

RETAIL TRENDS FOR 2015

Priyanka Patil, Jeff Paul Mampilly

ABSTRACT

The Retail sector has come off age and has gone through major conversion over the last decade with a noticeable shift moving towards organized retailing. Retailers strive to project cohesive brand and product images that support sales and marketing goals in terms of majorly on e-business. The rewarding retailers are the ones who have adopted an integrated philosophy that allows both the physical shopper and the internet shopper equal opportunities and in most cases equal pricing. However, those that have actually incorporated the two methods by adopting the option of “order online and collect in store” have arguably achieved the best of both worlds. This research study portrays on different retail trends for 2015. It also talks about how each trend affects the customer experience and it provides wisdom on how retailers can improve their customers shopping journeys.¹

OBJECTIVES

- Learn worldwide retail trends for 2015.
- Obtain an insight into future digital trends and the new retail reality of tomorrow.
- Understand the major changes in consumer expectation triggered by the ever growing digitalization.
- Find out the major best-practices by retailers when integrating digital tools into their brand/ retail strategy

RESEARCH METHODOLOGY

Data collected is from existing journals, reports and articles in connection to this study. The World Wide Web has been used greatly.

OVERVIEW

The year 2014 saw retailers try to enhance the customer experience by reaching out to in-store marketing solutions and Omni-channel marketing.

While retailers will continue to focus on these strategies they will also seek new techniques to bridge the gap between offline and online digital marketing channels.

Social media will be leveraged to forage new customer insights and influence merchandising decisions. Social media would not only serve as a platform to showcase products but would also become a selling medium.

Mobile marketing would gain more traction and it is anticipated that Retailer would use the “small screen” to step up the consumer experience and include other aspects such as order fulfilment and loyalty.

There are other trends which would be seen in 2015 which are discussed in detail below.

1. Changing Demographics: As consulting firm PwC noted “the Baby Boomer generation will age with increased financial resources and with a greater emphasis on youth and vitality than previous generations. As a result, they not only will tax manufacturers to adapt products to their specific post-retirement needs, but also will require retailers to respond to their evolving needs as they approach the age of 70 in 2015”. On the other hand Gen –Y who is reaching the prime of their household formation years would also affect retailers.ⁱⁱ

Retailers would have to particularly focus on Millennials. As per Accenture research,

Millennials (ages 18 to 34) will replace baby boomers as biggest consumers and would generate a projected \$1.4 trillion in spending in 2020. Millennials are fast adopters and have everything on a click. They tend to be impatient and retailers would have to develop robust fulfilment systems and excellent customer services.

The poles apart difference between baby boomers and millennials will force Retailers to respond to tastes and spending habits of increasingly diverse population with money to spend.

Retailers should expect Baby boomers to redefine older age and retirement by remaining active and involved.

The household structure would also change. There would be smaller household of one or two person than the conventional household of at least four. The number of households would also decrease* owing to aging population and singles young and old. Retailers would have to look for smaller, personalized products and living spaces. They need to manicure services to provide experiences fun for one.

2. Evolving Social Platforms: The Social media is evolving. Retailers use the insights derived from the social activity of their customers to create personalized products and enhance service experience. Apart from using the social media for customer insights it would also be used as platform for “selling”. Curalate has launched like2buy platform for Instagram. Like2buy enables retailers to link the traffic on Instagram and revenue. Instagram has changed its avatar from its feed to images to gallery of products available for sale with just a tap. Renowned retailers such as William Sonoma, Nordstrom, and Forever 21 have already tapped into its potential and are making sales through Instagram. While Instagram uses like2buy Facebook and twitter have introduced buy buttons. Home Depot, (RED), and Burberry are testing Twitter’s buy button.

These buttons enable customer to directly go to the product page by a click and buy the product they like. The transition from social to ecommerce sites would be reduced and customer would gain more seamless experience.

3. **Here today, gone today:** The real advantage would come from making different product and better product experience. Retailers would need to ride on innovation to provide products which cater to specific needs of the consumer. It would require in depth understanding of their likes, how they buy and use products. New combinations of products need to be introduced with limited availability and rapidly evolving portfolio of niche concepts. As the product lifecycle becomes smaller the need for innovation will intensify.

4. **Experiment with Technology:** While retailers evolve their product they would also need to keep an eye on the evolving technology around them.

- POS technology: Gone are the days of cash register. Cloud based point of sale systems outperform the cash registry and have proven their worth.
- Wearable's: A research by Acquity group shows that about 7% of the current consumer own wearable gadgets such as smart watches, fitness monitors and glasses. The figure is expected to double in 2015. Retailers will have to tap into the market of wearable's and think of ways to utilize the interface to market their products.
- Augmented reality: As the trend of virtual fitting rooms catches on, retailer would have to find ways to draw attention of consumers by using augmented reality. Walgreens is already testing Google's Project Tango 3D to create AR- enabled mobile maps and navigation for its customers.
- 3D printing: This technology would be utilized to do mockup for the customer.

5. **Deluge of Data:** With increasing connection with customer through digital technologies the retailer would be awash in data. They would capture data such as product profitability, store transaction, operating data and customer data delivered from in-store devices and social media data. There would be new metrics defined to improve the customer journey and point of sale experience.

6. **Customer protection:** With data flowing in from various aspects of customer life it becomes paramount to ensure its safety. Retailers would need to install safety measure so as to not to leak the sensitive payment information of the customer.

Additionally it is expected that they would resolve security issues and provide ample protection so that customers feels safe in sharing their information. They would share the information if sharing is outweighed by rewards. If the sharing is not made worthwhile customers will debar access by deploying firewalls and other security measures.

7. **Value Chain:** Evolution Current value chain is made for mass merchandising. The new value chain will have to support niche merchandising to cater to specific needs of customer. With here today, gone today trend catching up value chain has to evolve to early capture the demand signals and provide lean consumption (minimizing the waste by producing the demand). Several retailers will take control of their value chain and improve order fulfilment.

In order to provide compelling shopper experience retailers will have to take control of how their products are manufactured, marketed and distributed.

Taking a cue from the success of Apple, Ralph Lauren, who have taken a complete control of value chain thereby ensuring high loyalty and profitability, retailers will have to rethink their strategy.

We are likely to see a rise in value chain initiatives, single product retail and private labels. Speed and convenience would define the shopping experience and retailers would need to come up with better ways to market their products.

8. Go Local: The next growth phase would be characterized by segmentation and localization. Big retailers would have to operate in multiple formats and concepts. They need to target the specific customer segments in specific local markets for specific need/use. The global market savvy needs to be combined with local market delivery and know how.

In addition to the neighbourhood specific merchandise retailers would also need to tailor each of their store formats based on communities and location.

9. Mobile Mania: Smartphones and tablets are anticipated to play a larger role in the shopping journey. More and more retailers would introduce mobile loyalty apps. Apps like Collect help customers to track and redeem their loyalty coupons without taking care of physical cards.

Mobile ordering would also catch up. With big retailers already utilizing this aspect through their apps small businesses can also enjoy the advantages of mobile ordering by using the services of Mobi2go.

Mobile payment options would also catch up. Customers are resorting to using their mobile phone as a wallet and prefer to stay away from card swiping and cash handling. There are multiple solutions offered by Google, Apple and Current.

10. Omni-channel marketing: While retailers dabble with multiple technology options and social platform they would need to keep a strict eye on their Omni-channel marketing. Omni-channel retailing has already started to reap benefits for retailers like Macy's.

As per a marketing daily, Macy's CEO Terry Lundgren said the customer connect has increased and the store will continue to invest into its Omni-channel strategies.

CONCLUSION

In the end it boils down to one line "Customer experience". Retailers would need to pitch in efforts to enhance customer experience to gain their loyalty. They would need to manage the complexity of the growing digital environment and changing demographics of the customers.

For companies that can manage complexity and respond to ever changing market forces effectively, 2015 poses great opportunities.

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