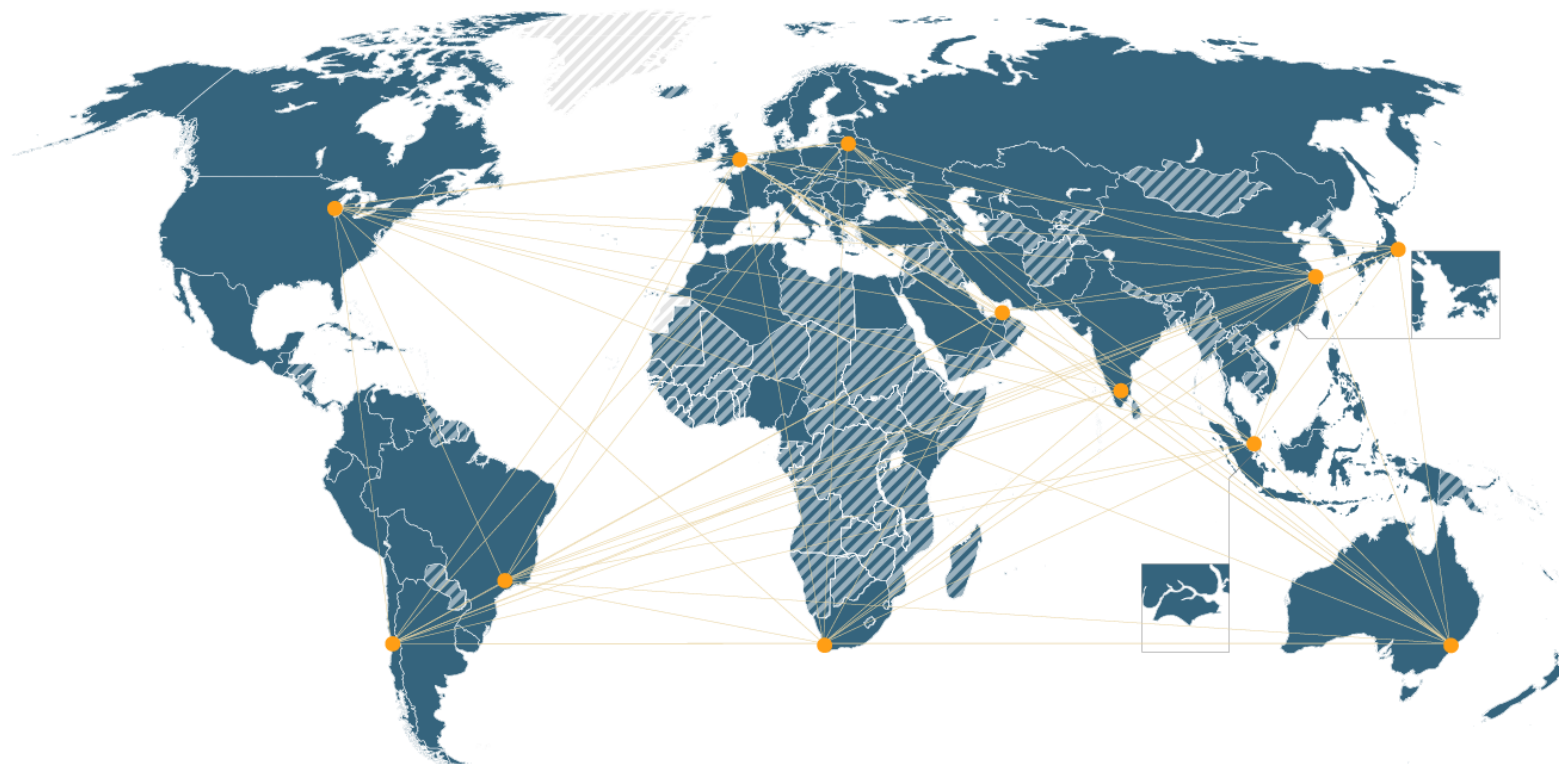




Home Textiles Prospects in the Hyperconnected Retailing World

Ratna Sita Handayani
Senior Research Manager (Home & Tech - Western Europe)

Euromonitor International network and coverage



12 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai,
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100 COUNTRIES
in-depth analysis on consumer
goods and service industries

+ 210 COUNTRIES
demographic, macro- and
socio-economic data on
consumers and economies

GLOBAL HOME TEXTILES OVERVIEW

HYPERCONNECTED RETAILING WORLD: CASE STUDIES
AND HOW TO SUCCEED





102

Global home textiles
2016 value - USD billion

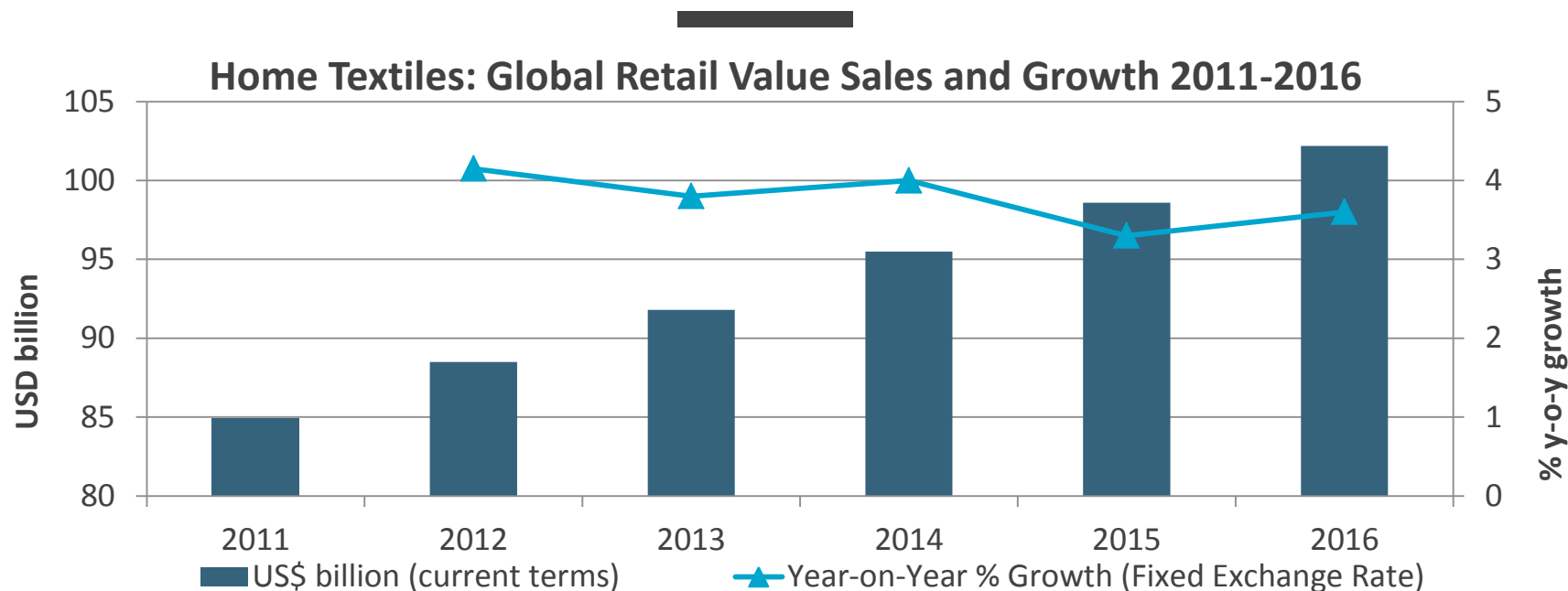
>40%

Online sales of home textiles in
the US and China

13%

2017 volume share of
connected washing machines

Modest global performance with contrast among regions



China

- Customisation
- Expanding beyond home textiles

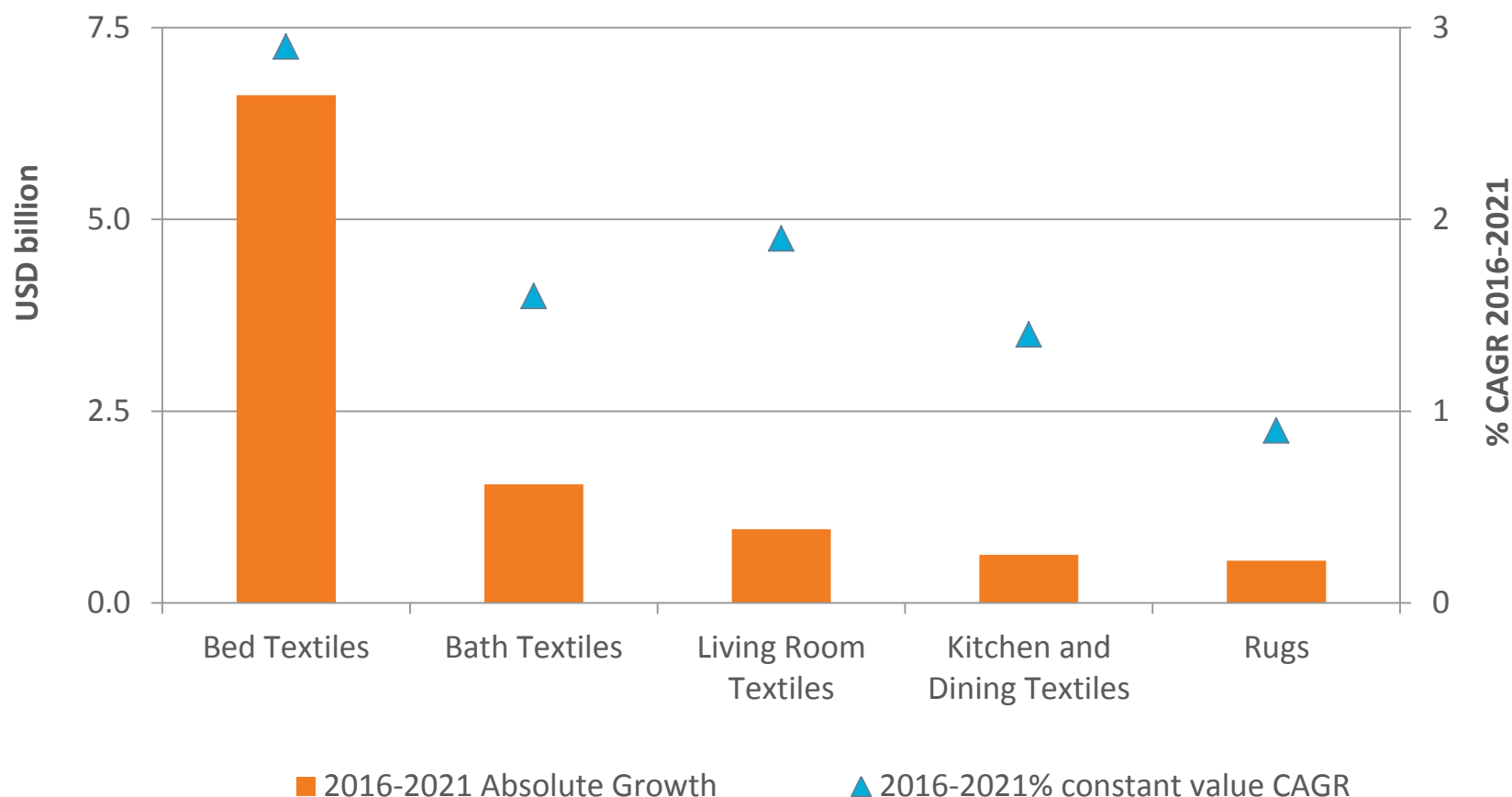
Western Europe

- Private label shines amidst middle-class retreat
- Home textiles as cost-effective way to decorate

Bed textiles to strengthen leadership

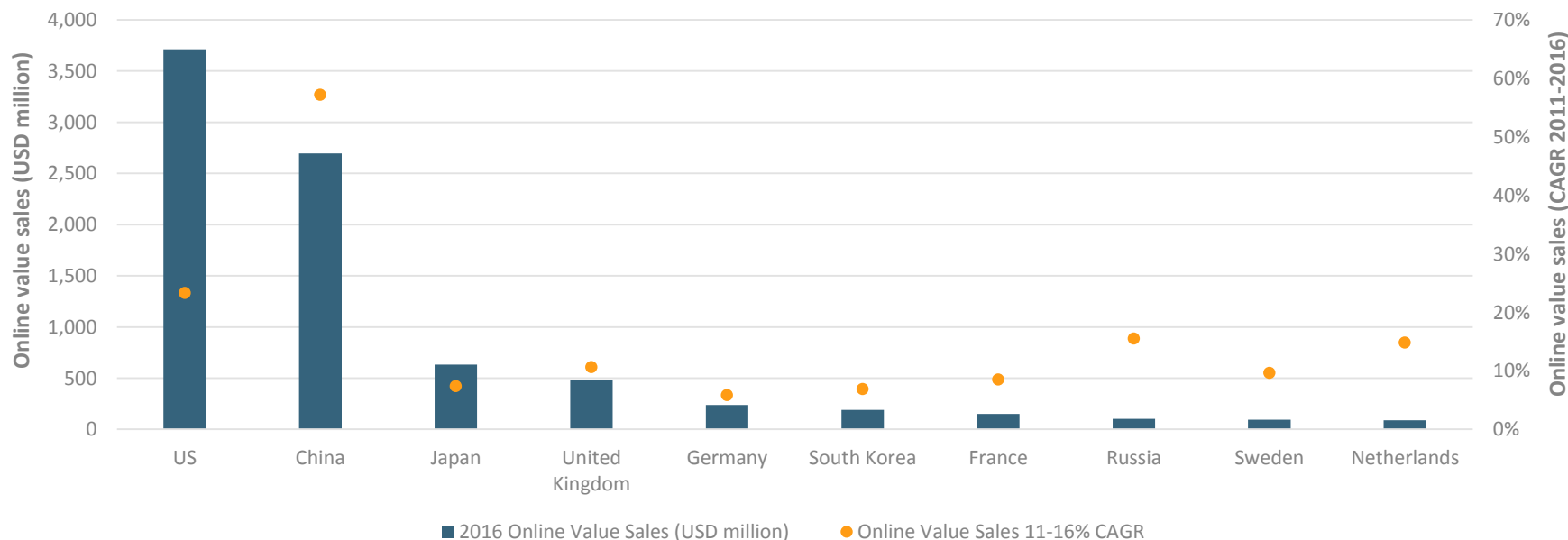


Home Textiles Constant Value Growth 2016-2021



Online sales a key driver in 2016-2017

Home Textiles: Top 10 Markets for Online Sales 2016 and CAGR 2011-2016



19% value CAGR over 2011-2016 globally

Top 10 countries mostly developed - China an exception



The time is now to focus on online



Why now?

- Household internet access
- Smartphone possession: 65% globally
- Smartphones as default screen:
 - Brand engagement
 - Online purchases (80% in China)

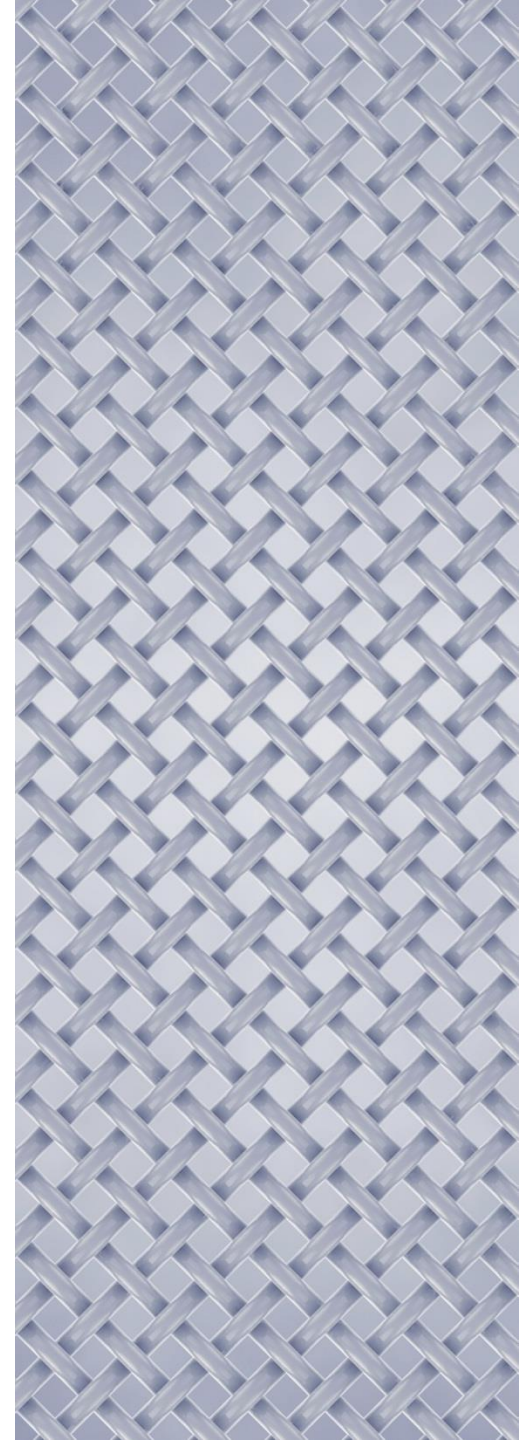
Why home textiles?

- In-store perusal less crucial
- Products easier to transport
- Broadens access - those struggling to visit physical stores

Highly fragmented markets (eg Indonesia, Philippines) have appeal

GLOBAL HOME TEXTILES: OVERVIEW

**HYPERCONNECTED RETAILING WORLD: CASE
STUDIES AND HOW TO SUCCEED**



The shopper journey in an “unconnected world”



Pre-Purchase



Purchase



Post-Purchase

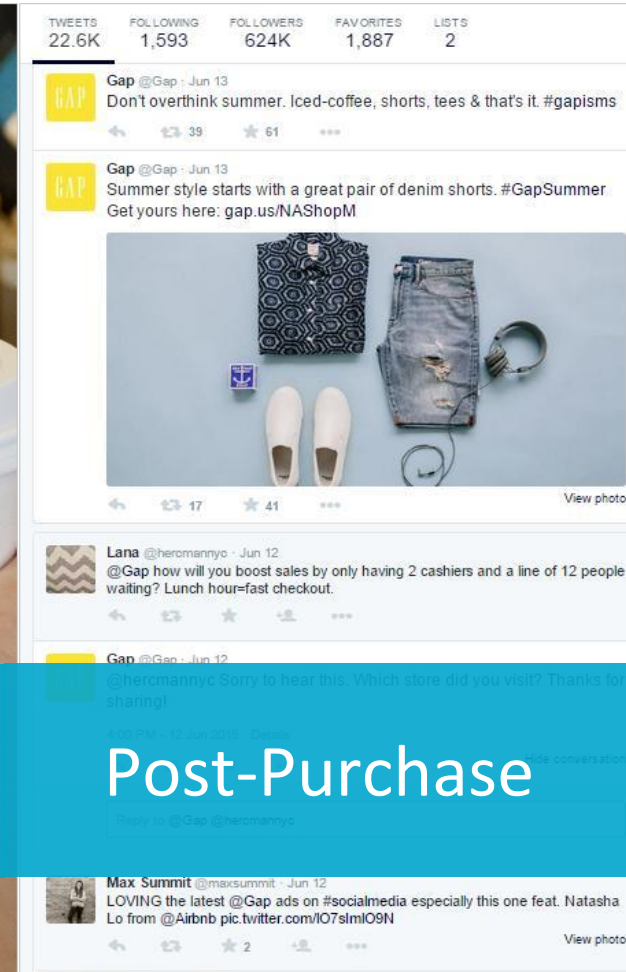
The shopper journey in a “connected world”



Pre-Purchase



Purchase



Post-Purchase

Tao Café (China): Frictionless payments of the future, today



Alibaba, a leading pure play retailer with 19% share globally, attempts to replicate the online experience in an offline environment

Evrythng (UK): Making everyday consumer products smarter



Global consumers purchased 106 billion articles of clothing in 2016, which equates to 14 items per person.
— Evrythng aims to track every piece.

- IoT data platform Evrythng
- Turns every day items (eg clothing) into digitised and identifiable products
- Can be tracked through the supply chain until they reach the end-consumer's home

Miele Blue Horizon (Austria-Germany): Subscription

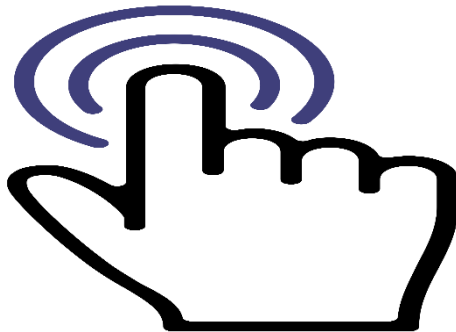


- Shared economy business model “Blue Horizon”
- Leasing arrangements for 24-month period
- Top pricing structure EUR24.99/month = 250 washes/year
- Adding detergent into the lease as auto-replenished and forecast element within the leasing costs
- Servicing and repairs included in the cost

How to succeed in hyperconnected retailing world

1

Interaction



- Engage with consumer throughout their shopping journey
- Maximise online and mobile channels

2

Partnerships



- Collaborate with retailers, as well as appliance, software and detergent companies

Thank you

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Standard Audit Initiative

by



Audit initiative update

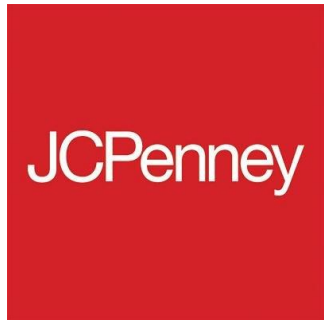
ITMF Annual Heimtex HTP meeting
Frankfurt - German



January 2018

Several meetings were organized with retailers and organizations to build support for the initiative..

BRANDS



ORGANIZATIONS



Feedback although positive has also shown several challenges..

1	Retailers are aware of “audit fatigue”	
2	They are happy to cooperate	
3	Biggest issue: agree with other retailers on methodology	
4	Second biggest issue: cross-industry standardization	
5	Every retailer is part of one or several initiatives / takes time	

Recently Walmart switched to using 3rd party audits and other retailers seem to be following suit..

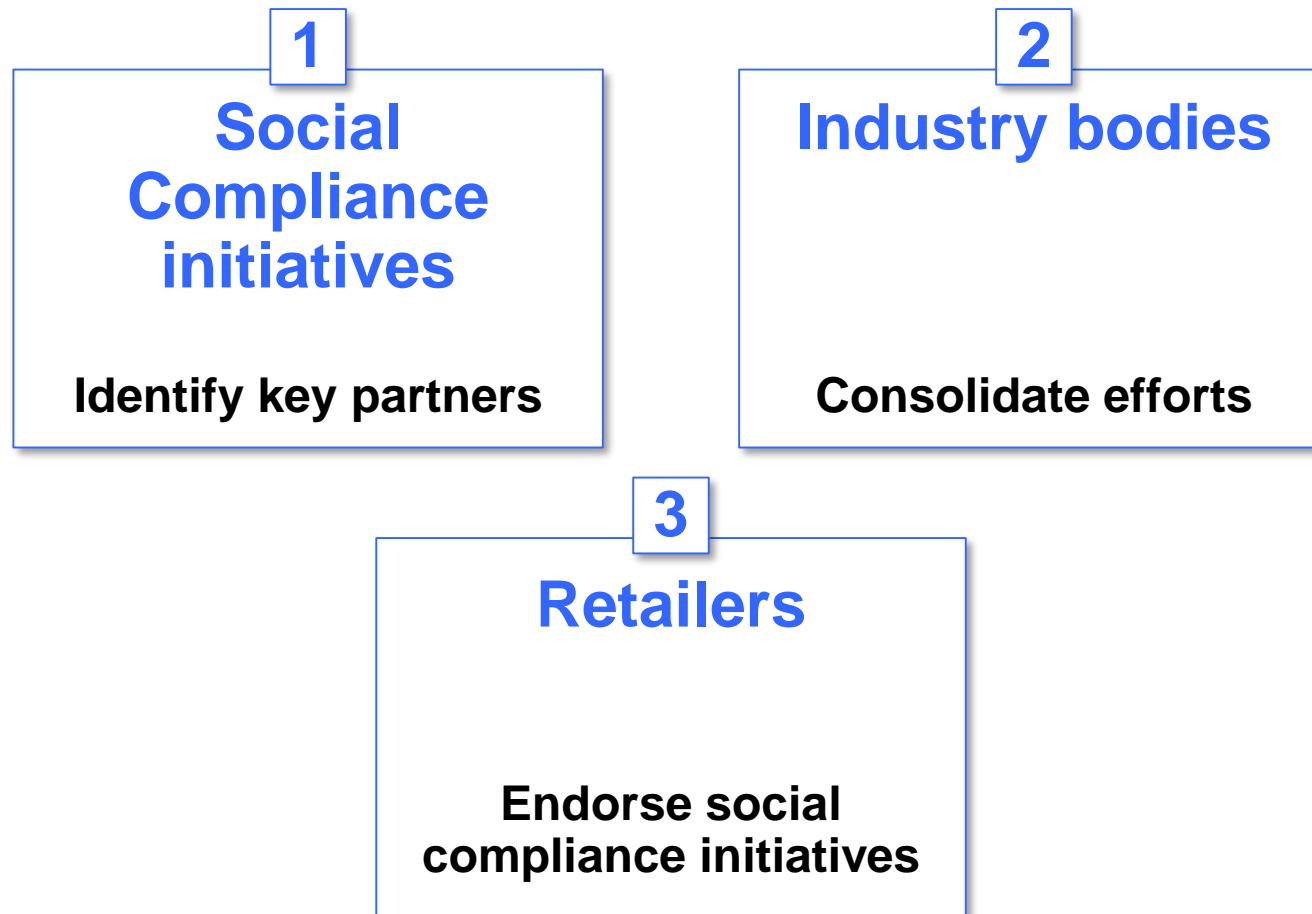
Retailer	Status
Target	<ul style="list-style-type: none">- Target currently reevaluating their social compliance- Not clear on next steps yet but might follow Walmart steps
Walmart	<ul style="list-style-type: none">- Rolling out their social compliance to 3rd parties (8 organizations including WRAP and BSCI)- Could evaluate our initiative if we have a program
IKEA	<ul style="list-style-type: none">- Interest in standardizing social compliance but don't know how yet
JC Penny	<ul style="list-style-type: none">- Recognize audit fatigue do not have a plan yet for next steps (information from 2016)
Li & Fung	<ul style="list-style-type: none">- Founding members of GAFTI and hosting it in their premises for now

Recently Walmart switched to using 3rd party audits and other retailers seem to be following suit..

- **Walmart shifted to 3rd party audits for social compliance**
- **They scrutinized 8 social compliance programs across different industries:**
 - Best Aquaculture Practices (BAP)
 - Business Social Compliance Initiative (BSCI)
 - Electronic Industry Citizenship Coalition (EICC)
 - International Labor Organization – Better Work
 - International Council of Toy Industry CARE
 - Sedex Members Ethical Trade Audits (SMETA)
 - Social Accountability International (SA 8000)
 - Worldwide Responsible Accredited Production (WRAP)
- **Suppliers can select any one of the above 8 programs**
- **Walmart will continue to carefully review the audits and ensure that companies are compliant through those 3rd party audits**

Proposed process

An effort to consolidate Social Compliance across the industry entails working with the 3 key players..



Proposed process: consolidate the industry efforts

Focus to build a coalition of initiatives and industry bodies to address retailers and brands jointly..

Industry bodies



Social Compliance Initiatives



There are multiple reasons why retailers would join the initiative..

1. Increase efficiency

Opportunity to reduce cost, time and effort

2. Consolidate know-how

Make available best practices from several platforms

3. Expand supplier base faster

Easier to bring new manufacturers on board

4. Visibility into the entire value chain

A unified code of conduct will facilitate auditing earlier stages of the process

5. Support a universal industry standard

Opportunity to communicate with consumers

Some factors can affect the success of the project.. However, market conditions are favourable and there are no risks to the ITMF..

1. Buyers do not join

They continue to use their own methodology

2. Inability to consolidate the industry

ITMF is not able to bring together various organizations or support from members

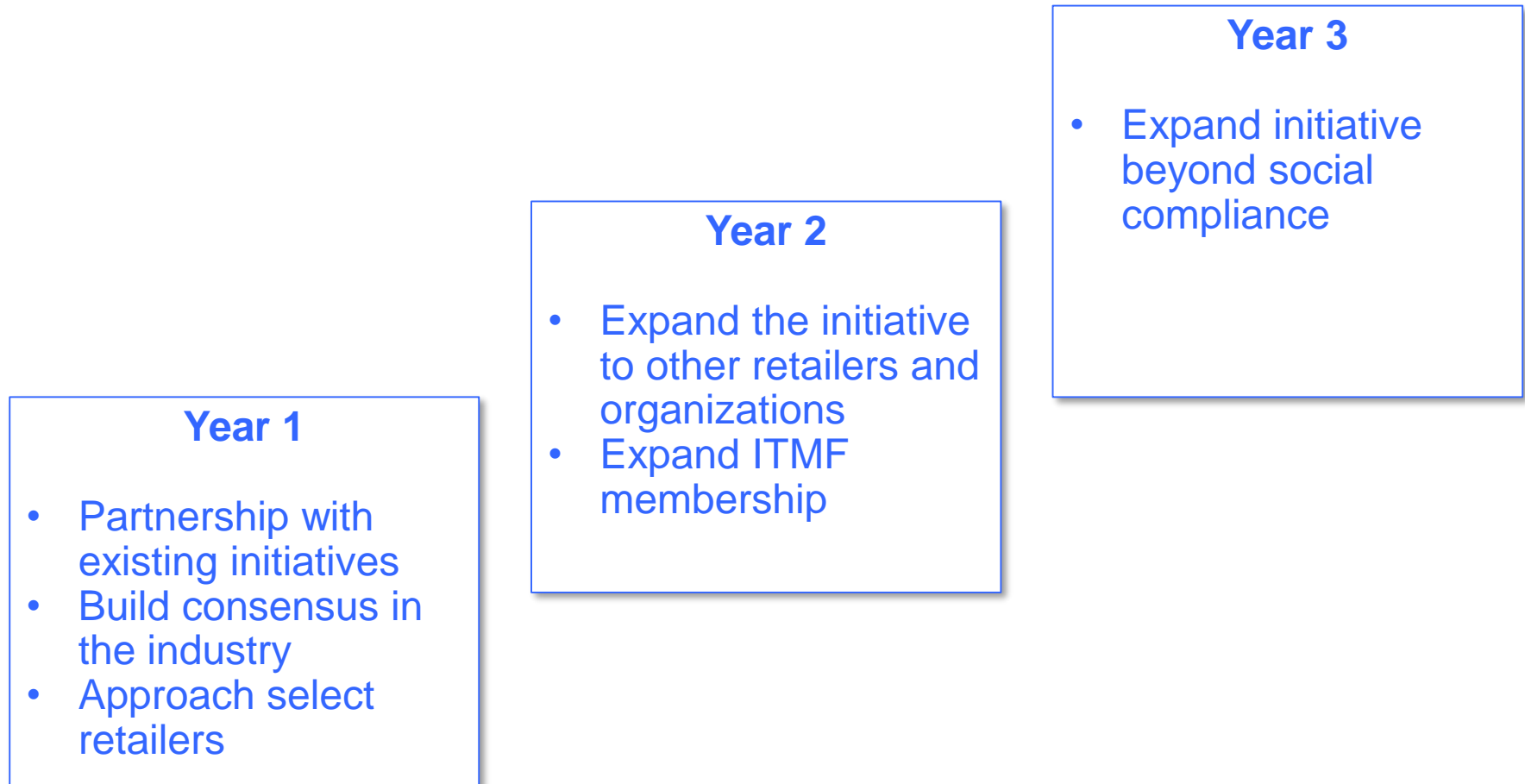
3. No active role in decision making

ITMF does not secure a voice (seat) in the targeted organizations

4. Too many initiatives

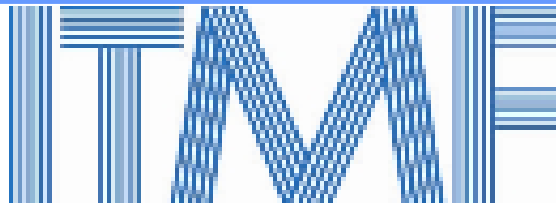
Inability to select winning initiatives

The initiative is expected to take 3 years to reach full maturity..



Standard Audit Initiative

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