

TOP 5 RETAIL TRENDS FOR 2025

A WNS Perspective



When the pandemic hit, retailers initially saw sales plummet. But once the sector established a level of security – redistributing staff, halting rental services and enhancing hygiene – retailers took the opportunity to rebuild around the digital economy.

It's a shift that was already emerging pre-pandemic, with the unstoppable rise of e-commerce forcing retailers to reconsider the purpose of physical spaces and embrace digital transformation to meet customers' needs. Research from WNS and Corinium Intelligence reveals the advanced

nature of retailers' digital capabilities. Nearly 60 percent of retailers say they have now completed digitizing their client-facing operations, while another 20 percent believe they will complete theirs within the next two years.¹

In the next few years, the true impact of this digital transformation will come to the fore. Retailers will develop new capabilities that enable them to harness surprisingly resilient consumer demand. Here, we explore five retail trends that will define how businesses will function in 2025.

1 Subconscious Commerce

By 2025, a combination of advanced data analytics and accelerated delivery mechanisms will enable retailers to anticipate and satisfy consumers' desires before they are aware of them. A constant stream of algorithmically refined goods will usurp the need to make conscious decisions to buy many products, while Customer Experience (CX) and other retail services will become hyper-personalized and responsive.²

Big data analytics will prove integral to this future, enabling retailers to transform overwhelming amounts of data into valuable insights that are accessible on a real-time basis.³ Analytics, underpinned by Artificial Intelligence (AI), will allow retailers to make promotions, offers and recommendations unique to individual customers.

US-based Argodesign, a product design consultant, believes we will soon supersede the need for grocery ordering and delivery altogether. Its recent speculative project outlines a future in which consumers' fridges will be automatically stocked based on their previous shopping preferences, with the purchase point being the moment the user moves an item from the delivery shelf.

Physical retail will be similarly transformed, with retailers using customer data to understand their needs before shoppers enter the store. Hinting at this future, one American sports retailer has opened a concept store that adjusts its product mix based on the shopping profiles of its members living in the area. Styles change every two weeks, ensuring the store experience is hyper-relevant.

2 Elastic Brands

Over the next few years, continued turbulence and heightened consumer expectations will see businesses strengthen supply chain resilience and level up logistics, creating ecosystems that can expand or contract based on demand.

Greater transparency will help this future emerge, as retailers harness connected infrastructure to create digital twins of their entire supply chains, allowing them to model the impact of a particular action. Such capabilities proved vital to one leading North American retail chain during the pandemic. The creation of a virtual control tower enabling continuous assessment of conditions helped the retailer outperform its competition by nearly 12 percent.⁴

Blockchain technology will prove instrumental too. The blockchain supply chain market is forecast to reach USD 9.85 Billion in value by 2025.⁵ Solutions like those from a leading traceability platform, which issues digital tokens related to the physical shipments of certain materials to generate a unique fingerprint that can be traced across the entire supply chain, will be key drivers for this growth.⁶

Beyond digitization, other retailers are shrinking their supply chains and decentralizing manufacturing to facilitate flexible responses to consumer demand. One leading retailer has created a hyper-local manufacturing model that can operate from a shipping container. These 'nano-factories' are designed to respond faster to local market changes and can be deployed quickly across specific areas or locations.

3 Multimedia Storefronts

Instead of centralizing online operations through a traditional website, future brands will create new customer journeys as all channels and touchpoints become an opportunity to build audiences rather than simply drive sales. To this end, a steady flow of compelling content will aspire to meet consumers' evolving expectations, plugging into their minds and elevating their shopping experience.

Companies are tasked to continually create relevant and personalized content that can be consumed by customers across multiple channels. Content management models have already evolved significantly to help retailers drive greater integration across channels and create superior CX.⁷ One global e-retailer, for example, achieved agility and scale in its content management operations by adopting an intelligent, end-to-end operating model.⁸

The continued focus on content will lead retailers to act more like media companies, as dedicated e-commerce platforms disappear and are replaced by a seamless stream of content, social media and conversations instead. As the channels for commerce continue to change in line with media, brand architecture, as we know it, will become similarly dispersed and decentralized.

This multimedia future is emerging fast. Suggesting how brands could create digital experiences linked to audio narratives, for instance, is Entale, an interactive podcast start-up that lets audiences view social media posts, images and product links while listening to audio. "Increasingly, media, in all forms, is becoming the store," says retail futurist Doug Stephens.⁹

4 Circular Retail

As the world moves away from linear consumption models toward closed-loop systems, retailers will embed circular principles in their operations, encouraging repurposing, redefining growth and taking responsibility for the entire lifecycle of their products. It's a future that's emerging fast, with almost 62 percent of US companies planning to move toward circularity.¹⁰

The global pandemic has transformed consumer preferences and expectations, causing demand for environmentally beneficial retail offerings to grow. Recent research reveals that post-pandemic, 65 percent of German and UK consumers now say they will buy more high-quality items that last longer, while 64 percent of Chinese consumers will consider more environmentally friendly products.¹¹

Future-facing retailers are already responding. One global furniture retailer has created a circular hub, home to discontinued products, pre-loved items and a buy-back service, through which it buys back used goods from customers. Elsewhere, a leading fashion brand has created its first circular product line of clothing made from recycled, organic, bio-based and sustainably sourced materials.

Analytics and AI will increasingly be harnessed to facilitate circularity, enabling retailers to increase product circulation and asset utilization through improved demand forecasts and supply chain management. This will help the industry contribute to the 39 percent reduction in greenhouse gas emissions that circular economy strategies can achieve.¹²

5 Ecosystem Evolution

Future-facing retailers will drive the adoption of ethical practices throughout their ecosystems. They will develop new standards around sourcing and help third-party suppliers embed ethics in their own operations too.

Every retailer is dependent on multiple third-party vendors. As consumer expectations rise and greater transparency is sought in supply chains, vulnerability to the risk of vendors' failure to meet product, service or environmental standards is growing. In response, next-generation risk management solutions will increasingly focus on Environmental, Social and Governance (ESG) factors, enabling retailers to assess and score the impact of their third-party value chain.¹³

Importantly, where issues are identified, retailers will step in to help. Already, multinational corporations have begun training suppliers and offering incentives for implementing sustainability practices.¹⁴ Realized en masse, this kind of action can have a network effect, enabling retailers to spread ethical action throughout their ecosystems at speed.

Next-generation procurement ecosystems can have a similar impact, helping retailers partner with suppliers that closely align with the larger vision of an organization.¹⁵ One leading retailer has recently entered a multi-year partnership with a textile recycling innovator, enhancing the ethical value of its ecosystem by establishing a strong indirect value chain for a hyper-sustainable product.¹⁶

Digital transformation has enabled many retailers to weather the storm created by the pandemic, but innovation will continue as businesses seek to harness pent-up demand in the post-pandemic landscape. Retailers must prepare for 2025 by harnessing data and analytics, strengthening supply chain resilience, prioritizing compelling content, embracing circularity and driving ecosystem evolution.

(This article was created in collaboration with The Future Laboratory)

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Know more about WNS' analytical solutions for the retail industry

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