

6 TRENDS

FOR RETAILERS IN 2022

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With retailers shaping up for a new post-pandemic era, global consultant Deloitte made six predictions for major retail trends in 2022. MAPIC looks at its forecast and the retailers ahead of the curve.

With retail in a period of rapid transformation, in part accelerated by the impact of the global pandemic, the coming months will see a number of trends help reshape the industry. We look at six predictions by Deloitte on the major drivers for 2022.

SHEIN X: ROCK THE RUNWAY

SUNDAY SEP 26 @ 2PM PDT STREAMING ON THE SHEIN APP



HELLO GEN Z: RETURN TO SPENDER

Deloitte.

Attracting Gen Z customers is becoming increasingly important as they become both customers and employees. The generation born between 1995 and 2010 has now joined the workforce. Not only do they have their own spending power and are no longer reliant on parents, they also have strong and distinctive wants and needs that retailers and brands need to provide for.

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The major movers in terms of attracting Gen Z consumers so far have been the fast fashion brands. Pure players such as Boohoo and Asos have snapped up legacy brands as part of their expansion strategies, while Australia's Princess Polly is a rising star, but the real phenomenon is Shein, the Chinese fast fashion retailer which looks set to revive plans to list in New York this year, according to reports from Reuters.

Shein ships to over 150 countries and territories from its many global warehouses,

and is believed to have made around \$15.7bn in revenue in 2021, riding on the back of the shift to online during the pandemic. As a result of soaring sales, Shein's IPO could be worth as much as \$50bn.

Shein was founded in 2008 and the Nanjing-based company is aimed squarely at Gen Z customers, enticing young shoppers via Instagram and TikTok influencers and a barrage of discount codes for its low-cost styles, uploading new products in their hundreds every week.

RETAIL IN A DIGITAL WORLD: INTO THE METAVERSE

Deloitte.

The online and digital retail world is no longer the sole preserve of the agile start-up or online pure-play business. We have begun to see the major established retail businesses fight back by embracing digital themselves. The modern retailer's journey into digital sees them adapting their core, exploring digital products and experiences, and exploring the metaverse.

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The obvious question is: what is the metaverse? Put simply, the metaverse takes a 2D screen and transforms it into a 3D digital environment by combining augmented reality (AR), virtual reality (VR) and video. People can then work, socialise, and shop as avatars in a digital world.

Still in its infancy, a number of retailers have already entered the metaverse. Ralph Lauren has been allowing people to browse and try on gender-neutral digital clothing in virtual Polo Shops on Roblox. Ranging from 150 to 200 Robux coins, the limited-edition items allow users to customise their avatar and interact socially.

Carrefour has bought land in The Sandbox, a virtual gaming world where players can build, own and monetise their experiences.

Alongside the launch of the AZ Collection by Zara in collaboration with South Korea's Ader Error, Zara enabled users to purchase digital versions for their avatars in the metaverse on the ZEPETO platform.

Meanwhile, Kering-owned Balenciaga has collaborated with Fortnite and now has a dedicated metaverse team, while Dyson's Demo VR uses advanced virtual reality technology to allow customers to test products at home using an Oculus headset.

H&M has been a regular on Animal Crossing, with 11 pieces from its vegan Co-Exist Story collection recreated in virtual form for the in-game fashion show. The retailer's Looop Island - Looop is also a physical re-use store it runs in Stockholm - has been remodelled to reflect the vegan values of the collection. However, it doesn't always go so well - CEEK had to backtrack recently after it claimed that H&M would offer its customers a three-dimensional shopping experience via CEEK City. Customers would be able to walk through the store and choose and buy fashion to be worn in the digital environment. CEEK admitted it was a proposal and that they had jumped the gun.





CONVENIENCE SCALES UP: LIGHT TOUCH PAYMENT

Deloitte.

With consumers demanding a frictionless and often contactless retail experience, checkout-free stores, ultra-fast and autonomous delivery are rapidly becoming mainstream.

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Contactless retail received a major boost during the pandemic, as money was largely ousted by card payments in many markets, driven by hygiene imperatives. While self-service has been a component of grocery stores especially for some years – and in other sectors some retailers have moved to mobile payment stations rather than static cash-desks – the past six months has seen a spate of payment trials.

Inevitably the onus came from Amazon, which has launched shop-and-go in stores in

the US and UK, which enable those with the Amazon app to walk out of a store without visiting a payment point, with the money withdrawn automatically from their account.

In London, grocers Tesco, Sainsbury's and German discounter Aldi are all trialling similar set-ups, while in Russia retail giant X5 Group has introduced facial recognition technology at pay-points in an increasing number of its stores, which then take payment automatically.

RETAILERS DIVERSIFY: STEPPING OUT OF COMFORT ZONES

Deloitte.

Conscious consumerism and a challenging market is encouraging retailers to diversify and move into completely new businesses to utilise their assets better and find new sources of growth.

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While businesses typically want certainty and consistency in order to plan, for the foreseeable future this may well not be possible as the industry sees further changes in consumer behaviour. Retail sales highlight the importance of diversification within the

retail sector, offering consumers creative and innovative ways of shopping, whether through apps, digital technologies, or the physical shopping experience to increase footfall and tempt shoppers back to physical locations.





CIRCULARITY: PLAY IT AGAIN

Deloitte.

Circularity is on a fantastic growth trajectory with the second-hand clothing sector expected to grow faster than fast fashion. Meanwhile consumer attitudes towards sustainability means that traceability is a critical capability required to deliver on climate promises and achieve science-based targets to reduce emissions.

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Circularity has moved into the mainstream. What started with vintage stores and rental start-ups such as RentTheRunway is expected to more than double between 2021 and 2025 in the US according to ThredUp, from \$36bn to \$77bn. Its report claims that Gen Z shoppers are 165% more likely than Boomers to consider the resale value of

clothing before buying it. Major retailers are getting in on the act, with both H&M and IKEA among those launching re-use initiatives and a number of specialists working in the food and beverage sector, including Too Good To Go and Olio, attempting to reduce food waste.

COLLABORATION: RETAIL, BRANDS AND INFLUENCERS

Deloitte.

Through progressive and distinctive collaboration retailers can achieve something greater than the sum of its parts. In the year ahead, retailers and brands will collaborate to create brand distinctiveness and to tackle the biggest issues in society, such as climate change.

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Traditional advertising and self-promotional messages are less effective than they once were, which has opened the door to new opportunities. Brand collaborations are proving incredibly effective and data from Accenture suggests that successful collaborations can cut a brand's logistics costs by 3-4% and manufacturing costs by 5-15%. Further, collaborations can raise a store's stock by 5-8% while optimising

inventory management for brick-and-mortar. Retailers and brands are also increasingly collaborating with influencers but there has been a noticeable shift from celebrity endorsement to micro-influencers, especially by the fast fashion sector. Gen Z consumers are increasingly drawn to influencers who they can relate to, with Princess Polly try-on hauls an example of a hugely popular activity on TikTok.

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