GLOBAL TRADE: AN OPPORTUNITY OR A RISK FOR RETAILERS?

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1/ A REVOLUTION IS GOING ON THE MARKET

1.1 Globalization vs. Customization: the major agent of change on the market

Globalization, the trend nobody can resist…

➢ High fashion and luxury brands are more and more "global" with their “global” shopping concepts
➢ Internet is changing the rule of the game
➢ Consumers' behavior is also becoming more "global"
➢ New mass market retailers are also developing a "global" approach
1/ A REVOLUTION IS GOING ON THE MARKET

1.1 Globalization vs. Customization: the major agent of change on the market

But, at the same time, consumers are more and more looking for custom made unique products
1/ A REVOLUTION IS GOING ON THE MARKET

1.2 Other major agents of change to take into consideration

➢ Fashion goods (footwear, garment and accessories) are going down in the per capita consumption of individuals, against telecommunications, high tech or health services

➢ Apart from quality and design, Customers want to be reassured about the sustainability of the product they buy, about its eco-friendly attitude, its capacity to be recycled…

↓ An opportunity for retailers
2/ THE CONSEQUENCES FOR THE RETAILERS, A TSUNAMI?

2.1 More and more pressure on prices:

Thanks to internet, consumers have permanent access to the prices of any global brand, especially for luxury brands forcing retailers to adjust their prices.

New global mass market retailers have access to lower purchasing prices offering customers lower prices, changing the customers price expectation.
2/ THE CONSEQUENCES FOR THE RETAILERS, A TSUNAMI?

2.2 A new challenge in terms of purchasing strategy:

- New global retailers are no longer thinking "seasons" adding new products in between seasons to adjust their offer to the latest fashion trends, to the weather, to the customer desires.

- Customization means a totally different approach to the purchasing strategy of retailers.
2/ THE CONSEQUENCES FOR THE RETAILERS, A TSUNAMI?

2.3 A new relationship with the customers: Traditional retailers must add value to their offer

➢ By selling "quality" rather than "quantity"
➢ By defining an original communication strategy
➢ By adjusting their products to local requirements (fitting and style)
➢ By developing strong merchandizing concepts
2/ THE CONSEQUENCES FOR THE RETAILERS, A TSUNAMI?

2.3 A new relationship with the customers: Traditional retailers must add value to their offer

➢ By introducing new concepts based on sustainability, environment
➢ By offering added services (recycling, home deliveries)
➢ By developing a real "omnichannel" strategy
➢ By a customization of their offer
➢ By a diversification of their offer
3/ IN THIS CONTEXT, WHAT ABOUT GLOBAL TRADE AND TRANS-PACIFIC PARTNERSHIPS FOR THE TRADITIONAL RETAILER

3.1 In theory, an opportunity:

- As import duties will be lowered, new trading partners with low labour cost will appear or become more attractive.

- Giving the possibility to retailers to lower sale prices without reducing the quality and/or improve their margins.

- Case of Chinese suppliers which subcontract in Vietnam, Bangladesh or Cambodia to maintain their competitiveness.
3/ IN THIS CONTEXT, WHAT ABOUT GLOBAL TRADE AND TRANS-PACIFIC PARTNERSHIPS FOR THE TRADITIONAL RETAILER

3.1 But a risk:

➢ Make the supply chain more complex and less reactive
➢ Increase manufacturing time
➢ Increase the minima for any orders
➢ Make customization nearly impossible
➢ Possible negative reaction of consumers to some made in

Giving in fact a competitive edge to the large and global players
Global trade and the new trans-Pacific partnerships are more a challenge than an opportunity for the retailers.

- It will in fact increase the competitiveness of the "global" players.
- And reinforce the necessity for retailers to differentiate themselves.