

New retail growth

SEPTEMBER 2025



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Introductions

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Growing new
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Fireside Chat:
The Walmart
Story

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Where to
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Introductions



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BCG Senior Advisor; former Walmart SVP
Built Walmart U.S. 2030 supply chain
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BCG Consumer & Retail Practice leader for S. America and Iberia
BCG Revenue Mgt & Pricing leader for S. America and Iberia



What is BCG?

1

BCG is the leader in retail and consumer products consulting worldwide
30k employees in 50+ countries; In Retail +750 Leaders and +8K projects in last 5 years

2

We have a deep understanding of the Brazil and global retail sector
First-hand experience working with 3/4 of the 25 largest retailers worldwide

3

We bring a great network of international experts with hands-on experience
Relevant “hands-on” experiences and ability to share industry best practices

4

We are a true partner to build your capabilities and implement real impact
Proven track record of delivering and implementing solutions, generating impact of more than USD1B for 85 clients individually, typically with fees at risk

BCGX



Digital &
Analytics

Business
Expertise

Machine Learning
Deep Learning
Applied statistics
Advanced optimization
Advanced simulation

...Applied to transform
core business processes,
drive performance
leaps, and generate
competitive advantage



Complete AI &
Analytics offer in
~50% of BCG's work



60 offices
worldwide,
including Brazil



+3.000 data scientists,
engineers and
developers
(+100 in Brazil)



+2.500 use cases
delivered across
industries/sectors
(+120 in Brazil)



Academic
partnerships and
top-level talent



Thought leadership with
multiple publications on
applied AI in business

We work with the world's leading supermarkets and retailers to advance their new revenue businesses

More than 2/3 of the world's top 25 retailers are our clients

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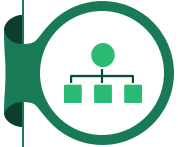
4.

Where to
start

Key messages



Driving value creation in retail will continue to be increasingly challenging, particularly for smaller retailers



Critical to begin with a strong core and customer base



Then target new profit pools – building a flywheel of adjacent direct and digital streams

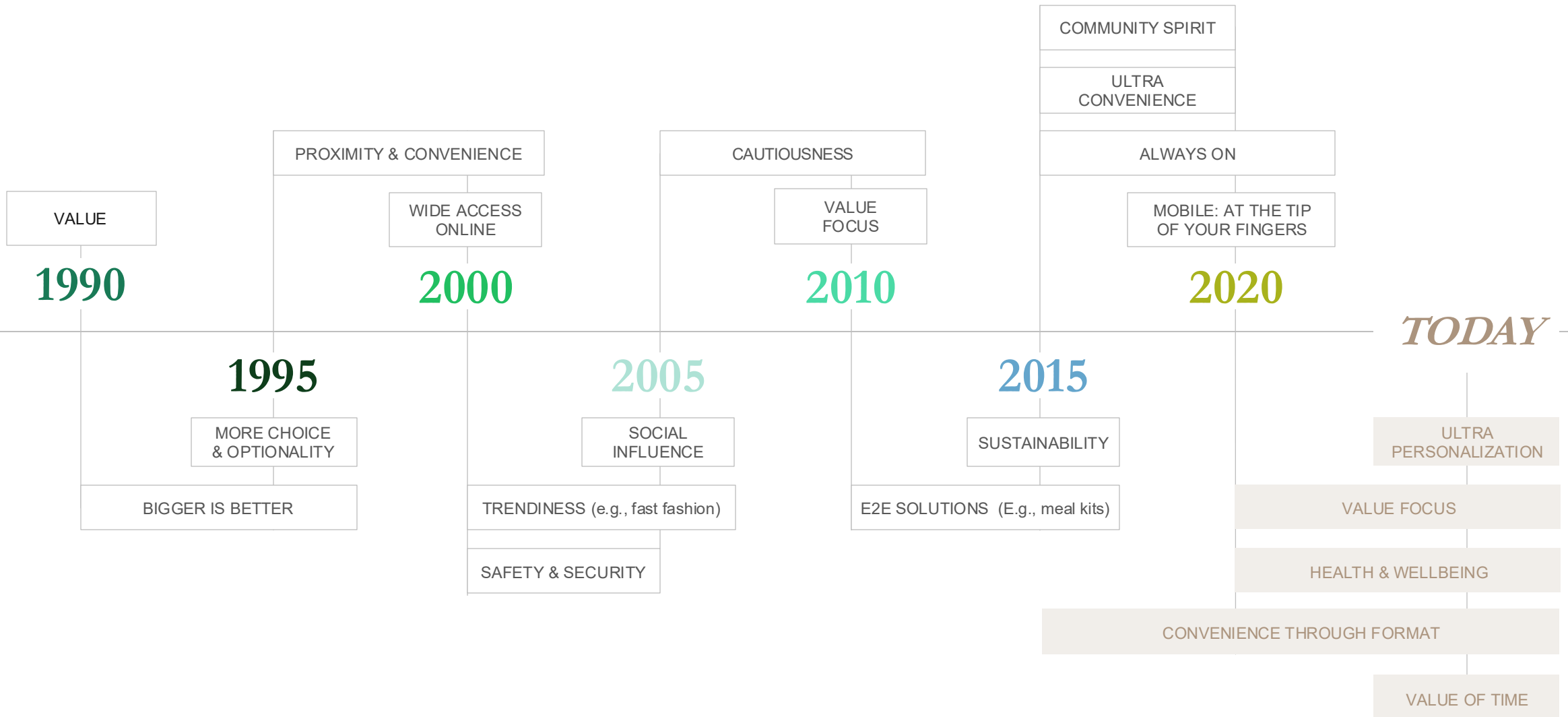


Large retailers are taking action, generating one-third (avg.) of their above-market value creation from new revenues



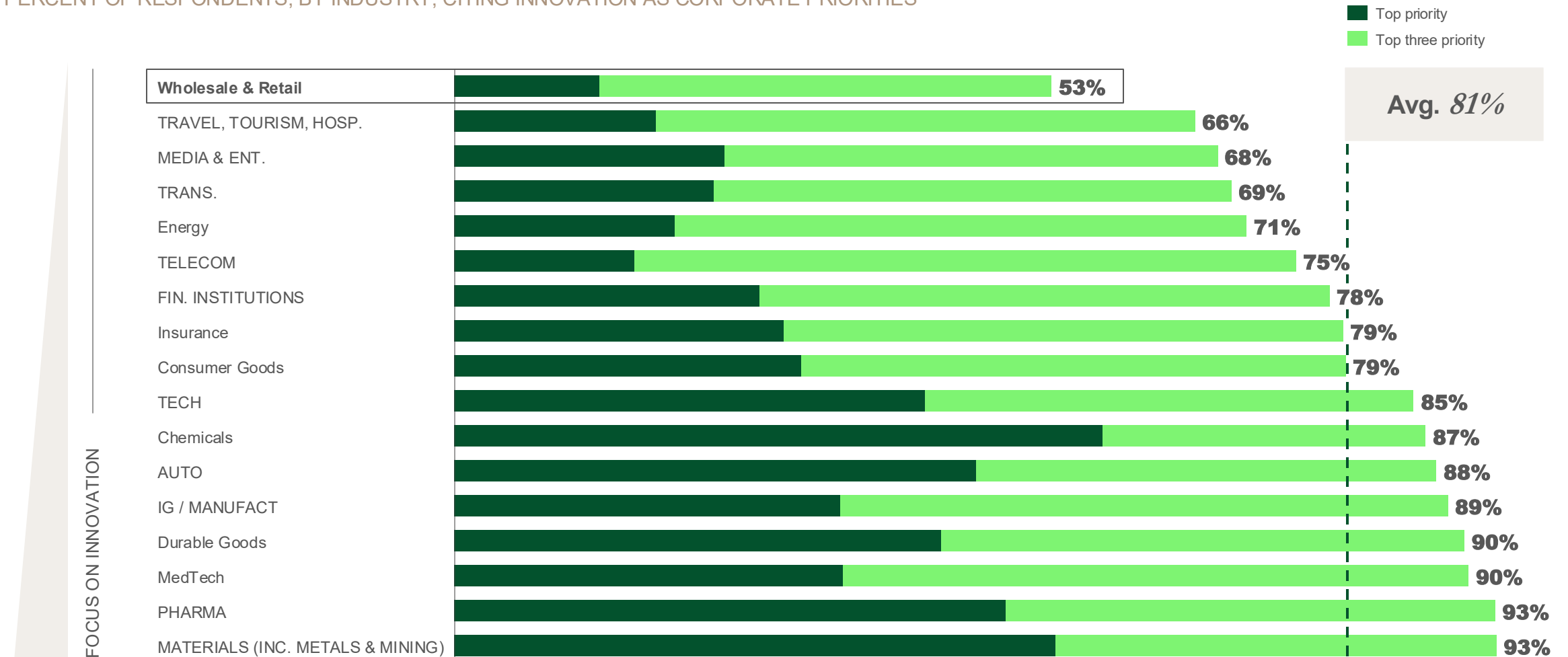
While this opportunity is immense, capitalizing requires investment, effort, and execution

Consumer needs are *shifting* and becoming more *demanding*...



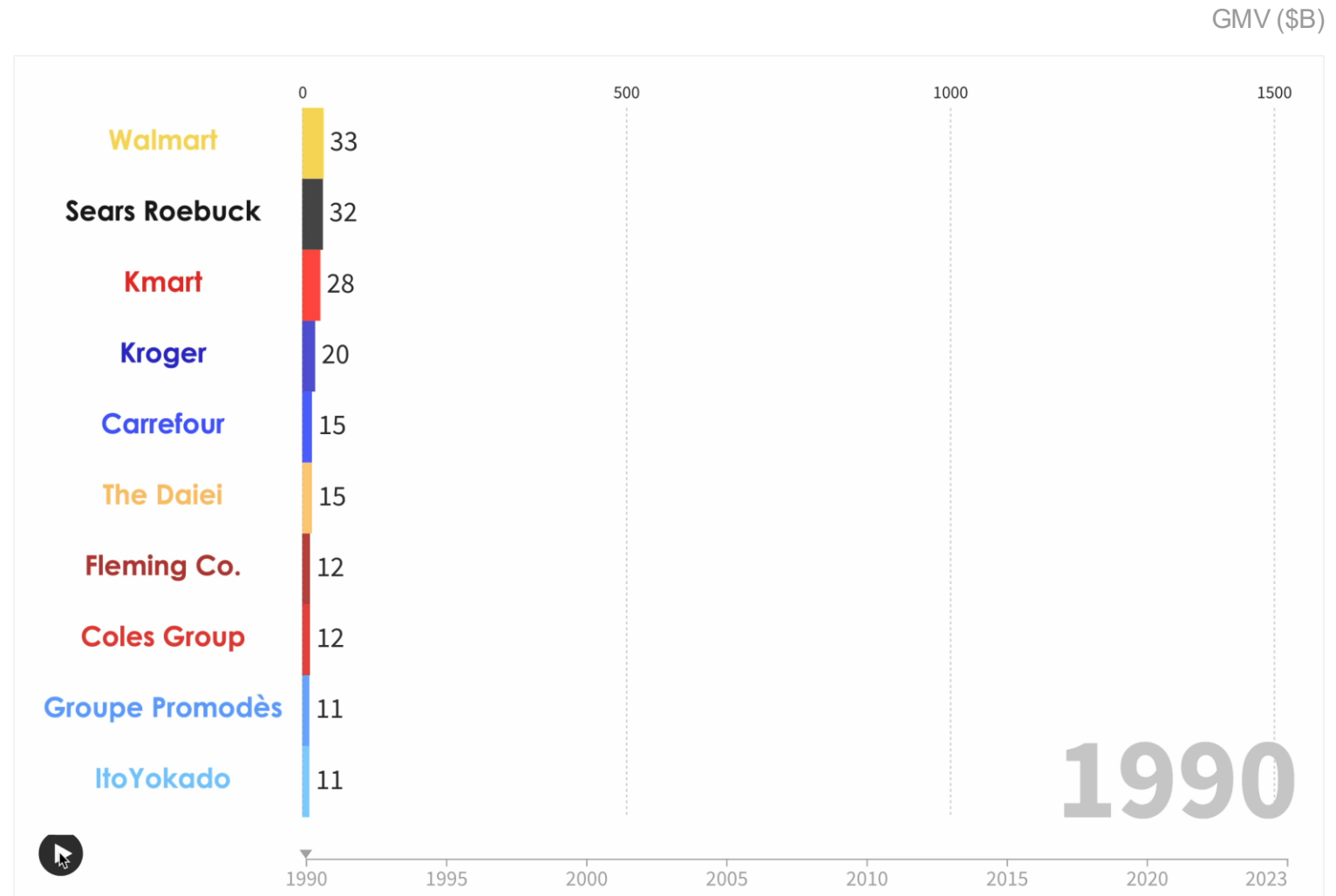
But the retail sector is *the slowest to innovate* and meet those needs

PERCENT OF RESPONDENTS, BY INDUSTRY, CITING INNOVATION AS CORPORATE PRIORITIES





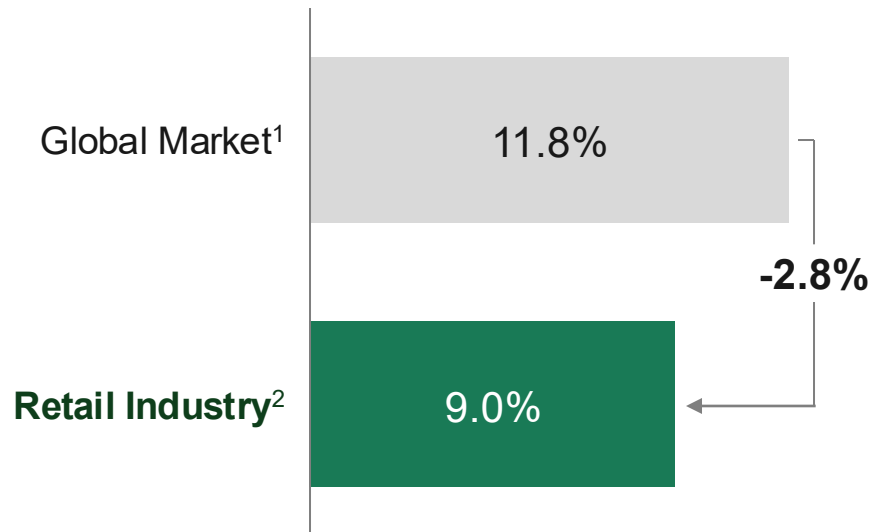
Globally,
top *10 retailers*
have changed
significantly
over the past
decades



And the landscape is challenging especially *for those lacking scale*

Retail industry growth has lagged the overall market in past 5 years

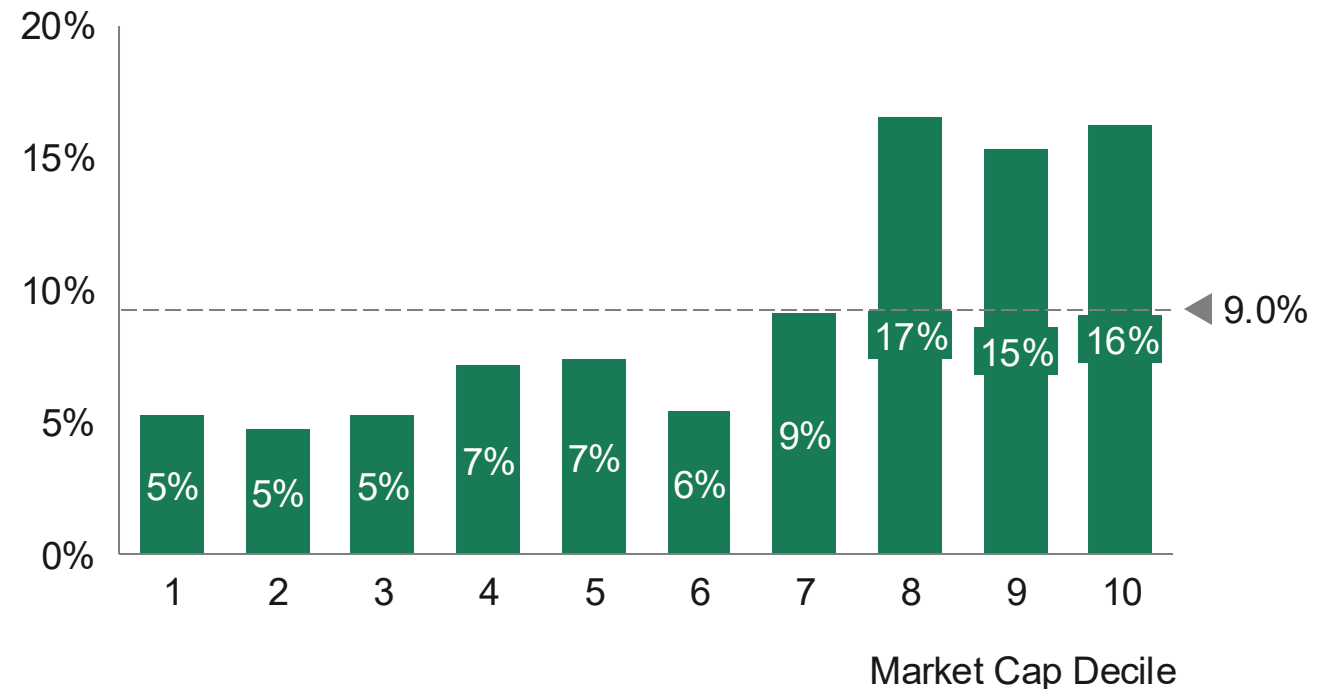
5-year TSR



In this challenging environment, largest retailers are benefitting from their size and scale

Median 5-year TSR for global retailers (\$500M+ market cap)

5-year TSR



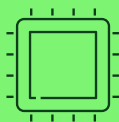
1. 5-year TSR for MSCI All Country World Index (ACWI) 2. Median 5-year TSR for global retailers with \$500M+ market cap

Finding new growth: Leading retailers looking out *5-10 years ahead*



Global *Forces*

- . Climate pressures
- . Political volatility
- . Emerging powers
- . Aging societies
- . Rising diversity



Tech & *Infrastructure*

- . Dominance of tech giants
- . Next gen AI/ GenAI
- . Connected home & cities
- . Digital currency



Market *Evolution*

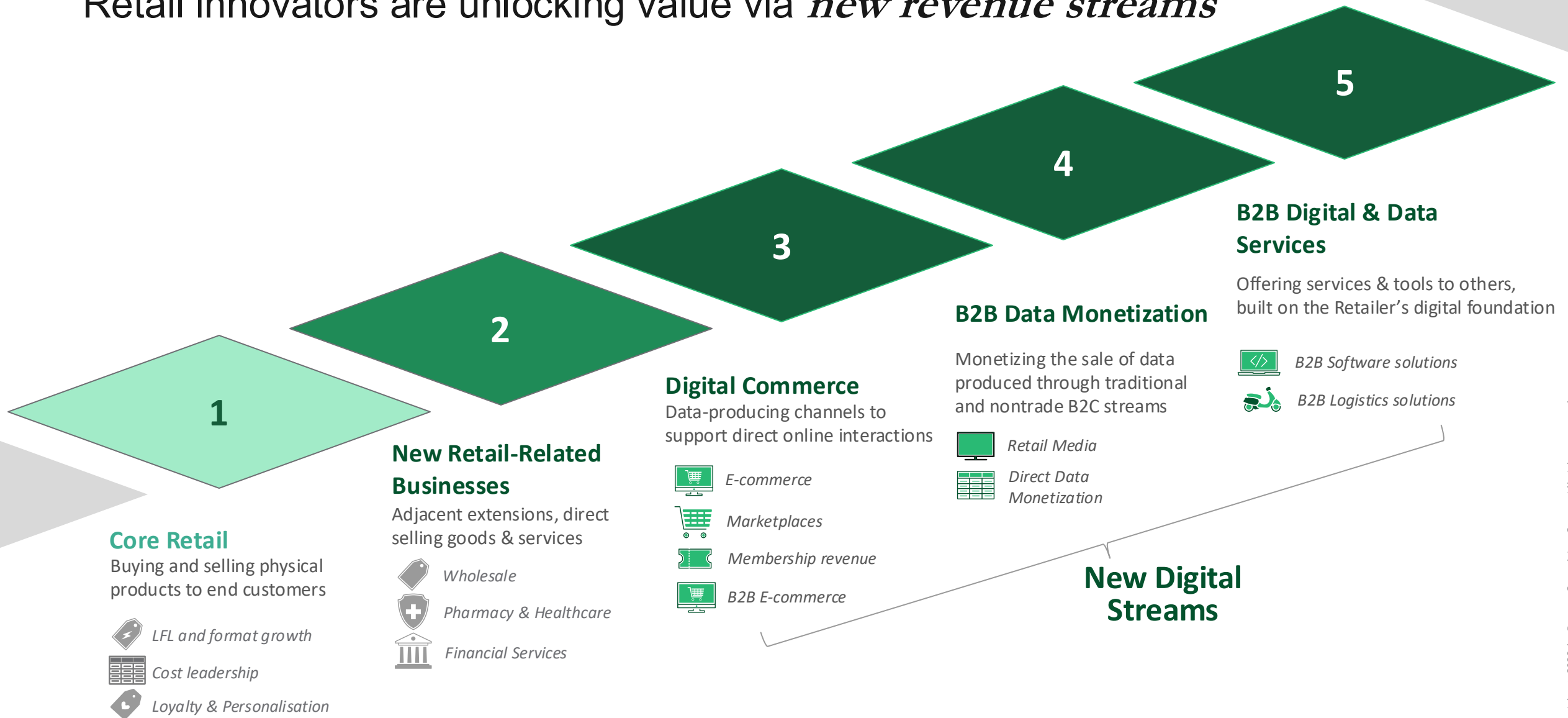
- . Digital commerce
- . Rising expectations
- . Expanding ecosystems



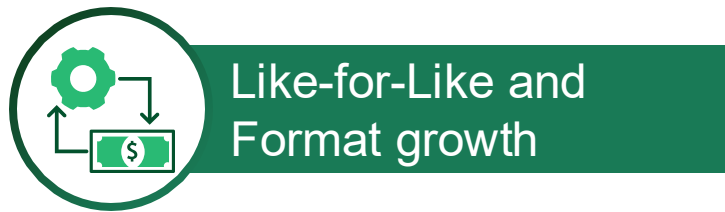
Consumer *Mindset*

- . Evolving work models
- . Wellbeing mindset
- . Digital first lifestyle
- . Instant gratification
- . Tailored value
- . Purpose driven choices

Retail innovators are unlocking value via *new revenue streams*



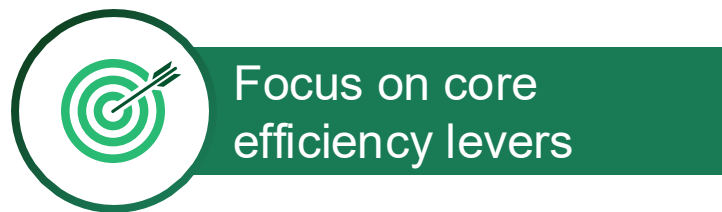
Core Retail: Optimising existing operations whilst building for the future



▶ Category profit improvement

▶ Format innovation

▶ International expansion



▶ Indirect spend optimization

▶ SG&A discipline

▶ Buying alliances



▶ Customer data & knowledge

▶ Loyalty programs

▶ Personalization

New digital streams: E-commerce profitability limited today, but creates foundation for other highly profitable revenue streams

Data obtained via physical stores and digital commerce ...



E-commerce

(5) to 5%
profitability



Marketplace

5 to 7%
profitability

... provides the foundation for high-margin advanced capabilities



Marketing Platforms

60 to 70%
profitability



Insight/Data Monetization

40 to 55%
profitability



Added-Value Membership Income

Up to 80%
profitability

New digital streams: Top retailers already pursuing these opportunities

Widespread adoption

Emerging adoption

Digital Commerce

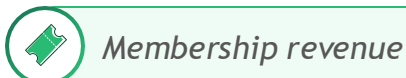


E-commerce

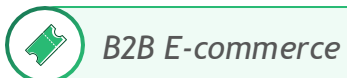
~90% of the top 300 global retailers have E-commerce offering



Marketplaces



Membership revenue



B2B E-commerce



B2B Data Monetization



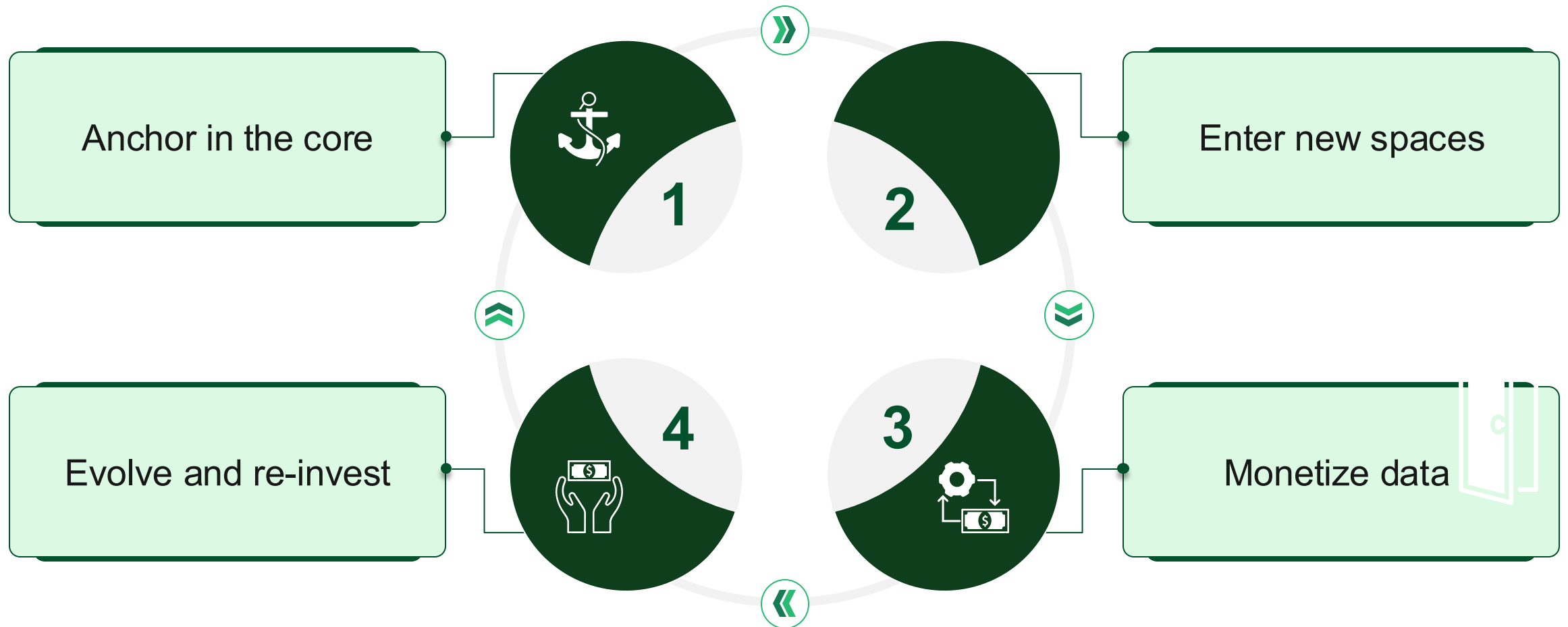
Retail Media & Direct Data Monetization



B2B Digital and Data Services

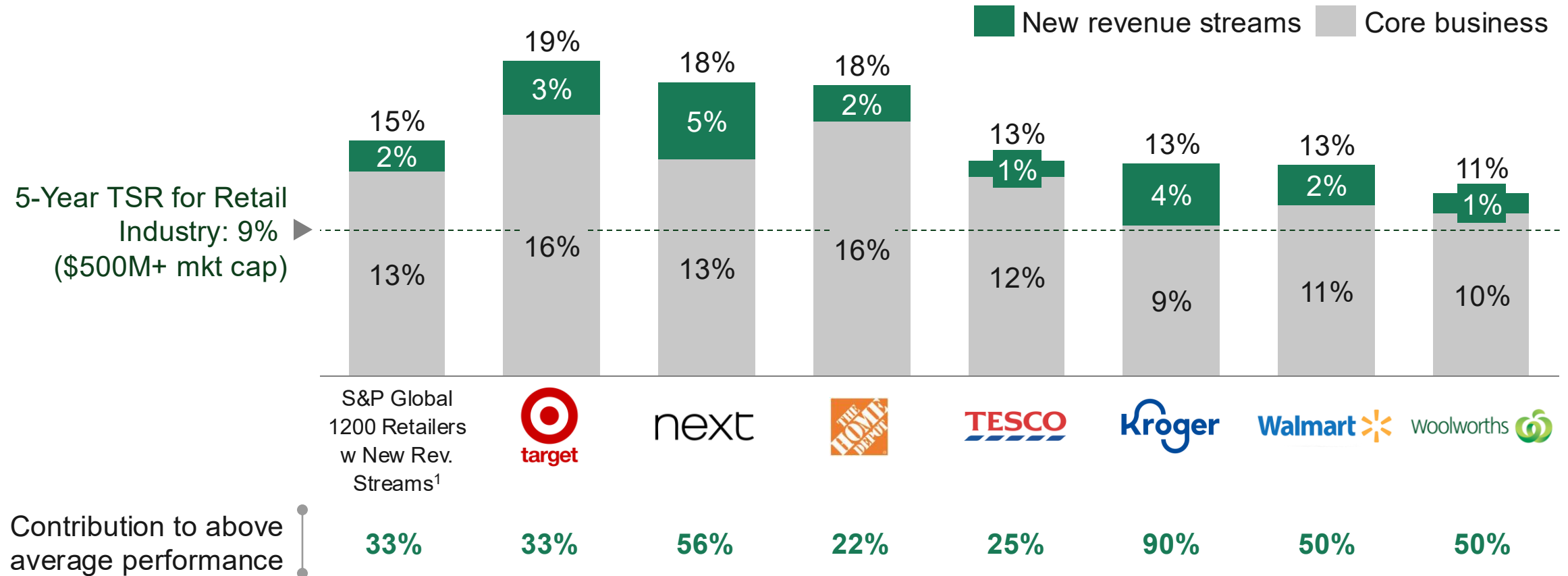


Together these streams build on & reinforce the core, creating a “flywheel effect”



New Revenue is now a critical driver of sector out-performance

5-Year TSR (2018-23)



1. Median TSR, Based on retailers included in S&P 1200 with available financial data on new revenue streams (21 total retailers)
Source: BCG analysis (outside-in, based on company filings and other available public data)

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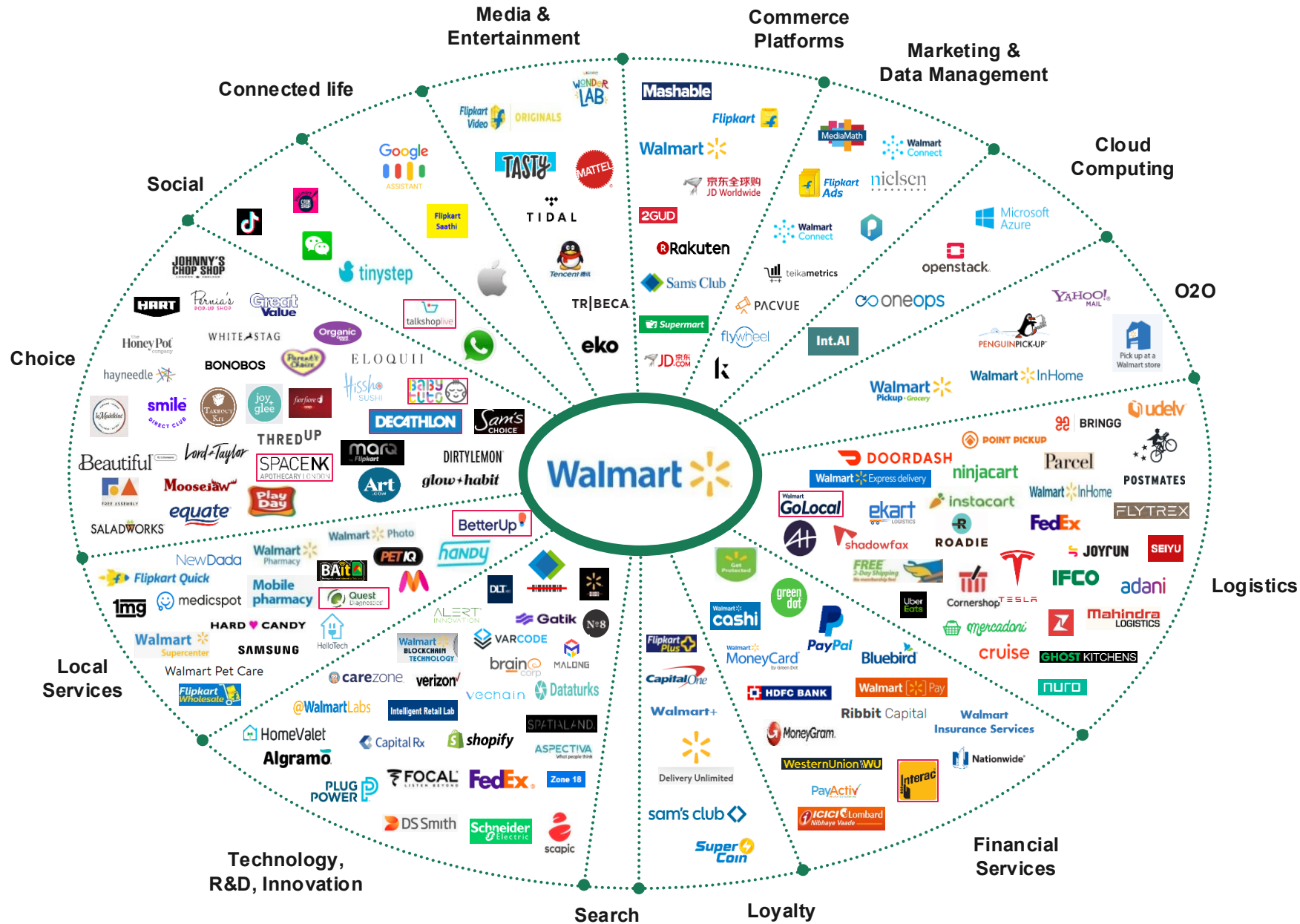
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Walmart leveraging an ecosystem to power their growth flywheel





Walmart's ecosystem continues to grow through strategic partnerships & new business units

Walmart
GoLocal

B2B fulfillment business strengthens alliances against Amazon

 **shopify**

Partnership enables Shopify merchants to sell on Walmart.com- Connecting small & medium businesses to Walmart consumers & Walmart to new consumers

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Summary: Key insights on New Revenue Streams

- 1 Focus on core efficiency and on evolving customer data and knowledge is the first step

Funding the journey by fighting for cost is critical; while building customer data foundations for other revenue streams
- 2 Developing new revenue streams, and the capabilities to enable them, has become a clear imperative

~90% of top 300 Global retailers have E-commerce operations; mature players have developed additional digital streams
- 3 While maturity varies across sectors, these streams have grown in prominence across the landscape

E-commerce has grown ~2x in share of revenue since 2019; up to ~15% for large Gen Merch & Home Improvement players
- 4 With sufficient scale, we observe a path to profitability for these new streams

E-comm. profitability is limited today, but fuels growth & creates foundation for add'l streams providing 40%+ profit margins
- 5 These streams are now propelling sector out-performance for those who have taken action

Driving 2-5% TSR (one-third or more of above-market value creation) for retailers who have developed these capabilities
- 6 Capitalizing on this opportunity requires significant effort, investment and strategic focus

Including tech & data infrastructure, new resources & capabilities, and clear strategies, processes & communications

Getting Started: Retailer scale informs approach to capturing New Revenue



Beginning of Journey / Small (<R\$5B)

Fund the journey and Partner to Compete

- Focus on funding the journey (cost discipline)
- Evolve through partnerships (buy vs. build, off-the-shelf solutions)
- Invest in customer data foundation (early personalization & loyalty pilots)
- Initiate online presence (social channels, basic E-Commerce)



Ongoing Journey / Medium (R\$5~10B)

Expand E-Commerce presence and offerings

- Continue focus on funding the journey
- Expand E-Commerce offering (scale core platform + develop channels such as WhatsApp)
- Partner to offer financial services (credit, insurance)
- Develop retail media capabilities (targeted offerings)



Advanced in Journey / Large (>R\$10B):

Build Sustained Advantage through Ecosystem Expansion

- Personalization at scale (data-driven offers across channels)
- Loyalty programs with differentiated benefits
- Marketplace expansion (assortment growth, 3P)
- Advanced marketing & data mgmt. (supplier insights)
- Local services ecosystem (delivery, partnerships)

Foundations (across steps of the journey)

- Efficiency in the core business (category profitability, cost discipline, SG&A optimization, buying alliances)
- Deep customer relationships and insights (data-driven understanding to strengthen loyalty and differentiation)



[bcg.com](https://www.bcg.com)

Back-ups