THE NEW RETAIL PLAYBOOK

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What's next for retail – apocalypse or renaissance?

Even before COVID-19, retail has been undergoing a significant **transformation** towards truly **phygital experiences** that blend the best of online convenience and real-world immersion.

For UXUS and our clients, **the new normal** only reinforces our belief that experiential retail can start **anywhere** – not just instore, but also at home.

Fluid and frictionless customer journeys will become even more fundamental, while existing retail trends towards **wellness**, **sustainability** and **community** will accelerate as consumers become more discerning about spending their hard-earned money.

From Omni-Channel to Everywhere Store

Consumers don't think in channels, they want to shop everywhere. According to the EnVista Corp's 2020 Customer Engagement Survey,

> 65% of US consumers indicate the ability to "buy anywhere as a critical factor in choosing where to shop".

The winning retailers of tomorrow will switch from an omni-channel mentality to a completely "frictionless" customer experience that meets consumers wherever they are. This is especially crucial in the context of **accelerated digital adoption** by consumers as a result of COVID-19.

Providing an "everywhere store" requires brands to focus on building a consistent customer journey that can seamlessly shift between different channels without any friction. In fact, that's exactly what happened during the COVID-19 outbreak in China.

Brands that had frictionless initiatives in place were able to quickly migrate to other channels to service their customers in need. Dmall **has rapidly set-up O2O pick-up stations for communities in Beijing**, "attracting strong mobile orders in the first 10 days".

A series of beauty brands, such as Shiseido, Lancôme, Estée Lauder, Laneige and SK-II were able to quickly migrate their instore marketing initiatives to Tmall during International Women's Day, **generating 200% sales growth in that period.**

Now as China is returning back, the reversal of the channels is also happening. Some customers are **flocking back to in-store shopping to indulge after a difficult quarantine.** Department stores like SKP Beijing want to capitalize on this moment by **planning a series of in-store marketing events, pop-ups and limited-edition products** to reward and delight customers.

Wellness Sanctuaries

The idea of a store as a safe and sustainable place of wellness has gained traction in the last two years, due to upcoming emission regulations and the consumers' increasing concern about health and environment.

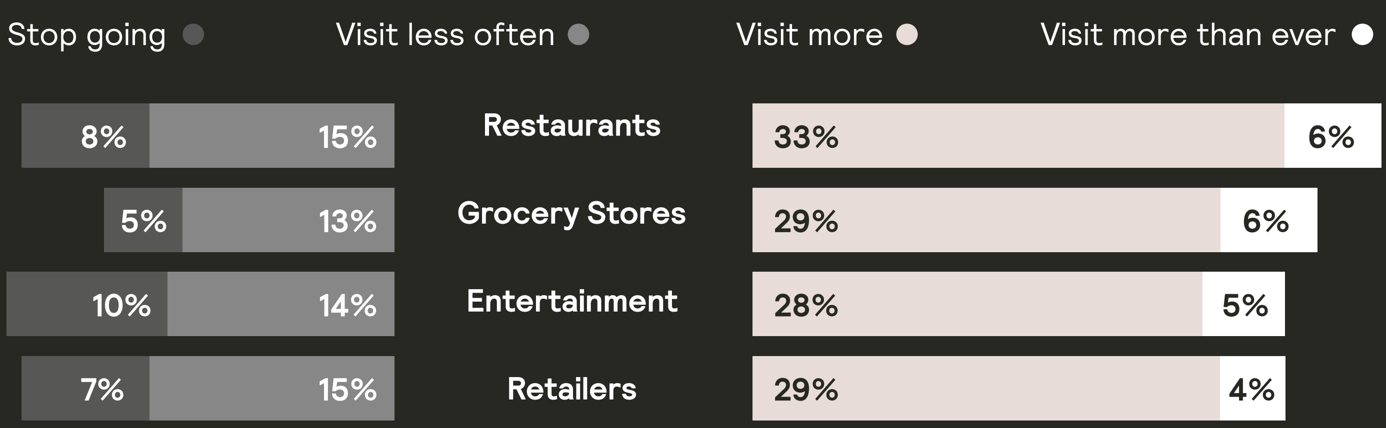
Circular design, biophilia and air purification are all emerging topics in brick-and-mortar design, **pioneered by brands with a strong sustainable stance like Stella McCartney.** Inspired by the explosion of the wellness industry, many retailers have also started **integrating wellness products and services into the store offering.**

In the age of COVID-19, these trends will only accelerate, along with a pursuit for hygiene and cleanliness.

> Already an 87% of US shoppers "prefer to shop in stores with touchless checkout"

while in China the scent of the freshly cleaned space has become highly valued by shoppers and **made them feel safe.** Combined with the consumer's desire for sustainability and health, the new normal of retail will proliferate with innovative safe trial solutions and health-positive design.

Consumers intend to increase their support of brick-and-mortar businesses



Civic Retail

One of the biggest seismic shifts in consumer behavior in the last three years was the preference towards brands with a strong civic stance.

> 52% of consumers choose brands that "align with their personal values while standing for something bigger than just their products and services".

Brands like **Patagonia** and **Nike** have successfully used their stores to champion new civic retail – where a store is not just a store, but a place to support communities with free education, access and services.

During COVID-19, brands had a unique opportunity to demonstrate their commitment to social responsibility and build trust. Not only were consumers expecting this (56 % US consumers were "**pleased to hear about brands taking action**" and 72% of Chinese consumers wanted to "see news about initiatives adopted by a particular brand during the COVID-19 pandemic period"), **they also appreciated the brands who did.**

With essential retail like groceries and pharmacies **already taking a strong civic stance**, we expect retailers to further embrace the positive role they can play in restarting the society. Focusing on local engagement, adopting more inclusive pricing and promotion strategies post-COVID 19, as well as introducing meaningful collaborations with other brands and services will help retailers extend the value of their store and build a long-term connection with customers.

China Cramming

Source: Getty

China has been leading the retail revolution for a while now, pushing both local and international brands to continually innovate in an effort to outpace competition and gain market share. For many international brands, the speed and density of retail in China, along with a highly sophisticated consumer, has turned the country into the most important stress test for new retail concepts.

As China seems **to rebound more rapidly than the rest of the world**, international brands will likely bid on an intensified retail presence in China to compensate for the dire losses in the first half of 2020. With travel restrictions in place, international brands will attempt to capture the Chinese consumer at home. We can expect an increased saturation of new retail marketing initiatives, launches and retail pop-ups towards 2021.

Uncharted Creativity

Ultimately, it's difficult to predict how the world will truly change post-COVID 19 as it is unprecedented in contemporary history. But the lessons from 2008 recession show that the **years after the crisis tend to accelerate the pace of innovation and disruption**. The mega brands, such as Amazon, Nike, Alibaba, Apple and Walmart will survive to dominate the remaining retail landscape, while new retail mavericks will emerge to satisfy truly phygital consumer needs.

The pandemic forced both organizations and people, from brands and NGOs to cultural institutions and artists, to dream up entirely new ways to engage with their audiences. One thing is sure – the consumer will take no less when they return back to the physical world. Customer-centric innovation will no longer be a question of long-term planning, but the baseline for brand survival.

What should retail brands do next?

- Prioritize localized consumer connection and retention beyond profit
- Accelerate your CX transformation to future-proof for unpredictable shopping behaviors
- Reserve sufficient budget for retail re-engagement post store re-openings, especially in China