



## Retail Trends 2021

# Content



A look back at  
2020



2021 outlook



Retail Trends 2021

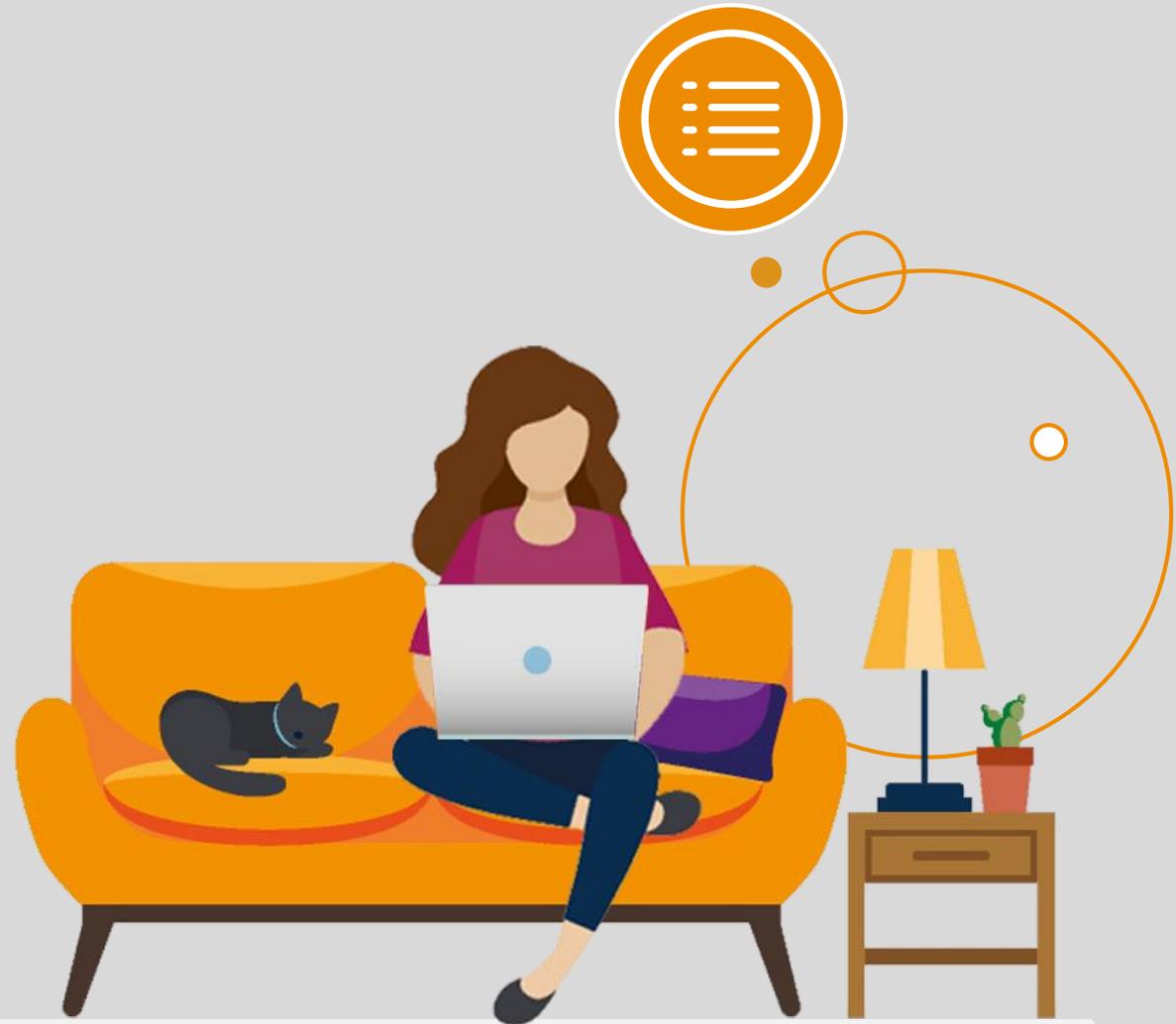


Priorities for the  
year ahead



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# A look back at 2020



# A look back at 2020

## COVID-19 creates a seismic shift in the retail landscape

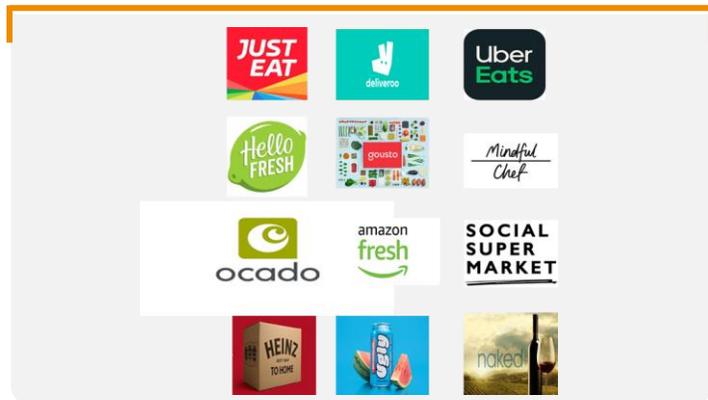
### Velocity of change has increased



### New consumer behaviours



### Competition has fragmented



### Importance of community

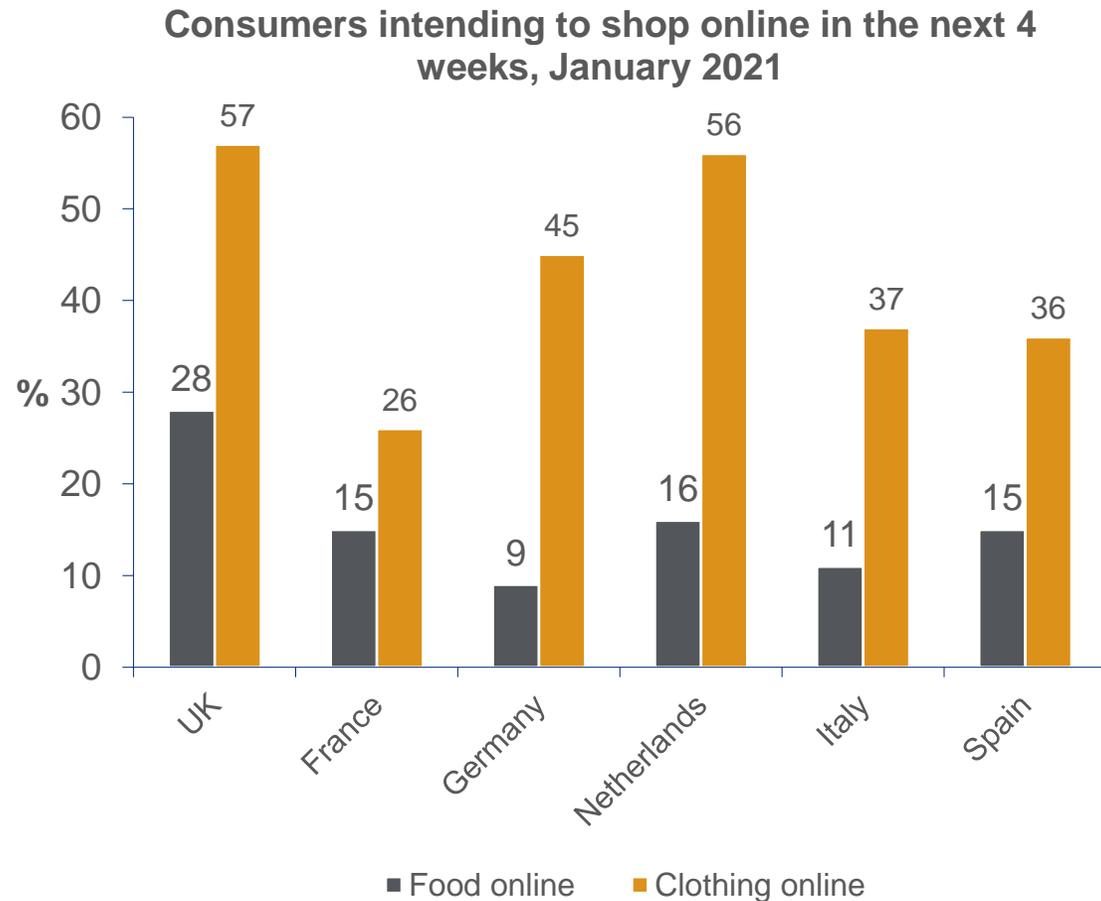


### Physical retail disrupted



# New consumer behaviours

## Lockdown resets consumer habits



Source: Deloitte

### 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

# 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

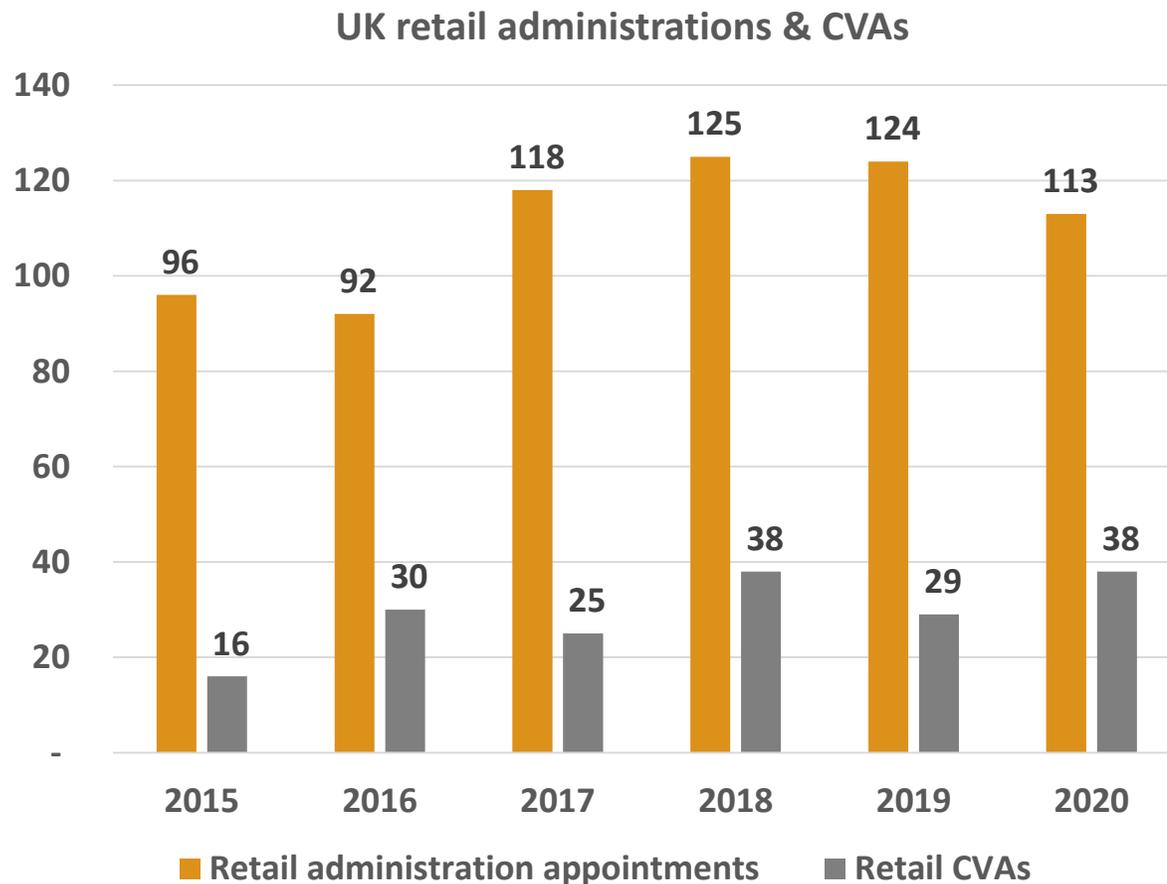


Neighbourhood grocery stores as well as local independent clothing and home stores have benefited

## Physical retail disrupted

Worst is yet to come as financial support delays wave of disruption

### Inevitable increase in restructuring delayed until 2021



Source: Deloitte

- 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>



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# 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



**Climate change**  
**Biden returns US to Paris climate accord hours after becoming president**

Biden administration rolls out a flurry of executive orders aimed at tackling climate crisis

**€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



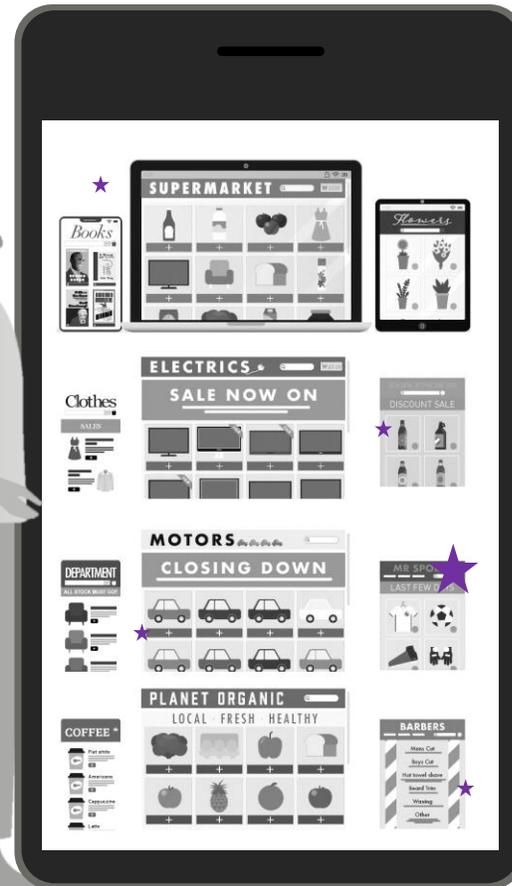
## Digital by design

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 Loop 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



Developers will convert car-parks and retail parks to dotcom



## 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

#### AMBITION TO CREATE A TRULY DIGITAL OPERATION



Online Focused Range  
Including Brands



Loyalty and Data



Rapid Fulfilment



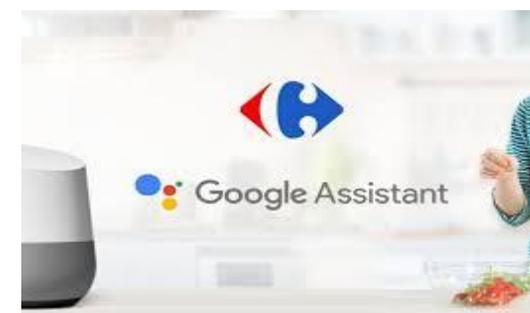
Digital Stores

### Digital driving personalisation

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



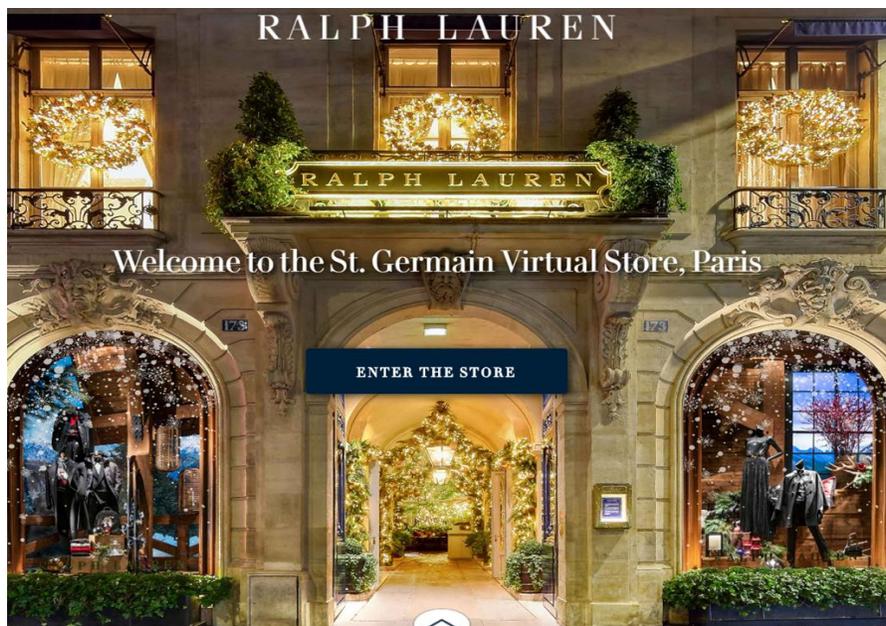
Carrefour partners with Google on voice ordering



## 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

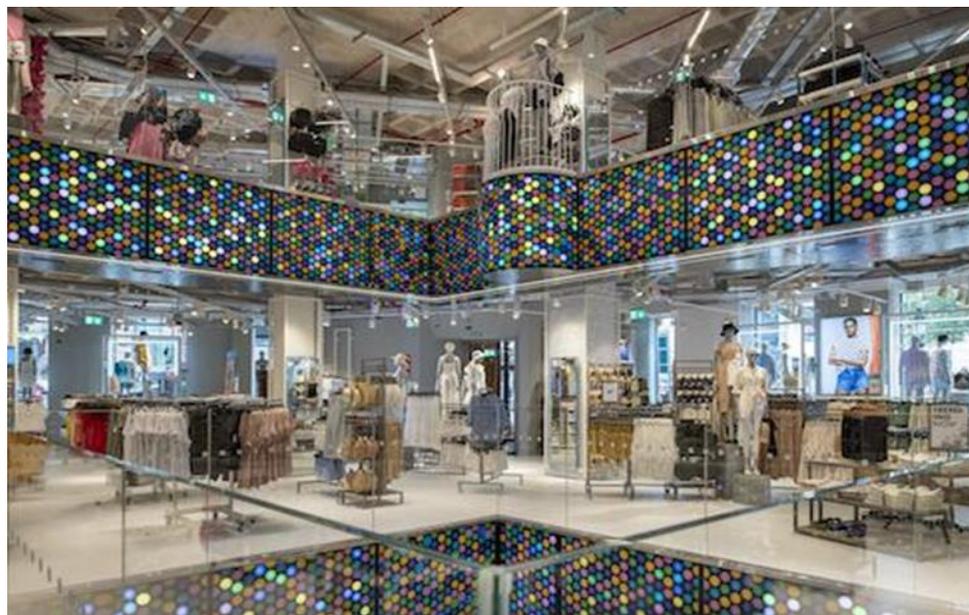


Aldi simplifies going back to basics with "new old store"

## 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

## Brands need to follow the consumer

Sandwich chain Pret A Manger introduces Dinner service



California baker Mr Holmes Bakehouse selling baking kits to consumers

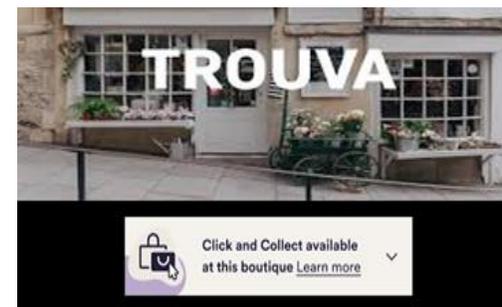


## Indie resurgence

High streets adapt to increased demand from working at home



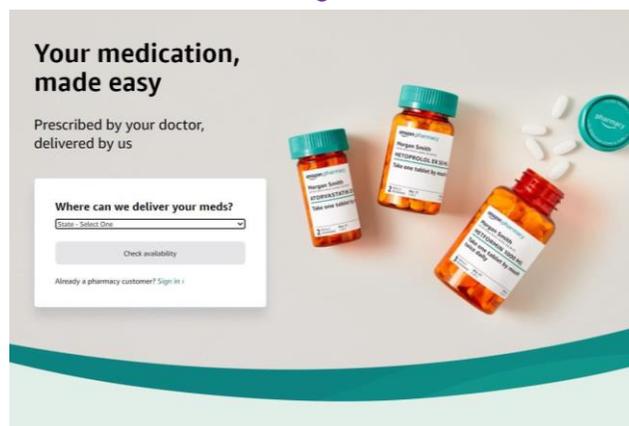
Trouva – the online marketplace for independents



# Health becomes the new battleground

Competition in the \$4.5trn 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

## Environmental



Olio connects consumer with surplus food to those who need it

## Ethical



MyGreenPod only sells sustainable/ethical brands

## Societal



Supermarkets prioritise vulnerable consumers



Ikea will make 50% of meals plant based by 2025 in drive to be carbon positive



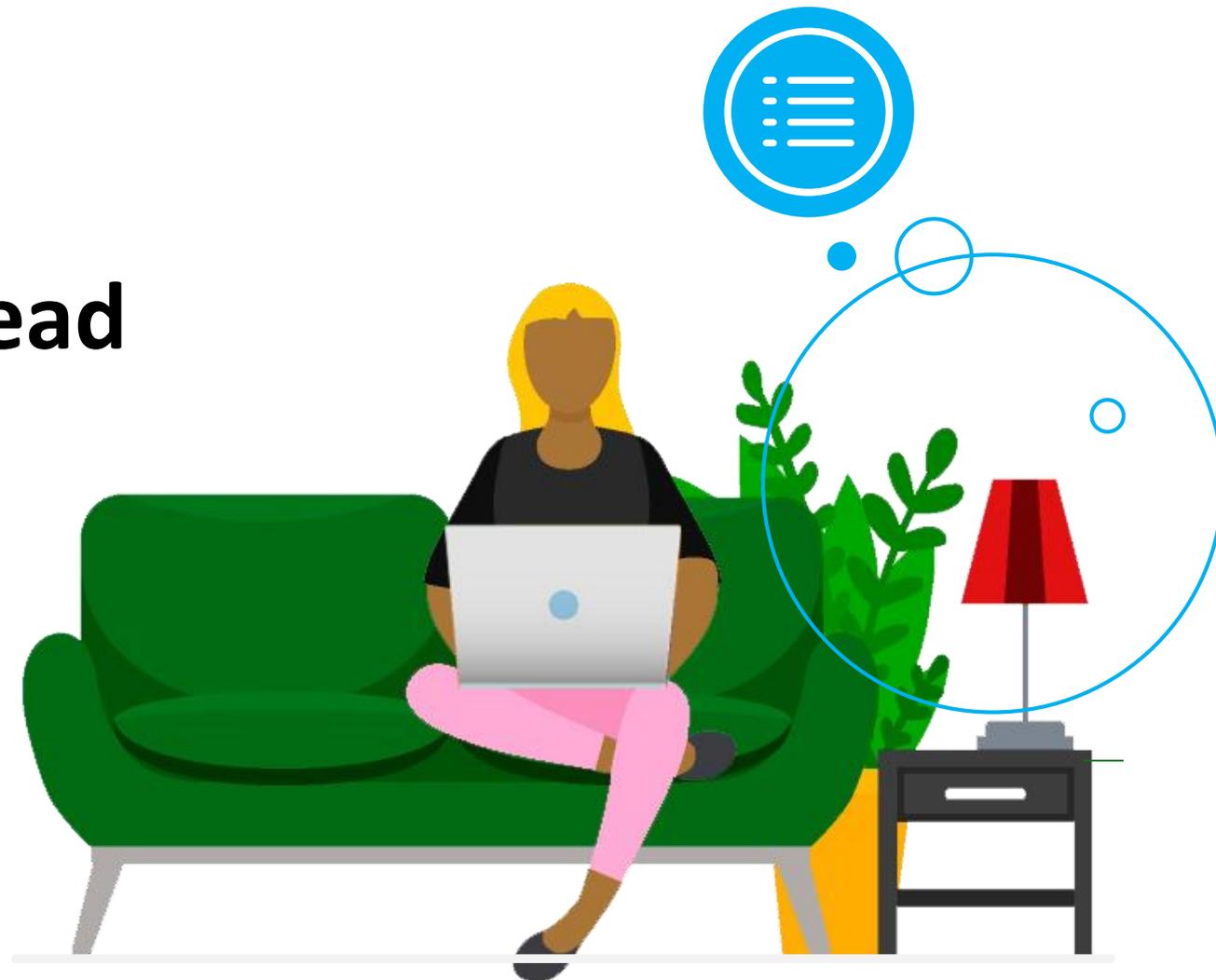
Olivela partners with luxury brands to shopping platform



Luminary Bakery empowering women to build careers

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# Priorities for the year ahead



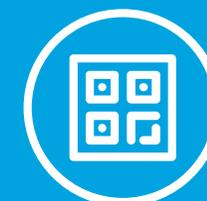
# Priorities for the year ahead



**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

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