

SUMMARY REPORT

Global retail trends 2024

What's set to shape the
global retail market over the
next 12 months and beyond?

RetailAnalysis from IGD



Overview: five trends to shape retail

This year, the inflationary backdrop in most major markets remains on our minds. It is a considerable challenge, driving up the cost base for retailers and suppliers and pressuring shoppers' income.

Here, we introduce five reports that explore the continued initiatives in the industry and how retailers reset the cost base and develop go-to-market models for the future.



The efficiency imperative



Media matters



Unleashing the promise of technology

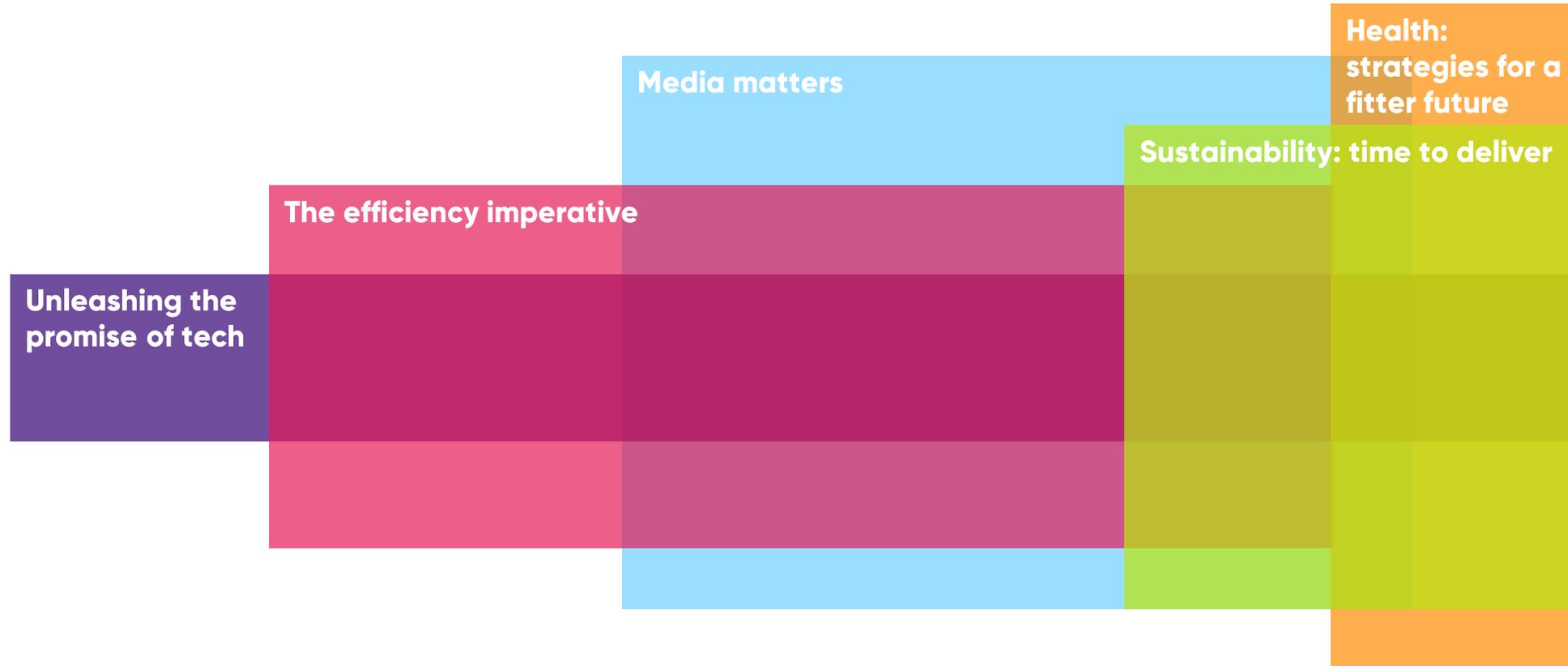


Health trends 2024: building a fitter future



Sustainability: time to deliver

Context: highlighting how the global trends are interlinked



The above diagram illustrates how the five global trends are not independent of each other. For example, technology is an enabler for all the trends, while also being a driver of change itself. Across physical and digital stores, the efficiency imperative will be evident and contribute to the drive for greater operating efficiencies. Media matters will use technology to help drive sales, improve revenue and help companies achieve corporate objectives. Sustainability and health will remain critically important as retailers aim to do business 'better' today and in the future.

The efficiency imperative



"Checkout removal and a shift towards replenishment during trading hours make sense from a spreadsheet perspective. However, 2024 might be the year retailers realise the competitive short-sightedness of diminishing the in-store experience."



Supply chain: although supply chain collaboration has improved significantly, there is further headroom for retailers and suppliers to co-create more optimal solutions. Opportunities abound in areas like backhauling and the optimisation of routes, truckloads and pallets.



Shrink: tactics to prevent shoplifting have evolved significantly, but still add (often unacceptable) levels of friction in shopping and checking out. There are manifold tech-driven solutions that help prevent shrink while not intruding too much on the shopping experience. There will be further innovations in 2024.



Checkout: many retailers have already experienced pushback from shoppers alarmed by the disappearance of staffed checkouts and their replacement by self-scan or self-checkout solutions. While undoubtedly more cost-effective in the short term, this process can remove choice, encourage shrink and create inventory issues due to mis-scanning.

Media matters



“While the development of retail media networks is ostensibly a triple-win, good for retailers, brands and shoppers, there is much to be done to prove it is simply not just another tax on suppliers. More evolution in terms of measurement and standardisation is required to prove its genuine worth.”

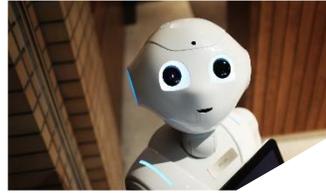


Activations: the growth of retail media networks will enable brands to influence shopper choices in-home, pre-store and in-store. The rapid rise of in-store digital screens will continue apace in 2024. There will be further muddying of the waters between retail media, brand advertising, shopper marketing and trade spend.



Organisation: 2024 will see a major change as brands and retailers reorganise themselves to better exploit the retail media opportunity. Enterprises will need to break down silos and enhance cross-functional communications to ensure that retail media campaigns complement above-the-line activities and are funded in appropriate ways.

Unleashing the promise of technology



Streamlining operations: technology is a key enabler in helping retailers drive productivity and reduce costs. Key focus areas include ESLs, computer vision, automation, robotics and AI. For the latter, while it is still early days for its broad use, companies are on a path towards a more data-driven, adaptive operating environment. This goes beyond using AI for specific use cases, focusing more on embedding the technology as a core component of the business ecosystem.

Making stores more sustainable: implementing technology for energy-efficient store designs, resource monitoring, smart lighting, and waste reduction can contribute to both sustainability and cost savings. The energy crisis in Europe in 2023 shone a light on the need to be more prudent with energy usage.

Elevating in-store engagement: a pivotal aspect of the transformation of stores into dynamic and immersive spaces is the integration of retail media. 2024 will see an accelerated roll-out of digital retail media screens in multiple locations, from the store exterior to category features. Retailers will have to ensure that this is seen by suppliers as more than a money grab.

"The pace of change makes it challenging to get started with newer technologies. Align your investments with business goals. Focus on using technology to enable change in the areas that matter most."

Health trends 2024: building a fitter future



"Helping shoppers lead healthier lives is a marathon, not a sprint. Industry must contribute to positive change or face increasing intervention, as public health challenges intensify."



Evolution of legislation and policy: as public health challenges become increasingly costly, governments have a stronger impetus to act, accelerating change in the industry. From product reformulation and packaging innovation, reinvention of space, range and displays, marketing modifications and more, global businesses will learn from local adaptations to help anticipate future challenges.



Let's get moving: alongside nutrition, physical activity is an important contributor to healthier lives. The 2024 Paris Olympics and Paralympics, alongside regular sporting fixtures, offer platforms for positive health communication. These should inspire retailers and brands to get their shoppers and consumers moving.

Sustainability: time to deliver



“To achieve their 2025 sustainability commitments, retailers must move at a faster pace than ever before. 2024 will be the year to deliver. However, with so much to tackle, deciding where and how to act will be a challenge.”



Tough decisions: retailers will invest to get processes in place to achieve their 2025 targets. This will be challenging and could create additional costs and complexities. Some retailers will have to acknowledge that they will not be able to achieve their aims. This could be due to not wanting to pass costs onto the shopper and/or not being able to achieve their targets due to not having the right resources, systems and/or processes available. Retailers will need to become extremely transparent about what they are doing and why.



Inform, educate and edit: retailers will try to inform and educate shoppers to get them to purchase more sustainable products and services. They will do this through in-store and online messaging, using digital media and running campaigns, along with price, promotions and incentive tactics. Some retailers will go beyond informing and will stop selling certain products and packaging materials that do not meet their sustainability criteria along with introducing new products, packaging and/or services that are more sustainable.



Learn more

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