

RETAIL TRENDS IN 2018: THE YEAR OF EVOLUTION





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The trends this year retailers really need to focus on won't be around the hottest new technologies or latest fads. Instead, companies that focus on delivering consistent, engaging customer experiences will set themselves up for long-term success. But in order to run your business successfully and provide the brand experiences shoppers expect, you must first have the right foundational systems in place.

To build a true omnichannel brand experience, retailers need to get back to the basics—focus first on making sure the business has the right technology foundation in place.

This involves consolidating their core systems and initiating a one-system approach. With a one-system approach, your back-end Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and order and inventory management systems will reside on one platform. You'll get a single source of the truth for customer, order and inventory data in real-time, making that data available to all existing and future front-end, customer-facing systems.

Retailers that have properly set their foundation are now ready for the next step in their evolution, including executing on these key trends shaping up in 2018.

- **Trend #1:** Consumers are demanding an experience, something they can touch and feel. This can be seen throughout multiple demographics but has been made imperative by the emerging purchasing power of the millennial generation. According to Dana Telsey, CEO and Chief Research Officer of Telsey Advisory Group, millennials have greater discretionary spending, are tech savvy, and demand convenience and digital interaction, while baby boomers often rely on customer service. As a result, forward-thinking businesses are adapting to provide an experience for their shoppers in store, from virtual fitting rooms to yoga, and that is only the beginning.
- **Trend #2:** The growth in ecommerce and mobile commerce is dominating market share. Given the shift in demographics where the internet and mobile functions are native to the experience of today's buyers, purchasing online and through mobile will continue to dominate the buying experience.
- **Trend #3:** Omnichannel and technology are changing priorities and shopping behavior. As we have seen with ecommerce, a majority of shopping is being done online and the industry has had to adapt. New technology players are providing a more streamlined approach to the omnichannel buying process and shoppers are beginning to expect that experience.
- **Trend #4:** Certain sectors are experiencing growth while others are declining. As Telsey mentioned, retail is a rollercoaster and it

all comes back to the prefix “re”—reinvent, remodel and remerchandise. While some stores and business models might be in decline today, they will not be in decline forever. Retailers are having to reinvent themselves, their business models and their brand strategy.

- **Trend #5:** The retail space shift. Space left behind by struggling retailers is now being claimed by new growing and emerging retailers who want to set up their own brick and mortar operations. Although ecommerce and mobile commerce remain a major part of an omnichannel approach, to much of the industry's surprise, consumers are still yearning for the instore experience.

Given these transformative trends, what will the future of retail look like?

Personalization, localization and customization will be key. No longer can retailers attract customers simply through targeted ads and promotions. To influence purchasing, retailers need tailored communication and shopping experiences. However, it is not one size fits all. Newcomers have built incredible brands by building an experience around personalization and customization. Along with building a more targeted approach to consumers, retailers will also need to fully deliver on the omnichannel experience. Convenience is key in the new age and payment efficiency; integrated systems and immediate gratification will only continue to dominate as speed and ease of use become the major buying influencers.

International expansion and global reach will also be a driver as brands expand at a much quicker pace. Delivery of international products and services are becoming much easier to produce using new technology that is readily available to consumers. Finally, we will be seeing retailers bring the store to the customer. Along with the personalization of the buying experience and convenience of shopping, retailers will truly focus on what their brand means to consumers and how best they can serve their customers.

There are many trends that will influence the retail industry over the next 12 months, but without a solid foundation, your business will be at a competitive disadvantage.

Investing in the right technology in 2018 will put you in a position to deliver engaging and consistent brand experiences to your customers, and get you on the path to omnichannel evolution.

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