Retail Trends 2021
A look back at 2020
A look back at 2020
COVID-19 creates a seismic shift in the retail landscape

Velocity of change has increased

New consumer behaviours

Competition has fragmented

Importance of community

Physical retail disrupted
New consumer behaviours
Lockdown resets consumer habits

Shift to online is consolidating
• Clothing online penetration close to 60% in the UK and Netherlands
• Across Europe 1 in 10 consumers intending to shop for food online:
  • Highest penetration in the UK at 28%
  • In some markets demand exceeds supply

Consumers intending to shop online in the next 4 weeks, January 2021

Source: Deloitte
New consumer behaviours emerged
Lockdown resets consumer habits

The lines between the home and the office blurred
The home has become an office, a classroom and a gym

Focus on health & wellness
Consumer focus on health and wellness has dramatically increased during 2020

Consumers shopped more locally
Neighbourhood grocery stores as well as local independent clothing and home stores have benefited
Physical retail disrupted
Worst is yet to come as financial support delays wave of disruption

Inevitable increase in restructuring delayed until 2021

- Three disruptive forces that will drive restructuring in 2021:
  - Structural change
  - COVID-19
  - Brexit

- Increase in M&A activity as COVID accelerates distress and provides a buying opportunity
A year of innovation

Amidst the challenges of 2020, there was still creativity and innovation taking place across the retail industry. We thought this deserved to be celebrated.

In this video we share some of the most inspirational moments of the year that you might have missed.

https://youtu.be/0-orPChCcUc
2021 Outlook

Global economic & consumer outlook and climate agenda
Global and consumer outlook
Deloitte Global Chief Economist Dr Ira Kalish shares his perspectives for growth in 2021

https://youtu.be/ZfXGv3qXPF8
Climate is now rising up the corporate agenda
And 65% of consumers globally support a “green” recovery

Three points to demonstrate how climate has risen up the boardroom agenda recently....

A “fundamental reallocation of capital” towards sustainable assets had accelerated rather than slowed during the pandemic.

Larry Fink,
Letter to CEOs, Jan 2021

€750bn
Next Gen EU Funding

36% allocated to sustainability programmes
Retail trends
Retail Trends 2021

Net zero retail...now!
Moving from aspiration to implementation...across the whole value chain

Digital by design
A digital first approach is rapidly transforming retail

Thoughtful experiential
The re-birth of the store

Re-localisation
Real destinations or hyper-local shopping

Health becomes the new battleground
Competition in the $4.5trn consumer health market is heating up

Lead with purpose...
...and create a culture of inclusion
Net zero retail...now!
Moving from aspiration to implementation...across the whole value chain

Be part of the solution, not the problem

Kroger creates chef-bot that suggests recipes to cut down on food waste

Making circularity more commercial

H&M Partners with HKRITA to create Looop garment recycling
Net zero retail...now!
Moving from aspiration to implementation...across the whole value chain

Suppliers are leading the way on product decarbonisation

Unilever invest £1bn to eliminate fossil fuels in cleaning products

Decarbonise product materials

Pangaia brand focuses on advanced materials and textiles.

Help consumers make better choices

Asket highlight the environmental cost of products
Net zero retail...now!
Moving from aspiration to implementation...across the whole value chain

Making home delivery more sustainable

Retailers switch fleets to EVs and experimenting with other forms of decarbonised delivery

Decarbonise logistics

LivingPackets sells packaging-as-a-service
Digital by design
Balance has tipped in favour of a digital first approach that is rapidly transforming retail

Growth of platforms
- Next Total Retail Platform
- THG Commerce Platform
- Ocado Smart Platform

Transformation of distribution
- Delivery companies offer plug & play services
  - Uber Eats
  - Deliveroo
  - Royal Mail
- Developers will convert car-parks and retail parks to dotcom

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Digital by design
Balance has tipped in favour of a digital first approach that is rapidly transforming retail

Re-designing propositions & operations
M&S launches MS2 to transform clothing and home division

Digital driving personalisation
Jumbo creates Food Coach App with Pro-Cycling team to help consumers lead healthier lives

Carrefour partners with Google on voice ordering
Thoughtful experiential
Experience is still important, but it needs to core to the brand, commercial and aligned to purpose

Rethinking digital stores to make them feel more physical

Ralph Lauren re-creates flagship store experience online

Luxury brands use digital platforms to engage new consumer

Louis Vuitton recreates a virtual Madison Square Gardens to showcase products
Thoughtful experiential
Experience is still important, but it needs to core to the brand, commercial and aligned to purpose

Technology enabled convenience

Amazon’s latest Go Grocery store suggests a digital first future for convenience

Simplification v. elaboration

Aldi simplifies going back to basics with “new old store”
Re-localisation
Retail is polarising between real destinations and hyper-local shopping

The store must be the destination

Primark Barcelona flagship creates authentic experience in tune with its local environment

Taking big store experience to local communities

Nike opens mini-flagship localised to East Kilbride community

Next opens click & collect pods
Re-localisation
Retail is polarising between real destinations and hyper-local shopping

<table>
<thead>
<tr>
<th>Brands need to follow the consumer</th>
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<td>Sandwich chain Pret A Manger introduces Dinner service</td>
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<td>California baker Mr Holmes Bakehouse selling baking kits to consumers</td>
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<th>Indie resurgence</th>
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<td>High streets adapt to increased demand from working at home</td>
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<td>Trouva – the online marketplace for independents</td>
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Health becomes the new battleground
Competition in the $4.5tn consumer health market is heating up

Amazon moves into pharmacy
Amazon sees opportunity to disrupt another area of the retail market

Data-driven health
Wearables open up opportunity to monetise consumer obsession with health & fitness

What next?
According to NYU’s Professor Scott Galloway – Peloton could be on Apple’s shopping list as part of its expansion into health
Lead with purpose...
...and create a culture of inclusion

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<th>Environmental</th>
<th>Ethical</th>
<th>Societal</th>
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<td>Olio connects consumer with surplus food to those who need it</td>
<td>MyGreenPod only sells sustainable/ethical brands</td>
<td>Supermarkets prioritise vulnerable consumers</td>
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<td>Ikea will make 50% of meals plant based by 2025 in drive to be carbon positive</td>
<td>Olivela partners with luxury brands to shopping platform</td>
<td>Luminary Bakery empowering women to build careers</td>
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Priorities for the year ahead
Priorities for the year ahead

**Net zero for net profit**... authentic climate action will translate into increased loyalty, new sales and profit opportunities

**Innovation that delivers differentiation, cost effectively**... in today’s climate it needs to provide quick commercial advantage

**Industrialise digital**... it has gone from being a fast growing sideline to being a core part of the business

**Bottle the brilliance**... identify the things we did well during the pandemic and build on them for the future

**Think like a pureplay**... use data and cloud to provide deeper insights, personalise customer relationships and move with speed and agility

**Lead with purpose, and act with empathy**... a culture of inclusion will define the leaders of tomorrow
Contact

Britt Myrset
Partner | Consulting
Norway
+47 917 89 676
bmyrset@deloitte.no