

# RETAIL 2.0

THE  
FUTURE OF  
**SHOPPING**



# This Report

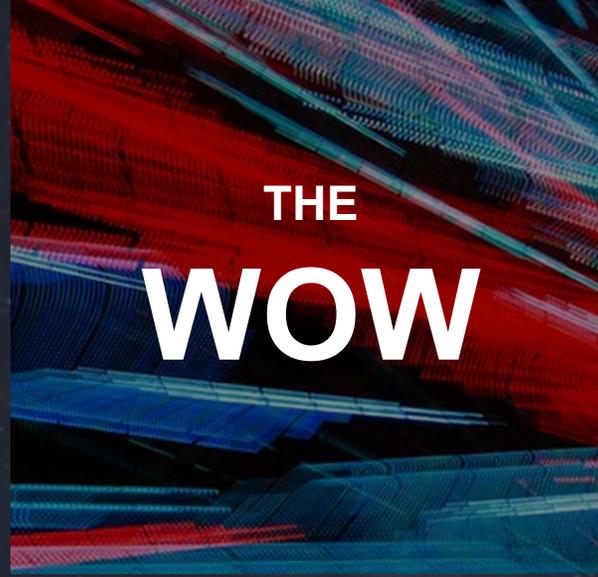
- The pandemic has seen a high-street downturn, as consumers move to e-commerce platforms. But whilst the high street may be down, it is most definitely **not out**
- The post-COVID world provides retailers with the opportunity to renew and reinvent
- OMG Futures sees a retail future where innovation is not just about wizardry and gadgetry – but also enhancing our experiences and serving our deeper needs
- *The Future of Shopping* envisions a future where embracing and integrating with digital technologies whilst providing a unique human experience in-store can lead to a high street renaissance
- This is not a report about e-commerce specifically. This is a report about the shopper of the future and what they will demand from their retail – in all its forms



# How it unfolds



The current state of  
retail in 2020



The next decade in  
retail



Implications for  
businesses and  
brands



**WHERE WE ARE  
RIGHT NOW...**

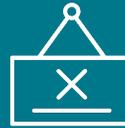
# UK Retail, December 2019



Slowest rate of  
spending growth  
since 2010



85,000 job  
losses in retail



9169 store  
closures



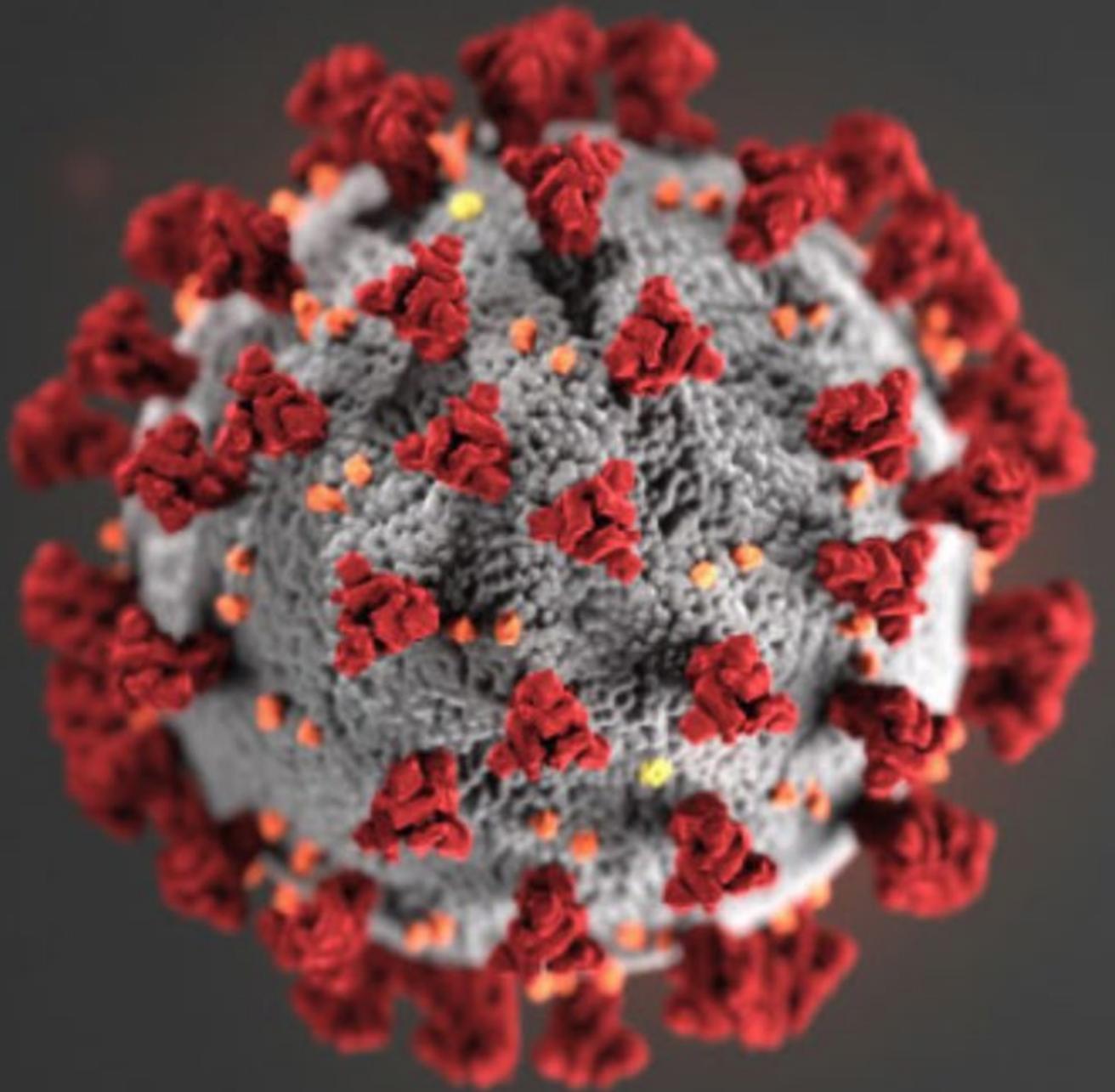
350 CEO  
replacements



Online sales  
grew by 21%

## Retail was already changing

Then, the pandemic  
arrived...



# UK Retail, December 2020



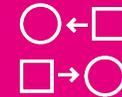
In Sept, as a 12 month average, footfall for non-food stores was down 30.3% nationally, year-on-year.  
Source: BRC



Pre-pandemic online sales: 20% of retail Now: 30% of retail. Mobile commerce up 30% over lockdown  
Source: ONS / internetretailing



Amazon sales up 40%. Announced 7,000 more permanent staff and 20,000 temp staff to cope with demand.  
Source: Wired



63% of consumers said the way they obtain goods and services "transformed" during 2020.  
Source: Salesforce



36% of online shoppers increased frequency of online purchase during lockdown. 49% of over-65s increased online purchase frequency  
Source: Whistl

## The change is accelerating

# A Sign Of The Times?



Topshop owner Arcadia goes into administration

BBC  
NEWS



More than a MILLION shoppers line up in huge virtual queue to get on Debenhams' website and snap up 70%-off fire sale bargains in the final hours before the 242-year-old chain goes out of business

MailOnline



**It would be so tempting at this point to echo a predictable narrative:**

We will all be living digital  
isolated, automated,  
virtual lives

The high street will be  
replaced by  
e-commerce

Everything will be  
delivered by drones

We will shop virtually  
on headsets

## ...but its not that simple

- After Lockdown 1 was lifted, retail sales volumes increased by 17.4%. The biggest quarterly increase on record as sales picked up from record-low levels experienced earlier in the year...
- ...but according the ONS online sales **fell** as people headed back to stores under new conditions
- And, once again, people are flocking to stores in advance of the second lockdown.
- Given we are an increasingly digitised society, why would that be?

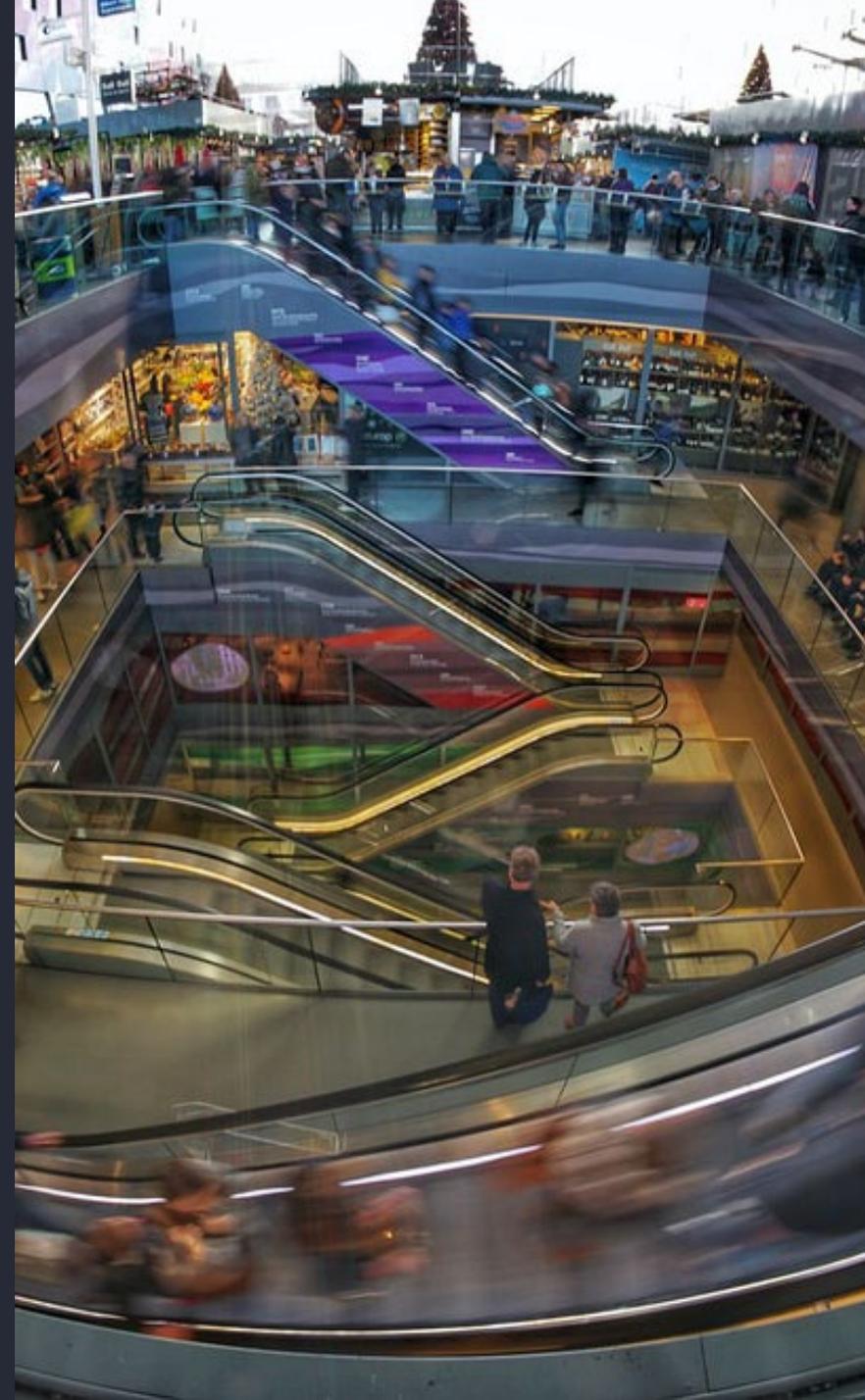
City snapshot: UK retail sales rise back above pre-pandemic levels



Coronavirus: Shoppers flock to stores as lockdown looms

# Moving the conversation on...

- The changes that were already happening, won't be interrupted and will resume
- But we want to challenge the idea that pure e-commerce is the only way to do business in future
- We want to be free of some of their common pitfalls to bring you a more realistic vision of the future
- We want to start by challenging some lazy assumptions and bust some myths





# 4 home truths about the future of retail

# 1. Retail is not one thing

Retail presentations tend to conflate retail with only fashion. We must think about the relevance of the changing retail landscape for ALL vendors.



Food  
High street  
Offline



Hardware  
Out of town  
Online & Offline



Fashion  
High Street  
Offline & Online



Tech  
High Street  
Online & Offline



Food, Drink & Other  
High Street & Out of town  
Offline

Different consumer journeys across different touchpoints for different products

## 2. London is not the UK

**NIKE TOWN, CENTRAL  
LONDON, POP. 10 million**



**PEACOCKS, UTTOXETER,  
STAFFORDSHIRE, POP. 13,089**



Different demographics with different mindsets who have different levels of comfort with different solutions

### 3. Towns are not just their shops

- There are other reasons for visiting a town or city centre:
  - Food & drink
  - Galleries & theatres
  - Historical buildings
  - Parks & green spaces
- None of these would benefit from being encountered at home
- Not all of these would be vastly improved through technology
- Some commentators actually welcoming the idea of the centre of town being reclaimed for non-material purposes



## 4. Change is not uniform

- Bad predictions mistake the coolest and most newsworthy things for the most likely things
- There are different speeds and reasons for change
- For some retailers, tech solutions will not be available quick enough, at the right scale, to help them make necessary changes
- For some retailers, tech may not integrate well with legacy business models
- For some retailers, change may be the last thing they want



### **DRONE DELIVERY**

Air traffic control regulations?



### **VR SHOPPING**

Penetration of headsets?

# The future of shopping in two (but true) clichés



Most people overestimate what they can achieve in a year and underestimate what they can achieve in ten years.

**Retail evolution  
not revolution**



**No one-size-fits-all  
solution for retail**

The future is already here  
– it's just not evenly  
distributed



**We need a framework**  
**for guiding retailers –**  
as to how to choose their solutions and when to use them.

MORE ON THAT LATER>>>

A young girl with glasses is sitting in a dark room, holding a glowing, futuristic object in her hands. The object is emitting a bright, multi-colored light (red, green, blue, and purple) and has a complex, crystalline structure. The girl is looking intently at the object. The background is dark and slightly out of focus, showing some shelves or a wall with some items. The overall atmosphere is mysterious and futuristic.

**But one thing is true:  
change IS coming**



# FUTURE OF SHOPPING: THE NEXT DECADE



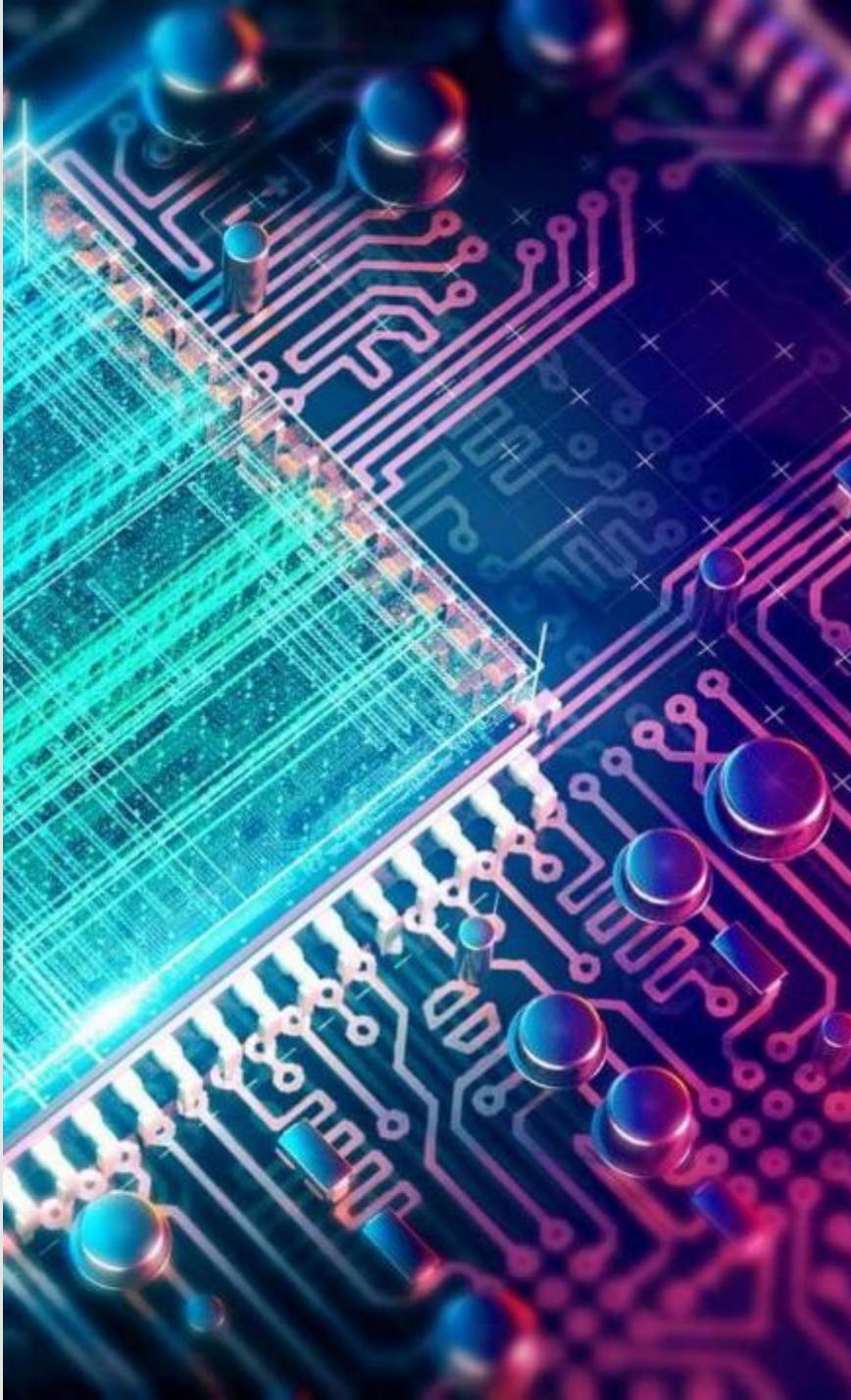
# The **Future** of Shopping Will Be....

**1.** DIGITISED

**2.** HUMANISED

**3.** JUSTIFIED





# #1

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# DIGITISED

Integrating technologies to enhance shopping experiences:

AT HOME  
IN-STORE  
EN ROUTE  
ON THE STREET



DIGITISED

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# AT HOME

Tech to digitally recreate retail and shopping environments at home

# Need for E-Commerce Mastery

- Need for mastery of e-commerce basics. Before raising the ceiling, some brands must raise their floor – addressing some e-commerce / online fundamentals:
- Findable, navigable, slick, quick frictionless websites
- Product range, product information
- Efficient and effective delivery and returns service
- Efficient and effective customer service
- Integrated offline and online operations
- Integrated with media and marketing strategy
- Might seem obvious, but we could all list examples of businesses and brands who have failed on the above

The best and worst UK ecommerce sites as voted for by shoppers revealed



Think  
with  
Google

If people have a **negative experience on mobile**, they're **62% less likely** to purchase from you in the future.

# E-Commerce offering will continue to widen

Breadth, depth and variety of goods and services purchasable online continue to expand.  
More sophisticated competition from more entrants with smart solutions.



## CAZOO:

buy used cars online – and have them delivered to your front door



## BONEBOX:

buy professionally curated and cleaned animal bone specimens



## CANNABOX:

'smoking' paraphernalia [ahem] on-demand

# Disintermediation & Direct-To-Consumer will expand

- Emerging consumer preference for cutting out the middleman and ordering direct from source
- Development of platforms allowing single traders to sell direct to consumer without physical branding & packaging of a middleman
- *'Move Food Initiative'* allows people in Philippines to order direct from farmers, rather than go to the supermarket
- *ShopUp* allows single, small independent retailers and family run presence digitise their business quickly and easily

**Bloomberg**  
Harry's Upended the Razor Market. Now It Has to Save Schick

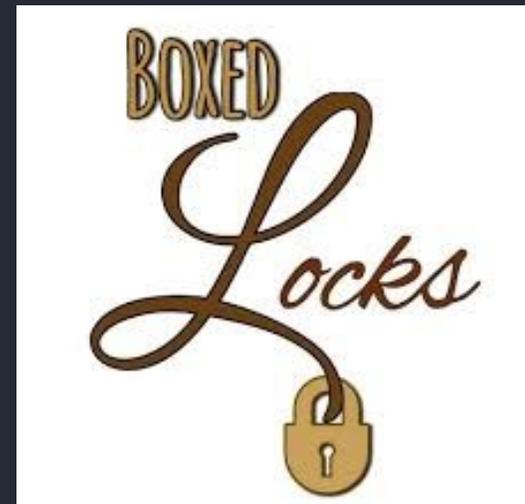
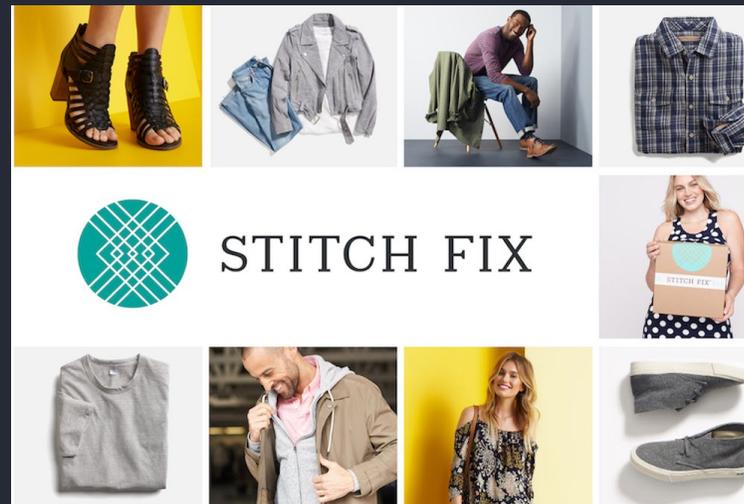


**TC**  
TechCrunch

**ShopUp raises \$22.5 million to digitize millions of mom-and-pop shops in Bangladesh**

# Subscription models grow in complexity

Increasing number of subscription models, direct from supplier. Do one thing, but do it well.

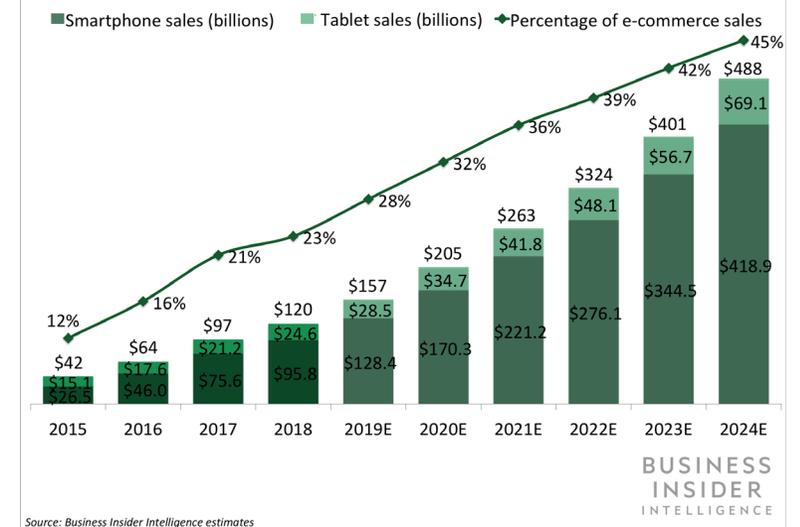


# H-Commerce [or Home Commerce]

- Increasing number of commerce touchpoint available to the consumer
- Once, aside from a telephone purchase, or a cheque mailed to a company, most purchases were executed in store
- With the advent of the internet e-commerce started to grow. The first ever online transaction was in 1994, where a 21-year-old man sold a 'Sting' CD album to a friend via his website
- By 2024, Business Insider predicts nearly half a \$trillion of sales via m-commerce, or mobile commerce, which is nearly 50% of all e-commerce transactions
- By 2025, there will be an estimated 21 billion IoT devices, increasing the diversity of commerce and purchase touchpoints in and around home



FORECAST: US M-Commerce Volume



Source: Business Insider Intelligence estimates

# V-Comm is the next big 'comm'

- V-Comm, or voice commerce, offers early glimpses of a common adoption point into IoT-based sales
- Already platforms allowing purchases via smart speakers
  - **AdTonos** - audio chatbots within radio station ad breaks enabling sign ups, downloads, bookings
  - **SendMeASample** - platform allowing users to voice request product samples encountered across parallel media eg TV / Radio
- Technology reduces friction and the path to purchase and will allow for more shopping 'micro moments' – instant, impulse purchases without the need to dedicate to time to 'shopping'



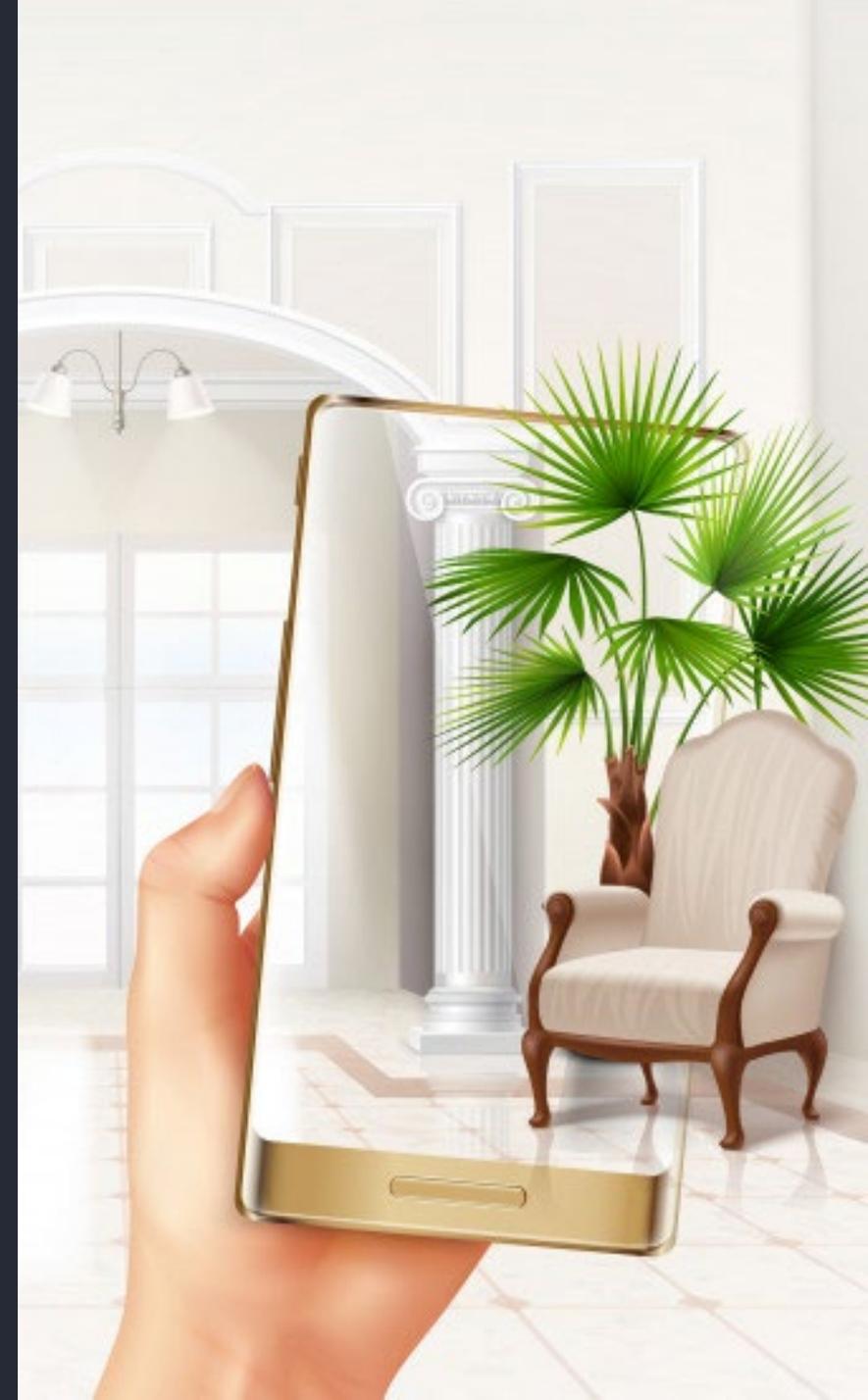
THE CONVERSATION

## Smart speakers: why sales are rocketing despite all our privacy fears

With the US and UK at the forefront in terms of penetration, around one in three people now has access to a device in those markets.

# More Product Virtualisation

- Key challenge with online shopping: recreating the sense of the physical product
- Not always easy to get an understanding its shape, form, quality, size, colour
- Important to be honest about use case. Some instances, it can replace physical encounters, and is a step up from a static image
- In other cases, it may only help shortlist items, and a close physical inspection will be required before purchase e.g. automotive
- In some cases it would not be necessary at all e.g. bin liners, batteries, bananas



# Digital Product Twins

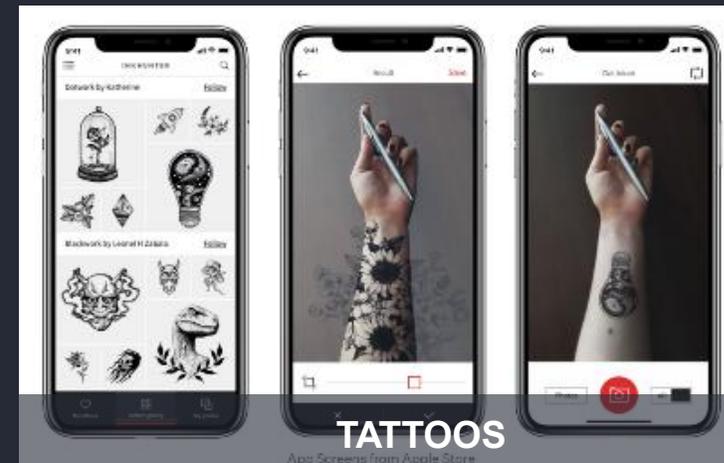
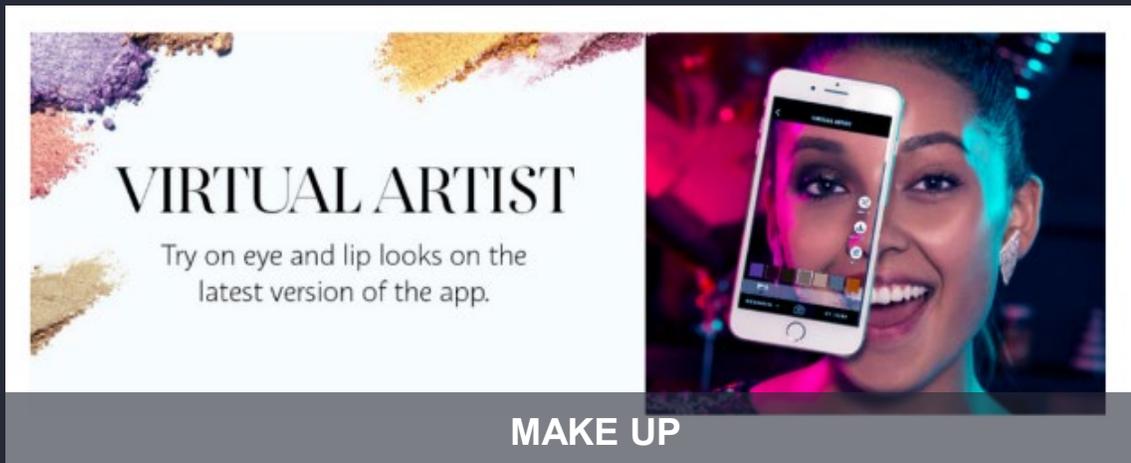
- Advances in 'photogrammetry' – the rapid 3-D volumetric scanning of items and objects – will allow for delivery of alarmingly realistic 'Digital Twins'
- Increasing integration on websites as an extra info layer alongside imagery and text
- Use case: intricate or detailed products that require closer inspection, and are asymmetrical
- Companies like Threedium or Shopify can help small businesses access AR platforms to create 3D product models. Platforms report up to 250% increase in conversion as a result

## Shopify launches 3D model, video integration for merchants



# Virtual Try-Ons

Augmented reality technology allowing users to virtually try on products – with links to instant purchase



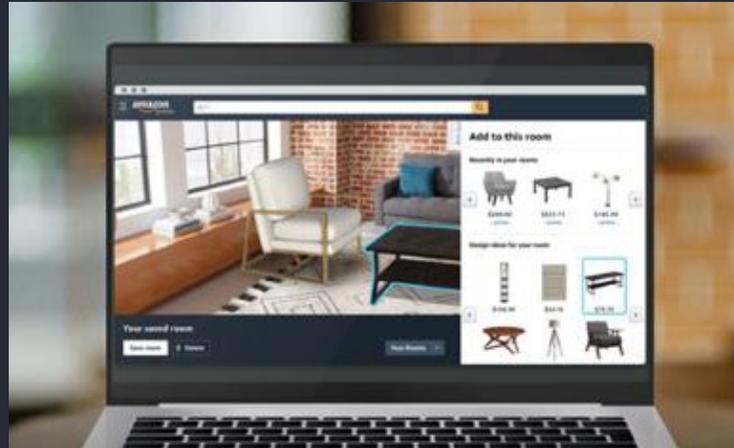
Use Case: products or services can be superimposed upon parts of the body

# Virtual Try-Outs

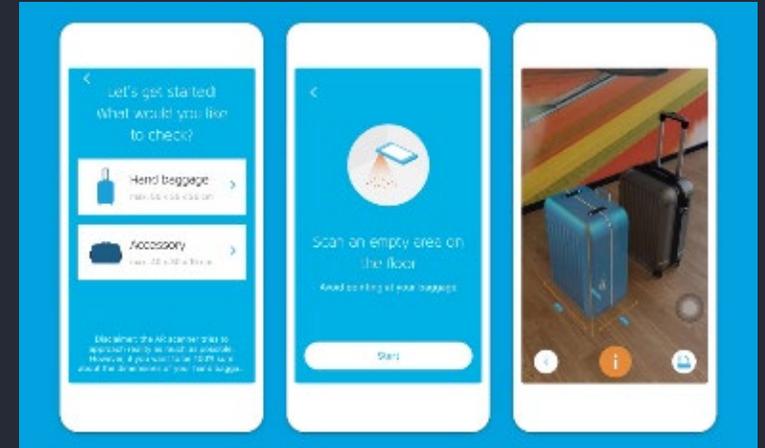
Users superimpose objects over a 3-D space



IKEA allow placing and positioning of objects in your home to ascertain fit and overall aesthetics



Amazon now incorporating AR features into their site – but will allow multiple products to be superimposed simultaneously

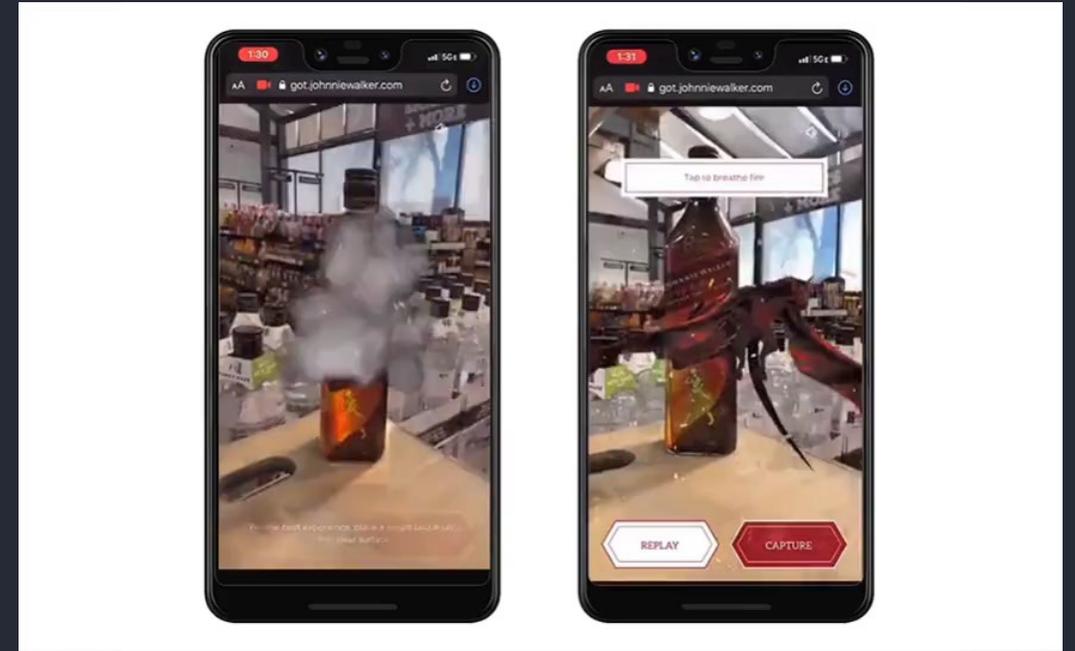


KLM checks the size and dimensions of your luggage versus your allowance via an AR calibration tool

Use Case: products or services which will have a relationship with their surrounding environment

# Product Activation

Unlock an AR-led content via on-pack QR activation



Game of Thrones partnered with Johnnie Walker to create AR animated experience using characters from the show



DIGITISED

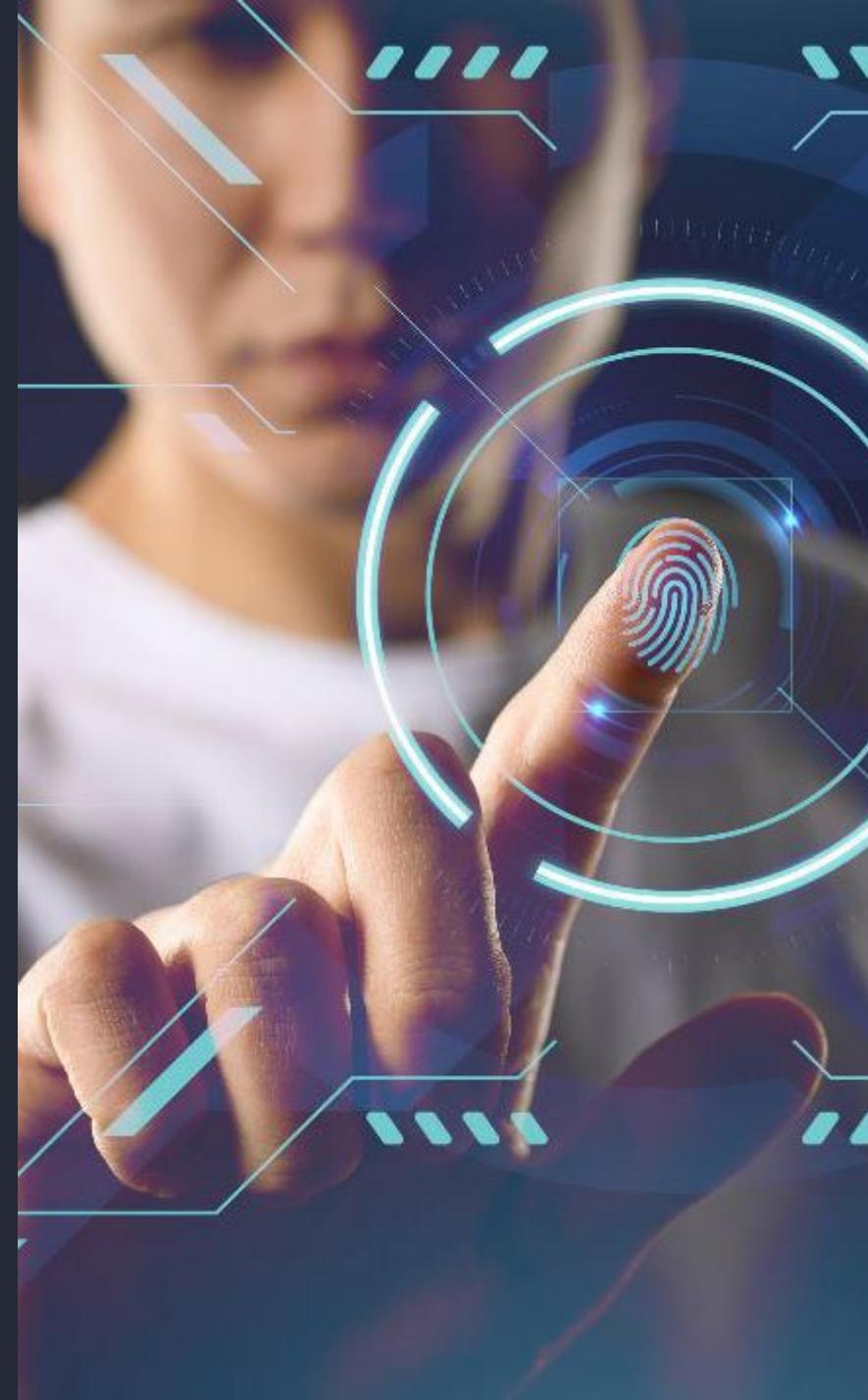
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# IN-STORE

Tech-infused stores that recreate the digital conveniences of e-commerce

# More interactive navigation & info

- Technology solutions that give customers more autonomy and agency. In short: never have to hunt for a shop assistant ever again
  - Interactive wayfinding & store maps
  - Stock and inventory check
  - Product info e.g. origin / price / ingredients
  - Displayed on gesture controlled screens
- This is not a revolutionary use of technology, but once installed, there are some additional incremental uses



# Physical stores powered by data

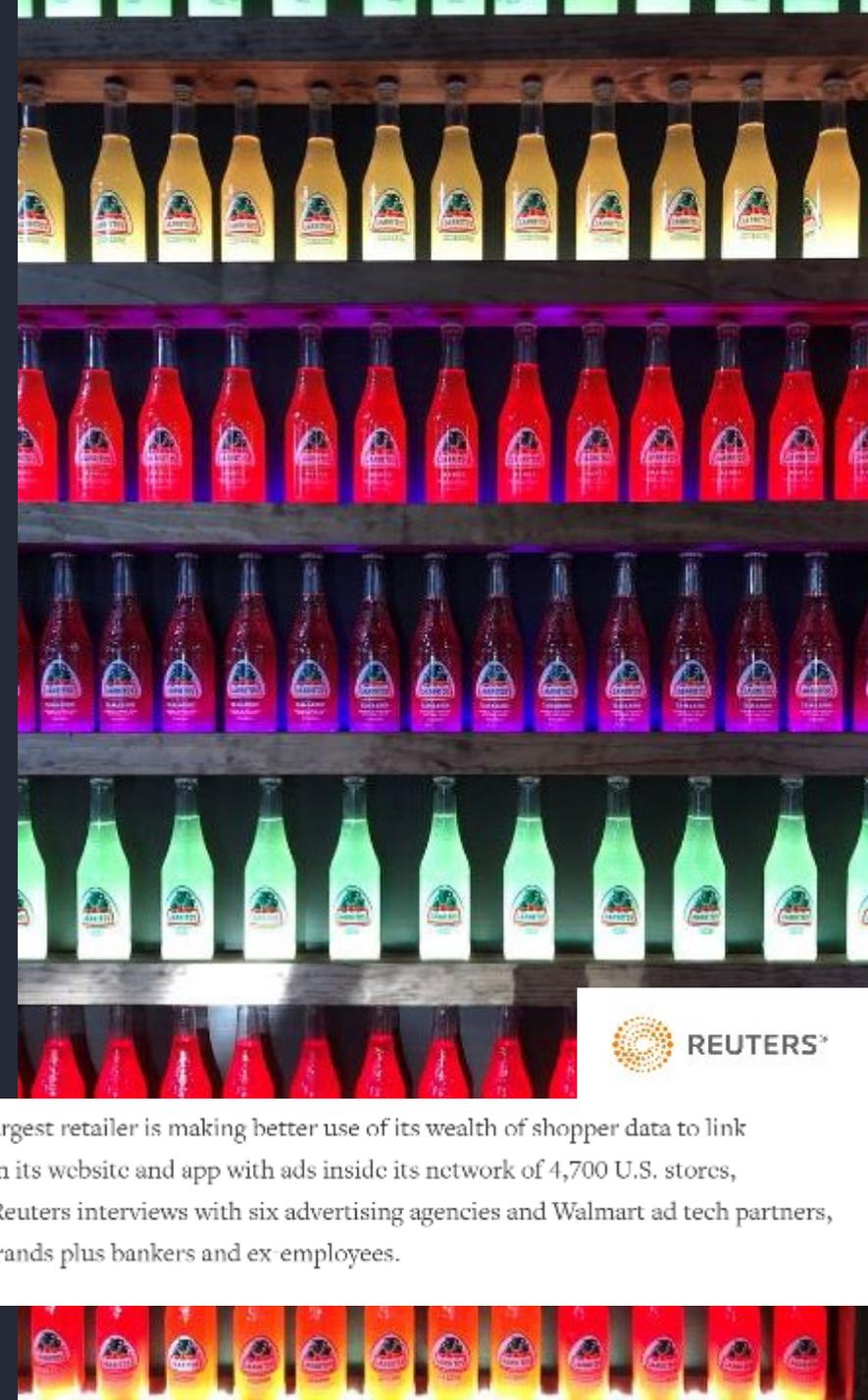
- Understanding the consumer journey, literally
- ‘Human Data Layers’ – quantification and optimisation of consumers journeys and interactions on the shop floor, using computer vision
- Understand how many garments a shopper browsed, touched and tried on before purchase – and of what size, shape and colour
- Understand customer movement around the aisles – and display relevant ads in different parts of their journey
- Swiss start-up *Advertima* claims it can deliver this without use of facial recognition or storing personal data – and that is GDPR compliant



**Advertima rings up \$17.5M for computer vision-powered behavioral analytics for in-store retail**

# Shops could become media owners

- Screens can also double as advertising canvasses to display dynamic targeted ads – almost like in-house outdoor
- Walmart moving to ‘screen-up’ their retail outlets – both as a way of pushing offers in a more sophisticated and interactive way....
- ...but also as a third-party revenue generating tool for external advertisers
- Linking ad inventory & attribution into overall digital ecosystem



The world's largest retailer is making better use of its wealth of shopper data to link promotions on its website and app with ads inside its network of 4,700 U.S. stores, according to Reuters interviews with six advertising agencies and Walmart ad tech partners, three major brands plus bankers and ex-employees.

# Faster, more sophisticated Check Out & Payment

- Decrease friction by moving to cashless-ness and to minimise queuing
- A number of systems already on offer, in various stages of development
- Scan As You Shop – Walmart & Waitrose
- RFID Trolleys – every item is chipped and the trolley scans and keeps total as items dropped in. Already used in China
- Facepay & Palm Pay – only in outlet operations at the moment e.g. Amazon



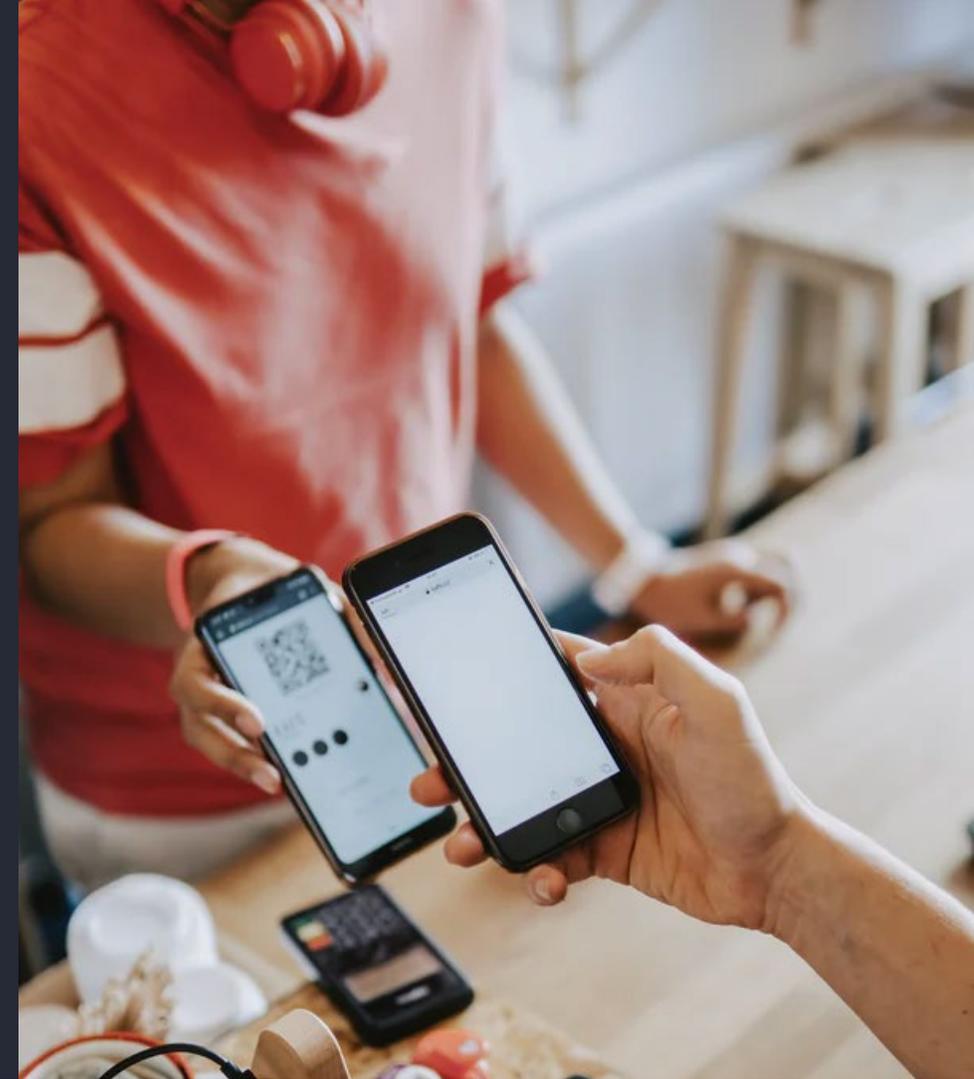
c|net CNET.com

## Amazon's palm reader offers a new way to pay at stores

The retail giant is using new biometric tech at two of its Amazon Go stores in Seattle.

# Connected commerce to deep-link online and offline

- Browse and even purchase physically in-store without taking the purchase with you
- Examine goods, inspect quality or build. Scan or 'basket' items on the rail or shelf in your online account
- Arrange for them to be delivered to your home later – or BIDAHA (buy in-store, deliver at home)
- In a post-COVID world of safety and convenience, this may allow customers to keep their distance
- For a store, this may be a way to limit display inventory



**This is how Zara connects the store to the smartphone**



# Rise in Unmanned Retail

- Unmanned retail – automated retail touchpoints requiring no employees
- NFC technologies, or facial tracking will unlock the door and gain the user access
- Cameras, sensors and trackers, and again NFC will determine which services and products have been used and consumed – and will be charged accordingly
- Majority are convenience stores, but also examples of gyms, cafes, retail collection & drop off, hotels & apartments



Wheely's unmanned retail store in Shanghai allowing customers to buy chocolates, cigarettes or potato chips at any time, day or night

# Clicks Will Become Bricks

- Online retail titans are moving into real-world retail space
- Public are warm to the idea of physical manifestations of their favourite online platforms
- Amazon and Alibaba are leading the charge. Alibaba's mall in Hangzhou gives space to its top selling retailers – but all visits and purchases are wired into their digital ecosystem
- Amazon Go store widely publicised upon its conception features AI-driven cameras that know which items have been basketed, and charge users accounts upon departure
- Raspberry Pi – a DIY microcomputer – previously online have opened up stores in Cambridge

A recent Westfield study identified 47% of shoppers want a Netflix shop and 33% want a Spotify shop. Other uses wanted Harry's Razors and Zalando to have physical presence



**WIRED**

## Raspberry Pi just opened its first bricks-and-mortar shop

The store in Cambridge will sell Raspberry Pi kit and accessories and showcase projects created using the hardware



DIGITISED

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# EN ROUTE

Redefining our access to goods and services

# Online bringing logistical challenges

- Focus on warehouses and supply chains as a critical factor in age of modern shopping
- Delivery service still a loss-leader / non-profit service for some. Delivery can be up to 4 times higher than display
- Previously race to convert every inch of floor space into customer facing opportunities to sell
- Now clamour for warehousing space to accommodate online orders
- In addition, post-COVID, shifting from 'just in time' supply chains to 'just in case'



Record-breaking year for new leases signed on warehouses,. Forecast 40 million square feet of space contracted – compared to a long-term average of 28 million square feet a year

Amazon has more than 20 fulfilment centres and invested £23 billion in the UK since 2010.

# On-demand will change uses of retail space

- Using data to optimise logistics in real-time. Using AI/ML to more efficiently schedule the movement of goods and services.
- Ensuring delivery returns a profit by focussing on last mile delivery, more pick up points, shared warehousing, shared delivery slots, diversified supply chains and reshoring
- Some retail outlets starting to convert consumer-facing floor space into warehousing space to kick-start this shift



**That Whole Foods is an Amazon warehouse; get used to it**



**Ocado to stock M&S clothes alongside groceries**

# Diversification of delivery ecosystems

Customers want a choice of delivery model to suit their needs



## BSHH

Buy Online, Ship  
Hyper-locally To Home  
*eg Wish*



## CUSP

Curbside Store  
PickUp  
*eg Morrisons*



## BOSS

Buy Online, Ship  
Store to Store  
*eg Waterstones*



## BOPIS

Buy Online Pick  
Up in Store  
*eg Argos*



## BIDAH

Buy In-store,  
Deliver at Home  
*Eg John Lewis*

...and >>>>

# Emergence of new delivery innovations and technologies



EV 'Last Mile'  
Micro - Transport



Digital Doorbells



'Uber-Style' Real-Time  
Delivery Tracking



Digital lockers

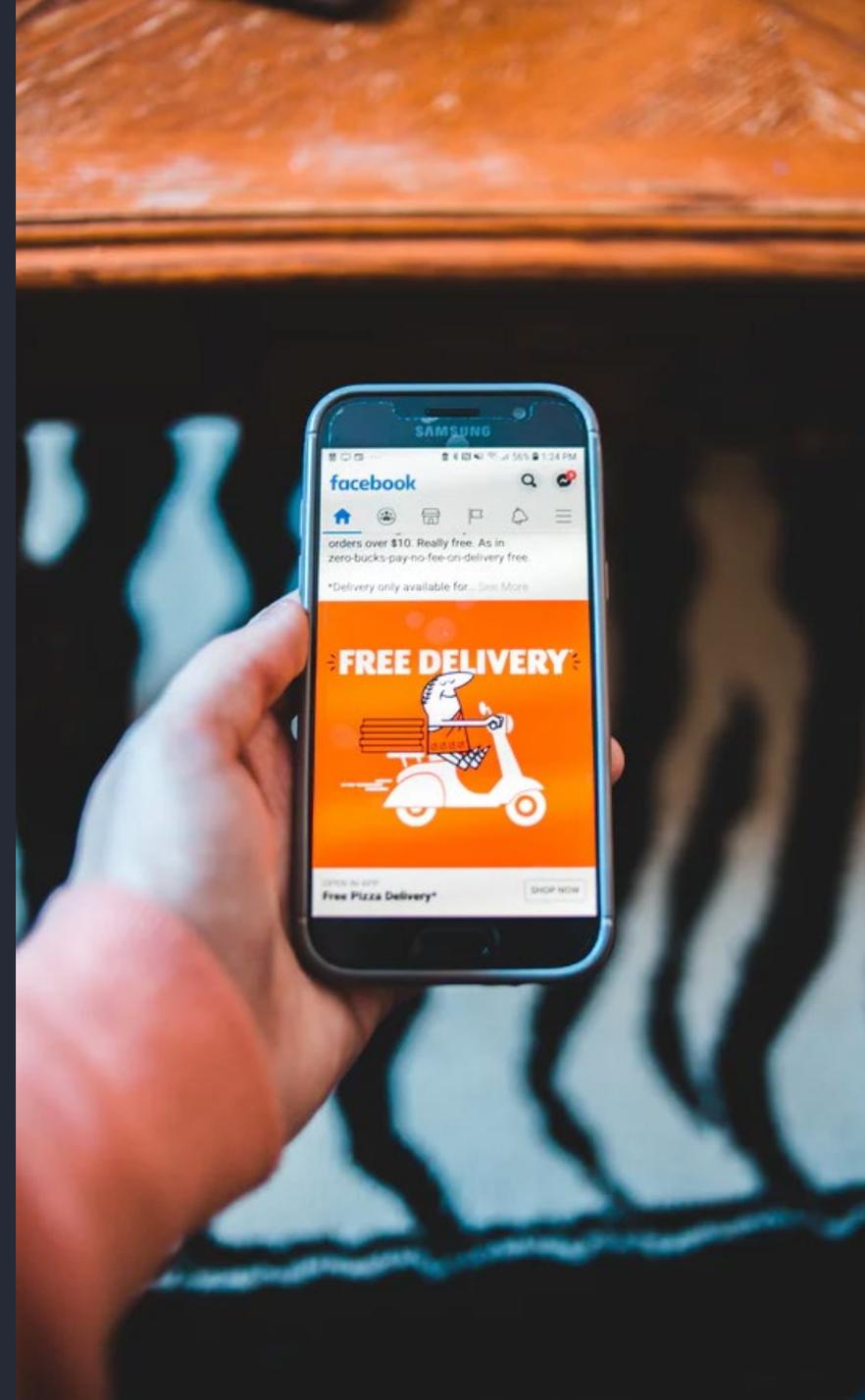
EVOLUTION OF THE DELIVERY INDUSTRY

# Partnerships and trials underway to deliver those solutions

Mercedes-Benz Joins The Climate Pledge and Delivers More Than 1,800 Electric Vehicles to Amazon's Delivery Fleet in Europe



**Giant Eagle adopts location tracking tech to cut pickup wait times**





DIGITISED

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# ON THE STREET

Tech that goes before, after and beyond the store

# Advances in Outdoor

- Continual switchover from paper placements to screens
- Higher quality screens mean more dynamic vibrant creative
- Creative can be dynamically customised according to the weather, the day of the week, its proximity to certain stores across majority of placements
- Brands first party data can be implemented dynamically, to give them unique messaging
- Advanced placements allow downloads, deliver AR projections, or even act as vending machine
- Outdoor will be more woven into the fabric of the high street and will become a much more integrated into the retail ecosystem, being used to target, retarget, and even sample product

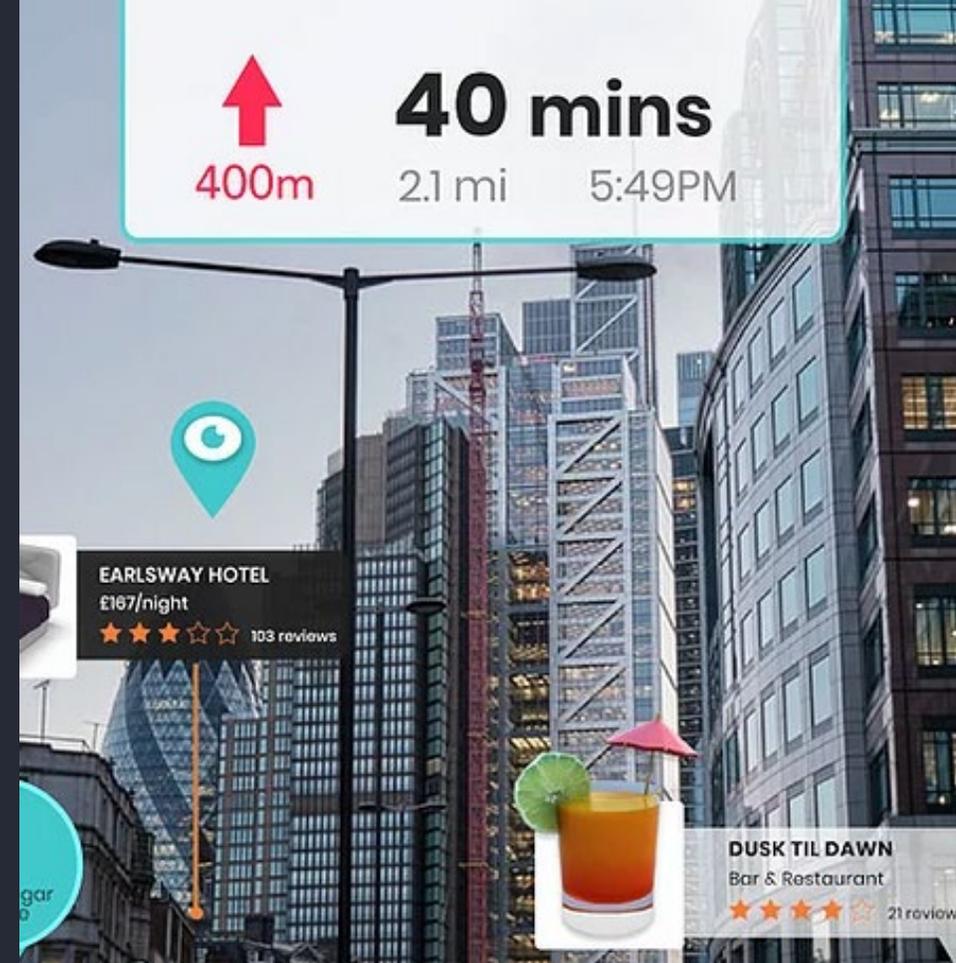


● Econsultancy

Why now is the time to invest in programmatic OOH

# AR Real Estate

- Next evolution in outdoor media maybe Augmented Reality OOH
- Facebook has over 600 million monthly AR users. 70% of Snapchat users interact with AR daily and there is a growing number of GeoAR apps e.g. Google Maps / Pokémon Go, with over 3000 already
- Property owners and retailers can take control over how AR content is displayed on their buildings. Think of it a new OOH canvas
- Start up company *Darabase* deliver permission-based AR experiences on owner's buildings – or on iconic locations like Battersea Power Station and Piccadilly Circus just like traditional OOH
- They also enable 'AR wayfinding' driving footfall directly from OOH ads to the nearest store
- Apple, Facebook and MS are betting big on both AR and Wearables. If it catches fire and goes mainstream, AR OOH could be the next retail canvas to explode



# DARABASE

control your reality



In Summary:

**ASK:**

How integrated and frictionless  
are our retail interactions ?



# #2

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# HUMANISED

Reasserting the value of human interactions in commerce

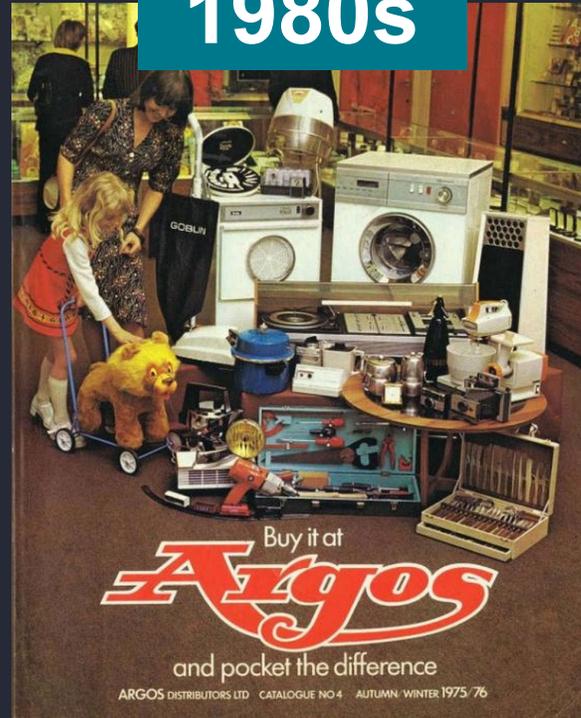
# We've been here before... and we're still here now

1970s



*AVON: Door-to-door make-up delivery and consultation service*

1980s



*ARGOS: catalogue service where users could order clothes, toys, furniture, electronics, jewellery for home delivery. Or for store pick up*

2020s



*WATERSTONES: post-lockdown and in a digitally-fuelled world reported a record bounce-back*

Avon and Argos didn't finish off the High Street in the 70s & 80s. Waterstones were not finished off by Amazon over the pandemic....WHY?

# We still want the human touch

- When we talk about technology's advance, we put store in the assumption that we will live isolated, automated, virtual lives – and that high street will be replaced by a virtual e-commerce driven high street, with no human interactions
- That's not true. We still place value in human interaction, human opinion and good customer service
- The store of the future will know how to dial up and focus on the elements that keep customers coming through the door...

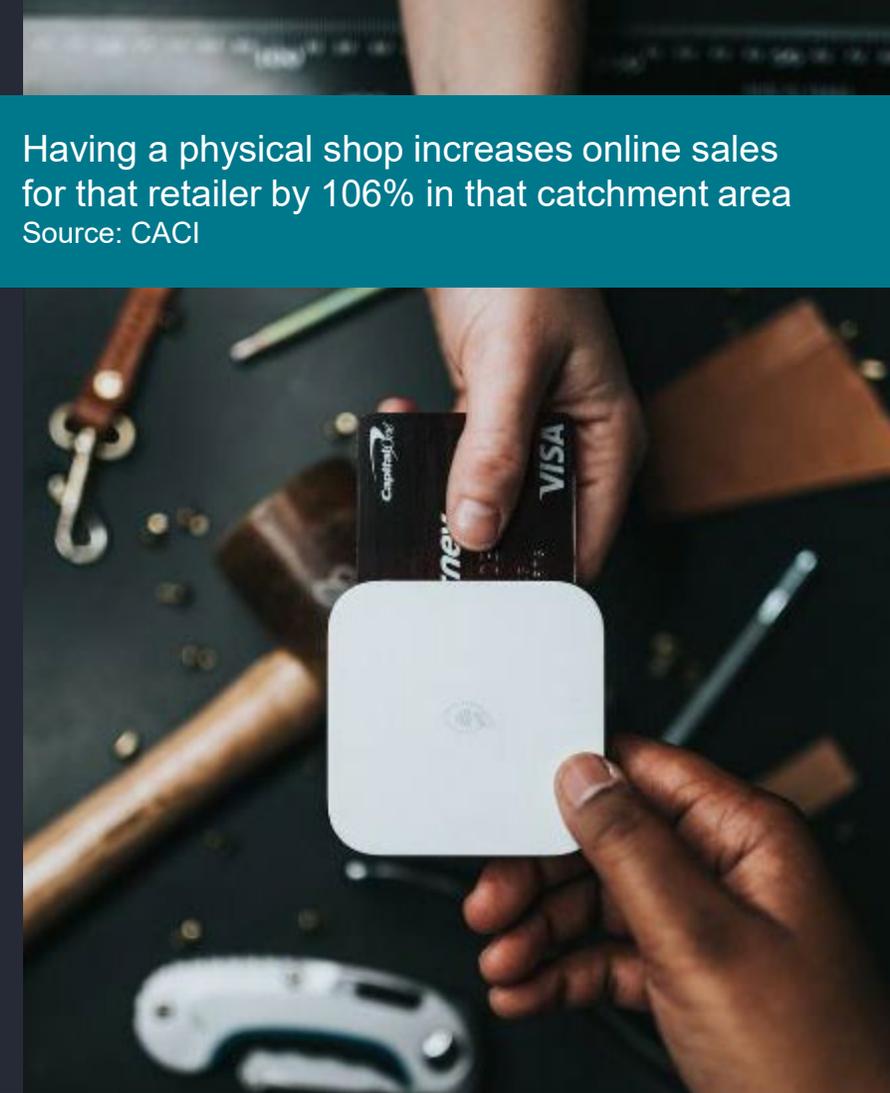


“More than 55% of consumers visit stores before buying online, emphasizing the idea that high-touch physical and seamless omnichannel experiences are critical for modern retailing.”

# New focus on 'Insperiences'

- Once you've bought something for the first time, and it's a repeat product, you can switch to online for repeat purchase
- The first time you may need more information than online can supply – e.g. how does the car drive, how ripe is the avocado, how well stitched is the hoodie?
- Until the invention of haptics & smell-o-vision, there will always be a portion of our product experience which can only be delivered by real-life interaction
- Stores should look to dial up the sensorial over the material elements of retail that trade on humanity, its faculties and senses, and its value systems will improve

Having a physical shop increases online sales for that retailer by 106% in that catchment area  
Source: CACI



**85% of UK consumers still prefer to shop in-store, survey finds**

**FASHION**  
NETWORK

# Stores that don't look like stores

Real-world copies of e-commerce environments – e.g. shelves of plain products are less compelling to potential visitors. Shops can reimagine their floorspace to look like gardens, chill-out zones, or laboratories



Apple stores have long led charge in reimagining of retail. Stores major on space, make the product the hero, and offer personalised attention.



Lego store in Leicester Square is stuffed full of interactive technologies including 'design your face in Lego' mosaics and Lego building lessons.



IKEA have launched a 'planning studio' in central London, specialising in the creation of kitchen and bathroom designs – with a limited display of products, in a tenth of the size retail floorspace.

And...

# ...and you don't have to be a multinational megastore

Interior design for retail will become a vital component for the smaller retailer too



*Gentle Monster* are a Korean eye care company whose stores resemble art galleries, rather than the 'rows of specs and an eye-chart' approach.



*Libreria* is a tiny independent bookshop in East London that makes great use of nooks & crannies & mirrors, a nano-café, and clever shelving to create a funky but scholarly ambience.



Unique, nostalgic and specialist shops back in fashion. *James Smith & Sons Umbrellas* is part museum, part shop.

Key principles: visually arresting; products presented in an appealing way; interactive; designed for lingering

# Make it personalised & interactive

- Nearly 40% of UK shoppers want personalised, high quality customer service - or *retail consultation*
- A fifth of the UK shoppers who value personalised products is willing to pay up to 20% more for them
- Nearly 75% of UK shoppers say they will spend more in stores that offer experiences as well as product
- Think of stores as an experience where the products are 'souvenirs' at the end of the visit



Consumers Are Spending More  
Per Visit In-Store than Online.

**Forbes**

# Upgrading the customer experience

- Customer service will have to be of the utmost quality
- Floor space, staff resource, and time allocated to consultations
- Proper training and wage increases for staff. They must know their products and be professional at all times
- Full ranges of products, sizes, shapes, colours, editions – not edited or curated – to deliver choice to the consumer
- Goods and services that are more tailored to the individual rather than a one-size-fits-all
- Integrated into online offering, so a customer can enter a shop with the ‘memory’ of their previous online research, and the assistant pick up where they left off online



UK businesses lose £12 billion every year as a result of poor customer service.

Source: NewVoiceMedia

# Arrival of 'Live Video Assistance'

- Users can even demand personalised consultations from home
- Emergence of 'Live Assistance' which plugs shoppers into directly into staff on the shop floor
- Staff are armed with camera phones and can wander round the store, picking up objects, for the remote consumers to 'examine'
- Use case: items that need closer inspection e.g. bedding, plants, white goods
- Go In-store are one of the leading platforms in this space



# Creation of 'Complementary Spaces'

- UK shoppers still are actively concerned about the status of the high street, its usefulness, and the people who work in it
- Three emerging responses:
- Complementary vendors – retailers sharing spaces with more modest, independent, local retailers. synchronised with the main store's offering
- Classes – using retail units to give classes or lessons in a related discipline e.g. cooking, gardening, home maintenance
- These also generate a secondary revenue for retail property owners
- Retail events [see over]



69% of UK shoppers say they would like their shops to be more integral to the local community. 30% of city dwellers want to see more work and education spaces within their ideal shopping environment.  
Source: Westfield



# Expansion of Retail Events

- Creating one-off moments for the Instagram generation
- Expect to see more retail brand partnering with events, or devising their own events to pique curiosity, attract attention, sample product, and provide photogenic 'moments' that can be captured and shared on social
- For example, Tommy Hilfiger created a modern day carnival, fully-branded, featuring rides and attraction, and circulating models kitted out in cool attire



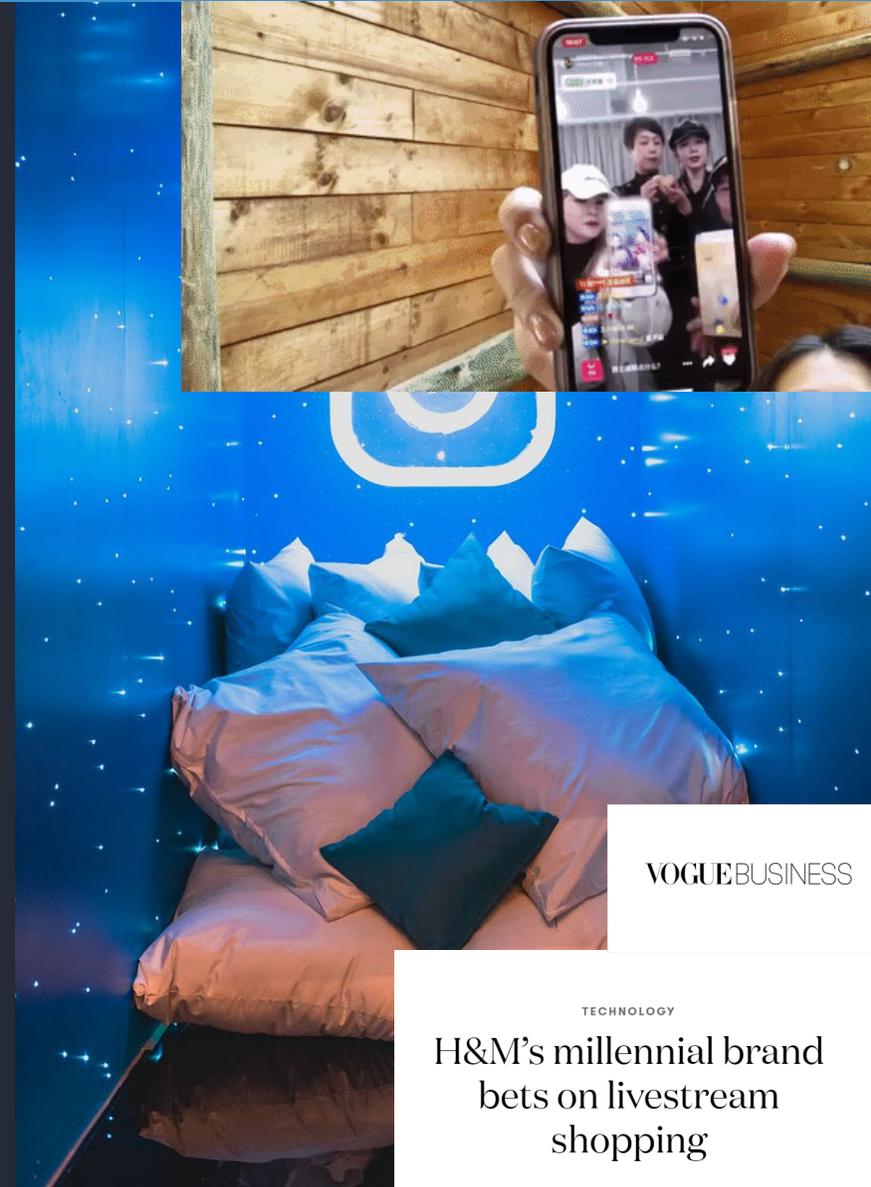
Tommy Hilfiger Brings the  
Circus to Town

*The New York Times*

# Influencers & The Rise of 'Shop Streaming'

- Also called Live Commerce or Social Commerce, 'shopstreaming' crosses influencer marketing with live-streaming moments favoured by millennials
- Blends word-of-mouth and personal endorsement, with scale. Like a cooler, hyperconnected, tech-infused shopping channel, hosted by retail experts themselves.
- Can be a known influencer – but an engaging restaurant owner, t-shirt seller, florist – could *become* an influencer and find their audience through 'shopstreaming'
- Every shop becomes a TV-studio, and every staff member becomes a presenter
- Allowing viewers to get a sense of the person behind the sales counter – which may encourage visits to actual store
- TikTok, Instagram and Amazon all have plans to enter this space

Commerce titan Alibaba has pledged to recruit 1 million [!] influencers & shopstreamers for their site



VOGUEBUSINESS

TECHNOLOGY

H&M's millennial brand  
bets on livestream  
shopping

**In Summary:**

**ASK:**

How memorable are our  
physical retail experiences?



# #3

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## JUSTIFIED

Conscious consumerism as standard

# Customers gain a conscience

- Consumers will want evidence that stores are not wanton or wasteful with the production and disposal of their products
- They will want to know that brands are good recyclers, and that their manufacturing process is energy efficient. They want the ability to scrutinise supply chains and ask questions about provenance



32% of consumers would pay more for a product from a brand that they believe is committed to sustainability.

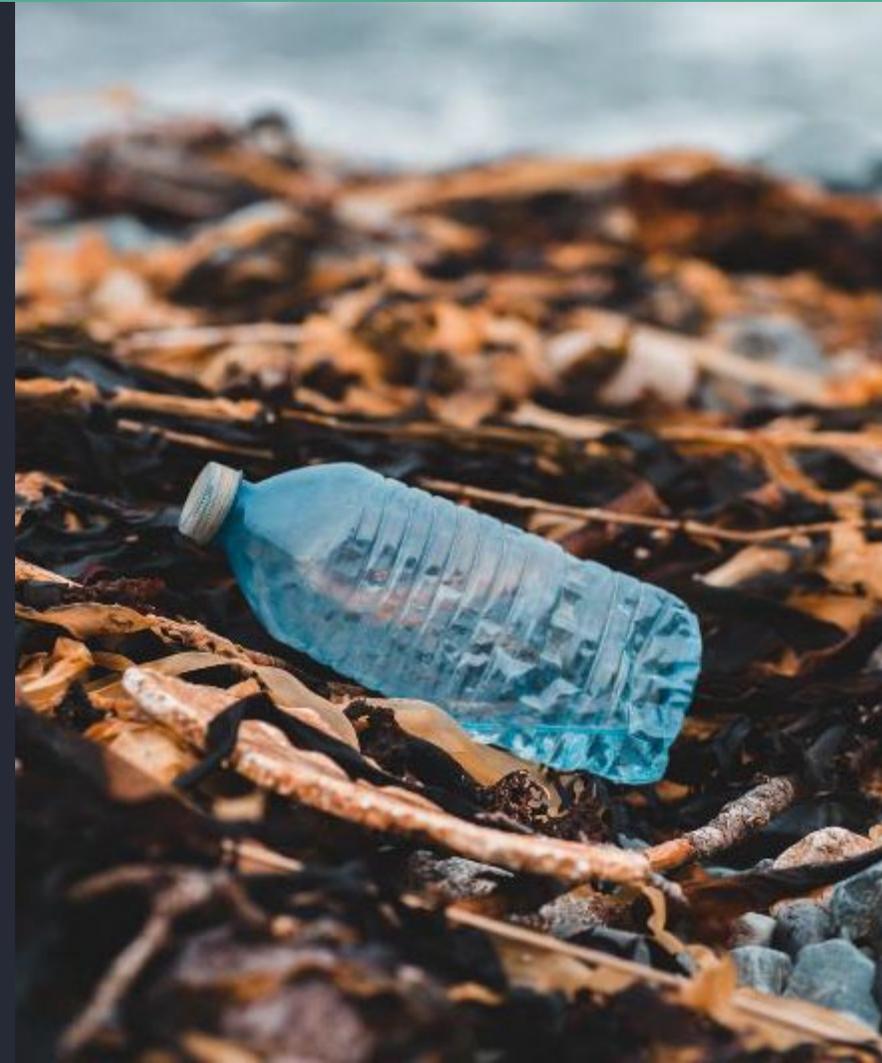
Source: Nosto

# Recycling will need a revamp

- Less than 10% of our plastic is recycled.
- Plastic use will triple by 2050
- Increased focus on:
  - reducing packaging
  - biodegradable bags
  - self-serve portions
- We may see more government regulation in this space

75% of environmentally-conscious consumers want brands to reduce the amount of packaging they use.

Source: Nosto



# Keep it local

- Consumers are focusing on origin of goods
- Customers may become more interested in food miles, fashion miles and supply chains
- Not only because of sustainability or because they want to be logistic experts, but because they want to know supply is there
- Customers expressed an interest in products manufactures on site



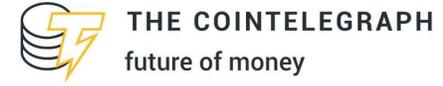
87% of UK shoppers demanding stores of the future prioritise being self-sufficient e.g. source components and labour locally.

Source: Westfield

# Be ethical

- If it must come over distance, consumers will also want more reassurances of the conditions under which it was produced – and that they are ethical
- Traceability will be important – with ingredients and their origin also under scrutiny e.g. Palm Oil
- Technologies such as blockchain may help guarantee the veracity of the life of a product from fork to fork, or from tree to 'tee'
- Companies may have to make this information more widely and easily accessible

## IBM and Fair Trade Initiative Demo Blockchain-Based Coffee Tracking App



# Tackling obsolescence and waste

- A study carried out by *The Independent* found 9 out of 10 Britons think buying the latest smartphone is a waste of money
- The study also found 62 per cent even feel “forced” to buy the newest release because the lifespan of tech has decreased
- Consumer will want durable products that are built to last – and will want clarity and ease when disposing of it



In UK, 11 million items clothing go to landfill every week.

Source: Oxfam

**Planned obsolescence: the outrage of our electronic waste mountain**

**The  
Guardian**

# Rise of Re-commerce

- Growing popularity of 'Re-Commerce' – third party re-sale of used goods and products
- Examples: Goodreads, shpock, eBay, Vinted, freecycle
- Charity shops have been in existence for many years, but online gives any charity shop a global audience
- Direct competition to high street sellers in the era of 'fast fashion'

Sales of used clothing on eBay have risen 15% in 5 years.

Source: Fashion United



**Recommerce On The Rise: How Traditional Retailers Can Stay Competitive**

**Forbes**

# Tackle labour relations

- At the same time as consumers are searching for more humanised interactions, there is growing attention on the roboticization of manufacturing
- In addition to roboticization, also concern for production line workers held to harsh 'clockwork' rules – timekeeping, toilet breaks, distance covered
- Robots have revolutionised production, but genuine conversation to be had about robot-labour relations

**Robots are taking manufacturing jobs but making firms more productive**

**NewScientist**



**Internal documents show automated Amazon warehouses have higher injury rates**

**THE VERGE**

# Make commitments clear

Best way achieve sustainability to goals is to announce them publicly

## Amazon launches 'eco-friendly' shopping platform

The Guardian

Gap Inc. is working to become carbon neutral by 2050 and eliminate single-use plastics by 2030.

UNILEVER  
**SUSTAINABLE  
LIVING PLAN**  
SMALL ACTIONS. BIG DIFFERENCE.

Large companies who do not set targets or 'massage' results may be 'eco-shamed'

**In Summary:**

**ASK:**

Are we working to actively  
reduce harm and suffering?

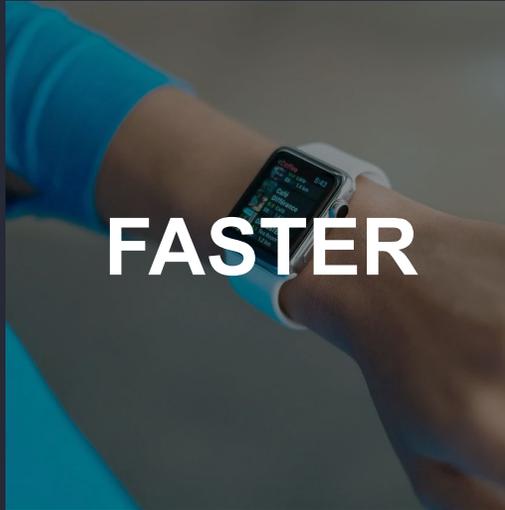
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# IN SUMMARY

# The Future of Shopping



delivered



and



- More online shopping and more products and services purchasable online
- More opportunities to buy and more consumer choice
- More information about products and their purchasers

- Faster, more integrated, more efficient delivery

- Better experiences
- Better customer interactions and better customer service
- Better transparency, accountability
- Better integration with the community



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# IMPLICATIONS

SO WHAT DO WE DO ABOUT THIS?

**Don't look at tech solutions without asking what they are solving for**

**01**

**Go customer first**

**02**

**Go macro first**



# Go Customer First

**DON'T ASK:**



What's our AR strategy?

**ASK:**



What do our customers want?

**Then Go Macro>>>**

# Always look for the human need behind technological progress

BUSINESS NEED HUMAN NEED

## Abundance

The need for MORE

## Product Range

- **More** online shopping and more products and services purchasable online
- **More** opportunities to buy and more consumer choice
- **More** information about products and their purchasers

## MORE

## Access

The need for PROXIMITY & SPEED - or frictionless-ness

## Product Distribution

- **Faster**, more integrated, more efficient delivery

## FASTER

## Values

The need for additive & enhancing experiences

## Brand Values

- **Better** experiences
- Better customer interactions and better customer service
- **Better** transparency, accountability
- **Better** integration with the community

## BETTER

# The retailer of the future must address all three needs by responding to all three megatrends

## Abundance

The need for MORE

## Access

The need for PROXIMITY & SPEED -  
or frictionless-ness

## Values

The need for additive & enhancing  
experiences

**DIGITISED**

**HUMANISED**

**JUSTIFIED**



**...and now we  
have a new need**

# Safety & Reassurance

- BBC survey shows there is still apprehension about venturing into town
- Retail has responded:
  - Routes around stores
  - PPE & sanitisation stations
  - cashless interactions
  - QR Code menus
- McKinsey report shows customers are seeking reassurance before diving into more expensive purchases. They are doing more research and holding back on their purchases



# Post-COVID there will be FOUR human needs

## Abundance

The need for MORE

## Access

The need for PROXIMITY &  
SPEED - or frictionless-ness

## Safety

The need for reassurance before,  
after and during purchase

## Value

The need for additive &  
enhancing experiences

**DIGITISED**

**HUMANISED**

**JUSTIFIED**

# Retail 2.0 – a framework

Abundance

Access

Safety

Value

## DIGITISED |

How integrated and frictionless are our retail interactions ?

1. MASTER e-commerce. And we really mean master it
2. INTEGRATE online and offline hand in glove
3. TEST AND TRIAL new shopping touchpoints
4. INFORM consumers to make better purchase decisions
5. OPTIMISE YOUR SPACE to help deliver on hybrid deliver models and ecosystems

## HUMANISED & JUSTIFIED |

How memorable are our physical retail experiences?  
Are we working to actively reduce harm and suffering?

6. DELIVER memorable experiences
7. INSIST upon the best customer service
8. PARTNER with complementary vendors
9. CLARIFY your sustainability goals clear and deliver on them

**THEN ASK: Which of the preceding progressions, innovations and tech can help us deliver on these?**

# What we could expect to see shops adopt in future

**BIG MEGA-RETAILER**  
CENTRAL LONDON, pop. 10 million



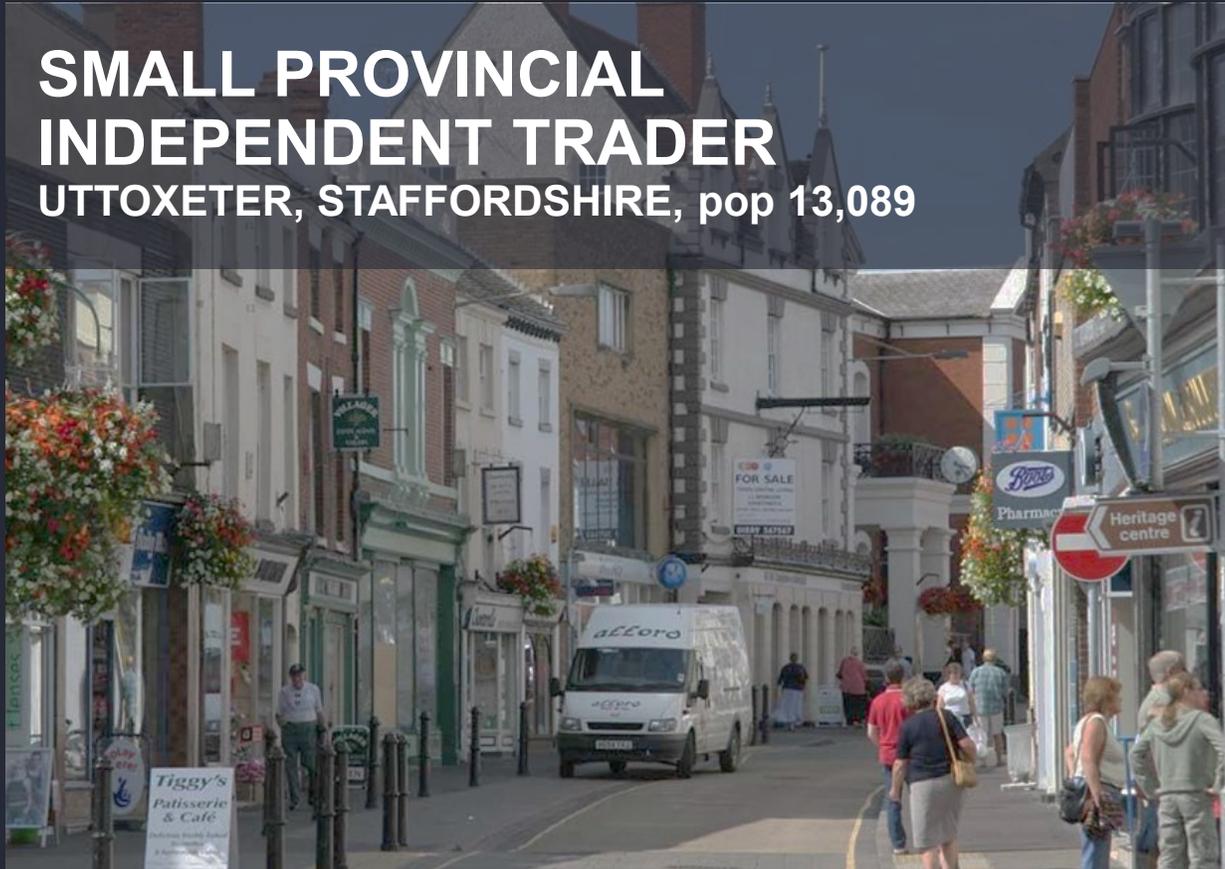
## Adoptions & Adaptions

- Advanced e-commerce – integrating offline and online
- Product virtualisation & H-commerce
- Alternative delivery models – BOPIS, BIDAHA, CUSSP
- High quality customer service
- Fantastic store design and layout
- Shopstreaming
- Interactive screens & ad networks
- Live video assistance
- Automated payment

# What we could expect to see shops adopt in future

## SMALL PROVINCIAL INDEPENDENT TRADER

UTTOXETER, STAFFORDSHIRE, pop 13,089



## Adoptions & Adaptions

- Good quality e-commerce – integrating offline and online
- Alternative delivery models – BOPIS, BIDA, CUSSP
- High quality customer service
- Fantastic store design and layout
- Alternative use of space for community
- Shopstreaming
- Basic product virtualisation



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# PLANNING FOR MEDIA & COMMS

How this can be reflected in your media and marketing approach?

**5 x I = *Integrate • Instil • Inform • Initiate • Innovate***



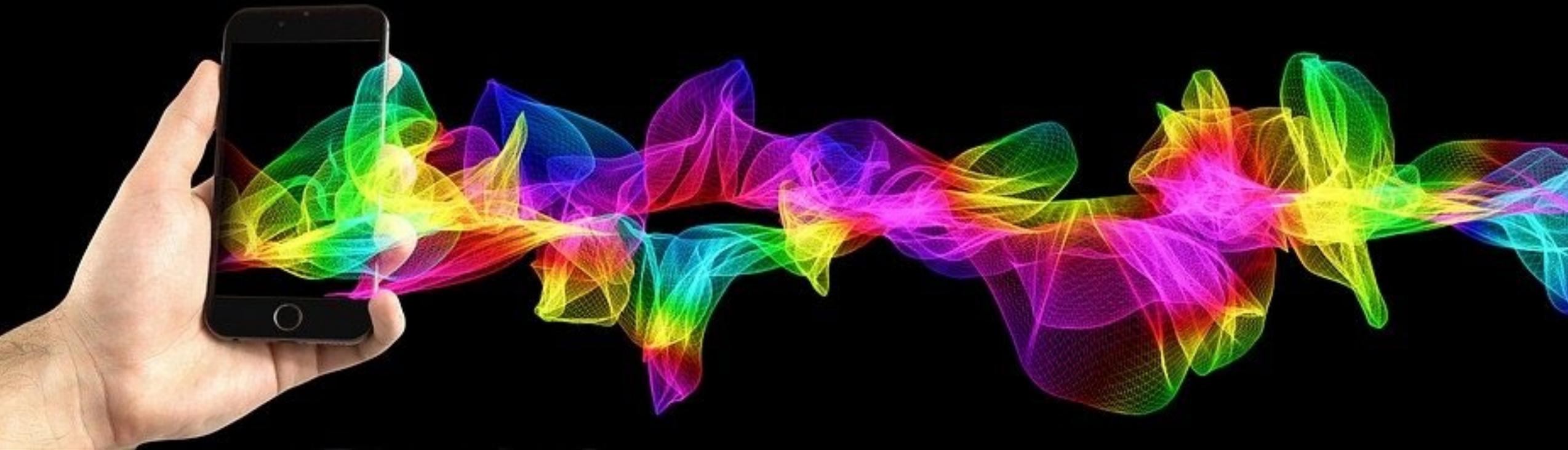
## Integrate Your Planning

Wire Omnichannel planning into your media and marketing activities. e.g. *Plan your TV to link to your sampling. Your OOH to link to your AR experiences.*



## Impart Warmth & Emotion In Your Comms

Though your channels will be increasingly digital and e-commerce driven, don't forget to humanise your touchpoints when necessary. Does your communication push product only, or do you have a brand strategy working in tandem? Are your chat windows manned or automated?



## Inform Your Consumer

Consider how much product information and experience you can deliver through your communications. Think about your ad units? Are they static banners? Or do they provide a more engaging and enriching experience?



## Initiate Partnerships

Build relationships with partners who could provide complementary services that you can not. Can your media agencies help build your own ad network? Can AR companies help monetise the 'AR real estate' space on your own buildings? Can media partners help build 3D models of your products for your ad units?



## Innovate & Experiment

Trial new commerce touchpoints in your campaigns. Think how they fit into campaigns and which KPIs they could address. e.g. AdTonos, Send-Me-A-Sample. We have a process for this...

# OMG Futures has a tried and tested system

- Plan for the decade, execute by year, act by quarter. Define your entry points, stretch goals and moon shots
- Roadmap your route to the future using *OMG Futures* Innovation System – innovation approach built on incrementalism
- Start with immediate, scalable, affordable solutions and accelerate towards the horizon
- **Ask:** how do we plan for this journey?

## HOW TO INNOVATE

AN OMG PROCESS

OMG Omnicom  
MediaGroup

# Worked well for a host of clients including Unilever, GSK, VWG

We have a tried and tested system



OMG Omnicom Media Group

## PROGRESS

### Integrated DOOH and mobile re-targeting: Macan

**Objective**  
Increase consideration and awareness amongst target audience of the Macan.

**Innovation**  
Linking on and offline by mobile re-targeting of those exposed to digital outdoor messaging

Automated audience centric DOOH linked to Mobile Retargeting. We leveraged location data technology to specifically identify our target audience that was exposed to our digital outdoor message. Utilizing this anonymous data set, we delivered a mobile message to this target group as an extension of the Macan message.

The link between traditional offline and online media is not only new for the brand but also for the industry. This is a smarter way of planning DOOH given that we are utilizing location data from cellular, website, SDK and beacons in order to offer both precision and scale.

**Results**  
We were able to identify 127 dealership walk-ins from users who's mobile devices were retargeted with our messaging. Overall we generated a total of 2.6M impressions and over 5k clicks to site.

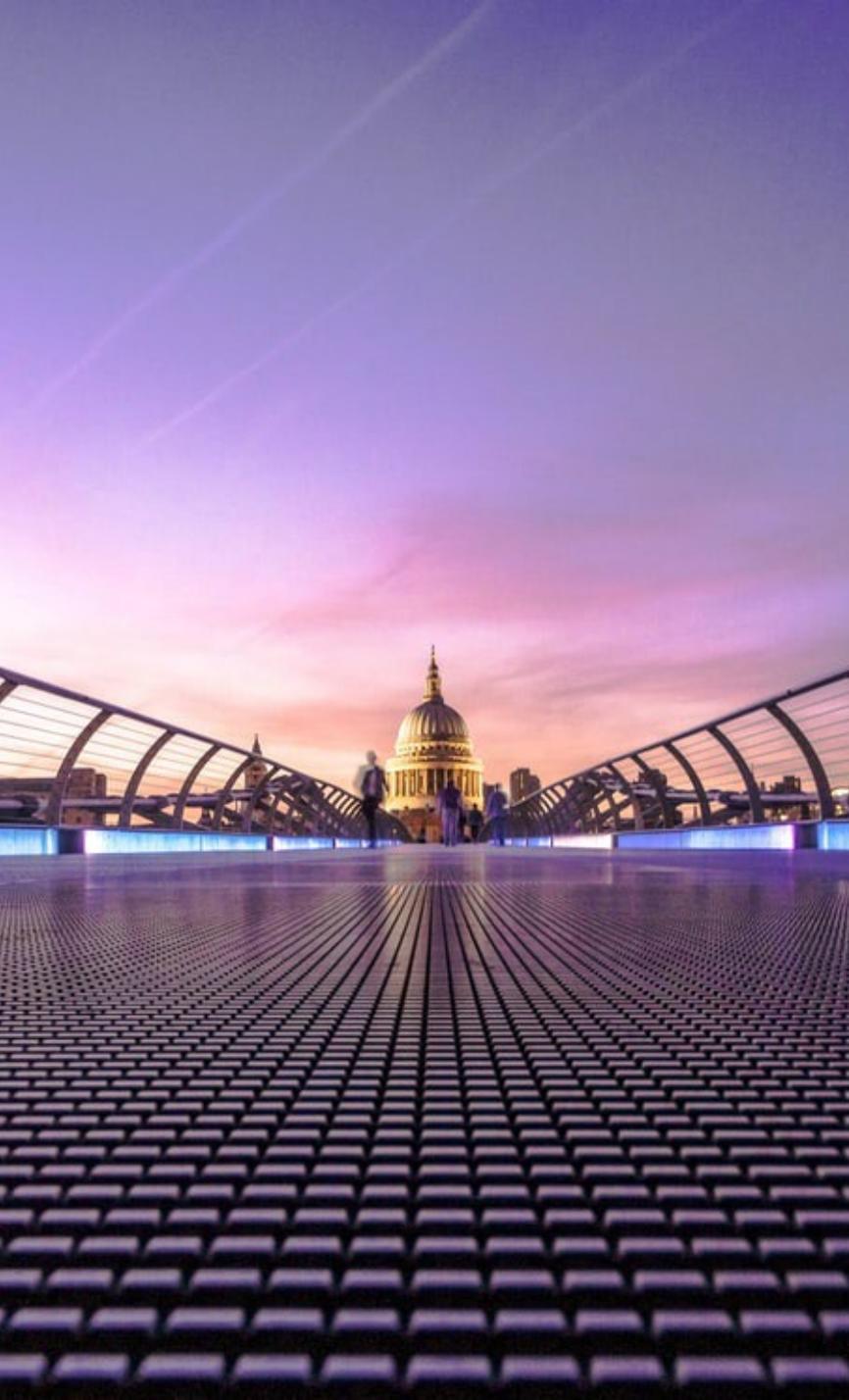
# Be wired into the OMG network



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**WHERE DO WE GO  
FROM HERE?**

# It all comes down to this...

- Yes, the future of retail will be digitised – and businesses and brands will need to upgrade and upskill to be part of this world
- They will need e-commerce perfection and mastery of technologies that bring more information, more choices. All whilst reducing friction, but...
- ...that same technological progress should also be used to reinforce human values and satisfy human sensorial needs
- People still need other people. They will still feel more comfortable seeing and touching certain products. Technology can facilitate this too.
- The pace of change will be uneven, and some businesses and brands may feel pressured to reinvent themselves overnight, some may be able to plan for the long game
- This is the truth: using innovation to attend to deeper customers needs – abundance, access, safety and value – will always make you futureproof



# THANKS



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