

Five Trends Shaping Retail from 2020-2025

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Abstract. Predicting the future of retail is tricky business. Who could have predicted what happened to retail in 2020? But the events of 2020 in some ways accelerated some trends that were happening already. Here are five trends shaping how retail evolves over the next five years.

Keywords. Trends, retail, 2020-2025

1 Human-Centered Convenience

The rise of curbside pick-up in 2020 is one of the trends accelerated by the COVID-19 pandemic. Long before 2020, major retailers such as Target and Walmart were already investing in curbside partly because curbside is a convenient way to service customers of their expanding grocery businesses. Because of the pandemic, people want even more forms of convenience that meet a very human need to protect their health and safety. As a result, the industry will see an acceleration of services such as drone delivery that make it possible for people to get what they need with minimal exposure to other people. In addition, retailers are going to make their online-to-offline experience more seamless, personal, and rewarding, which is why the launch of Walmart Plus is a sign of things to come from other retailers. Websites are supplanting 24/7 brick-and-mortar stores and need to provide near perfect service 24/7 even more so than in the past.

2 Smarter Supply Chains

We've all experienced at a personal level how stressed supply chains are right now. As of this writing, finding certain cleaning products in stores during a global pandemic is a major challenge. The pandemic exposed a major problem that supply chain managers face: they're relying on historical data about consumer demand that pre-dates 2020. And that data has failed supply chain managers in a year when consumer demand for products ranging from board games to bathroom tissue has unexpectedly surged. This is why next-generation supply chains will emerge to play a stronger role in supporting retailers beyond 2020. Supply chains supported by artificial intelligence that senses and responds to real-time data, not historical data, will replace supply chain technology as we know it today. When retailers get real-time insight into consumer purchasing behavior, they'll be able to respond in more agile fashion – not only in how they stock products but also how they price them. Consequently, agile supply chains will result in more responsive trade promotions both in store and online. Agile supply chains that sense and respond to consumers will also support more personalized service, especially online.

3 More Efficient Stores

Nowhere has the impact of the pandemic been more dramatic than in brick-and-mortar retail stores. People are still willing to shop in stores, **as a recent Codebroker survey reveals**. But they're not interested in casually browsing merchandise selection and discovering what's new. They want to get what they need and leave. As the rise of curbside shows, many don't even want to go inside the store. Before 2020, stores were already investing in better ways to support shoppers in the store with technology that makes shopping more efficient and fast – witness the rollout of Amazon GO stores in which people can walk into a store, stock up, and leave without needing to interact with a person or even stop at a check-out lane and interact with a machine. By using in-store sensor data and connecting to a shopper's debit card data, Amazon GO makes shopping highly efficient. These types of technologies introduce new risks, though, such as the need to provide more complete and always-on fraud detection.

In addition, stores will rely on robots to manage operations more cost effectively, with robots such as **LoweBot** providing wayfinding assistance, and safety robots such as **Millie** alerting store employees about hazards such as product spills and even cleaning them up.

Robots and cashier-less stores, though, are not the same as stores without people. Retailers still need humans in the loop to train robots and manage technology – to keep the stores smart.

Here again: all these advances pre-date 2020. But events of 2020 will accelerate their option on a more widespread scale.

4 More DTC Brands

Big retailers, with deep pockets and the will to compete more effectively with consumer packaged goods brands, have been creating their own direct-to-consumer (DTC) house brands over the years. **Amazon alone has developed hundreds of them**. Even in an increasingly crowded market, **Target's recently launched Good and Gather brand is already a billion-dollar operation**. Behind the scenes, businesses such as Target need more visibility into customer purchasing behavior than they've ever had – which, in turn, requires a customer data ecosystem that ties together customers' purchasing behavior online and offline. Only businesses that can create real-time visibility into customer behavior will be able to pull off this feat.

5 AI Helps Shape a Sustainable Future

Sustainability has been one of the most critical issues influencing corporate decision making for years. **The pandemic has created a heightened appreciation for sustainability**, too. To be more responsive to consumer sentiment, retailers will dial up their investments into artificial intelligence (AI). Why? **To quote my colleague Mike Edmonds:**

AI can help businesses design products that either maintain their value over a longer period of time or be reused more efficiently. AI is already helping organizations create new materials to design products that last. AI can also help businesses create a better infrastructure that supports the reuse of products, such as identifying how businesses can design better processes for recycling materials. And by combining real-time and historical data on pricing and demand prediction, AI can help companies transition to a business model that relies more on subscription services rather than product ownership.

As my colleague Ahmer Inam recently discussed, three pillars need to support the way businesses adopt AI: human centricity, trustworthiness, and being ethical. A mindful approach to A.I helps to shape a sustainable future. It's time for retailers to go all-in by

embracing a circular economy that connects consumers, retailers, and consumer packaged goods firms more effectively than ever.