

## 8 trends retailers can't ignore in 2015

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The past year has been a steep climb for many retailers — those that are still climbing, that is, and not just plateauing or falling.

There are all kinds of developments from 2014 that retailers can take to heart next year. We can't name them all, but decided there are eight that some retailers may not have at top of mind — but should.

These developing trends in the retail industry will have resonating implications in 2015...and in the years that follow.

### **1. Mobile payments (in particular Apple Pay)**

Mobile payments have officially launched, and retailers have mostly Apple Pay to thank. But some retailers—notably those involved in the group developing CurrentC, which has yet to be launched but has already suffered a hack—have at least toyed with not accepting Apple Pay.

But that would probably be a mistake. The inward focus of CurrentC's development could easily be the basis of its downfall. Apple Pay, Google Wallet, and others, for that matter, use NFC systems that many retailers already have in place. (Remember, those eschewing Apple Pay, in fact, said they were disabling their NFC technology.) It stands to reason, especially with Apple Pay getting good reviews from users so far, that retailers with NFC should want to accommodate the customers who want to buy things with Apple Pay or Google Wallet. Yet right now, many can't (or won't).

Ultimately, refusing to take Apple Pay and other NFC-enabled mobile payments is likely to do retailers more harm than good.



## **2. Mobile shopping**

Mobile shopping really hit its stride at the end of the year to many retailers' surprise. For the first half of the year though, mobile web and apps were notoriously hard to use and discouraged customers. Marketing personalization company Monetate found that m-commerce "skyrocketed" on Thanksgiving and Black Friday this year, with 44% of Thanksgiving Day's online traffic coming from mobile and 42.5% of Black Friday's online traffic coming from mobile.

Still, desktop users converted at an 82% higher rate than mobile users, according to data from omnichannel marketing firm Sailthru's Trust in Technology survey of holiday data. They also found that most email was coming to consumers via their smartphones, a bit of a disconcerting disconnect that could indicate that retailers are not quite ready for mobile the way their customers are.

Consumers are clearly ready to shop and transact on mobile, and retailers must get ready for that if they aren't already.

## **3. Pop-ups**

These days, retailers of all types and sizes are experimenting with the pop-up concept. Nordstrom, seemingly ready to shed its staid upscale reputation, has jumped on the store-within-a-store approach. And e-commerce retailers are using pop-ups to expand their reach and give consumers a first-hand look at their goods. Jewelry e-retailer BaubleBar, for example, says it has expanded its pop-ups because they drive sales.

PopUp Republic has taken on the difficult task of defining and quantifying pop-up retail, and its study found that pop-ups, as the company defines them, are taking in some \$50 billion annually.

Ten years ago these shops were a way for retailers to cheaply find space without commitment, and for landlords to fill up dead spaces with temporary leases. Back then, no one thought the idea would last. But now, retailers from e-commerce to traditional brick-and-mortar are using pop-ups to entice customers, provide retail "experiences," shake up staid images, and manage partnerships and product lines. They're here to stay and something to consider for retail businesses large and small.

## **4. Shipping, Delivery, and Pickup**

A little bit buried in the success of e-commerce and m-commerce over the big Thanksgiving holiday weekend is the fact that a lot of the retailers enjoying that success are traditional brick-and-mortar types. Target, Best Buy, and a slew of other retailers have drastically lowered or eliminated their minimums for free shipping and are offering in-store and curbside pickup.

In select cities, the delivery battles are especially heated, with services like Google, Deliv, and others providing same-day service from stores and malls.

While same-day delivery is still essentially experimental, cheap or free shipping is increasingly a consumer expectation. Target and Best Buy may find that they can't go back on their shipping policies very easily in the new year. But those retailers still charging a lot for shipping or not offering some kind of possibility for reduced shipping are way behind, and probably inviting their customers to abandon their shopping carts at checkout.



## **5. Minimum wage increases and working conditions**

November's elections saw a wave of success for Republicans, but also for a decidedly less right-wing issue: hiking the minimum wage. Raising hourly pay has been a topic of discussion in Washington, in many state capitals, and in several cities. Five states, San Francisco, and Chicago have all succeeded in passing measures to do so.

It's not just wages, though. Retail employees' working conditions have also become an issue — and San Francisco has already taken that on, passing a “Retail Worker Bill of Rights” this month that is unprecedented in scope. The law addresses erratic scheduling and requires retailers to pay for time when workers are on call or face last-minute changes. Retailers will also be required to give part-time workers more hours before hiring more staff. The law affects retail chains that have at least 20 locations nationally, including about 5% of the city's workforce. Seattle voters last year approved a similar law requiring businesses to offer more hours to part-time employees before hiring additional workers, and Rep. George Miller from California has introduced a similar bill in Congress.

These two issues are growing concerns, and retailers should take a good look at the fairness of their pay and scheduling. Not only will it help them prepare for possible policy changes ahead; many retail experts say it could also help boost their own bottom lines.

## **6. The demise of Black Friday**

Let's face it, Black Friday is a shadow of its former self. Not only did Thanksgiving and Cyber Monday intrude, but retailers had been announcing special deals for days and weeks before. Amazon began its “Black Friday” deals a week ahead of the holiday. And while Wal-Mart Stores stretched out its “New Black Friday” from Thursday to Cyber Monday, it similarly began advertising “pre-Black Friday” deals a good week before Thanksgiving.

Retailers should probably find another way to spin the holiday shopping season. “Special” isn't feeling very special anymore.

## **7. Alibaba**

Alibaba looms large in everyone's mind, but despite its massive IPO and increasing global reach, it may not come near dominating its U.S. rivals. For one thing, the company will continue to be under great pressure to further curtail counterfeit sales. But Alibaba is no longer just huge, it's also massively rich. Retailers this month told Congress that it must close the e-commerce tax loophole in order to rein the Chinese retail giant in.

One thing that Alibaba, like Amazon, is unafraid of is being disruptive. Both retailers try things and fail quite often, but find successes along the way. Of course, Alibaba certainly can afford to do so.

## **8. Retail data breaches**

In October next year, retailers will have a very good reason to update their point-of-sales systems and boost their security: they pretty much have to.

But when Target's 2013 retail data breaches and Home Depot's massive breach in September were scrutinized further, they were both found to be highly preventable with existing technology and knowledge.



Cyber-forensics experts found the theft could have been avoided if Target had followed its own established protocols, and Home Depot actively ignored warnings from its own IT department for years. No amount of tech upgrades can make up for that kind of slack.

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