



THE POST-PANDEMIC FUTURE OF RETAIL



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EMPOWERING IMAGINATION



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1. Introduction

The coronavirus pandemic has led to significant social change, impacting the way we live, work and behave.

In particular, it's spurred a major shift in shopping habits. The lockdown left consumers with no choice but to retreat from brick-and-mortar stores and shop online instead; the impact of which is still being felt. At the same time, the lack of stimulus since March means consumers are craving tangible, enriching experiences more than ever before.

Retailers will undoubtedly be set on getting back to how business was pre-pandemic, but they must accept that Covid-19 has caused a permanent shift in consumer habits. Therefore, success moving forward will be contingent on brands innovating and adapting to the new, archetypical post-pandemic shopper.

2. How Covid-19 has impacted consumer spending

The pandemic has not deterred people from spending. ONS figures show retail sales volumes in August increased 0.8% compared with July. This marks the fourth consecutive month of growth and leaves overall sales up 4% compared with pre-pandemic levels seen in February 2020.

Online retail sales dropped 2.5% in August compared with the previous month. However, strong growth during the pandemic meant sales remained 46.8% higher than in February.

Breaking it down by segment, it's clear there are losers and winners. Clothing store sales were still down 15.9% on February's pre-pandemic figures, but that's an improvement on the July figures when they were 25.7% lower.

Convenience is one segment enjoying immense growth. HIM and MCA Insight's latest report predicts that the convenience retail market will increase 8% to reach £44.7bn this year, up from 2.6% growth last year.

As promising as these figures are, brands cannot afford to be complacent. Consumers are still spending, but their needs and behaviours have changed - and they expect brands to adapt, too.



44%

of shoppers believe they'll see permanent changes to the way they shop

47%

say the number of times they shop online will increase

3. Survive, adapt, innovate - what type of business will you be?

As the pandemic continues, three types of retail companies are emerging:



1. Retailers focused on survival



2. Retailers focused on adapting



3. Retailers focused on innovating

Retailers that have the best chance of thriving throughout the pandemic and beyond are those who position themselves not just for survival, but for success.

They will identify new, alternate routes to market in order to provide consumers with quality experiences that meet their new needs and surpass expectations, continually adapting and innovating in their approach.

Forbes states that what retailers need to realise, and fast, is that the pandemic has given them an opportunity and much-needed moment to start afresh.

“ It is time to revisit everything we thought we knew about customers and the market, and evolve by embracing technology solutions that have been ready and waiting for years. ”

4. Predictions for the future of retail

The future of retail will likely be marked by the re-imagining of brick-and-mortar stores to create compelling shopping experiences, and the continued merging of online and offline retail experiences where digital transformation remains key to success.

I. Compelling experiences

Pre-pandemic, many brands were adding large, experiential stores to their portfolios in order to deliver quality experiences and form deeper connections with consumers.

The experimental format answered consumers' preference to see, touch, try and experience products over viewing them on a webpage – but aspects of this approach have now become challenging given the current restrictions.

By the end of this year, customer experience will overtake price and product as the main brand differentiator for brands

This doesn't, however, mean brands should neglect experiential and revert to the traditional store. Quite the contrary: experiential retail experiences are the future, but brands must consider how they can harness the concept given the restrictions in place.

There are many ways brands can provide immersive, in-store experiences in ways that are safe and reassuring to consumers. Some examples include:

- ❖ Implementing touch-free technology to facilitate the customer experience where possible – e.g. gesture-controlled devices.
- ❖ Encouraging consumers to use their own devices as part of the experience – for instance through technology such as beacons, NFC tags and QR codes.
- ❖ Creating interactive, shoppable windows where consumers can explore and purchase displayed items using their devices.

If brands want to entice customers through the doors, they must seek to add fun, adventure and discovery into the shopping experience, all while reassuring consumers they are safe in their store.

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II. Safety first

Floor management and traffic flow systems, supporting signage and hygiene systems are now common features within stores, with some brands taking it one step further to help consumers feel safe while shopping. Some tactics include:

- ❖ Using online channels to share and communicate steps taken to ensure customer safety in-store – this so-called ‘hygiene transparency’ could help to entice people back into shops.
- ❖ Evolving with ever-changing government regulations and trends by embracing personalised print-on-demand services, which enables brands to quickly and efficiently adapt messaging, signage and POS materials with minimal delay.
- ❖ Implementing tech-based solutions such as virtual queuing systems, a concept pioneered by Asda. The technology allows users to book a place in a virtual queue, then wait in their cars until they are allowed to enter.

Understandably, safety and hygiene are top of consumers’ priorities when they enter a store, and it will likely remain this way for some time – especially in the near future. Brands need to implement and maintain a suite of safety measures to put shoppers’ minds at ease and inspire them to return to their store in future.

97%

of shoppers say it's important to see evidence of cleaning and sanitising efforts in-store

95%

say it's important steps are taken in-store to ensure safe distancing

III. Formats of the future

The pandemic will inspire new trends in store formats. We could witness the resurgence of the department store, as their size makes it easier to maintain social distancing even with high footfall.

Still, retailers need to think creatively to entice shoppers into department stores, which have been hailed ‘the dinosaurs of retail’, due to the spaces lacking excitement and experience. The department store of the future might include:

- ❖ Experiential installations and gallery-style displays which change each week or month, each time featuring the work of a different brand or designer.
- ❖ Re-imaged layouts – individual boutiques could replace large, open spaces typical of department stores today.
- ❖ Events spaces which host events streamed in real-time to an online audience, then later with real audiences as restrictions are lifted.
- ❖ The rise of the ‘pop-in’, or mini stores within the larger store, each one offering their own experience – these could host small-scale events of their own, or be used to promote top-selling ranges or new lines.

Speaking of pop-in, its counterpart – the pop-up – is emerging as a viable alternative for brands looking to create temporary, exciting experiences without having to commit to long-term leases in the current climate.

The pop-up offers a degree of flexibility unmatched by the traditional store. Brands can experiment with location, moving away from the high street if footfall is concentrated elsewhere, and fill them with a constant rotation of exciting products or experiences for as long as it proves viable.



IV. Real-life experiences go digital

In future, more brands could start to experiment with providing typical 'real-life' experiences online instead.

For instance, brands focused on building experiential stores to engage and inspire shoppers pre-pandemic are finding ways to replicate the experience digitally.

Live events – typically at the heart of in-store experiential – are being streamed online and can include everything from workout sessions and Q&As with experts, to product demos and launches. Retailers are providing virtual tours to customers, opening virtual showrooms and offering services such as virtual shopping assistants.

Ultimately, these brands are striving to provide as much of an immersive and creative experience as they can in a digital context.

The focus in-store, at least in the near future, will be how brands can harness digital services to streamline the shopping experience and empower consumers to shop independently as a way to reassure them of their safety.

V. Digital transformation remains key

The pandemic has only accelerated the need for brands to place digital transformation at the heart of their efforts. Brands that had a strong e-commerce presence pre-pandemic have fared far better than those that did not, with many of these retailers hastily adding ecommerce to their arsenal as a matter of survival.

Retailers must commit to transforming their brands with new strategies, processes and technologies so they are able to provide a more rewarding and seamless experience across channels.

Now is not the time to take foot off the pedal, notes Charged Retail:

“ Digital transformation is not about creating quick fixes, but about investing in solutions to fundamentally transform a business to be more agile, future-proof and sustainable in the long-term. ”

The greatest changes won't be the visible manifestations of transformation – like seamless e-commerce sites, engaging social posts and in-store technologies – but rather, the systematic changes taking place behind the scenes.

So explains Charged Retail:

“ **A key lever of this new digital paradigm is the consolidation of a ‘Product Digital Identity’: a digital twin of each physical product, which includes all of the relevant product information and related marketing and sales assets, enabling a consistent and seamless retail operation and experience across all channels.** ”



For many retailers, digital transformation will require a complete rewiring of processes and systems. They must take learnings from the past eight months and push forward with their plans to adapt, innovate and ultimately, succeed. Elements brands will need to consider include things like:

- ❖ Providing unique brand experiences, not standard customer experiences, in the digital world.
- ❖ Making digital transformation a company-wide effort and ensuring buy-in from all levels.
- ❖ Moving from data collection to data creation in order to gain valuable insights that will help drive innovation across the organisation.
- ❖ Ensuring a balance between technology and people in the customer experience.
- ❖ Implementing digital technologies in-store that will both reassure shoppers and engage them creatively.

Covid has sped up digital transformation efforts by 5.3 years

– UK businesses

5. Conclusion

Covid-19 may have created numerous challenges for retailers, but it has also presented opportunities for brands to engage and excite their customers in new and innovative ways.

Moving forward, fortune will favour brands that place customers at the core of their strategies and commit to innovation both online and in-store. They will understand that behaviours and needs have changed, adapting their approach to provide a seamless, quality experience at every touchpoint.

At Delta Group, we continue to support retail brands as they adapt quickly to serve their customers. As well as delivering international marketing campaigns for our clients – including the expansion of our digital screens and capabilities, we now offer a suite of services to support retailers in their crisis response. These include everything from protective equipment and advisory warning signage, to personalised print on-demand services as well as our new packaging offering for both promotional packaging and ecommerce packaging to support those adopting new online sales channels.





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