

A high-angle, isometric illustration of a futuristic shopping mall. The scene is composed of multiple levels connected by wide, grey concrete stairs. People are shown in various poses, some walking up and some down, all carrying shopping bags. The architecture features glass railings and large, dark, rectangular pillars. The overall aesthetic is clean, modern, and futuristic. The text 'Retail Futures 2018 Trends Summary' is overlaid in the center in a white, serif font.

Retail Futures 2018 Trends Summary

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Introduction

In 2018, retailers are finally realising that e-commerce is not the enemy of bricks-and-mortar retail. The panic is dying down.

But it is important to acknowledge that the whole sector is undergoing a massive paradigm shift in which traditional principles of evolution apply: adapt or die. Brands and retailers will need to embrace seamless technology and reconsider the definition of a retail experience whatever the channel if they want to survive and thrive in this new landscape.

22%

The percentage increase in consumers shopping at bricks-and-mortar stores weekly between 2014 and 2018

Source: PwC



Everlane store, New York. Photography by Naho Kubota



‘The current retail environment is like a dead sea, killing off existing life but providing a new eco-system in which different organisms can thrive’

Greg Satell, author, Mapping Innovation: A Playbook for Navigating a Disruptive Age



Retail Trends Rising

From democratising ingredients and packaging to finding novel solutions to combat showrooming, these are the eight trends that retailers must prepare for in 2019

Accessible Premium

From taking the idea of the dollar store online to the rejection of big brands, retailers are exploring how they can democratise quality and bring premium products to the mass market.

One strategy is to use a direct-to-consumer model to make it more affordable to access items that were traditionally higher priced, such as organic food or products that are free from parabens.

Digital Store Fronts

Brands are increasingly creating experiential bricks-and-mortar offerings, but these creative, highly immersive environments have yet to be successfully replicated online.

E-commerce websites still tend to focus on features such as checkout and shopping basket functionality. But new design-centric retail platforms are emerging that enable a kind of digital escapism to increase page dwell time and the likelihood of a purchase.



Brandless, US



TwentyFour15 website

66%

In a US survey, 66% of 13–17-year-olds said they view brands that experiment with new ways to sell or deliver as innovative

Source: Ypulse



Hanger website by DVTK

75% of British adults say that corner shops' opening hours make it easier to fit shopping into their daily schedule

Source: Mintel



Bodega by Paul McDonald and Ashwath Rajan, US

Micro-retail

With convenience a key priority for consumers, brands are exploring the potential of dynamic selling spaces in non-traditional locations. Start-up Cargo, for instance, is turning taxis into moving retail spaces, enabling Uber drivers to sell snacks, phone chargers and beauty products to passengers.

Digital Fit

New digital tools are helping to refine sizing options for shoppers buying fashion online. Solutions are varied, with Israeli start-up MySize showing how an iPhone's accelerometer could be one way to capture accurate body measurements. Japanese fashion brand Start Today offers its customers a sensor-laden smart suit that captures 15,000 body measurements. This allows its e-commerce customers to determine their exact size before buying pieces online.

Anti-showrooming

With consumers becoming used to showrooming – viewing an item in a store and then buying it online – physical retailers are having to reconsider how they can encourage in-store shopping. One strategy is to stop showrooming altogether. Following its purchase of Whole Foods Market, Amazon was granted a patent that would help the brand to stop shoppers using their phones to compare prices in stores.



Grocery AI-sles

Grocery brands are increasingly considering the potential of robots to optimise their services. Automation is taking over menial tasks such as checking inventory and stock while in-store. For Walmart, handing over repeatable, predictable and manual tasks is seen as a way to free up human time. Similarly, Ocado's warehouses have turned into automated centres that are completely run by AI and algorithms.

‘From our perspective, [this] improves your service to your customers and is trying to make things simpler and easier for your associates at the same time’

John Crecelius, vice-president of central operations, Walmart



Ocado Smart Platform robots, Andover, UK

‘For a solution almost considered obsolete, QR codes are getting a second life as a cost-effective and powerful link in our increasingly personalised world’

Julie Vargas, director of digital solutions, Avery Dennison



Vision Russia by Marina Volodina and Ermakov Mikhail

Discount on Demand

Instead of being forced into a cycle of sales, some brands are adopting a more reactive approach to discounts.

Whisky Foundation, for instance, recently launched a new e-commerce retail concept in which it changes its pricing based on consumer demand. It puts bottles on sale for an extremely low price, and the price fluctuates depending on the demand.

QR Code Renaissance

Once considered obsolete, QR codes are making a comeback. The technology, which was created to instantly connect a mobile device to more information, never progressed beyond being a gimmick after it was launched in the 2000s. But recent applications by brands such as Amazon and Snapchat have shown the potential for QR code commerce. Amazon's SmileCodes, for instance, allows mobile users to access exclusive offers.



Storefront Salvation

Fuelled by an understanding that saving the store relies on a combination of physical touchpoints and digital technology, retailers are reconsidering the purpose of bricks-and-mortar shops

Hindsight

Lack of purpose and a fear of new technologies are leading to an unprecedented number of store closures. Too many retailers chose to take a scattergun approach to opening stores, with the aim of reaching far and wide rather than being more considered. But as more digital-only brands open bricks-and-mortar locations, it is clear there is still hope for physical retail.

56%

In a US survey, 56% of shoppers said they visit stores, at least occasionally, to see, touch and feel a product before buying it online

Source: Retail Dive




Insight

In order to adapt their physical offering, retailers will have to combine the best technologies from e-commerce with the tactile, present quality of in-store browsing. They will need to invest in Software Support, create Click and Connect services and rethink their store layout to fit the many moods of shoppers who sway from desiring convenience to hyper-personalisation on any given day.

‘The notion that physical retail is dead is just silly – the combination of digital and physical is most often what customers want and what yields the best financial results’

Steven Dennis, president, SageBerry Consulting



‘The Chinese market will adopt facial recognition methods... because it’s a trade-off they are willing to participate in. How can we, as an industry, bring our customers up to that same level of trust?’

Michael Olaye, chief technology officer, Inside Ideas Group

Foresight

As retailers embrace future stores that are not weighed down by technology, but supported by it, new spaces will adapt to better meet customer needs. A critical issue in the future of the store will be data and privacy. Just as it is a current battleground online, offline retailers will have to consider how to balance sophisticated customer-tracking techniques with transparency about how shoppers are targeted.

To purchase the full Storefront Salvation macrotrend report, visit thefuturelaboratory.com/reports

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