

Feel-good tech to bring the magic back to retail, finds TBWA\ Future of Retail report

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But retailers will need to blend the best technology offers, with the best real life brings



As increased vaccinations and less restrictive lockdown measures provide a glimmer of hope, retail stores will need to serve a purpose beyond shopping as the demand for digital goods and virtual experiences takes place in tandem with in-real-life experiences. This is according to the recently released Future of Retail report by Backslash, the cultural intelligence unit of TBWA\SA.

The second in its “Future Of” series, the report explores the most urgent questions facing retail businesses as they prepare for the future. While an ever-expanding network of shopping platforms – driven by the need for remote shopping during the pandemic – has complicated consumer-brand relationships, innovation will be the name of the game.

Although Covid-19 accelerated the e-commerce explosion, with Nasdaq predicting that 95% of purchases will be made via e-commerce by 2040, a complete eradication of in-real-life retail may not be the answer either. Growth of e-commerce in Africa at 19.8% in 2020 also lags that of the rest of the world, which is growing at 27.6%, according to the Visual Capitalist.

GDP growth in SA, however, is already showing a marked improvement from 2020 levels – growing year-on-year for the first time in five quarters to reach 19.3% in the second quarter of 2021. It would appear that the time to benefit from this growth economy is now.

To do this, Des Jones, chief strategy officer TBWA\South Africa, says businesses will need to consciously build experiences that take the best that technology has to offer and blend it with the best real life brings.



Des Jones

“What our research shows is that businesses going online can capture sales, but they can also lose the connections and experiences that drive customer loyalty. Brands which do not listen to their customers, flirt with being cancelled, while those that engage their consumers in helping them develop products and services will find real competitive advantages.”

The report shows that intuitive, intelligent, and sensorial shopping experiences will attract the interest of discerning shoppers. This will see new spaces open up for brands to engage and serve their consumers in their local environments.

Jones says, “new concepts can see stores meet a vital need in South Africa by addressing urban renewal. Retail spaces can incorporate new experiences, bring the sights and sounds of nature back into the city, and act as much-needed community centres. Through this they won’t just maintain their relevance but entice shoppers back to areas that no one ever thought would attract large volumes of people again.”

What is clear, however, is that brands looking to find a premium in this market will need to work harder for it.

“We are entering a world of lower consumption, with people more concerned about what a product says to them about themselves, than what it tells the rest of the world,” says Jones.

Among other findings, the report revealed that “phantom” or invisible technology can be expected to empower a seamless shopping experience, rather than being an addition to the shopping process. The retail sector could also see major brand coalitions and smarter supply chain approaches decreasing excess inventory and creating more transparency.

“Four key areas for disruptive growth are showing themselves in retail. It is important that brands take action and address the lifecycle of retail, adoption of new technology, and the traditional buyer-to-seller relationship,” says Jones.

The four areas for disruption are:

- 1. Flex Retail:** A new era of retail requires physical spaces that serve a purpose beyond shopping. The stores of the future will revitalise cities, uplift local communities, and promote circularity.
- 2. Retail’s Tech Tightrope:** Next-gen retail technology will work behind the scenes to enable a seamless shopping experience. Companies can choose a more meaningful way forward through phantom tech, intelligent ordering, and sensory stores.

3. Networked Commerce: To survive increasingly communal commerce, brands will need to make everyone in their network an active player. Tomorrow's retailers will strengthen relationships by engaging in direct dialogue, pivoting from influencers to educators.

4. Lifecycle Luxury: A richer kind of luxury will put product life cycles in center focus. Looking forward, upscale eco-materials, authenticity trackers, and more functionality will be part of a new consumer definition of premium.

"A new chapter of retail is upon us and retailers in SA have an opportunity to carve out a better way forward. Combining the ease of digital engagement, with consumers who really care about the goods they consume, will give brands a huge source of insight, innovation, and advantage. This isn't a shift, it is a reset," concludes Jones.

The Future of Retail was born from months of in-depth qualitative and quantitative research, strategic ideation, and collaboration among 300 Cultural Spotters across the TBWA collective. Spotters are TBWA strategists and business leads who bring expertise from their work on a range of retail companies — including some of the world's largest fashion, technology, and automotive brands.

The **Future of Retail** report can be downloaded at <https://www.backslash.com/futureofretail>.

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