

Going it alone is less formidable – partnerships bring strength and direction



The retailing sector has been under immense pressure from consumers and digitalisation has moved customer yardsticks to a new level. Few companies are able to meet these high demands by themselves. There's not enough time and not enough capital, which is why companies are increasingly joining forces to meet this new reality. Partnerships are appearing in quick succession in Sweden – and more are in the pipeline.

A successful partnership is based on several solid foundation stones. Obviously, both parties need to be able to benefit from working together and that the two enterprises complement each other in some way and make things easier for customers. In Sweden for example, Clas Ohlson and Mathem have joined forces to offer products that people need on an everyday basis, while LloydsPharmacy works with the online healthcare provider Kry.

Partnerships can open a number of doors to resolve problems such as long lead times to bring new ideas to fruition, shortage of capital and know-how. The right kind of cooperation also creates opportunities for expansion via new channels and platforms, new possibilities to drive traffic to bricks and mortar stores and purchasing alliances.

In 2018, a very powerful form of partnership within grocery retailing has been established in many parts of the world. Tesco of Britain and Carrefour in France, have entered into a strategic alliance for the procurement of own label products for their over 19,000 stores. The companies claim that the cooperation will mean prices can be reduced for customers, which in turn, will strengthen the companies' competitiveness in an increasingly low price driven grocery retailing sector on their respective home markets. The cooperation can also be seen as a response to the proposed partnership between Asda and Sainsbury's, that would create the largest supermarket chain in Britain.

In Sweden, there are a number of different partnerships, often with a strong digital connection, that deliver new products and services to consumers. For example, home electronics retailer Netonnet works closely with technical support provider, Hemfixare.se. Volvo is now selling newer cars for delivery from both food retailers online and a broad spectrum of other online stores. E-commerce fashion company Nelly has a partnership where they sell parts of the Lindex range online.

What new partnerships can we expect will see the light of day in 2019? Will big companies continue to swallow small and innovative companies, such as Macy's and Story or Axfood and Mat.se? Will even more bloggers become their own brands? The only thing we can be certain of is that demands on retailers will continue to increase and this acceleration will continue to beget new business enhancing partnerships.

We wish everyone a Merry Christmas and a Happy New Retailing Year in 2019.