

Retail Trends 2021

Connected Experiences
in a Contactless World





Each year, every year-end trend piece sounds about the same: *Things will be a little like they were last year. And a little different. Things will continue to evolve and progress. Nothing too drastic.*

Then a global pandemic hit and consumers retreated to the safety of their homes to obsess about sourdough bread, streaming media, hoarding, and houseplants.

Retail - especially in-person, in-store - was already hurting from the death of malls, the move to online commerce, the emergence of digital natives, and a lower barrier to entry for disruptive brands. Coronavirus accelerated things. Retailers moved investments from stores and locations to the online, digital, virtual customer experience to try and keep customers shopping, buying, and connected.

Forrester predicts an average of \$1.2T in retail sales will be lost globally in 2020, due to the COVID-19 pandemic.

With vaccines finally arriving, there might be some relief in the coming year. But a return to the way we were may not be coming in the near-term or ever. Several trends are shaping the coming year and transforming the face of retail and the customer experience.

Let's dive into how retailers around the world are keeping things connected but contactless:





Curbside Pickup Is Here to Stay

Big box stores like Walmart, Target, and Kroger already had infrastructure to support curbside pickup along with BOPIS options ("buy online, pickup in store"). Mid-size retailers rushed to add their own service for customers who preferred the safety of shopping at home - or couldn't go inside a store due to closures. Stores suddenly became warehouses, distribution centers, and pickup stations. Customers like curbside pickup because they can avoid shipping costs, steer clear of crowds, skip waiting for delivery, and get promotional discounts and bundles.

Best Buy had already been piloting curbside pickup at a handful of stores. Once the shutdowns began, they rolled the process out to every store in just two days. Best Buy operated their curbside-only model for six weeks and the US saw domestic year-over-year online sales increase by a whopping 300%.

As the pandemic hit, Bed Bath & Beyond also made BOPIS and contactless curbside delivery a priority and by April had converted 25% of its US and Canada stores into "regional fulfillment centers" enabling them to double their digital fulfillment capacity in a matter of weeks.

Curbside pickup is here to stay, here's what is essential to doing it right:

Curbside has to feel branded. The same focus and training offered to in-store associates has to be translated to make the option a truly branded and satisfying experience. This could be the only in-person contact a customer has with your brand for another six months. It needs to be warm, friendly and efficient. You can't have associates running around in unbranded jackets dragging merchandise out on dollies with car exhaust choking a line of waiting customers. It has to feel considered, compelling, and complete.

Curbside has to be efficient. Curbside isn't about shopping or buying - it's about getting the thing the customer bought in their car as quickly as possible. Beacons and signage should direct customers on where to drive and park and what to do next, and have a separate dedicated part of a parking lot. BOPIS and pickup orders should include license plate recognition, in-app QR code scans, or other authentication to make sure the right customer picks up the right merchandise.

Curbside has to be integrated. Like everything else, curbside needs to be part of the other segments of the customer journey. Metrics and reporting need to track if particular products or customers or regions are preferring curbside pickup and how to make that more prominent for those segments, increasing a customer's lifetime value. Ecommerce leaders should be able to report curbside pickup revenues and frequency to better plan and staff for when there might be a rush of orders or interest tied to a sale, holiday, or product launch.

Curbside isn't going away. As the pandemic reaches its conclusion, curbside pickup is one of the things that's going to stay firmly installed as a first-level delivery option for customers. CommerceHub's survey found that 59% of consumers are "more likely to use curbside pickup following the coronavirus outbreak."

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Contactless Everything, Everywhere

There's also been a greater emphasis on health and safety that goes beyond having hand sanitizer dispensers every six feet. Customers are more aware than ever of the quality of hygiene and cleanliness of the stores they visit.

Amazon Go stores have already started to pioneer this process, allowing customers to literally walk into a store and grab what they want and walk out with no need for a checkout or sales associate. A system of cameras, sensors, and scanners in the store works with a customer's mobile app so items taken off a shelf are added to a virtual cart and then purchased as they leave the location. They call this technology, "Just Walk Out." This is also part of Dash Cart, their smart shopping cart that identifies items as they are placed in a shopping cart which is being developed for conventional grocery stores.

Amazon Prime members who shop at Whole Foods can now open an Amazon app on their phone to obtain a QR code that's scanned at the register for member-only discounts - all without having to type on to a keypad.

Even as the world advances past the pandemic, we've oriented an entire generation of shoppers to expect as few physical contact points as possible. This doesn't have to erode the familiar brand experience in-store or online. It conveys care and trust to the customer as they move through the different parts of the in-person or virtual customer journey.

Retailers implementing contactless options need to:

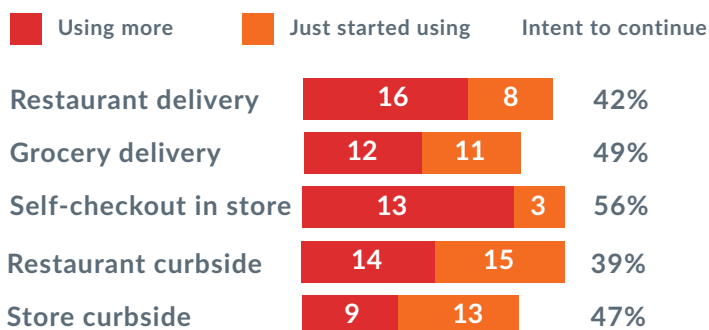
Reduce or eliminate all contact points. Stores have started to eliminate pens, order forms, keypads, and the need for signatures. Contactless payment options like Apple Pay or Google Pay use near-field communication (NFC) technologies to communicate with point-of-sale systems and encourage contactless payment instead of handling cash.

Protect customers and staff. Plexiglass barriers are suddenly everywhere, trying to protect both customers and employees as much as possible when interacting in person. Traffic patterns in stores or separate entrance and exit points have contributed to these safety protocols.

Integrate these processes online. Digital commerce was already contactless, but in-store processes should be in sync with the online and in-app ones. Shopping, buying, and the support and service experience should all feel contactless and self-serve but with helpful agents available whenever needed.

Extend to the warehouse and to the office. Even with the global turn to remote work, some workers still have to come into an office regularly or work in warehouses or back office locations. Protocols also have to be in place to keep office workers and warehouse staff protected so they can focus on doing their jobs. Gartner predicts that by 2024, the ordering and replenishment processes for most organizations will be completely touchless.

Engagement with low-touch activity since COVID-19 started



Source: McKinsey & Company



Livestreaming Connects Shoppers Around the World

So far we've talked mostly about how retailers are altering the physical experience of the customer to meet the customer expectations and government regulations in the midst of a global health concern. With the reduction in foot traffic to stores and opportunities for delivering an amazing in-person experience, retailers have to figure out how to bring the warmth of talking to a knowledgeable sales associate to the virtual world.

As retailers and brands try to increase the intimacy and immediacy of the online experience, live video streaming is coming to the forefront as a way to directly engage with shoppers when they can't come to a store. It's the old QVC experience remixed and retooled for our always-online lifestyle. Brands are partnering with influencers who are well-known by their customers to help them make informed purchases and keep current with what a particular brand or product category is doing.

When InTime - China's leading department store chain - shuttered as COVID-19 raged through the country, the retailer encouraged sales associates to broadcast live streams from their phones to continue to build rapport with shoppers and to explain the products, including how they work and the variety available. Over 5,000 sales associates from InTime's stores participated in this livestreaming program with an average of 200 streams a day on Taobao Live, Alibaba's live streaming platform. If a viewer sees a product they like during the stream, they can simply tap on the interface to purchase immediately along with any special discounts and coupons applied at checkout. In just three-hours of streaming sessions, InTime reported the same amount of visitors as six months in the store.



And of course as with any burgeoning retail technology, Amazon is in the game with its Amazon Live service offering a large selection of streams and categories to watch. Amazon Live has courted brands as well as influencers with commissions on products sold that are promoted in their video streams.

Livestreaming is going to be a crucial part of the customer experience in the coming year.

Here's what to keep in mind:

Partner with influencers and your employees.

One way to start with livestreaming is to begin with conventional livestreams like Twitch or Instagram with influencers who are popular and credible to your target market. L'Oreal sent a trio of Chinese celebrities to the Cannes Film Festival to stream behind the scenes content including mentions of new product releases. The streams garnered over 160 million likes and L'Oréal sold out of the lipstick line that was featured throughout the segments.

Use the right products. Livestreams are well-suited for products that are impulse buys, and the immediacy of the livestream communicates the urgency of a particular purchase or discount. They're also good for products that require demonstration or explanation to best show off a product and its options.

Show the community. Livestreams can break the shopper out of that feeling of isolation they may have in a solo shopping experience at home. They can see that others are watching the stream and even engaging with the people on the stream. Be sure to evoke this in the marketing, content, and interface so shoppers get a sense that they are part of a global viewership watching the same stream.



Assisted Shopping Gives Customers the Concierge Experience at Home

While live streaming connects the shopper to a community of creators, associates, and fellow shoppers beyond the confines of their home, other technologies are coming to the forefront to create a more personal, curated, and intimate one-to-one experience. Assisted shopping pairs an online shopper with a sales associate in a chat window or video chat to help them make better, more informed purchases online.

Lululemon offers online shoppers a “digital concierge service” with the ability to book half-hour appointments hosted on Zoom where experts can give a more personalized customer experience to a shopper from the comfort of the shopper’s home. Customers can ask about the particular fit or cut of a certain item or learn more about fabrics and styling advice. Their purchase of Mirror, a connected home gym device, also extends their brand to thousands of customers to bring custom workouts right into their own living rooms.

Swedish menswear brand Tres Bien, is also using this approach, telling shoppers, “During this time of social distancing and self-isolation, we miss interacting IRL [in real life] with you.” The label offers a virtual store visit via an always-on Zoom session that shoppers can join. “Whether it’s a question about the fit of a Dries van Noten shirt, the fabric of a Judy Turner knit or styling advice for a Kiko jacket, our HQ team are on hand via Zoom on Monday through Wednesday to assist with any queries you have about particular products.”

Fitness leader Peloton has also highlighted this technology, bringing fitness classes into customer’s homes with sessions led by a trainer broadcast from a video studio. This provides that encouragement and motivation that only the personal attention of a trainer can supply.

Wineries in California’s Napa Valley region have offered virtual wine tastings where participants are sent a variety of wines before the class to then taste and enjoy with a wine expert providing color and commentary - all live from the actual wineries with their vineyards in the background behind the host.

Assisted shopping and virtual concierge-service is a primary way to evoke the in-store experience online:

Highlight your experts. In addition to practical advice on fitting and fabrics, assisted shopping gives brands and retailers an opportunity to be taste-makers by recommending related products to evoke a particular brand or lifestyle.

Make it easy. Many companies with assisted shopping are going with existing platforms like Zoom that consumers have already learned how to use. Don’t get in the trap of trying to build it internally, just use what’s already working and what your customers already know.

Integrate it into the online experience. Be sure customers know assisted shopping is available and how it works. Of course, do a marketing campaign and announcements but also ensure that the option to talk or chat with an associate is integrated into email campaigns, onsite, in the product catalog, and in the ecommerce search experience. It should be easy to find and easy to move from a solo shopping session to one with an associate to guide you to make the best purchase. Create content that enhances and anticipates human interactions to deliver quality information and your brand identity to shoppers.

Virtual and Mixed Reality Put Any Product in Any Room

In addition to replicating the experience of talking to an expert sales associate, retailers are also turning to virtual reality, augmented reality, and mixed reality applications to recreate the in-store experience from a customer's mobile device. Many brands have started to build these capabilities into their apps and sites, but these technologies are becoming more and more important for shoppers trying to figure out what to buy from the online catalog. With advances in 3D scanning on smartphones, accuracy for these experiences is better than ever. Customers can see furniture and home goods as they'd appear in their offices and homes or clothing and accessories as they'd look in a virtual dressing room.

Italian luxury brand Bulgari launched a virtual store in Singapore to bring the exclusive, boutique in-store experience online and is quickly adding similar offerings in other markets. Shoppers can see 3D product shots, reach out to an “e-concierge team” (see assisted shopping, above) and even scale Bulgari bags to match a real-world environment.

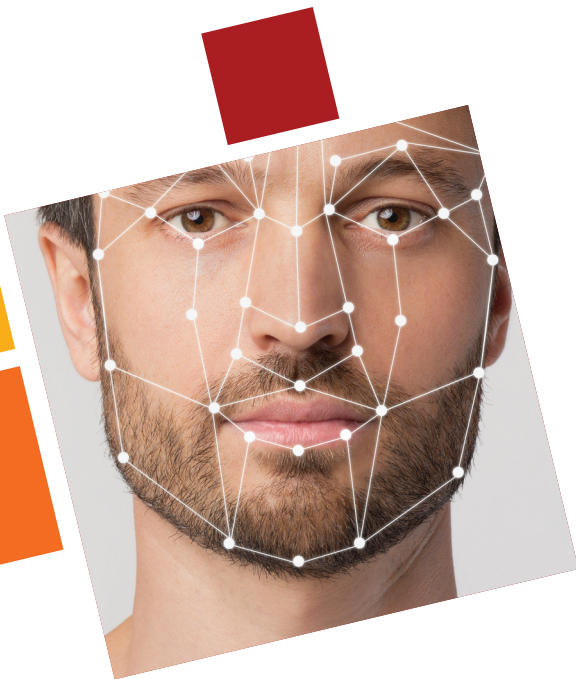
Direct-to-consumer eyewear brand Warby Parker's popular Virtual Try-On app lets customers try various frames and styles. After a quick face-scan, customers can try on frames and see how they'd look from any angle.

Making mixed reality a part of your mix:

Extend the virtual into actual. Don't just replicate the in-store experience, make it ever more special, more premium. Bulgari uses special packaging and wrapping options for purchases specifically from its virtual shop so the experience conveys the virtual luxury to the actual package that's delivered to their door.



Integrate with the customer journey. Any virtual or mixed reality experience shouldn't be an isolated experience. Customers should be able to move from product catalog to a fitting room or “see how it looks” experience and back to the purchasing flow without missing a beat.





Prepare Now for the Next Big Shock

Offline retail has peaked and may not reach 2019's level for another four years - and some estimates say it may never bounce back. Meanwhile, online retail will grow faster than ever with more than one quarter of retail sales by 2024. The line between offline and online is blurring even more - and it should. Experiences should move across these various channels with ease and agility. Investments now in technologies that enhance and unify both the offline and online shopping experiences will help retailers be in a stronger position for whatever shocks to the system are coming down the way.

Consumer behavior research is showing that consumers are like to keep their pandemic shopping habits like skipping the mall to shop more online. And the move to remote work is going to be a permanent change as 86% of consumers surveyed said they plan to continue working at home or increase their time at home - even after offices reopen.

Experiences should be able to connect the dots between every interaction by capturing signals from customer behavior and applying those insights across every channel, in real-time. Retailers that invest in connecting digital experiences across store, site, app, purchase, delivery, and support will be able to ride out the next waves and win loyal customers.

A Gartner survey in July 2020, showed that while 53% of companies expected revenues to go down in the coming year, 86% planned to increase their digital investment in the same period.



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