Retail 2021: A [*forward*] look

No matter what plans a retail organisation has had at the beginning of 2020, many will need to adapt their strategy for 2021. Whether this is due to an increased demand for online shopping, changing customer behaviours, or as a result of the newest technology, retailers will need to go back to the drawing board. Although there are likely to be many existing trends that will continue into 2021, such as social commerce and the use of omnichannel strategies, if a retail organisation is to really get ahead of the curve in 2021, these 4 trends will be key to consider:

1 Newly-scaled fulfilment and streamlined operations to be repurposed to fit long-term strategies

Many brick-and-mortar shops will likely become multi-purpose centres that can more effectively support home delivery alternatives. Larger retailers will be looking for physical space they can utilise to store products, and be geographically closer to their customers. Whether this will be by renting out space in shopping malls or repurposing some of their smaller stores for storage, micro-warehousing will enable retailers to more efficiently deliver products, offering alternatives, such as in-store pick ups, more readily.

In fact, convenience has been a big theme in 2020, and will continue. Some brands have been looking at expanding the shopping experience into the comfort of customers' homes. For example, Curry's and Dixon's have been trialling 'Shop Live' and 'Dark Store' concepts, whereby individuals can virtually speak to a salesperson who is physically in-store and get 24/7 customer consultation service, respectively. This year, there will likely be more brands that take on the challenge to be ever-available to meet customer demand. However, the challenge will not end here; retailers need to plan for how their newly repurposed strategy fits with long-term goals, and how they will create a more unique in-store experience if online shopping demand falters.

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2   The return of the 'experience' store - staying connected and providing a market-leading customer service

Although this trend has been around for a few years, it paused in 2020. With a decline in offline shopping, staying connected with your customers will be ever more important. Retailers need to find ways to bring customers closer to their products to get ahead. By building environments in which items can be safely demo-ed for situations for which they are sold, retailers will be able to not just attract new clientele but improve customer retention and brand loyalty. For example, Canada Goose's 'Cold Room' goes to -12 degrees Celsius, enabling customers to test out the clothes for advertised arctic conditions.

To continue having a competitive edge, retailers of any size will need to continue to question whether the way their store is set up is sufficiently customer-centric. For example, Walmart has transformed its large shopping centres into 'airport-inspired' stores, in order to more efficiently navigate large groups of people through and help find required products. While looking to create a more seamless shopping experience, Walmart is also gathering customer feedback to continually innovate and be at the forefront of a premium customer experience.

Newest technology will also help customers understand products in a way that goes beyond customer reviews. One of the major technology advances will be the use of Augmented Reality (AR) for online shopping. In fact, Shopify claims that when customers interact with AR, there is a 94% higher conversion rate. The company offers retailers the option to create interactive models of their products, and enables customers to better imagine an item in real life dimensions. This improves both the customer's buying journey and their likelihood of clicking the 'Buy Now' button.

3   Rise in values-based shopping and need for a more personalised connection with customers - how will retailers compete with independent brands and local stores?

Customers of all ages are now increasingly endorsing brands that openly support a cause. In fact, based on the 2020 5W PR report, 71% of Millennials are likely to pay more for a product if a portion of the price paid goes to charity. Similarly, according to a survey carried by Hotwire in 2019, 47% of internet users worldwide stopped using services or products sold by a brand if it went against their personal values.

There are already brands whose sole identity is focused on being environmentally conscious, such as SAYE who create products from vegan, organic, and recycled materials. H&M is looking to be 100% sustainable by the year 2030, and Mango has pledged that 50% of cotton used in their clothes will be sourced sustainably by 2022. The trend will continue this year and put pressure on other brands to follow.

Second hand shopping will also continue to have a comeback. Thanks to the fast-growing online retail trend we've seen over the previous year, companies such as Depop and Re-Fashion will become big competition as customers can get second hand products cheaply and easily, while helping to eliminate waste by encouraging clothing resale and upcycling. It will be up to the big brands to follow this trend or risk falling behind.

4   Developing more creative strategies to get ahead - personalisation, payment methods, and customer expectations

Online retailers will need to look beyond a virtual offering this year, and a key way to do this will be having a physical store that attracts passers-by. Direct contact with customers, coupled with excellent customer service, will help embed the brand, leave a lasting impression, and help reach a greater understanding of customers' needs. For example, AiNSEL previously set up a pop-up store to create awareness about their environmentally friendly make-up through direct, face-to-face contact with their customers -

something they would not be able to do as efficiently if they remained online.

Retailers who are still looking to expand their online presence will need to consider offering a wider array of payment options. While many already do this, having more choices will enable brands to keep their competitive edge while diversifying the type of customer they attract. For example, retailers such as River Island and ASOS currently use the company Klarna to enable customers to stagger their payments, offering a more flexible payment approach.

Furthermore, retailers could look into other avenues such as partnering with banks to offer cashbacks for bought products.

Brands will also need to look into more efficient delivery methods to keep up with increased customer demand for same-and next-day delivery. For example, Co-op has already made the decision to extend their home delivery service through the use of autonomous robots in Milton Keynes and Northampton, and will continue to expand to other cities.

How you can leverage the above 4 trends to your advantage?

The success of your brand will lie in looking beyond new ideas or trends. Below are three key areas we recommend to focus on once you've identified your area of improvement:

1. **Be customer-centric in everything you do.** This may include defining what the Voice of the Customer (VoC) looks like, building a Service Design to create an end-to-end view of the customer journey, and tackling identified pain points that most matter to your customers.

2. **Implement agile ways of working.** It will allow you to trial, implement and adapt new ideas or technology faster and more efficiently. Focus on what will make the largest difference for your organisation and your customers first.

3. **Establish how you will tackle the change.** This is not just about making the new things 'stick' across your organisation. Focus on enabling your employees to embrace the change and become your brand ambassadors that live and breathe your values. As a result, they will be empowered to take your customers on a unique shopping journey.

Whether you are looking to become more customer centric or simply better react to changing demands, customer expectations will heavily impact all areas of your business. Challenging your own thinking and planning ahead will be crucial to keep a competitive edge.

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