

10 retail trends for 2019

By Jackie Kalis

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For the retail sector as a whole - and for physical stores in particular - 2019 will be a year of reinvention, a recently released report by Coresight Research finds. "We anticipate that the year will be marked by spectacular retail, fast retail, and smart retail," the report states. "The result will be a global retail sector that is stronger and better equipped to serve rising consumer expectations."



Here are the 10 retail trends identified in the report:

1. Next-gen flagships

Cities will see more spectacular retail from a new generation of flagship stores. "We expect a new wave of investment in physical stores to be core to the reinvention of retail," the report states.

Major multibrand retailers, such as Walmart and Target, have already begun updating their environments and investing in new technology, and monobrand retailers are expected to launch new, spectacular flagship stores that function as 'temples to brands'. Retailers already jumping on the bandwagon include Nike, Restoration Hardware and Tiffany & Co.

2. Fast retail

'Fast retail' will have shorter leases, more shared spaces and more short-term stores. This trend will also inspire new collaborations between retailers to boost store traffic and large-store retailers to seek cotenants to fill extra space. Several US property owners have already begun dedicating space to changing offerings, including Simon Property Group, Washington Prime Group and Brookfield Properties.

3. Borrowing from 'new retail'

Western retailers will borrow from 'new retail' with data-driven online-to-offline ventures. This is expected to manifest in online retailers offering more physical experiences around calendar events and moves into permanent retail formats, with online data influencing decisions on everything from format to product range and location.

Already, Amazon is opening more popups in the US and Europe, Cdiscount opened a concept store in Paris and Zalando opened a new beauty store in Berlin.



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4. Frictionless physical retail

Technology will strip friction from brick-and-mortar retail. At the forefront of this tech-forward shift to address traditional pain points will be automated, checkout-free convenience stores. Amazon Go is already testing this trend in the US, with a Bloomberg report indicating that Amazon may open as many as 3,000 locations by 2021. And in China, Auchan Minute and BingoBox are opening checkout-free stores that utilise apps such as WeChat.

"The time-pressured nature of convenience stores makes them natural choices for unstaffed formats, but in 2019 we expect just-walk-out stores to extend more fully into nongrocery sectors in which speed and convenience are important to shoppers."

5. Artificial intelligence

Artificial intelligence will become retailers' go-to technology. Four areas of opportunity for retailers to utilise AI, according to the report, are communication/personalisation, pricing optimisation, inventory, and discovering new ways to engage with consumers.

Walmart is already using AI and machine-learning algorithms to organise inventory data and price merchandise, the report states, and is working on a facial recognition algorithm to assess shoppers' satisfaction levels.



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6. Partnerships with startups

Startup partnerships will fuel new product development, digital improvements and operational efficiencies. "We expect a flurry of activity around startups that can contribute to areas such as new product development in CPG and beauty; digital service improvements, with a strong emphasis on the point of consumer interaction, including payments; and operational efficiencies such as productivity and logistics," the report states.

Brands and retailers are expected to increasingly launch accelerators and funding programmes to gain first rights on startups' innovations. Already, LVMH has announced the launch of its accelerator programme in Paris, and Beiersdorf AG has launched a beauty accelerator programme based in Seoul.

7. Responsive supply chains

Supply chains will become more responsive, and switch from lines to loops. In industries such as apparel, the sourcing pathway will shift to a digitalised, reactive feedback loop, according to the report.

In addition, "the accelerated rollout of automated, on-demand, and limited-edition production, 3D printing, and point-of-sale

customisation will add further flexibility and complexity," the report states. Adidas, H&M and Levi's are among those implementing tech-driven changes to their product sourcing and supply chain.

8. Conscious consumption

Consumers will look for environmentally and socially engaged brands and retailers. The conscious consumption trend will continue to expand into new retail sectors, the report states, and will push shoppers toward alternative acquisition models (such as resale and rental). This gradual shift will fuel further collaboration between retailers and brands in search of fresh ideas, endorsement from influencers, and being viewed as responsive to consumers' concerns.

It also extends beyond environmental impact: "A growing proportion of consumers – many of them younger consumers – will turn away from brands whose values do not align with their own and toward firms whose values do align with their own."

Some recent examples of the shift toward conscious consumption: H&M now offers a free garment repair service at its newly opened experiential store in London for loyalty programme members, Evian has launched a brand initiative for its packaging to be "100% circular" by 2025, Brands Yoobi (stationery) and Bombas (socks) give back with "buy one give one" policies, and Nike's controversial ad campaign with NFL player Colin Kaepernick in September 2018 boosted its share price and social media numbers.



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9. Smart retail

More consumers will expect 'smart retail' interactions. Retailers will need to meet this desire with a holistic approach that "integrates AI automation, human intervention, and data sharing to provide personalised and predictive interactions across multiple channels," according to the report.

US beauty retailers Ulta and Birchbox both say they're focusing on personalisation and aligning online and offline experiences. To help with this goal, Ulta has acquired OM Scientific, an AI startup with capabilities in computer vision, natural language processing, recommendations and visual search.

10. Inclusivity

Shoppers will seek more inclusive offerings, impacting the apparel and luxury markets. Brands and retailers will increasingly target traditionally marginalised fashion consumers, according to the report, such as plus-size shoppers and consumers with disabilities seeking adaptive clothing. Midmarket retailers will add more niche sizing and adaptive ranges,

and aspirational brands will look to partner with "body-positive" influencers and celebrities.

In the UK, Marks & Spencer and ASOS have launched adaptive clothing lines, and Kohl's plans to launch a plus-size private label, EVRI, in spring 2019.

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