



Retail Trends and Predictions 2019

A look at what's in store for retailers in 2019 and beyond.



Vend's Retail Trends and Predictions for 2019

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2019 is here, and if you're in retail you're likely wondering what the next 12 months will bring.

What must merchants do to win? Will the retail industry prosper and thrive? To help answer these questions, we've put together a handful of trends and predictions that we think retailers should pay close attention to in the coming months.

Let's have a look.

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01

Retailers will **NEED** to invest more in their workforce

2019 will be a tough year for companies that underpay and overwork their employees. The retail employment landscape is shifting; hiring is on the rise, and [the labor market is tighter and much more competitive](#).

Then there's the fact that the role of a retail associate calls for more than just sales and store admin. These days, retail associates must evolve from being "salespeople" to consultants and experts.

This [TIME article](#) said it best: the retail worker of the future is "cool, charismatic, and better paid."

It's good to have the in-store technology and other bells and whistles, but don't lose sight of the fact that your front-line employees are the biggest and most important creators of the in-store experience. Because of this, investing in the development of your employees is necessary.

"In 2019, efforts focused on customer personalization will include the professional development of retail employees," says Chris Guillot, Founder of [Merchant Method](#).



“Employee development is an effective and profitable complement to data-focused initiatives. Yet training on customer empathy, genuine engagement, and emotional intelligence are areas that haven’t been updated or taught enough.”

She adds that, “customer needs are dynamic and in order to meet those changing needs, retailers need engaging employees at all levels of the organization, especially in the field and on the sales floor.”

Any retailer that wants to stay competitive needs to step up their game when it comes to staff hiring and development. It’s no longer enough to train employees on your products and store policies — these things are just the bare minimum. You also need to train them to relate better to shoppers. Your associates should have the ability to connect with customers in a memorable way.

“Retailers that win won’t rely on the latest technological advancements, distribution models, or assortment strategies. They will win by delivering a meaningful human interaction that gives consumers confidence in what to buy. This requires an increased responsibility in hiring, training, and empowering sales associates to put the customer interaction first.”

Nick Stagge, VP Marketing, **ExpertVoice**

Artificial intelligence will help retailers stay competitive

Retailers will increasingly rely on artificial intelligence. Big Data, machine learning, and AI-powered “assistants,” which were once reserved for larger enterprises, can now be leveraged by businesses of all sizes — and that’s great news.

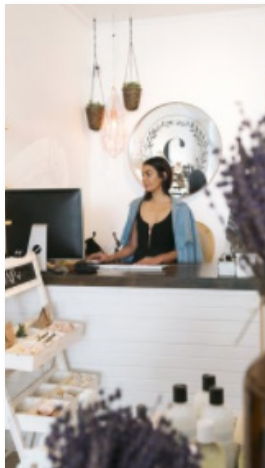
Someone running an online store, for example, can leverage Google Analytics’ [Automated Insights](#), a feature that combs through a website’s data to surface meaningful recommendations and tips.

This means that as a store owner, you no longer have to sift through your website’s metrics to figure out which products are going to be popular next season or where you should advertise — Google’s Automated Insights can do that for you.

Similar technologies are also available in the brick-and-mortar realm. Consider [Dott](#), an AI-powered retail assistant that gives you personalized advice based on your POS data. Dott learns about your business by understanding how you use the Vend Platform and by analyzing sales, product, customer and inventory information in real-time. It then makes personalized suggestions on

what you should do next to grow your business.

These AI technologies can save you time and remove the guesswork out of decision-making. That's why if you haven't done so yet, spend some time in 2019 looking into AI and figuring out if and how it can help your business.



You may be losing out on repeat business. In the last month, only 14% of sales included customer details.

If you really want to engage customers and bring them back in-store, the first step is capturing their details at the counter.

[Find Out More](#)  [Not Now...](#)

DOTT USES AI TO HELP YOU IMPROVE YOUR BUSINESS

03

Retailers that offer compelling in-store experiences will flourish

In many ways, retail stores are no longer about “location, location, location”; they’re about “experience, experience, experience.”

People don’t flock to retail locations because it’s convenient (some still do, but because of ecommerce, “convenience” usually means shopping online). Modern consumers make the effort to head to retail shops because of the experience they get in the store.

Some do it because they crave the social component of shopping. Others do it because they love the excitement of treasure hunts and product discovery. Then are those who want to touch and feel items for themselves.

Retailers need to be attuned to the reasons why their customers shop offline, and then design their stores to fit those needs.

The “right” customer experience strategy will depend on your products, your store, and your shoppers. It’s essential that you know all three like the back of your hand so you can come up with the best offerings possible.

But to give you a better idea, [here are some of the common experiences that keep people coming back](#):



- Treasure hunts (e.g., discovering a cool product or an amazing deal)
- Face to face customer service (e.g., having knowledgeable associates explain products)
- Constant reinvention (e.g., coming to a store and finding new things or experiences)
- Community (e.g., attending classes or events)
- Product-building (e.g., personalizing items, building products or purchase bundles)
- Services (e.g., coming in for a makeover or personal shopping advice)
- Retailtainment (e.g., finding attractions or entertaining experiences)

04

Small-format stores will be much more productive

Small format stores that carry little to no inventory will continue to emerge. Take Nordstrom, which recently expanded Nordstrom Local, the company's smaller format stores for online order pick up, onsite alterations, returns, personal styling services.

Nordstrom isn't the only retailer reducing the size of their stores. Barbara Thau [points out on Forbes](#) that a wide range of retailers including Target, Kohl's, Sephora, and Whole Foods are also getting in on the small format trend.

Why the move towards smaller shops? One big factor is consumer behavior. The internet doesn't just enable shoppers to browse and buy using their phones or computers, advancements in the supply chain also make it possible for retailers to fulfill orders quickly and efficiently.

Because of this, it no longer makes sense to establish larger-than-life stores that stock countless merchandise and SKUs. These days, retail stores can be more productive with smaller formats that carry curated products and/or offer services.

As Chris Petersen, CEO of Integrated Marketing Solutions notes, the “more is better” mentality when it comes to products doesn’t work anymore. According to him, the retailers that seem to be winning lately are the ones that curate assortments.

“What that means,” [he says](#), “is carefully selecting the top styles, showing the top models, or offering a showcase of ‘good, better, best’ instead of trying to stock every color or every single SKU.”

Additionally, modern retail stores aren’t just about “stuff” anymore — they’re about services, convenience, and experiences. Smaller format stores make it easier to implement these things because they enable retailers to be more nimble when it comes to reinventing themselves and adapting to the needs of consumers.

“Small is the new black, also the new big. Retail giants will continue to open stores with smaller footprints or a rotate fun pop-up shops on their sales floors to keep them current and interesting.

People still crave great service, so we’ll see customer service go back to its roots — even shoppers who love everything high tech still want to talk with knowledgeable store associates who can help them make the right decision. AI may be able to recommend items that go together, but it can’t create a look that suits your unique style as well as a human being can. It’s still about the in-store experience, and it will be until retailers get it right.”

Rich Kizer & Georganne Bender, Consumer Anthropologists,
Speakers, Authors and Consultants

Choice and flexibility — particularly at the last mile — will be more important than ever

According to PSFK, “82% of consumers say that they are more likely or much more likely to purchase for a brand that offers multiple delivery options.”

This should come as no surprise, as we already know that shoppers have higher demands than ever, particularly when it comes to order fulfillment. Things like free 2-day shipping, same day delivery, and in-store pickup are becoming table stakes, and retailers need to keep up.

Take a look at your existing fulfillment practices, and determine if they’re actually fulfilling the needs (or rather, wants) of your customers. Do your shipping and delivery options fit within the lifestyle and shopping habits of your shoppers? If not, what can you do to improve?

Very few retailers have the warehousing and supply chain capabilities of Amazon or Walmart, but with the right strategies, technologies, and partnerships, you too could offer services such as same-day delivery to your customers.

Consider Grain & Vine, a boutique wine and spirits store in New York. Aside from selling through its physical store and website, Grain & Vine also offers same day delivery through apps such as Postmates, Minibar, and Drizly.

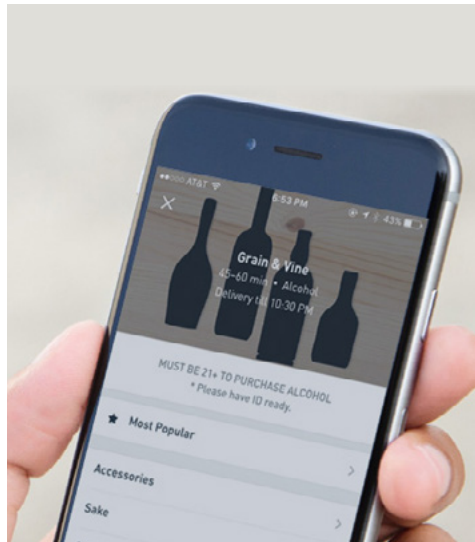
How do they juggle their POS, ecommerce, and delivery apps? Two words: tight integrations. Grain & Vine takes advantage of the solid integration between Shopify and Vend to ensure that they're able to stay on top of sales and inventory.

The two systems can “talk” to each other and share data in real-time so when orders come in, Grain & Vine’s inventory is synced across its physical and digital stores. As for the different delivery apps, Grain & Vine use an XML file to sync their inventory with the apps.

“We’ve created an XML file that constantly pings our Shopify platform for inventory updates,” [explains owner Michael Nagdimunov](#).

“Because Shopify and Vend integrate almost natively, both inventories are always in sync. Those XML files are then being sent to our providers [i.e. delivery apps] and they, in turn, have constant access to updated inventory. That way, we’re never in a situation where they sell something we don’t carry.”

If you’re going to connect different platforms, take a leaf out of Grain & Vine’s playbook, and choose platforms with tight integrations. To make things easier, go for solutions with existing integrations, so you won’t have to develop one yourself.



Virtual assistants and voice search will play a bigger role in the consumer journey

We are moving towards a more voice-centric world, and retailers need to prepare.

More and more people are using voice technologies and assistants like Alexa, Siri, and Cortana as they go about their day. From looking up weather information to getting directions to a neighborhood store, these devices are becoming integral to the lives of modern consumers.

As a retailer, we recommend that you keep an eye on these technologies and determine if it makes sense to include voice search in your strategy.

Retailers such as Target clearly see the opportunity in voice technology. In 2017, the retailer teamed with Google to enable shoppers to buy from Target using their Google Assistant. The companies took things a step further in 2018, when Google [issued the first voice-activated coupon for Target orders](#).

Voice search and virtual assistants aren't just for the big guys though. A targeted and well thought out voice search strategy can be beneficial for small and medium retailers as well.

For example, brick and mortar stores could optimize their listings for voice search to ensure that they show up whenever someone nearby searches for their store or products. Meanwhile, online merchants can create content that answers common questions asked through voice assistants.

No matter how you decide to use voice search and voice assistants, one thing is clear: these technologies are here to stay.

“There are some estimates that by the end of 2019, some 50% of households will have a smart speaker, so expect the hardware to be big gift items. Related to that is how consumers will use them to compile gift lists, research items, search and order goods. Shopping via Voice (Alexa, Google Assistant, Siri, etc.) has been very minimal, but I think that consumers will at least be trying to utilize these over the holiday season in increasing ways. They may not say “buy,” at least not yet, but they will be accessing recipes, instructions, directions to stores and any number of things related to retail.

The trick for retailers and brands will be to pay attention and listen to what this data tells them about how customers are utilizing Voice technology and use that information to strategize throughout 2019 into the next holiday season.”

Laura Heller, Director of External Communications at **Performics**

Back office solutions and innovations will be at the forefront for many retailers

The backend of your retail operations may not be as sexy as customer-facing initiatives, but in 2019, you will need to invest in your back office in order to thrive.

“No longer are the front-facing, more obvious details of retail the ones that matter most. Instead, it’s the behind the scenes players that are truly driving efficiency and results in commerce,” says Nicole Reyhle Founder at [Retail Minded](#).

“From warehouse operations to inventory management to more effective logistics to enhanced customer service and more, consumers are demanding more efficient, more personalized expectations from merchants than ever before. Retailers must embrace these realities of customer preferences in order to truly thrive in 2019 and beyond — with a core focus on welcoming technology to help make more proactive decisions in all aspects of their retail operations.”

So, how can retailers improve their back office operations? You can start by evaluating your processes and technologies to identify areas for

improvement. Specifically, are there any inefficient tasks or steps that are preventing you from providing the best customer experience possible?

For instance, if you're unable to offer a seamless shopping experience between your ecommerce site and brick-and-mortar store, then perhaps it's time to integrate your online and offline systems.

[Consider the case of Bergstrom Originals](#), a Canadian lifestyle brand and women's clothing line. Bergstrom Originals initially operated their online and offline stores separately — they ran a Shopify site and then used spreadsheets and paper receipt book logs to track their inventory.

But as the business grew, Christina Bergstrom, the owner of the company knew that they would need to upgrade their system. That's when they decided to use Vend POS and integrate it with their Shopify store.

This move allowed Bergstrom Originals to toss their ineffective and time-consuming spreadsheet system and instead move to the cloud, where they've been able to centralize and streamline their operations.

The result? Bergstrom Originals can now smoothly track and manage stock across multiple channels, saving valuable time and reducing human error.



“At a broad level, I think 2019 will be a year of both accelerated experimentation and increased integration.

Retailers remain keen to try and test new formats, technologies, concepts, and ways of doing business. 2018 has been a year of great innovation, and that pace will increase as we move into 2019.

However, retailers are also now at the stage where they want to connect different parts of the business, so they are integrating technology to make experiences and processes as smooth and consistent as possible. In effect, technology is becoming ambient and is playing a much bigger role, even in traditional channels like stores.

2019 will be the year when retailers start focusing much more on creating truly seamless experiences. And in the process, they will need to flex and change existing business models.”

Neil Saunders, Managing Director & Retail Analyst at **GlobalData Retail**



Emerging payment options such as mobile and buy now, pay later will gain traction

The process of ringing up sales continues to be a critical component of brick and mortar retail, and like most things in the industry, the checkout process is evolving. Emerging payment options such as mobile payments and “buy now, pay later” services will likely gain more traction this coming year.

It may behoove you to explore these options, particularly if you cater to younger shoppers — i.e., millennials and Generation Z. If your customers want to pay using their mobile device or if they’re looking for more flexible payment options, then look into the different payment types you can offer.

In addition to providing a better service, adopting faster and more flexible payment options can boost your sales and growth. [Research has shown](#) that fast-growing companies are more likely to accept mobile payments, compared to slow-growth ones.

And when it comes to “buy now, pay later,” it’s been found that businesses that allow customers to pay in installments see a boost in basket values.

Billy Parry, Head of Sales – SMB at Afterpay, says that “retailers that have Afterpay in-store see higher average order values than what they see with Afterpay online. Giving your customers the option to pay for their purchase over time means they can buy more of what they want while being able to budget.”

Geopolitical & economic factors will keep retailers on their toes

Geopolitical and economic events will keep retailers on their toes in 2019.

In the US, for example, many retailers are worried about how tariffs will impact the sector. [According to eMarketer](#), the additional fees on goods from China could raise production costs for merchants, thus slowing down growth among merchants who can't absorb the costs.

Meanwhile, there's the issue of Brexit in the UK. [Vend's own research](#) has shown that a quarter of small retail businesses in the UK are feeling fearful of Brexit.

And in Vend's conversations with UK retailers, we've found that many merchants are taking steps to prepare for Brexit.

Yaw Djang, co-founder of Manchester based home and giftware store Oklahoma, says, "we're determined to take measures into our own hands and make the most of the Brexit situation. One angle we're looking at is manufacturing our own products here in the UK, so we're less reliant on the

external supply chain. The UK independent scene has a lot to be proud of, and taking preparational measures like this will guarantee our future.”

The geopolitical landscape can be incredibly complex and it's difficult to predict the specific effects that it will have in the retail industry. But it's important to keep a close eye on these events in order to anticipate and prepare for any changes that could hit your business.



10

Sustainability will be a major focus for many

Last year, we predicted that retailers will put a bigger focus on sustainable practices. This prediction proved to be correct, particularly in the fashion industry. [The 2018 Pulse of The Fashion Industry report](#) found that when it comes to sustainability, “75% of fashion companies improved their score in 2017 compared to 2016, raising the pulse of the industry by six points.”

This year, we’re predicting more retailers will invest in sustainability. As issues like global warming become bigger threats, consumers will undoubtedly become more mindful of their purchases and will choose to align themselves with businesses that support their values.

There’s also the growing number of cities and countries joining the movement to ban or heavily tax single-use plastic bags. [Forbes reports](#) that in the United States, “Hawaii and California have statewide plastic bag bans, with several

other cities having either mandatory recycling programs, taxes on plastic bag use, etc.”

In the UK, supermarket plastic bag usage has fallen by 86% in 2018 and there are now campaigns “calling for charges on plastic bottles and disposable coffee cups in the hope of producing a similar effect.”

Similarly, Australia has also taken action against single-use plastic bags. In 2018, Australian retailers started banning them in supermarkets and other large retail stores.

As such, merchants will improve on their practices to ensure that they’re packing, selling, and delivering products in ways that aren’t harmful to the environment or to society. From ethically sourcing goods and materials to using sustainable product packaging, we can expect this trend to continue.



Retailers will turn to new metrics to gauge performance

Modern shopping behaviors — e.g., the practice of trying on products offline and purchasing online — are blurring the lines between online and offline retail.

If you're selling on multiple channels, you can bet that your presence on one channel would influence sales and brand perception in another.

A Forbes contributor Steve Dennis [points out](#):

“For retailers that put a premium on creating a harmonized experience across channels, e-commerce is a sales channel, but it is also a major complement to the stores, and vice versa. It is therefore not surprising to discover that many brands that have shuttered stores have seen their e-commerce get worse in the trade areas once served by a closed location.

Because of this, traditional metrics such as sales per square foot or sales per location don't provide the full picture of the retailer's performance. As we move towards a more omnichannel world, it's important that you figure how to measure your efforts across physical and digital channels.

One way to do this is to measure any increase in online sales where you have

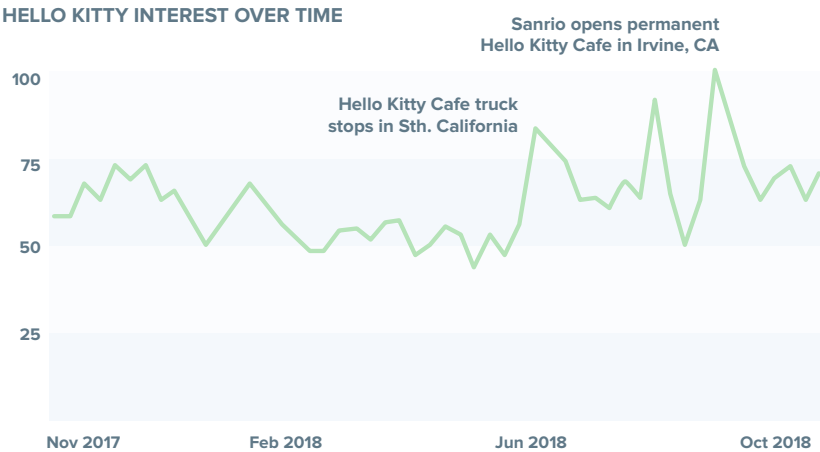
a physical location. Look at your ecommerce analytics and see how much traffic or revenues are generated from locations where you have a brick-and-mortar presence.

Let's say you just opened a new store in Austin, TX. You can measure the impact of your store on ecommerce by looking at web traffic and sales from users in relevant zip codes (i.e., zip codes in Austin and surrounding areas.)

Looking at online search lift could also be insightful. Tools such as Google Analytics and [Google Trends](#) can help you measure brand searches in specific locations. If you have a pop-up store or event in a specific city, for instance, then you could keep an eye on your branded searches in that location to see the impact of your brick-and-mortar initiatives.



HELLO KITTY INTEREST OVER TIME



Here’s a concrete example. When Sanrio opened the Hello Kitty Grand Cafe in Irvine, CA back in September, brand searches for “Hello Kitty” in Southern California saw a 12-month high on that same month.

HELLO KITTY SEARCHES BY LOCATION

1. Torrance	100
2. Santa Ana	88
3. Irvine	86
4. Chula Vista	85
5. Long Beach	68

Moreover, Irvine and neighboring cities became among the top locations in which “Hello Kitty” searches were most popular. The rise in search popularity coincide with the opening of Hello Kitty’s cafes, which goes to show just how impactful physical locations can be on a brand’s online presence.

“The convergence of physical and digital retail is accelerating. These digital-first players are showing the way in retail, such as Amazon Go, Glossier’s new flagship, Alibaba’s HEMA and JD’s 7FRESH stores.

These all have the ability to turn their digital advantage into a physical one by taking everything they’ve learned about the way customers shop their ranges, categories and stores online and translating it into a physical experience that puts the fun before the functional aspects of a physical shopping trip.

The difference here is data - data that allows them to know more about their customers and their wants and needs - that traditional retailers often either don’t have or prize highly enough to make available as a single, consolidated resource available business-wide.”

Miya Knights, Head of Industry Insight, [Eagle Eye Solutions](#)

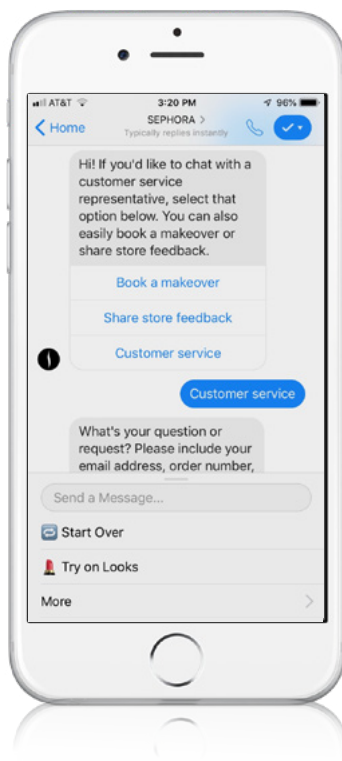


Mobile messaging will give many retailers a competitive advantage

Mobile messaging adoption has seen an upward trajectory in the last several years and it won't slow down anytime soon. Mobile phone messaging app users are [expected to increase](#) from 2.01 billion in 2018 to 2.18 billion in 2019 and up to 2.48 billion in 2021.

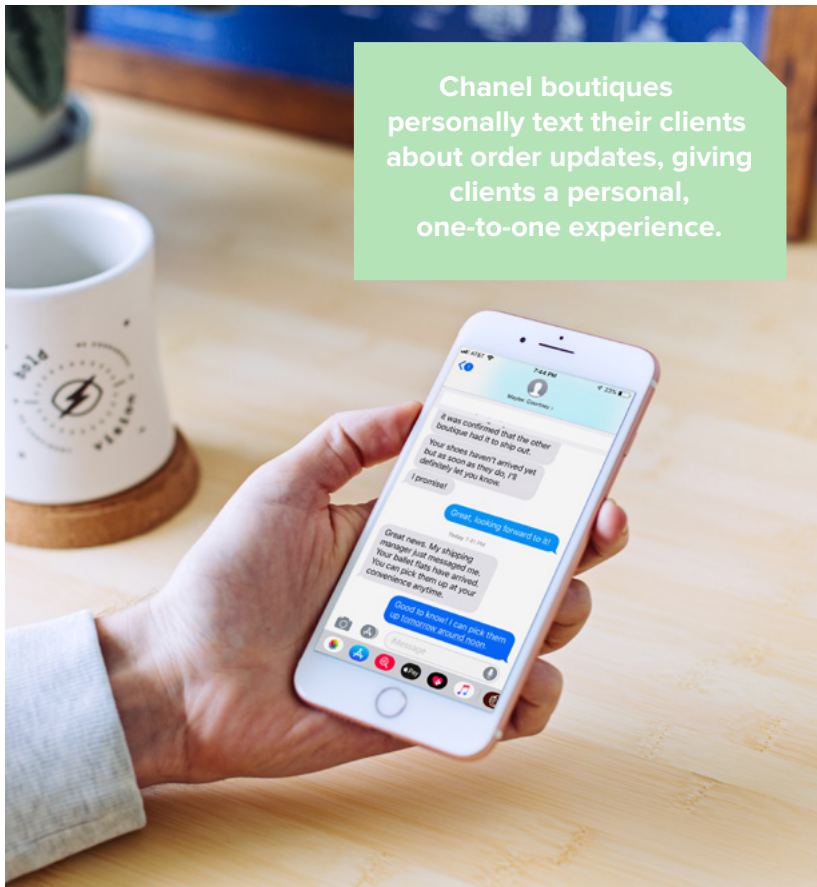
We can expect consumers to rely more on instant messaging and texting, so if you're looking for a better way to reach your customers, then mobile could be just the channel that you need.

When used correctly, instant messaging apps such as Facebook Messenger can be effective tools in addressing customer questions and sending product updates. Sephora customers, for instance, can use



Facebook Messenger to book a makeover, share feedback, and connect to a customer service rep.

Do note that mobile messaging isn't just about apps. Retailers can also use SMS to touch base with shoppers. At a number of Chanel boutiques, for example, associates personally text their clients about order updates. These messages typically come from the associate's direct line, giving clients a personal and one-to-one experience.



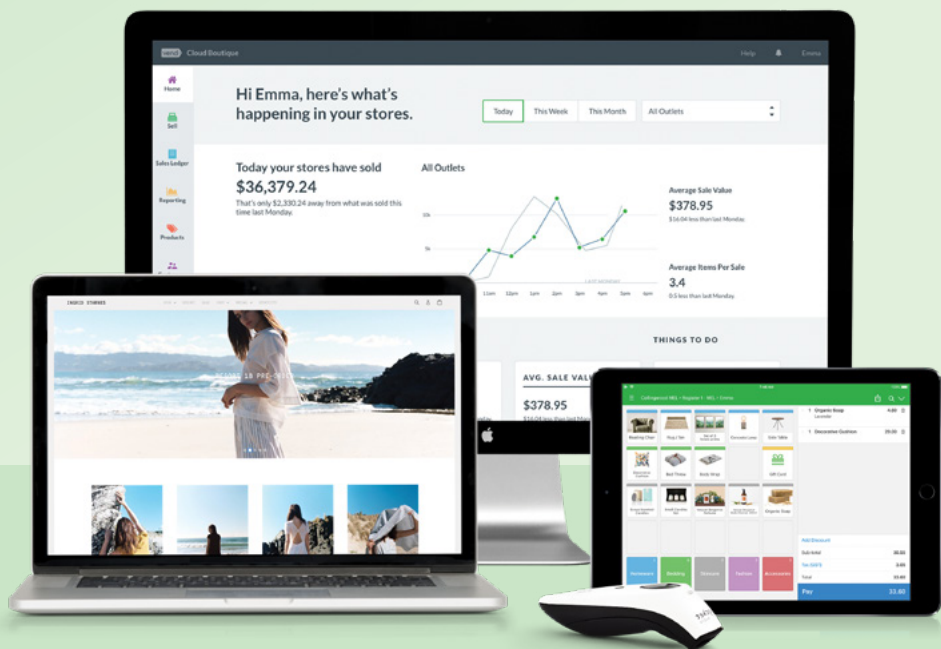
Bottom line

Self-development author and speaker Brian Tracy famously said, “In a time of rapid change, standing still is the most dangerous course of action.”

Those words are more relatable than ever, especially in the retail industry. The landscape is evolving, and your survival depends on how well you adapt. We hope the predictions in this piece point you in the right direction and give you ideas on what you need to change in your business and how to get there.

Is your retail business ready for the future?

Let Vend help. Learn more about our POS, inventory management, ecommerce & customer loyalty software or try it for free today.



About Vend

Vend is a cloud-based retail software platform that enables retailers to accept payments, manage their inventories, reward customer loyalty and garner insights into their business in real time. Vend is simple to set up, works with a wide range of point of sale devices and operates on any web-capable device with a browser.

Whether it's simplifying the inventory process, cutting 30 minutes from their end-of-day bookkeeping or making it simpler for them to sell their products on multiple channels, Vend's mission is to make retailers' lives easier.

With Vend, retailers are able to focus less on transaction and inventory concerns and more on creating that relationship with their customers. Vend aims to empower merchants by putting the right data and tools into retailers' hands and enabling them to do things themselves – and succeed.

Interested in learning more? **Get in touch** with us or learn more at: www.vendhq.com