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Consumer Trends and the Future of Retailing

Some 62% of retailers agreed that consumer trends override all other considerations during discussions of major investments.

--Retail Systems Alert &
Oracle (2005)

“Tried and True Consumer Trends”

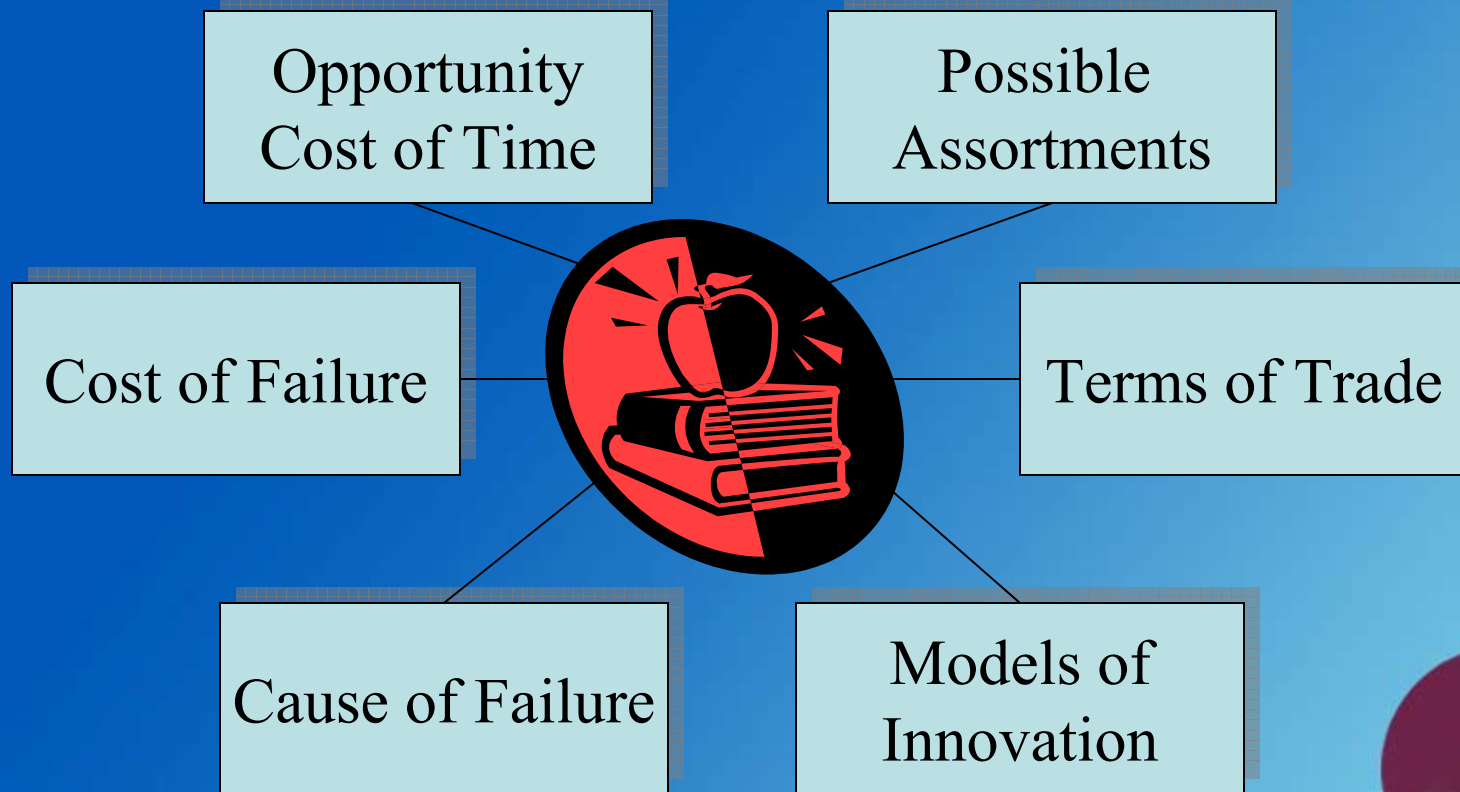
- Consumers are . . .
 - more active and older.
 - more diverse (celebrate diversity).
 - more time pressed (respect).
 - more financially in debt.
 - more balanced.

Covert Consumer Trends

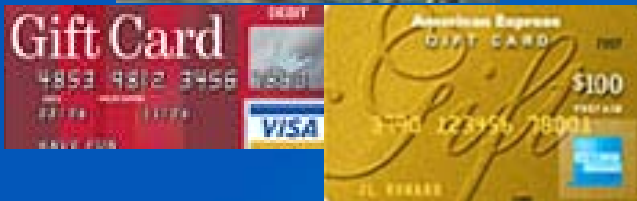
- Consumers . . .
 - are analytical.
 - self-customize offerings.
 - operate across multiple speed zones.
 - make decisions in groups.
 - view pets as people too.

Covert Trends

1. The Analytic Consumer



2. The Self-Customizing Consumer

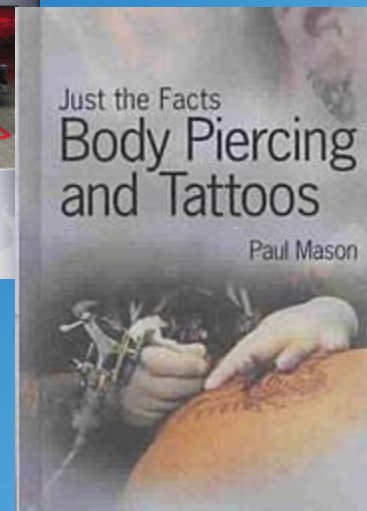


Infusing Emotions



Personalization

Self-Branding



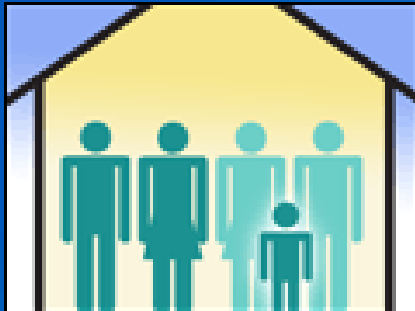
3. Multiple Speed Zones

- Multiple physical speeds
- Multiple cognitive speeds



4. Group Decisions

- Multi-Generational Decisions
- Dyadic Decisions



5. Pets are People Too

- Intense emotional attachments to other living entities.
- Possibly to products and services if made personal.



Retailing Trends

- Retailing is characterized by . . .
 - consolidation.
 - private brands.
 - multi-channel synergies.
 - portfolio of store formats.
 - big-box paranoia.
 - calls for customer centricity.

Retailers with a Future

- Customer-centric retailers . . .
 - engage consumers.
 - connect with consumers.
 - understand consumer pace.
 - help consumers customize.
 - identify emerging perspectives.

1. Customer Engagement

Loyalty

| | | <i>Loyalty</i> | |
|-------------------|------|----------------|----------------------|
| | | Low | High |
| <i>Engagement</i> | Low | Random Shopper | Passive Shopper |
| | High | Analyst | Full-Time Evangelist |

2. Connecting with Customers

- Points of Translation, Transition & Transmission
 - Contextual evaluation of merchandise
 - Accommodate different consumer speeds
 - Facilitate cross-consumer and cross-channel connections

3. Consumer Pace

Physical Gear

Low

High

*Cognitive
Gear*

Low

High

| | |
|-------------------------|-----------------------|
| Methodical Shopper | On-the-Go Consumer |
| Intellectual Shopper | Driven Consumer |

4. Total Customization

- Multiple points of innovation
- Capturing upstream and downstream components of full innovation

5. Emerging Perspectives

- Small box, category killers
- Foreign competition on domestic shores
 - Tesco
 - Ikea
 - H&M
 - 7-Eleven