

WELCOME

WHARTON FAMILIES:
SUMMER WEBINAR SERIES

Wednesday, July 22

The Future of Retail:

How to Win Customers in an Era of Endless Disruption
with Professor Barbara Kahn

Patty and Jay H. Baker Professor of Marketing,
Wharton Executive Director, MSI

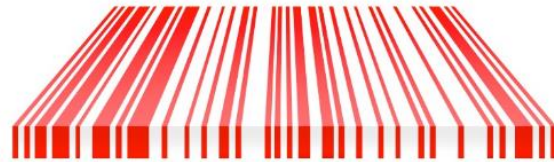


Wharton
UNIVERSITY of PENNSYLVANIA

MORE THAN EVER
Our Campaign

BARBARA E. KAHN

THE SHOPPING REVOLUTION



*How Successful Retailers
Win Customers in an Era
of Endless Disruption*



2017: The Year of the Retail Apocalypse!!

- More than 8,600 stores closed in 2017
- Worst year on record!!

IN 2019

- 9500 stores closed
- UBS Prediction: 75,000 stores would close across North America from now until 2026

2020

- 250,000 stores closed during covid
- Prediction: 15,000 stores will close by EOY



Why? Pre-Covid



Gillette[®]



Pre-Covid Trends that are now Accelerated

- Move to customer-centered omni-channel retailing
- Importance of creating an in-store experience that inspires trust
- The dominance of Amazon and Walmart
- Long-term sources of competitive advantage:
 - Brand
 - Customer experience
 - Frictionless
 - Low Price/Value

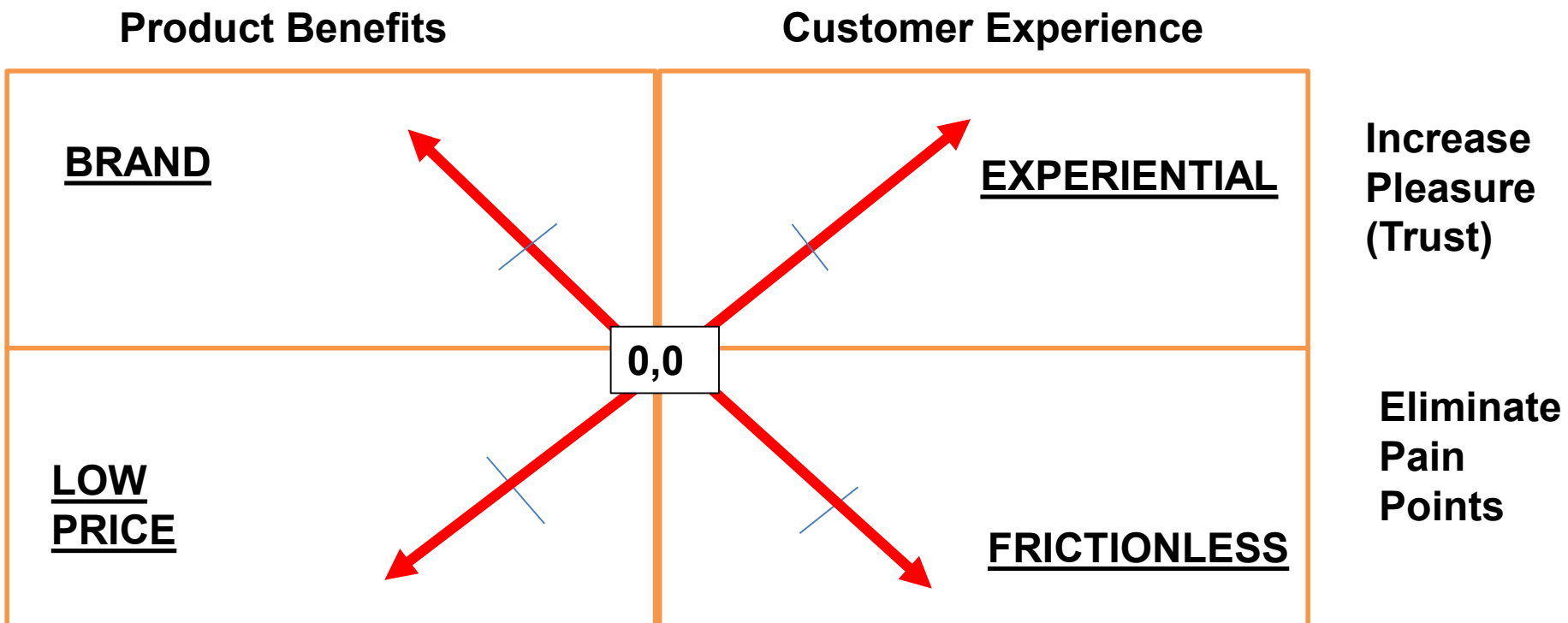


Two principles

- Customers want to buy something they value from someone they **trust**=
Retail Proposition
- They buy from retailers who provide superior value=**Superior**
Competitive Advantage

Kahn Retailing Success Matrix






Two-Quadrant Winning Strategies


AMAZON

<u>BRAND</u>	<u>EXPERIENTIAL</u>
<u>LOW PRICE</u>	<u>FRICITIONLESS</u>




WALMART

<u>BRAND</u>	<u>EXPERIENTIAL</u>
<u>LOW PRICE</u>	<u>FRICITIONLESS</u>




WARBY PARKER, ZARA

<u>BRAND</u>	<u>EXPERIENTIAL</u>
<u>LOW PRICE</u>	<u>FRICITIONLESS</u>



TJMaxx, Costco, LUXURY, SEPHORA

<u>BRAND</u>	<u>EXPERIENTIAL</u>
<u>LOW PRICE</u>	<u>FRICITIONLESS</u>

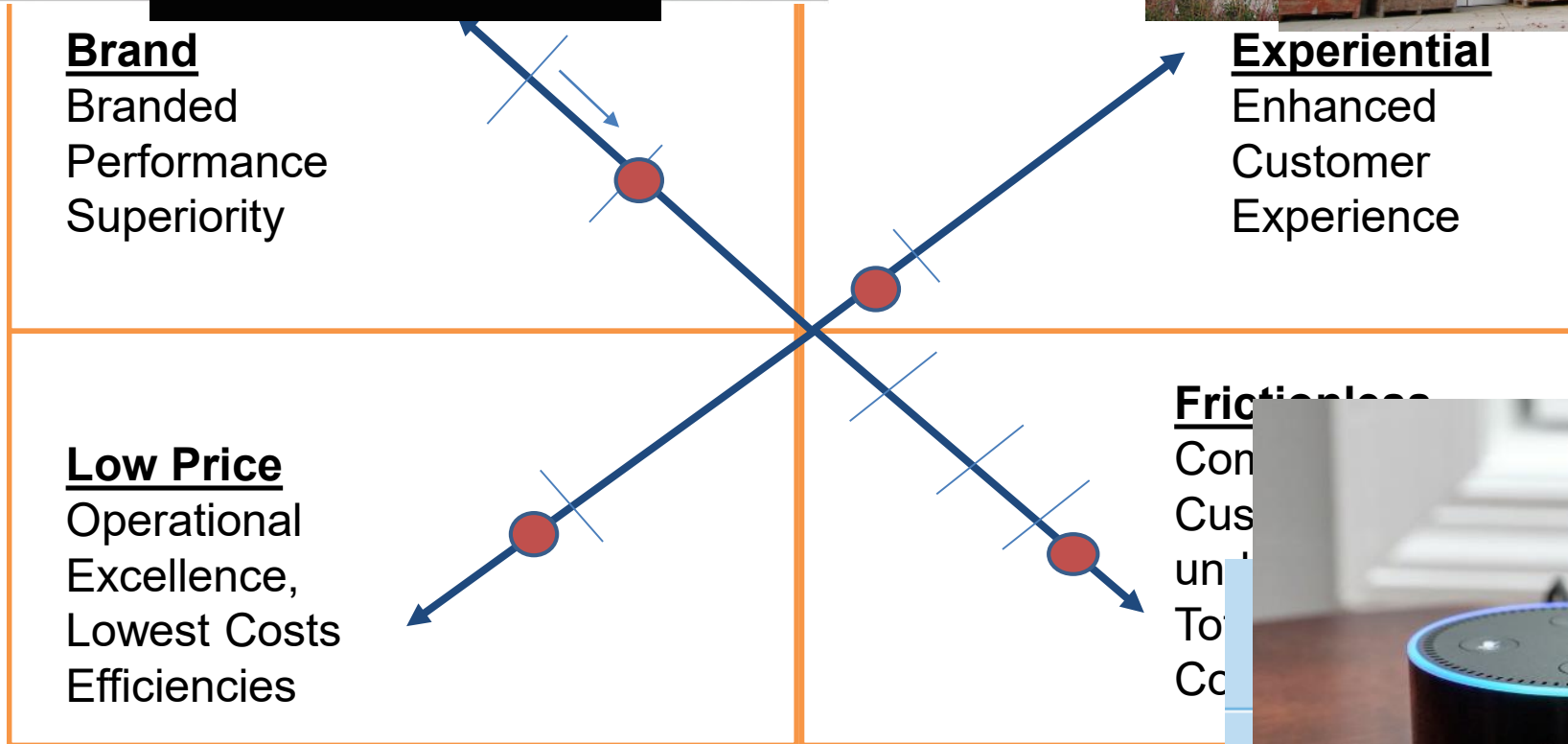


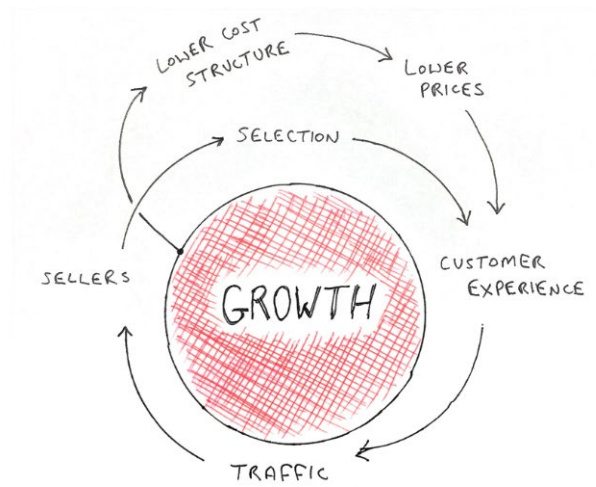
Amazon the Disruptor

- Started in 1995 as an online book store
- In 2000, Amazon MarketPlace
- Amazon Web Services (AWS)



"Your margin is my opportunity." **Jeff Bezos**





Implications of Strategic Choices

- Customers are attracted to different firms depending upon their own needs
- Choose a leadership quadrant based on your strengths, competitive resources and value of the customer segment
- Leverage that strength to be the best at a second quadrant (in very competitive markets)
- Need to keep up with ever advancing customer expectations in other quadrants