

Cultural Enterprises Podcast

Series 3, Episode 1 – Cultural Retail Trends for 2021

Thank you for having me on the podcast, my name is Catherine Erdly and I have 20 years experience in the retail industry. I have worked with some of the biggest names on the high street, as well as hundreds of small and independent retail businesses. I will be exploring the trends that will impact retail in 2021, and exploring how that relates to the cultural and heritage attractions sector.

Many of us will be excited to put 2020 with its unpredictable shopping patterns and lengthy lockdowns, behind us. The impact of the pandemic on retail footfall numbers, as well as on the revenue taken in physical spaces has been dramatic. Unable to operate normally for much of the year, this has been a year that has pushed retailers to their limits. After such a bruising year, retailers will be looking at 2021 as a time to re-group and re-build. But with the country in full lockdown once again, the vaccine rolling out across the year and a large proportion of the population still vulnerable to the virus, it seems unlikely that major shifts in consumer behavior will happen any time soon.

More likely, 2021 will see a continuation of some of the key trends that shaped retail in 2020. From conscious consumerism to the resurgence of the physical store, here's what will be moulding retail in the year to come.

1. The shift online

First up, let's talk about one of the key shifts that we have seen re-shaping the retail industry in 2020 - the move to online shopping.

There is no doubt that online retail emerged as the clear winner in 2020 as consumers looked for ease, convenience, and safer ways to shop. The percentage of shopping that happened online grew to over a third of all retail spend at the height of lockdown. It introduced new customers and demographics to online shopping who had perhaps never used eCommerce before.

Kyle Monk, Director of Retail Insights and Analytics at the British Retail Consortium, said: "2020 has seen a remarkable shift to online shopping due to the closure of non-essential retail on two occasions."

He noted that many of those customers responsible for the increase in online shopping had never tried it before, and predicted that for many, these new habits would stick.

So what does that mean for retailers of all sectors in 2021? One thing that is clear, is that having a digital presence that complements and enhances your physical space is not only wise in 2021 but increasingly an essential part of a strong retail strategy.

The retailers who weathered the storm most effectively in 2020 were those who successfully turned to their online presence during lockdown to allow them to continue to communicate with their customers. Several were able to maintain or even grow their revenue by focusing on talking to their most loyal customers in a digital space, showcasing their products and how making it crystal clear how they could be purchased despite the shop being closed.

Innovative retailers created click and collect services where they had none before, offered local deliveries, gave live video tours of their retail spaces and even used tools such as QR codes in their shop windows to allow customers bridge that gap between their online and offline offerings.

The ideal situation for retailers in 2021 will be to welcome back visitors (once physical shops can be reopened), but to maintain a strong digital presence that enhances the physical space as opposed to competing with it. To see continued growth in online sales, even once their physical space is open again for trade, is what retailers in 2021 should be aiming for.

There has also been a growing understanding that online and offline shopping are not two separate acts, but rather one customer journey that is often complex and may move between online and offline before purchasing.

A customer sees a product in a shop window, visits the website to find out more, looks at the product when they are next in the shop, and finally, after receiving an email newsletter from the shop highlighting their new stock, takes another visit to the website and purchases.

During the pandemic, and presumably into 2021 as well, customers were still eager to visit physical stores, but they wanted to know that the products that they were interested in would be in store when they arrived. This is a big shift from more traditional “browsing” behaviour that many shoppers exhibited prior to Covid-19.

In 2021, technology will continue to enable this type of behaviour, for example, helping a shopper who wants to research and search online and then purchase in store.

Nick Brackenbury is the co-founder of software company called NearSt (who recently received £2 million in funding and are backed by Google). His vision is that “the ability to immediately check local in-store availability natively in Google or Facebook will become as commonplace as checking opening times is today.”

In other words, new technology will help create a seamless transition between online research and offline purchasing. But even before this behaviour becomes commonplace, retailers should consider how they already communicate and entice customers to come to

their store. Do people know what to expect when they visit your shop? In what ways can you share your product range with potential visitors so that they know that their visit will be a success?

The changing way in which customers travel between online and offline settings can also be seen with the growing popularity of social commerce – an important trend that retailers need to be aware of in 2021. Instagram and Facebook are both rolling out more features to allow shoppers to browse, and purchase in their social media apps. Businesses that have a strong online presence will be able to use this trend to engage and delight customers. Retailers should once again ask themselves if what they have available in their physical store is obvious and accessible to their social media followers.

Dan Whytock is the CEO of indie retail marketplace DownYourHighStreet.com which connect bricks and mortar stores to a central website where customers can buy from them directly.

He believes that effective retailers in 2021 will embrace many different types of technology to connect with their ideal customer. He says “I believe that we’ll see a rise in live shopping – allowing retailers to present their products through a selfie style video, and customers being able to click the products in the video and purchase while watching. It creates an in-person, online shopping experience.”

As technology advances in 2021, the retailers will be focusing not on technology for technology’s sake, but how to use it to enhance the customer’s shopping experience and blend in with their buying journey.

2. The best sales strategy is great product

As we head into another turbulent year, with fears over the economic impact of the pandemic as well as adjustments to life after Brexit, one thing is certain: customer confidence is low which means that people are cautious and considered with their spending.

What does that mean for retailers? Well, it is not to say that customers will not spend. In fact, there is plenty of evidence that customers did continue to spend during 2020, and some areas saw large growth. Incidentally, there is a phenomenon known as the “lipstick effect” where consumers purchase small “pick me ups” such as lipstick during times of economic crisis.

However, what it does mean, is that customers will be holding on to their money more tightly than ever, and the job of retailers will be to entice them to spend.

This means getting the right kind of product – the product that speaks to the customer, meets them where they are, and solves their problem whether that’s big or small.

It's worth, therefore, to take the time to ask yourself what is it that your customer really wants in 2021. Here are few examples of areas that have seen growth.

1. They want it to be ethical

There is nothing new about the growing desire of an increasingly large part of the population to buy less but buy better. For a few years now, and particularly since 2017 and the “Blue Planet 2 effect”, there has been a major shift in consumer attitudes, for example towards disposable and single use plastic.

Typically, the cultural and heritage attractions sector is well versed in meeting the needs of this particular customer, and so will be well placed to offer them the types of products that this customer wants to buy.

The pandemic has accelerated this trend, suggesting that the desire to buy from businesses that focus on their ethical and sustainable credentials will only grow in 2021.

“The pandemic has encouraged consumers to be more conscious of their shopping choices and wanting to ‘do good’ explains Chris Biggs, Global Head of Retail at Boston Consulting Group (BCG).

He goes on to explain that these values are also something that consumers want the brands they’re buying from to reflect, with research suggesting that 83% of Brits want companies to do more to integrate environmental considerations into their products and operations.

So if you haven’t already reviewed how many of your products meet the needs of conscious consumers, now is the time to do so. And more importantly, to shout about what you can offer and the credentials of your offering.

With this growing desire to shop ethically, the consumer is more discerning and less likely to fall for “greenwashing”, or businesses that pay only lip service to ethical considerations. As we move into 2021, the onus will be on retailers and brands to demonstrate how they are responsible corporate citizens, if they want to engage the 2021 conscious consumer. This is the perfect opportunity for those in the cultural and heritage attractions to show their credentials and demonstrate to customers how purchases from them are all part of contributing to the greater good. In this sense, these organisations are better placed than many more conventional retailers to service this customer.

2. They want to shop local

Interestingly, consumers who want to shop ethically are often also passionate about supporting local shops as well, making shopping locally doubly important to many consumers. “Supporting independent and local is a call to action in itself and reflects positively on a consumers’ personal brand,” says Biggs.

Savvy local shops, independent retailers and those in the cultural and heritage attraction sector are well placed to serve these consumers and would do well to focus their messaging around the benefit to the community and the planet of shopping local.

As Biggs explains: “With our research showing that 41% of consumers intend to buy more locally in the future, independent retailers should focus on using their local appeal to help them stand out. They must market their local produce and emphasize their positive role within the community to appeal to the more conscious-consumer”.

Once again, this is really an area where cultural and heritage attractions are well placed to take advantage of this trend as their role in the community and the benefit that supporting them brings is already a large part of their identity.

3. They want to connect with loved ones

Distance gifting – Sending a gift or even a care package to a friend or family member that cannot be visited in person was a huge trend that many small and independent retailers benefited from in 2020. With 2021 continuing to pose challenges for those wanting to celebrate birthdays or other special occasions with their nearest and dearest, it seems likely that distance gifting will continue to be an important purchase motivator for customers.

In 2020, successful businesses offered services that facilitated distance gifting – for example, simple touches such as offering a handwritten note or gift wrapping.

The key is to make these options easy for customers to see and use – the simpler and more obvious these options are, the more likely that customers are to purchase.

3. Physical retail fights back

Despite the huge growth in online retail, customers will want to get back to visit physical stores and attractions, as “lockdown fatigue” kicks in.

There is a real opportunity for physical retail to be a breath of fresh air – an escape, a way for people to reconnect and refresh themselves.

This is being recognised by conventional retailers, for example, the West End of London is focusing recovery efforts on their reputation as a destination for tourists and Londoners alike.

Cultural and heritage sites are at a distinct advantage in this situation as their understanding and ability to create experiences for their visitors are skills that they have honed over many years.

It's important, therefore to recognise that the health of a physical retail space in 2021 will go beyond the ability to be a purely transactional space, but to re-introduce the idea of surprising and delighting customers.

It is likely that safety measures such as masks, screens, social distancing markers and reduced densities on the shop floor are going to continue well into 2021, however the clear winners will be those spaces that are able to both incorporate a strict adherence to safety guidelines which will be key to consumer confidence, but also create a welcoming environment that allows customers space to browse and discover new products.

One thing is clear, 2021 will continue to be a year of major change for the retail industry. With an increasingly demanding, and cautious customer base, and consumer confidence at a low ebb, it is clear that there are tough times ahead.

The best strategy for all retailers, in every sector, is to focus on their digital offering, offer customers exactly what they want right now, and to be ready to surprise and delight them once doors open again.