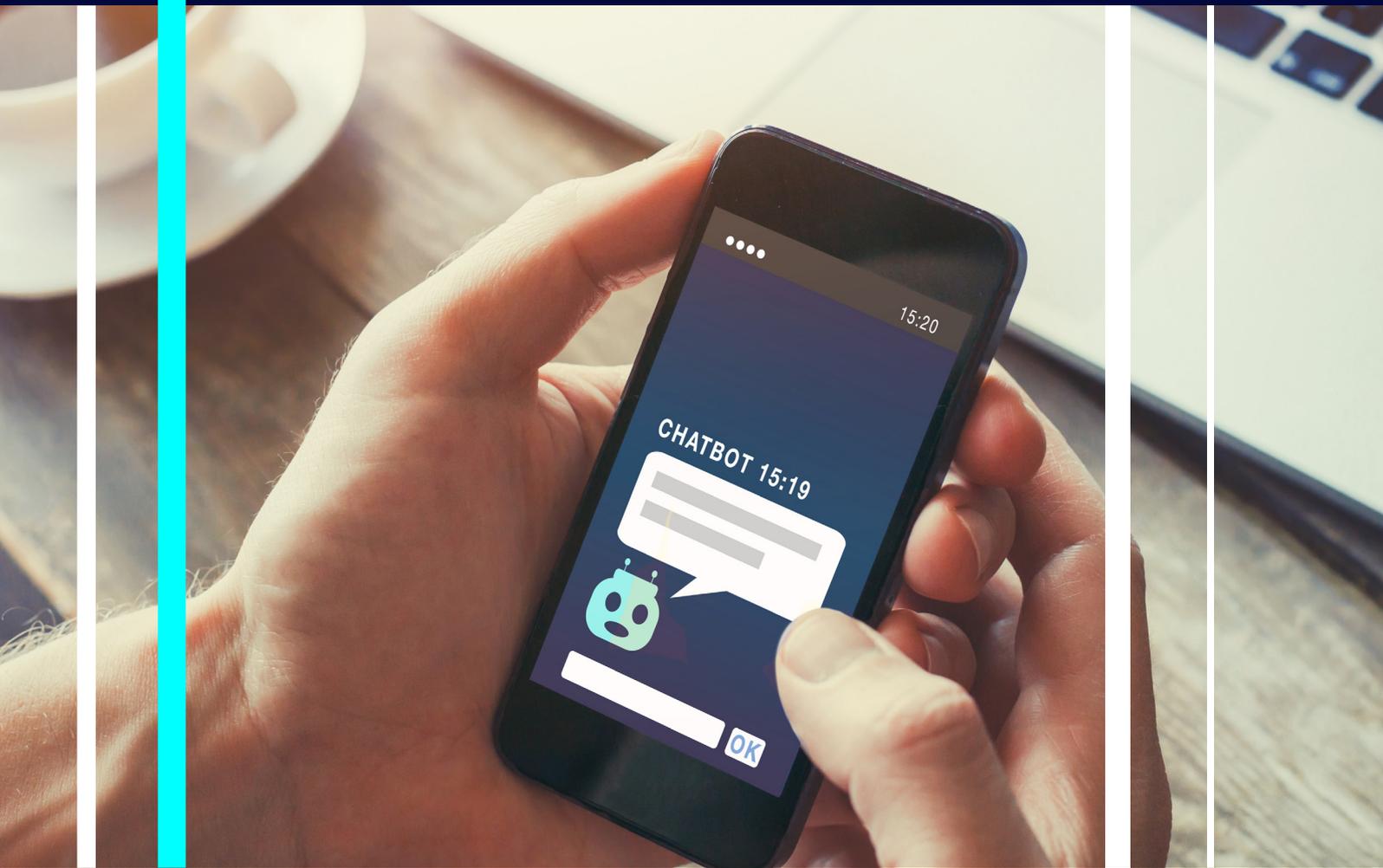


Is it back to the future for retail?



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Amongst the promised benefits of bleeding edge technologies and loud musings that the customer has changed forever, is there an alternative narrative that chimes better with the notion that retail, at its heart, is a cyclical industry?

The story of the future of retail is dominated by the promise of shiny new technologies and a conviction that the customer has been forever changed by ecommerce and the Covid-19 lockdowns. But perhaps there is another way to look at the changes we are seeing: retail is also influenced by long term, cyclic trends.

It may be that what we are seeing is also the latest turning of the wheel, as old trends become new once more, albeit in a version infused with modern technology and new customer expectations. We can see this cyclic process playing out in three key areas: the shift to home deliveries, changes in the instore experience, and in a rethink about the location of stores.

The shift to online is as much a story of delivery to the home, as it is one of ecommerce. With online sales breaching 20% of total retail in the first lockdown in the UK, and

 **30% during the second**

distribution to the end customer has become a key area for innovation and competitive advantage. And some of the new models and initiatives are updated versions of very familiar services from the past.

One such 'old model making a comeback' is the traditional milkman, who used to deliver locally sourced fresh produce to your doorstep in recyclable packaging, driving an electric vehicle. If that sounds quite 2021 to you, you'd be spot on! Online retailer Milk & More has upgraded the traditional model with convenient online ordering, discrete overnight delivery to your doorstep, and a choice of more than 200 products from carefully curated suppliers of everything from artisanal croissant to organic tomatoes. Sustainable practices such as organic farming, reduced waste, plastic and carbon footprint, and local sourcing are baked into the model. And, of course, if dairy is not your thing, there is an oat milk option.

There are many spillover benefits of this reimagined home delivery model. The use of regional and local suppliers offering products of good provenance benefits the local economy and creates a sense of solidarity in communities. Each delivery round means that dozens of households are not out in their cars, using plastic bags.

And there are opportunities to do more with the delivery infrastructure being created: if the electric vehicles are only used eight hours a day for delivery, charging and loading, that leaves 16 hours a day in which the vehicle could serve a complementary business or be hired out. Businesses could also look to consolidate deliveries with a shared driver, or drivers could also deliver for ecommerce brands like Amazon.

Customer experience will play a vital role for retail brands as they recover from the devastation caused by Covid-19, which has seen

 **£27bn in sales and more than**

 **200 000 jobs lost in the sector**

According to analyst house NelsonHall, the compound annual growth rate (CAGR) for customer experience will be 6.4% (to 2024). In physical stores this will result in more customer-facing roles being required to encourage consumers to spend money in store and to ensure that their visit is an enjoyable and safe experience. Customers will expect frictionless, personalised, on-demand experiences.

We may see a return of the glory days of lavish instore events, dining and entertainment, in a revamped form. After years of prioritising convenience, volume and low cost, retailers may be looking to respond to a re-calibration of priorities by their customers due to the pandemic. People are looking for experiences and personal interaction — memories made of sensory experiences and stories. The more e-commerce drives convenience and digital experience, the more it's also stimulating the need for another experience: to see, smell, taste, touch and be educated.

After 18 months of isolation and digital interaction, people are craving human interaction and the pleasure of going to town with friends. Retailers may look to capitalise on this trend by bringing coffee shops, live music and other entertainment into their stores, getting shoppers to stay longer and creating emotional experiences that drive positive brand associations.

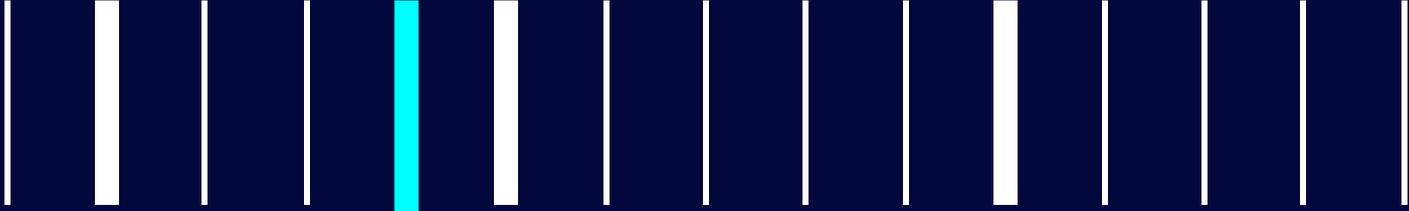
We may also see the return of shop assistants as subject matter experts, which has long been undermined by the ascendancy of the web as a research tool for shoppers. This will require investment in store layouts, fittings and skills. People will also need to be convinced that it is safe to venture into these experience-rich retail environments — and to stay for extended periods.

As more people work from home and commuting declines, they are choosing to shop closer to their combined home-office and we are likely to see a shift from retail parks and shopping centres to traditional high streets and even to hyper-local 'mini high streets'.

Retailers will need to respond to this trend with smaller local stores and popup shops. Getting people into the high street to shop will also benefit other industries such as restaurants, coffee shops and hairdressers.

So has the future already happened? Well it's clear that we can certainly learn from previous trends, and perhaps even update some of the core principles, supported by technological advancements. Whilst the temptation might be to look for the new and shiny, perhaps we should also turn the clock back occasionally too and reinvigorate some of retail's rich history.





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