



BAIN & COMPANY 

TECTONIC SHIFTS IN EUROPEAN RETAIL

THREE TECTONIC SHIFTS



Continued growth
of Everyday Value



Continued
eCommerce growth



Big Box model
increasingly pressured



METRO GROUP
MADE TO TRADE.

colruyt
prix - qualité
E.LECLERC



real-
TESCO

Superunie

amazon.com.

Poundland



NETTO

REWE
GROUP

GROWTH OF EVERYDAY VALUE

Continued growth
of Everyday Value



Discount retailers expand market share

23 September, 2015

By Aaron McDonald

Latest grocery share figures from Kantar Worldpanel have revealed a strong 12 weeks ending 13 September for value-for-money retailers.

Aldi performed well, with a growth in sales of 17.3%, expanding its market share to 5.6%. Lidl also saw a positive 12 weeks, after increasing sales by 16% to reach a new market share high of 4.2%.

The supermarkets are increasingly strengthening their share of the market, with 56% of British households visiting either Aldi or Lidl in the past 12 weeks, according to Kantar Worldpanel.

Additionally, Iceland saw sales grow 3.4%.

However, general supermarket growth has remained immobile at 0.9%, resulting in this being the sixth consecutive month that grocers' sales have progressed by less than 1%.



E-COMMERCE BEATING ALL PROJECTIONS

Incumbent Click & Mortars

www.tesco.com

REWE.de
Lieferservice

Auchandirect.fr

E.Leclerc
DRIVE

Ambitious
Generalist online pure players

amazon

amazon
fresh

Alibaba.com

Vertical online specialists

zooplus

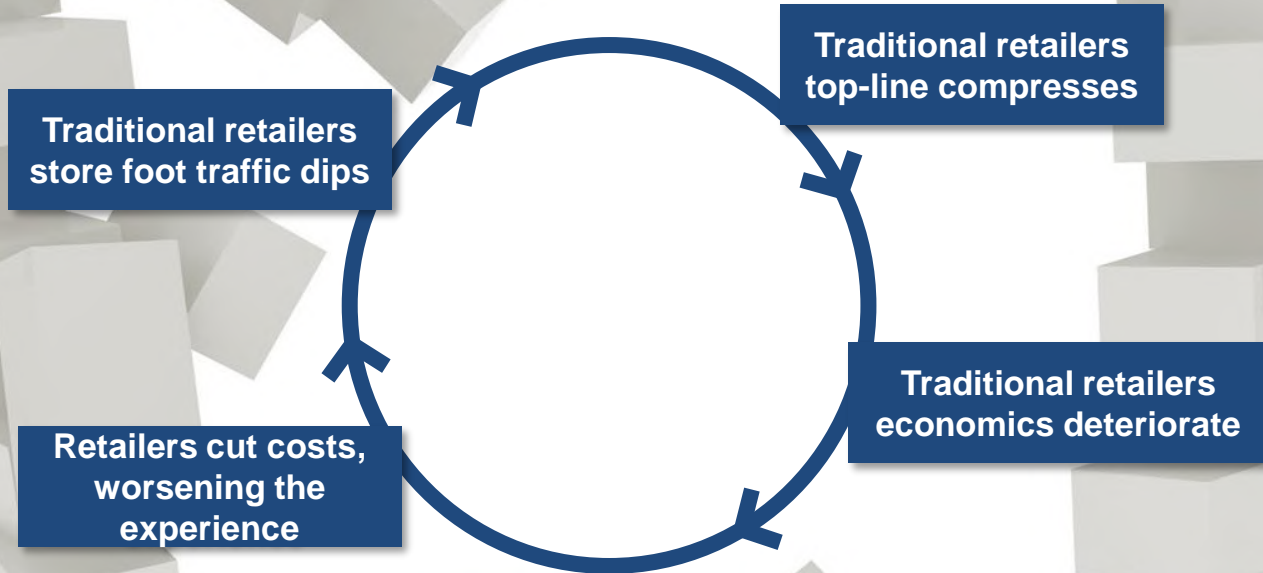
Digital disruptors

UBER

State-owned postal services

by post
combo

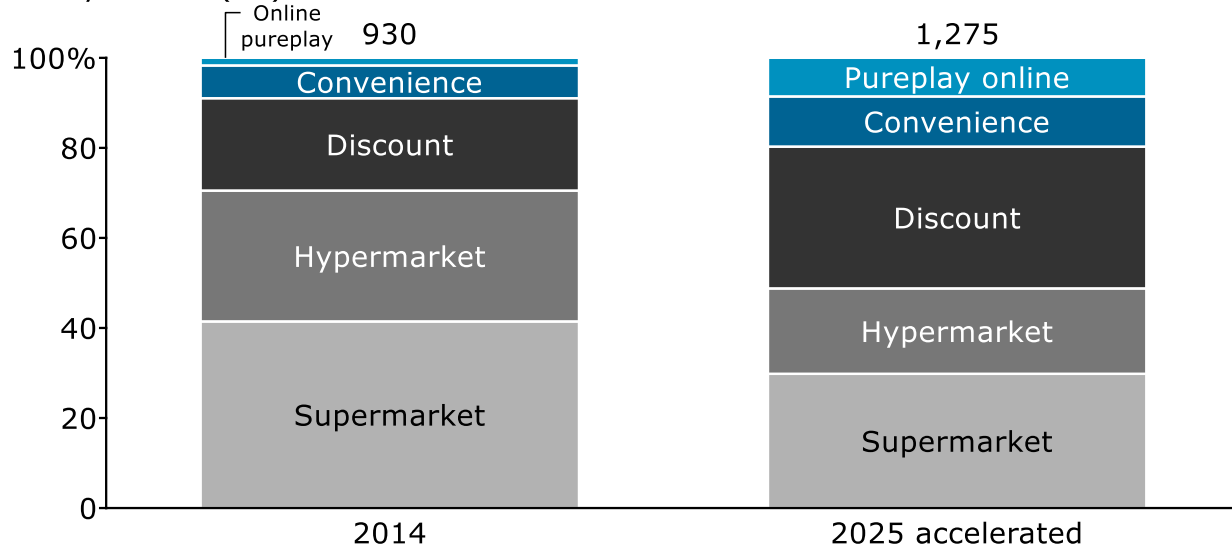
DOOM LOOP FOR TRADITIONAL RETAILERS



SIGNIFICANT SHIFT EXPECTED SOON

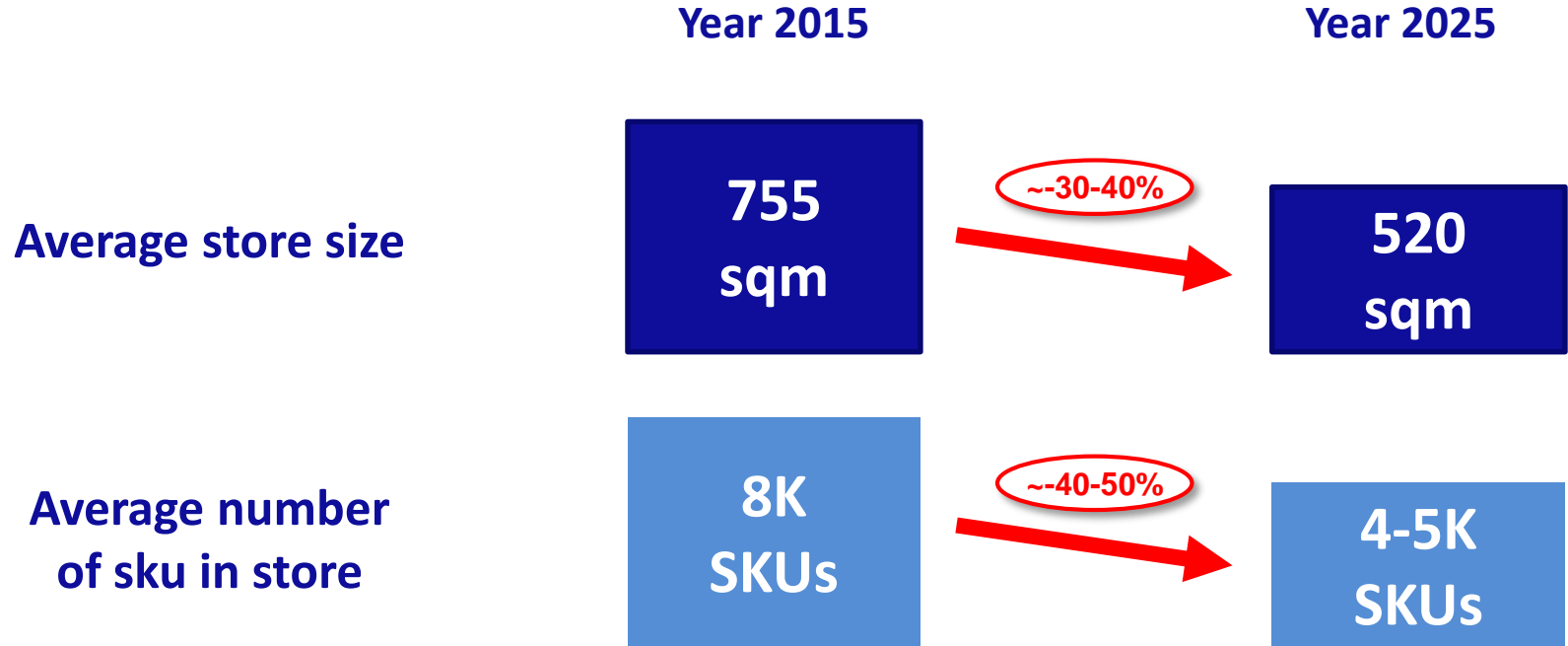
Western and Southern Europe
Grocery

Sales by format (€B)



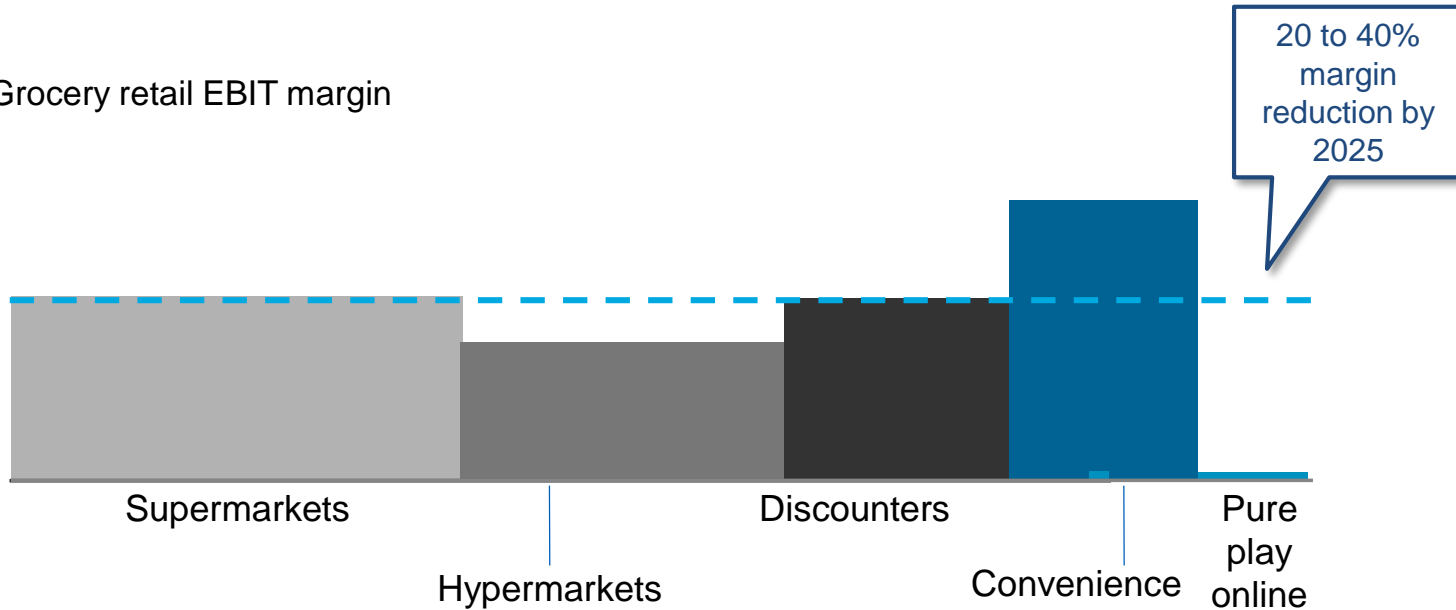
Source: Planet Retail, Bain analysis

LESS RETAIL SPACE – LESS SKU PER STORES



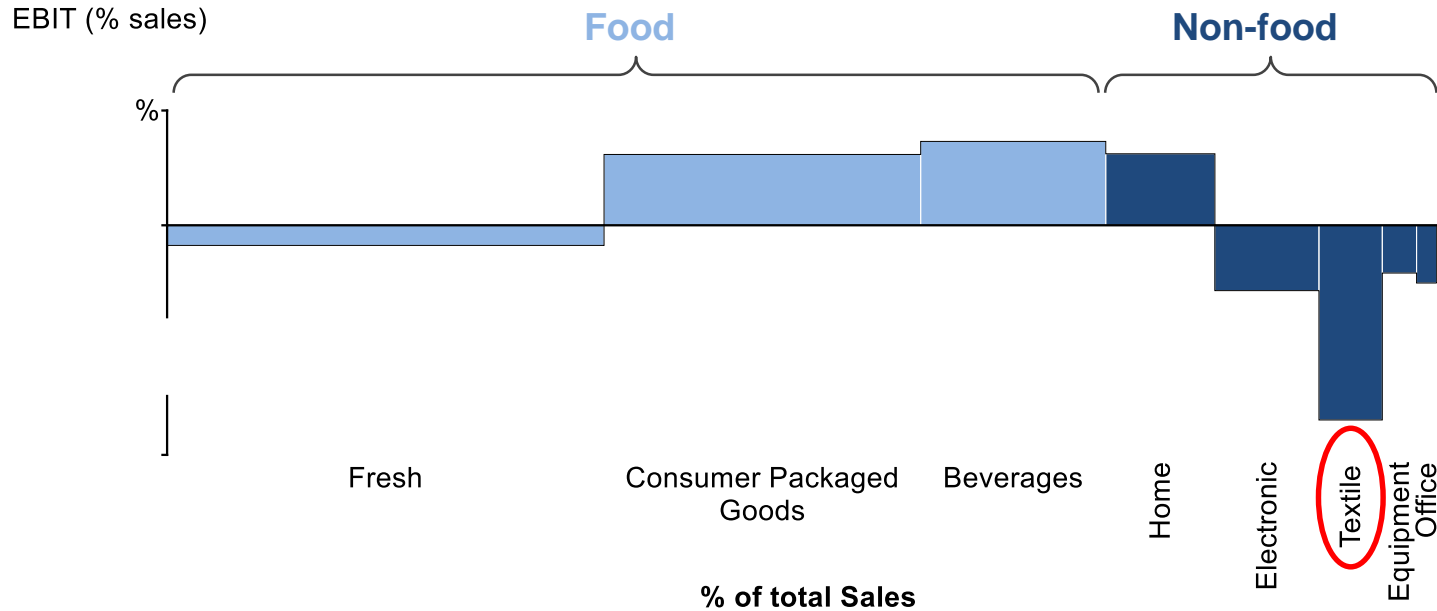
REDUCTION OF THE RETAIL PROFIT POOL

Grocery retail EBIT margin



20 to 40% margin reduction by 2025

HIGH PRESSURE ON CPG COMPANIES



THREE IMMEDIATE IMPERATIVES

Simplify

(Brands, SKUs & Organizations)

Shift resources

(towards growing shopping habits)

Build new muscles to win

in new growing channels

(different “how to win” and capabilities required to succeed in growing channels)

QUESTIONS FOR DISCUSSION

What big threats & opportunities do retail shifts create for your company?

What should you start doing NOW to pro-actively embrace retail shifts?