

Press release

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Belgian retailers adapt to e-commerce and global trends to deliver better customer experience

Three top Belgian players are present in the Global Powers of Retailing Top 250: Louis Delhaize (no. 108), Colruyt Group (no. 119), C&A Europe (no. 132).

Retailers have to deliver much more online experience as shoppers become more demanding. However, the rise of e-commerce does not mean the end of physical retail. 90% of consumer spending on products in Belgium still takes place in physical stores. The future of retailing will therefore be more “phygital”, combining both physical stores and a digital experience (online webshops).

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In 2017, Belgian consumers started to catch up with neighbouring countries in terms of e-commerce, with online purchases accounting for 8.7% of Belgian consumer spending and nearly two-thirds of Belgians having ordered online. This trend is in line with Deloitte’s latest report, which says retailers are moving towards “everywhere” commerce, allowing consumers to shop however, wherever, and whenever they want—whether in stores, online, with their mobile phones, through voice activation and click-and-collect. The attractiveness of the Belgian e-commerce market, according to Deloitte, is also growing with big investments from major e-commerce retailers, including Amazon, bol.com, Coolblue and others. However, the rise of e-commerce does not mean the end of physical retail. 90% of consumer spending on products in Belgium still takes place in physical stores. The future of retailing will therefore be more “phygital”, combining both physical stores and a digital experience (online webshops).

“This truly is a transformative time in retail. The shopper is clearly in the driver’s seat, enabled by technology to remain constantly connected and more empowered than ever before to drive changes in shopping behaviour,” said Agné Vezbergiené, Director Consumer Products and Services at Deloitte. “Innovations and transformations such as better in-store experience and optimising delivery of online purchases, are happening faster and at a greater magnitude than ever, presenting challenges for retailers accustomed to balancing conventional performance metrics like growth, profitability, and space productivity. To meet the rising demands of the customer, Belgian retailers need to disrupt their business models and redefine the customer experience. For that, retailers need an in-depth understanding of the full customer journey, from

the moment a customer hears about a brand or product, to the actual purchase and service afterwards, to define in which phases of the journey brick & mortar stores are most relevant to meet customer needs.”

Global Powers of Retailing Top 250

Despite the number of Top 250 retailers based in Europe falling again, European retailers remain the most globally active as they search for growth outside their mature home markets. Almost 85 percent of the region’s companies operated internationally.

Three top Belgian players maintained their spot in the Top 250: Louis Delhaize (no. 108), Colruyt Group (no. 119), C&A Europe (no. 132). Belgium can also take some pride in being represented in the top 20 by Ahold Delhaize (no. 14), the company formed following the 2016 merger of Dutch Ahold (Albert Heijn) and Belgian Delhaize. Ahold Delhaize also ranks 32nd in the top 50 fastest growing companies.

E-commerce catches on in Belgium

For the last five years, Belgian consumers have been lagging behind their neighbours in terms of e-commerce, but according to research organisation GfK, Belgium’s e-commerce generated a turnover of 10 billion euro in 2017, a 11% increase compared to 2016, with 63 percent of Belgians having made at least one online transaction during the year. In the third quarter of 2017, online purchases represented 8.7% of Belgian consumer spending on products.

Mobile commerce is an important driver of e-commerce growth. As Belgian consumers are increasingly looking for seamless integration across channels, online commerce is no longer limited to desktop PCs. According to Deloitte’s *Global Mobile Consumer Survey*¹, 41% of Belgian smartphone owners browsed shopping websites or apps on a monthly basis in 2017, a 12% increase compared to 2016. 18% made at least one mobile purchase on a monthly basis.

Given the rising attractiveness of Belgian e-commerce, online retailers are increasing efforts to serve the Belgian market. Amazon has recently unfolded plans to build a warehouse 50km from the Belgian border, Bol.com is building a new fulfilment centre in the Netherlands to serve both the Dutch and Belgian market, Coolblue has launched its own delivery service in Belgium, and Zalando is testing a partnership with Belgian delivery start-up Parcify. Specific for this last case; It is the first time that Zalando is running a pilot with location based services. They found in a local start-up, a partner to innovate the shopping experience making it even more personal and frictionless. This is an integral part to the digital approach in the view of retail ecosystem as the network of suppliers and franchisees working in a collaborative mindset. Zalando has always focused on reducing the barriers of online shopping and solve current inconveniences.

What’s next for Belgian retail?

We expect to see an increase in the number of partnerships between retailers. Bol.com and Amazon have opened their marketplaces to other suppliers, and Media Markt now manages the electronics department of Makro. Such a partnership and collaboration is advantageous because it leads to higher value creation and helps to improve operational efficiency and customer centricity. For example Walmart and Google collaborated on voice controlled shopping.

To make the omnichannel shopping experience seamless and integrated across all channels, retailers are expected to intensify the integration of physical and digital touchpoints. Online retailer Coolblue opened its third physical retail store in 2016 and launched its mobile app in October 2017.

The in-store experience will be enhanced further through digital experiences. Biometric technology, AI and self-learning machines, computer vision and Internet of Things are a few technologies that are being tested intensively in Retail worldwide. These technologies can be used for better sales forecasting, personalized

¹ Source: Deloitte Global Mobile Consumer Survey <https://www2.deloitte.com/be/mobileconsumer>

product recommendations based on historic preferences and customer segmentation and advanced dynamic pricing and personalized deals for customers. They are also used for lifestyle matching, improving customer experience via virtual digital assistants (e.g. chatbots) and supply chain optimization such as store inventory and auto-replenishment, optimizing picking and sorting activities. We expect more and more retailers to think about which of these technologies fit best with their store's stories and integrate these technologies rapidly. Decathlon, for example, plans to add product scanners in its fitting rooms in the Brussels city shop, allowing customers to see availabilities in other colours and screens to request assistance from shop staff.

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About the report

Global Powers of Retailing identifies the 250 largest retailers around the world based on publicly available data for FY2016 (fiscal years ended through June 2017), and analyses their performance across geographies and product sectors. It also provides a global economic outlook and looks at the 50 fastest-growing retailers and new entrants to the Top 250.

Deloitte in Belgium

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