

The High-Velocity Consumer

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WGSN

Create Tomorrow



The retail world is moving at a supersonic pace. It's not technology driving that speed, it's the consumer.

Today's high-velocity consumer is challenging current retail models; ever-more demanding, with new values that are taxing even the most consumer-centric businesses.

This is a consumer who is time-poor and looking to save time through mobile-led, frictionless retail strategies, but at the same time, seeking a more human connection.

In a world of fake news, consumers are increasingly confused about the correct actions to take around complex messages,

such as sustainability, and unsure of who to trust to deliver unbiased information.

Meanwhile, the rise of the sharing and experience economies, combined with a more financially uncertain younger consumer, is also affecting the types of products and experiences retailers need to focus on.

Using WGSN's research methodology, we analysed the macro shifts taking place across society, technology, industry, environment, politics and creativity. We then identified the six key shifts in consumer behaviour that are taking place and the key strategies you will need to implement to stay relevant into 2020 and beyond.

Key Consumer Drivers

The Handheld Retail Revolution

The world is now filtered through mobile phones, and as self-checkout becomes an expectation, retailers need to extend their mobile capacities into new spaces.

The Feel Factor

As consumers become lonely and disconnected, they are seeking moments that evoke connection and allow them to feel more human.

Trustenomics

Consumers have become unsure of what is real, so retailers and brands need to double down on new strategies that engender trust.

Climate Concerns

As climate change becomes a daily reality, consumers are trying to act in a way that makes the world a better place.

The Long Generation

Society is becoming older – retailers need to ensure that they are serving the rising number of seniors.

The Old Days of Ownership

With the decline in ownership, retailers need to reconsider what it is that they're selling.

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Retail Revolution*
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Ownership*

The Handheld Retail Revolution

Driver 1



64% of retailers say mobile checkout is a priority for their business

WGSN Retail Executive Survey, November 2018

In many markets, people now spend more time in front of screens than sleeping or in face-to-face conversations.

Some 26% of American adults admit they are online “almost constantly”, in a 2018 Pew Research study, up from 21% in 2015. This is significantly more pronounced among younger cohorts, with 39% of those aged 18-29 and 36% of aged 30-49 saying they’re constantly online.

It’s no surprise then that people increasingly feel more comfortable when their relationships with businesses and services are mediated via a screen.

YouGov research sponsored by Cancer Research UK found that **44%** of 18- to 24-year-olds said they felt more comfortable speaking to new people through social media, messaging apps and other online means than in person



Only **37%** said they felt more comfortable speaking to people they didn't know face-to-face, compared to more than two-thirds of those aged 55 and over



This mobile mindset, combined with evolving shopper journeys that see more online research being done before visiting physical retail to transact, means that a purchasing decision is more likely to have been made before the customer enters the store. This requires self-service strategies that put the customer in control of the moment of transaction, while also giving them access to a human should the need arise.

Frictionless or low-friction checkouts are becoming increasingly commonplace, and will in coming years be a hygiene factor for retailers. The attention paid to the launch of Amazon Go and the roll-out of Alibaba's Hema supermarkets confirms that consumer expectations are rising, and those that continue to win will extend on these strategies further to put the consumer even more firmly in the driving seat.

Extend in-store mobile functionality

Sam's Club has added Scan & Go self-checkout to its stores after a successful local trial. As well as improving payment times, it has also included a voice-based wayfinding tool to help locate items in the club using beacon technology and members' smart shopping lists to map

the most efficient route through the club. It's also building out augmented reality strategies to help customers navigate the purchasing process, showcase how to use products and highlight features, including how items are sourced. Tapping into the ability to use augmented reality to delight the customer, it has also said that it will look at ways to digitally turn consumers' trolleys into pirate ships.

Create more natural interactions on mobile

Use AI to help create more "human" interactions on mobile. Consumer expectations are rising as virtual assistants like Amazon's Alexa and Google Assistant become more common. Natural language strategies are set to become a consumer expectation rather than a novelty. Strategies that help consumers to find items using visual search will help emerging consumers who see their world as a shopfront and site of discovery.

EasyJet has launched an app feature that enables consumers to book holidays with Instagram images. Its Look&Book search function suggests destinations using a combination of image recognition and geotagging to guess the location of uploaded pictures.

Get in front of the transition

As self-checkout and self-service strategies become the norm, 7.5m retail jobs are at “high risk of computerisation” in the US, with the 3.5m cashiers the industry employs likely to be hard hit. Analysis by McKinsey suggests that next-generation automated grocery stores could see the number of labour hours for inventory and stocking reduced by nearly two-thirds.

As one of the largest employers in many developed economies, the retail industry needs to manage this shift carefully. Retailers need to ensure that as jobs are lost, staff are retrained for new roles where possible to minimise brand backlash, while maximising long-term profitability. Retailers need to remember that workers are consumers, and a reduction in the number of those employed will eventually mean a reduction in the addressable market.



Reconsider the role of the associate

As the path to purchase shifts away from the store as the place where people decide what they are going to buy, the role of the sales associate will have to evolve. Retailers need to find solutions that attempt to create the advisory and service experience outside of the store. They will need to hire different kinds of people to thrive in this new world – associates that are as engaging and helpful on text and social media as they are in real life.

Hero x Harvey Nichols

Tech start-up Hero has partnered with Harvey Nichols on Messenger-style functionality that allows associates on the floor to answer queries from online shoppers via video. Shoppers can then opt into the retailer's Black Book

service, where associates can build a deeper relationship with consumers via messaging, sending them customised selections of the latest drops.

Macy's Style Crew

US department store Macy's is recruiting its own store employees to become brand ambassadors. Ambassadors share videos that have been produced in partnership with Macy's and the branded video platform Tongal. These videos are designed to showcase employees' personal interests, featuring related products carried by Macy's to drive conversions. Participants earn a fee for each successful transaction in a similar way that stylists receive a commission on sales at bricks-and-mortar stores.

Where next? Start to consider unattended delivery

Unattended delivery is emerging as a channel that could potentially mean that consumers never interact with a brand's representatives. At this stage, consumers are still very wary of having delivery drivers access their homes. In the US, 68% of survey respondents in a Morning Consult study said they were not comfortable letting delivery drivers have access to their homes, with 53% reporting that the idea makes them "very uncomfortable".

Innovative retailers in this space consider this a long-term play, gradually building up the necessary trust that will be required to allow delivery people into people's homes via trials. They will also need to lay groundwork that will encourage customers to buy into smart locks as a secure and convenient necessity, using them to allow other services access to their homes, such as childminders, dog walkers or cleaning and laundry professionals.

Amazon and Walmart are already undertaking trials in the US, while Waitrose has begun recruiting customers for a trial in South London. As friction continues to be minimised through these kinds of services, retailers will need to find other ways to remain top-of-mind and memorable to the customer.

Key Actions

Build strategies that continue to integrate the online and offline shopper journeys. Start to extend low-friction checkout into more self-service strategies

Reconsider the role that associates play. Work to ensure they are influencing the customer where the purchase decision is actually being made

Build natural and visual language strategies to help shorten the path to the consumer, innovating around product discovery and interaction

Start to build the trust mechanisms that will create the level of confidence necessary to allow delivery staff through the front door when they are not at home

The Feel Factor

Driver 2



Personalised = digital
recommendations of
products based on
an algorithm



Personal = human
interaction that
evokes emotion

Personal vs Personalised

As retailers invest in AI and digital experience, the importance of the human connection will become a key brand differentiator.

82% of US and 74% of non-US consumers want more human interaction, but 59% of all consumers feel companies have lost touch with the human element of customer experience, according to 2018's PwC Future of Customer Experience Survey.

There seems to have been too much focus on creating personalised experiences and not enough on creating personal experiences.



“While others are investing in drones, we’re investing in our partners”

Paula Nickolds, John Lewis & Partners

While retailers and consumers seek frictionless experiences, the sobering reality is that the more time spent in the store, the more interaction a customer has with an associate, the greater their propensity to spend.

Increasing interaction with staff at the NBA store on Fifth Avenue in New York led to significant gains, with the business finding that customers who browsed longer than 10 minutes purchased 370% more than customers who browsed four minutes or less.

Meanwhile, customers who engaged with a store associate increased conversion by 182%, and if engaged multiple times ended up staying longer, trying on and buying two to three times more merchandise.

Invest in people

Personal retail strategies are starting to emerge as a way for businesses to differentiate beyond price, particularly as they attempt to go head-to-head with Amazon.

“While others are investing in drones, we’re investing in our partners; while others are cutting back, we’re investing in the very thing that is our point of difference,” John Lewis & Partners managing director Paula Nickolds said, as the business added the & Partners to its name as part of a rebrand earlier this year.

Customers who use one of John Lewis’ personal styling services spend on average 30% more in the year after their appointment than customers who have not used the service. The six stylists in John Lewis’ White City store in London currently drive a fifth of the total womenswear trade across the store.

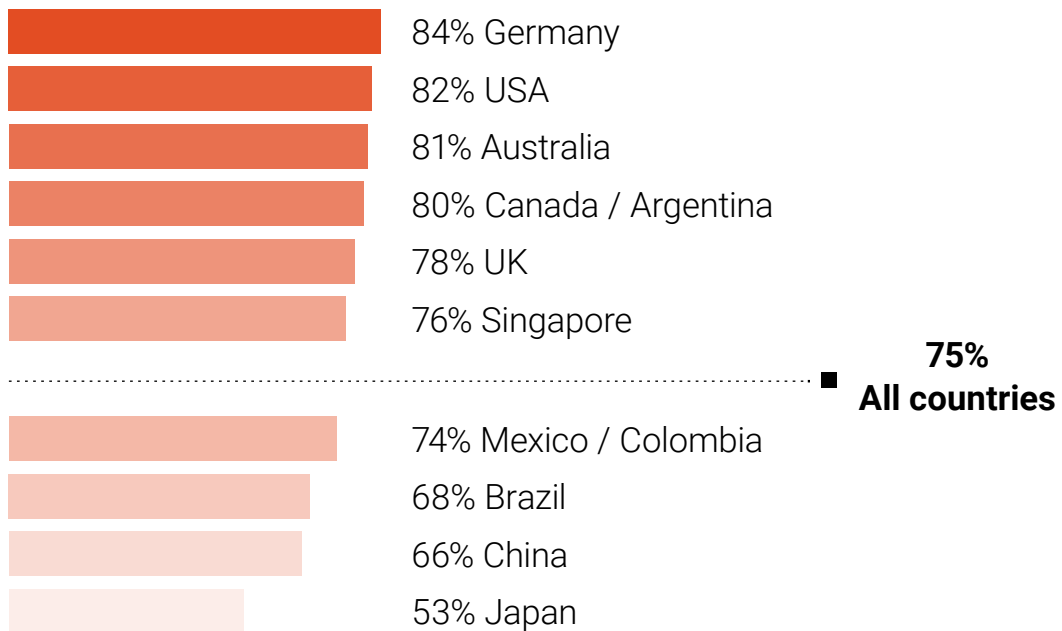
Invest in technology that deepens that relationship

Nordstrom is also extending its service-led concept, Nordstrom Local, into two new sites after a successful trial on Melrose, Los Angeles. The inventory-free stores focus on styling and alterations, with products chosen online and shipped into the space. It is a space that helps clients try on products picked for them by Nordstrom stylists via its curation service, Style Board. It offers a team of personal stylists who will choose items based on an online questionnaire that helps them understand a customer’s personal style. They then email the customer a board of curated designs, which will then wait in a dressing room at a Nordstrom Local, with stylists and tailors on hand to alter chosen items.



Human vs Automated Interaction

Percentage who indicate “I want to interact with a real person more as technology improves”



Source: PwC Future of Customer Experience Survey, 2017/18

Where next? Technology that understands how you feel

This personal connection does not have to end at the store's exit. While retailers are largely looking to AI as a tool to cut costs through streamlined processes, they should be looking to longer-term strategies that employ it creatively to deepen the emotional connection with customers.

Amazon is building technology that helps its Alexa platform identify moods from your tone of voice, and is patenting technology that can recognise if you're sick or depressed and suggest products based on your physical or emotional condition.

Amazon Pay's VP and GM, Patrick Gauthier, says: "There is this awesome opportunity to create intimate and authentic conversations with consumers. The reality is that once upon a time, commerce was very personal – people would go to the local store, where the shopkeeper knew them. Modern life has taken that away from us. With smart assistant we can again make the experience of commerce more personal, more natural, more authentic, and so

any brand should look at the opportunity to learn how to use smart assistants to create those conversations to create an intimate conversation with the consumer. And if they can do that, they will thrive."

In 2017, it emerged that Walmart had patented a technology that scanned faces in-store to better identify and service agitated customers. The system recognises when people were becoming frustrated and sends an associate over to help.

As they evolve these strategies, it will be vital that they manage communications and consumer attitudes towards these more intrusive technologies. While Asian consumers are becoming more comfortable with facial recognition, increasingly using it as a payment tool, Western customers are less trusting. According to a UK RichRelevance survey, 58% of respondents said that emotion detection technology that adapted your shopping experience to suit your mood was creepy.

Personal

Service via text ————— Vending machines for Nike app members

Free alterations ————— Curbside service

Bra fitting ————— Data-led assortment

Guidance sessions ————— City-specific styles based on data

Personalised

Personal vs Personalised:

Bridging the divide – Nike by Melrose

For retailers, it should not be a case of prioritising technology over humanity or vice versa, but using them both to facilitate multiple paths to purchase based on a consumer's changing mood on any given day. Nike's new store concept on Melrose Avenue in Los Angeles is a great example of how retailers can successfully roll out this kind of strategy.

Personalised

Nike chose the store's location based on data pinpointing where its NikePlus members spent most of their time. The store takes a personalised approach to product curation, picking which products to stock based on its digital commerce data from the city. This means the store offers products that are sometimes developed for LA's unique needs,

regardless of broader seasonal priorities.

The store offers a Click and Collect service that allows customers to reserve online and then access selected items from lockers with a smartphone to try on in-store. It also has a curbside drop-off and pick-up service, and a vending machine where NikePlus members can use their phones to access exclusive rewards.

Personal

The store also offers a Dynamic Fit Zone, which includes a lounging area, gym equipment for trialing products and rooms for personal styling tips from Nike experts. Members can book a 30-minute-long Express Session for a one-on-one service. It also offers a service where customers can get product advice via text message.

Key Actions

Put humanity at the centre of your store strategy. Look to ways of building more personal experiences

Extend customer-centricity beyond what they say they want, to develop strategies that tap into how they want to feel

Develop strategies that bring together technology and humanity to create an astounding store experience

Trustenomics

Driver 3



*“89% of children aged 6-10
believe Alexa always
tells the truth”*

MIT Technology Review, 2017



60% of retail executives surveyed say they are developing propositions that speak to local communities

WGSN Retail Executive Survey, November 2018

As people are being exposed every day to a constant barrage of fake news and alt facts, it's becoming hard to know what, and who, to trust.

The latest Edelman Trust Barometer finds that trust in the US has suffered the largest ever recorded drop in the survey's history among the general population. The global study found that trust among the general population fell nine points to 43, placing it in the lower quarter of the Trust Index.

The collapse in trust is being driven by a lack of faith in government, which fell 14 points to 33% among the general population, and 30 points to 33% among the informed public. Business, media and NGOs also experienced declines of 10-20 points.

Trust is an increasingly important purchase driver, with WGSN Barometer, which surveys 200,000 global consumers annually, finding that consumer spending correlates highly with brands that are seen as being trusted by consumers.

But what does it mean to be a trusted business today? We increasingly find that a brand's heritage and track record don't necessarily make it a trusted institution. Speaking at Wired Smarter 2018, Hugo Cornejo, Head of Design at banking platform Monzo, said: "Banks think that consumers trust them. But when you speak with customers, they aren't happy." When the business was doing consumer research before launching, it found that "55% of people think that their bank does not have their best interests at heart". Back then, people simply felt that there wasn't an alternative. This has significant implications as new disruptors take chunks out of the market.

The new pillars of trust

So what buys you trust these days?

Business is now expected to be an agent of positive change. Of those surveyed in the Edelman Trust Barometer, 64% say they believe a company can take actions that increase profits and improve economic and social conditions in the community where it operates. Almost two-thirds of respondents said they want CEOs to take the lead on policy change instead of waiting for government, which now ranks significantly below business in trust in 20 markets. This means that the number one job for CEOs is building trust, surpassing building high-quality products and services, at 69% and 68% respectively.

Beyond business as a force for positive change, emerging strategies will require more intimate access to consumers' lives, and these are going to require that customers have a deeper level of trust in business. Personalisation, for example, requires a tremendous amount of access to consumer data, and unattended delivery will require unsupervised access to their homes.

Be consistent

Despite building up huge banks of data to understand the consumer, and having a more intimate relationship via virtual assistants, Amazon consistently ranks at the top of many most trusted brands lists. This is largely to do with the consumer proposition rather than focusing on strategies that extend the relationship with the customer into meaningful facets of their lives. It is using what it has to offer the best, most consistent service to the customer.



Business Must Address Market Dynamics

Trust-building mandates for business in markets with extreme or typical trust changes

Trust Building Mandates	Markets with Extreme Trust Gains Markets include China, UAE, South Korea	Markets with Typical Changes in Trust Markets include Russia, Mexico, UK, Japan	Markets with Extreme Trust Losses Markets include US, India, Colombia, Brazil
Invest in jobs	●	●	
Guard information quality			●
Consumer safety	●		●
Ensure equal opportunity		●	
Improve quality of life	●		
Safeguard privacy		●	●
Ensure competitive workforce	●		
Drive economic prosperity		●	●
Innovate	●		●
Provide for future generations		●	

Source: Edelman Trust Barometer, 2018

Play on the customer's side

According to Edelman, in countries where declines in trust were greatest – including the US, India, Colombia and Brazil – consumer priorities for companies to build trust included guarding information quality, consumer safety and safeguarding privacy. While in countries with rising levels of certainty – including China, UAE and South Korea – building trust requires investing in jobs, consumer safety and improving quality of life.

Guarding information is as simple as ensuring your customer proposition is clear to consumers. Cornejo described how consumers feel like banks are making money off them because they don't understand what they are being sold. The future of trust will mean simplified propositions that are well communicated.

Businesses need to identify where trust is an issue and innovate around it. According to Cone Communications' 2017 CSR Study,

90% of consumers consider “operating in a way that protects and benefits society and the environment” to be an important responsible business practice for a company. While 89% said that they would be likely to switch brands to one associated with a good cause, given similar price and quality, confirming that consumers continue to look for goods and services that align with their own views.

Stand up for your consumer

Patagonia took a stand in the US midterm elections, closing stores on November 6 and coming out in support of Democratic Senate candidates Jacky Rosen in Nevada and John Tester in Montana (both won). Patagonia has built its reputation around standing up for the environment, investing heavily in projects that help to conserve the environment.



Act as a member of the community

Increasingly, trust will be generated by standing up for your customer in times of crisis. Brands will need to be empowered to act locally in service of local issues by developing product strategies that serve their unique situations.

During Cape Town's 2018 drought, many businesses redeveloped their products and manufacturing processes to cope, and to help consumers maintain some level of normalcy during the crisis. Coca-Cola reduced the amount of water used in the production of its soft drinks by 30%. Unilever redeveloped many of its products, including dry shampoo and waterless surface cleaners, so that they could be used with less or no water. While these are not philanthropic ventures, they are examples of brands evolving their strategies to be on the customer's side during emergencies.

In China, retail giant Alibaba is helping address consumer concerns that the rise of online and smart supermarkets will put traditional operators out of business. It has been equipping stores with its Ling Shou Tong ("Retail Integrated") system, bringing them to the cutting edge of retail. The system provides owners with consumer analytics that track demand, a centralised ordering system and the ability to extend their reach across the Taobao, Tmall, AutoNavi, Alipay and Ele.me platforms. It claims that stores see a 30% uplift in revenue following the shift, while giving the online giant access to the huge volume of data these rural retailers then generate.

Old trust drivers

Track record
Size Consistency



New trust drivers

Transparency
Policy Advocacy

Where next? More traceability through the food supply chain

Food safety remains an important trust driver, and as new technology emerges, retailers need to innovate to make the supply chain more transparent.

Walmart, JD.com, IBM and Tsinghua University National Engineering Laboratory for E-Commerce Technologies have partnered to create the Blockchain Food Safety Alliance, which will start by working to enhance food tracking, traceability and safety in China, creating greater transparency across the food supply chain.

As the number of people on restricted diets increases, Spoon Guru has created a food classification engine to help shoppers filter products for specific requirements. Working with Tesco to improve its recommendations, the number of items surfaced when customers looked under terms such as “gluten free”, “vegan” and “nut free”, shifted from the low hundreds to the tens of thousands. The project is on track to deliver a three-times increase in e-commerce value, with searches, basket conversion, basket size and customer loyalty all showing uplifts. It also works with Tesco’s Scan as You Shop in-store application, alerting customers to unsuitable products and offering up alternatives.

Key Actions

Work to understand your customers' fears. Build strategies that alleviate these through increased transparency

Build capacity through your business that allows you to extend your role into communities, particularly in times of crisis

Take a leadership role in the things that concern your consumer

Think locally: create resonance through efforts that build trust

Climate Concerns

Driver 4



*Solastalgia is defined as
“the distress produced by
environmental change
impacting on people while
they are directly connected
to their home environment”*

The number of extreme global climatological events – floods, droughts and forest fires – has more than doubled since 1980. In the same period, the number of storms has doubled, while the number of floods and mass movements, such as avalanches and landslides, has quadrupled since 1980 and doubled since 2004.

Climate anxiety is emerging, alongside a desire to actively limit, or even reverse, catastrophic damage to the planet’s ecosystem. Research by The Australia Institute found that 73% of Australians were concerned about climate change, up from 66% last year.

New language is emerging in an effort to define this emotional state: solastalgia is defined as “the distress that is produced by environmental change impacting on people while they are directly connected to their home environment”.

This consumer mindset requires new strategies from retailers. Public outcry over single-use plastics and the resultant demand for reusable water bottles and coffee cups is only the beginning of a series of behavioural shifts that will require new business strategies.

When it comes to solutions, understanding the consumer mindset is difficult.

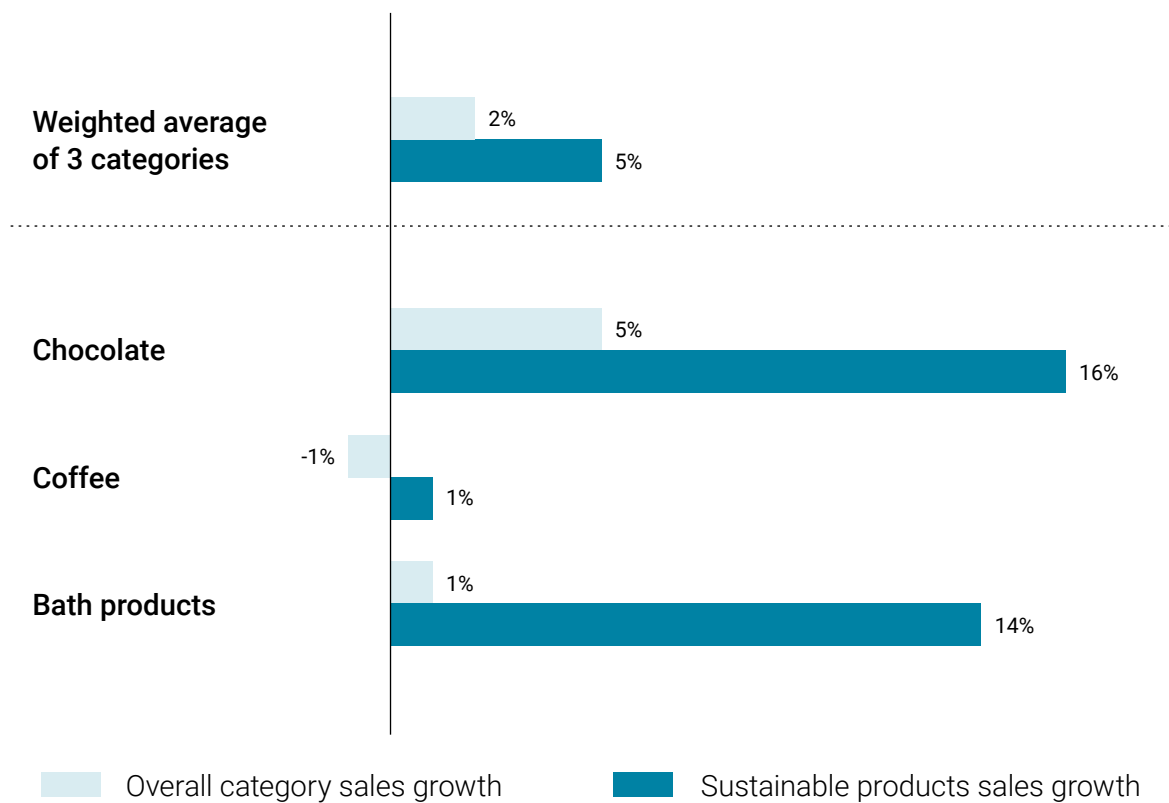
In a study by Kantar TNS, a survey of 1,260 people in the UK found that 63% are concerned about reducing the amount of packaging they buy. But when it comes to taking responsibility for their behaviours, people are looking for others to do the work. When asked who should take the lead in reducing packaging, the same survey said that young people (16-24) want the government to lead (36%), while 22% say manufacturers and only 13% say consumers. For older people (65 and up), 48% think manufacturers should lead, 23% say consumers and only 10% think the job is the role of government.

When it comes to actual spending, people are willing to do the right thing when they are offered attractive sustainable alternatives. According to 2018 Nielsen data, sales growth is increasing at a faster rate on certain categories when claims of sustainability are made. Across chocolate, coffee and bath products, which together are growing at 2% annual growth, those with sustainability claims grew at 5%, with the starkest increase in bath products, which grew 1% overall, but 14% when marketed as sustainable.

What this means is that improvement in this space will need to be led by business and government, by providing consumers with attractive sustainable options and doing the work for them, rather than trying to scare them into behavioural change.

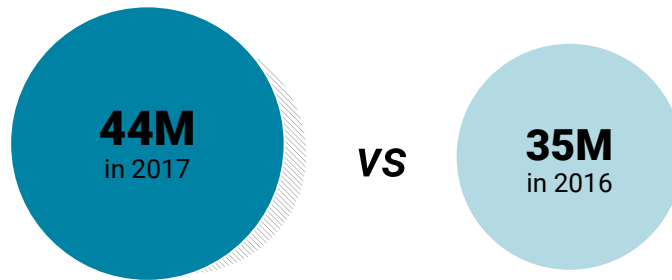


Growth Linked to Sustainability

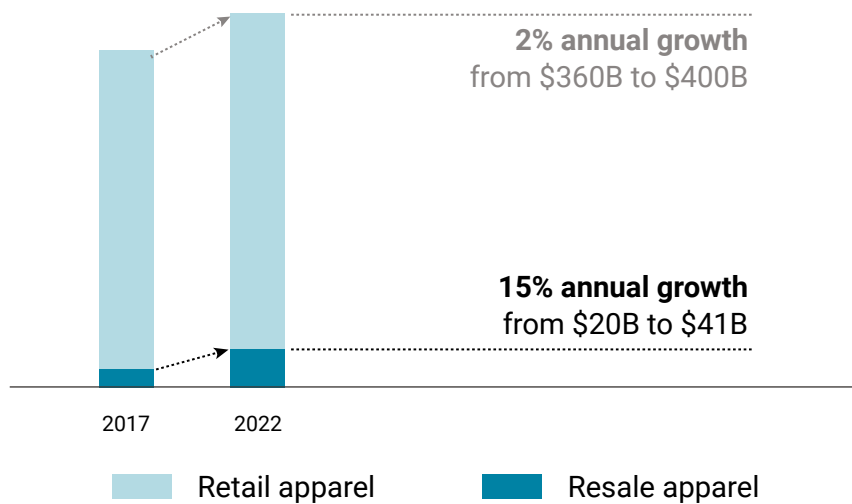


© 2018 The Nielsen Company

Women Who Shop Second-Hand



Resale is Capturing Market Share



Source: thredUP

Spiralling towards circular

The race is on to make circular economies work for the fashion industry. Many of the fast-fashion retailers, including Zara and H&M, are already working to encourage consumers to return unwanted or damaged clothing to retailers, before fibre recycling becomes a commercial reality.

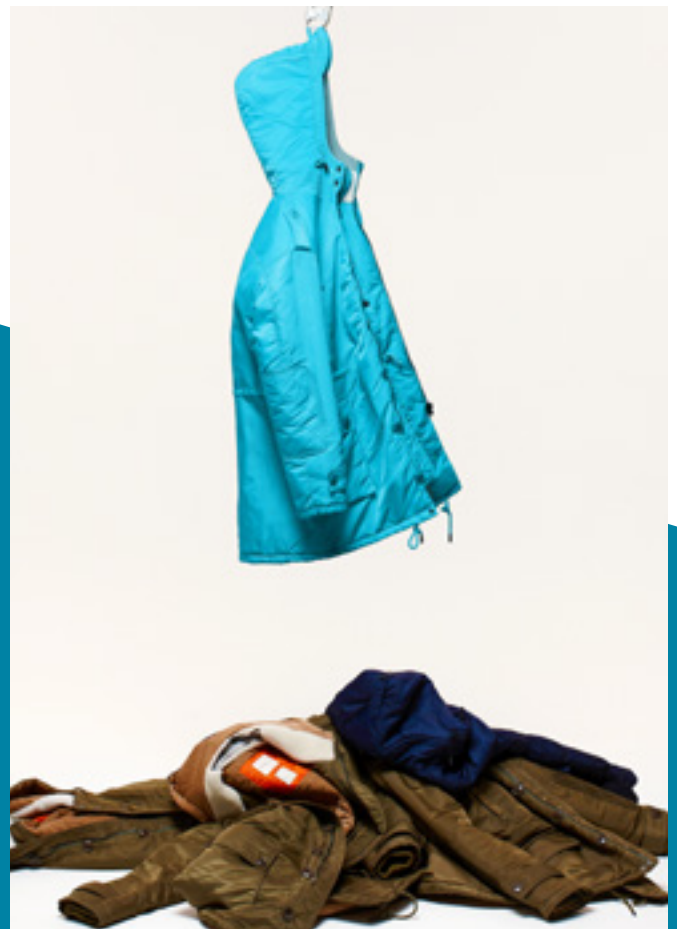
Build the infrastructure

It's important that retailers get that framework into place now as brands amp up their goals for recycling and consumers get more savvy about the intrinsic value of their used garments. In the future, expect more competition for second-hand clothing, as the number of post-use options increases.

H&M has set a target of using 100% recyclable or sustainably sourced materials by 2030. Last year, 36% of its total material buy was recycled or sustainably sourced, while this year it is on its way to pass almost 50%.

Many of these programmes expect consumers to donate their items back to the retailer, but others are helping them realise increased value through resale partnerships.

While initial steps towards circularity have been pioneered on Generation Z-focused platforms like Depop or Grailed – businesses that combine the resale of hyped limited-release streetwear brands like Supreme with other second-hand items – retailers need to avoid being disintermediated by these platforms and find ways to take advantage the growth of the second-hand economy. The opportunity in this space is tremendous, with online resale platform thredUP forecasting that it will be worth \$41bn by 2022.



Tap into resale

In April 2018, Stella McCartney partnered with The RealReal on the campaign The Future of Fashion is Circular to encourage luxury shoppers to resell items from the label, with an in-store activation that showcased second-hand products from the brand for sale.

US sustainable brand Reformation has partnered with thredUP to offer a resale service to its customers, where unwanted items are sold on thredUP in exchange for Reformation store credit. The platform's Remade line of clothing is also designed with reselling in mind. It promises to accept like-new Remade items and then resell them back on thredUP for an average 40% payout. Each Remade item has a scannable label that allows it to quickly re-enter the circular economy.

"At thredUP, we have millions of data points about what apparel resells and why. To create Remade, our data scientists analysed this resale data to surface the styles, sizes, materials and patterns that have been enduringly popular on thredUP over the years. From there, we ran each proposed design through our machine-learning algorithms to narrow the field by predicting which combinations would sell the fastest while holding their value and demand over time," says Karen Clark, VP of marketing communications at thredUP.

One of the most integrated solutions is being led by Eileen Fisher, where consumers can sell back their old garments for \$5 in-store credit. The Renew scheme has seen such a volume of clothing donated that it has led to the creation of the Tiny Factory – a 21,000 sq ft workspace for sorting, storing, selling and remaking reused Eileen Fisher garments. Now 55% of the garments are lightly repaired and sold at a reduced price, while the remaining products are turned into new garments. The Renew line already accounts for \$3m of the company's \$450m annual sales.

Reconsider product and pricing strategies

This shift in attitude is going to require a significant mindset movement among retailers who design for customers whose thirst is only for the new. Business and pricing models will need to evolve as consumers increasingly expect products that will last, are sellable and sustainable.

While much of the focus on circularity is in the fashion space, there are steps towards circularity in other categories like furniture. IKEA is trialling a scheme in Sydney, Australia, where it buys and resells used IKEA furniture.

Where next? Look to turn plastic into a positive

While consumers become increasingly concerned about the problem of plastic in single-use food containers like water bottles and food packaging, there is significantly more being used by the fashion industry. Plastic-based fibres represent 60% of the clothing market today, and while consumers are becoming increasingly concerned about plastic in things like water bottles and food containers, they have not yet cottoned onto the impact of fashion on the environment. According to research by the

Ellen MacArthur Foundation, microbeads in beauty products, which have largely been banned by governments, account for only 2% of the total releases of primary microplastics in the ocean, compared to 35% for microfibres from the washing of plastic-based textiles. There is an opportunity to tap into worried consumer concerns with products that both reuse old plastic and repurpose it into new items, while educating them on how to avoid fashion-based microplastics entering the water supply.



Shifting business values

New	_____	Unique
Cheap	_____	Guaranteed resale value
Fast	_____	Durable
Easy	_____	Modular
Attractive	_____	Attractive and sustainable

Everlane

Everlane has committed to phasing out virgin plastics by 2021. It recently launched its ReNew collection which has been made out of recycled plastics.

Parley for the Oceans x adidas

Parley for the Oceans has partnered with adidas to create trainers and apparel made out of ocean plastic waste. It made 1m pairs of shoes through the partnership in 2017.

Girlfriend Collective

Direct-to-consumer activewear brand Girlfriend Collective launched a collection in 2017, with its recycled plastic credentials front and centre in its marketing. It has since launched a second collection which is made using recycled fishing nets.

Key Actions

Start to test strategies that will prevent you being disintermediated as the resale industry continues to scale. Take control of the resale process through partnerships with marketplaces

Begin to build closed loop mechanics, growing the infrastructure that helps consumers develop the habit of bringing old clothing back to a store for reuse

Redevelop product quality to withstand multiple owners. Build products that hold their value through the resale process

Build strategies that take control of changing attitudes to plastics – find ways to make them a benefit, or work towards removing them from your business

The Long Generation

Driver 5



85% of over-55s feel their favourite retail brand “doesn’t understand” them or their requirements

Many developed countries – from the US to Japan – are recognising the challenges of an ageing population, combined with significant shifts in the distribution of discretionary income. According to the UN, population ageing is poised to become one of the most significant social transformations of the 21st century, with implications for all sectors of society. The number of older and very old people is increasing and they are enjoying a better quality of life for longer.

In these markets, older consumers have significantly more spending power than younger cohorts, but largely feel ignored or underserved. According to research by the International Longevity Centre, over-50s in the UK spend a total of £314bn a year, equivalent to roughly 43% of total household spending on consumption. Households aged 65+ in the UK accounted for 48% of the growth in domestic goods and services from 2011-16.

Yet, research by the group found that 85% of over-55s feel their favourite retail brand “doesn’t understand” them or their requirements.

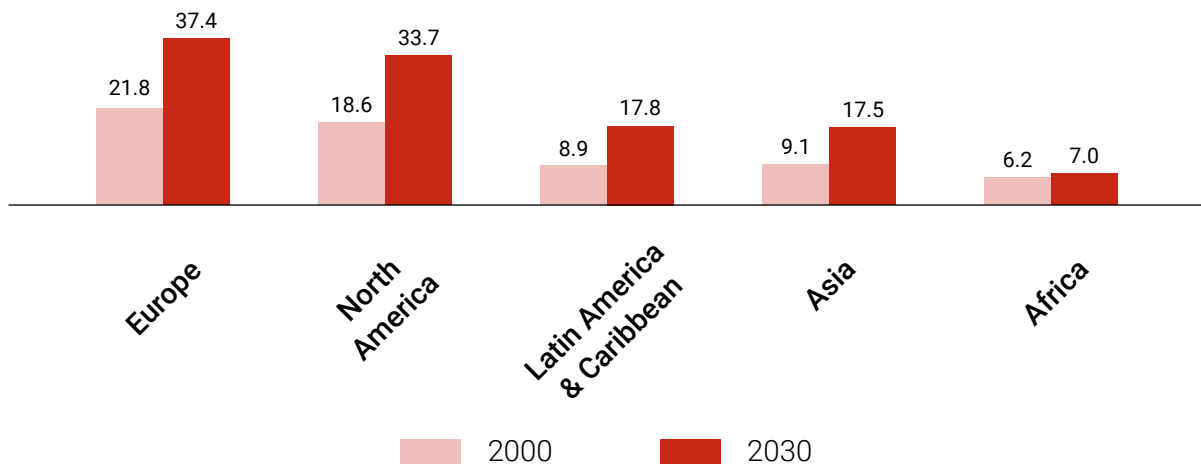
This presents a significant opportunity for retailers, by simply making adjustments to their retail spaces to make them more age-friendly. Removing physical barriers to consumption due to mobility issues – installing ramps, widening aisles and entrances, for example – would see a significant increase in spending.

The International Longevity Centre calculated that if UK consumers aged over 50 with mobility issues were to spend as much on eating out, clothing and leisure as able-bodied consumers of the same age and with the same socio-economic characteristics, we could see an increase in annual spending of between £470m and £3.84bn. If businesses were to only focus on those aged 75 and over, there could be an increase in spending of £66-560m a year.

And this is the opportunity that is being missed today. According to McKinsey, by 2030 we will see the elderly population grow by over one-third in developed markets, totalling 222m people. This group will account for around 51% of urban consumption growth, equivalent to more than \$4trn.

By 2030 we will see the elderly population grow by over one-third in developed markets, totalling 222m people

**Old-Age Dependency Ratio by Region (%),
2000 vs 2030**



Source: United Nations, World Population Prospects, 2018

Japan is leading the way with strategies to engage a significantly older consumer

Reshape retail formats

Japan, which has the largest ageing population (over-65s account for 26.5% of the population), is leading the way with strategies to engage a significantly older consumer.

Aeon has created a space specifically for this demographic at its Aeon Mall Kasai. Opening at 7am to take advantage of this Golden Generation's earlier waking time, consumers can make use of medical facilities and also engage in leisure activities such as calligraphy lessons, exercise, music recording classes and hula dancing. They can even find love through its matchmaking programme. According to a report in the Wall Street Journal, these initiatives have led to seniors spending 50% more time in the store and 40% more money. The retailer is planning to operate 100 outlets tailored for senior consumers by 2025.

It's not just the experiential offering that is evolving to target older consumers: trolleys are now 30% lighter, portion sizes are reduced to cater for those living alone and there has been a rise in Engay food products – meals that have been prepared with a smoother consistency to avoid choking.

As self-checkouts increasingly become the norm, retailers will need to consider how they serve an older demographic that feels less comfortable interacting with technology. UK supermarket operator Sainsbury's is already trialling a slow checkout lane that allows older consumers to pay at a gentler pace. In France, Intermarché has opened a store designed to serve seniors. It features products for well-being, connected home technology, sports and leisure, and to help adapt the home for limited mobility. The space also has room for events, as well as workshops on digital literacy, nutrition and sleep.

*67% of boomers
are already
smartphone users*



Where Next?

Develop digital inclusion strategies

Develop digital inclusion strategies

It's important to remember that many of today's senior population are already significant users of smartphones. In the US, Pew Research found that 67% of boomers are already smartphone users. As more people in this demographic age and smartphone penetration deepens, retailers and brands must consider this group's needs when designing mobile experiences and offerings.

This will also require new functionality and considerations. On a very basic level, a clear and uncluttered user experience will mean that those with impaired eyesight and lower levels of digital literacy feel comfortable with the information being presented. But retailers will need to go further to create services that put this customer at the centre.

Walgreens

US drugstore chain Walgreens says that 20% of its mobile app user base are aged 55 years and older, with 27% of people using Walgreens' mobile pharmacy tools falling into the 55-plus demographic. It attributes its strong take-up by older

users to tools such as Pill Reminder, which allows consumers to set alerts on their phones to prompt them to take their medication, and Refill by Scan, which allows them to reorder prescriptions by scanning the product.

Alibaba

In China, Alibaba has launched a senior-friendly version of its Taobao app. The app features a larger interface and can be linked to a relative's account so that they can view and buy products for them.

The online retailer hopes that this will help capture the 222m people in China aged over 60, which is set to reach 255m by 2020 (almost 20% of the country's population). Alibaba says that approximately 30m Taobao and Tmall users are aged over 50, with 75% aged between 50-59.

Key Actions

Begin to build strategies that future-proof your business for an ageing population

Consider individual store catchment areas, and how you can evolve stores to cater to an older consumer. Ensure this consumer is considered as self-checkout strategies are rolled out

Consider experiential strategies that target this emerging cohort

Begin to develop digital inclusion strategies that speak directly to this consumer

Old Days of Ownership

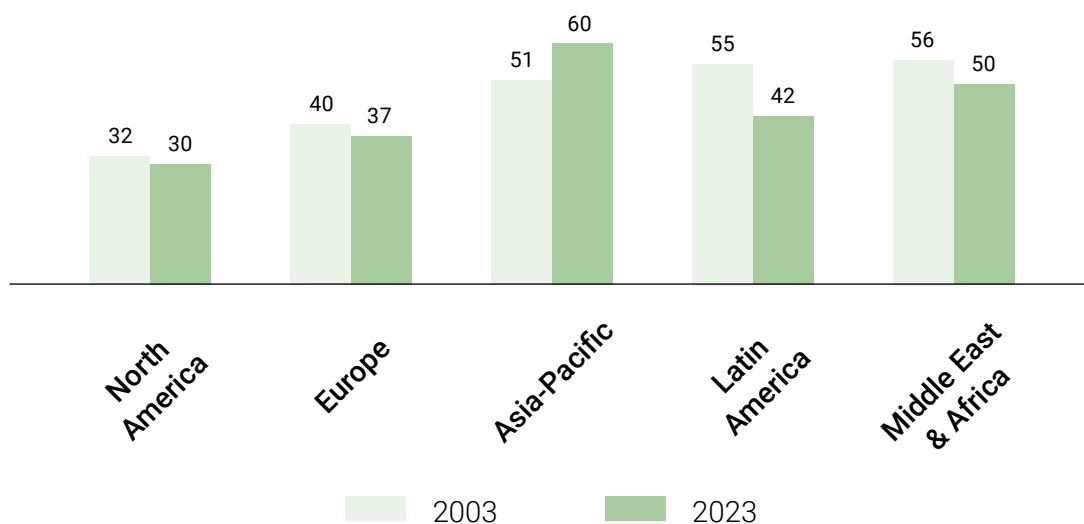
Driver 6



80% of retailers say they are working to build experiences and services that customers would be willing to pay for

WGSN Retail Executive Survey, November 2018

**Retail Share of Consumer Spending (%),
2003 vs 2023**



Source: Edge by Ascential

When a retailer opens a new physical store, its brand website sees 52% more traffic

British Land, 2017

The shift in spending away from buying stuff and increasing spending on experiences has been well documented.

The product discovery process has also irrevocably changed: consumers today never “go shopping”, but at the same time, they’re never “not shopping” – they’re constantly scrolling on mobile apps and Instagram.

Retailers have approached this problem with strategies that aim to make product ownership itself a by-product of experience – a way to capture a memory of something else. They have responded by creating free activations, but as this shift away from ownership continues, retailers need to reconsider what it is that they are selling to the consumer.

Increasingly, the experience will have to become the product – a revenue-generating channel that stands on its own, rather than a value-added marketing addition. But as the number of Instagram-friendly wonderlands reaches saturation point, retailers will have to do more to encourage consumers into their spaces.

We have seen the first wave in this shift at sites such as Tiffany’s Blue Box Cafe at the iconic jewellers’ Fifth Avenue flagship in New York. Here, Millennial shoppers can have the experience of enjoying breakfast at Tiffany’s at an accessible price point. The rise of spaces like the Museum of Ice Cream and the Color Factory also demonstrate that there is consumer appetite for paid-entry activations.

Beauty brand Winky Lux opened an experiential brand space in SoHo, New York, charging \$10 for entry. The brand's website sums up the customer mentality: "If it didn't happen on Instagram, it didn't happen". The space has been designed to "spark imaginations, create shareable content and foster opportunities to connect with fellow beauty lovers and friends".

But as the number of Instagrammable wonderlands increase to saturation point, retailers will have to do more to encourage consumers into their spaces.

Our consumer drivers see shoppers in a broadly less positive frame of mind – increasingly anxious, time-pressed and less connected. The big opportunity will be for retailers who are able to create new products, experiences and services that add real value to a customer's life (while also still be shareable on social media).



Sell expertise

Consumers increasingly express a desire to learn, for learning's sake. In China, Gen Z increasingly sees developing and showing in-depth knowledge as a better way of self-expression, rather than consumption and learning as a means of facilitating career progression, which were the traditional markers of status in society. In a survey of 15,000 Chinese people born after the year 2000, by Tencent's Customer Research & User Experience Design Centre, 72% say showing in-depth knowledge in a subject matter is a way of self-expression, and 60% like brands that show unique insight. This will require the creation of new experiences – highlighting expertise on production by giving people more access to how things are made. Coca-Cola in China has begun allowing people access to its bottling factories, and Amazon in the UK has begun offering tours of its fulfilment centres to see how they work.

Sell community

The rise of conventions like ComplexCon and Beautycon attracts groups of like-minded individuals to a physical space where they can learn new skills and make real-life connections. Sephora entered the space this year with its Sephoria House of Beauty event, which combined Instagrammable content with education and community building.

Sell well-being

While Lululemon was a pioneer in the experience space – building its brand by offering free yoga classes in-store – it also kicked off a raft of other paid-for fitness events designed to help bring wellness-focused consumers together in real life. The fitness brand has been running its SeaWheeze half-marathon in Vancouver for the past seven years. Beyond the run, there is a festival, pop-up store and pre-event yoga lessons. It also launched its Sweatlife Festival, an event focused on yoga and other studio-based activities, with broader offerings around holistic wellness in markets including London and Berlin.

Sell shared values

Targeting younger demographic groups means standing up for the same political values as them, and teaching them how to act in aid of the things they believe in. Retailers like Bulletin in New York host events that help their young, female, politically engaged consumer stand up for the things they care about, like Planned Parenthood. REI has built its brand off the back of advocating on behalf of the environment. It invites community groups to use its stores as a base for environmental activism.

Old Experiences

New Experiences

Prioritises Instagram ————— Prioritises education or well-being

Community ————— Community

Focus on novelty ————— Focus on the bigger picture

Transitory ————— Meaningful

Free ————— Paid-for (sometimes)

Diversion from product ————— Focus on craft and process



Key Actions

Build strategies that mean people care enough about your brand to pay for experiences that you host

Look beyond your core product offering to understand what kinds of services a customer would pay for

Consider ways of bringing like-minded people together to make their lives better

Research Matrix

Bain & Company

Labor 2030: The Collision of Demographics, Automation and Inequality

British Land

Physical stores are an engine of online growth

Cancer Research UK

Millennials shun face-to-face conversations for online chats

Cornerstone Capital Group

Retail Automation: Stranded Workers? Opportunities and risks for labor and automation

Edelman

2018 Edelman Trust Barometer

European Academies Science Advisory Council

Extreme weather events in Europe

IKEA

People & Planet Positive IKEA Group Sustainability Strategy for 2020

International Longevity Centre UK

Basic needs of older people are missed by UK companies, finds ILC-UK Commission

The Missing £Billions: The economic cost of failing to adapt our high street to respond to demographic change

Kantar TNS

New research exposes generation gap in tackling packaging waste

McKinsey Global Institute

Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation

MIT Technology Review

"Alexa, Understand Me"

Morning Consult

Americans Uncomfortable With Amazon Coming Into Their Homes

Pew Research Center

About a quarter of US adults say they are 'almost constantly' online

Millennials stand out for their technology use, but older generations also embrace digital life

PwC

Future of Customer Experience Survey 2017/18

World Economic Forum

Shaping the Future of Retail for Consumer Industries

United Nations

World Population Ageing Report



There's no denying it, today's retail world is changing faster than ever before. To win in this environment, you need to stay ruthlessly focused on the consumer and understand not just where the market is going, but why.

In this white paper, we've discussed six consumer drivers that are moving at the highest velocity, and some key examples of retailers adapting their strategies to meet their needs. But this is just the beginning.

At WGSN Insight, we report on what's emotionally driving the consumer to enable our customers to develop long-term strategies to win in an increasingly competitive world. From our seminal Future Consumer report, to daily coverage of the latest innovations from around the world, we're there to ensure our customers stay one step ahead.

Get in touch if you'd like to join our community.

A handwritten signature in black ink, appearing to read 'Carla'.

Carla Buzasi
Managing Director
WGSN



About WGSN

We are Instagram influencers. We are book nerds. We are cultural zeitgeists. We are your customers. We are global citizens. We are frequent flyers. We are from the United Kingdom. America. Australia. France. Italy. India. Spain. Colombia. Korea. And beyond.

How we Help

Every day, WGSN works with 6,500 retailers and brands across industries to predict how their customers will evolve. Our subscription services provide daily access to the latest consumer, marketing, retail and innovation trends, while our consultants help implement future-proof strategies to prepare you for the consumer of tomorrow.

For more information, visit [wgsn.com](https://www.wgsn.com)