What is unchanged

What is new

Scale is key to leadership		Scale can be virtual and asset-light
Network of well-positioned stores still matters		Data and insights are the real competitive advantage
Segmented customer propositions		One-to-one personalization
Convenience is still king		Shoppers expect zero lag between inspiration and consumption
Seamless omnichannel shopping experience		Enriched experiences
Merchandising, vendor management and operations		Analytics, technology and ecosystem partnerships
Innovate or die		Continuously test and learn
Shareholders focus on short-term profit and earnings targets		Companies must focus long-term and manage shareholder expectations



Five strategic options for retailers in Asia

Standing still is not an option as offline customers move online in record numbers.

Go solo
Do not participate in an ecosystem, but instead build a differentiated omnichannel model.

Join an ecosystem
Use an existing open platform and the ecosystem partner's capabilities.

Become an open ecosystem
Provide access to your own capabilities, assets and infrastructure.

Build a proprietary ecosystem
Create partnerships, alliances and joint ventures with external partners.

Sell
Maximize shareholder value by seeking to be acquired, potentially by an ecosystem player.