

The face of retail is about to change

By Dave Nemeth

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With consumers searching for shopping experiences and not merely driven by products and pricing, the face of retail is about to change drastically over the next few years. Here are just some of the trends we will start seeing from 2014.

1. Show-rooming

Show-rooming, will have an effect on many stores especially those in the tech, clothing and accessory markets as more and more people become comfortable with online shopping. What this will mean is that larger amounts of consumers will do their purchase research online and purely go to the store to see the physical product with the physical purchasing taking place online. This will start to change the entire dynamic of retailing, as stores will eventually be able to carry a lot less inventory.

Delivery logistics will take centre stage as goods are sent nationally as well as internationally from strategically placed depots and distribution points.

2. Gamification

With retailers embracing the fact that consumers are after a truly unique experience, we see smart retailers taking on promotions in a fun and interactive way as they engage with their customers. This so called "game marketing" generally engages with the consumers in-store, allowing them to play a series of games, often prompting them to find clues around the store and ensuring that they view promotional items. They get rewarded for their efforts by receiving discounts or vouchers off various products.

This kind of promotional activity will be better suited to the likes of the large supermarkets and "big box" grocery stores.

3. 3D printing and scanning

Although this has been around for a while, the patents on the 3D printers expire in 2014, meaning we will see these flooding the market as China jumps on the bandwagon producing this technology more affordably. They are already available at certain large retailers and although a bit out of reach for most, retailers will now be able to do some clever prototyping and will need to start looking for more qualified designers within these departments.

I believe we will also see major advances in 3D scanners, a reduction in pricing on these just like their counterparts will allow companies to benefit from this new way of prototyping.

4. Interactive windows

Already available in South Africa, store windows will be transformed into large-scale touch screens, particularly effective at night when stores are closed. These windows will allow passing trade and inquisitive consumers to scroll through product catalogues as well as view specials and even email themselves images of products that they find attractive or appealing. This could also be a platform for "gamification" as well as augmented reality.



5. Augmented reality

This is basically real world imagery combined with 3D product modeling. You will now be able to see what a sofa or chair will look like in your actual living room or walk up to a screen and virtually try on a wrist watch. Development of this technology already allows for, large screens in-store that will act as virtual showrooms, where clothes can be tried on without removing a single item of clothing. This will probably be more of a reality in SA towards 2015 and 2016; depending on how quickly local retailers embrace this new technology.

6. Individualised products

Consumers will continue to gravitate towards uniqueness and items that can be adapted or personalised to cater for their own unique tastes. Although this is still a reaction to the mass production of recent years, this mindset will continue to be the order of the day for discerning consumers. Retailers are going to have to be exceptionally inventive to achieve customised products whilst still being able to have good margins.

7. 80/20 principles irrelevant

Based on the Individualised mindset and trend, we will see a dissipation of the 80/20 rule whereby 20% of products contributed to 80% of turnover. We will now see sales in the other 80% contributing more to the sales mix as consumers strive to find a suitable unique product proposition, and bucking trends instead of merely following them. The days of a "one size fits all" approach is quickly becoming outdated and irrelevant.

It is clear to see that technology will play a huge part in the future of retail and the focus will be centered around unique and individualised product offerings. This technology will also assist retailers to understand their shoppers, as the various methods will make sense of all the data that is captured. We will enter an age where retail becomes far more exciting and interactive to what it is now, but it will have to be a scientific and calculated approach from the side of the retailers, who will need to set up more advanced design and prototyping departments.

It will simply just not be good enough for local retailers to look internationally for inspiration and copy this as the market space is now a globalised one with consumers often knowing more about the products on offer than the people selling them.

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ABOUT DAVE NEMETH

A leading blue chip international company recently identified Dave as one of the top creative influencers in the country. Dave Nemeth is a qualified designer who has held a variety of senior as well as executive positions with some of the countries leading retail groups, spanning a career of twenty years. Email Dave at daven@worldonline.co.za, follow @davenemeth on Twitter and connect on Facebook.

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