



Global retail trends 2017

Global Consumer & Retail

June 2017



Contents

	Page
Overview of 2017 retail trends	
Technology is changing the customer experience	5
Mobile shopping continues to grow	8
Creating a meaningful experience is crucial	11
Personalization is the future of retail	14
Attracting & retaining talent is critical	17
Top 10 lessons for retailers	20
Contacts	22
Additional publications	23

Introduction

This report highlights some of the biggest retail trends impacting the industry today. Some of these trends have already emerged, with many of the biggest retailers beginning to respond and adapt their strategies accordingly. Case studies of these retailers are featured throughout.



Top five retail trends for 2017

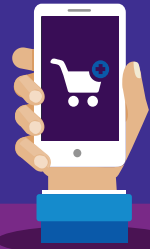
1 Technology is changing the customer experience

Technology is growing at an exceptionally quick rate. The retailers who are adapting and evolving are those who will likely succeed.



2 Mobile shopping continues to grow

Smartphones are rapidly increasing their share of online retail traffic. Adobe's 2016 mobile retail report showed a 54 percent year-on-year increase in visits to retail sites from smartphones.



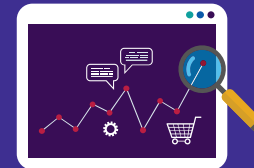
3 Creating a meaningful experience is crucial

Meaningful customer experience and brand engagement is crucial. Customer experience is the next competitive battleground.



4 Personalization is the future of retail

The HSO report, The importance of personalization in retail, shows that businesses that are currently personalizing online user journeys, and who are also able to quantify the improvement, are seeing an increase in sales of 19 percent on average.



5 Attracting & retaining talent is critical

The need to attract, retain and develop a workforce that meets the growing needs of the marketplace is more vital than ever. In order to grow, retailers need to make sure they are attracting and retaining talent with the right skills.





Trend 1:

Technology is changing
the customer
experience



Augmented and virtual reality, alongside predictive analytics, are changing the customer experience. **The whole customer experience is going digital.**

Augmented (AR) and virtual reality (VR) are seen by many as the **next generation of disruption in the retail world**, while **predictive analytics** is seen as **one of the most powerful tools** retailers will use going forward.

AR

Technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.



VR

Computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment.



Technology is changing the customer experience

In the near future, customers will likely use AR and VR to explore and interact with potential purchases. Virtual reality, alongside its sister technology, augmented reality, offers retailers the opportunity to transform how they interact with the consumer.

Spending on augmented reality and virtual reality in Western Europe will likely reach US\$2.5 billion in 2017, a 131 percent increase over 2016, according to the International Data Corporation's Worldwide Semiannual Augmented and Virtual Reality Spending Guide released in March 2017. IDC expects that consumer markets will be the largest AR/VR spending segment this year, accounting for more than 56 percent of spend.

Adding analytics to the mix, retailers can use predictive analytics to forecast their customers' next moves. This is also forcing retailers to reinvent the in-store experience. Pairing AR and VR with predictive analytics is a powerful combination for any retailer who is able to connect these dots.

Retailers of all types are adopting aspects of 'experiential retail' to provide a more immersive and differentiated experience. Alibaba & Nintendo have recently used augmented reality for different business goals.



Case studies

Alibaba

At Alibaba's newly unveiled VR store interested shoppers are able to wear a VR headset and browse products in a virtual location. In other words, they'll be shopping via virtual reality.

Alibaba has also introduced VR Pay – a virtual-reality payment system that allows virtual reality shoppers to pay for items just by nodding. This payment system will be incorporated into virtual online marketplaces, which will simulate the experience of shopping in a physical store by using a VR device, such as a helmet or glasses, at home^(a).

Nintendo

In 2016, Nintendo released Pokémon Go, an augmented reality game for smartphones (as if you've never heard of it!).

Developed by Niantic Inc. and Tsunekazu Ishihara of Pokémon Company, Pokémon Go uses basic AR. Virtual objects are displayed in your mobile viewfinder to place Pokémon characters in your physical environment.

Pokémon Go has turned AR from a novelty into a regular experience with which consumers are engaging and now expecting. The game has trained millions of consumers what to expect from an AR experience^(b).

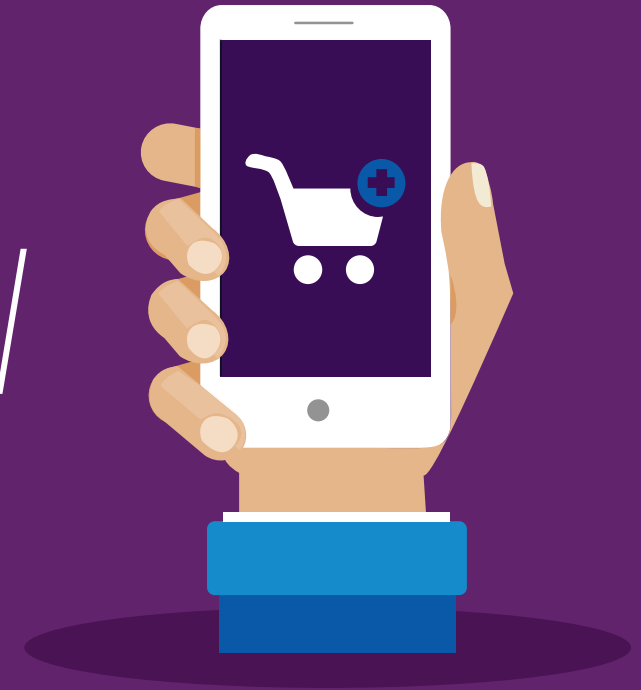
Sources: (a) [From virtual reality to Personalized Experiences: Alibaba Is Bringing Us The Future Of Retail This Singles Day, Alibaba's New Payments Concept Lets Virtual Reality Shoppers Pay by Nodding.](#)
(b) [What Pokemon Go's Success Means for the Future of Augmented Reality.](#)





Trend 2:

Mobile shopping
continues to grow



It's no surprise that online shopping has continued to grow rapidly over the last few years, however, **mobile commerce has recently seen an incredible surge^(a)**.

Smartphones play a vital role in the overall online shopping experience as shoppers can now use their mobile devices for all aspects of the path to purchase.

KPMG's Global Consumer & Retail practice's 2017 survey of 18,000+ consumers, "The truth about online consumers," shows that only 23 percent of consumers prefer visiting shops, while the rest prefer to shop online.

Source: (a) [One-click checkouts and pay-by-selfie: the rise of mobile commerce.](#)
(b) [The truth about online consumers.](#)

Mobile shopping continues to grow

The average person checks their device 85 times a day, spending a total of five hours browsing the web and using apps. This equates to around a third of the time a person is awake, and is twice as often as many people even realize^(a).

E-commerce has been steadily on the rise in recent years, but it may not be the next true frontier for shopping as m-commerce continues to become more popular. Mobile-first sites, dedicated apps, emerging payment methods and other tools are making shopping on smartphones much easier. Today m-commerce accounts for nearly one-third of online retail sales in the US^(b).

An eMarketer report shows that in 2016 global mobile sales made up 34 percent of all e-commerce transactions around the world, and it's predicted to grow 31 percent in 2017^(c).

Too few retailers have a solid mobile presence today; however, a report from the Internet Advertising Bureau shows that, 41 percent of retailers plan to have a transactional mobile site or application in place within the next year^(d). Most importantly, retailers need to make all aspects of mobile transactions easy—from payment to delivery.



Case studies

Starbucks

Starbucks offers much more than just a coffee menu. The Starbucks app allows you to view the menu, pre-order and pay for your coffee via the app. Further, you can make payments in store with just the app. And it is linked to your Starbucks loyalty card, so you never need anything other than your phone.

The app also has a drink builder, store locator, QR code scanner and gives you access to the Starbucks Digital Network which offers free access to music and e-books^(e).

Ollie Quinn

Ollie Quinn sells stylish and unique prescription glasses in the UK at a price of £98 (US\$126). Their sales associates work from their smartphones to communicate with other shops about stock availability and customer queries.

They book appointments, take payments, and communicate during and after the sale with the customer – smartphone to smartphone. They offer a seamless experience with highly-rated customer service by using smartphones the way their customers do in real life^(f).

- Sources: (a) [How often do YOU check your phone?](#)
(b) [Mobile commerce is now 30 percent of all U.S. e-commerce](#)
(c) [Worldwide retail ecommerce sales: The eMarketer forecast for 2016](#)
(d) [New research shows that consumers are moving faster than retailers towards mobile internet](#)
(e) [Starbucks website](#)
(f) [Independent brand launches with seven dedicated stores in the UK](#)





Trend 3:

Creating a
meaningful
experience is crucial



In a world where digital is all-consuming, consumers have access to nearly unlimited information and alternative options.

In order to differentiate and be the winning choice to a customer, **many retailers are trying to provide shoppers with a meaningful experience whether that be online, in-store or a combination of the two.**

Gartner's customer experience report suggests that in 2017, 89 percent of marketing leaders expect customer experience to be their primary basis for competitive differentiation.

Creating a meaningful experience is crucial

Customers today are increasingly savvy and can use the power of transparency to help them choose between a variety of options. These options may have varying levels of customer service from poor to excellent. If a customer doesn't have a positive experience with one retailer, they will likely simply switch to another. This is posing great threat to retailers as brand loyalty decreases and switching increases.

In order to drive loyalty as well as repeat customers, retailers are now focusing on the whole customer experience from the moment they consider a purchase through to the after-sales service. Retailers have started to understand the importance of curating the whole experience.

Furthermore, digital convergence has the potential to transform the customer experience – a glowing opportunity for retailers to set themselves apart. In the next few years, interaction with a variety of technologies such as bots is expected to reinvent the customer experience.

Retailers that are performing well have connected their physical and digital presence to deliver an enhanced customer experience. A seamless hand off between and among technologies, and in-store during single and multiple journeys is becoming a must as customers come to expect a 'phygital' experience.



Case studies

Lost My Name

Lost My Name is a digital publishing start-up company. It sells personalized children's books designed specially for individual children.

CEO, Asi Sharabi believes that connecting the online and offline customer experience is critical in order to deliver a unified customer experience. To build, preview and order your customized book simply takes four clicks (and all of 30 seconds). By your fifth click, your personalized book is sitting in your basket ready for check out^(a).

Monsoon Accessorize

Monsoon Accessorize has achieved in-store personalization by arming store staff with iPads to transform them into personal assistants.

The iPads give staff access to live stock information and product pages with recommendations so they can promote alternative or complementary items. The initiative has increased average order values by 133 percent.

Monsoon Accessorize has taken personalization further through its e-receipts, which send additional targeted product recommendations and offers to the customer post-purchase^(b).

Sources: (a) [Lost My Name creates a personalized children's book best-seller.](#)
(b) [Monsoon Accessorize using multichannel data to enhance customer offers.](#)





Trend 4:

Personalization
is the future
of retail



Most recently, **retailers have begun to discover the power of personalization**. The latest technologies are enabling retailers to rise to the challenge and meet the expectations of the modern shopper while gaining an edge over their competitors.

Consumer expectations of personalization are on the rise too, with a recent Retail Assist Global Retail survey revealing that 77 percent of consumers expect an offering of products and offers that appeal to their personal tastes^(a).

Source: (a) [Personalisation in Retail](#).

Personalization is the future of retail

As more brands seek to connect with consumers on an emotional level, retailers are using personalization to engage with the consumer on a more intimate level. This provides a customer experience that strengthens the relationship between the brand and the individual consumer.

Personalization can bring more value to a customer as they receive a more targeted experience. Personalizing the shopping experience also drives repeat business. KPMG's recent survey of 18,000+ consumers (The truth about online consumers, January 2017) found that customized promotions, exclusive member offers and customer recognition across channels were among the top ten drivers of customer loyalty^(a).

This year the industry should continue to see retailers leveraging personalization in order to bring together all digital and physical channels. This will likely create a true omni-channel customer experience.

It is clear that personalization is the future of retail, and the latest technologies are enabling retailers to rise to the personalization challenge. Industries, not limited to retail, are all experiencing increased pressure to provide something that simply cannot be reproduced online.



Birchbox

Birchbox started as a cosmetics subscription service. When customers sign up they fill out an online questionnaire which allows Birchbox to choose personalized products based on their individual skin and hair type, age and other factors.

Each month Birchbox reviews customers' characteristics and assembles a personalized box of cosmetic samples^(b).

Not On The High Street

Not On The High Street was founded 10 years ago on the idea of bringing together unique, stylish products that are hard to find anywhere else. Today, 5,000 of the UK's best small creative businesses have joined the Not On The High Street platform to sell their creations online.

The website sells nearly everything from, thoughtful gifts, original homeware, unforgettable experiences and more. What makes the website different is that many of the products from Not On The High Street can be personalized^(c).

Case studies

- Sources: (a) [The truth about online consumers.](#)
(b) [Birchbox: using data for personalized discovery.](#)
(c) [Not on the High Street website.](#)





Trend 5:

Attracting & retaining
talent is critical



The digital revolution is forcing the retail industry into a time of unparalleled change.

The need to attract, retain and develop a workforce that meets the evolving needs of this marketplace is more critical than ever.

Retailers are now looking for talent from non-traditional backgrounds in order to obtain a variety of different skills.

Many retailers now have relationships with a variety of different universities in order to hire top talent. However, retaining this talent is equally essential.

Attracting & retaining talent is critical

As retail continues its rapid transformation, efforts to find and keep the right employees must change right along with it. It's not just that the people are different; technology has ensured that the jobs are too.

As a result of this shift, employers need to put a greater emphasis on attraction and retention efforts in order to hire and keep top employees.

Equally, associates in store need to be upskilled and provided with substantial training and the right tools.

The first step in bringing in quality employees and holding on to the ones you already have is understanding the changing expectations of associates. Successful employers invest in ensuring there is no disconnect between what their employees actually want from their jobs, and what they believe they want.

The stronger the retailers' talent pool, the stronger their performance in the retail market. This is why, retailers are investing in the candidate experience to attract the top talent.



Case studies

McDonald's

McDonald's has a robust education program to attract and retain their employees. The program focuses on training and development at all levels so that no matter their position, employees have the chance to succeed in their existing role and/or transition and grow into a new role in the company.

McDonald's even has its own university - Hamburger University. As its training and development hub, Hamburger University is the company's global center of excellence for operations training and leadership development^(a).

Harrods

Harrods has implemented strategies to keep its talented Retail Managers as well. It has found that employees who develop within the company tend to stay. Another vital part of retention for Harrods involves identifying the 'DNA' (key factors) of great sales people. It then matches applicants to these factors.

To reduce employee turnover Harrods has revamped its management structure, improved benefits and created employee incentive initiatives.

Harrods also has systems to improve employee communications so that it can listen to feedback and address concerns^(b).

Sources: (a) [McDonald's website](#)
(b) [Developing a career path in retail - A Harrods case study.](#)



Top 10 lessons for retailers

01



Every decision should be **customer centric**. A successful business likely focuses on the consumer and puts them first.

02



Include **mobile commerce in your strategy** in order to serve consumers where they are. Smartphones will become many customers' primary shopping tool. Retailers who don't get this right will likely be left behind.

03



Offer personalization. Not only is it valuable to the consumer, but today's consumers typically expect it and can easily find a competitor that offers it if you don't.

04



Offer a differentiated service or product that will make consumers come back. Attracting repeat customers in a market with so many alternatives is crucial.

05



Make sure your **customer experience is meaningful**. Use technology and data to create a differentiated experience that makes customers come back for more.

06



Look into how **augmented and virtual realities** can help you drive business. The first movers and fast followers may take significant share.

07



Understand how you can maximize your data. Data is only useful when turned into **insight**. Leading retailers can be expected to use predictive analytics to interact with and serve customers in ways we have not yet imagined.

08



Attracting **new pools of talent** with a variety of skills is vital for today's fast moving market.

09



Retaining talent is as important as attracting talent. Upskilling existing employees and offering new opportunities could help to retain top talent.

10



'It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.' – **Charles Darwin**



“

There needs to be a true stepping back and understanding of today's consumer and retail realities. Companies need to become completely customer-centric and have the latest technologies and analytical tools at their disposal. No stone should be left unturned as they pursue this strategy.

”

Willy Kruh

Global Chair, Consumer & Retail
KPMG International



© 2017 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.



Contacts



Willy Kruh

Global Chair

**Consumer & Retail
KPMG International**

T: +1 416 777 8710

E: wkruh@kpmg.ca



Dan Coonan

Director

**Global Consumer & Retail
KPMG International**

T: +1 212 758 9700

E: danielcoonan@kpmg.com



Devika Devani

Assistant Manager

**Global Consumer & Retail
KPMG International**

T: +44 (0)7918 360476

E: dev.devani@kpmg.co.uk

Additional publications



[2016 Global Consumer Executive Top of Mind Survey](#)



[The Truth About Online Consumers - 2017 Global Online Consumer Report](#)



[ConsumerCurrents 22](#)



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. CREATE: CRT077664H.