Disruption and Innovation in Retailing

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Beall’s Inc.
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A Brief Overview of Beall’s

- Based in Bradenton, Florida
- Family-owned
- Celebrated 100\textsuperscript{th} Year Anniversary in 2015
- Three distinct and independently run retail businesses
  - Beall’s Department Stores
  - Beall’s and Burkes Outlet Stores
  - Bunulu Stores
72 Stores located in Florida
- BeallsFlorida.com
- Key Competitors
  - Macy’s
  - JCPenney
  - Kohl’s
Beall’s and Burkes Outlet Stores

444 stores in 16 states

- Bealls Outlet operate in Florida, Georgia and Arizona
- Burkes Outlet operate in 13 other states
- BurkesOutlet.com

Key Competitors
- T.J.Maxx
- Ross
- Walmart
Specialty retailing test concept
Three Florida stores opened in 2015

- Coconut Point, Estero
- St. Johns Town Center, Jacksonville
- The Gardens Mall, Palm Beach
- Bunulu.com
Beall’s Inc.

Parent company and shared services provider

- Key functions
  - Administration
  - Distribution and Transportation
  - Finance
  - Human Resources
  - Information Systems
No industry has seen more disruption than the retail industry over the course of the last 50-75 years.
The Demise of Downtown

- Neighborhood Shopping Centers
  - Beall’s partnership with Publix
- Enclosed Shopping Malls
  - Victor Gruen
  - Mall of the Americas
  - University Town Center
  - Westfield Mall at the World Trade Center

- What’s Next?
Industry Consolidation

- The Macy’s Story is the “poster child”
- Stores now called Macy’s:
  - Bamburger’s
  - Burdines
  - Carter Hawley Hale
  - Filene’s Basement
  - Hecht’s
  - Jordan Marsh
  - Marshall Field’s
  - Robinsons
Specialty Stores, Category Killers and Superstores

- Gap, The Limited, Victoria’s Secret
- Bed Bath and Beyond, Staples, Home Depot, Best Buy, Dick’s Sporting Goods, and Bass Pro Shops
Discount Stores and Factory Outlets

- Walmart, Kmart and Target
- Nike, Carters, Geoffrey Beane, Izod, Van Heusen, Levi and Nautica
Supply Chain Innovation

- Walmart emphasized the supply chain and distribution functions as much as the retail functions
- “Fast Fashion”
  - Forever 21
  - H&M
    - From concept to the selling floor in 6-8 weeks
The internet is really just one big department store

Amazon.com
- Very challenging competitor, some might say unfair
- Stockholders have given them amazing leeway as they strive to "eat the world"
- Phenomenal scale
  - Technical infrastructure
  - Physical distribution network
- Will their size ultimately be their Achilles’ Heel?
The Economic Freeze of 2008

- The downward slide of the department store business
- The rise to prominence of the off-price business
  - TJX
  - Ross Stores
  - Beall’s Outlet
Disruptive Technologies

- Cash to credit cards – Does anyone accept checks anymore?
- Digital commerce – Many thought that people would never buy clothes on-line
- Mobile technology devices
  - The move to mobile has happened so fast that it might be described as “sudden”
  - Websites and emails don’t just magically convey to small screens
- Cyber criminals and hacking
  - Retailing is the “face” of the cyber risk issue
  - The payment card industry has imposed mega-requirements on retailers
Disruptive Technologies - continued

- Email Systems – Have transformed how we communicate with customers
- Social Media – The next wave that is impacting the way we communicate
- Network TV to cable TV to satellite TV to digital video – Still another sea of changes in how we get our message out
Harnessing the Power of Technology

- Big data
  - Business analytics
  - Customer systems
- Digital video
  - Our LOCC – A modern day solution to security and loss prevention
- Customer generated content
  - Reviews
  - Bloggers
Future Challenges and Risks

- New transportation paradigms
  - Uber and 3rd party for “the last mile”
  - Deliveries by drones
  - Unmanned cargo ships
- New distribution paradigms – Shipt, Instacart
- 3D printing
  Will stores become manufacturing outposts?
- Virtual store visits
  Virtual reality could speed the downslide of bricks and mortar stores
- The ever-changing payments space
  This is will be a battle royale as MasterCard and Visa pull out all stops to sustain their monopoly position
Management Challenges…

- Committing to innovation while not chasing every “shiny object” that we see
  - Achieving the desired level of financial balancing
  - Balancing resources to “keep the lights on” while also focusing on the future

- Not giving up prematurely on “old world” techniques that have paid off
Finding ways to afford technology projects and investments
  o They are wildly expensive, especially those that are customer facing
  o Integration of new processes and systems into existing infrastructure is devilishly difficult
  o The “half-life” of most technology solutions is very short
In Closing

- There’s no magic formula for responding to disruption
- Maintain a position of financial strength – avoid leverage
- Devote time to watching what’s happening and to thinking about the future
- Budget time and money for innovation
- Be willing to make some mistakes
- Understand your customer and what she wants
- Don’t run too fast, Don’t walk too slow
THANK YOU!