



# White Paper

Identifying Solutions Delivering Results

## THE TRIPPING POINT: Have We Reached the Point Where On Line Shopping & Purchase Eclipses Store Based Retail?



If you are honest, you would probably admit that one of your 2015 holiday wishes was to maintain the retail status quo. Black Friday would still be defined by shoppers running into stores en masse to avail themselves of the latest and greatest at amazingly low prices.

Unfortunately, this was not the case. So, the question must be posed, was 2015 the year where we reached the “tripping point”? Where shoppers, finally realized that it was both easier and more expedient to shop from their phone or laptop? And, once they experience the seamless experience of shopping at their convenience, getting the best deals, and have all their holiday needs delivered right to their door (for free), would they ever revert to past behaviors?

A look at the numbers, and how the retail industry is now responding to new shopper behavior tells the tale. Between Thanksgiving Day, and the following Sunday, in-store sales totaled \$20.4 billion, a 10%+ **decrease** over 2014. Thanksgiving sales were down 12%+, and Black Friday sales were down 11%+.\*

At the same time, during “Cyber Five,” the five day period between Thanksgiving Day and Cyber Monday, total online sales increased 17%. Online Sales for Thanksgiving, Black Friday and Cyber Monday increased anywhere from 12%-25%.\*

A deeper dive into the numbers show where the dollars are flowing. During Cyber Five, Amazon’s total sales increased +24%. Target’s +15% off site-wide sale on Cyber Monday, made it Target’s biggest online sales day ever. To put further perspective on Amazon’s growing impact on retail, Walmart e-commerce sales accounted for 3.5% of total online Black Friday sales compared to Amazon’s 35%.

The data and trends are clear, and no matter what your holiday wishes were, there is no disputing that the industry is on the precipice of the most profound shift in history. A shift driven by rapidly changing shopper and consumer expectations. A shift that will impact all brands, as well as the retail community. The shopper has spoken, and now it is up to us to respond. The question is how to win in this rapidly evolving paradigm?



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Suppliers will need to react with deep consideration around how **specific** retailers are differentiating the shopping experience for their categories both in-store and online. Store based retail still represents the majority of volume, and the question for both brands and retailers is how to leverage in-store shopper eyeballs to drive brand equity and sales.

With the need to address the rapidly changing consumption environment, brands are going to need to re evaluate the entire supply chain. To drive these changes, the historical organizational structures of yesterday must also change. Traditional brand managers need to understand the importance of retailer data, further enriched by the online experience. The selling organization has to understand how shopper data, and the resultant insights, will drive a wide range of retailer behaviors.

While we may not have yet reached the tripping point, the handwriting is on the wall. The only question is how are you going to respond?