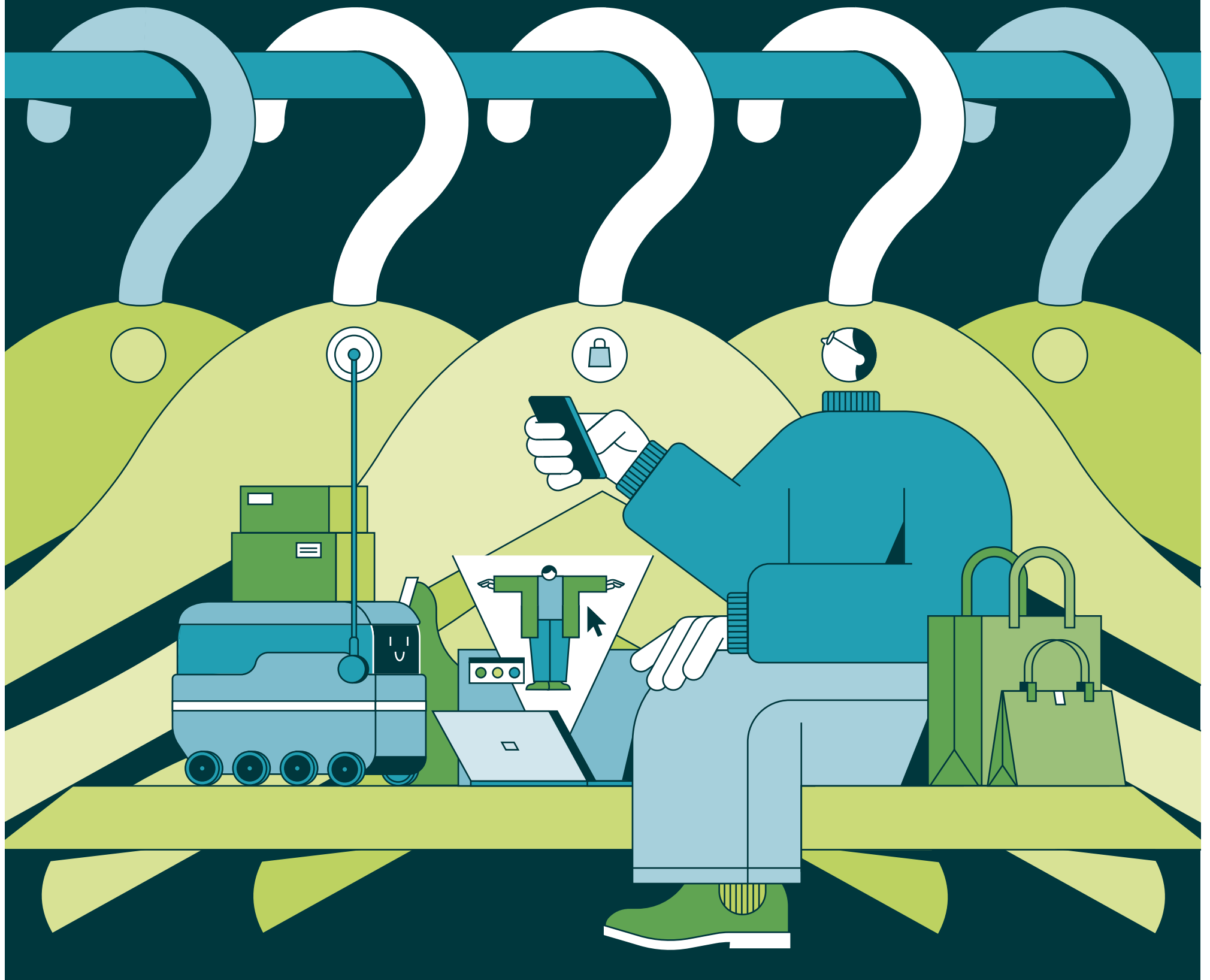


FUTURE OF RETAIL

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FUTURE OF RETAIL

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CHRISTMAS

How to encourage impulse buying online

Shutting doors in the run-up to Christmas is a retail nightmare for many stores, especially those that rely on chance purchases to boost revenue

Chris Stokel-Walker

Christmas, along with many other things, will look a little different this year. Families are considering resized turkeys for smaller gatherings, the result of coronavirus restrictions. And bricks-and-mortar retailers are wondering whether they'll get a reprieve from lockdown, granting a small window of opportunity for Christmas shopping.

Impulse buying accounts for 16 per cent of overall retail sales, by one estimate, which means every day shops aren't open in the run-up to Christmas is a lost opportunity. Families have their shopping lists, but once the main Christmas presents are bought, it's often offhand purchases that make up most of consumers' spending.

"I might have some vague ideas of the kind of shop I want to go to, but being in that environment and spotting something is useful," says Graham Sout, a retail analyst. "I think that's one of the joys of shopping in a bricks-and-mortar environment compared to online. The nature of online is you can't find something random unless you search for it. It's much harder to stumble across those things in an online world."

Yet with high street shops shut, and the number of shopping days until Christmas rapidly ticking down towards zero, the retail sector is in a quandary. How can retailers encourage impulsive purchases when the shops themselves are closed and those that remain open are operating on the basis of getting people through as quickly and safely as possible?

"There is a strong correlation between shopper dwell time and retail sales," explains retail analyst Natalie Berg. "The longer we spend in-store, the more we spend at the tills." However, in a world where social distancing is paramount, the amount of time spent in stores is limited and layouts are strictly controlled to ensure the least possible danger, the opportunities to influence impulse buying are almost non-existent.

And online stores aren't a real replacement for the opportunity of lazily browsing displays that help influence the buying decision of shoppers. "Online shopping will be a vital part of this Christmas," according to the British Retail Consortium, the industry body. "As such, retailers will have to be more innovative than ever to encourage more customers to make impulse purchases online."



millions of customers, goes some way towards doing that. But no one browses through Amazon in the same way as they meander through physical retail stores, says Berg. "Those impulse buys are harder to replicate in a digital setting," she says.

Drake has years of experience laying out his shop, placing items he knows make for good impulse purchases in strategic locations to pique shoppers' interests. The ability to encourage impulsive purchases makes a meaningful difference to the bottom line of his business, which is why he's decided to try and replicate some of that online.

He has offered shoppers the ability to peruse his products through Zoom. "We have one lady who has been shielding and reading a lot of Maigret," he says. "I thought I could stand in front of the crime section and talk her through a few bits she knows and add them to her 'to be read' pile."

It's an example of the ability for smaller shops to react quicker to circumstances, something we've seen time and again throughout the COVID-19 pandemic. "Independents are probably nippier, generally," says Sout. "We're seeing the agility and creativity of independent retailers in using other ways to get their messages across."

That's not to say some larger brands aren't also trying to replicate the offline experience online in the hope of stoking impulse buying behaviour. "Consumer demands haven't disappeared, they've just shifted or pivoted," says Berg. "That's where there's an opportunity. How do you translate that beyond clicking on something and getting the 'you may also like' recommendation?"

Retailers such as Diesel and L'Oréal have taken advantage of virtual and augmented reality to launch virtual showrooms, where it's possible to try on items virtually and test them on skin to see how they look: a digital representation of the physical world.

And while it may seem a strange situation to be in, the sector seems hardy enough to weather the storm. "It's never good to have to close your doors in November in the run-up to Christmas and one of the peak trading periods, but I think I keep making the point that I'm heartened by the positivity and resilience a lot of businesses are showing," says Sout. "That's one of the good stories to come out of this. It reminds us quite how clever and creative a lot of retail businesses are out there."

But, says Berg, that goes against years of innovation. "If you take a step back and think about e-commerce generally, the retailers have been focused on taking out friction from the e-commerce experience," she explains. Yet friction is what translates into impulse buys.

Some are trying to encourage impulse buying digitally. DRAKE The Bookshop in Stockton-on-Tees is

proudly independent. Its customers come from far and wide to browse the shelves and pick the brains of owner Richard Drake and his staff. "When someone is in the shop, you can have that two-way conversation," explains Drake, who recommends books based on customers' past interests. Amazon's "people like you also purchased" algorithm, based on the collective shopping history of its

16% of all retail sales are impulse buys

59% of customers said they initially discovered products while browsing online

22% said that they made their impulse purchases online

Geoblink 2019

PREDICTIONS

Six forecasts for the future of retail

The rapid pace of change currently reshaping retail is expected to continue post-coronavirus, but in what way? Here's what to expect in 2021, 2025 and 2030

Rosalyn Page

The coronavirus pandemic has accelerated future retail trends as many businesses rapidly adopt new services and technologies. Small businesses have been forced to develop digital platforms, in-store payments have moved away from cash and orders delivered by drones no longer seem worlds away. So what will shopping look like in 2021, 2025 and 2030?

By 2021



Return of physical stores

"We will experience our own version of the Roaring 20s," says Natalie Berg, retail analyst and founder of NBK Retail. While the coronavirus crisis has shuttered many high street stores and seen retailers and consumers flock to e-commerce, physical stores will be the focus again, but with a new emphasis, by late-2021. "We're all craving to go into a store again," says Berg.

While COVID-19 has undoubtedly accelerated the rise of e-commerce, there will always be a place for bricks-and-mortar retailing. However, Berg warns that mediocre 2020 players won't survive the pandemic and are unlikely to return as traditional retailers.

"There will be fewer, but far better stores," she predicts. The stores that thrive will need to tap into emotion, human connection, discovery and community. "Bricks-and-mortar retail will become a high-touch, sensory-driven experience," she says. "There's an opportunity for retailers to start innovating with the physical space again."

Berg also says physical stores will need to become frictionless in more ways than one. This includes contactless payments, reducing physical touchpoints, and expanding and simplifying click and collect. "So, more convenient by using technology to reduce friction in-store and making it easier and quicker for customers to get in and get out," she says.



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2

Personalised offers

One of the key future retail trends, personalisation engines will become more sophisticated by the end of 2021. Data that feeds into personalisation will hone the ability for retailers to suggest offers and content to consumers right at the moment of consideration.

"In the old days, people visited local shopkeepers who knew them by name and could predict their needs based on what they wanted through a personal relationship," says Riyadh Bhyat, head of Quantum in Europe, Middle East and Africa.

Bhyat says in 2020 some retailers are recreating that experience at scale using data-driven algorithms taking in hundreds of factors to drive hyper-personalised offers and service for national retailers. "2021 will point to the future when retailers will do your shopping for you," he says.

"When you opt in as a customer, they'll predict your needs and deliver them, thereby minimising search time. In fashion, this will extend to selecting items that perfectly fit you, based on the body scans you've shared."

By late-2021, data will be integral to the way businesses hear the voice of consumers and understand customer expectations. "It allows them to engage the people they serve not as demographics or segments, but as individuals and at scale. Whoever does this best over the next decade in any given market will undoubtedly win," says Bhyat.

By 2025



Unplash, Jeff Sheldon

3

Blended retail experience

The 2020s will be a decade of disruption; COVID-19 was just the curtain opener. In 2025, we'll still be experiencing the tail end of the pandemic in terms of its impact. "Hybrid working models, reduced business travel, commercial buildings at lower occupancy and discretionary spending will remain cautious," says futurist Dr Richard Hames. Future retail trends will see "retail theatre" develop at this time.

By mid-decade, the conventional retail model of just hanging rows and rows of clothes on hangers and supplying a couple of changing rooms and a mirror will be on the way out. "A resurgence in shopping malls, offering a richer range of experiences by blending retail,

music, dining and entertainment will take its place," says Hames.

Development of partnerships between different retailers, from hairdressers and spas to clothing retailers and office supplies, will see 'unlike' providers collaborate as part of a blended retail experience.

Midway in the decade will also be an inflection point in e-commerce, according to retail analyst Berg. As the decade started, e-commerce was focused on reducing friction and aiming for a seamless experience, but it will move to being more engaging and immersive. Traditional retailers and online retailers will transition towards a convergence point. "Consumers have come to expect fast and free delivery and returns, and then post-COVID; it's about immersion and discovery," says Berg.



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4

Customer expectations rule

In 2025, more retailers will tap into local communities, developing hyper-personalisation and hyper-localisation to attract consumers with suitable offers. The trend towards hyper-personalisation could see more retailers deliver a "white glove" service in a digital way to meet rising customer expectations.

"In lockdown, retailers have recognised the need to connect online consumers with in-store staff and this will become more of an opportunity to differentiate and develop customer loyalty through superior service," says Berg.

Future retail trends will see stores evolve and follow the example of Starbucks and Nike to play three roles. These are as a transactional

hub for immediate consumption, as an experiential venue and as a showroom to communicate about the brand and support online sales as e-commerce fulfilment points, according to Kanaiya Parekh, expert retail partner at Bain & Company.

Parekh predicts new digital solutions will enable retailers to meet rising customer expectations. Devices such as facial scanners will analyse skin to suggest personalised care based on individual needs and prior experiences. Virtual reality will enable customers to browse, interact with and read information about products in a virtual environment.

"Digital kiosks, powered by artificial intelligence (AI), at fast food restaurants, equipped with automated facial recognition, will let customers navigate the menu, self-order and use contactless payment," says Parekh.

By 2030

Smart supply chains

Smart supply chains applying AI to predict demand and calculate supplies will result in a direct benefit to the environment by 2030. "Stores used to be run by people who would gauge how much of each product they needed. Today there are deeply integrated systems managing stock replenishment, but these systems result in huge amounts of waste. Mountains of food and clothing get destroyed each year due to the difficulty of predicting what customers will want and when," says Quantum's Bhyat.

"In 2030, entire value chains will be aligned to accurate predictive models of consumer needs," he says. Bhyat predicts retailers will gravitate to suppliers with value chains more responsive to consumer

behaviour. "They will seek to collaborate with more progressive suppliers and potentially look to integrate supplier and customer AI capabilities," he says.

"This kind of AI-to-AI integration will result in automated supplier-customer sales negotiations in closed business-to-business digital marketplaces and upstream integration with suppliers of raw materials and financing solutions."

Instead of mountains of waste, data and AI will predict stock requirements, thereby limiting wastage and reducing the impact on the environment. And by 2030, retail in developed markets will have environmental issues embedded in it. "Customers will be able to understand and offset the carbon emissions of their retail spending through their bank," says Bhyat.



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5

Seamless shopping

Consumers will have seamless shopping experiences through social platforms in 2030, shrinking waiting time for customer service queries with smart chatbots and bringing highly personalised experiences through user-generated content.

Prompted by COVID-19 a decade earlier, which helped propel online retail towards true omnichannel social commerce, discrete sales channels will have dissolved. Highly immersive retail experiences will be provided by virtual and augmented reality. "In 2030, sales channels will include virtual reality and fulfilment will include drone delivery," says Bhyat.

Brands will enable customers to move from offline to online, while

providing a personalised experience. "Social commerce can combine the personal touch consumers used to find in a store with the convenience of an online purchase," says Luis Baena, principal at Oliver Wyman.

"Consumers are increasingly using social media to engage with brands across the entire customer journey, from discovering new brands and products to writing reviews, comments and feedback."

When it comes to the effect on future retail trends of social commerce, it will be a leveller between large brands and challenger brands. "Social commerce will increasingly become a powerful tool for small brands to access their well-targeted customer segments and make them able to compete with large brands," says Baena. ●



Witthaya Prasongin via Getty Images

6

Commercial feature



It's time retail took headless and PWAs seriously

Coronavirus lockdowns have been catalysts for retail change, accelerating the move towards a digital-first approach

When e-commerce is the only way of doing business, companies have re-engineered their operations to be digital at their core. The coronavirus pandemic has also exposed ageing infrastructure, legacy systems and the need for something different.

"Looking forwards, 2021 will be the year of the digital storefront. For some, we've seen ten years of growth in digital within six months. A lot of retail players are now looking for a better e-commerce architecture, something that's flexible, scalable and offers a more fulfilling customer experience," says James Brooke, chief executive of Ampliance, a global leader in digital experience management solutions for retail.

"We've now reached a tipping point. There's a proliferation of very mature tooling right now that retailers can leverage. Businesses don't have to compromise. At the same time many are going through a digital transformation. Those that adapt, create their retail digital twin effectively and utilise the right e-commerce solutions, will thrive."

The perfect storm has occurred over recent months. Customer habits have changed rapidly. Those retailers with monolithic systems realise the cost of making changes to their digital offering is high. This comes at a time when more purchases are on smartphones. This m-commerce could account for 73 percent of all retail e-commerce sales by 2021 and expect more growth when 5G is adopted.

"What we've seen is massive frustration with our customers' ability to deliver change quickly and do that digital transformation in a reasonable time and cost. That's what is driving a move to a completely new e-commerce infrastructure," says Brooke, founder of Ampliance, which works with more than 350 of the world's leading retail players, including Sainsbury's - Argos, Very Group, Liberty and Halfords.

If customers are coming through Pinterest or Instagram, Facebook Shops or TikTok in vast numbers, retailers need to funnel these customers effectively and pivot towards their needs with content to match. It's similar with mobile. Consumers now expect lightning speeds for downloading content. If it's not below a second, retailers can expect high bounce rates and higher cart abandonment.

"Customer expectations are evolving rapidly. They expect innovative experiences. Consumers also want to engage with brands in ways that are meaningful to them. The experience needs to be coherent, exciting and more optimised for digital channels, particularly mobile," says Brooke.

Part of this new architecture is so-called headless commerce, which separates the interface that's customer facing, or the storefront, from back-end solutions,

which are the product and order management part; hence the name "headless". It's increasingly being adopted by digital-first retailers as an antidote to traditional e-commerce architecture, which ties both systems together.

"Headless is a far more flexible and scalable architecture. The challenge is that there's still an issue with the business user experience. The management tools are fairly immature. This is what we've been spending our time and energy working on, trying to solve the management challenge for this new infrastructure, so we give businesspeople back control of this technology," says Brooke, whose company was named a strong performer in Forrester Wave reports.

Progressive web apps, or PWAs, are also part of this new retail tech architecture. These are app-like experiences, but without the need to build a native app, and are in response to the shift to mobile. Lightning fast when it comes to load times, searchable via the web and no need for an app-store, they're another game-changer.

"Combining headless and PWAs, retailers can now have their cake and eat it. Businesses don't need to incur huge upfront investment costs for the rollout of this architecture. You can take an iterative approach, manage the risk more easily and show early gains. We've seen clients show remarkable results with these new tools," says Brooke. "Their time is now."

For more please go to www.ampliance.com



“Those that adapt, create their retail digital twin effectively and utilise the right e-commerce solutions, will thrive”



Online shopping gets social

Social media is no longer simply a place to escape, communicate or seek distraction, it's now a major retail channel too. So what do brands need to know about social commerce?

Megan Tatum

During the long and anxious months of the first national lockdown, use of social media in the UK soared. People collectively logged on to online networks as a way to communicate, connect with the outside world or find temporary distraction. But also, to shop.

According to research by ParcelHero, a fifth of all consumers indulged in social commerce during the initial lockdown. And by the end of 2020, it is predicted nearly 11 million UK shoppers will have discovered a product on social media, an increase of 95 per cent compared to 2017.

For these consumers, shopping via the likes of Facebook, Instagram and YouTube injected joy back into the shopping experience, says Julie Atherton, consultant, strategist and author of *Social Media Strategy*. "What we've seen during the pandemic is people of all generations

embracing social media in its truest sense, using it to bring themselves closer together. What social commerce does is allow you to shop with others too and bring back some of that experience of browsing a physical store with a friend. It puts pleasure into ecommerce."

It isn't only the shoppers themselves who stand to benefit either. For the platforms, it keeps users safely contained within "the walled garden" of their network, without ever being directed to a third-party site.

And for brands and retailers, it accesses the 96 per cent of UK consumers who frequent social media channels at least once a month, with the average user logging on for two hours every single day.

"You can see why there's an impetus from all of us to get involved, whether we're a consumer, the brand or the platform," says Atherton.

That said, for brands and retailers keen to take advantage, it's best not to simply jump straight in without some preparatory steps, advises Jake Knowles, senior retail consultant at BJSS. "Yes, it's a strong option, the numbers speak for themselves, but diving feet first into TikTok just because it's all over the headlines isn't the way."

Start by getting clarity on what you're looking to achieve. Is it to use social media as a platform for discovery? To pull engagement away from rival brands? Or simply to convert more clicks to sales? "Then compare that strategy to what the different platforms can offer and take a more

A screen shows final sales figures after Singles Day 2019. Over 38.3 billion US dollars were spent on Alibaba platforms during the 24-hour shopping festival

strategic, considered approach," says Knowles.

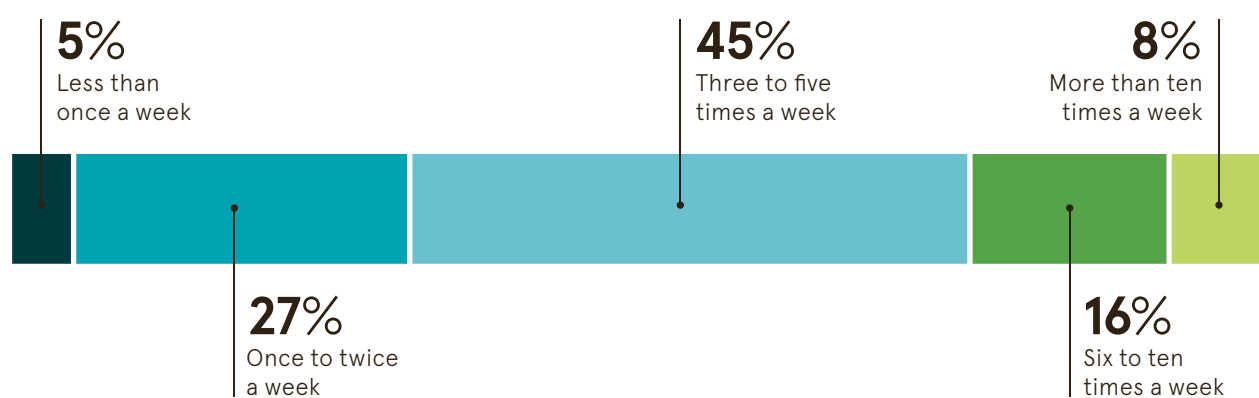
Conduct a little data analysis too, BJSS head of industries David Gore adds, to establish exactly who your core demographic is, which platforms they tend to frequent and how they currently use the different channels.

With this insight, brands and retailers can then start to think about which platforms are the right fit. Don't spread yourself too thin across all the options either, but opt to "excel on a couple", says Tamara Littleton, chief executive of The Social Element.

Currently, Instagram remains the most popular choice in the UK.

FREQUENCY OF WATCHING SHOPPING-RELATED LIVE STREAMING AMONG RESPONDENTS IN CHINA

As of May 2020



Figures may not add up to 100 due to rounding

Data100 Insight 2020

According to a 2019 Stackla report, it's the preferred platform with 92 per cent of retailers, a preference Littleton says she sees reflected across her own clients. In large part that's thanks to the introduction of its Instagram Checkout function in 2019, which allows users to find, purchase and pay for a product, all without leaving the app.

"That has been a game-changer," she says, paving the way for "incredibly quick" transactions, which caters to those brands that rely on impulse purchases. To access the tool and offer purchase options both on their feed and Instagram stories, brands and retailers need only set up an approved commerce account.

Then there is Facebook. The most established, and arguably most straightforward, of the platforms, in May it made social commerce even simpler with the introduction of Facebook Shops. The free tool enables any sized business to display, customise and sell direct to consumers with a minimal investment of resources or expertise. "It's a great shop window," says Littleton though, unlike Instagram, the UK platform still funnels users to complete a purchase on a business's own ecommerce site.

For larger brands and retailers, YouTube can also provide a compelling way to reach potential consumers, she adds. Approved platforms with 10,000-plus subscribers, unless they are targeted at children, will automatically be entitled to a "merch shelf". This sits underneath their video content and allows them to showcase up to 12 products for purchase.

Not to forget gaming platform Twitch, owned by Amazon and integrated with its application programming interface, or API, which means brands don't need their own ecommerce platform to take advantage. The platform allows users to shop straight from video broadcasts, allowing companies to drag and drop widgets beneath.

TikTok too, though relatively new among platforms, "can be a wonderful place to tell stories about your product", says Littleton. Plus, in October, the platform announced its partnership with Shopify, paving the way for social commerce. "That makes it one to watch," adds Littleton.

Whichever platform a brand or retailer opts for, they'll then need to

“Yes, [social commerce] is a strong option, but diving feet first into TikTok because it's all over the headlines isn't the way

think carefully about how to transition their existing ecommerce offer onto social media.

Chloe Cox, social media lead at Wunderman Thompson Commerce, recommends brands and retailers establish themselves first on the platform via traditional marketing content, to "capture consumers before you start to advertise". And, once you do start to sell, use a diverse mix of content that moves between shots of products, to partnerships with influencers and shoppable posts.

Prioritise educational content that signposts consumers on why and how to shop via social too, says Gore at BJSS. In addition, ensure those managing these accounts are well equipped for a shift to commerce, by providing "employees and

influencers with toolkits that enable them to have the relevant technical skills, such as how to engage audiences through live streams".

Remember, it's about balancing the short-term gains, with longer-term brand loyalty, he adds, so integrate promotions and wider marketing campaigns on the platform "to embed this as a permanent content channel".

After all, all the signs are that social commerce will be a permanent fixture in retail going forward. Even without a global pandemic, there's little doubt it was set to enter the mainstream. And now that's likely to happen years earlier. For brands and retailers, this creates a new urgency. They'll need to learn fast or face being left on the merch shelf. ●



Can China teach the UK how to master social commerce?

On November 11, China celebrated Singles Day. What began in the nineties as a day when unmarried people would celebrate their single status by treating themselves to a few small gifts is now the biggest online shopping festival in the world. 2020 was no exception, with \$100 billion spent over 11 days when Chinese shoppers snapped up deals on food, fashion, furniture and even real estate.

That's in no small part thanks to the explosion in social commerce in China. Sales via social are expected to bring in \$240 billion to the country's brands and retailers this year, an increase of a third in just one year, with 30.6 per cent of the population purchasing a product via a social media platform, compared to only 16 per cent in the UK.

For the Singles Day sales, Chinese consumers were treated to thousands upon thousands of live shopping streams by brands, coupled with celebrity appearances, giveaways and discounts on Weibo, Renren and WeChat.

This turbocharged adoption of social commerce is partly due

to China's relatively new middle class, for whom retail first took shape against a background of digitalisation, says Young Pham, chief strategy officer at digital consulting firm Cl&T. Partly too, it's China's dense, urbanised population. The country's major metropolises, such as Shanghai and Beijing, provide platforms the chance to reach up to 50 million people in a 30 or 40-mile radius, who are therefore easy to ship and deliver to.

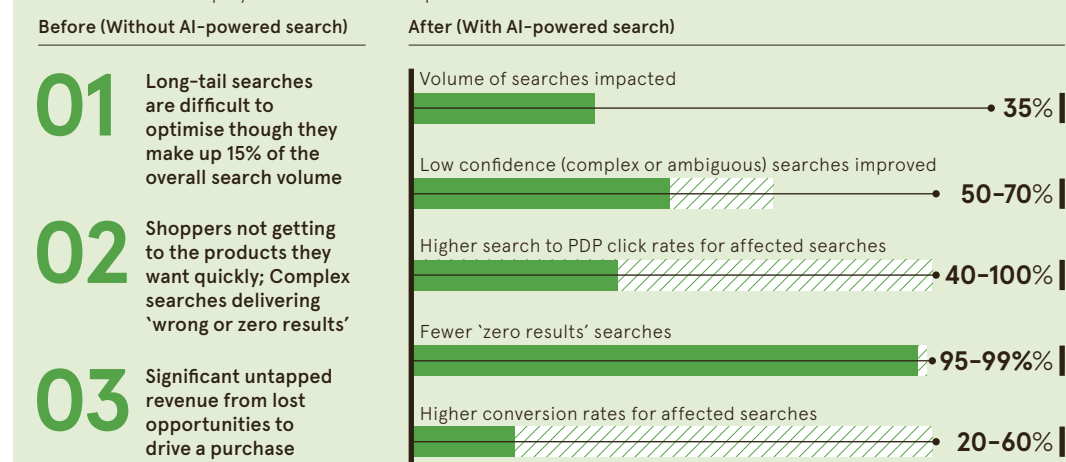
Whatever the drivers though, it's clear the UK can learn plenty from China's example. Take the "pomp and circumstance" that surrounds Singles Day, says Pham. "That experience element has been critical to success in China." Brands and retailers in the UK should take note and ensure social commerce is as much experiential as transactional, he recommends. Be that beauty brands providing online consultations or fashion retailers working with celebrity ambassadors to showcase new lines.

Stay one step ahead by learning from emerging trends in China too, adds Jake Knowles of BJSS. That includes both live streams, but also peer-to-peer shopping, where platforms facilitate shoppers "socialising" in pairs or groups as they purchase. One Chinese platform, Pinduoduo, actually lowers its prices, the more consumers are browsing products together.

Don't ignore the impact of China's fulfilment capabilities either, adds Knowles, and the capacity for ecommerce operators such as Alibaba to distribute widely across a huge geographical area. "Yes you need the glitz and glam, but you have to have the infrastructure in place as well."

THE IMPACT OF AI ON SEARCH & DISCOVERY

Results based on deployment across 4 Attraqt retail customers (2020)



AI-powered search is the new weapon in online retail

Artificial intelligence and machine-learning can help place more items before consumers as they browse online, boosting sales

The ability to search and find the product you want is the most critical factor of every shopping experience, especially with the shift to online in this coronavirus-conscious era. Google knows it, so does Amazon, that's why they invested heavily in search powered by artificial intelligence (AI). Every keyword search counts. Search technology is now the most underrated function in retail.

"On-site search has been neglected until now. This is one area retailers can up their game with little investment, by accessing untapped revenue opportunities immediately. Return on investment is huge," says Mark Adams, chief executive of Attraqt, a global leader in online search and merchandising solutions.

Retail ecommerce is increasingly about convenience at the point of purchase, however product discovery on a website can be challenging. Shoppers often need to type in the exact words to get to the products they want. Relevant

search results are often low. With large retail catalogues, finding products quickly can be an issue, as can locating items on unfamiliar websites. This issue has been amplified during the pandemic as consumers shop more online.

"For most retailers, search still runs on legacy technology that's not fit for purpose. Yet shoppers expect a 'Google quality' response. They want to enter increasingly complex text strings into search boxes and get a spot-on result instantly. But this isn't happening. Search is not meeting rising consumer expectations," says Adams.

AIM-listed Attraqt works with more than 300 brands globally, including adidas, The Kooples and Screwfix.

Such savvy retailers increasingly realise they need a best-of-breed approach using the latest ecommerce solutions to drive better conversion, growth, revenue and superior experiences. Search is just one tool out of dozens retailers can deploy, yet this function is the start of a high proportion of shopper journeys that end in a checkout. It is crucial.

"If you're not returning relevant results on that first search term or worse 'no results', that's often the end of the shopper journey. If you increase the number of products someone clicks on by even a small amount, you're going to have more customers checking out," says Adams.

"AI-powered search can have a radical impact on conversion rates, sometimes by up to 60 per cent. We've achieved increases in revenues of between £3 million and £10 million in the deployments Attraqt has undertaken so far. This is game-changing.

"Search results using algorithms and machine-learning can sift through vast troves of data ranking them in milliseconds providing greater relevance. This impacts a retailer's bottom line. Businesses need to deploy it right now

if they aren't doing so."

Increasingly search is managed within the shopper journey. Merchandising teams know what products customers click on, browse and purchase after their searches. AI can interpret this data, learn and feedback for subsequent queries. This is called contextual search and gives the retailer more strategic control to deliver the right experiences over shopper journeys that start with keyword queries.

"Retailers are never going to be able to tag all their products effectively. This is where machine-learning helps. AI-powered search learns over time correlating both product tags and searches with customer data. This mapping is crucial. In turn it gives customers a personalised experience, providing relevance and context every time they search," says Adams.

Algorithms can be trained on whole product catalogues and usage logs, crunching data on images, text, descriptions, categories and other attributes, creating a unique product fingerprint for each item. This relies on deep learning, natural language processing, computer vision and information retrieval technologies, resulting in much better search.

"Our 2020 acquisition of proprietary IP, from leading AI innovation lab Aleph One, allows us to do just that. Now any of our retail customers can deploy this technology," says Adams. "It's the next frontier."

For more please go to www.attraqt.com



“On-site search has been neglected until now. This is one area retailers can up their game with little investment, by accessing untapped revenue opportunities immediately

RETAIL ASSISTANTS

Are you being served?

For too long, retail workers have been overworked, underpaid and underappreciated. Now, they might be the best people to reinvigorate their sector

Josh Sims

Walmart, the US supermarket and department store giant, just pulled the plug. After a year-long experiment using automated technology, including robots to track inventory and scan the shelves, the retailer has decided it is people, actually, who do the job better. What's more, people, even pushy ones, don't creep out the customers in quite the same way.

What might come as a blow to the robotics industry is no doubt a relief for shop-floor staff. After all, a widely cited 2013 report from Oxford University reckoned by 2020 the likelihood of sales assistants being replaced by tech was at 92 per cent.

"But that hasn't come to pass, not even with the pandemic driving a stampede to online shopping, such that bricks-and-mortar shops seemed evermore redundant," says Rachel Jones, senior lecturer in fashion business marketing at the University of Westminster. "I'd bet the effect may be the opposite as there's now the scope for, and a drive towards, a new idea of shop-floor staff as more expert, connected and emotionally engaged."

Dr Denise Dahlhoff, senior researcher at consumer behaviour analysts The Conference Board and lecturer at Wharton Business School, Pennsylvania, says: "The pandemic's increased digitalisation of shopping has put a lot of pressure on offline stores, even in the business-to-business world, but it's also placed a new emphasis on everything tech can't do: communicating at a human level, creating communities, generating loyalty."

"But it has also meant evermore knowledgeable customers have higher expectations of offline retail, especially of sales associates. There's a need for a new kind of super sales assistant." Indeed, if shop-floor work has historically been low status and low pay, far from tech doing away with the role altogether, a counter narrative is it will require a rethink of the job description and the kind of person right to fill it.

Dahlhoff speaks of "the Tupperware model", for example, after the maker of plastic containers' famed use of customers to sell to



“While tech aids processes, it doesn't necessarily improve the in-store experience for shoppers

other potential customers: "There's a demand for sales associates who are enthusiastic brand users, because they make for authentic sales people." Malcolm Costello, owner of Four Seasons Recruitment, a recruitment agency specialising in fashion and luxury retail, argues this transition has been happening over the last five years, but the pandemic has accelerated it. There has, he says, been too much emphasis on technology in retail as a panacea.

"But while tech aids processes, it doesn't necessarily improve the in-store experience for shoppers. Improving that will be vital to the survival of shops and crucial to this improvement will be sales associates," says Costello. "Retail needs to reinvent itself and understand sales associates are a major part of that. These people will need to be recognised for their passion and knowledge."

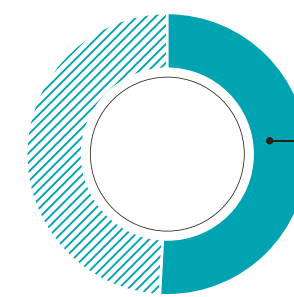
This will require a more considerate, flexible approach to job-sharing, working across multiple stores, and to opening hours, for example. "Late-night hours don't encourage anyone to love their job," he notes. And pay needs to be higher, with bonuses, and not commission based. "Because people don't want to be sold to. They want someone with insight and advice, who can provide services ahead of sales," says Costello.

This is especially the case when it comes to more technical products, such as electronics, pharmaceuticals and DIY, or when a good eye is beneficial, as in fashion.

This approach will be essential in what Georgia Hanley, division manager of TRP Recruitment, refers to as a new retail environment, which is as much about the in-store experience as selling merchandise. Indeed, with retail increasingly described as experiential, with shops featuring skate ramps, workout classes, cold rooms, cookery classes or art talks, much of it designed to be Instagrammable, sales staff are likely to be more the essential facilitators of a brand adventure.

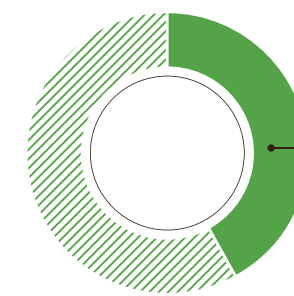
"Because it's long been underpaid and poorly trained, a retail career has been looked down on," she says. "But the situation is propelling a new look at the sales assistant as absolutely essential, as someone closer

CONSUMER VIEWS ON THE NEED FOR SALES ASSISTANTS IN RETAIL STORES USING AUTOMATION TECHNOLOGY WORLDWIDE IN 2019



51%

I am skeptical of using automation technology in stores because there are no store employees who might help me use it



42%

Self-checkout is a hassle because I often need a sales assistant to help me

Cappgemini 2020

to a business developer. It's actually about a return to rather a traditional concept of shop-floor work, when sales assistants had their little black book of clients, when there was a rapport with them, when they could call a customer up and ask about the family."

Improvements in training will be essential, because it's not as if technology, data rich and complementary to rather than competing with humans, won't be a greater part of the retail landscape to come, though initially at least it's set to manage more repetitive or mundane tasks like taking payments.

Fabian Wallace-Stephens, senior researcher with the Royal Society of Art's Future Work Centre, says the mistake for much retail has been "to try to compete with, say, Amazon on tech, rather than differentiate itself through the role of shop staff". Sales assistants, he argues, look increasingly like playing the role of in-store influencers enabled by tech, "to provide the kind of service that can't simply be moved online".

Liberty, the London department store, for example, took the opportunity of lockdown to overhaul its website, but also to look at how the online shopping experience could better integrate with offline to provide an omnichannel approach. It has introduced an Ask the Expert service, through which customers can book video calls with shop-floor staff, as well as Live Chat. Both have proved a hugely popular way of linking remote customers direct with shop staff at the rails and shelves. The sale may still end up being online, but it's been nurtured and facilitated by a real person.

"We're looking more at tech as an enabler for the expertise of our ambassadors," as Madeleine Macey, Liberty's chief marketing officer, describes shop-floor staff. "I don't think any retailer has got this 100 per cent right yet, but clearly there's still a need for a human point of view in

“Until recently, only a handful of retailers have been ready to really understand that people are the special element that makes good retail good

retail. It's not just about getting the transaction done as soon as possible. It's the people who really represent the brand who are going to be most valuable to the company they work for."

Kelsie Marian, retail research director at Gartner, says: "A lot of even the more futuristic ideas, like inventory robots or smart shelving, are really about getting information to sales associates. And that matters because I can't emphasise enough how retail store associates are still key to competitive advantage."

Gartner research suggests customer satisfaction is 2.5 times greater in stores with well-trained, well-paid shop-floor staff and that these staff members are 30 per cent more productive. Perhaps inevitably, having well-paid staff results in lower staff turnover, greater job satisfaction and better service.

"It's been some time coming, but I think the pandemic will prove a turning point in retail attitudes to sales associates," says Marian. "The future is going to be about creating high-performance sales teams. The question is how quickly retail addresses the idea, because until recently only a handful of retailers have been ready to make the investments in staff, to really understand special people are the special element that makes good retail good retail." ●

#supportsmallbusiness

Instagram is helping small businesses survive, and even thrive, during the pandemic

When the UK went into its first lockdown, in March, the Borough Market London bakers and bakery school Bread Ahead (@breadaheadbakery) saw its customer numbers drop and had to stop its courses.

In response, it got creative, hosting live baking workshops on Instagram to replace the unique interaction it would have with consumers in-store and to help build an online community.

"Instagram has been an invaluable platform for us to stay in touch with our customers throughout the pandemic," says founder Matthew Jones. "On a daily basis, home bakers from all over the world join our online community where we offer live baking classes, baking tutorials on IGTV and a behind-the-scenes look at what we're creating on Stories."

It's a similar tale for PRICK London (@pricklondon), a popular cacti and succulents store founded by Gynelle Leon. She has used the pandemic as an opportunity to nurture and grow the online side of her business, encouraging her followers to be #isolatedwithplants to help their mood during lockdown.

"Rethinking our strategy, we were able to drive sales and create weekly buzz through things like 'product drops' on Instagram," says Leon. "These changes not only helped increase our sales, but also built interest in our business and created meaningful engagement."

Instagram has long been vital for connecting UK businesses and their customers, and this has been underlined during the pandemic. As high streets have been forced to shut, the platform has helped millions of small businesses to reinvent themselves, enabling them to build new "digital storefronts", inspire customers with images and video, and find new ways to sell goods online.

"Now more than ever, people want to feel a personal connection to support the places they shop and Instagram makes it easy for businesses to create content that tells their story, and shows off their products and services in exciting ways," says Gord Ray, Instagram's brand development lead.

“Instagram is committed to helping small businesses survive and thrive through the evolution



Currently Instagram has more than a billion users worldwide, 83 per cent of whom say they have used the platform to find new products or services, and one in ten follow a business on the app.

Its specialist business features offer powerful marketing opportunities too, from being able to display your company's opening hours and contact info, to the ability to boost posts and tag products in Feed, Stories, and soon Reels, so people can easily click to buy.

Since March Instagram has also rolled out a host of new features to help businesses struggling in the pandemic. These include Shops where retailers can create immersive full-screen digital store fronts to help build their brand story and drive product discovery; Food Orders which allows restaurants to offer takeaway services by adding an action button to their accounts that takes followers to their websites; and Support Small Business Stickers to let people promote their favourite small businesses in their Instagram Stories. More than

47 million stories have used the sticker over the past three months.

Times are tough but businesses have been given a unique opportunity to try new things digitally in the crisis.

The high street's shift to digital began long before the pandemic, but has jumped forward light years since March and the impact is likely to be long lasting. Similarly, Instagram's new features are not just on offer during the crisis, but here to stay.

"One thing is clear," says Ray. "Retail is unlikely to ever be the same after the crisis, and Instagram is committed to helping small businesses survive and thrive through the evolution."

For more information please visit www.instagram.com



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BRICKS AND MORTAR

Turning the high street on its head

As the coronavirus pandemic drives big brands online, they are leaving behind increasingly affordable high street stores, something of which ecommerce brands are taking advantage

Cath Everett

As the retail sector becomes increasingly polarised between providing consumers with either functional or emotional shopping activities, the future of the high street will progressively be based on experiences and the personalised services generally provided by smaller stores.

Tim Greenhalgh, chairman and chief creative officer at retail and brand consultancy Fitch, explains: "The future of shopping is not retail. The future of shopping is experience. Things were already in motion here before COVID, but they've now been accelerated and brought to the fore."

In his view, retail has now become transactional, whether a purchase takes place via a mobile phone, online or in store. Shopping, on the other hand, is all about service, which is being driven by several key trends. These include a growing move to buy both locally and more sustainably, and the appeal of the more human approach offered by smaller, independent shops.

As a result, says Greenhalgh, he is already seeing evidence of big-box retail starting to follow the lead of the independent sector and embrace the idea of having a "local presence rather than just a smaller format shop in a local environment". In other words, it is about curating and stocking local products and brands, while also "working harder to ensure staff are the face of the brand" and create ongoing relationships with their customers, he says.

"They're starting to realise that just having shops with shelves is the old retail, while the new shopping is about service and making it real," Greenhalgh explains.

At the same time, although many of the big brands may have been dabbling with ecommerce for a while, the pandemic has inevitably accelerated their move online, forcing them to seek new revenue streams as the usual footfall to physical stores has been curtailed.

According to Moira Clark, professor of strategic marketing at



the past, the fee is now based on turnover rather than being a traditional fixed-cost arrangement.

Dumitru likewise expects to see "more and more D2C brands testing the offline waters". While she believes retail partnerships, such as those offered by Showfields in New York, which in a reimagining of the traditional department store enables digitally native brands to interact with customers in an offline setting for a monthly membership fee, will flourish, there could well, in the short-term at least, also be a growing appetite among D2C businesses to open high street pop-up stores.

Should they prove successful, these offline spaces could then turn into a more permanent fixture, while managing to stay true to their identity and the values that helped them grow in the first place, says Dumitru.

A positive example of this mixed approach, she believes, is the French D2C clothing label Sézane. Its London store has a similar aesthetic to the firm's Instagram feed, holds carefully curated stock and enables shoppers to collect their orders or return items. Dumitru describes it as "truly chic omnichannel execution".

Other so-called experience trends include concept stores, which were first pioneered by fashion designer Mary Quant in the 1950s and the rather newer "campfire" communities, such as The People's Supermarket in Holborn, London. The supermarket, which sells locally and ethically sourced produce, acts as a community hub staffed by volunteers who work for four hours a month in exchange for a discount on their shopping bill.

Ultimately, what this all means is, despite widespread prophecies of doom, "the high street isn't going anywhere soon", says Dumitru. Instead it will increasingly morph and change into a place where people interact with and experience brands rather than simply undertake a transaction. In this context: "D2C brands will enhance the high street, but there'll also be traditional brands that will adapt and flourish too," she concludes.

Ogilvy UK, points out: "What was once the playground of digitally native brands has become a more cluttered space, where everyone is trying to increase their share of audience attention."

On the other hand, high street rents are starting to fall due to a range of factors, including social distancing and chains either closing stores or going bust.

In London, for example, estate agency Savills has reported the biggest drop ever in rentals across prime central-London sites, with a 12.9 per cent fall year on year. Land Commercial Surveyors, meanwhile, forecasts post-pandemic rents could plummet by as much as 50 per cent.

As a result, Nam expects to see growing numbers of D2C and challenger brands trying their luck on the high street. While this trend is already making its presence felt in the United States, it is much more early stages in the UK. "But I can predict confidently it will happen," she says.

"Landlords are starting to understand D2C retailers bring more traffic as we have a dedicated online following that will come to our offline store and that drives up the overall value of the street," Nam explains.

She has just negotiated a new rental agreement with a landlord in London's Westbourne Grove. Despite being an unaffordable location in

“The future of shopping is not retail. The future of shopping is experience

Henley Business School, this situation is opening up opportunities for smaller online retailers as supply disruption has meant consumers have bought elsewhere, liked what they've seen and may not go back. "COVID has been a loyalty disruptor," she says.

But there have been other impacts too, says Connie Nam, founder and chief executive of jewellery brand their customers, he says.

"Because big brands with deeper pockets are now strengthening their presence online though, the steadily rising cost of online marketing means many smaller brands are being priced out, says Nam.

To make matters worse, Larisa Dumitru, head of ecommerce at advertising and marketing agency

CENTRAL LONDON RETAIL MARKET

	West End footfall weekly average year-on-year	New international entrants	Prime West End vacancy rate	All central London Prime Zone A rental growth year on year	Oxford Street West prime Zone A rent	Central London investment volumes
2019 Q3	-0.1%	14	5.0%	-4.0%	£850 per sq feet	£193m
2020 Q3	-59.9%	2	6.1%	-12.7%	£750 per sq feet	£21m

Savills 2020

Trust what consumers say

Consumer reviews via an independent, transparent and trusted channel have come into their own

The world of retail has been altered forever by coronavirus, with the resulting change in consumer behaviours driving in-store shopping into a downward spiral and fuelling unprecedented growth in ecommerce. In the absence of physical access to product information, consumer purchasing decisions are based on available digital content, which increasingly is being generated by customers themselves. Online reviews have been part of the consumer decision-making process for many years. Peter Mühlmann, founder and ceo of Trustpilot, a leading online review platform, founded the company in 2007 to make customers feel confident in buying from businesses proven to be trusted by other customers. Thirteen years on, he explains why customer reviews are now the lynchpin of the trust infrastructure in a rapidly expanding online economy.

"This year was a huge shock to the system for everyone, with developments in ecommerce that would likely have happened over a number of years taking place in six months," he says. "As a result everyone feels a greater degree of uncertainty and the need for reassurance that these new ways of doing things will be just as good as the old ways."

"In that sense, consumer reviews that validate the quality of a brand, service or product and the authenticity of customer satisfaction with it, via an independent, transparent and trusted channel, have come into their own."

The shift in shopping behaviours since lockdown is stark. In October the decline in shopper numbers across all UK retail destinations fell by 31.5 per cent year on year, according to figures from Springboard, while ecommerce sales have continued to soar, alongside greater use of customer reviews. Trustpilot has more than 100 million reviews on its platform and its own research shows that by the end of March, 33.6 per cent of consumers were checking reviews of businesses and services more frequently than they did before lockdown.

"Consumer trust is a key differentiator online," says Mühlmann. "Businesses may not be able to compete on price with larger companies, but they can compete by creating a better consumer



experience and reviews help them to do that. With Trustpilot services such as Review Insights, they can look more holistically at trends and sentiments across all their Trustpilot feedback and create digestible reports for the senior management team.

"In the post-pandemic retail renaissance, to compete against the likes of Amazon and eBay, every business will need to invest in its own trust ecosystem, based on asking customers for their honest feedback."

Research has shown consumer review websites rank second only to friends and family as the most trusted by consumers in the UK and United States to provide an honest opinion about a product or service. A Trustpilot Canvas8 study² showed 89 per cent of consumers in the UK, United States and France check online reviews as part of their online buying journey. It is the difference between a brand telling customers how great their products and services are, and someone who has actually purchased them telling other customers how great they are. However, the reality of inviting honest feedback is that sometimes it isn't great, but as Mühlmann points out, negative reviews from customers can be as valuable as positive reviews. For one thing, they are a sign of the transparency and authenticity of the review website.

He says: "Some companies worry about negative feedback, but it is better than having no feedback at all. In an age of online scams and bogus businesses, open, honest feedback tells customers you are a real business. We also know from research of consumer behaviour that people are more likely to buy if there is mixed feedback, with a few

negative reviews than if there are no reviews at all."

Even more important is how the company responds to negative feedback and a good response to a negative review, demonstrating how well a business deals with a problem, is crucial. Negative reviews are also a powerful tool for business improvement and innovation. "Business owners often assume their customers will tell them if they've had a bad experience," says Mühlmann. "Most times, unless you ask them, they won't, but they will probably tell their friends. Asking them for feedback gives you the chance to respond and to make changes that will improve your offering. It shows potential customers you listen and you care, and that is key to establishing trust."

“Consumers want to know that review content is independent and unbiased. Any hint of suspicion that it isn't will destroy their trust in the review, and potentially, the brand

click-through from search engines. Recent studies reveal how dramatically consumer shopping habits have evolved over the past several months and why the old normal of recent years and early-2020 is almost certainly gone for good. In a global study by Salesforce³, 58 per cent of consumers expected to do more

online shopping after the pandemic than they did before, while 80 per cent of business buyers expected to do more business purchasing online in the post-pandemic era.

Mühlmann concludes: "As new consumers flock online and businesses new and old follow them, brands still need to show they are a trusted entity. To this end, the consumer review will become even more ubiquitous. However, it will be the transparency and authenticity of those reviews, the values on which Trustpilot has been built, that will be the real differentiator for businesses."

"Consumers want to know review content is independent and unbiased. Any hint of suspicion that it isn't will destroy their trust in the review and, potentially, the brand. What they want is an independent third party, a trusted institution, to give them that confidence."

For more information please visit business.trustpilot.com



1 <https://www.retailgazette.co.uk/blog/2020/11/footfall-plummets-31-5-across-retail-destinations-in-october/>

2 <https://uk.business.trustpilot.com/guides-reports/build-trusted-brand/the-critical-role-of-reviews-in-internet-trust>

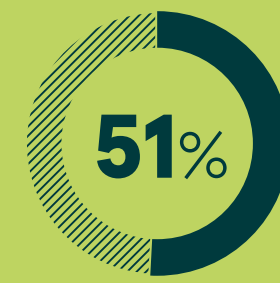
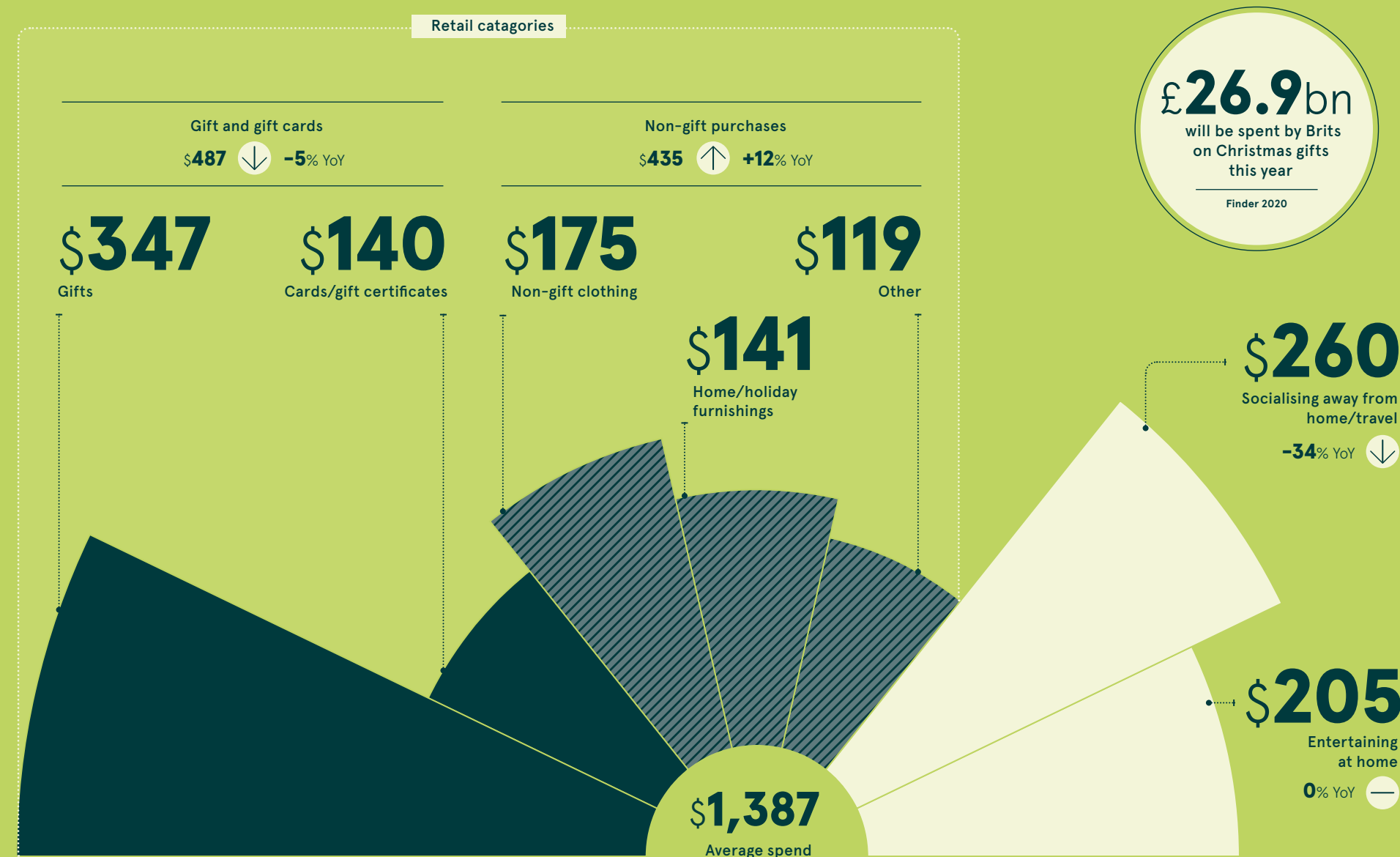
3 <https://www.digitalcommerce360.com/article/coronavirus-impact-online-retail/>

FRUGAL OR FRIVOLOUS?

The coronavirus pandemic will undoubtedly change the traditions of the festive shopping season, but how it will impact the retail sector remains to be seen. With research showing that Christmas is more important to consumers this year than before, will the virus outbreak be a boon for all retailers as shoppers indulge in gift-giving, or are people likely to cut back on spending as the economic crisis continues to unfold?

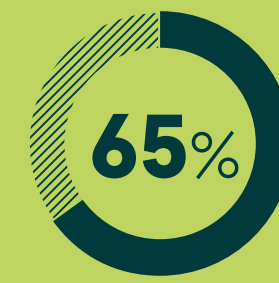
THE FESTIVE BUDGET

American households expect to spend \$1,387 on average this holiday season, down 7 per cent year-on-year, but breaking down the budget shows some significant changes



of US consumers said they feel anxious about shopping in-store this holiday season

Deloitte 2020



said they would prefer to shop online to avoid crowds

1 in 2

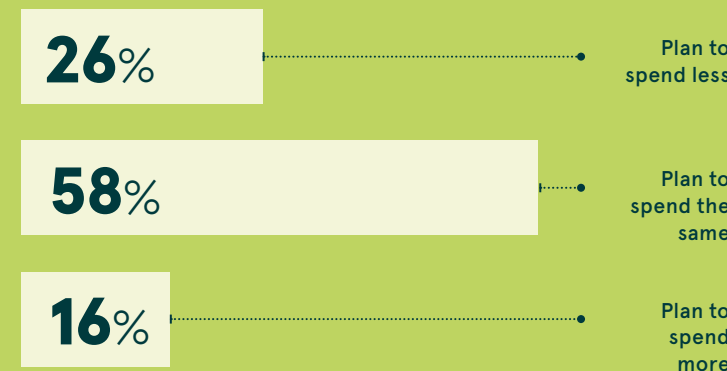
UK adults surveyed in September say Christmas would be more important than ever in 2020, rising to three quarters of 18 to 34-year-olds



Kinetic UK 2020

SPENDING OR SAVING?

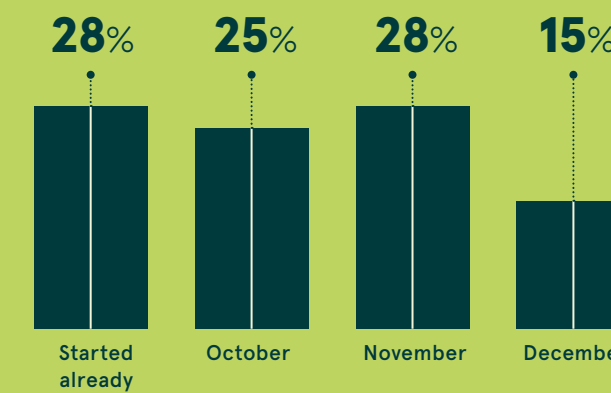
How UK shoppers expect their spending to change from last Christmas



Kinetic UK 2020

STARTING EARLY

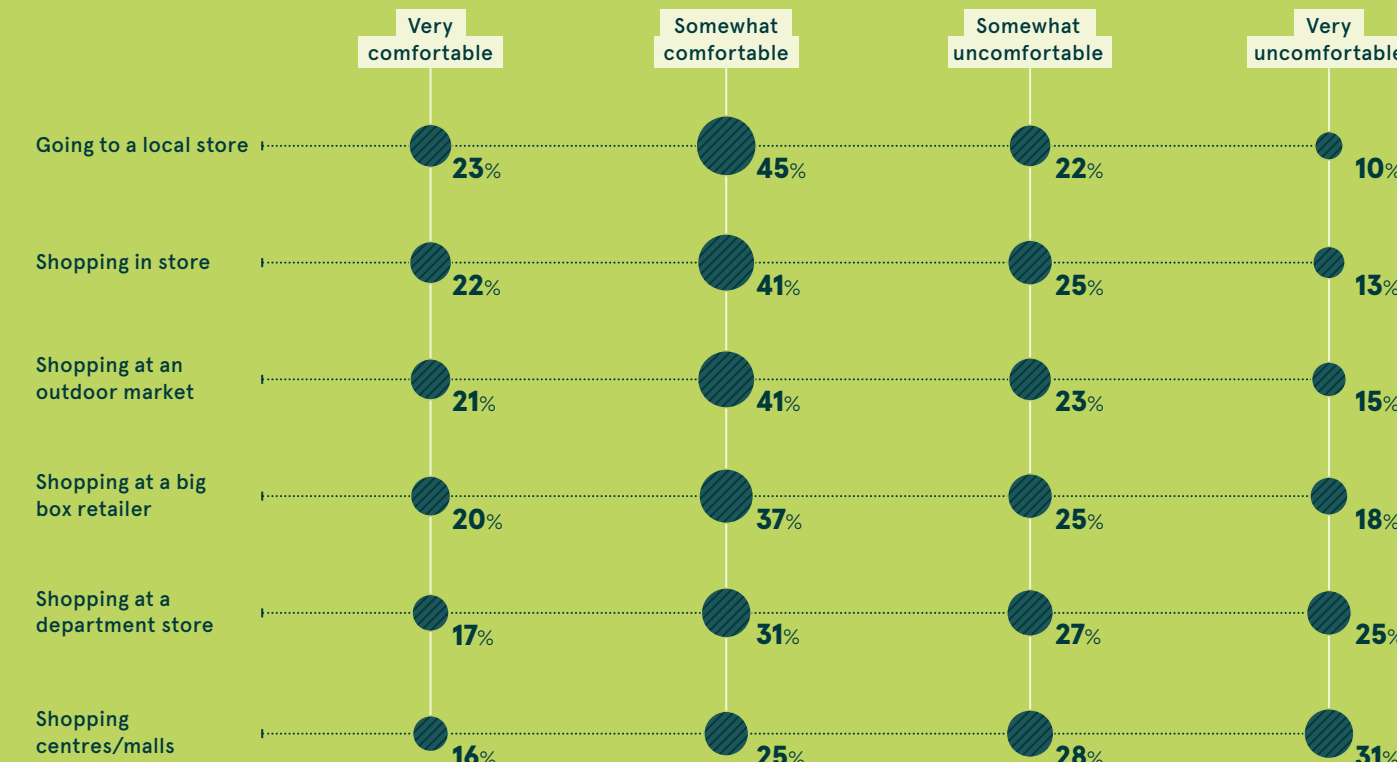
When UK shoppers surveyed in September said they expected to start their Christmas shopping



Kinetic UK 2020

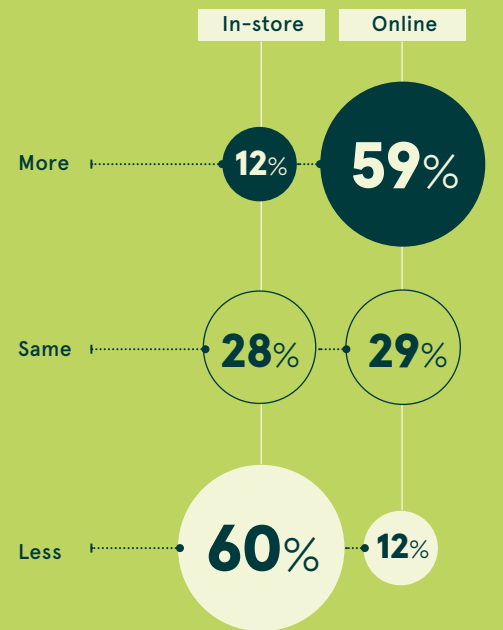
OFFLINE COMFORT

How comfortable US shoppers feel about the following physical shopping locations this holiday season



IN-STORE OR ONLINE?

How UK shoppers expect in-store and online shopping to change this Christmas

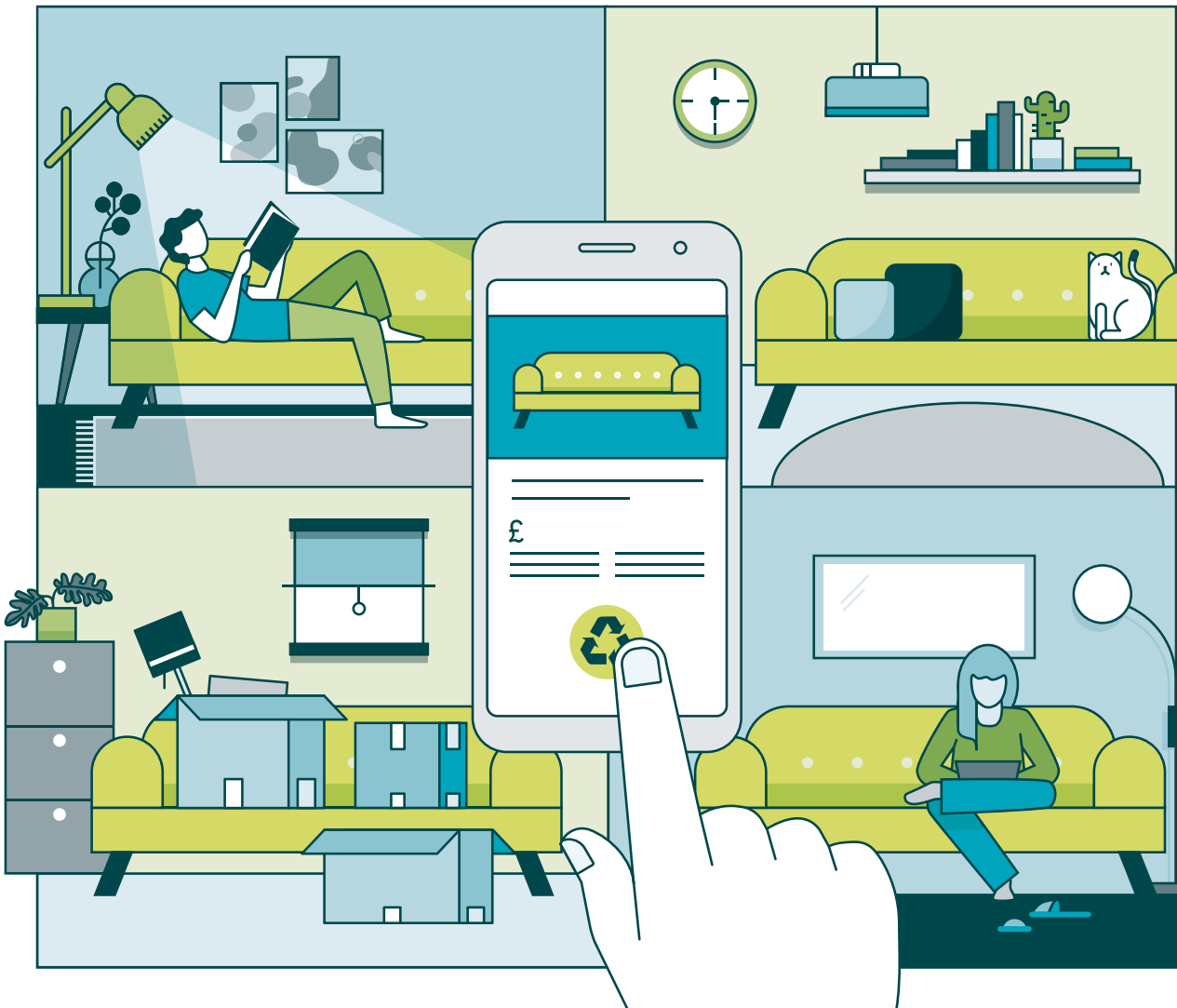


Power Reviews 2020

SHOPPING CONCERNS

Biggest worries for US adults about holiday shopping





RECOMMERCE

Secondhand is making good in buyback trend

The secondhand market is already popular in fashion and electronics, but a new wave of sustainably minded consumers could see the trend expand into other areas of retail

MaryLou Costa

Fashion has joined recommerce, with superbrands Levi's and Gucci the latest to adopt reselling in a secondhand market projected to more than double to \$51 billion by 2023. As consumers become driven more by sustainability, there are glimmers of early uptake beyond fashion. Recent data from YouGov found 17 per cent of retailers will start selling secondhand items in 2021, with 32 per cent considering offering product recycling.

Yet recommerce, often recognised as buyback schemes, is not new, IBISWorld analyst Gaetana Mak notes, with adoption across the wider retail sector leaning towards higher-value items.

"Personal electronics typically lend themselves well to resale to

authorised stores, firstly due to electrical waste disposal regulations and restrictions, second the relatively high resale value and third because many consumers do not know how to safely erase sensitive data," Mak explains. "Luxury jewellery and accessories are another category, as consumers often feel more comfortable having high-value items maintained, appraised and authenticated before resale and purchase."

Furniture and electricals make up the second biggest category outside clothing, representing 25 per cent of secondhand sales, as illustrated in IBISWorld's *Second-Hand Goods Stores* report.

"The additional time at home [during the coronavirus pandemic]

has resulted in consumers putting more thought into how their living space can accommodate remote working, exercising, education, entertainment and relaxation, better serving their needs, at a fraction of the cost," says Mak.

"Meanwhile, we have seen an uptick in housing transactions with the abolition of stamp duty for most first-time buyers, prompting these generally younger buyers to seek affordable methods to furnish and inject some personality into their property."

It's a sentiment John Lewis and IKEA are already acting on. John Lewis is launching a buyback or take-back scheme across all its products by 2025. IKEA, meanwhile, was set to open its furniture buyback and resale offering in selected stores to coincide with

“

Current products are not made to last. We need a complete overhaul of the design process to successfully capture the opportunity

Black Friday, but with a second lockdown in force, is postponing to January 2021.

Both claim increasing consumer choice and reducing environmental impact as key drivers, forming part of a group of more than 60 retailers to sign up to the British Retail Consortium's Climate Action Roadmap.

With households responsible for around 60 per cent of global greenhouse gas emissions, according to Hege Sæbjørnsen, country sustainability manager for IKEA UK and Ireland, the retailer has a unique opportunity to lead change.

"Last year, we repaired and repackaged 47 million products globally. Through initiatives like buyback, our ambition is to give a second life to more products and create more affordable, accessible solutions to help people live more sustainably," she says.

Good intentions aside, will recommerce really catch on when a thriving secondhand marketplace already exists? While Mak sees the merit, she warns of barriers in the form of accessibility and appeal.

"The IKEA scheme, for instance, requires customers to bring the fully assembled product back to their nearest store, often typically located outside city centres. While a collection service would help, the additional cost of transport and logistics would eat into already thinning retail margins," she says.

Operations will certainly prove initially prohibitive for smaller players, adds Abbie Morris, founder and chief executive of sustainability comparison platform Compare Ethics, who also highlights product durability as an issue.

"As resale becomes increasingly normalised, it is expected there will be better systems created to facilitate the resale economy, supporting smaller players to enter the space," she says. "But current products are not made to last. We need a complete overhaul of the design process to successfully capture the opportunity."

Consensus is that more partnerships between retailers and resellers will pave recommerce's path into the mainstream.

Demonstrating success in partnership is the British Heart Foundation (BHF), which makes 35 per cent of its profit through homewares. It dominates the secondhand furniture landscape through eBay and Gumtree, with furniture retailers HSL, DFS and Made.com regularly donating stock. Last year, BHF stores helped reuse and recycle more than 35,000 tonnes of furniture and electrical products and rescued 180,000 sofas from landfill, helping prevent 135,000 tonnes of carbon emissions.

Gucci made its foray into resale by partnering with luxury consignment website The RealReal. Its branded space features a mix of items consigned by consumers and the brand itself. Gucci is one

of The RealReal's most in-demand vintage home brands, with its latest annual *Resale Report* revealing a 24 per cent year on year increase in demand for home items.

Market trends are also building appetite for The RealReal's business-to-business vendor programme, a platform where luxury brands and retailers can either anonymously or publicly set up a resale shop window, with The RealReal doing all the heavy lifting in terms of listing and logistics.

Allison Sommer, senior director of strategic initiatives at The RealReal, says the pandemic has catalysed brands' commitment towards resale.

"For brands like Gucci, the appeal is in expanding its core sustainability values to include extending the life of the pieces they create. Our global audience offers an opportunity to sell through existing inventory or build brand awareness," she says.

Partnerships, whether for profit or charitable, are tipped to be what takes recommerce outside larger retailers and beyond fashion, ticking the boxes of critical mass, operational efficiency, brand recognition, consumer value and, of course, sustainability. ●

36%

increase in first-time buyers of high-value items during COVID

26%

more spent per home item vs apparel item, quarter on quarter

77%

increase in home consignments during COVID

150%

spike in art consignments during COVID

24%

increase in demand for home items year on year

The RealReal 2020

OPINION

'We must work to rebuild a more ethical future for the millions of people who make our business possible'

The Abolition of the Slave Trade Act entered the statute book on March 25, 1807, prohibiting slavery in the British Empire. Yet, more than 200 years later, slavery still exists, with workers being ruthlessly exploited for commercial gain. And, sadly, this is happening in our retail industry.

While retailers have been working hard to stamp out labour exploitation in their supply chains, human rights abuses continue to occur. Take Leicester, the centre of UK clothing and textile manufacture, home to the remains of King Richard III, a triumphant football team and respected universities. Despite this appearance as modern and forward thinking, approximately 10,000 garment workers are being exploited in its factories; forced to work long hours for £3 to £4 an hour at best. How can this be happening right under our noses?

The British Retail Consortium and our members are doing all we can to eliminate these exploitative practices from supply chains. Our members are working with Fast Forward, a supply chain labour standards improvement programme, that exposes hidden exploitation and assesses adherence to employment laws and ethical labour standards requirements. It provides training for suppliers, implements better supplier terms and blacklists exploitative suppliers. However, more must be done to raise the entire UK fashion and textile industry to the same standards.

We also work with enforcement agencies such as the Gangmasters and Labour Abuse Authority (GLAA), which is raising awareness of the problem and fighting to "protect vulnerable and exploited workers and disrupt exploitative practices and help bring criminals to justice". We have also signed up to the Apparel and General Merchandise Public and Private Protocol.

In July, we wrote to home secretary Priti Patel – the letter was signed by more than 50 MPs and peers, and 40 retailers, investors and NGOs – to demand a fit-to-trade licensing scheme for UK garment factories. This scheme would protect workers from forced labour, debt bondage and mistreatment, ensuring payment of the national minimum wage, VAT, PAYE, National Insurance and holiday pay. ●

It would also provide an equal opportunity for businesses to compete fairly and prevent miscreant businesses from undercutting honest manufacturers. Similar licensing schemes exist in farming, with anyone who supplies workers for activities such as harvesting produce requiring a licence from the GLAA to operate.

It is incredibly disappointing that the government has still not acted on these proposals; they are effectively extending the suffering these individuals are forced to endure. Every week that goes by represents tens of millions of pounds of refused wages. This lost money is crucial; it represents the mouths that cannot be fed and the homes that cannot be heated.

We will not stop campaigning until serious action is taken. We are currently working with MPs, notably Dr Lisa Cameron, chair of the All-Party Parliamentary Group for Textiles and Fashion, who tabled a motion in Parliament calling on the government to "implement the British Retail Consortium's proposal for a fit-to-trade licensing scheme for all garment factories in the UK".

The government could adopt such a licensing scheme within months; it is a clear, attainable step. Customers want to know the clothes they buy have been made by workers who are valued, respected, paid properly and protected by the law.

We cannot let these opportunities pass us by. We must work to rebuild a more sustainable and ethical future for the millions of people who make our business possible, and for the world we live in. ●



Helen Dickinson, OBE
Chief executive
British Retail Consortium



Robots are efficient and a spectacle

An in-store robotic storage and picking system can help lure consumers back to high street shops

At the H-E-B grocery store in Texas, shoppers don't only encounter friendly staff and aisles stocked with the best organic produce, they also enjoy the futuristic spectacle of robots fulfilling their orders on site.

At the centre of the shop stands an 8,000-square-metre automated storage and retrieval system (ASRS), installed by the Norwegian firm AutoStore. Inside, robots zip around a grid system, collecting groceries from ceiling-high stacks of bins and bringing them down to staff who pack them for delivery or collection.

Not only is it a site to behold, the storage facility also allows H-E-B to keep much larger volumes of inventory on site, widening the range of goods it can offer. It also makes it easier to fulfil large numbers of online orders locally from the shop, rather than having to rely on a warehouse miles away, which reduces courier costs and cuts pollution.

In another retail installation, at the eXXpозed sports store in the Allgäu region of Germany, AutoStore's ASRS frees up floor space which has been put to other uses.

The retailer can now hold immersive events and workshops in the shop, and customers can even try the latest

sports equipment, then check stock availability and place orders on touchscreens in store.

This is not brand-new technology; AutoStore's patented and proven systems have been developed over the last 25 years and are now used all over the world. AutoStore began life when the firm, formerly an electronic components distributor, was looking for a way of avoiding having to procure more warehouse space.

In the end it developed its own automated storage and retrieval system, inspired by the Rubik's cube, to maximise the space it had.

Inventory is stacked high in bins in an aluminium cubic grid that can be formed in any shape and around obstacles. High-speed robots work all day, shuffling the bins and delivering orders to the workstations on the grid-edges, where humans pick or replenish the inventory.

The system, which is simple to programme, quadruples a retailer's storage capacity while reducing the labour required for manual fulfilment.

Redefining retail

AutoStore's systems have been used chiefly to optimise warehouse or back-of-shop storage space. More than 500 ASRSs have been installed worldwide for clients as diverse as UK grocer Asda, US consumer electronics chain Best Buy and medical supplies giant Medline Industries. But more recently AutoStore has expanded to offer storage solutions that also form an integral part of the retail experience.

Driving this is the realisation that retail has been fundamentally transformed as more people shop online, leaving high streets under pressure to reinvent themselves.

Shops must now be experiential, not just utilitarian, to woo consumers back. And in this new environment, turning

shops into places that can engage, and therefore retain, customers is crucial.

Installing an ASRS inside a store helps achieve this. Not only is it a talking point, it also allows retailers to get rid of aisles and offer richer in-store experiences. Just look at the way brands such as Apple and Lululemon continue to attract consumers to their shops by turning them into hubs of education and entertainment.

AutoStore's systems boost convenience too, enabling retailers to consolidate orders in less than ten minutes and fulfil them that day, giving local customers more choice and flexibility.

The business case is clear: as the cost of last-mile deliveries continues to rise, companies are finding it harder to meet the demands of customers and survive on lower margins.

But installing an AutoStore enables retailers to stay close to their customers and run an efficient ecommerce fulfilment centre alongside a more customer-centric store.

It also allows them to burnish their green credentials. Not only do locally sourced deliveries generate less carbon emissions, but ten AutoStore robots use only the same amount of energy as a vacuum cleaner.

In short, installing an AutoStore gives retailers vastly more storage capacity in the same footprint as manual storage. And with substantial space-savings, comes a range of new creative possibilities.

For more information please visit autostoresystem.com



AutoStore

DARK STORES

Retail's bright dark future

With online retailers running out of warehouse space and physical outlets seeing less footfall, a brilliant new partnership has sprung up

Morag Cuddeford-Jones

In many ways, 2020 has been a bumper year for online shopping, but there have also been major challenges to overcome. Grocery retailers experienced supply chain and last-mile logistical problems as demand skyrocketed, while bricks-and-mortar outlets lay fallow. But the coronavirus pandemic has revealed opportunities, accelerating strategies that were previously only in pilot stage. Retail's bright future may lie in dark stores.

Dark stores are former shops that become functional fulfilment centres, staffed with a few pickers and visited only by delivery drivers. They have come to the fore during the pandemic, but the trend was already on the up.

Paul Boyle, chief executive at Retail Insight, says: "Amazon's potential purchase of JCPenney's empty units in US malls to make fulfilment centres is interesting. It's always been really expensive to do that. The pandemic is going to change commercial real estate and gives lots of opportunities for retailers to create mini fulfilment centres."

The cost of fulfilment has always been a sticking point, but more so during the pandemic. Chris Conway, the Co-op's head of ecommerce,

explains: "Financially, it's really hard for the last-mile cost. Stores have to maintain big vans and send them on long journeys." Dark stores bring fulfilment closer to the customer and reduce the cost of extra warehousing space.

Jarkko Kytönen, digital, transformation and growth chief digital officer at Finland's SOK Retail Trade, which has one dark store so far, sees the evolution towards dark stores taking two distinct paths. "We need to know two things," he says. "On the one hand, how to automate most processes like Amazon or Ocado in large-scale warehouses and on the other, how to make smaller grocery operators have more efficient processes locally."

Finland is having an interesting experience of the dark store concept as its population is geographically widely spread. Many of the benefits of rapid fulfilment depend on dense, urban centres. This works well for the UK's cities, but is less well explored in its more rural areas.

This is one challenge, but Boyle adds another: dark stores have tended to be larger spaces that are still relatively far from customers' houses. "It is always on the wrong side of the city because customers change and demographics move. It's



Ecommerce giant Amazon will potentially purchase empty JCPenney units in shopping centres to turn them into fulfilment centres, in just one example of dark stores' potential

never perfect," he says. The answer may be micro-fulfilment.

The Co-op, with 2,500 locations on local high streets is ideal for micro-fulfilment. The company began a programme of high-speed local fulfilment in partnership with takeaway delivery specialists Deliveroo before the pandemic struck.

"People are shifting away from the big shop and customers want groceries like they want a takeaway. We're practically on everyone's doorstep. With lots of stores close to customers, it can be delivered really fast. The average distance may only be a kilometre," says the Co-op's Conway.

He says most deliveries from the 500 participating stores make it to customers in around 25 minutes, but concedes this approach requires dedicated rapid-delivery ranges with the price increases that come with it. However, Conway insists essentials are unchanged and it's added extras that bear the brunt.

At SOK Retail Trade, Kytönen

“People are shifting away from the big shop and customers want groceries like they want a takeaway”

agrees fast-food delivery specialists make excellent partners. "Meal delivery companies in Finland have expanded their operations to dark stores and are helping us with same-day delivery because they're so used to it," he says.

Conway adds: "It takes time and effort to build the technology and get to scale. Working with partners is the healthy way to do it."

Boyle reveals that in the United States fulfilment by gig economy is starting to dominate. "We've seen the outsourcing of that to Instacart and Deliveroo," he says. "Instacart is currently doing 54 per cent of all online picking. It's the biggest online retailer in America right now and it doesn't have a store. It's the interim solution."

However, is it wise to move fulfilment from warehousing specialists to already harried staff in convenience stores? Might it not damage retail efficiency, rather than enhance it?

"The customer doesn't care where things have been fulfilled from. They want to get the same thing online as in-store whether you ship it, collect it or walk in and buy it," says Boyle.

"Technology is a big one, as well as communicating to colleagues and dealing with real-time information. We're making all our colleagues multi-skilled. Ten years ago, we'd hire someone to work the

till, not be in the warehouse, and now we're hiring Co-op colleagues who can perform multiple tasks," Conway adds.

"Amazon Go-type stores [high-tech with no checkouts] are really interesting, but in micro-fulfilment where you automate part of the process, you still have to pick a lot of things by personnel," says Kytönen. "We're exploring how you can make the actual picking process faster and more efficient. There's a lot of potential to innovate there."

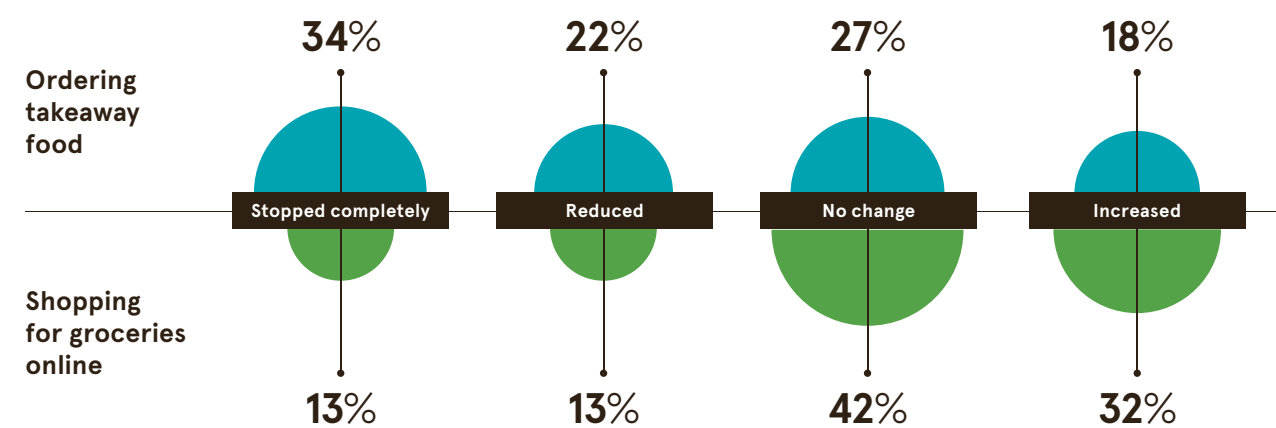
One of the challenges will be marrying automation with smart picking. "How do we speed the process of picking, minimise outages and make intelligent substitutions. If the picker can't find something, there is the risk of letting the customer down. There is no significant impact on customer satisfaction or NPS [net promoter score] from a smart pick. In fact, you have the occasion to delight them. That means having as many items on shelf as possible," says Boyle.

Conway thinks micro-fulfilment and dark stores can at least pay for themselves if they solve enough customer problems in the right place, at the right time. "There is a lot to be said for using back-up space more effectively. We can see a huge change in the way we buy and allocate stores. It's about providing lots of products and services – parcel collections, paying for utilities and housing a post office – that makes it all pay," he says.

Boyle concludes: "In the short term, micro-fulfilment will prosper. Longer term, it all moves towards dark stores. That's because the labour cost will keep growing, but property costs will come down, particularly in large urban centres. Technology costs will come down too. Dark stores have to win long term, but we're nowhere close to that right now." ●

IMPACT OF CORONAVIRUS ON THE ONLINE SHOPPING EXPERIENCE

In the UK May 2020



InternetRetailing 2020

Marketplaces provide a flexible business model for a changing world

Far from belonging to ecommerce giants, the marketplace platform model is now accessible to any company desiring the agility to serve customers in the digital age

The retail sector has transformed over the past two decades in a once-in-a-century shift from offline to digital and at the centre of that story has been the rapid rise of the digital marketplace model. During a time of significant pressure on traditional bricks-and-mortar stores, the platform economy offers unprecedented opportunities for retail companies to establish new revenue opportunities, scale with true agility and meet the ever-evolving expectations of customers for a fast and seamless shopping experience.

Platform companies are twice as profitable and more than twice as valuable as their conventional counterparts, according to analysis by MIT Sloan Management Review. Research by Adobe found that of the seven in ten UK shoppers who regularly shop online, more than half use marketplaces, with the average online shopper between March and June making eleven purchases on marketplaces compared with just three directly with retailers.

"That's the ultimate endorsement that the platform model is here, it's mature and it's going be around for a long time," says Brendan Walsh, UK general manager at Mirakl, which powers platform strategies by enabling companies to launch and grow an online marketplace with products from third-party sellers. "The platform model offers a much faster rate of growth. If you look at Amazon, for example, 60 per cent of their share of revenue is really down to their marketplace and the products and services sold via third-party sellers."

"We often talk about the 'divinely discontent customer', which was an expression by Jeff Bezos a few years ago. Platform companies and marketplaces aim to meet the customer wherever they are and for any product or service they wish to buy. This is something we're very excited about for our customers and also any other companies that are thinking of embarking on this journey towards creating and growing a marketplace."

Marketplace makes it easier for retailers to expand into new categories. The trend is already sweeping the United States. In August, Kroger announced it was launching a marketplace featuring third-party sellers, allowing it to offer more than 50,000 additional items across multiple categories, including natural and organic, international food, speciality items, housewares and toys.

The model not only provides an opportunity to offer their customers a wider range of products and services, enhancing their revenue growth opportunities, but also the ability to learn a lot more about consumers. Mirakl has discovered from the data that passes through its SaaS Platform that the rate of growth on marketplace products outstrips the traditional growth of first-party products. This means marketplace companies have much more opportunities to learn about the behaviour and preferences of consumers.

These kinds of insights are also important when it comes to dealing with peaks in demand. Retailers plan well in advance of peak seasons such as Black Friday and Christmas to ensure they are able to cope with the spikes in demand. However, they also have to be ready for unexpected peaks, such as that experienced in the first wave of the coronavirus when physical stores were closed and online activity soared. The deep capability and intelligence gained through a marketplace model is vital here.

"With a marketplace model, it can be very easy to not only offer new products and promote inventory where stocks are high, but also to do things like stockouts and A/B testing, with low commitment and upfront capital investment," says Walsh. "Retail companies can achieve the agility and flexibility to manage a lot of A/B testing around pricing, for instance, as well as testing new products and services with customers. In response to changing consumer demand spurred by COVID-19, we have seen customers

THE POTENTIAL OF THE MARKETPLACE MODEL

CHANGES IN UK CONSUMER BEHAVIOUR IN A NEW WORLD

87%
of Brits made purchases online in 2020 (vs 53% in 2008)

61%
increase in UK online sales in the first week of November after 2nd confinement announced

57%
of Brits that report regularly shopping online made a purchase from a marketplace (vs 13% direct purchases from retailer websites)

WHY A MARKETPLACE?

Offer more
Rapidly increase your product assortment

Learn more
Discover what else your customers want

Sell more
Increase sales and improve satisfaction

A PROVEN MODEL

60%
of Amazon's share of revenue comes from third-party sellers

Mirakl-powered Marketplaces achieved **111%** GMV growth in the first half of 2020 and are on track to achieve \$5B GMV in the next 12 months

Mirakl Marketplaces deliver a significant **162%** return on investment within three years

“The platform model is here, it's mature and it's going be around for a long time”

successfully, and quickly, introducing new product ranges outside their core offering thanks to their marketplace.

"Marketplaces are much more effective than going through the traditional retail model of companies buying a bunch of products up front and then just hoping they can sell them at a significant margin. Connecting consumers directly to third-party sellers reduces the cost and need to store large quantities of stock in a warehouse. When we look at how the marketplace interacts with retailers' traditional organisation, it should be complementary to the fantastic businesses they've already built, and that includes supporting each other during times of peak demand."

A marketplace may be a simple concept, but it is difficult to execute successfully. The Mirakl Marketplace Platform automates the more challenging aspects of marketplace

management, such as seller onboarding, service quality control and order distribution, with a turnkey solution that can be integrated into any ecommerce platform. With Mirakl Catalog Manager, it is easy to manage product data quality at marketplace scale.

As well as technology, Mirakl has built a rich ecosystem around its platform, Mirakl Connect. Both on the front-end, where it has numerous product connectors into different ecommerce sites, and on the backend with different payment gateways, it takes a long-term view to marketplace success by adopting a partnership approach with its clients. Through all of this, Mirakl considers two journeys: the customer experience and the seller experience.

"It's really important to get both of those journeys correct to create the network effect," says Walsh. "We focus on enabling the win-win-win situation of creating value for the three: the marketplace operator, their customers and their sellers. The profitability of a marketplace is 35 per cent higher than traditional first-party ecommerce sites. A lot of that comes down to that network effect we see from building an ecosystem around our digital platform, which helps marketplaces to scale and grow revenues over time."

Mirakl, whose clients include the likes of H&M Home and Harvey Nichols, has built a team of hundreds of marketplace

experts who have been working within the platform economy for up to 20 years. Mirakl-powered marketplaces are well on track to achieve \$5 billion in gross merchandise volume (GMV) over the next 12 months and the company plans to treble the size of its team in the next year.

"We are growing very substantially in the UK," Walsh adds. "We see highly significant organisations embarking on this journey, with big launches planned for next year across some of the key retailers. Traditional retailers are creating company-wide initiatives to establish a marketplace model that complements everything they're already doing. As consumers move more and more to digital, the imperative is for retailers to make sure they are in the right place at the right time with the right offer via the right channel, ultimately ensuring they can be successful interacting with their customers."

To learn more about the potential of the marketplace model for your company, please visit mirakl.com





Hannah Chapman, founder of candle brand, Ava May Aromas. Her unique story and personal touch has inspired loyal customers

BRAND RECOGNITION

How could your business rival Amazon?

Outselling the ecommerce giant is a fool's goal but, in this time of retail upheaval, premium products with a strong brand identity can hold their own in a crowded marketplace

Charles Orton-Jones

There's a tip in venture capital that if you're in the same line of business as Amazon, get out. And if Amazon isn't in your line of business, also get out. The sector is irrelevant. Nowhere is this truer than in retail. Amazon is a ferocious beast, with 30 per cent of the UK's entire ecommerce market. And it just keeps expanding.

Mid-November saw the unveiling of Amazon Pharmacy, which will offer discounts of 80 per cent on generic drugs and 40 per cent on branded products. The share prices of other retailers plummeted: Walgreens, owner of Boots, fell 10 per cent in a day.

Just a week earlier, the European Union informed Amazon of its preliminary view that it breached rules by using sales data to benefit its own-brand products. It is

alleged Amazon uses non-public data to find profitable lines and then enters them with its own products. The legality is disputed. The effectiveness is not.

So what's the solution to retailing in the age of Amazon? The only answer is branding. A handful of brilliant brands are proving it is possible to thrive. They enjoy loyal customers and can charge a premium.

Hannah Chapman is the founder of Ava May Aromas, a candle brand she launched two years ago from her family kitchen, aged 23. She melted wax on the kitchen hob to pour into moulds. Today she employs 26 people and expects turnover to hit £10 million.

"My brand is an original," she says. "Some of our fans have followed my story since I started. Our name and logo are unmistakable."

Her fame on social media triggered a raft of copycats, but the brand ensured sales are still booming. "My dad is now my business partner," she explains. "I remember speaking to him about all the people copying me. I was quite stressed. He was very calm and said 'Don't worry, no one can copy your story'. And he was right."

“My brand is an original. Some of our fans have followed my story since I started. Our name and logo are unmistakable



Collagen beauty brand, Reverse Life, has built up a strong following using endorsements from celebrities like Peter Andre

Chapman built the brand on social media. Instagram is her main platform, with 242,000 followers. "I talk to my followers like they are family," she says. "I show my face nearly every day. My followers feel like they are on my journey with me. I have customers from my first days who still check in."

The result is a bullet-proof brand. This is reflected in price: Ava May Aromas charges £18 for a candle and £24 for a two-wick candle. Amazon's recommended brands are both cheaper and lower quality: no threat.

When brands want to gauge their superiority to generic rivals, the best place to start is price. For example, Nurofen is 100 per cent ibuprofen, yet costs three times more than a generic version. This method of comparing a brand to a generic rival is enshrined in ISO 10668 and used by venture capital firms to calculate the value of unlisted retailers.

A great brand can push any product line into this premium branded category. Mark Shephard and his business partner Chris Niebel launched a collagen beauty brand in May, using a basic online shopfront for sales. They targeted celebrities to build their brand, called Reverse Life, and won endorsements from Christina McGuinness, Peter Andre, Tanya Bardsley, Carole Malone and Amy Childs. They sold £100,000 worth in the first two months and hit £250,000 in August.

"We have already outperformed every collagen company," says Shephard. "Our target for the first quarter of 2021 is £500,000 a month making us by far the largest, most successful collagen company in the UK for collagen and vitamin products." These are sensational numbers in a crowded product category.

Big brands enjoy the same uplift; an improvement to the brand leads to stickier customer loyalty and the ability to charge a premium.

Insurance, for example, is notoriously generic. Insurers tend to compete on price. Yet branding can make a huge difference. Liverpool Victoria worked with a creative agency Designate to push its LV-brand as a warm and emotional symbol of happy family life. The result was sales growth of 696 per cent in five years. Cost of acquisition fell 77 per cent.

Yet too many small brands fail to invest in branding. James Beveridge, co-founder of brand consultancy Made By Giants, observes: "From our experience, small-business founders come to realise the value of their brand quite late in their journey; initially it's about products and the bottom line. They are also very stretched so don't have a lot of time to define the foundations of their brand."

Beveridge believes retailers need to spend more time on their branding. "Brands aren't created out of thin air. The art of defining, articulating and bringing to life a strong brand across an organisation takes love, care and crafting. The people doing this kind of work are the equivalent of the research and development team behind the Aston Martin. Aston Martin even call themselves a design company."

The rise and rise of Amazon means products without a strong brand will struggle. Cut-price rivals are flooding the market and Amazon's own-brand products will drag prices ever lower.

Chapman at Ava May Aromas believes her strategy to build a premium brand means her candle business can soar above this maelstrom. She'll find good margins and loyal customers no matter what the market does.

"I am trying to stay off Amazon and stay independent," she says. "It would dilute my identity. My way is to run my own website; the only way you can buy my products." Her story makes a convincing case. ●

‘2021 is going to be the year when we start to rebuild; that work must be done with a digital-first mindset’

The coronavirus pandemic has fundamentally reshaped how we shop. Closure of non-essential retail stores for long periods, combined with the emptying of city centres as many people work from home, has fuelled a boom in online retail.

Online retail sales growth has been huge this year as a result. Just look at some of these year-to-date (January to October) sales growth figures for various product categories: home up 70 per cent, electricals up 91 per cent, garden up 235 per cent. These extraordinary growth rates have not been seen since the infancy of ecommerce over a decade ago.

This, however, is somewhat of a turnaround. At the start of the year, we reported year-on-year growth for online sales in 2019 at just 6.7 per cent, the lowest for any year since we started tracking in 2000. The travails on the high street are well documented, but online retail was not really booming either. The pandemic has triggered five years' worth of growth in a matter of months.

The likely causes are multiple and complex, nonetheless 2020 has been a tumultuous year when retailers have been caught in the eye of the storm, dealing with an unplanned peak while having the pressures of social distancing limiting their capacity to process volume quickly in warehouses. Once we are through this incredibly hectic Christmas trading period online, it will be time to start executing revised retail growth strategies.

What, then, should those strategies focus on? Difficulty lies in the sheer depth of the unknowns facing us. Will we get on top of the virus in 2021 or will it continue to dictate what we can and cannot do? Will people work from home far more or return to offices? In what ways, if any, has customer behaviour been altered long term?

There are no straightforward answers, but one thing seems apparent that retail's rapid shift online is permanent. The reason online experienced such a surge in demand was because the stores were ordered to close. People had to buy online through necessity; some were not regular online shoppers or had never purchased online before. Clearly for many, the migration of offline to online shopping behaviour will stick for them now through preference.

We are now in the second national lockdown, but after the previous one, when the stores reopened on June 15, online volumes remained very high. Even as other types of business opened again, providing people other options to spend their money, those elevated online volumes did not suddenly cease. The rate of growth has declined from above 50 per cent during the first lockdown, to just below 40 per cent now, but this is still five to six times higher than the growth rate in 2019. This year's Black Friday period is already looking like it will be a record breaker.

2021 is likely to be tough as the economy recovers from the huge impact of the pandemic. Overall retail spending is likely to be lower as shoppers have less disposable income, but we anticipate online's share of the retail pie will remain substantial and continue to grow, albeit at a more measured pace.

The term "digital first" has been around for a long time, but it has often seemed more an aspiration than a reality for retailers. The closure of stores only lasted for three months during the first lockdown, but in forcing shoppers to focus their behaviour online, their perception of it as the primary channel for retail has been further underscored.

For retail, just as in every industry, 2021 is going to be the year when we start to rebuild; that work must be done with a digital-first mindset if it is to be successful long term.

Retailers, including those with stores, with strong online propositions, will continue to trade well. Those without, for whom it's not already too late, must adapt now if they are to survive.



Justin Opie
Managing director
IMRG: the UK's industry association for online retail

Data and the trust barometer – the new frontline of retail

Consumers are increasingly demanding control of their data and its ethical use

The inventor of the world wide web has a startup. Sir Tim Berners-Lee's company Inrupt has launched Solid, a platform for giving consumers control over their data. Solid keeps user data in a secure locker, or pod, and access can be granted or revoked as needed.

This means consumers need never input data twice for different services, merely grant access to their Solid data pod. It cuts down on misuse of data as information is stored privately by the user. Sir Tim has persuaded the BBC, NHS and NatWest bank to explore his concept.

The appeal is obvious. Consumers are deeply concerned by data use and abuse. Protecting data is the new frontline of retail. Brands that fail to inspire trust are being abandoned.

A worldwide survey found a third have already switched brands for data-privacy reasons. Deloitte found 98 per cent of UK consumers are concerned by the way online brands use personal data. A further 85 per cent will avoid a brand if their data is not secure.

Olly Bray, senior partner at law firm RPC and noted tech commentator, says we've hit a turning point. "Data privacy is arguably the hottest topic in retail right now. Consumers are shopping around to find brands that take data seriously. It's a huge opportunity for those who get it right," he says.

In retail, Marks & Spencer is a pioneer. It publishes all data policies in plain English. It enhances the brand's mission to be a friend of the consumer.

In the tech world, graphics card maker Nvidia operates a policy of total clarity. "We promise to protect your privacy. We only collect personal data to make or improve our products, or if you

“Consumers are putting good privacy practices at the heart of their brand engagement decisions



give us permission. We never sell your data," the company says.

The issue is magnified with the forthcoming European Union ePrivacy Regulation. "It's the sister legislation to the General Data Protection Regulation," explains Karen Hendy, co-head of retail at RPC. "The text is still being agreed. The aim is to add protections for personal data in electronic communications. All brands will need to review their data processes to ensure they are compliant."

The UK's position after the Brexit transition period is uncertain, but current policy is to mirror EU data policies to ensure a compatible data treatment across the two jurisdictions.

"This is an opportunity for brands to stand out," says Bray. "My own family is now making retail choices based on the ethics of brands. We switched to the Mindful Chef food delivery service because it donates a school meal to a child in poverty for every meal purchased. The packaging is recyclable. Data privacy is part of that ethical proposition."

Furthermore, even before innovations like Solid gain wide adoption, consumers are being armed with tools to exercise greater control over data collection and use.

"At the end of last year more than 500 million people used mobile browsers that block ads by default," says Bray. "Google is phasing out third-party cookies in its Chrome browser. Apple is making privacy the default across its products. And

consumers are putting good privacy practices at the heart of their brand engagement decisions. This increase in consumer awareness is driving change in the way online services and connected devices are designed."

The good news is brands that build trust with consumers will prosper. They'll build loyalty and enjoy access to the data they require to develop products and market effectively.

Bray puts it like this: "The only way brands will be able to meaningfully interact with consumers in the future is by building trust through transparency, human-centred design and ethical data use. We are working with our clients so they can take the lead on the issue. Crack this and your customers should be with you for life. Ignore it and they'll leave you for dust."

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To find out more please visit
www.rpc.co.uk/retail



RETAIL CALENDAR

Taking a peek at the new retail calendar

What happens to Black Friday when customers can't jostle in the aisles? Or Christmas shopping season when we can't hit the high street? Experts think these dates will become part of a whole new online retail calendar

Oliver Pickup

Will it be a happy Christmas for UK retailers? After the coronavirus pandemic squeezing the life out of the high street, they certainly deserve some cheer. Data shows their fortunes could be resurrected by e-commerce. But given the shift to online, and the evolution of shopping habits, what does it mean for the traditional retail calendar?

New data from Adobe indicates activity around key retail dates will begin earlier, and peak retail occasions will be higher and more prolonged. According to the software giant's international president Paul Robson, online holiday sales will "shatter all previous records".

This is supported by Adobe's projections that, in America alone, Black Friday will generate \$10 billion (£7.5 billion) in online sales. "That's a 39 per cent year-on-year increase," says Robson. "Cyber Monday will remain the biggest online shopping day of the year," he continues, adding that \$12.7 billion (£9.6 billion) is expected to be spent in the United States, up 35 per cent on last year.

Robson says: "Our research into the online shopping habits of UK consumers during lockdown found that while they were up to four times more likely to buy from marketplaces like Amazon, it's not always at the expense of smaller independent retailers. Where marketplaces may have the edge when it comes to convenience and speed, shoppers have also shown they are keen to support local, independent retailers where they can.

"The extended shopping period, coupled with the ability of independent retailers to deliver great, personalised digital experiences, could see them have a happier Christmas period than many might expect."

Google data also implies the retail calendar needs updating. "As a



however, stresses author and business consultant Erica Wolfe-Murray. "The hype surrounding traditional retail peak days has a halo effect across the board whether you are actively marketing or not," she says. "But the benefit e-commerce brings allows you to create and build your own peak retail event. Think 'Founder's Day', 'Dress-Up Day', or whatever."

Technology can also help with the morphing of traditional peak retail periods, from dealing with stock management and the supply chain, to predicting when more staff might be required. Or with improving the delivery process, posits Mike Hancox, chief executive of UK couriers Yodel. "The five months stretching from November to the end of March have long been the busiest period for those in logistics as they encompass retail's traditional peaks of Black Friday, Christmas, Valentine's Day and Mother's Day," he says.

"This year we're expecting Christmas to be higher in intensity and longer in duration than previous years, but a greater increase in overall volumes means the fluctuations seen in previous years could be less pronounced in the future."

Yodel has developed a parcel-scanning app to streamline the delivery process. "It gives more flexibility to the growing numbers of self-employed couriers out on the road who can download the app on their own devices rather than having to get up to speed with a handheld terminal."

Striving to reduce touchpoints and frictions through tech is now business critical, argues Professor Laurent Muzellec, founder and director of Trinity Centre for Digital Business. "Big digital players such as Netflix, Amazon and Apple use artificial intelligence to produce an effortless experience; this should be a source of inspiration for all retailers," he says.

Retailers that act on this advice and tailor their offerings, both online and offline, look set to have a happy Christmas and beyond. ●

direct result of COVID-19, we have witnessed heightened search queries for online retail this year that will lead to a new baseline for Black Friday," says Becky Power, director of consumer retail and technology at Google UK. "Google searches for 'early Black Friday deals' were up by 150 per cent versus November 2019." Further, Google searches for "Christmas shopping" are up 1,800 per cent compared to the same period last year.

"The message is clear: consumers are looking beyond traditional peaks in the retail calendar as they continue to enjoy the flexibility of browsing online," says Power, who points out that Enders research estimates there will be an additional £4.5 billion-worth of online sales in 2020.

Retail owners must keep pace with customer expectations and arm themselves with technology that enables multi-channel personalisation and improves data analysis. "Given that a continually growing number of consumers are already shopping online for traditional peaks, retailers will have to adapt to be ready for this rise in demand," says Power. "Digital tools are imperative for applying product promotions easily and quickly, boosting retailers' visibility to new customers, and can

“The benefit e-commerce brings allows you to create and build your own peak retail event

uncover meaningful insights from their performance."

Kyle Harbinson, of global technology consultants REPL Group, agrees. "To reduce the impact of the troughs, retailers need to connect with and understand the circumstances of their customers, in a dynamically changing environment," the consulting partner says. "We are in uncharted territory, so retailers need to pivot from instinct-driven decision-making to a data-driven culture."

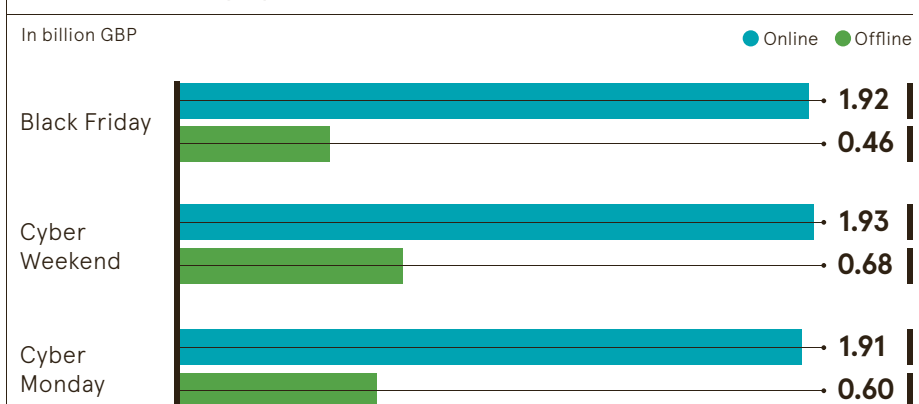
Warnings are being heeded. Capgemini's annual *Holiday Shopping Survey* reports that while more than a third (36 per cent) of UK retailers expect an increase in holiday sales compared to previous years, 91 per cent have taken deliberate steps to bolster their online offering. Almost half (47 per cent) have improved their e-commerce propositions and 52 per cent will

offer more generous discounts both online and in-store.

However, Dr Rajesh Bhargava, associate professor of marketing at Imperial College Business School, cautions that one issue retailers will face post-COVID-19 is the dilemma of "sticky prices". "Consumers tend to remember what they would have paid previously for a product, so would view price increases as unjust in poor economic conditions," he says. "Similarly, cutting prices would erode pricing power."

No retailers should be discouraged from embracing e-commerce,

EXPECTED OFFLINE AND ONLINE SPEND OVER BLACK FRIDAY WEEKEND IN THE UNITED KINGDOM (UK) IN 2020



Centre for Retail Research 2020

Q&A

Meeting customer needs in the age of social commerce

The rise of social commerce has multiplied the channels through which people shop. Productsup chief marketing officer **Marcel Hollerbach** says retailers need commerce marketing to thrive in this new world



Q How has the retail landscape evolved in recent years?

A Consumers are now discovering, researching and buying products on more channels than ever before. New concepts, platforms and apps pop up all the time and some grow incredibly quickly. Earlier this year, TikTok generated the most downloads of any app in a single quarter, surpassing two billion downloads in total just a few years after launching. In the past two years, all major social platforms have launched shopping capabilities, making social commerce one of the biggest buzz phrases in retail. There has also been a huge emphasis on the seamless integration of online and offline experiences. Consumers want convenience and speed, but they also want experiences. Think of Walmart's drive-in cinema, Harrods' pop-up stores or even the explosion of buy online pick up in-store. Retailers have been working very hard to create a stellar customer experience across all these touchpoints.

“People find their niche – their websites, apps or groups – and that's where they thrive

Q Have consumer behaviour and expectations fuelled those changes?

A Oh, they certainly have. Google, Facebook and Amazon spoiled consumers with sleek product design, frequent updates and a seamless user experience across mobile and desktop. Now consumers expect the same of all other companies they interact with. People find their niche – their websites, apps or groups – and that's where they thrive. This is why retailers need to reach not just Amazon or Walmart, but all these other apps and opportunities. They need to understand consumers are the ones making the rules and they have very high expectations of every platform.

Q How is the rise of social commerce, in particular, impacting retail?

A There are two things to love about social commerce. First, it reaches shoppers where they are. Someone can go from browsing their news feed to making a purchase in seconds. And because they already trust the app, there are minimal blockers. Social commerce makes shoppers' lives easier. Second, it makes it easy for brands and retailers to get started online. Digitally native, vertical brands are a popular example. Even when you have a small team and no e-commerce infrastructure, you can still jump on social media and start selling. All companies should at least consider it to stay relevant.

Q What challenges must retailers overcome to deal with all this change?

A It all comes down to agility. Most brands and retailers have slow

data; dinosaur-age slow data. Legacy product information management (PIM) or digital asset management (DAM) systems just weren't intended to be used for syndication. They won't get product data to the right channels in time, and they certainly won't let you tailor and manage the data easily. To compete, businesses need to start looking at ways to expand their tech stack. That's just the next step for commerce.

Q You often talk about "agile" product data; what other data attributes do businesses now require to succeed?

A Quality and contextualisation are both very important. Quality means not just well written, but thorough and useful. For example, Facebook has just launched enhanced catalogs that allow businesses to go into incredible detail and include really unique data points like 'occasion', 'sports team', 'theme', or even 'denim features', all of which are very useful for targeting. Contextualisation, meanwhile, is about ensuring content is prepared for the unique audience in question. Users on Instagram don't want to be spoken to like they're on Amazon. You can't speak to users in Germany like you would to users in Canada. Everything needs to be tailored. This can be complicated but, when done right, it's very rewarding.

Q What is commerce marketing and why do companies need it?

A Commerce marketing is the missing piece of the puzzle between the classic commerce stack – PIM and DAM – and end-user marketing and selling. In recent years, the need for strong, tailored product

“Commerce marketing is the missing piece of the puzzle between the classic commerce stack – PIM and DAM – and end-user marketing and selling

just mentioned and that's what sets us apart. The platform's primary function is to make product data management and syndication easy. We do this by offering built-in connectivity to more than 2,000 channels as well as over 100 easy editing and analysis tools. That means you can come in with raw or disorganised data and quickly prepare and send it to all kinds of channels. We enable order synchronisation and the creation of rich media at scale. With such tools, the sky really is the limit. This is how modern brands and retailers take control of their data to sell more.

Q What in your view is the future of retail?

A The future of retail is exponential from here on out. More people will find more niche groups, apps, channels and marketplaces. Multichannel will continue to explode, as will user expectations. Local shops are also going to be increasingly multichannel. This process has already begun, but it's been surprisingly difficult for many. When it comes to this exponential growth, Productsup will be right there with brands and retailers, giving them the easy tools to scale.

Q How is Productsup helping companies do this?

A The Productsup Commerce Marketing platform is built to completely support the eight facets of

For more information please visit productsup.com



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EXPERIENTIAL RETAIL

High-touch future of touchless retail

Many retail brands have spent years and millions transforming their stores into immersive experiences. But how will they fare now coronavirus has taken away one of the senses to which these experiences appeal?

Nick Easen

Former prime minister David Cameron famously said: "I was the future once." Many retailers that deployed immersive in-store experiences, touchscreen displays, selfie-walls and virtual-reality headsets perhaps thought the same thing when the pandemic hit.

Germaphobic, socially-distanced, coronavirus-conscious consumers have put the dampeners on touchy-feely retail. When it comes to the store of the future, right now, touch-free innovative shopping experiences are where it's at.

Luckily, some businesses are already half-way there in reimagining bricks and mortar, as lockdowns in many countries have forced brands to deploy a digital-first approach at speed. As stores reopen there's an opportunity to create new experiences using data, shopper profiles and artificial intelligence to elevate high street spaces to the next level.

"The inter-relationship between physical and digital retail will continue to grow, and COVID-19 is

essentially accelerating the trend that was already out there," explains Nick Cooper, group executive director, insights and analytics, at Landor & FITCH.

If you believe the future is already here, but just not evenly distributed, take a walk around Burberry's first social retail store, which recently opened in Shenzhen, southern China. This will give you a flavour of the store of the future. With a specific programme on WeChat, the country's most popular messaging app, customers can click on exclusive content and personalised experiences in-store, then share details with friends. No touching is needed.

Every item in-store has a tag with a QR code, scan them for more storytelling. Each customer is also given a playful animal character via Snapchat that evolves as they walk around the store. The gamified experience takes retail to another level. The more that customers engage with this form of augmented retail, the more rewards they get through Burberry's social currency.

Essentially accelerating the trend that was already out there," explains Nick Cooper, group executive director, insights and analytics, at Landor & FITCH.



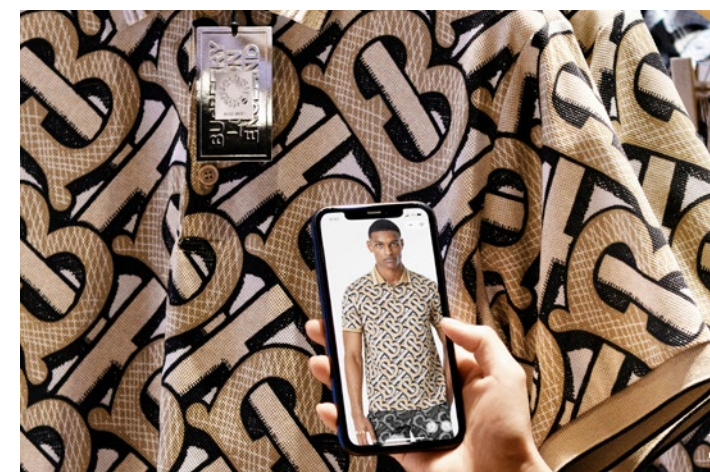
Burberry's first social retail store in Shenzhen, China, where customers have access to exclusive content and personalised experiences through a dedicated app

"Future bricks-and-mortar destinations will certainly become more hybridised. In the future we expect to see brands shift stores towards studio concepts where retail space becomes media," says Antony Parham, executive creative director at Imagination.

Certainly, the touch-free store of the future will be heavy on so-called c-commerce - curation, content, convenience and connections. Nike and adidas lead the way with their concept stores, using people's personal smartphones as the conduit, connecting customer profiles and in-store activity.

Geo-location, 5G speeds, QR codes and data are the new fuel in this space. What was once gimmicky will be more purposeful and only be utilised if it drives engagement.

"Right now, richly immersive experiences are being trialled and iterated more quickly and the exciting part is that innovation is here to stay. It is also evolving into every part of



the customer journey," says Michelle Du-Prât, executive strategy director at Household.

The big question for physical retail in a COVID-conscious world, where the touchy-feely bit is not exactly top of mind, is what is it aiming to achieve? Using digital 3D avatars to try products in-store before purchasing, as used by Shiseido, or virtual make up via augmented reality as deployed MAC Cosmetics, or magic mirrors, are good to have, but they're unlikely to be game-changers.

"Retailers must not rely too heavily on the digital connection. The need for a well-considered, engaging and forward-thinking shopping environment that can adapt and change will play a major role in the survival of bricks and mortar," says Ewald Damen, creative director at Virgile + Partners.

Especially when so much more to do with retail can be done in the comfort of your living room. For instance, the new iPhones and iPad Pros all come with LiDAR, or light detection and ranging sensors. These can assist in scanning customer sizes much more accurately at home. There's no need for a physical store.

"Virtual reality, on the other hand, could be used to give consumers the in-store experience from home. Devices like the Oculus Quest 2 make

it far more accessible for customers to achieve a VR experience. In the near future, brands may need to start thinking about hiring games designers to create these interactive virtual experiences," says Naji El-Arifi, head of innovation at Wunderman Thompson Commerce.

Richly immersive experiences are being trialled and iterated more quickly - innovation is here to stay

In fact, the physical store accessed via a video-conferencing link, such as Zoom or Microsoft Teams, could soon be coming to a store near you. It's an easy enhancement, it's touch-free and could assist time-poor shoppers with a busy schedule, those who are anxious on the high street or with health concerns.

"If consumers are able to speak remotely to a shop assistant, who can then take them around the store or show them the grain of the leather on a new handbag in a near real-life simulation, it's likely to improve brand loyalty and increase sales," according to Richard Clarke, executive director of global retail at Fujitsu.

For some store environments, the new booking economy is already here due to the pandemic. In a post-COVID world, this could be elevated to achieve a more exclusive experience, particularly for luxury bricks-and-mortar retail. The nightclub doorman and his list for VIP guests has worked well for decades.

"Retailers should consider elevating the in-store shopping experience by introducing reservations for more intimate and safe physical shopping experiences," says Rebecca Robins, chief learning and culture officer at Interbrand.

"Certainly, experiential spaces are central to creating a reason for stores to exist. They are a stage for products and services," she says. "Lingerie brand ThirdLove, which is all about inclusivity and comfort, reimaged its first pop-up shop in London's Soho through the lens of how it would make a consumer feel, creating an experience that's less retail store and more like a living room."

There's no doubt that future stores will have to provide more non-physical services above and beyond product sales. A glimpse of the future can be seen with Jeff Bezos's latest grocery format. At Amazon Go in Seattle sensors and tracking mean customers can walk in the store, purchase and walk out again without queuing using cashierless technology.

While Amazon Fresh in Los Angeles has Alexa kiosks placed around the grocery store. Customers can then ask product-related questions, recommendations and meal inspirations, as if they were talking to a friend.

"In a time where human contact is still valued and not always viable, Amazon is utilising its voice technology to act as a personal shopper. Going forwards, voice technology will be embraced in future retail experiences for this reason," says Household's Du-Prât.

"A completely contactless experience for consumers will be part of the store of the future. Just look at biometrics in China. Alipay now allows customers to use Smile to Pay, utilising facial recognition, which means customers pay without touching anything."

The touchless store of the future will definitely rely on more personalisation using similar tactics deployed online. Nike is at the forefront of this approach. Its Berlin flagship boasts a giant media wall, with images, livestreaming, social media and product information. Using 3D cameras, in-store technology recognises shoppers as they arrive and accesses customer data via the Nike app.

"Personalised content about recently viewed items and stock availability is then posted to the media wall, with push notifications and tailored offers available on the app and in-store," explains Elliott Jacobs, director for agency and commerce consulting at LiveArea. And you don't need to touch anything.

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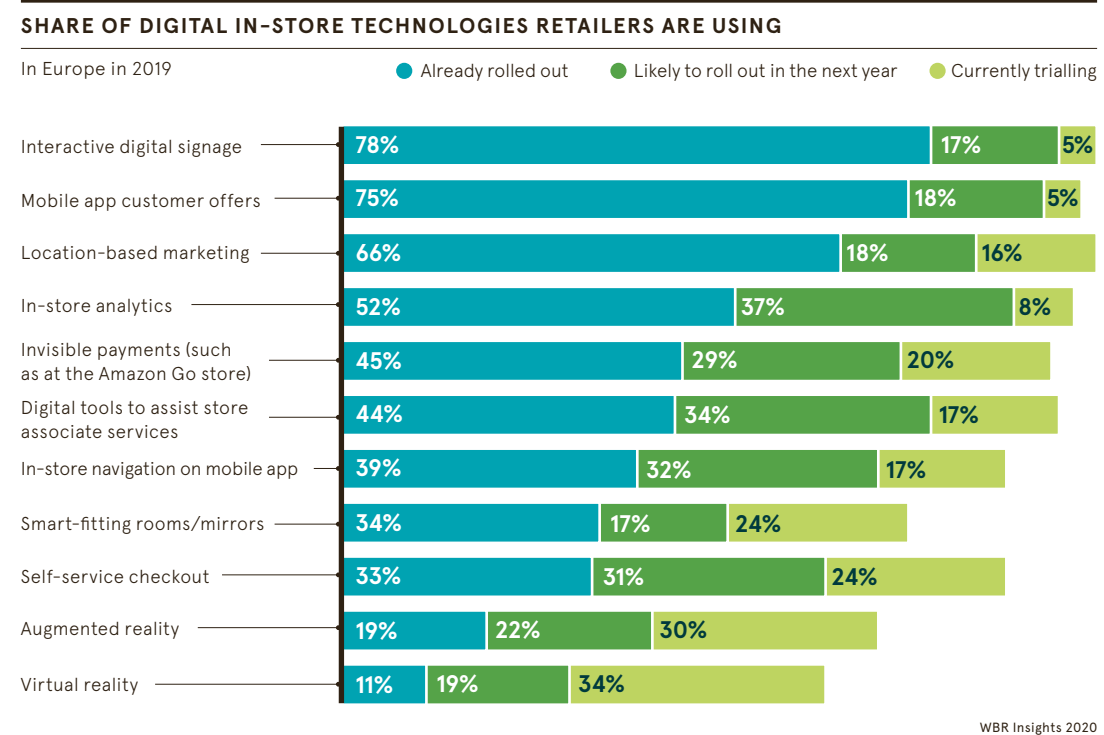
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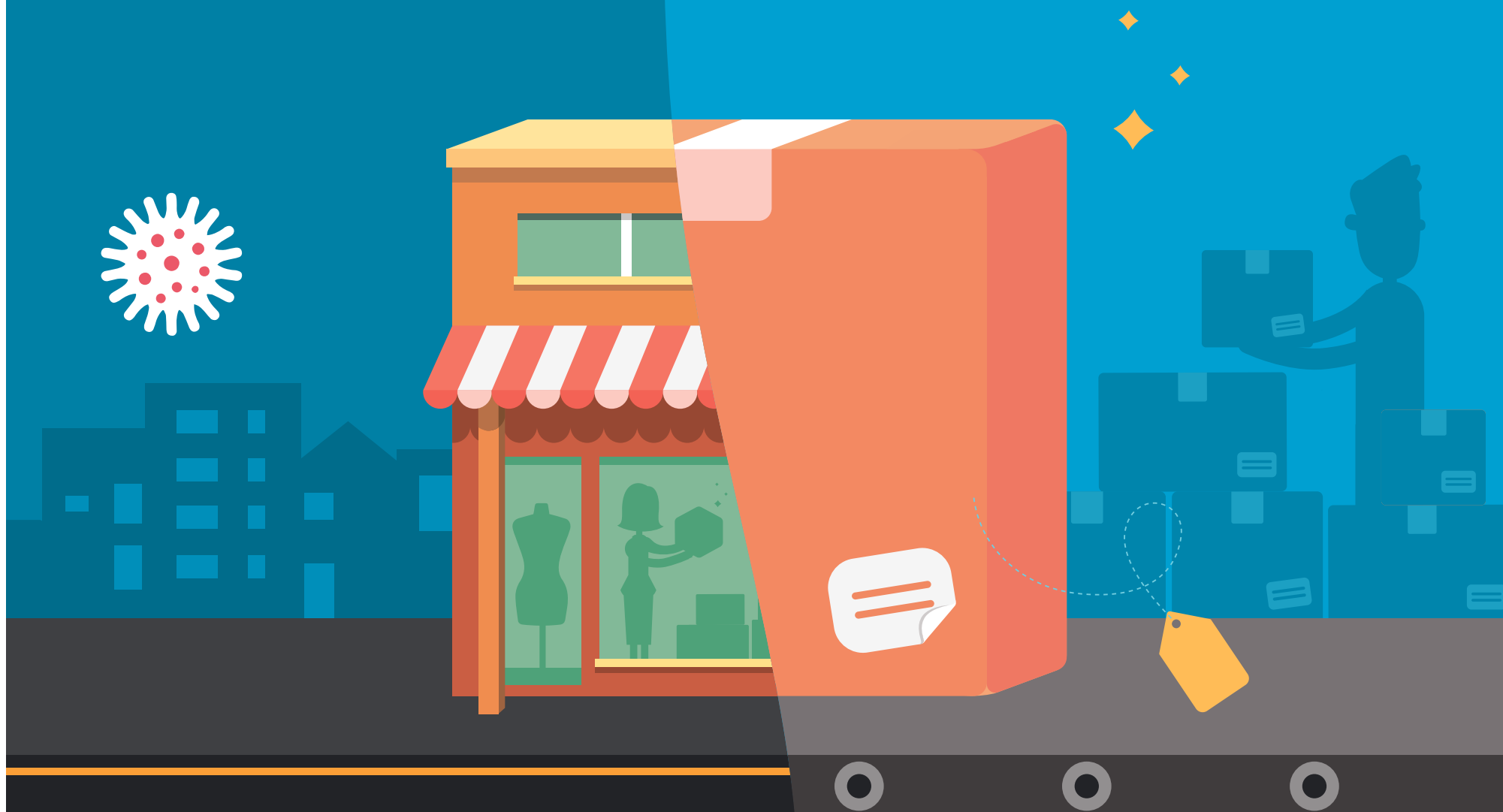
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