

Retail Think Tank: What could retail look like in 2025?

Economic and societal changes, technology and political legislation mean that in 2025 we will almost certainly see a very different retail industry to the one we experience today. We examine what the future may hold for retailers, and what shopping landscape the average consumer can expect in 2025



The last decade has seen the retail sector scramble to keep up with a monumental shift in how people shop. Universal internet access, the widespread use of smart devices, rising online competition, quicker deliveries and an ebbing and flowing sense of mass consumerism and convenience have led to an explosion in the popularity of online shopping. By 2025 we believe online sales will account for more than a third of transactions by value in the UK, which points to further store closures and restructuring work in the sector.

However, there will still be a role for the physical store. Instead of purely offering a way to transact they will be used increasingly to offer experiences that can complement and enhance the product offering, thereby driving up online sales. The physical stores that remain will be concentrated in areas with dense footfalls, such as travel hubs and the major out-of-town shopping centres plus "premium" shopping streets in major cities. It will bring with it further strife for the regular high street with footfall likely to decline, necessitating buildings to be re-categorised and re-used. Unfortunately, that will also mean more vacant and derelict property. The department store sector is also highly vulnerable with major brands increasingly looking to sell

directly to consumers using a combination of flagship experience stores and online sales.

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Automation and technology will also continue to change the retail industry, widely enhancing the consumer experience by enabling retailers to connect more directly with customers, although there will need to be a balance between privacy and convenience. Technology will also be used to do more of the heavy lifting – ensuring shelves are stocked and floors are clean.

The platform model will take on even more significance. Today, smaller retailers look at platform models and online shopping as an opportunity to disrupt the market, especially in light of the relatively low cost of entry. However, as larger operators such as Amazon and Alibaba continue to grow, the ability to influence and attract consumers will get harder and harder by 2025. Consumers are already used to one-stop-shop purchasing online, and this is only set to grow in popularity with services such as 'Amazon Prime' providing a raft of value-added benefits for customer loyalty.

Fast forward to 2025, and the Retail Think tank members agree that a generation brought up on a diet of value and discount retailing should now have the disposable income and spending power to be more selective in where they shop. It's likely they will hold retailers' value in higher regard than product value. Wastage will be a hot topic, and consumers may rent more products as opposed to owning them. This will be a service that will be delivered by a new wave of businesses that will become the new normal in the marketplace.

Fewer shops in different locations, an increasing reliance on platform model retailing, and both consumers and legislators placing an operator's values and sustainability record front of mind, will shape a very different retail market, both physically and online. The Retail think tank members were keen to stress that whilst this would be a challenge, they hoped the scramble to keep up with changing technology and a race to the bottom in terms of price and discounting would begin to slow, presenting retailers with the opportunity to strategise and implement change at their own pace.

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