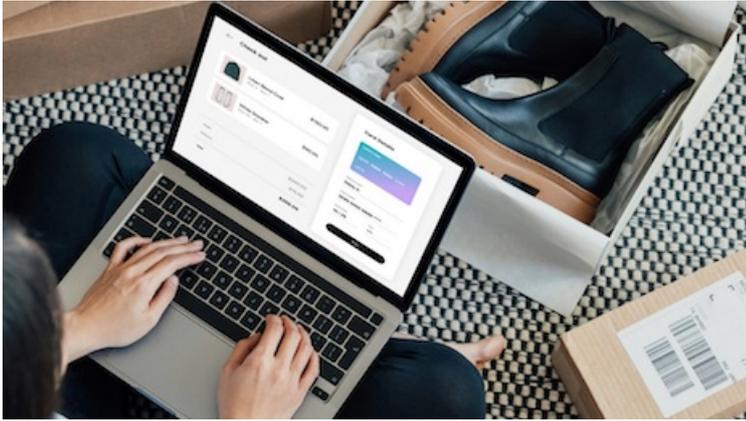


RETAIL

48pc of businesses to prioritize digital fulfillment by 2025: Euromonitor

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Consumers have high expectations for omnichannel retailers. Image credit: Euromonitor International

By KATIE TAMOLA

Bricks-and-mortar stores can no longer serve as simple places to obtain products, as retailers must evolve these outposts into innovative hubs that reflect brand ethos.

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According to a new [white paper](#) from market researcher Euromonitor International, several trends are continuing to reshape retail, including an emphasis on digitization, rethinking physical store spaces as opportunities to implement technology and social/environmental responsibility. Personalization and sustainability initiatives will only become increasingly important, with 87 percent and 82 percent of respondents, respectively, indicating the entities as trends that will change the industry by 2025.

Euromonitor referenced its 2021 Voice of the Industry series which surveyed professionals across 15 industries on what trends and innovations they are currently seeing and expect to see in the future, with results fielded in June.

Times continue changing

A challenge that faces brands and retailers is the ability to keep up with the amount of innovation that permeates throughout the shopping industry and across all sectors at large.

Innovation and digitization will continue to pay off, however, as consumers continue seeking the best of the physical and digital worlds. Consumers are seeking creative bricks-and-mortar concepts, innovative story displays, different checkout options including BNPL and contactless payment, among other offerings.



Luxury pop-ups are back. Image courtesy of Neiman Marcus

While more than 70 percent of global retail sales will come from store-based outlets over the next five years, ecommerce is expected to grow a staggering 60 percent compared to in-store sales only at 9 percent, simultaneously.

Thus, brands and retailers are reimagining ways to get consumers in stores, as 48 percent of respondents said they were devoting more space for digital fulfillment options and 44 percent said they were shifting to or opening experiential formats as their top store format changes in 2021.

Thirty percent of respondents also said they were planning to open pop-up or modular stores, while 27 percent said they had plans to integrate micro-fulfillment platforms.

Ecommerce continues evolving, and so must bricks-and-mortar stores as the post-pandemic shopper is one who is defined by seeking, albeit expecting, seamless shopping experiences. This is where in-store technology may be helpful.

Seventy-eight percent of professionals said their companies accelerated their digital strategy in late 2021.



VR can bridge the gap between offline and online. image credit: iStaging

Entities like AR/VR implementation and the metaverse are taking the retail world by storm, with 50 percent of respondents stating that by 2025, they believe AR/VR will enhance the path to purchase and 37 percent stating they believe it will replicate the physical experience online.

About two-thirds of respondents expressed plans to increase revenue in online channels, while 62 percent are aiming to develop an omnichannel strategy and 57 are evaluating the role of the store.

Honoring mother earth

In such a technologically advanced world where consumers can access information in seconds, brands and retailers are being called to go beyond face value pledges for the environment.

In 2021, 88 percent of businesses defined sustainability as reducing impact on the environment, 69 percent believed it was the achievement of sustainable development goals (SDGs) and 62 percent believed it meant supporting local communities.

Retailers need to focus on fostering sustainable and ethical actions in-house while supporting larger organizations that better the world.

U.S. retailer Neiman Marcus Group is relaying its progress regarding its new animal welfare policy.

Since announcing the policy and plans for full fur elimination from its products by March 2023 ([see story](#)), Neiman Marcus has reduced fur inventory levels by more than half. The retailer has also begun to introduce several new sustainable and ethical product alternatives ([see story](#)).

Luxury fashion labels are also experimenting with textile alternatives.

German fashion house Hugo Boss entered into a long-term partnership with environmental textile company HeiQ AeonIQ, starting with an initial \$5 million equity investment.

The investment will be supplemented by exclusive partnership arrangements of up to \$4 million, which will depend on the company hitting certain performance goals. With this new partnership, Hugo Boss is striving to seamlessly integrate the number of sustainable materials in its collections over the next several years ([see story](#)).

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