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TOP 5 TRENDS IN RETAIL DEFINING THE NEXT DECADE

A WNS PERSPECTIVE



**Re-purposing
the Physical Store**



Social Shopping



**Direct-to-Consumer
'Experiences'**



**Expansion of
'Circular Economy'**



**Leaner Operations,
Faster Services**

TOP 5 TRENDS IN RETAIL DEFINING THE NEXT DECADE

A WNS Perspective

Convenience – this is the business imperative that underpins the march of retail into the future, as technology and social transformation zoom into overdrive. The benchmarks for outstanding customer experience therefore hinge on how convenience can be embedded into speed of transaction, value to customer and, for retailers, cost of operations.

The future presents a great opportunity for retail to re-invent itself through the development of responsible consumption. Here are five trends that will mold the retail industry as it aims to bring convenience into customer experiences.





RE-PURPOSING THE PHYSICAL STORE

Innovative physical store models will come to the fore as stagnation shuts down older counterparts. Physical and online retailers will re-evaluate the purpose of brick-and-mortar stores to augment customer acquisition and purchases. The physical store will go beyond being a showroom – and become the shelf space to fulfil service and experiential satisfaction. A U.S. luxury chain has already made progress in this direction by developing a merchandise-free concept store that offers enhanced customer engagement and interaction, resulting in more than double the spending.¹

Smart retailers will need to equip their store personnel with rich customer data. For example, facial recognition that enables referencing of customer purchase histories can be leveraged to offer personalized experiences.



SOCIAL SHOPPING

Consumers today toggle between dual shades of shopping behavior – from researching products online before buying in-store and researching in-store to purchase online. A new shopping pattern however will rapidly emerge – social shopping. A GlobalWebIndex report² reveals that 28 percent of Internet users search for products on social media, and in-app purchases through social channels are only getting easier. Instagram is making telling

inroads with shoppable links and IGTV, while also introducing a native payment system. Pinterest Shop is another example of social shopping coming alive.

Pictures and voice will overtake keywords in the future of search. Retailers will need to prepare themselves for this reality where the search for products will be more visual, oral and social. Sellers will need to implement online tools to make their products searchable through voice and image. Snapchat's geofilters and lens functions are enabling marketers to create location-specific videos to influence customers near a store location. In short, companies that can shorten the customer journey between awareness and actual purchases on social platforms will emerge as winners.



DIRECT-TO-CONSUMER 'EXPERIENCES'

Direct-to-Consumer (D2C) businesses have made an impactful entry over the last couple of years, and are now moving to the next level. In a pivotal move, a leading multinational company decided to stop selling its products on Amazon.³ The company is now looking at greater control over third-party marketplace as well as increased focus on direct sales strategy. D2C companies that have recognized their e-commerce potential will now look to physical stores to complement their stride. These players are also urging pure-play physical retailers to beef up their e-commerce experience. A classic example is Costco, a traditional brick-and-mortar company, which is aggressively investing and expanding its e-commerce footprint across the globe.⁴

¹<https://www.retaildive.com/news/store-concept-nordstrom-local-dive-awards/566188/>

²<https://socialmediopolis.com/social-media-in-2020>

³<https://www.bloomberg.com/news/articles/2019-11-13/nike-will-end-its-pilot-project-selling-products-on-amazon-site>

⁴<https://risnews.com/costcos-plans-its-e-commerce-operations-2019>

An extension of the D2C experience will also emerge as more evolved businesses move into adjacent markets and services as a part of brand building – and to deepen their resonance with customers. Examples of this trend are already happening, with sportswear companies organizing fitness events and moving into the restaurant business.⁵



EXPANSION OF 'CIRCULAR ECONOMY'

The year 2019 marked the emergence of rental and resale services. As more companies beyond apparel and furniture jump onto this bandwagon, the circular economy will expand. The rise of environmentally conscious consumers (especially among millennials and Generation Z shoppers), and their willingness to adapt to a circular model will give rise to new retail opportunities.

The second-hand apparel market is projected to reach USD 51 Billion by 2023 and is expected to grow to nearly 1.5 times the size of fast fashion by 2028.⁶ One can therefore expect the lines to blur between rental, resale and traditional retail. The acquisition of Lord & Taylor by subscription apparel rental service Le Tote, and the partnership between Bloomingdale and CaaStle to launch the subscription rental service 'My List' are instances that re-affirm this expansion.



LEANER OPERATIONS, FASTER SERVICES

The emergence of new-age technologies combined with innovative applications of existing technologies has created the opportunity for retailers to embed speed and make operations leaner. The enhanced connectivity and speed offered by 5G can improve and expand existing applications, and power new ones to improve purchase journeys and deliver additional revenues.

Robotics and Artificial Intelligence (AI) will accelerate the distribution and deliver higher operational efficiencies in logistics operations. Predictive analytics will play a bigger role in anticipating and responding to demand across the retail supply chain. AI will consolidate its position to enable retailers to make better decisions on inventory and pricing, to communicate more effectively with personalized offers to customers.

The decade ahead present retailers an opportunity to review their playbook and elevate the human experience in shopping. Constantly re-defining customer expectations while simultaneously enhancing the convenience factor will be key to retailers' success in the future.

⁵<https://chicago.eater.com/2019/7/11/20688222/lululemon-restaurant-chicago-fuel-lincoln-park-open-photos-images>

⁶https://www.thredup.com/resale?tswc_redir=true





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