

THE FUTURE OF RETAIL 2015



2015 signals a new reality at retail driven by an increasing familiarity with emergent technologies, the maturing of consumer behaviour, and lessons learned from the Holiday trading period.

The retail trends for 2015 include some of the questions businesses need to address this year, a perspective on next-wave technologies, and a look at the specific functions retailers should be fine-tuning to improve the shopper journey.

Underpinning why to prioritise these is the customer, because getting to grips with how your shoppers' expectations are changing and putting in place responses is key to maintaining a competitive edge in an increasingly competitive landscape.

10 Retail Trends for 2015

1. The Experience Gap
2. Eliminating Returns
3. Mobile Payments: Essential, Reassuring & Experimental
4. Mobile: The Investment Priority
5. Search for Differentiation: Co-creation & Collaboration
6. Travel Retail
7. Inventory Visibility for Customer Tools
8. Technology: Simple Up Front
9. Reorganising for Customer Experience
10. Changing Trading Patterns



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There is evidence the experience economy is growing, as consumers switch their spend to 'doing' rather than 'buying'.

In the UK, for example, retail as a whole enjoyed positive momentum in monthly sales towards the end of last year, but it was the restaurant and bars category that benefitted most, up 10.7% year-on-year in November alone.

It is a consumer desire for experience that is being replicated in markets worldwide. A [global study released by IBM](#) this month found 43% of 115,000 consumers polled in 19 countries like to shop online. However, just 29% had made their last purchase via the internet, signifying the rich digital experiences consumers have online are not being met by the digital commerce offer. At the NRF Retail's Big Show, the clear message was that 2015 is the year US retailers focus on [plugging the experience gap](#).

For fashion retailers, this represents a major challenge over the year and years ahead. As shoppers move away from relationships with retailers defined by transactions to those that are instead defined by experiences, how do you make that work for your business and across touchpoints?



Experiencing cold-weather gear at Globetrotter Ausrüstung, Munich

Speedy shipping and delivery were top of mind for 2014, and this will continue throughout 2015, but the next frontier is tackling returns – by making it more convenient for customers to return goods and ultimately taking steps to eliminate returns altogether.

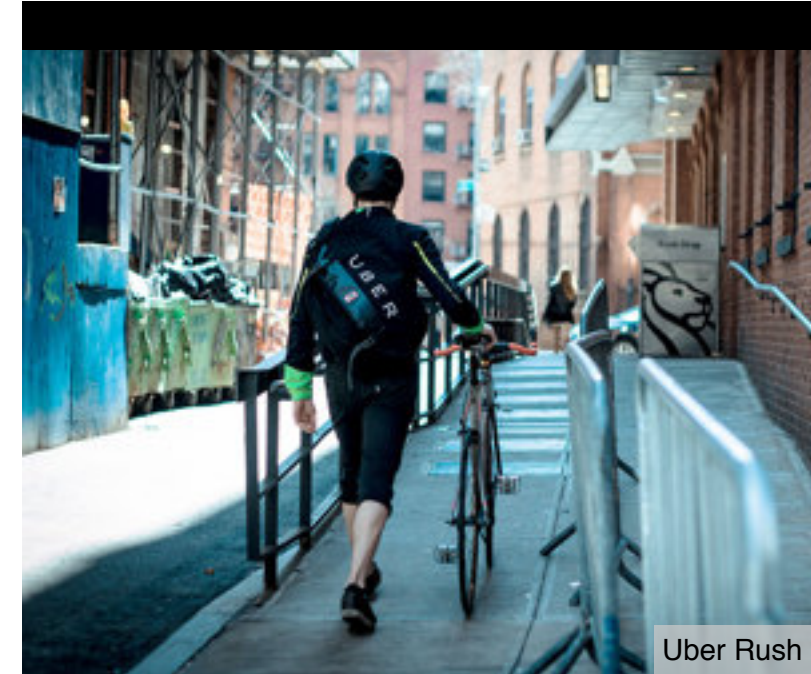
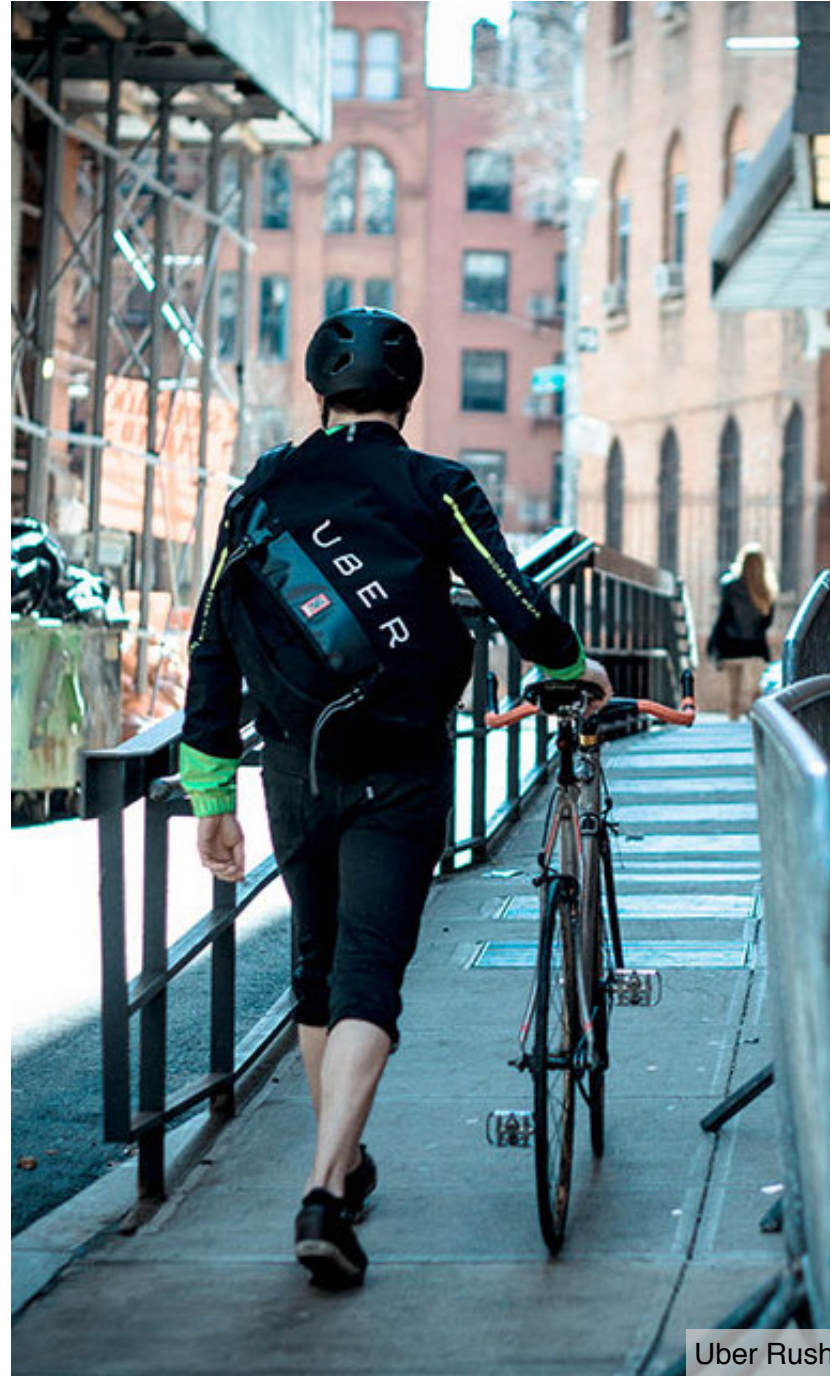
The question for retailers is whether they can find ways to stop shoppers buying multiple sizes when ordering online and improve the customer experience at the same time.

Fit Technologies

Investment in 'right first time fit' technologies is one approach. Better virtual fitting tools will provide customers with clearer information on sizing and fit, and help them make more informed and assured online purchasing decisions.

New Paths to Purchase

Creating a new path to purchase is an approach Macy's has introduced with its e-gifting mechanism. Using Loop Commerce technology, the service allows gift-givers to send an apparel gift digitally, allowing the recipient to pick out the correct size and colour or choose another item before the order is even fulfilled.



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— GIFT WITHOUT GUESSWORK —
Introducing e-gifting
 They'll love, change or exchange it—before it ships!

- 1 Send Gift**
Send any product as a personal gift, directly to their email
- 2 Surprise!**
The recipient opens the gift online and can easily adjust its size/color or exchange it before it ships
- 3 Gift Arrives**
The gift ships to the address they provide

City: [dropdown]
 add to bag
 e-gift it

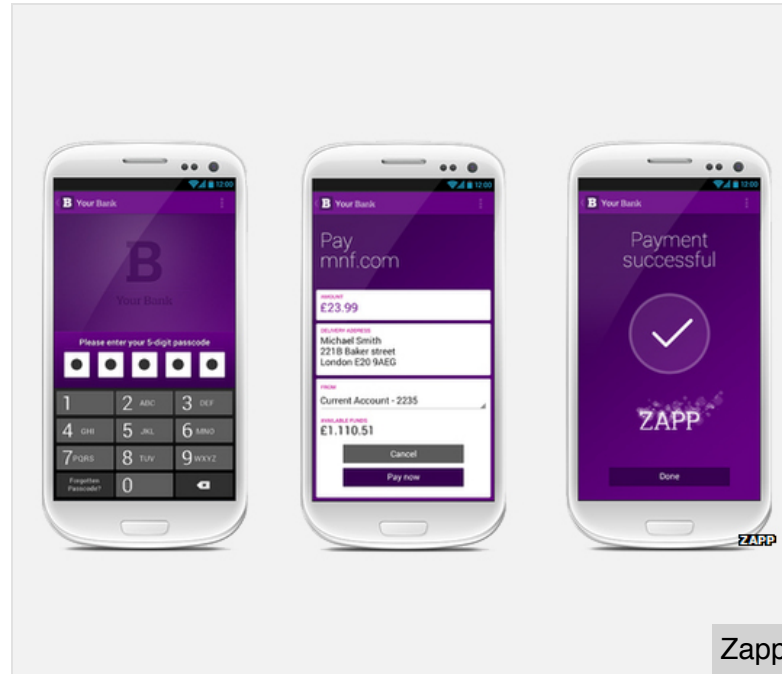
shop for gifts

LOOK FOR THE E-GIFT BUTTON ON OUR PRODUCT PAGES Not available yet on all d

Macy's



Barclays



Zapp



Despite uneven consumer adoption of mobile payments globally, the ability to pay using a smartphone is an increasingly essential part of the customer journey in some markets, which could make or break retail success.

China is one such market. Integration of mobile payment solutions into smartphone technology and messaging apps has unlocked digital commerce for many consumers and is viewed as the norm – anything else is a barrier to purchase.

In more mature markets, where consumer adoption is slower, brands could start to incentivise customers to shop on mobile by offering mobile-only deals, as flash sales site Gilt has already done. This is a way to test the technology, be seen as innovative and create a new habit among early-adopter shoppers.

Later in the year, mobile-app-based payments system Zapp will launch in the UK. Backed by major banks and with an expected uptake among major high-street retailers, this could reassure customers enough to experiment with mobile payments in the next Holiday trading period.



The mobile experience should be a priority for retailers

According to Deloitte, 19% of sales in 2013 were influenced by mobile (\$593 billion) compared to 5% in 2012 (\$159 billion), and consumers who use their digital devices during a shopping journey convert at a 40% higher rate than those who do not.

These figures call for retailers to rethink how they approach all their digital development. Mobile is not simply another channel or retail destination, and its contribution to the business is not measured by outdated sales metrics alone.

In 2015 forward-looking brands and retailers will invest in mobile experiences throughout the path to purchase and beyond. They will be both contextual and personal with the aim of positioning their brands as the go-to destinations for their customers.

SEARCH FOR DIFFERENTIATION: CO-CREATION & COLLABORATION

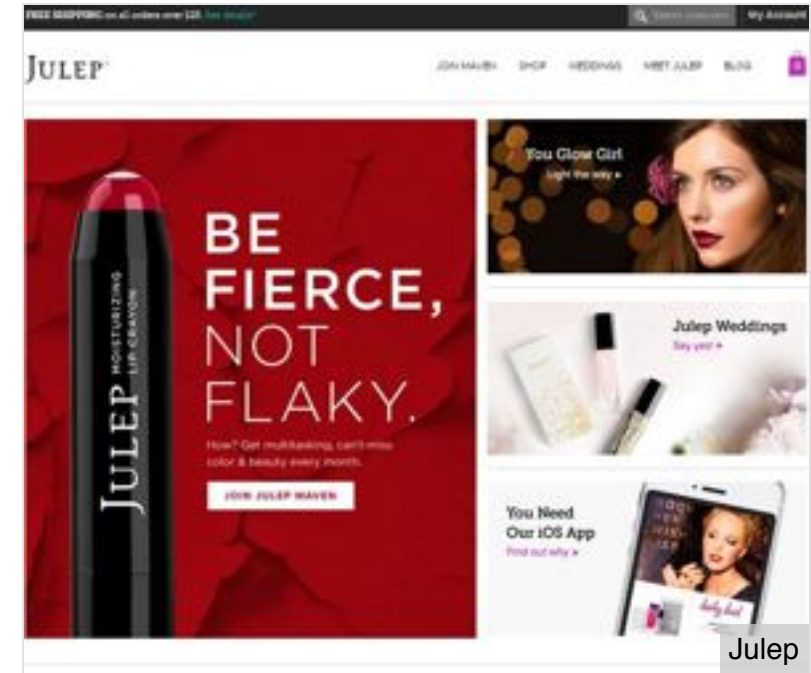
The idea that fashion consumers no longer want to be sold to in the same way is not news to fashion retailers. But 2015 is the year of more in-depth soul-searching as retailers look for ways to differentiate and reposition to drive consideration.

Collaborations, whether product or **artistic**, will continue to be key, and co-creation will change the emotional investment consumers have in product.

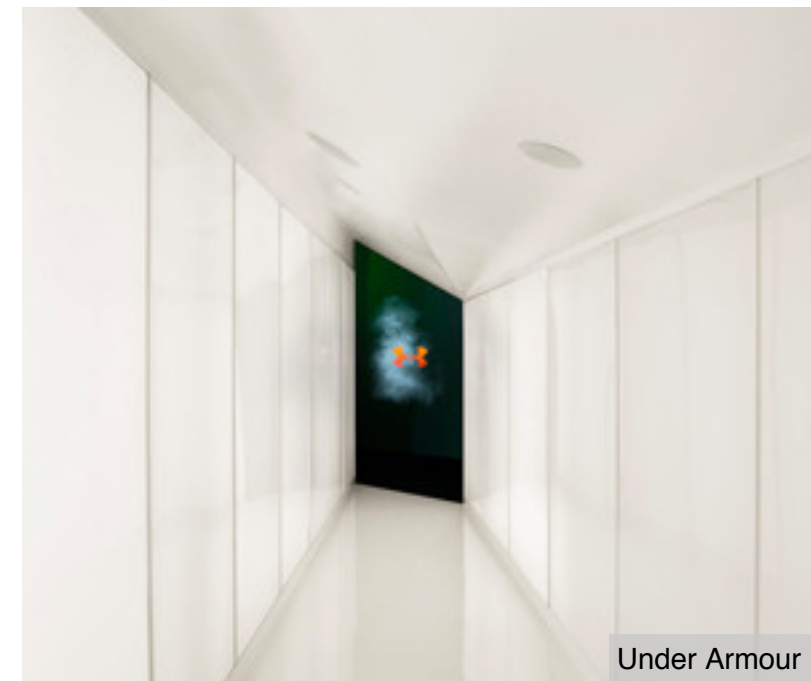
Online beauty retailer Julep, for example, has taken co-creation to the next level, creating a customer group called Mavens to test and invest in new product prior to launch. Customer involvement in the business means 90% of what Julep manufactures is sold out in the first month.



House of Voltaire



Julep



Under Armour

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