

Jonckers, home of WordsOnline, Presents

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# Retail Evolution

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**Fixed Retail Outlets Need to Adapt to the Online World, or Die**



# INTRODUCTION

Join us on the evolution trail, which has led to online shopping as we (think we) know it.

Discover the evolution in the e-commerce industry. Understand the economics, disruptors, shopping habits and key triggers for change, enabling you to knowledgeably plan your company's survival.

Key Takeaways:

- Understand at which points physical 'bricks and mortar' businesses are likely to go bust
- Assemble information for a business plan to drive your online e-commerce ambitions
- Understand your target audiences' shopping preferences and trends

I want you to be able to address what it takes to survive e-commerce in the post-Corona lock-down period and how you can take steps now to drive efficient e-commerce growth.

*Nicola Meinders*

Global Marketing Manager, Jonckers, home of WordsOnline





"Ecommerce will continue to evolve, and retailers who want to remain successful will have to follow, or even lead, these evolutions."

Ovum



# Retail Evolution



Humans really, really like commerce. We've been trading with each other since the dawn of civilization 300,000 years ago [1]. But as our societies have evolved, so has the form of our trading. Small trades between tribes or individuals gave way to traders heading out to far lands to bring back rare goods to their cities. This led to empires and trading companies and eventually to the multinational corporations we have today.

Retail has also evolved along with trade [2]. At first there was barter often using domestic animals as a sort of currency. Then, around 3000 BC, currency was invented in Mesopotamia. Markets were the next step, popping up in most ancient cities around the world. Craftspeople also started to have their own shops to sell their wares outside of market days. In Rome there was a fixed market in the Forum, often considered the first permanent retail shop front. Markets continued to become bigger and more regular.

# Opportunities evolve

Fixed retail shops selling a variety of goods started to become common in Europe only in the 17<sup>th</sup> century. Over the next several hundred years, shops became more customer friendly and attractive, moving from serving a need to enticing people to buy. Fixed arcades (covered shopping streets) appeared in the late 18<sup>th</sup> century, followed by department stores in the late 19<sup>th</sup>, grocery stores in the 1920s, shopping malls in the 1950s and big boxes in the 1960s.

Shopping at a distance evolved alongside retail. Catalogue shopping for books and seeds dates all the way back to the 15<sup>th</sup> century. It really took off in the 19<sup>th</sup> century with mail order catalogues making goods available to those who lived far from the shops, who were looking for specific goods or who just liked the convenience.

Alongside these evolutions, came one in how we pay for things. Just as animals made way for coins and then paper money, physical currency gave way to electronic money and credit cards.



Source: Business2community.com

# Humble beginnings of Online Trade

All of these related evolutionary processes – international supply chains, large retail shops set up to seduce customers, distance shopping and electronic money – made the ground ripe for further evolution as the age of the internet dawned in the 1990s. Online trade had started in the 1960 with the SABRE system for travel agents [3], but as the internet moved into the public, ecommerce began to grow almost immediately. In 1994, Pizza Hut took the first online order [4] and Sting sold his album 'Ten Summoner's Tales' online [5]. The next year, a simple online bookseller called Amazon appeared [6]

At first, online shopping was a niche activity, both in what was offered (generic products) and who was buying (affluent 30+ males). It didn't take long to take off though, with steady growth through the following decades. Some sectors have been seen a higher rise, which has not been good for bricks-and-mortar shops in those areas. It has been found that when online market share reached between 20 and 25%, this meant a 'crushing point' and potential lack of viability for physical stores [7].

Naturally, if you see this as evolution, this is natural. Evolution is not only about growth, it is also about change. Older forms need to adapt to the coming of the new. City markets still exist, but they are now a niche activity in the developed world, a fun alternative to a retail store rather than a daily necessity. Artisan stores exist as well, but generally only for goods exceptional in either speciality or quality. Other forms may not survive. Department stores are closing around the world, taking the shopping malls they often anchored with them or forcing the malls that can to adapt by looking for other ways to attract people to shop.

# We don't like change...



However, change is hard and retailers don't want change any more than any of the rest of us. So much is built into the brick-and-mortar sales model, from inventory to sales staff to customer engagement. Market sellers probably resisted the coming of fixed retail shops, artisans probably resisted the coming of general stores and family stores resisted the coming of the big boxes. But it is generally a bad idea to resist inevitable change.

Ecommerce is inevitable [\[8\]](#). If you look at those gaining market power, the Millennials, those born in the early 1980s to the mid 1990s, the first generation be on the internet as children, you see that they overwhelmingly prefer to shop online [\[9\]](#).

Gen Z, born between the mid 1990s and 2010, have never known a world without internet, and the oldest among them are now becoming adults. They do like to see things in shops, but also prefer online for the convenience [\[10\]](#). As they gain market share, ecommerce will also grow. By the time Generation Alpha, today's children, who were often given smart phones to play with as toddlers, reach adulthood, shopping at physical shops may not resemble anything we know today.

As we see, this inevitability was apparent even before the novel Coronavirus, COVID-19, stuck us all at home for months and accelerated our move to online shopping [\[11\]](#). More people are buying things online that they may never have considered before. For example, online grocery shopping has increased, and those who have come to appreciate the convenience are unlikely to go back.





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Colgate-Palmolive



# The Corona Era

Heather Boyd, Vice President for Global Marketing at delivery management software provider Metapack, states [12]:

*“These people are now being forced to adopt a new way of shopping, and now they’ve got a taste of the ease and convenience of eCommerce, they won’t be quick to return to the physical experience.”*

Heather Boyd, Vice President for Global Marketing at Metapack

Physical shopping may take a hit even when things open up again, as people are likely to be wary of coming together in groups. At the same time, months of closure without relief from fixed costs may be too much of a financial hit for some retailers, who may not be able to continue in their physical locations and may have no choice but to move online.

So, just as a catastrophic event will often speed up evolution, this change is likely to speed up the market share of ecommerce, and the decline of physical stores that are unable to adapt to the acceleration. The key word there is adapt –the age of the retail store may be over [13] but that doesn’t mean that retail stores will completely disappear. They’ll just continue their evolution to a new form.

The key to adapting will be understanding what customers want and are prepared to do. For example, Millennials and Gen Z still like to go to shops to view some products, even if they may place the order online. They like and rely on feedback, social media, pictures and videos [14]. Gen Z is more likely to respond to online advertising [15] but are bargain hunters and not loyal to brands [16]. They need a mobile environment and have no patience for slow connections [17].

Responding to these needs may include integrating physical and online retail to a greater extent (using omnichannels), offering virtual viewing or more click and collect opportunities.

These strategies can also help with one of the biggest problems with online shopping: shipping and returning.

People want them to be free, but they do have usually have a cost to the climate, and to the retailer, especially as people return three times as much [18] of what they buy online to what they buy in the store. In any case, keeping up with current trends [19] and statistics [20] will be key.

It will be important not only to keep up with changes but to embrace the new opportunities that they can present. For example, with an online presence, stores can move beyond their own geographic area, both within their own country, and with appropriate localization services and good customs arrangements, across borders or even globally.

Ecommerce will also continue to evolve, and retailers who want to remain successful will have to follow, or even lead, these evolutions [21]. There may be more pop-up stores. The sharing community may lead to new retail forms and expectations. Some even predict that the rise of autonomous vehicles will lead another retail revolution [22], with self-driving vehicles coming to consumers to show products. Whatever the future brings, those who move with evolution will be more likely to thrive and flourish. For most retailers, that will mean embracing and enhancing their digital presence.



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- *The digital world has more content than ever.*
- *Yet a marketers reach is always restricted, as people only search, read, watch, consume and shop in a language they can understand.*
- *As marketing budgets are limited, businesses must carefully decide in which markets and in which languages they will focus their efforts.*
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- *WordsOnline is the end-to-end localization platform that manages all translations for any type of content, in any language across all media, in the cloud.*
- *It combines Neural Machine Translation and Translation Memory technology with an AI-empowered translation community.*
- *It provides control, transparency and scalability.*
- *Go global faster – to all markets at the same time - by combining the strength of AI cloud platform, Neural Machine Translation and the brains of our global linguistic community*

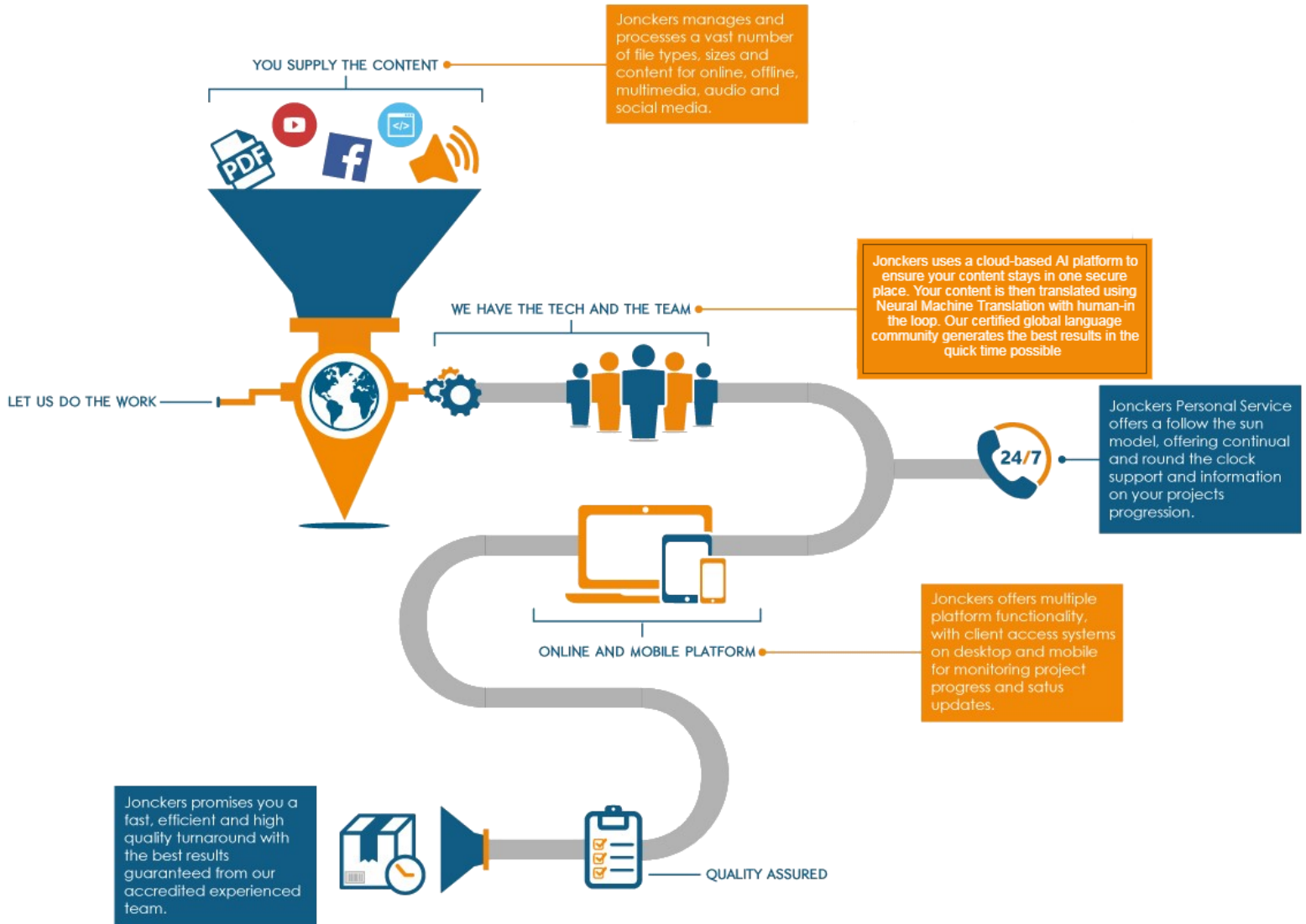


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