



2021
RETAIL TRENDS

A New Era of Retail

Rising trends to watch in the retail industry as we head into 2021

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Overview

At the beginning of 2020, brick-and-mortar retailers were already facing challenges. Consumers were flocking to digital shopping and retailers were overhauling their ecommerce and hybrid strategies to stay competitive.

Then, of course, the pandemic shut down huge facets of the economy and retail was one of the most affected. So many of the world's household-name [retailers filed for bankruptcy](#) and those that survived the pandemic may still very well be face significant challenges. The entire economy went digital and many new-to-online consumers will

[remain that way once the pandemic comes to a close](#). Good news, though: retailers' [use of email and SMS to break through the clutter is at a peak](#).

If there was already a need for a rapid digital transformation in retail, though, it's now. Retail is not dead, though, and I believe it will continue to thrive. There will always be a need for retailers. It's not that consumers are abandoning retail, they're simply going to retail via different channels. The traditional blue-chip retailers we all know and love must meet the current societal circumstances to grow (and they know that).

As we head into 2021, I examined the current state of the retail industry and spotted four major trends:

1. A shift in “personalized” shopping
2. The newfound importance of community after isolation
3. Rising equity in sustainability
4. The emergence of the high-tech store

With an emphasis on these trends, retailers can accomplish a lot:

- Increase revenue
- Revitalize loyalty
- Build trust within community
- Expand available channels
- Get back to the top of the retail game in 2021

Personal shopping takes on a whole new meaning

Brands have focused for decades on creating elevated customer experiences in their stores, as well as online. Great shopping experiences are about much more than the physical ones in-store — consumers expect personalized interactions when they're spending their money digitally, too.

Brands can provide a more personalized digital experience through 7 effective strategies:

1 Gather a 360-degree view of data

Brands have to become their consumers' best friends. We likely have work friends, school friends, friends of friends, family friends, and the list goes on. Each of them might know a certain "side" of us; but perhaps our best friend from childhood knows us best as they've been there for every stage of life and understand all aspects of our personality. Brands need to do something similar with customers' data. Get to know customers like best friends by engaging with their data in every channel: email, search, mobile, app, social, events, and in-store.

2 Personalize your communication

What retailers do with the holistic data approach is paramount. They must consider these behaviors in their communications and personalize marketing communications to customers by sending only the most relevant messages—and offering up curated experiences. Customers only interested in hiking gear won't want emails about other sales. But this also goes beyond topics and interests — retailers must evaluate which channel each customer will

be most likely to engage on, what time of day works best for them, and the frequency at which they prefer to receive communications.

3 Marketing in the moment

The holy grail of marketing is perfecting the time each piece of communication reaches every customer. Advertisements that aren't brand-safe can become an unfortunate gaffe. Brands must be cognizant of when and where their advertising and marketing communications live and are distributed.

4 Word of mouth

There's no greater marketing than word of mouth (WOM). Customers loving a brand so much that they tell their friends and family about it is the ultimate goal for customer acquisition. It costs nothing but has high-revenue potential. While many retailers don't have a documented WOM strategy, they should recognize the ability of social chatter to quickly escalate conversations. Retailers must do all they can to protect key gateways to WOM: customer service and product quality.

5 Customized products

A product perfectly customized to a shopper's liking is the epitome of a powerful personalized shopping experience. Retailers must consider ways to tailor products to meet customers' desires without hurting their bottom line. Even if it's not a fully customized product, brands can still see positive impacts from partial customizations. Levi's [recently launched](#) its NextGen store, which includes a "tailor shop" that allows customers to purchase bespoke items. These types of digital experiences are what customers love and will ensure they come back to a brand time and time again.

6 Extended services

Brands that go above and beyond for their customers are more likely to win loyalty in the long-term. Retailers who value their customers' needs will go further. Consider [Nordstrom Local](#)—small storefronts that Nordstrom runs to manage

shipping and returns, express alterations, styling services and more. These ancillary offerings show customers retailers are willing to go above and beyond for them.

7 Loyalty reimaged

Customers want to be rewarded for their continued support. Just about every retailer offers a loyalty membership, so it's what retailers do with the membership service that can differentiate their brand from others in their category. In a digital world, brands must make their memberships available and easily accessible across every channel. If it's difficult to sign in, hard to find a membership card number, or if retailers poorly communicate rewards and benefits, loyalty programs will suffer. Brands can optimize their loyalty efforts by running promotions their customers care about based on the data they have.

These 7 strategies can create the best digital experiences across every channel. More personalized push notifications, curated product recommendations on desktop, targeted social media ads, and predictive marketing on voice—and then some!—ensure the possibilities for retail success are endless.

Personalization can increase success metrics, but it may not create the entire experience customers want. In what seems like another life, when we did go to malls more often with friends and family, shoppers enjoyed a sense of community. Brands need to offer this sense of community when shopping via digital channels as well.

Building community has never been more important

We have spent the vast majority of 2020 keeping our social circles small and enjoying many home-based activities. We've limited travel, canceled concerts, forgone public events, and plenty of other things that created community in our lives.

Retailers have historically focused on community-building. Crafting classes at art supply stores, offering cooking lessons at grocery markets, and hosting how-to demonstrations at consumer tech stores, are just a few examples. Retailers have always prioritized gathering their audiences together. These types of community-building events not only increase revenue but offer consumers a sense of belonging in stores.

In the digital world, these efforts can look quite different but they're arguably more important than ever. **These 4 strategies can help brands build community, even sometimes when that community is virtual:**

1 Connecting customers who trust in each other

Consumers love product reviews. Brands are beginning to take product reviews and crowdsourcing feedback to a whole new level. They're utilizing product reviews for product discovery by tagging search data with the content of a product's reviews. Imagine a metallic eyeliner at Ulta and a review that says "a perfect liner for Coachella!" By connecting that review data with search tags, a search for 'perfect festival eyeliner' (when festivals are a thing again) could result in that product on the search page.

Crowdsourcing is an underutilized method for community engagement. Picture a product page with the ability to select a second product and compare product content side by side. Taking

that approach even further, imagine a box to input phone numbers, emails, or social sharing, to send products to friends and family and ask "Which one do you like?" These translate into more phone numbers, emails, and social handles to add to your list as well as a way for your customers to crowdsource opinions (when participants opt-in, of course).

2 Building digital community platforms

Good content is paramount to success in retail. Building direct-to-consumer channels and content centers on these owned properties will elevate retailers' community connection functionality.

Retailers should host demonstration videos on their own site instead of on third-party providers such as YouTube. They can also invite

customers to virtual events, as long as they align well with the brand personality.

Retailers should also lean into the customer experience and create relationships with like-minded customers through testimonials. Consider what Sephora has done with its “look of the day” community. Each photo has shoppable tags and both customers are rewarded with loyalty points—the poster and the purchaser.

3 Getting creative with shop local

Shop local has been a trend for years but the pandemic has expedited the power of local commerce. This is good news for even the biggest of brands.

Aldi, as an example, has created a digital space for connecting its customers with personal chefs in their area that also shop at Aldi. By connecting customers, Aldi creates positive experiences that simultaneously deepen loyalty. This could be applied to so many retail

categories. Think of a home improvement store connecting customers to plumbers or electricians in the area who also shop with them. These types of connections would both benefit local economies and small businesses as well as the “big box” brand offering them.

4 Lean into branding

The return of the hero product has catapulted community connections in new ways. Think of the biggest hero products out there—Stila Stay All Day black eyeliner is an example from the beauty category. Customers are incredibly proud to own hero products. The hero product bolsters a brand’s image and there’s an instant community between customers who both own it.

Creating a hero product through smart marketing can be challenging but highly rewarding. By matching the right audience and the right product, brands can create instant community simply through owning the brand’s product.

Building community is critical in 2021 and beyond. But to truly build community, brands must ensure they do not destroy it. Sustainability in retail has become more important than ever. And while the continued prosperity and health of the world should be enough to convince brands, customers are also taking a stand: to care about your community is to protect it.

The rising equity of sustainability in retail

Prioritizing the conservation of our natural resources and protecting the planet has been a priority for decades, but consumers are [taking more notice than ever](#). Many shoppers are using sustainability as a guiding principle for their spending. By leaning into sustainable practices, brands will benefit morally and financially, build trust among customers, and keep brand loyalists coming back time and time again. [Hello, Patagonia!](#) **These 5 strategies are key elements of sustainable operations:**

1 Reusable products

This encompasses a large swath of product categories. The first that comes to mind is products that reuse single-use plastic. This began with reusable shopping bags and has since expanded to reusable straws, to-go cups, produce bags, and more. It goes even further than this, though: brands are buying back their products so they can reuse the raw materials for new products. IKEA, for example, [will buy back furniture from consumers](#) to give the items a “second life” and prevent them from ending up in a landfill.

Reusable products are a testament to the rise of the circular economy, in which the main goal is eliminating waste and promoting the continual use of resources. [TerraCycle Loop](#), for instance, is a program where consumers can buy their favorite products from their favorite brands—but with reusable packaging.

2 Transparency in when, where, and how brands source their goods

Knowing exactly where their products come from is becoming increasingly important to

consumers. Food kicked this trend off (e.g. “buy organic”) but it has expanded to tech, beauty, and fashion. All of these industries inform their customers of where their source materials originate and whether their products adhere to environmental categories such as vegan.

3 A focus on energy efficiency and renewables

Getting to carbon neutrality will be heavily dependent on energy. Clean and efficient energy is one of the hottest trends in the sustainability movement. One group, [RE100](#), is a nonprofit membership organization that brands can become a part of by meeting energy efficiency goals. Hundreds of large brands are involved, working to achieve 100% renewable energy—including retailers that also pledge to rely on clean, renewable energy to power their manufacturing and delivery operations.

4 Organically produced and net-negative plastic products

Shoppers that eat organic want to wear organic, too. Products are being made from plastics removed from polluted environments, or

completely natural materials. The shoe category is a great example of innovation in this space: [Allbirds](#) makes several sustainable shoes and [Sperry](#) makes a boat shoe made of recovered plastics from marine environments.

5 Evaluating influence on natural resources

Consider how iconic fashion retail brand Tommy Hilfiger has [adjusted its operations](#). Through its

[Make It Possible](#) program, the brand is focused on “reducing [its] negative impacts to zero, increasing [its] positive impacts to 100% and improving one million lives in its value chain.” In many ways, this means a complete departure from its long-time processes, like switching from washing denim in water and instead, using lasers to wear-down the fabric—ensuring dyes don’t make their way into the water source.

Incorporating sustainable practices in your brand will keep your customers and the community you operate in happy and healthy. Building trust along the entirety of the customer journey and sustainable practices across the whole development and supply chain will create added value now and for years to come.

The digital transformation of the physical store

The physical store is not on its way to becoming a relic. It requires some adjustments, yes. But there are currently blurred lines between the physical and the digital shopping experiences. Consumers research products as they browse physical stores. Branding infiltrates every corner of creator content. The buy button is everywhere.

The evolution of this trend is the facilitation of high-tech experiences in brick-and-mortar stores. There must be consistency throughout all channels and merging them will leave consumers delighted. **These 3 examples below showcase the emergence of high-tech experiences in physical stores:**

1 The resurgence of the QR code

In 2019, if you told me the QR code was making a comeback in 2020, I would’ve laughed at you. But 2020 hasn’t been what any of us

expected. QR codes are back. Currently, they’re most popular with the food and dining industry. Customers sit down and scan a QR code for a digital menu instead of physical ones. And while

this is a safety precaution for COVID-19, I implore retailers to also think about QR codes in today's climate and keep them as a mainstay in stores.

Think of the possibilities for QR codes in retail. Customers could walk up to an item and scan a QR code to be greeted with the product description. Not only can the customer touch and feel the product, but they can get more details—what it's made of, where it was made, any sustainable features, photos of it on models, and more. This would create a cross-channel experience right in-store, creating further positive touch points with customers.

2 App meets in-store

Retailers' apps can be a wonderful addition to the in-store experience. Take the current pandemic as an example: people are doing their best to get in and get out of stores quickly. Many already know what they want in the store because they looked online before shopping.

Retail apps should align with customers' preferences. Customers who want to buy products in-store could potentially put them

into a virtual cart in the app. The app could pinpoint where in the store each of these items exists and point customers in the right direction. When they ultimately check-out, they could pay by app and earn loyalty points. This app-aided shopping would streamline the shopping experience but still allow customers to see and feel their goods before purchasing, bringing down return rates potentially caused by curbside pick-up.

3 Amazon sets an example on physical retail

Amazon has excelled at creating high-tech stores to match the customer experience they've hosted online for years.

Amazon's physical stores, which include Amazon Fresh, Amazon Pop Up, Amazon 4-star, Amazon Books, Amazon Go, and Amazon Go Grocery, [provide their customers with high-tech carts](#). These carts will scan items, weigh them, and add the total up on a screen as customers shop. At the end of the shopping experience, customers can pay right at the cart and never have to formally "check out."

Technology in stores can create better experiences for the consumers that shop there. Retailers must not get stuck in ways that were popular years ago. Keep up with the times and add high-tech offerings in your store to create a more convenient, more digital experience even when your consumers are shopping in person.

What's next?

Retail has changed, likely permanently. While devastation occurred in 2020, 2021 can be a more successful year for brands that are now ready to take on the challenges that 2020 created. By taking on the above strategies to lean into the trends of today instead of fighting against them, brands can find great success in the new year. Personalize digital shopping, build community as consumers face fewer social experiences, forge a sustainable business path, and add high-tech offerings to physical stores. Through these trends and strategies, retail can prove that the industry isn't anywhere close to going extinct, it's merely changing.

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