



Digital  
Business  
Ireland

# Key Retail Trends

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# 2021

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January 2021



**Digital  
Business  
Ireland**

**Digital Business Ireland (DBI) is the voice  
of the Irish digital commerce sector.**

Set up in 2019, DBI has a community of over 4,000 businesses in the organisation and counts Health Stores Ireland, the Association of Fine Jewellers, County Kildare Chamber of Commerce, Women's Inspire Network, Donegal Women in Business and IPAV among its membership. It continues to grow its membership footprint across a wide range of online and digital businesses to include technology, retail, hospitality, professional services, travel, transport, education, leisure, agri-business and property.

DBI provides a range of services to its membership to include training and events, networking opportunities, general advisory, insights, advocacy and public policy development all which facilitates digital businesses to grow, thrive and achieve their ambitions.

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## Introduction

**The Coronavirus pandemic has affected the way trends in online and offline retail will develop in 2021. Offline retail has been hit particularly hard by repeated waves of restrictions, leading to widespread job losses and big chains disappearing from shopping centres around the globe.**

At the same time, online retail has grown more quickly than ever before as consumers choose to remain safely indoors, and home delivery systems become increasingly reliable and user-friendly. In response, physical stores have adopted digital tools to entice consumers to continue visiting them while highlighting the unique aspects of in-person experiences.

Below you will find a guide DBI has compiled about the developments expected in the retail sector over the course of 2021 as the pandemic and other factors continue to influence consumer behaviour.





## An omnichannel strategy will be key

Implementing click and collect has seen a very quick adoption in response to the pandemic and this trend is set to broaden to different selling methods. In 2018, an average of 52% of online stores could sell through multiple channels. 2021 will see more businesses move in this direction and the development of full omnichannel strategies not just by major businesses but also SMEs.

To implement a successful omnichannel strategy business we will have to synchronise stock, update inventory in real-time, seamlessly run online and offline loyalty programmes and consolidate customer service for all channels – to name a few key steps.

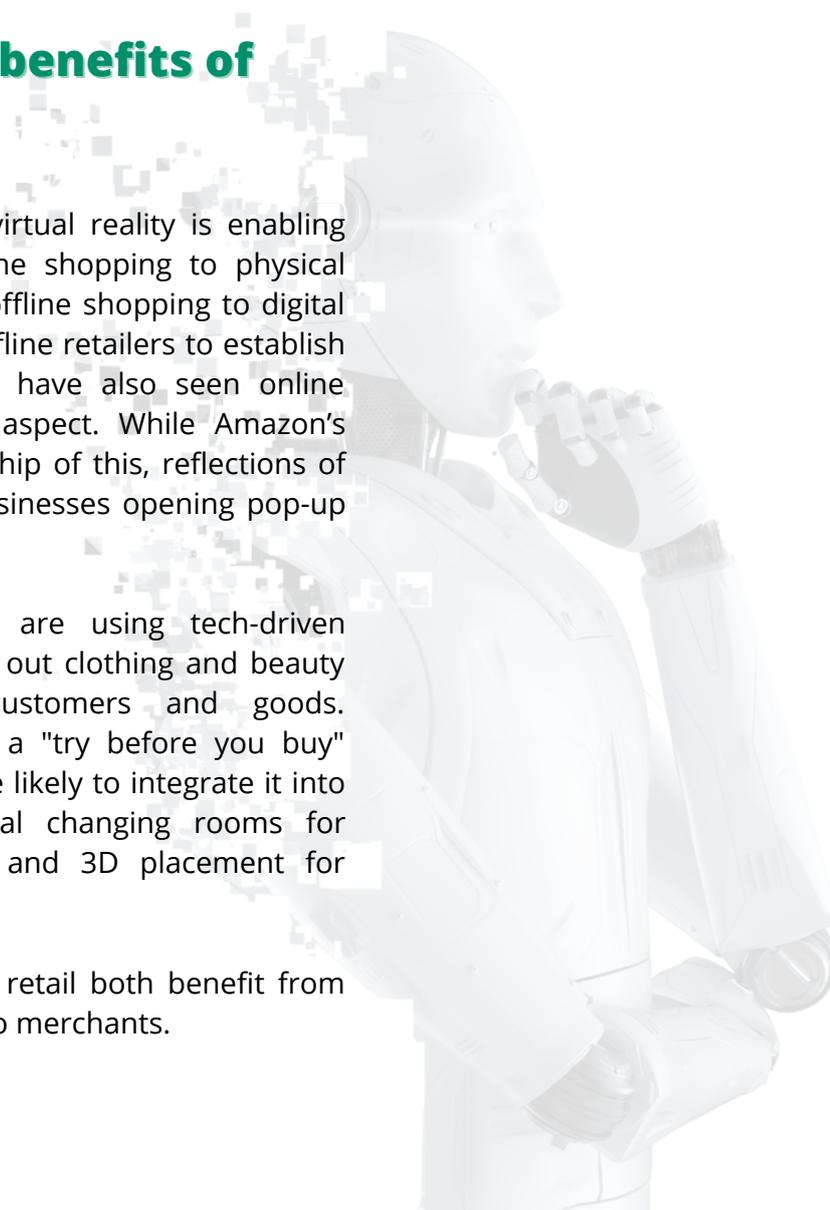
Retailers who implement these strategies and remain open to other innovations will differentiate themselves from their competitors and have a better chance of succeeding in the coming years.

## Technologies merging the benefits of online and offline retail

A range of technologies including AI and virtual reality is enabling retailers to bring the convenience of online shopping to physical stores, and the immersive environment of offline shopping to digital sales. While the larger trend has been for offline retailers to establish an eCommerce presence, more lately, we have also seen online retailers developing a bricks and mortar aspect. While Amazon's sophisticated US stores have been the flagship of this, reflections of this trend can be seen in smaller online businesses opening pop-up stores and collaborating with bigger brands.

While the pandemic continues, retailers are using tech-driven solutions to allow customers to virtually try out clothing and beauty products, reducing contact between customers and goods. Augmented reality in particular allows for a "try before you buy" approach in online sales so more brands are likely to integrate it into their eCommerce strategy in 2021; virtual changing rooms for clothing, selfie-based try-ons of makeup, and 3D placement for furniture will become more visible.

This convergence means offline and online retail both benefit from the wide array of digital tools now available to merchants.



## **AI in the retail industry will get closer to customers**

AI-driven big data has been growing in importance in the last several years with advanced analytics being employed to understand what should be stocked in stores and to drive efficiencies in logistics. Newer developments have seen this technology move closer to customers with tools such as chatbots and virtual assistants.

It is to be expected that as the pandemic continues, resources will be focused on growing customer numbers with AI marketing as a replacement for the enticements of the shopfronts of physical stores. This helps businesses figure out when customers are likely to be on social media, streaming services or video calls and to prepare advertising strategies to match this behaviour.

Voice recognition technology based on AI has advanced to the point where it truly adds value both in physical stores and online. Similarly to how more and more people are using their voices to control devices or conduct internet searches, the same technology will be increasingly employed to make purchases and sellers will adjust their capabilities to fit the new consumer habits.

## **More businesses will go direct to the consumer**

An increasing number of businesses are likely to circumvent distributors and try Direct to Consumer eCommerce, as sales are expected to grow by 24.3% in 2020 to €14.5billion.

While supermarkets and multibrand outlets will always play a part in consumer goods sales, brands have access to some unique advantages when owning everything in the sales process including logistics and supply chain. That, coupled with repeated closures of physical stores amid the pandemic, makes Direct To Consumer a very attractive option for retailers.

A related shift in the retail landscape likely to accelerate in 2021 is purchasing directly from manufacturers through influencers, advertising and TV shows.

While previously retailers have worked with bloggers and influencers by sharing affiliate links and advertising with product placement, increasingly, brands are able to sell directly to the consumers who follow and engage with online trend-setters. This development started with megastars but has now begun to trickle down into markets served by micro-influencers. This has largely been made possible through the development of "drop-shipping"- direct delivery from manufacturers to customers via a sales agent like an influencer or popular website, that can run retail sales without having to buy stock or fulfil orders.

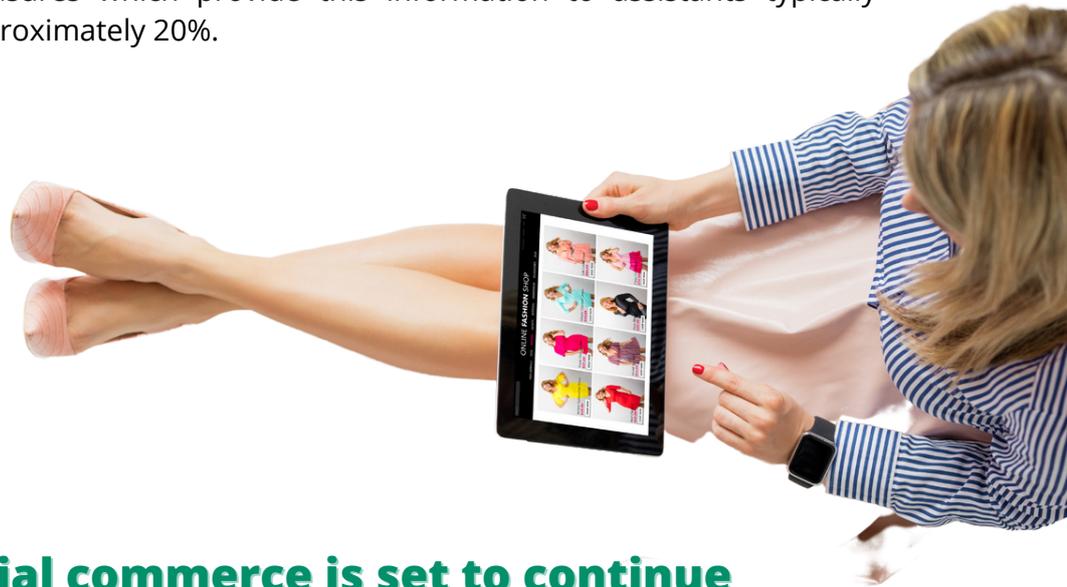
Another interesting area are the experiments being conducted with shoppable TV. In the US, NBC can now notify app users when products they see on screen can be directly purchased. This means customers can buy directly from TV advertising, but this technology could also be utilised in sports coverage and entertainment TV, as other potential avenues for engagement of businesses with their digital audience.

## Personal shopping expands its range

Shoppers at high-end stores are used to receiving personal attention and personalising their big-ticket purchases. However, technology is now enabling mass-personalisation, allowing this level of service to be provided across an expanding range of goods and services.

Recommendation engines are used in e-commerce to point us towards products we're most likely to want or need. The same technology is now being rolled out in retail outlets, providing shop assistants with information on us and our past purchases. According to analysis\* conducted by McKinsey, measures which provide this information to assistants typically reduce marketing costs by approximately 20%.

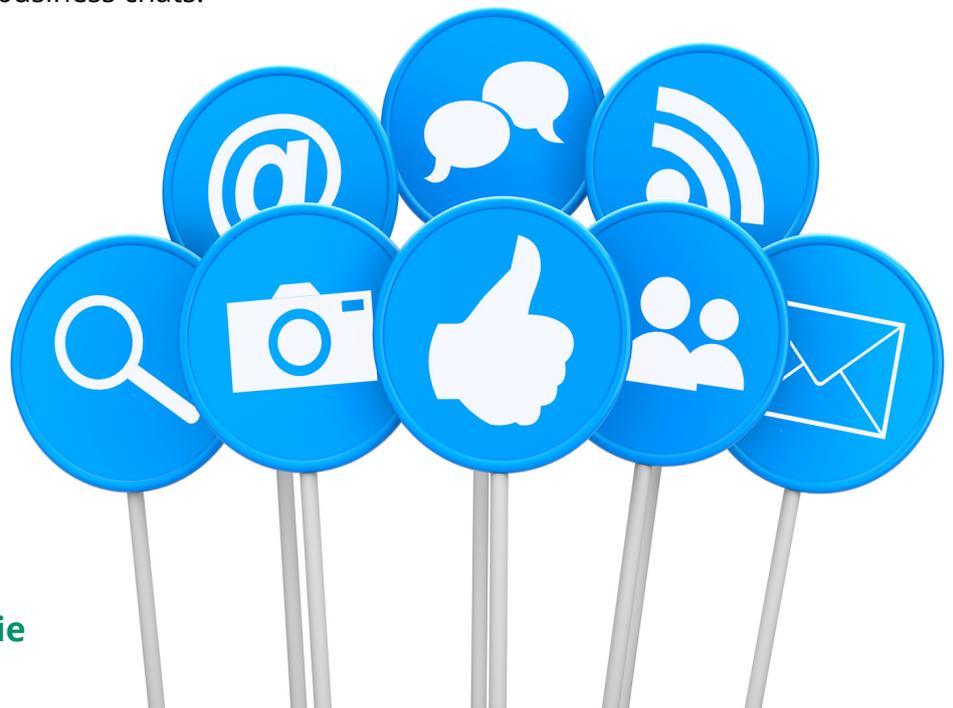
\*McKinsey & Company,  
"An essential marketing tool in a  
downturn: Spend management"  
May 6, 2020



## The growth of social commerce is set to continue

Making the online shopping experience easier has long been a key consideration, with plenty of attention focused on the checkout user experience and more recently also on the user's experience at browsing online stores.

The global social commerce market is predicted to grow rapidly in 2021 with more and increasingly varied platforms engaging in eCommerce, for example, WhatsApp incorporating a shopping option to business chats.





## Consumers will prioritise sustainability and values more than ever before

Sustainability has been a key consideration in the retail sector in recent years, but with the role of digital sales on the rise with the associated excess packaging and environmental impact of deliveries, questions of sustainability will be even more important in 2021.

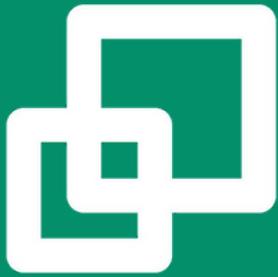
Furthermore, consumers have been prompted by the pandemic to make value-based choices to support local businesses. As customers increasingly vote with their wallets, 2021 is set to see a strengthening of the tendency for value considerations affecting shopping decisions.

## Content to grow in importance in eCommerce

2021 is likely to see success among retailers who combine eCommerce and content to enrich the customer experience. Similar to the rise of augmented reality, we expect more brands incorporating content that reflects their values and in-store experience into their online presence.

This will come in the form of more product 'how-to' videos, as well as the building of brand narratives through blogs, videos, and podcasts. We also expect to see more website pages not focused on products but other aspects of the business such as brands' approaches to sustainability, as well as deliveries, returns policies and bios of team members.





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