RETAIL TRENDS 2020 AND BEYOND

10 SHIFTS AND DRIVERS
THAT WILL DISRUPT THE
WAY WE BUY AND SELL

TheMarketCreative.

WELCOME

The perpetual advance of neoteric technology and shifting of political, societal and cultural norms mean external forces beyond our control will forever shape the way we do business. Some will be opportune, presenting fresh ways to create meaningful, commercial relationships with the people we wish to, while others will disrupt and unsettle the paradigms on which these commercial relationships were formerly based.

Gender is one such example. We could not have imagined 10 years ago that an idea as progressive as gender fluidity would force a re-examination of the way we make, merchandise, and market goods. But it has, and we are only at the beginning of this journey.

Technologies such as Blockchain present new ways to imbue traceability, accountability and ultimately transparency in products and process. This presents distinct advantages in procurement, safety and CSR yet is highly under utilised by retailers and brands.

In this report you will find ten shifts and drivers that we believe will or already are fundamentally changing retail. Use them to prepare for or to drive change in your business, allowing you to gain an edge over competition and present customers with an environment and service that is more in tune with their mindset and needs.

GREG COPELAND,
BEHAVIORAL STRATEGIST

SHIFTS

Uncontrollable political, societal and cultural changes that subsequently create new needs, attitudes and behaviours

DRIVERS

Emerging technologies, tools and practices that when introduced will enhance the retail environment and experience

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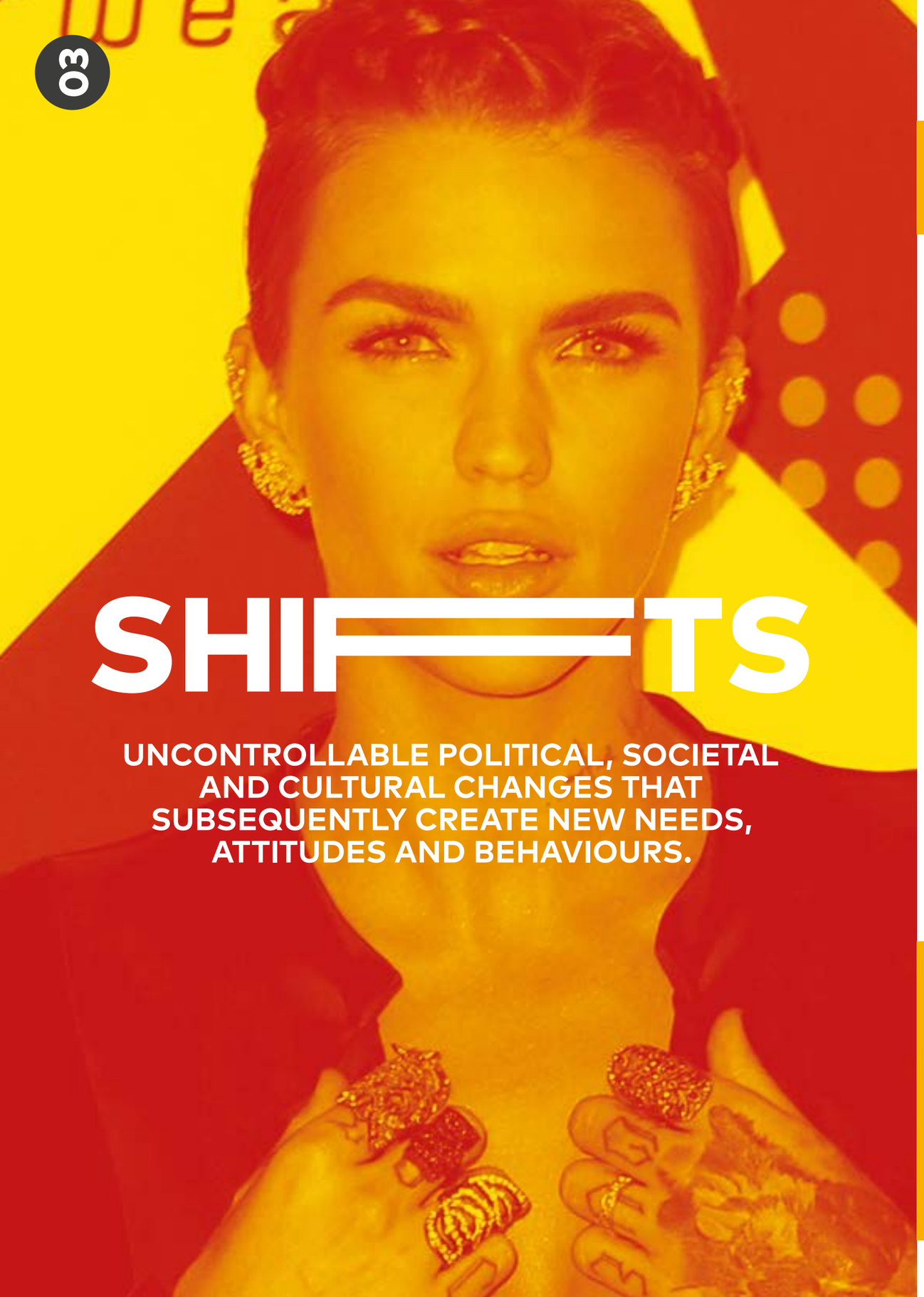

GENDER.

The discussion around gender has been quietly building over a number of years, and its growing momentum and impact brings significant societal and cultural change that will also be felt in business and political spheres.

Gender stereotyping bans, pay-gap publishing, empowerment, and standing up to sexual harassment are some of the significant milestones we have already reached, but the normative shifts that will have the most visible impact in retail are gender fluidity, neutrality and the erosion of traditional, arguable outdated views on masculinity and femininity.

"Gender fluidity conveys a wider, more flexible range of gender expression, with interests and behaviours that may even change from day to day."

GENDERDIVSERITY.ORG

Gender fluidity rebuffs the binary view of male or female, acknowledging that there are people who don't identify as either and will shift between the two depending on how they feel.

The topic moved into mainstream consciousness in part due to a video by Australian model, DJ and recording artist Ruby Rose, which has been viewed over 45m times on YouTube and shone the light on a widely under-acknowledged and misunderstood view of identity.

This glimpse into Rose's interpretation of her identity highlights the understanding retailers should need to have of this important topic and the mindset shift that needs to take place. Those of sharp and open mind will rethink the binary layout and navigation of stores and sites, re-appraise and re-draw pen-portraits and re-evaluate marketing and strategies that deliver content on a gender binary basis.

The challenging of masculine and feminine values will have even wider implications than gender fluidity. Brands are already being held to account for the (mis)portrayal of the modern man and woman, and must re-consider what message this sends and the increasing disconnect it is having with people who question and experiment with these prescribed ideals.

Interrogation and reappointment of these societal codes is coming from unlikely places. Bastions of blokeyness Axe deodorant are on a mission to reframe masculinity, most recently with it's "is it OK for Guys To?" campaign highlighting the fears some men have about sharing their anxieties openly, which is based on actual online searches including 'Is it OK to not like sport?' and 'Is it OK to be a virgin?'

"Gender fluidity is not really feeling like you're at one end of the spectrum or the other. For the most part, I definitely don't identify as any gender. I have a lot of characteristics that would normally be present in a guy and then less that would be present in a woman. But then sometimes I'll put on a skirt."

RUBY ROSE

MEANING.

People are looking beyond material replenishment to mental nourishment as they begin to question when enough is enough, and if happiness can be bought as they search for meaning and understanding in new ways.

A new form of status has emerged, competing with (and displacing) symbols of old on the social feeds of those that portray an aspirational existence; health as the new wealth. Gym memberships, workouts and Personal Trainers now compete with holidays, houses and cars as displays of doing well, and come with a profound realignment of needs and values that savvy retailers are striving to meet.

Health is of course more than fitness, and it's the mental aspect of this shift that is most interesting. Mental health problems are unfortunately increasing year on year and are having a devastating effect on the quality of life of millions of people. While we attempt to unpack and understand the impact of social media on mood and esteem, it is becoming increasingly apparent that there is profound consequence in exposure to the skewed representations of life posted by our peers.

"Decision making on products and experiences has become inextricably linked to identity"

TRENDWATCHING.COM

Retailers and brands play a fundamental role in enabling people to become this idealised version of themselves, the version that they see in their head and in the posts of those they aspire to emulate. **Overtly present or hidden in plain sight, brands are an omnipresent force of influence and often disappointment.**

While many revel in this position, and thrive on their aspirational value, few brands acknowledge the detrimental impacts this picture has on those exposed to it and striving to mirror it in their own existence. When did you last hear a brand telling you buy less, or encouraging you to take stock of your own life and what you've achieved? This is what your customers are considering or doing as they yearn for more meaningful, mindful existences, eschewing possessions for experiences.

"Wealth is not an absolute. It is relative to desire. Every time we yearn for something we cannot afford, we grow poorer, whatever our resources."

ALAIN DE BOTTON

Whatever status is, it isn't going away. We will continue to invest in products, experiences and services that bring us closer to our ideal selves and communicate our tastes and sensibilities to the world around us. As has always been the case, brands and retailers must maintain an acute sense of who their customers ideal self is and when it is changing.

"When these stories play out in store it can make for a rich, immersive environment that feels more museum than store, beckoning people and perfectly priming them to buy into the brand by pandering to our ever-increasing desire for authenticity and provenance."

As we seek meaning in our lives, we begin to interrogate all that sits within our control. We evaluate and unpack the big stuff like our work, relationships and lifestyles as we yearn to become curators of our existence. Whether head on or indirectly, this curative process begins to dictate the brands that we allow into our sphere, because after all, they are a means of realising our idealised self, right?

This is where brand backstory comes into play; a narrative of how, who and why that can be so compelling it becomes entwined in the fabric of the brand and it's people (Think Bill Bowerman and the waffle iron). They become nuggets of social currency that we use to demonstrate our allegiances and initiate those who also recently 'bought in'.

When these stories play out in store it can make for a rich, immersive environment that feels more museum than store, beckoning people and perfectly priming them to buy into the brand by pandering to our ever-increasing desire for authenticity and provenance.

And it's not reserved for those with heritage – upstarts can just as capably captivate crowds with a narrative built on looking forwards rather than back.

As we become more willing to put faith in lesser known, so called 'clean slate' brands, an anti-establishment movement inadvertently gathers momentum and onetime pillars of industry like Kodak, Nokia and Blockbuster quickly appear in-limbo and out of touch as these new entrants bring fresh narratives, approaches and offerings to the fore. Heritage isn't the asset it once was, and these goliaths found themselves part of an altogether less desirable narrative that portrayed them as cumbersome and irrelevant; we all know how this story ended.

BACKSTORIES.

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DISCONNECTION. EXPECTATIONS.

Technology is suffocating rather than empowering us in the way it promises, and we are beginning to question if it is working for us, or we for it.

Technology and subsequently brands pervasion into our lives is reaching an unhappy peak for some, who are shunning connectivity via the act of unplugging.

Such is the momentum behind this movement, facilitators and facilities are popping up left, right and centre to enable the tech-fatigued to disconnect from devices and find quiet in their lives.

> **The grand internet experiment is slowly derailing. Technologies that we created with so much faith and hope in their power to unite us and make us freer, have been co-opted into tools of behavioral manipulation and addiction.**
>
> ANONYMOUS RESEARCH SCIENTIST AND PROFESSOR

Disconnection retreats and digital detoxes are the preferred means of switching off for those with the disposable income, but supplementing these premium offerings are a raft of 'phone free' cafés that have used everything from simple pleas to faraday cages, encouraging and enforcing a behaviour that is becoming increasingly necessary for us to partake in.

This shift presents an interesting challenge for retailers and brands who now expertly leverage this connectivity to communicate and engage their audience. Without it a line in is lost, and that is a devastating proposition for any marketing manager. Balance and embracement is the answer – respect the desire of your audience's need to disengage, and look to create environments in which they can do this, both on and offline. You will find that when they do re-engage it will be with more focus and affinity towards your brand.

Before Uber, can you remember what it was like to book a taxi? Dialling a number, waiting to get through, being greeted by a busy and distracted receptionist, then the hope she heard your address right, the promise of 'ten minutes tops love' then the ensuing wait... and wait....and wait...

It's hard to remember how painful this experience was, and subsequently how wonderful Uber is. In fact it's raised our expectations so high that it continually has to keep up with them, as research has shown the longer the services have been available in a city, the higher our expectations are around short waiting times. Several years ago a 5 minute wait for a taxi would have been a miracle, now it's actually kind of slow as 1-2 minutes is the number we expect to be presented with, thank you.

> **"You are no longer competing with those in your own industry. The moment a new positive experience is received, customer expectations reach new heights. If a customer can instant message with a service agent on their favourite food delivery app, they want the same experience from their bank and car dealer.**
>
> NALINA ATHYANTHA, SALESFORCE

Disruptive upstarts don't just impact sales and market share - they raise expectations to a whole new level and set a bar that you will no doubt be measured against by their, and your, customers. There are two key areas in retail that have seen the bar raised and many incumbents falling short; customer service and delivery.

To most people, Zappos was just an online shoe retailer, like an Amazon for shoes. Nothing too exciting, until Amazon itself liked the idea enough to put a $1bn buyout offer on the table. Founder Tony Hsieh was immediately propelled into the limelight along with his forward thinking approach to customer service, which sat at the heart of the businesses offering rather than being an afterthought.

In London, Waitrose have raised the expectations of grocery shoppers with their 2hr delivery promise. At rapid.waitrose.com visitors can pick from 1500 products that can be delivered to their front door in a timeframe designed to meet the needs of busy lives and an emerging shopper who forgoes the burden of weekly shop in favour of smaller, convenient top ups.

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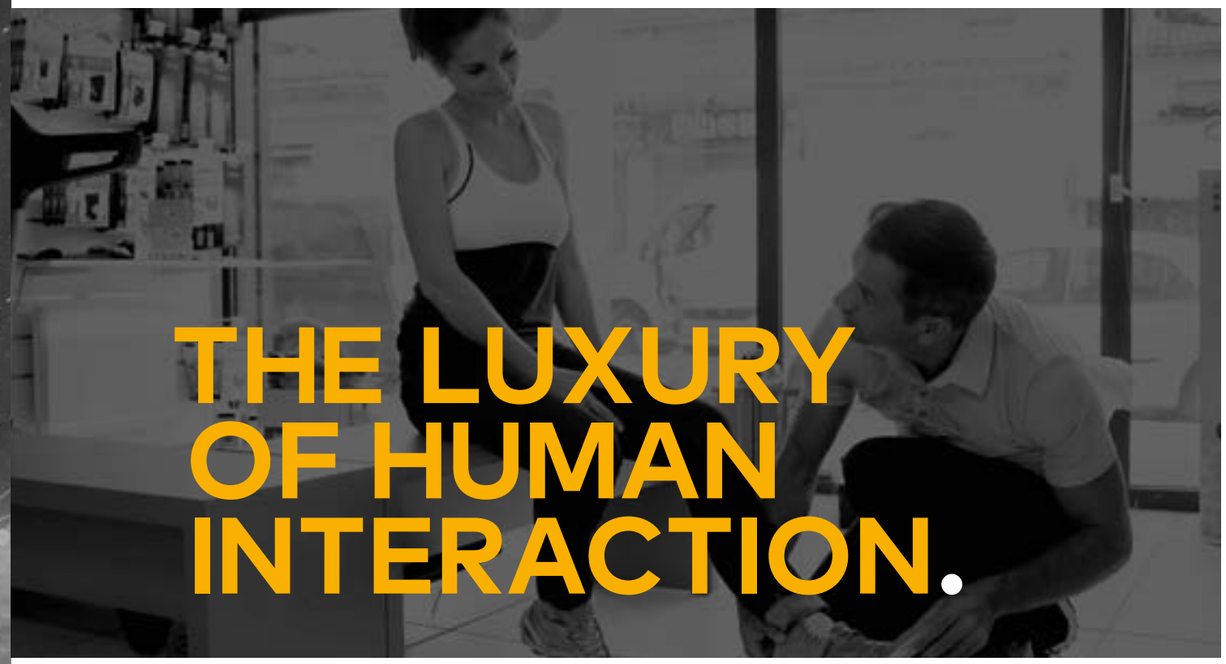
DRIVERS

EMERGING TECHNOLOGIES, TOOLS AND PRACTICES THAT WHEN INTRODUCED WILL ENHANCE THE RETAIL ENVIRONMENT AND EXPERIENCE.



THE LUXURY OF HUMAN INTERACTION.

The rise of the machines comes at a human cost. We are seeing tills and assistants gradually being replaced by computerised checkouts and AI-powered interfaces that facilitate the most basic interactions we have with a store.

If this trend continues, we will clearly start seeing fewer assistants and more autonomy that negates the need for human interaction in order to facilitate our in store behaviours.

Less humans on the floor makes total sense in commoditised settings like supermarkets or low-cost clothing stores where it is less of a requirement and less expected as part of the low-cost high-value proposition. Where it does not quite make so much sense is in instances where service is part of the premium.

The use of humans in high-end retailers of luxury goods will further differentiate their offering. These analogue interactions form a key part of the experience of these higher-cost purchases, where the service and environments are as much a part of the purchase as the product itself.

Service is the key word in this new context - where it is present and required, humans will continue to play an important role. Where it isn't, expect the opposite to be true - differentiation becomes a tech play, humans are seen as friction and a cost that can be reduced for both retailer and customer.

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ANALYTICS.

For a number of years we have enjoyed access to detailed analytics around our digital properties. We can target and measure with a degree of accuracy previously unattainable, and its efficiency has revolutionised the industries that leverage and live on it. Unfortunately, the same cannot yet be said of physical environments... yet.

We have witnessed moderate uptake of beacons, RFID and WiFi solutions to track and trace in store behaviours, and they have gleaned great insight and results for those who have experimented. The next wave of tracking technology takes things a step further, literally in the case of our first one to watch. Smart flooring and carpets will find their ways into retail environments and under the feet of oblivious shoppers, enabling the monitoring of footfall and movement patterns with millimeter accuracy.

Supplementing these smart underlays will be facial recognition technology. Privacy issues aside, used to good effect this analytic addition will enable stores to recognise returning customers and personalise their shop appropriately with tailored recommendations and rewards for their continued custom. It also has the potential to be used to determine demographic and even physical data, identifying gender and age as well as height and body shape.

"If you have day old bread, a lot gets thrown away. But if you're able to line up day old bread with people who are more likely to accept that offer and over time know who's more responsive, then you're able to throw away less food and manage your inventory better."

KEVIN FU, ADOBE

Taking things a step further this technology will not only be used to identify customers but also their emotion. Integrated into shelves, rails and displays, it will read the expression and reactions of shoppers as they browse, gauging sentiment as they move through store and adding another layer of insight to the picture.

While the benefits for retailers are apparent, how do their customers gain and is there a payoff for all this surveillance? A more personalised experience and offer is certainly one way, highlighted by the example above which demonstrates a win/win/win scenario – the retailer offloads expiring stock, the bargain hunter finds a bargain, and finally the CSR impact of reduction in food waste.

ADVANCED

BLOCKCHAIN.

Although largely thought of as a financial technology thanks to Bitcoin, Blockchain is being used across retail and other industries in more interesting and disruptive ways than you might imagine.

"Blockchain is to Bitcoin, what the internet is to email. A big electronic system, on top of which you can build applications. Currency is just one."

SALLY DAVIES, FT TECHNOLOGY REPORTER

All goods have a journey and a story - from where the raw materials were mined, to assembly and QC, to shipping and distribution, and later use and ownership. Imagine each step of this story as a page in a book that you can now access and read at your leisure, this book is decentralised so cannot be deleted and is secure from tampering. In a nutshell those are a couple of the benefits Blockchain brings.

This enables the creation of tools like Lifelabels. These show one of the softer benefits the technology can bring, and amongst other facets it will highlight and record the environmental and ethical impact of a product. Fashion brands are using the technology too as means of checking and ensuring authenticity of products. Logistics companies are improving safety and food waste, which has a profound impact on both public health, the environment and bottom lines of businesses.

The proliferation in supply and demand of sustainable and considered goods raises a number of issues such as true picture of environmental impact, use and sourcing of sustainable materials and ethical labour in the supply and manufacturing process. Blockchain enables manufacturers, retailers and customers to get an end to end view of each of these elements and be more certain that what they are buying is what it is supposed to be, and if it isn't, trace it back to the point where the issue originated.

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RETAILER AS MEDIA / MEDIA AS RETAILER.

Retailers thinking and acting like media companies makes a lot of sense given their access to loyal audiences who value their ability to curate and create products that meet their needs. This stands them in good stead for commissioning and delivering content that does the same.

M&S is one of several big names giving it a bash in a twofold push on both food and fashion.
The retailer has developed a monthly, 10-minute long video series featuring 4 celebrities trying and discussing new M&S food. The themes change depending on the month, and it's unscripted, simple, honest and authentic, given all claim to be regular shoppers in the store.

The commission of unique content is not the only interesting element here – also the fact that it was developed for Instagram TV, is a forward thinking, social-first approach, and will also air on YouTube and Facebook.

On the fashion front the store is leveraging brand ambassador Holly Willoughby, who selected her favourite items from the upcoming collection. It became one of the first retailers to use Instagram's 'Shopping' feature, where products are tagged with the name and price of a product and a click-to-buy option in-feed and in Stories

M&S claims to have reached 9 million people so far and have achieved a bigger goal of bringing a far younger audience into M&S through the campaign, all for the cost of a monthly print ad, according to the marketing team.

The flip of this foray is media companies acting like retailers, and in some cases doing a rather good job of it. One such publication is online streetwear publication Hypebeast. Founder Kevin Ma launched the fashion blog out of his bedroom in 2005, and 13 years on sits atop an established outlet attracting 44m monthly visitors. Like retailers understanding of their customers material needs enabling them to transition into content, the reverse is true of media companies who have an acute understanding of the interests and tastes of their audiences. Hypebeast's natural transition into retail through its store, HBX, has been incredibly successful, with revenues of $7.2 million in 2017.

AUTOMATION.

**Automation will profoundly change the way we shop and engage with retailers.
It is the culmination of several technological forces that are positively impacting retail, namely data, the internet of things, logistics and robotics.**

Data is enabling personalisation – this means retailers know us better; what we buy now, what we might buy next. The internet of things is seeing previously inanimate or 'dumb' objects becoming smart, as they communicate information like their condition, location and status to those or that which needs to know it. Logistics, a lynchpin of retail, are becoming increasingly sophisticated and measured, increasing speed and efficiency of service. And robots...well they are just doing everything we do, but a little better.

COMBINE THESE 4 FACTORS AND THE FOLLOWING SCENARIO IS HIGHLY PLAUSIBLE.

Our weekly shop could be as simple as a single tap to approve an order at our preferred supermarket. In fact it could just turn up on the doorstep without any intervention from us at all...

This order has been created from a shopping list automatically populated from data on our previous orders, dietary requirements, bookmarked recipes and required replenishment of goods recorded by the smart devices in our home.

Our smart fridge creates a full inventory list as each RFID-implanted item is placed inside. When we are low on items or they are going past their sell-by date they are automatically added to the shopping list. Our smart bins do the same for non-chilled items, recording shampoo bottles, toothbrushes and empty pasta packets as we dispose of them.

This scenario is actually already taking place, and it's simpler you would think. Startup WePlenish has launched its first automated replenishment product Java, a smart coffee pod bin for Nespresso users. Sitting next to your machine, it is devoid of the technological black magic mistakenly deemed necessary for such acts of wizardry. It simply senses how many empty pods it is holding, and when it gets full puts an order in for more of your preferred variety through your Amazon account. That's a pretty neat solution for an everyday problem.

The fallout of this is that "chore shopping" will become increasingly frictionless and automated to create maximum convenience for customers. More than ever, retailers need to acknowledge the relationship and place they hold in their customers lives and become increasingly convenient if they wish to remain there.

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We're The Market Creative. A behavioural marketing company that harnesses behaviour to create brand experiences and communication, delivering commercial success for our clients.

We've always been passionate about people – clients and our team alike. And now more than ever we want to create successful and happy partnerships with our clients. We call this **"Uniting People".**

Our unique understanding of people, behaviour, brands and building meaningful connections between them is what our success is built on. Evidence of this commitment to super talented happy people is both our IPA CPD and Investors In People Gold standard accreditations.

We'd love to talk with you about how these shifts and drivers will impact your business - just give us a shout.

If you have any queries or would like to discuss this report in more detail, please don't hesitate to contact us.

Visit: themarketcreative.com

Email: greg@themarketcreative.com

Call: 0161 872 7813

Pop in: The Market Creative,
Cooper House, 380a Third Avenue
Trafford Park, Manchester, M17 1JE

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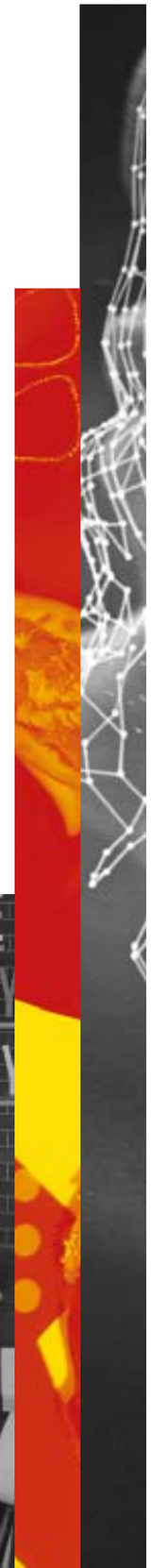

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