



# THE TOP TRENDS RESHAPING RETAIL, LEISURE AND FOOD IN 2021

As the world slowly steps out of the shadow of COVID-19, retailers, food & beverage operators and leisure operators are gradually gearing up for growth. This special retail industry overview report looks at some of the industry powerhouses and the up-and-coming names and considers how the numbers add up.





Despite the unprecedented challenges facing the retail industry, global retail sales proved resilient in 2020. Consumers shopped online in ever larger numbers, an acceleration of a pre-existing trend. According to Deloitte, the first half of 2020 saw five years of growth in online retail market share in a matter of weeks. Even when non-essential stores reopened, footfall has been generally down on 2019, albeit that numbers and patterns are patchy.

Shoppers are, by and large, shopping less frequently but with more purpose – so visits are down but basket size is up. This is perhaps inevitable. After over a year in lockdown or living under restrictions, people are bound to feel more cautious as they re-engage with their previous lifestyles.

The question for the retail industry is what sticks and what changes.

Deloitte adds: “We have a new baseline for e-commerce sales which will grow through 2021 and beyond, bolstered by increasing investments in online and more and more consumers feeling the benefits of online shopping.”



# RETAIL INDUSTRY OVERVIEW: GLOBAL RETAIL



The pace of change has been too much for some legacy retailers to withstand and there have been a number of high profile administrations and record numbers of store closures and job losses, notably in the US and UK. There is a strong argument that many of those names who have disappeared or been acquired were likely to have failed in the coming years anyway and that the pandemic accelerated retail market trends rather than changed this direction.

Data from Deloitte's Global Consumer Tracker shows that 1 in 10 consumers across Europe now shop online for food (close to 30% in the UK). Moreover, the lines between home and office have blurred, with the home becoming an office, a classroom and a gym. Consumption patterns have changed with more calories consumed in the home and growth in spending on furniture, garden products and home gym equipment. Again, the trend towards home was already evident before the pandemic.

And despite the turmoil, many of the world's largest retailers were well placed to move forwards during the pandemic as they are essential retailers. Deloitte and the National Retail Federation's annual Global Powers of Retailing 2021 revealed the top 10 as: Walmart (US), Amazon.com (US), Costco (US), Schwarz Group (Germany), Kroger Co (US), Walgreens Boots Alliance (US), Home Depot (US), Aldi (Germany), CVS (US), and Tesco (UK). [Carrefour was not included at its own request]

By contrast, Kantar's top retailers for 2020 includes two of the Chinese giants. It estimates that the top 10 are a less US-focused group: Walmart (US), Amazon (US), Schwarz Group (Germany), Aldi (Germany), Alibaba (China), Costco (US), Ahold Delhaize (Netherlands), Carrefour (France), IKEA (Sweden) and JD.com (China).



**\$4.85tn**

Total retail revenue (2019) of Deloitte top 250 retailers



**4.4%**

Year-on-year (2019) retail growth



**64.8%**

Top 250 retailers with foreign operations



**11.1**

Average number of countries where top 250 retailers operate



**13.0**

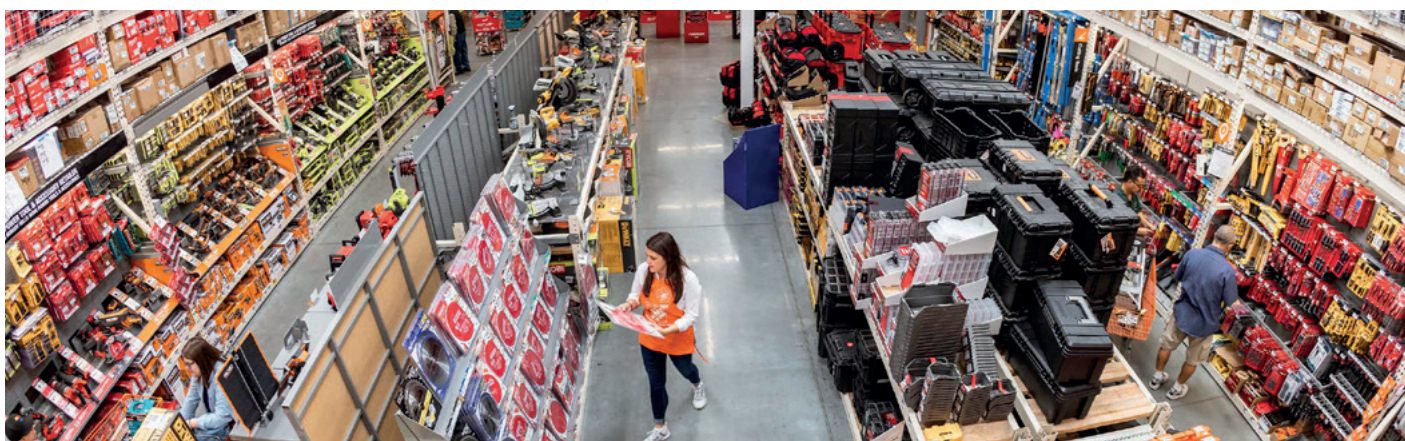
Average number of countries where top 10 retailers operate



**32.7%**

Top 10 share of top 250 revenue for 2019 (2018: 32.2%)

## THE BIG RETAIL WINNERS IN 2020



Little surprise that online specialists and grocery retailers – especially those with a mature online and delivery offer – fared best in the full year 2020. Most of the top 25 global retailers with existing e-commerce operations increased their online sales by at least 50%, with five US-based retailers seeing their online sales more than double.

Home improvement retailers Lowe's and Home Depot were also beneficiaries of the consumer stay-at-home focus, while grocery consumption shifted heavily from F&B operators to supermarkets. Fashion and luxury were the worst impacted, although luxury has been recovering since the turn of the year.

Retailer	FY2020 online sale growth (%)	FY2020 online sales as % total sales (%)	FY2020 Year-on-year growth (%)
Amazon	50	92	34.8
JD.com	28	100	27.6
Lowe's	110	8	24.2
Home Depot	80	20	19.9
Target	144	18	19.8
Albertsons	225	-	14.7
Ahold Delhaize	67	10	12.8
Woolworths	92	5	10.5
Costco	40	6	9.2
Best Buy	144	28	8.3
Tesco	77	12	7.9
Walmart	79	11	6.7
Kroger	116	8	5.7
CVS	-	1	5.3
Walgreens Boots	-	-	1.5
Auchan	40	7	-5.2
Seven & i	-	1	-12.9
LVMH	-	9	-16.3
TJX	-	-	-23

Source: Deloitte/National Retail Federation

As global markets begin to open up, the retail mix is likely to change. Some of the switch to online buying is likely to stick, as will online penetration in the previously heavily store-based grocery sector. But some settling to a new norm is inevitable.

Fashion retailers – hit by both store closures and the fact that the lockdown subdued the need for both work and going out clothing – should be boosted, while the focus on the home is likely to decrease and subdue DIY and homewares sales, though they should remain robust.

The real question for retail is whether we are about to enter a 'Roaring Twenties' as people get out to spend their pent-up savings, or whether caution will remain in the market as older shoppers especially continue to exercise caution.



## GOOGLE TO OPEN NEW YORK STORE



Technology giant Google has announced its first ever physical retail store will open this summer in the Chelsea area of New York City. The new Google Store in Chelsea will, said Google, be a “space where customers can experience our hardware and services in a helpful way.”

At the Google Store, customers will be able to browse and buy a wide selection of products made by Google, ranging from Pixel phones to Nest products, Fitbit devices to Pixelbooks and more. Or they can shop online at [GoogleStore.com](https://www.googlestore.com) and pick up their orders in store.

Throughout the retail space, visitors will be able to experience how Google products and services work together in a “variety of immersive ways”, more of which Google will share when the doors open. Google will also have experts on hand to help visitors get the most out of their devices, such as troubleshooting an issue, fixing a cracked device screen or helping customers with installations.

Jason Rosenthal, VP, Direct Channels & Membership, at Google, said in announcing the launch: “It doesn’t matter whether you’re a long-time Pixel user, are curious about our Nest displays or want to participate in one of the how-to workshops we’ll offer throughout the year — our team will be able to provide you with help that’s specific and personalised to your needs.”

## HOME FOCUS BOOSTS DIY RETAILERS



European home improvement giant Kingfisher, the owner of B&Q, Castorama and Screwfix, has seen soaring sales and profits in 2020 as locked-down European consumers turned to home improvement projects to fill-up their spare time.

Kingfisher’s results echo recent quarterly updates from US home improvement market leaders Home Depot and Lowe’s, which have also been major beneficiaries of the switch in spending towards the home over the past 12 months.

Kingfisher operates nearly 1,400 B&Q and Screwfix stores in the UK and Ireland and total group sales, including operations in France and Poland, were up 7.2% to \$17 billion. Digital was a major driver of growth, with click and collect sales up 226%, representing over three-quarters of all the company’s e-commerce sales, compared with 62% the previous financial year.

For the moment, in the new financial year sales are already up 24% thanks to strong demand in the U.K. and France, where Kingfisher owns Castorama. However, while Kingfisher said it expects low double-digit sales growth in the first six months, it also foresees distinct performances in the two halves of the coming year and added: “The Covid crisis has established new, longer-term trends that are clearly supportive for our industry – including more working from home, the renewed importance of the home as a hub, and the development of a new generation of DIYers – and we expect these to endure.”

## X5 TURNS TO DIGITAL INNOVATION



X5 Retail Group, Russia's largest food retailer, has partnered with Visa and Sber to launch what it describes as 'pay with a glance' biometrics at self-service checkout terminals in X5's Perekrestok supermarkets and Pyaterochka convenience stores.

And the facial recognition payment system may be expanded to some 3,000 X5-owned stores by the end of 2021. After trials at 52 Perekrestok supermarkets, the biometric identification is became available at 150 Perekrestok supermarkets during March, with several of Moscow's Pyaterochka convenience stores following suit.

"In 2020, the first place where we launched this technology commercially was a Moscow coffee shop chain," said Igor Shekhterman, CEO of X5 Retail Group. "Today's launch of the project in one of Russia's largest retail chains demonstrates that our ambition to develop innovative payment methods is shared by our partners, who are as eager to introduce them as we are."

According to the Russian grocery retailer, it just takes a few seconds to 'pay with a glance', as shoppers do not need to use a debit or credit card, or even a smartphone, to complete the purchase. After scanning their shopping at an X5 self-service checkout, customers can select the option to pay through facial recognition, take off their mask - there's a sign of the times! - briefly and look into the camera.





# THE WATCH LIST

## EUROPE'S F&B INDUSTRY AND LEISURE SECTOR

There are so many established and new F&B and leisure brands trying to expand and look for new positions in their sectors that it is impossible to cover the market in-depth. Thomas Rose, co-founder of consultancy P-Three, picks out a few of his agency's top tips for 2021 and beyond.

The COVID pandemic brought a crashing halt to all leisure and F&B businesses across Europe, but with one eye to the future many leisure sector businesses and F&B operators have stayed resilient through the difficult period and a number are primed for growth as we start to move out of the worst of the COVID impacts.



## LEISURE INDUSTRY REPORT

### DIAGEO (UK)



While not a traditional leisure operator within leisure sector spaces, the powerhouse behind beverage brands including Guinness, Ciroc, and Gordons have acquired a former department store in Edinburgh, Scotland for a Johnnie Walker whiskey experience centre & visitor attraction. Could we see more of these venues across major cities in Europe? I don't see any reason why not.

### GRAVITY (UK)



Gravity started life as a trampoline operator but has morphed into an active entertainment venue operator. Its latest venue in Wandsworth, London takes on a former department store of 8,000 sq m and will include Japanese E-karting area, a street bar and noodle kitchen, a New York-themed restaurant, 14 full-length bowling lanes, urban street golf, e-sports, digital darts, sports bar, pool and live music. Quite something. It has well publicised plans to expand across Europe and is growing fast.

### FLIGHTCLUB (UK)



Flight club can only be described as a phenomenon. Who would have thought darts would be the secret to success? We are fans and given its success pre-COVID it meant it could weather the storm and come out fighting. Flight Club is already open in the US and is looking to expand across the major markets in Europe in 2021/2022.

### SECRET CINEMA (UK)

For those not in the know, Secret Cinema operates a highly immersive, interactive film based concept where the audience becomes part of the show. Arranged in secret locations, with a cult following the concept has been a huge success. Over 50 events have yielded some 1m ticket sales and global expansion is now planned. We also think

### ATELIER DES LUMIÈRES (FRANCE)

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### SELLADOOR (UK)

With a background in the arts and theatre, Selladooor has secured the first location to open a Monopoly experience, a new, participatory gameplay attraction bringing together the best of the iconic board game, escape rooms and team challenge. The 2,000 sq m venue will be based in Tottenham Court Road (London) but surely has global appeal given the huge success of the board game.... Just don't get sent to jail!



# FOOD AND BUSINESS INDUSTRY REPORT

There are so many restaurant groups worthy of mention within the food and beverage industry across Europe, it was an impossible task to try and shortlist them, but we have assessed which food and beverage brands we think are primed for pan-European growth, with a scalable and appealing food service concept to consumers across a wide spectrum.

## BIG MAMA GROUP (FRANCE)



After huge success in Paris, Big Mamma Group with its individually branded casual Italian restaurants, has taken London by storm with queues outside every location... the rest of Europe is next. Its concept of good food paired with dramatic interiors and a 'the place to be seen' vibe has been a hit success. We are confident we will see them in many more countries to come.

## JOE & THE JUICE (DENMARK)

Nothing new here as Joe & The Juice has expanded outside of its native Denmark for a number of years, however, with an increasing consumer focus on 'wellness' its fresh juices are going to continue to be in demand and we see further aggressive expansion across Europe.

## CHIPOTLE (US)

One of the most successful restaurant brands in the US came to Europe in 2010. During COVID it had a successful pivot to delivery in London, which proved a more suburban model could work which has led to a growth spurt for the brand and further expansion is inevitable from a powerhouse of a brand.

## FIVEGUYS (US)



In Europe, FiveGuys has operated a JV model (in the UK, Spain, France and Germany) and a franchise basis in other markets and its expansion has been a huge success. It has made a successful switch to delivery in the pandemic and is close to opening its first drive thru sites in France and UK.

## WHITE RABBIT FUND (ISLAND POKE) (FRANCE)

The fresh Hawaii-inspired bowls have been a lunchtime hit in London and when the pandemic hit, it quickly pivoted to a delivery model which has seen new suburban markets open up for them. Already open in France, its likely Benelux is next on the expansion trail.

## CARLS JNR (US)

Another large US brand, now with 79 restaurants in Europe across France, Spain, Denmark, Russia and Turkey. Having opened seven new sites in 2020, it is planning at least 20 new sites across Europe over the next 18 months.

## BREWDOG (UK)



One of the most innovative F&B operators anywhere at the moment, the brand backed by Crowdfunding has diversified into wholesale, bars, breweries and hotels. Its brand is incredibly strong with an ethical and environment backbone. Flagship locations in Columbus (US), Ellon (Scotland), Berlin (Germany), Brisbane (Australia) will surely be complemented with many, many more sites. Top-tip, watch out for its "Doghouse" hotel in Manchester (UK) opening soon.

## SUSHISHOP (FRANCE)

Founded in 1998 in France, SushiShop launched in 12 countries before new investment from AmRest led to a significant increase in its expansion strategy across Europe. Its fresh sushi and strong dine-in and delivery model will continue to grow well across borders.

This is just a tiny snapshot of a rapidly evolving sector; while there is no denying COVID has been a monumental challenge for many, those that have been resilient are seeing an opportunity to grow and secure locations which were never previously within reach. With cautious optimism we look forward to seeing what the coming months hold.



## JOLLIBEE DEBUTS IN LONDON AHEAD OF EUROPE



The cult Filipino group Jollibee officially opened its European flagship store on London's famous Leicester Square in May. Aiming to position itself between the fast food giants and the fast casual premium brands, Jollibee is using the UK – and its prominent London flagship in particular – to test the market for a wider European launch. It already has outlets in Milan and Rome, Italy with Spanish capital Madrid slated for the Summer/Autumn of this year.

Founded in 1978 by Tony Tan Caktiong in the Philippines, Jollibee is the market leader in the country's restaurant industry, having expanded to over 1,478 locations around the world as of December 31, 2020. The restaurant chain actually opened its first store in the U.K. back in 2018 in Earl's Court, London, followed by two restaurants in Liverpool and Leicester which opened last year.

To make its mark in Europe, the new store design and branding is targeted especially to appeal to 18-30-year-olds, although Adam Parkinson, business head for Jollibee Europe, says that the comparatively modest pace of the roll-out compared with some of its rivals is deliberate, because Jollibee wants to get its format right first. So far, its sites have mostly been located in places with Filipino enclaves but the desire is to widen the appeal of its distinctive Asian chicken and then stake a place at the European fast casual table.

"The longer term aim is to have outlets across Europe as a major fast casual brand and to go from high street and mall locations to drive-thru, once the brand is more established and recognised among European consumers," he says. "So the UK is the perfect place to test and prove the model before gearing up expansion."

## RAPHA EXPANDS ITS LONDON FLAGSHIP



Premium cycling brand Rapha's flagship destination has relaunched at almost twice the size, with a wider product range, personal shopping, upgraded fitting rooms and – most importantly – a large 'experiential space' to celebrate the culture of cycling, with a larger café area for its riding community and a packed events and rides calendar, with rides every day.

The move in part reflects the fact that UK bike retailers and manufacturers are struggling to keep up with unprecedented demand as the cycling boom rolls on, with sales of bicycles, including accessories, services and components, up by 41% in January, compared with a year earlier, maintaining a similar rate of growth of 45% across 2020 according to the Bicycle Association.

Simon Mottram, Rapha founder and CEO, says: «Rapha Clubhouses exist to help our customers to find the products they want but more importantly to help them get closer to the cycling community and closer to the sport itself. We set out to create a club feeling and we've grown to 20,000 members worldwide and 4,000 in London alone. We are by far the biggest bike club in the world.»

The Rapha Clubhouse aims to be a drop-in place before and after work as London commuters return. As part of that strategy – in the UK a membership costs \$96 annually in an approach which is more culturally aligned to the approach taken by the likes of sports brands LuluLemon and Peloton than to rival bike makers – weekly rides will head out from the Clubhouse and Mottram stresses that although Rapha has long-standing relationships with experienced riders, the company wants to help encourage the pandemic-enthused generation of new cyclists and novice riders.



## TIME OUT MARKET DUBAI KICK STARTS FOOD HALL OPENINGS



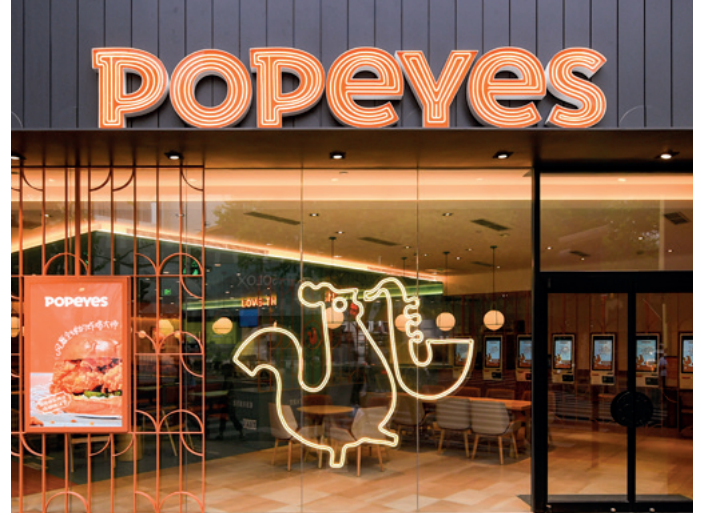
The first major food hall opening since the global pandemic struck took place when Time Out Market debuted its seventh global location: Time Out Market Dubai, in Downtown Dubai's Souk Al Bahar, next to Dubai Mall.

The opening of the 4,000 sq m space heralds optimism of a return to normality for Dubai - the Gulf region's retail and tourism hub and a global travel centre.

The Time Out Market portfolio expanded rapidly across North America in 2019 as Miami, New York, Boston, Montréal and Chicago were added to the original flagship in Lisbon, Portugal. Time Out Market has also recently secured a deal for a new venue in emirate Abu Dhabi, which is due to open in 2023.

Dubai is opening as part of a management agreement with Emaar Malls, and will be followed next year by Porto, Portugal and Prague, Czech Republic, in 2025. Further expansion plans are expected, though home town London will not see a proposed Time Out Market after the media and hospitality group abandoned its plans to open at London Waterloo, citing the impact of the Covid-19 pandemic.

## POPEYES EXPANDS EUROPEAN CHICKEN SANDWICH WAR



Two years after starting the chicken sandwich war, US fried chicken restaurant brand Popeyes is to enter the UK this year, with plans to open hundreds of new restaurants in the UK over the next decade as part of an ambitious European expansion plan.

The UK is set to become Popeyes' fourth European market, after launching in Spain, Switzerland, and Turkey. The brand already has more than 3,400 outlets across 29 countries and is planning for huge expansion in China, where it opened its first outlet in May. Popeyes has also opened chicken sandwich restaurants in Brazil, and has also confirmed plans to open hundreds more stores in Mexico.

The first of a planned 350 Popeyes outlets in the UK is expected to open by the end of 2021 and will become the brand's 11th country in the Europe, the Middle East and Africa region, which already has more than 350 Popeyes restaurants.

Founded in New Orleans in Louisiana in 1972, Popeyes is best known for its signature Chicken Sandwich, which was the subject of one of the most successful launches in quick service restaurant history when it was released in the US in August 2019. A social media frenzy propelled the business into the big time and has spurred fast food rivals to launch or test their own chicken sandwich options.