

xpandit
Insights



Retail Industry

Hybrid Retail: A New Era



Disclaimer

This research expresses our subjective opinions. Our views are based on public and available information. All information here presented is reliable and accurate at the time of the research.

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"Hybrid Retail: A New Era" is our fourth industry report, and the result of many months' extensive research.

We've been researching and studying different industries since 2019. Since we published our first report, our goal has been to discuss the future of different sectors and how technology can help build better, more resilient businesses across various realities. Our debut Xpand IT Insights report focused on the *Banking Industry* (now on its second edition).

We followed up our research with the *Insurance Industry* report, and now we wanted to focus on the Retail Industry, which is one of the biggest industries in the world and one that, similarly to the Banking and Insurance industries, is being disrupted and irrevocably transformed by recent events.

We can't write this report without mentioning the global pandemic that is still very active around the globe even at the time of writing. It's virtually impossible to write about the trends shaping the future of the Retail Industry, the challenges it needs to overcome, and the opportunities it needs to take advantage of, without mentioning COVID-19.

Almost two years after the first lockdown, we're still witnessing the effects of this catastrophic pandemic on our lives, our businesses and our economies. This pandemic has changed every aspect

of our existence – it has changed our work dynamics, our interpersonal relationships and, yes, even our shopping habits.

Despite having much to regret due to this pandemic, one good thing we can take away from the event is how technology has been instrumental in helping us cope with the after-effects of the different outbreaks.

Technology helped us keep in touch with our families during lockdowns, made work from home a regular part of our lives (for those of us lucky enough to be able to do it), and made it possible to continue living our lives as best as we could without having to leave the house.

Additionally, we've been witnessing accelerated digitalisation across different businesses and industries in the past nineteen months. This trend only highlights the importance technology has in building digital infrastructures that help companies prepare for an uncertain future.

We cannot predict the future, and it's not our goal with this report to do so. Still, we can use the different tools at our disposal to help prepare companies for long-term unseen market and behaviour changes.

At Xpand IT, we focus on helping our clients build the best digital experiences possible for their customers and employees. Technology is at the heart of everything we

do. We believe that technology inspires the most outstanding results for people and companies.

I hope you enjoy reading this study as much as we enjoyed creating it. Don't hesitate to get in touch.



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Introduction

2020 was a disruptive year for every industry, and the Retail Industry was no exception.

Before the global pandemic and despite some assumptions that the retail sector might be dead, the industry was still witnessing a steady growth, even though it already had to face complex and difficult challenges.

It's true that, before COVID-19, we may have regarded the retail experience as primarily physical: the need to see and touch an article would be considered, by some, as unreplaceable. Trying out new shoes and clothes or browsing different stores in the shopping centre could never be entirely replaced by online shopping. That reality just wasn't something all people would entertain: being unable to go to a store to touch, feel and visually assess an article before committing to its purchase.

In truth, though, before the global pandemic, physical stores were already struggling to maintain customer interest, and it wasn't uncommon to read about another store closure in the news. Enter a global pandemic that spread through every country in the world and successive lockdowns that sent retailers scrambling to adjust to rapidly changing market conditions. Brick-and-mortar shops had to close (albeit temporarily), and retailers had to shift to a 100% digital reality to ensure they would be

equipped to survive the economic upheaval the pandemic provoked.

We now know that many retailers haven't survived the past 19 months: some didn't have the necessary resources (financial or otherwise) while others hadn't planned ahead to remain competitive in unexpected and challenging times. Nevertheless, some that didn't have the tools they needed to stay ahead of the game were able to deploy them rapidly to face the uncertain future ahead of them.

Some retailers still managed to find opportunities amidst the crisis and came up with innovative ways of doing business, reorganising operations, rethinking business models and taking advantage of existing technology to keep moving forward.

Like other industries, the retail industry had to think outside the box and find ways to reconnect with customers, even at a distance. As has been mentioned, due to COVID-19 restrictions, only essential businesses stayed open during the lockdowns which meant that shopping centres and other stores were temporarily closed.

At the same time, shopping centres and clothing stores were temporarily closed. People were forced to adapt to a different way of shopping: some because they didn't want to put themselves at risk and others because

they didn't have another option. Almost two years later and many lessons learned, retailers can no longer ignore the global pandemic's profound impact on customer behaviour.

It's unlikely that things will get back to exactly how we knew them before the pandemic. This event changed so much in our lives: the way we work, the way we connect, the way we shop, and the way we interact with brands. The pandemic has sparked lasting changes in customer behaviour and how we want to do things going forward. Simultaneously, it accelerated the shift to a more digital world, something that previously would have taken months or even years longer to achieve.

Now, the retail industry has the opportunity to adjust and adapt to new customer needs and expectations. Technology, in general, is disrupting a lot of industries, and retail is just another one learning to take advantage of it to survive the new world order.

Retail isn't dead, but the retail industry as we knew it is. A new kind of retail is emerging as we write these words – an industry supported, enhanced and upgraded by technology.

Digital Xperience in Retail

Online retail is here to stay. In recent years, e-commerce has been witnessing exciting growth.



According to Statista, retail e-commerce sales worldwide in 2020 amounted to \$4.28 trillion. By 2022, e-retail revenues are projected to grow to \$5.4 trillion.



Source: Statista

These numbers show a clear tendency towards the digital economy. Consumers are becoming savvier and increasingly digital, and there's no going back from it.

In our view, there are two main drivers of the disruption of the retail industry:

Technological advancements, supported by the emergence of technologies such as Artificial Intelligence, Big Data, Augmented Reality, IoT and others, and customer behaviour changes, empowered in part by mobile and the digital world in general.

These two forces are irrevocably transforming the retail business. Empowered consumers connected 24/7 through their smartphones have an enormous amount of information at their disposal that they rely on to make purchase decisions.

Considering both these drivers, retailers can no

longer rely on traditional methods to engage their customers, hoping that they will be satisfied with the experience.

In the last few years, technology has indeed been bringing some degree of innovation to the retail industry. Still, before the pandemic, there was no real incentive to promote a more profound change within the industry. However, the global pandemic, however, has dramatically changed businesses' perspectives.



Source: Statista

The impact this pandemic had on the industry, and the economy, in general, is ever-reaching. **For the retail sector, the global pandemic meant closing physical stores, numerous job losses, and, ultimately, an income loss for many people in the world, which impacted consumers' spending habits.**

The pandemic served, in fact, as a wake-up call. Retailers had to quickly adapt to a 100% digital reality, where physical stores would stop playing an essential role in many retailers' customer engagement strategies. There's no doubt that, more than a year after the first lockdown, customer behaviour has changed, and it's unlikely that it will revert to how it was in pre-pandemic times. At first, consumers had to go shopping online because there wasn't any alternative, however, at a later stage as restrictions started to ease in some countries, many customers opted to continue to make online purchases because they felt it was still the safest option. And so, a consumer shift to digital channels seems to be part of the new normal.



of global consumers declared they have become more digital compared to the first time the survey was conducted.

Source: PwC's June 2021 Global Consumer Insights Pulse Survey

Additionally, more people stated that they were now buying online daily. These studies and statistics prove that the industry's digital experience must, more than ever, become a central part of retailers' strategy. Retailers will need to make sure they make the shift to digital because that's where their customers will be, browsing for different products and services.

However, increasing in the digital arena, it will also be increasingly hard to stand out from competitors. As digital options increase, it will get harder for brands to market their products and engage consumers effectively.

Faced with so many choices, consumers will look further to help them decide what product or service to buy: they will look for experience.

The digital experience you design, as a brand, will determine the emotional connection the user will establish with you.

Building a good user experience implies a deep knowledge of how users interact with a particular product, service or interface. It requires a holistic view of their needs, wants, likes and even their limitations. Retailers, then, should make sure they build their digital experiences round their users. The challenge retailers will need to tackle will be how to create experiences capable of triggering positive emotions and make a significant emotional impact through technology.

“**What we find when we do eventually reach the other side of the crisis will not be a retail reality that was merely accelerated by COVID-19.**

Rather, we'll find an industry and consumers reshaped by it – forever.”

Doug Stephens in Resurrecting Retail

Future of Retail: Challenges

While analysing this industry and reflecting on the drivers of change mentioned previously, we concluded that the retail industry needs to address a range of challenges such as:



Customer expectations

This one certainly comes as no surprise. One of the most challenging aspects retailers need to tackle going forward is their customers' growing needs and expectations. The last year alone has changed our shopping habits drastically. There are no guarantees that we will revert to how we behaved in pre-pandemic times.

And it's not just a question of where and how customers want to shop: it's a question of which brand meets their exact needs at a specific moment in time.



64%

of customers want to shop with companies that can meet their real-time needs.

Source: Salesforce

It will be a challenge to stay on top of changing customer expectations. Still, if you do, you'll have a deeper understanding of your customers and, therefore, will be able to engage them more effectively.

“Your customers no longer compare you just to your direct competition. You are being compared to the best service they have ever received – from any company or any person. It could be a vendor, a retail store, even an online seller – any business.

Customers now know what great customer service looks like, and they expect it from you.”

Shep Hyken, Forbes contributor



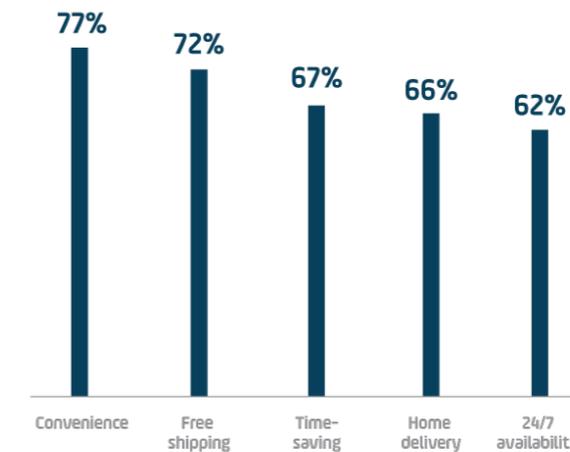
Convenience

Consumers increasingly look for convenience in their shopping experiences because time is precious. We want our needs and desires to be fulfilled right now.

We expect that super-fast deliveries will become the industry standard in coming years. But first, retailers will need to continue automating critical stages of the delivery process. The biggest challenge for retailers will be to work out how they can continue making the whole supply chain more efficient to better control product distribution.

There are already some companies experimenting with different methods, such as JD.com’s autonomous delivery vans. Retailers will need to explore technologies such as robotics and autonomous technologies to overcome this challenge.

To survive in a post-pandemic reality, retailers must automate and digitise their supply chain to achieve more efficiency.



Top 5 reasons consumers choose to shop online

Source: Deloitte



Context

Contextual information is essential for the shopping experience to become relevant. You need to have the technology and capacity to turn your customer's data into actions for that to happen.

The Customer's context can unlock many different opportunities that might have gone unnoticed otherwise. Understanding the understanding it at any time (for example, their location) is a golden opportunity to create a disruptive interaction with your customer.



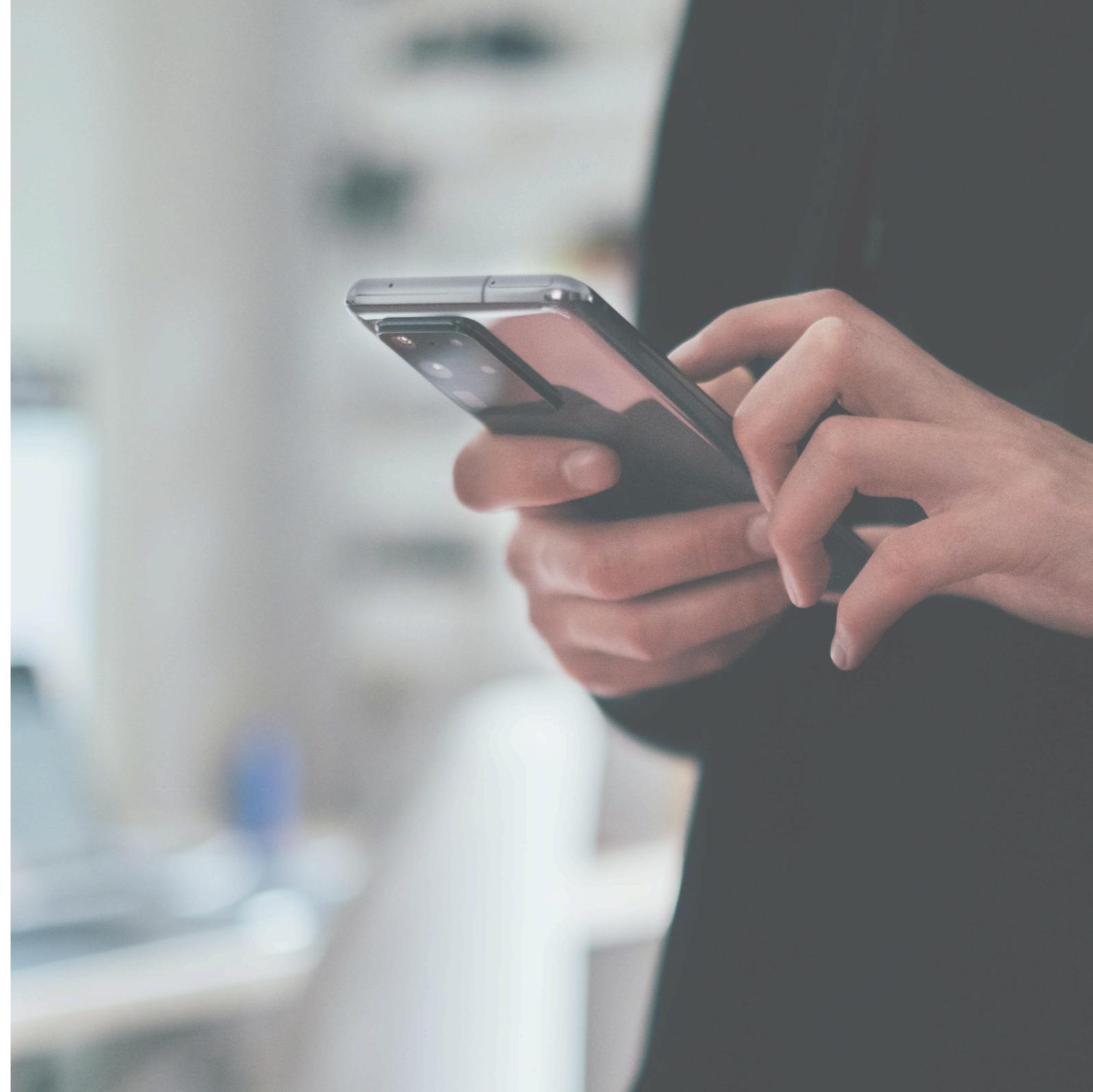
79%

of customers are willing to share relevant information about themselves in exchange for contextualised interactions in which they're immediately known and understood.

Source: Salesforce

With that information, it is possible to automate part of their experience and even delight your customer – you can, for instance, offer them a discount and invite them to get to know the new running shoes in your collection because you know that your user usually spends weekdays near your store and you know that running is a hobby.

Context is crucial, especially in a post-COVID reality where the physical world will increasingly blend with the online world. Context will be essential for retailers to offer an immersive, relevant experience, introducing a shopping ecosystem concept instead of fragmented experiences.





Purpose

Why does your brand exist? Why do customers need your brand in their lives? What values does your brand bring to a customer's life? Studies¹ have shown that brands that communicate purpose evoke heightened physical and emotional responses from consumers: gaining higher levels of attention and engagement.

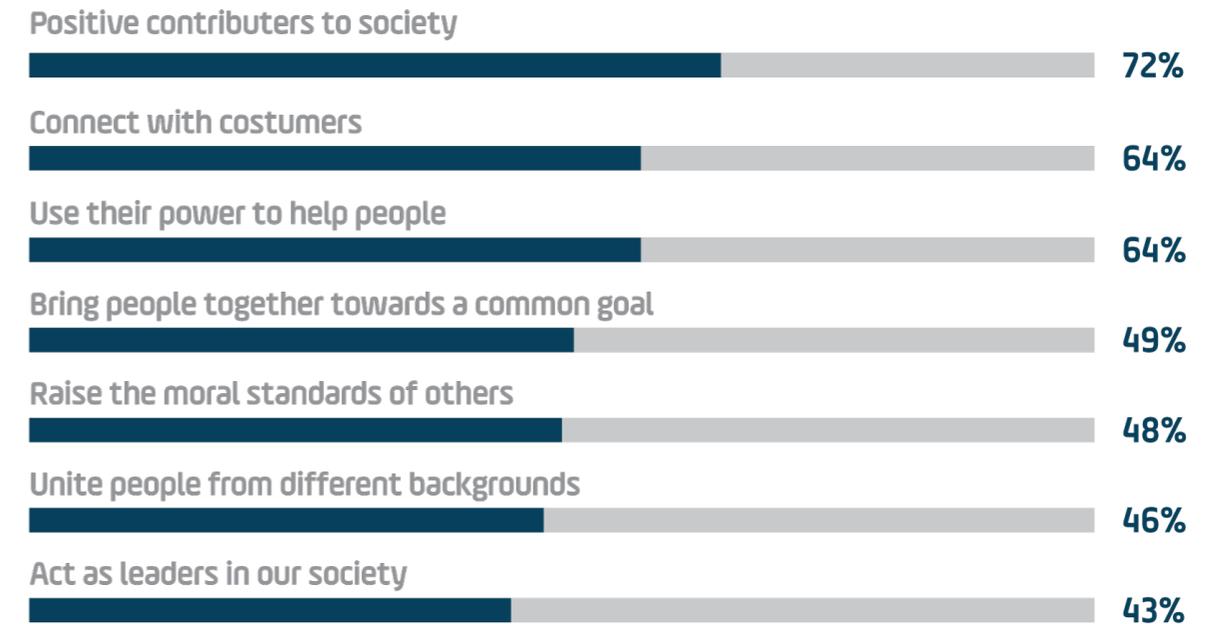
The truth is that, on par with increasing customer expectations, customers now expect more from the brands they interact with. It's not enough that brands connect superficially with their customers.

A variety of factors are currently contributing to a fracturing of society, or at least, to the division of opinions towards polarised extremes – declining trust in government and religion are two examples. As always, as human beings, the need to belong is intrinsic and natural. This is where brands can come in. Customers now expect brands to forge deeper and more meaningful connections with them. They also expect that brands take a bold position on social problems.

¹ Porter Novelli/Cone Purpose Biometrics Study, 2019.

So in a post-pandemic reality, retailers should communicate their purpose through the content they share and forge deeper connections with their customer base.

Consumers want brands they connect with to:



Source: Sprout Social



Future of Retail – Trends

On the other hand, industry trends point to various different themes such as:



Personalisation

Personalisation dominates almost every type of content related to the retail industry, and for a good reason. We know that customers enjoy and respond well to personalised experiences.

As a result, they increasingly demand a unique, personal experience rather than being treated as a number or as another John Doe. It is no surprise that, as human beings, we are hard-wired to crave understanding, and we greatly enjoy being treated as unique individuals.



40%

likelihood that people will spend more than planned when they identify the shopping experience to be highly personalised.

Source: Google/BCG study

Personalisation is the differentiating factor between sub-par and highly relevant experiences. In a new era where technologies such as IoT, predictive analytics and customer analytics are increasingly available, retailers are in a privileged position to gather more information about their customers' behaviours and preferences and turn this data into actionable insights to create a curated experience for each customer.



Sustainability

The climate crisis is finally garnering the attention it deserves from the masses. Sustainability has been a topic for a few years now, but it has never been the focal point for so many industries as it seems to be now. We can no longer ignore the problem of climate change or sweep it under the rug.

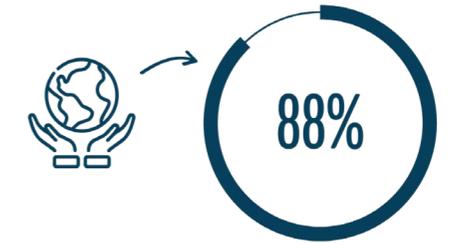
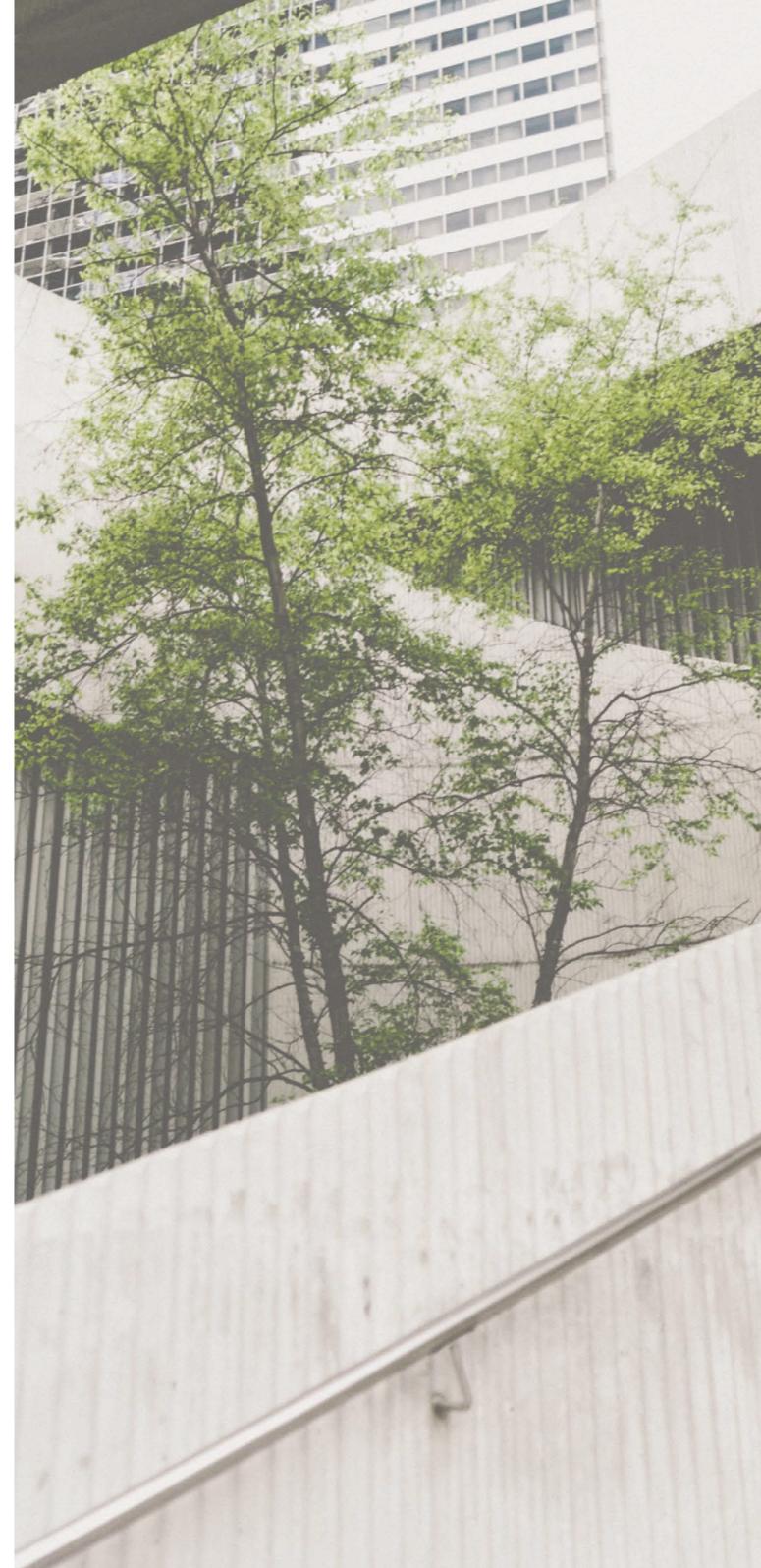


8.1% of the world's greenhouse gas emissions are caused by the fashion industry

Source: Forbes

Pressure for organisations to act and become part of the solution is coming from all sides. Customers are now even more conscious of the impact their shopping habits have on total emissions.

Brands should focus on how they can have a positive impact on our planet's health, assisting shoppers in minimising their carbon footprint by coming up with more sustainable products and packaging or reinventing stock and supply chain management.



88% of consumers want brands to help them make a difference.

Source: Forbes

At this point, sustainable practices are a matter of retailer survival: consumer behaviour is changing, and, in the long run, consumers will reward brands that take sustainability seriously and brands that make positive contributions to our planet's survival.



Experience

The COVID-19 pandemic and the growth of online commerce has forced many different brands to rethink the purpose of their brick and mortar stores, in many cases resulting in store closures.

And while it's true that the customer behaviour changed during past lockdowns, for instance, relying on online shopping and home deliveries, physical stores do still have some advantage over online shopping. Stores allow retailers to give their customers a truly memorable and immersive experience.

Consumers aren't buying just material goods or services; they buy the whole experience and the connection that results from it.

Retailers should expect the physical world to continue to blend with the online world. As such, they should create differentiating experiences using both channels.

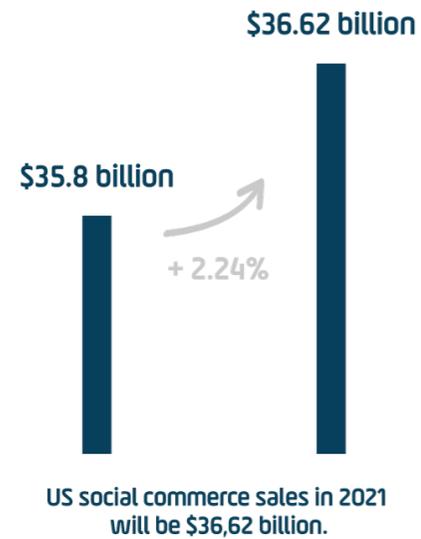
Technology can be instrumental in enabling seamless experiences, and it can undoubtedly help induce "Wow" moments. That connection we mentioned before is called neurological connectivity, which happens when:

“ [...] a retailer, a brand or a service creates a strong psychological and emotional response that operates on a subconscious level for the consumer in a way that is typically neither readily understood nor necessarily recognised by the consumer ”

Robin Lewis and Michael Dart in *New Rules of Retail*



Social commerce

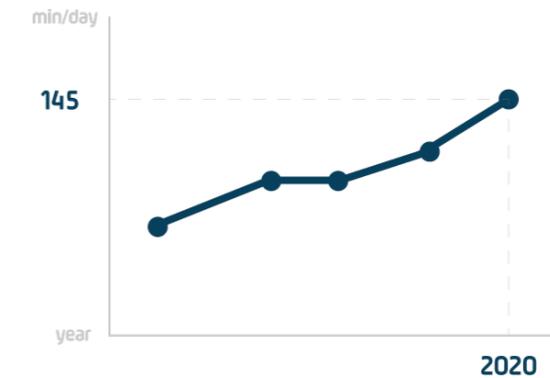
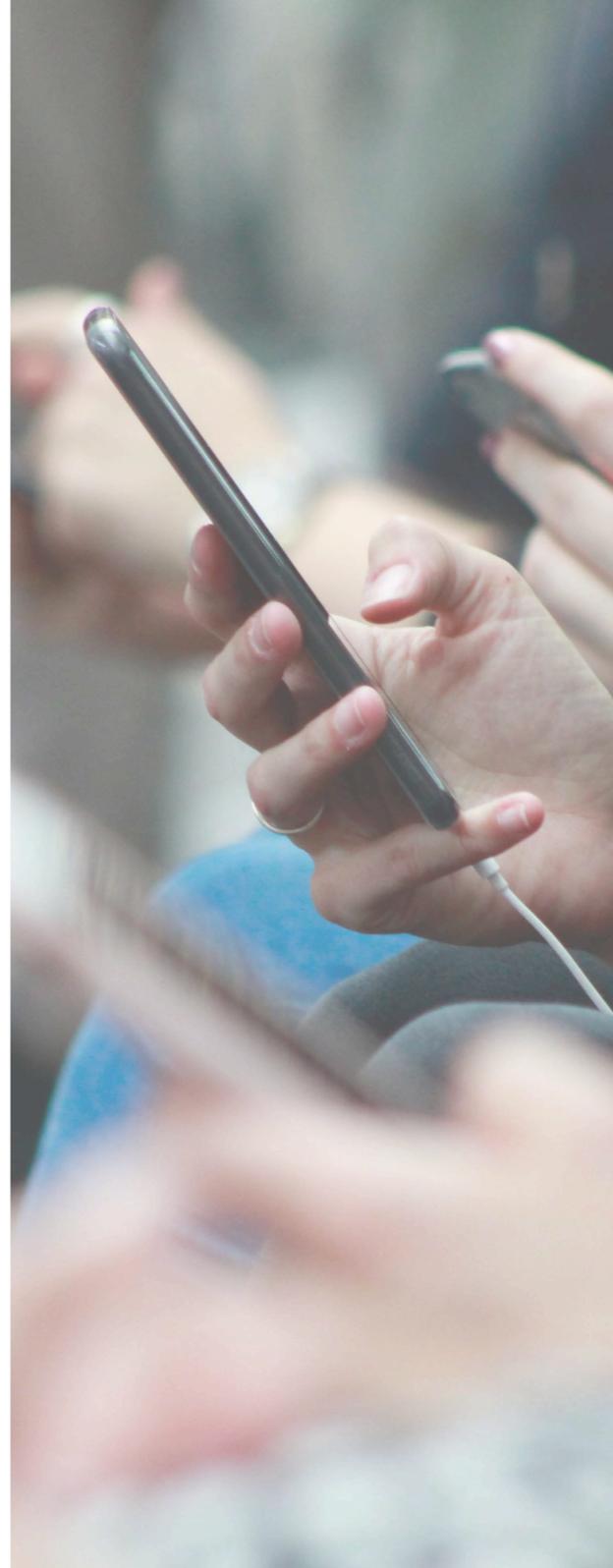


Source: Insider Intelligence

Factors such as social distancing, successive lockdowns and the convenience of online shopping have resulted in the growth of e-commerce.

Customers expect their shopping experiences to be increasingly convenient and immediate.

There's a clear opportunity to explore these two values while integrating shopping capabilities into social media apps.



Average daily social media usage worldwide

Source: Statista

As Doug Stephens in Resurrecting Retail states, **“customers increasingly expect every media message to act as a direct portal to purchase”**, and that’s precisely what social media applications can become.

Instagram has already integrated these capabilities into their navigation experience, letting users check out and purchase items without leaving the app.

TikTok has also partnered with Shopify to bring the same capabilities to their app, allowing merchants to build a storefront containing product information, photographs and prices.

Social media can serve to enhance the shopping experience because it reduces friction: users can see something they like on a post or in a video and buy it instantly without leaving the same ecosystem.



Phygital: The New Normal

Even though we advocate the importance of building and maintaining great digital touchpoints, however, the retail industry has reached an extraordinary moment in time to take advantage of both the physical and the digital world to create a truly seamless experience.

All trends point to a convergence of these two worlds, and brands need to take advantage of both to successfully create a unique experience for their customers, either online or offline.

The fact that the pandemic has pushed consumers towards online shopping doesn't mean that they don't miss walking into a physical store, able to see, touch and feel different products.



81%
of shoppers go into physical stores to discover and evaluate new products

Source: Salesforce (Connected Shoppers Report)



62%
of shoppers tend to buy more than intended when they shop in a store.

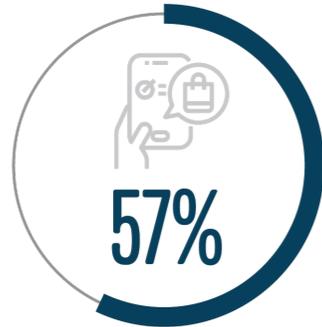
Source: Salesforce (Connected Shoppers Report)

It goes, therefore, that physical stores will still be critical to post-pandemic reality.

Retailers should continue to consider stores as an essential medium to reach their customers. After all, they are just as important a channel of interaction as digital is. So, it's the concept of physical stores we need to redefine. Stores are spaces where consumers can discover, experiment and test new products.

They are somewhere a customer goes searching for something they can't get via any other kind of channel – a different kind of connection, if you will.

The plot twist is that the barriers between digital and physical are getting indistinguishable. And this is becoming ever more evident when you analyse in-store customer behaviour.



of customers have researched products online via a mobile device while in a store

Source: Salesforce (State of the Connected Customer)



have arranged delivery for a product that is out of stock

Source: Salesforce (Connected Shoppers Report)

This is why, in our view, physical stores need to be “upgraded” to elevate the customer experience and integrate seamlessly with digital touchpoints.

Technology is not only great for building mobile apps that give the customer the ability to do their shopping directly via that digital touchpoint and get products delivered right to their door. Technology and digital solutions have other uses: they are also valuable to empower employees, and give them the knowledge they need to elevate the customers’ in-store experience.

There are already many good examples of how technology is assisting the in-store experience, giving employees information about the customer, and empowering them to offer a level of personalisation that was not possible before.



Examples include: buying a product using a mobile app and then collecting them in-store; buying in-store and having the product shipped home; stores that offer trending products in that particular region; pop-up stores; and same-day delivery for online purchases, among others.

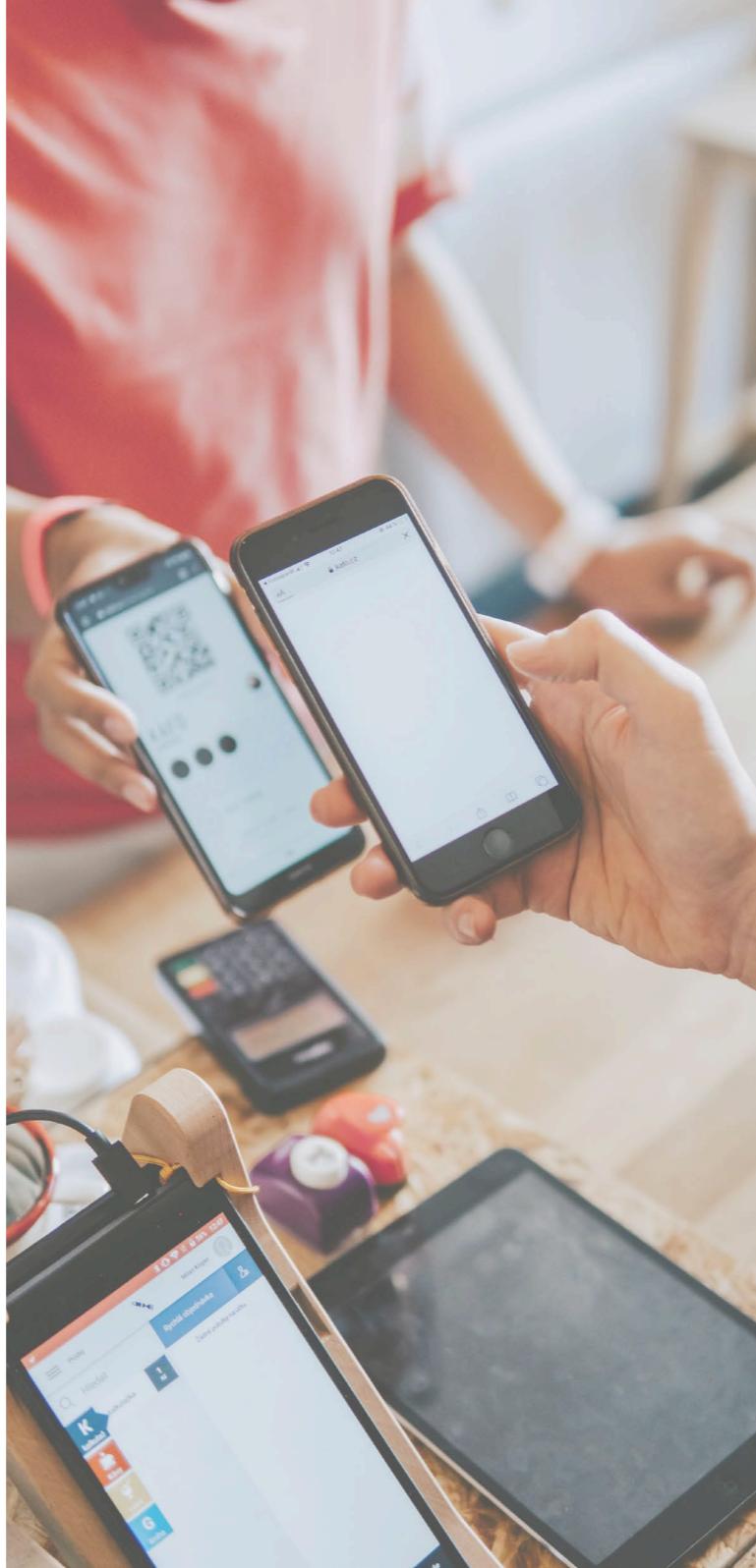
You can have a fantastic array of tools for blending the digital and the physical world to upgrade your customer experience to a whole new level.

For instance, you can offer customers the ability to complete an order in-store on a tablet when you aren't carrying any stock;

You can let them access their online account to see their payment and delivery details; and you can empower your employees with details of a customer's purchase history so that, when the customer arrives at the store, the assistant will know their personal preferences and can deliver a more personalised service.

Assistants can be equipped with more knowledge.

They will be acknowledged as experts by customers, seeing as they will have a deeper understanding of the product they're selling and to whom they are selling it.



Your customer's experience might start with a mobile app, your website or even social media but market trends point to the need to build a completely seamless experience regardless of the channel your customers interact with you.

New channels of communication are opening up to customers due to the emergence of technologies such as Augmented Reality (AR), Artificial Intelligence (AI) and Internet of Things (IoT). With the number of customer touchpoints increasing, the customer mustn't feel that they're navigating completely different messages or mediums.

Considering the multitude of ways in which the customer can come into contact with a brand or with a product, it becomes almost impossible to predict the moment at which that customer is going to get in touch with the brand.

As such, omnichannel customer experience, in our view, is no longer the most relevant description to describe the interaction between the customer and the brand. Why? Because it's clear that what customers experience when they get in touch with a brand are moments of interaction – through different devices, mediums and with various personal motivations – and all these should be designed and rehearsed to have a positive impact on them.



That's where omnipresent experiences come in: this approach to modern customer experience helps you be present when the customer needs you.

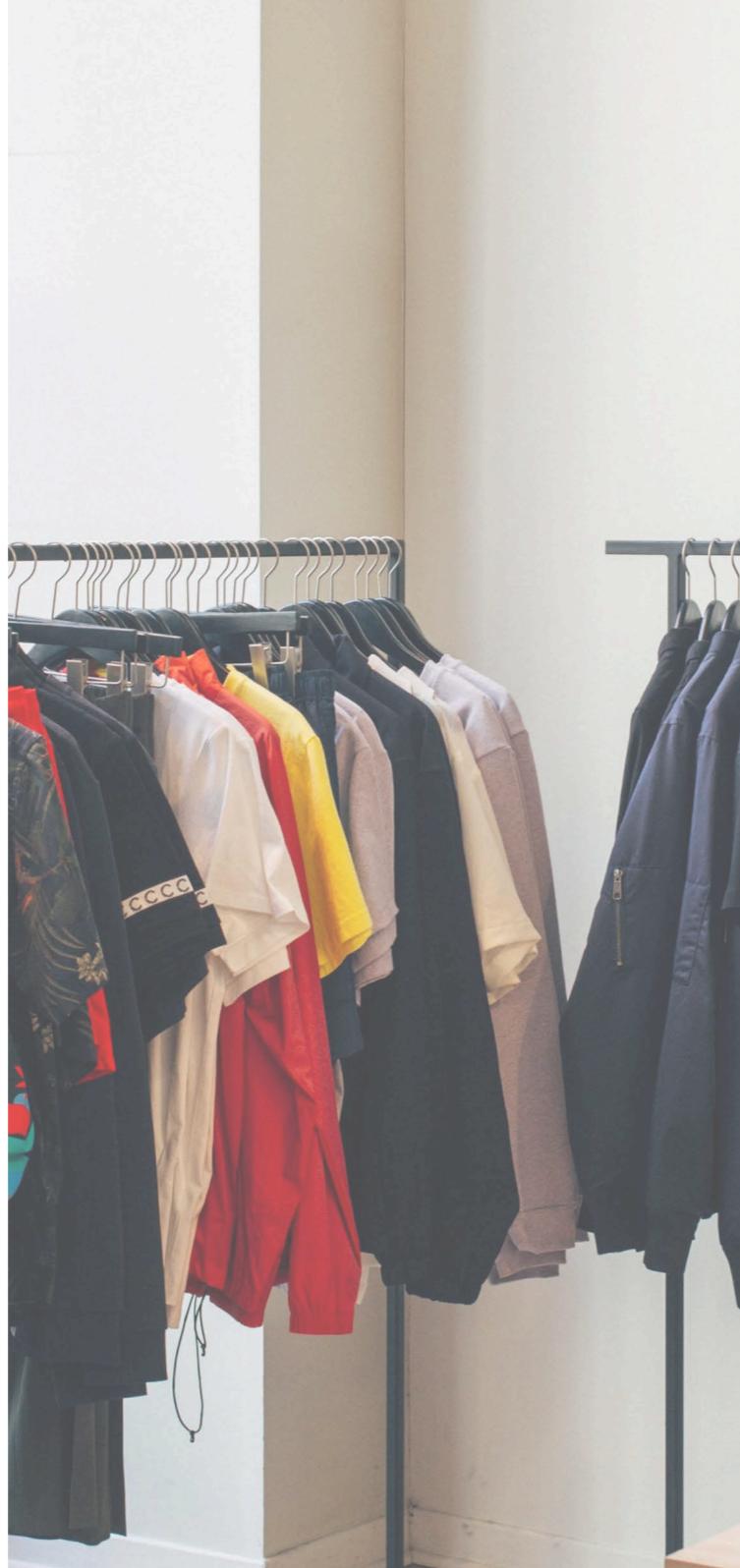
And let's face it, we all know that as users ourselves, every one of us experiences different degrees of interaction with different channels for different brands.

Deep down, we don't care about those moments of interaction or at least we're not thinking about them as such. We interact with brands based on our expectations of what they will make us feel, regardless of the channel we interact with.

There are already different brands exploring 'phygital' and blending the physical experience with the digital one: Amazon's Go stores are taking advantage of technologies such as computer vision and deep learning algorithms as well as sensors to create a different customer experience: customers enter the store by scanning their Amazon Go mobile app, and can then select the products they want and leave without queuing because payment is made directly via the Amazon Go app, where customers can access their digital receipt.

Nike's House of Innovation 000 is using mobile to enrich their in-store experience. Customers can scan the QR codes on the mannequins to access information about the articles the mannequins are wearing; that is, they can "shop the look".

The customer can create a virtual list of clothes that interest them; they can choose their size and send the clothes to a fitting room.



The store also sports a customisation lab where customers can personalise their shoes directly from a tablet. Nike is using data to understand the kind of articles New Yorkers like best. These are the articles shown in the store – customers can check a curated selection of the articles trending in that particular region.

Customers can reserve clothes through the app and pick them up in-store from digital lockers. To unlock these digital lockers, you need to scan your mobile app to access your reserved articles. Furthermore, the store supports instant checkout – you scan the products with your phone and finish the purchase in just a few moments.

At the end of the day, though, customers should always be your guiding light – they are running the show, and their needs and expectations will always show you the road you must follow to succeed. However, as needs and expectations continue changing at a super-fast pace, you need to make sure your company's structure is nimble and agile to respond to these changes quickly. We live in a fast-paced world, and those who react slowly lose the race.

“Whether you know it or not, acknowledge it or not, or like it or not, every company is an experience company. It doesn't matter what you sell or who you sell it to, if you have a customer and that customer has an experience, whether by accident or design, you're in the experience business.”

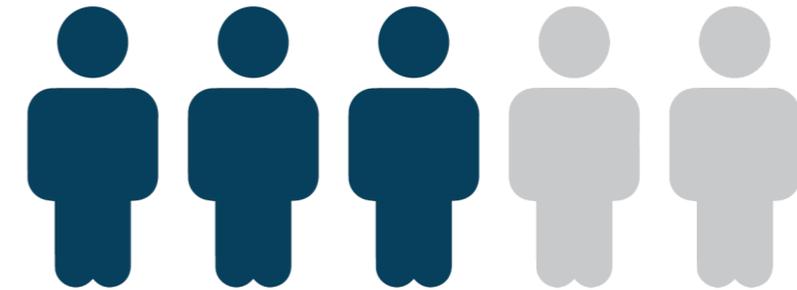
Doug Stephens in Resurrecting Retail



Opportunities in Retail

As we've established, the pandemic has brought numerous changes to the industry.

Retailers have been deeply affected by the event and have had to reorganise their operations and business models to ensure they can survive the pandemic's economic impact. We've also established that customer expectations are changing, with the shift to digital channels becoming more accentuated and customers looking for valuable, genuine, relevant experiences. Technology is already making a huge difference in customer experience.



3 out of 5 consumers say that retailers' investment in technology is improving their experience both online and in-store

Source: National Retail Federation

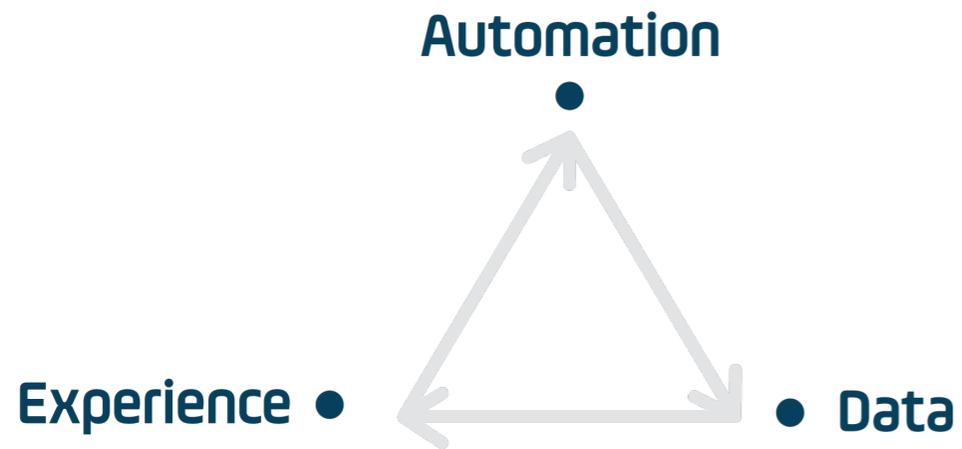
We also recognise that, as a result of the pandemic, we've become used to a hybrid reality, where the physical blends with the digital. As consumers, we've had time to adjust to this: hybrid events and conferences, hybrid work models, hybrid experiences. In fact, in our view, a hybrid reality is probably the future of the retail industry.

Customers are looking for meaningful experiences, genuine content, regardless of where it happens: online and offline. The key to success in this new world order is the experience itself.

Technology is a key element to building a hybrid reality that takes advantage of the best that the physical and the digital have to offer while giving customers a much richer experience overall. Retailers will need to continue investing in technology to improve their business models, reimagine their processes, digitalise their supply chain, and, most importantly, reimagine the customer experience.

Technology investments will also mean that retailers will become better able to deal with uncertainty and better prepared, with tools that equip them to adapt to changes in consumer demand and behaviour swiftly.

As such, there are three different elements in which retailers should continue investing in, when reimaging customer engagement:





Experience

As mentioned before, customers are looking for genuine, relevant, memorable experiences. It doesn't matter if your customer found your brand on social media, saw one of your outdoor billboard ads, or received a recommendation from friends and family. What matters is that when that customer discovers your products, you must give them an experience they will want to keep coming back to.



80%

of customers say the experience a company provides is just as important as its products or services.

Source: Salesforce

Experiential retail is nothing new, but now it should definitely become a priority for every retailer who wishes to survive in a future where experience will be the differentiating factor.

That's because, as we've mentioned before, extraordinary experiences aren't just about sales numbers or profits. Unique, memorable experiences are about positively affecting that customer in order to trigger a biological response. Building a long-lasting relationship with your customers, emotionally connecting with them, relating to your customers on a deeper level, finding solutions to their problems.



At their essence, retail experiences are the sum of physical, emotional and cognitive stimuli we are exposed to in any given situation. What we see, touch, taste, hear, and smell, as well as how those elements make us feel, combine to form an experience. Each of those stimuli are simply elements of content – be it physical or digital.

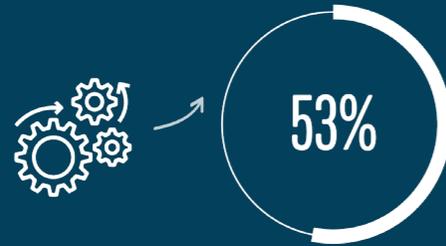


Doug Stephens in Resurrecting Retail



Automation

Automation has been, in recent years, a much-hyped tech trend, and for good reasons. After all, automation technologies play an essential role in modernising business processes in numerous industries. The retail sector isn't any different, and it's another industry that can reap the benefits that automation offers.



53% of activities in the retail industry have potential for automation.

Source: McKinsey

That's a surprising number – more than half of all the activities within the industry can be optimised by using technologies already at our disposal. By automating and digitalising operations, retailers can become more productive and build much more agile and efficient operations, freeing up resources that can be invested to improve other moments in the customer journey.

We've mentioned that customers increasingly look for immediacy and convenience. The standards of delivery in the industry have become ever higher, mainly due to things like next-day delivery that Amazon offers to their Prime subscribers.

By automating critical parts of the delivery process and along the supply chain, retailers will be able to meet their customers' expectations and deliver a better service.



Data

Data is the holy grail of companies in the time and age we live in. Everyone has heard that "data is the new oil". We already know that data is an essential tool for modern companies.

Data is vital for several reasons, and retailers can use data in many different ways. Retailers can use data to a) improve customer experience, using customer insights and b) to improve internal operations.

Getting to know your customers is important: the information you collect about them will be the foundation of the relationship you will build with them later. Customer data is utterly indispensable for retailers: it allows them to offer a more personalised experience and plan and design more effective marketing and engagement strategies.

Retailers can leverage customer data to answer their customers' needs even before they know what those needs are.

On the other hand, data is also essential to improve internal operations. This means that retailers can use data to improve their supply chain efficiency and build accurate forecasting models to make sales predictions with more accuracy. Without data, retailers will be running their businesses wholly blind, and their decision-making capabilities will suffer from it.



62% of retailers report that the use of big data gives them a serious competitive advantage.

Source: IBM



Conclusion

The retail industry isn't dead. Far from it, in fact. It's an industry that's adapting to new circumstances, trying to tackle different challenges and taking advantage of various opportunities, even in the midst of unpredictable circumstances.

Technology is rewriting many different processes within the retail industry, and it's helping it become more agile and better prepared to face coming changes in the market.

Technology isn't only changing different processes in the industry, though. It's also continually changing customer behaviour. During the first lockdown, customers were forced to turn to digital channels for most shopping needs.

Almost two years later it has become clear that even though customers might miss visiting physical stores and will not stop doing so, digital retail is also growing – quite the contrary.

The world is changing, and customer expectations are changing with it. To survive in this new, different context, retailers will need to dedicate themselves to building relevant, memorable experiences: experiences that cater for individual needs and aspirations. Retailers should take

advantage of the best that physical stores can offer, such as proximity and emotional connection with their customers, but they shouldn't forget the digital. As the physical and digital world becomes ever more indistinguishable, retailers must learn to function in both arenas. They should blend both realities seamlessly, so that regardless of the channel that customers choose to interact with the brand, they still have the same satisfying experience - a phygital one.

That said, technology will be a crucial element for the future of the industry. Retailers should support themselves with technology to enhance the experiences they offer their customers. Technology is an enabler of innovation.

Retailers that end up taking advantage of the different technologies we already have at our disposal to build engaging experiences will be the ones that will survive this tumultuous time in history and the ones that will be better prepared to thrive in an ever more digital world.

Let's start building the next-generation retail experiences.

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