

# The New Global Department Store Round Table



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# THE NEW CUSTOMER

	PAST	PRESENT	FUTURE
POWER	RETAILER	VENDOR	CUSTOMER
CONSUMER	MATERIAL NEEDS	SOCIAL NEEDS/ IDENTITY	PERSONAL GROWTH
SOCIAL REFERENCE	SOCIAL CLASS	IMAGE/TRIBE	STYLE/INDIVIDUAL
STORE	CATEGORIES / DEPARTMENTS	LIFESTYLE	INSPIRATION & EXPERIENCE
ROLE OF STAFF	PRESCRIPTOR MERCHANT	DEMONSTRATOR SELECTOR	STYLE ADVISOR CURATOR
COMMUNICATION	PROMOTION	MASS ADVERTISING	INDIVIDUAL COMMUNICATION
FORMAT	DEPARTMENT STORE	MULTISPECIALIST DS	MULTICHANNEL DS

# THE NEW CUSTOMER

## A THRIFTY AND INFORMED CUSTOMER IN A MULTICHANNEL WORLD

- From Net Margin / m<sup>2</sup> to Net Margin per customer
- From LFL sales per store or department to LFL per customer
- From market share to share of wallet

## NO ONE KNOWS HER BETTER THAN DEPARTMENT STORES

- Technology now affordable enough to handle the department store complexity
- Ability to intelligently mine the complex set of data gathered

# THE NEW RETAIL

## HANDLING DIFFERENT MINDSETS

LEFT BRAIN

Precision  
Convenience  
Data analysis  
Global  
Online  
Efficiency

&  
&  
&  
&  
&  
&

Hollistic  
Differentiation  
Intimacy  
Individual  
Offline  
Emotion

RIGHT BRAIN

# **THE NEW RETAIL**

## **A NEW LEASE ON LIFE**

### **MULTICHANNEL FEEDS INTO THE DEPARTMENT STORE GAME**

- ➔ **DNA: Everything under one roof**
- ➔ **Online efficiency and offline retail-tainment**
- ➔ **Brick & Clicks:  $1+1=3$**
- ➔ **Trust**
- ➔ **...**

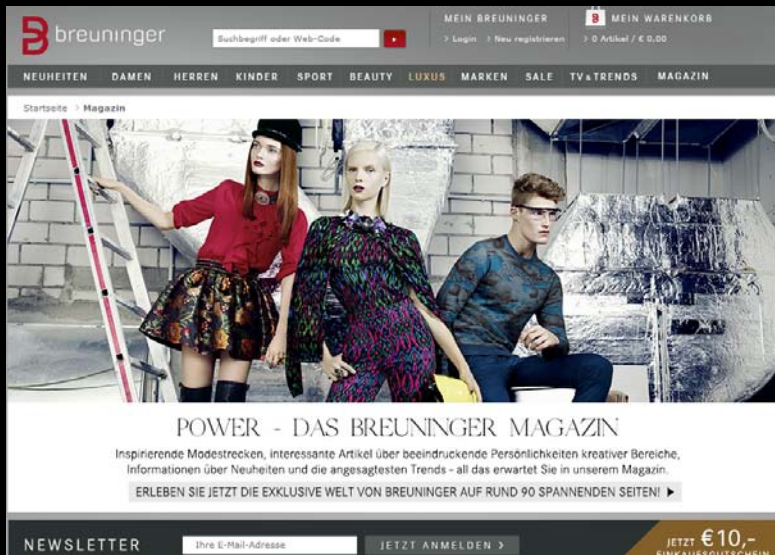
# EMOTIONAL VALUE CREATES MATERIAL VALUE



Television



Stadium



Online



Offline

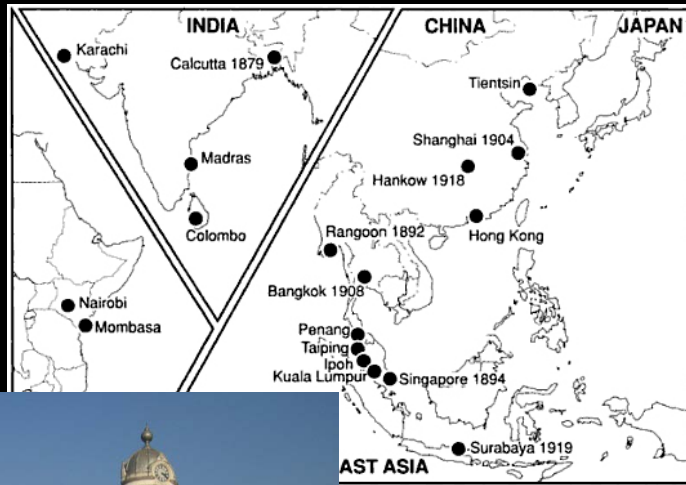
# **THE NEW WORLD DEPARTMENT STORES RE-OPEN TO INTERNATIONALIZATION**





# INTERNATIONALIZATION: BACK TO THE FUTURE!

- Politically/Culturally driven internationalization (1<sup>st</sup> half XXth)
- Economically driven internationalization. Push or pull. (2<sup>nd</sup> half XXth)
- Transnational international thinking (1<sup>st</sup> half XXIst)



**Whiteaway & Laidlaw stores**  
First store: Singapore 1894

**Selfridges:**  
International luxury



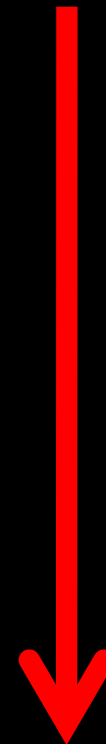
# THE DEPARTMENT DOES NOT TRAVEL EASILY

- **Complex organisations** difficult to adapt to local markets
- **Requires enormous traffic** which is not easy to create overnight.
- **Strong cultural DNA.** Difficulty to find customers responding to the same cues.
- **Access to brands abroad often difficult**
- Difficulty in **understanding the local customer**
- Difficulty in **finding the right partner**
- A **limited number of international success stories** and a good number of failures

# INTERNATIONAL: DIFFERENT BUSINESS MODELS

- Distant selling (House of Fraser)
- Wholesale (Manor)
- Franchise (Debenhams)
- Minority share (Parkson - Odel)
- Joint venture (Galleries Lafayette)
- Acquisition (Kaufhof)
- Organic (Stockmann)

**LOW INVOLVEMENT**



**HIGH INVOLVEMENT**

# INTERNATIONAL: INGREDIENTS OF SUCCESS

- Be strong at home with a clear concept
- Be among the first movers
- Psychological or cultural proximity
- Upcoming middle class
- Building access to international brands and reputation
- Be patient, listen & start early/small
- Strong private label and concessions makes things easier
- Choose the partner carefully (retailer, developer...)

# High income countries internationalizing (some examples)

Stockmann  
Russia



Debenhams  
Middle East



Takashimaya  
Singapore



Nordstrom to  
open in Canada



House of Fraser  
Abu Dhabi



Hankyu  
Taiwan





# A DEFINING MOMENT



**ILLUM**  
Denmark



**CENTRAL**  
Thailand



**RINASCENTE**  
Italy

# High growth countries internationalizing (some examples)

Falabella, Chile  
to Argentina,  
Colombia  
Peru



Harrods, UK  
& Printemps  
acquired by  
Qatar Sov. Fund

Harvey Nichols UK  
acquired by  
Dickson Poon



Parkson, Malaysia  
To China, Viet Nam,  
Sri Lanka, Myanmar,  
Indonesia

Carrion, Honduras  
To Costa Rica,  
Salvador  
Nicaragua  
Guatemala



Woolwoths, SA  
to 10 African  
countries