

# THE FUTURE OF RETAIL IN ASIA

5 trends reshaping the future of retail in 2019 and beyond!

## The Asian retail scene is no stranger to eyebrow-raising headlines.

In the last 12 months alone we've seen a store that can **drive itself** to your doorstep, Walmart buying **a (highly disputed) 77% stake** in Flipkart, **Zara's skirt slammed** for looking like a Thai grandpa's uniform... and, of course, **USD 25 billion of online shopping** just in one day.

### It's hard to keep up, we know.

The battle is real for everyone. The in-store manager frets about e-commerce luring shoppers away, while e-commerce players scramble for the most efficient last-mile strategy.

And the biggest question everyone wants to know the answer to – **how do you keep delighting Asian shoppers who seem to be more connected, better informed and more demanding by the day?**

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If you've read our **Global Future of Retail** report, you'll know that this publication is not about matter-of-fact macro-trends on the state of retail. There are already countless PDFs out there on those trends: smart stores, Tier-III/-IV opportunities, catering to aging shoppers in Asia – the list goes on.

Instead, we are highlighting the five *tactical* opportunities you can tap into, to fuel your next winning retail innovation. These trends point out where shopper expectations are headed to, and what they will start demanding from you.

### **1. ZERO-WASTE SHOPPING**

A consumption lifestyle that is kinder to the planet is coming to mainstream shoppers.

### **2. MAGIC POINT OF SALE**

Consumers now expect to summon retail brands as they would a genie from a lamp.

### **3. FOOT SOLDIERS**

From Indonesia to India, retail giants re-invent small kiosks to better serve locals.

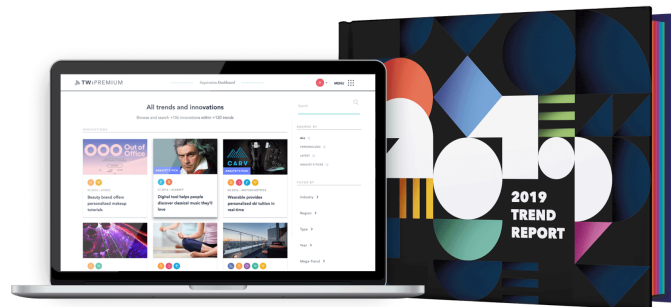
### **4. PLAYTAIL**

Gaming is a playful new tactic in the race to seize Asian shoppers' attention.

### **5. OMNICHANNEL WELLNESS**

Why it's time for retailers to embed wellness boosters at every touch point.

**Ready to dive right in? Good luck!**



#### **2019 PREMIUM SERVICE**

Gain 2019 access to our Premium Service today and be among the first (in the world) to take-in our 2019 Trend Report.

Do so by Friday, 30th November and save \$600 on 2019 access with the Early Bird offer!

[Catch the Early Bird](#)

## **ZERO-WASTE SHOPPING**

Guilt-free retail, coming to a street corner near you.

The current Asian consumption lifestyle and generated waste is ~~not good~~ detrimental for the environment, and Asians are increasingly aware of that fact. Gone are the days when the sustainable option was only appealing to fringe activists and green-ish hipsters. Going forward, retailers must make ZERO-WASTE SHOPPING and conscious consumption accessible for all consumers.

## Why now?

**Urban scraps.** Rapid urbanization and accelerating consumption has turned Asian cities into giant waste-producing machines. China, Indonesia, Philippines, Thailand and Vietnam contribute to 80% of the plastic waste in the oceans (Ocean Conservancy, April 2017).

**Governments are stepping up.** China announced it would stop importing the world's plastic and recyclable wastes starting January 1 this year. This was a powerful trigger that jolted awareness around waste into the mainstream conversation. In February, Taiwan announced the country will ban single-use plastic entirely by 2030. International regulations point towards a more sustainable future.

**Proactive expectations.** Beyond being reactive to regulation, Asian consumers now expect businesses to be proactive with solutions - even those that demand effort on the part of the shopper (like the zero-packaging stores below).

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## Examples

UNPACKT - PACKAGING-FREE SUPERMARKET OFFERS LOWER PRICES. — May 2018 saw UnPackt: a zero-waste grocery store, open in Singapore, in the Ang Mo Kio commuter district. Shelves are stocked with un-packaged goods and customers are encouraged to bring their own containers. Dried food and cleaning products were initially available, with plans to expand to fresh fruits and vegetables. As there are no packaging costs, prices at UnPackt are lower than conventional supermarkets.

TESCO MALAYSIA - SUPERMARKET BAGS PROVIDE DISCOUNTS WITH EVERY REUSE. — Honoring April 2018's Earth Day, Tesco Malaysia unveiled special re-usable bags giving shoppers discounts every time they use them until the end of 2018. The bags feature images of endangered marine creatures, alongside a barcode which can be scanned in order to give discounts. The bags are made from recycled plastic, and can be replaced for free should they wear out.

CITY MART IN SINGAPORE LAUNCHED A ZERO-WASTE PLASTIC BAGLESS SUPERMARKET PACKAGE IN ORDER TO REDUCE THE AMOUNT OF PLASTIC TRASH PER YEAR. — City Mart in Singapore launched a zero-waste plastic bagless supermarket package in order to reduce the amount of plastic trash per year.

Scroll for more innovation examples >>>

## Your move

**Reach the masses.** It's easy to dismiss the zero-waste lifestyle as a niche consumer movement, but the masses are increasingly exposed (and responding) to it. UnPackt opened its first store, not in hipsterville, but in the Singapore heartlands. Can you make sure your sustainable retail initiative reaches everyone?

**Educate and ease.** Can you change the consumer mindset that sustainable = not easy? The **Zero Waste Festival** in Beijing showcased and trained consumers on alternative, sustainable options for the usual consumption practices.

**Start small.** Not ready to overhaul your entire model just yet? Start small. Tesco Malaysia gave shoppers discounts tied to their reusable bag, a battle-tested strategy in other markets. What simple steps can you roll out to pave the way for a greener future?



### 2019 TREND REPORT

Our 2019 Trend Report is now making its way around the offices of our Premium clients, from Shanghai to San Francisco.

Packed with 100+ trend-driven insights and innovation opportunities, our Premium clients will now use the 2019 Trend Report and its supporting frameworks to understand and identify the customer-delighting opportunities that next year presents to their organization.

# MAGIC POINT-OF-SALE

In 2018, smart retailers embrace the Magic Point-of-Sale

Mobile, mobile, mobile. Highly accustomed to mobile-powered, on-the-go shopping, Asian consumers will expect to summon retail experiences as they would a genie from a lamp - called forth from a smartphone, a smart speaker, or even their surroundings. An on-demand M-POS lets users engage with your brand, browse products, test and purchase in new ways.

## Why now?

**Access anywhere.** After years of halting progress, 2017 was the year shared-everything mushroomed in China and spread across Asia. Bikes (we've all seen the *graveyards!*), powerbanks, umbrellas, basketballs, even karaoke booths and gym pods were reimaged. The result? Consumers now expect smartphone-powered, on-demand access to anything as and when they need it.

**Mobile payments.** Southeast Asian consumers will make USD 32 billion in mobile payments by 2021 (Euromonitor, 2017). A consumer with a mobile wallet is a consumer who can make a purchase anywhere. Not only do consumers expect M-POS, they are very well-equipped to engage with it.

**Tech tidal wave.** From the continued-growth of QR code use in China, to iOS 11's ARKit, to Google Home launching in Southeast Asia (with a *Singlish*-speaking Google Assistant to boot), there is no shortage of new tech flooding the region, bringing the offline world online. Retailers now have endless new opportunities to embed a little magic into the real world!

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## Examples



**WECHAT - ACCESS LOCALLY RELEVANT BUSINESSES AND SERVICES WITHOUT DOWNLOADING APPS.** — In January 2018, WeChat celebrated one year since the launch of its mini programs: digital services that, unlike apps, don't need to be downloaded. WeChat users can discover nearby mini programs, from local restaurants to bike-share platforms, and are prompted with program features relevant to their interests. 580,000 mini programs were launched in the first year.

**GOOGLE - SMART SPEAKER LAUNCHES IN SINGAPORE AND INDIA.** — April 2018 saw Google launch Home and Home Mini in Singapore and India. Google also rolled out a developer platform, allowing brands to build services that integrate with Google Assistant. In Singapore, local brands (including Singapore Press Holdings, Singapore Airlines, OCBC Bank, the National Library Board and Bus Uncle) plan to bring their services to the platform. As more consumers adopt smart devices, these will act as new brand storefronts, similar to Amazon Alexa in the US.

**ALIBABA AND BEAUTY PRC** — Alibaba plans to launch an interactive mirror, which will look at a user's purchases and recommend products. Uemura's code link cosmetics.

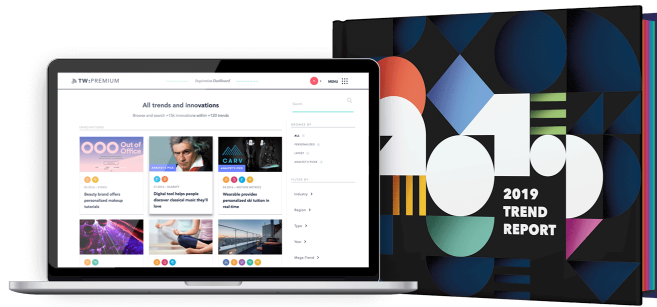
Click for more innovation examples >>>

## Your move

**Like a genie.** WeChat Mini Programs anticipate needs and appear contextually. Once Asian shoppers are accustomed to having M-POS pop up when and where needed, they will no longer be bothered to go looking for the right store. The question for you: how will you bring your store to them?

**Go beyond mobile.** While mobile is a key driver, mobile is not the only way to deliver this by. Alibaba and InTime transformed the mall restroom into an interactive POS. Which unlikely locations can you transform into a retail opportunity? Where might your customers delight in summoning you?

**Personal (smart) shoppers for everyone.** Retailers can now tap into connected smart devices as a new retail channel. But more importantly, are you ready for a future where every Asian consumer has a smart shopper (be it Alexa, Alibaba's Tmall Genie, Bixby or someone else!) and you have to 'market' to these virtual assistants?



#### PREMIUM SERVICE

Consumer-focused professionals from adidas, Netflix, Nissan, Virgin, Samsung, Sephora, ING, Orange, Fujitsu, Spotify and many, many more have gained 2019 access to our Premium Service.

In the coming weeks and months, they'll be using the platform to ensure their plans remain deeply aligned with what their customers want next.

[Find out more here](#)

## FOOT SOLDIERS

Retail giants reinvent small stores to better serve locals

Giant retailers have found a new way to conquer fragmented Asian markets: by empowering mom-and-pop stores. These small kiosks – whether it's *warungs* in Indonesia, or *kiranas* in India – understand local preferences better, are convenient and are often preferred to online shopping or big stores. Large retailers are empowering these kiosks and giving them a digital makeover, recruiting the outlets as FOOT SOLDIERS to delight more customers.

## Why now?

**Online maturity.** Growth in e-commerce is slowing, and meanwhile, 85% of all retail sales in China still happen in physical stores (Boston Consulting Group, October 2017). It's imperative for Asia's growth-hungry retail giants to capture this offline market.

**Kiosks still dominate.** Locals still love kiosks and small stores. There are 7 million family-run mom-and-pop stores that dominate retail outside big cities in China (Oliver Wyman, April 2018). These kiosks are often the source of largest retail growth as well, such as in countries like [India](#).

**Easy alliances.** Retail platforms and small stores make the perfect pair! Alibaba, JD.com, Amazon and the likes gain logistics hubs and physical touch points, strategically placed in community nodes. At the same time, kiosks are more than happy to receive tech support from giant players to help earn more money.

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## Examples



**JD.COM - E-COMMERCE GIANT TO OPEN OVER 1,000 STORES A DAY.** – In April 2018, JD.com announced plans to open more than 1,000 stores a day in China within the next year. The venture is part of a wider plan, launched in 2017, to open one million stores within five years, with half based in rural areas. With most of the 50,000 daily applicants being migrant workers returning to their villages or small towns, Liu said JD Finance can provide them with loans to open stores, allowing them to earn over USD 1275 a month.

**KIOSON - PARTNERSHIP ADDRESSES LOGISTICS INFRASTRUCTURE ISSUES IN RURAL AREAS** – February 2018 saw Indonesian e-commerce startup Kioson announce plans to introduce its kiosks into postal service locations for the national postal service. Customers will be able to send and receive packages via the kiosks, with the aim of addressing logistics problems in rural areas and increasing footfall for kiosk owners. At launch, Kioson had remotely secured more than 30,000 kiosk partners.

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Scroll for more innovation examples >>>

## Your move



**Go beyond conventional services.** Mom-and-pop stores have evolved from delivering snack-able products to snack-able services – think postal services, phone top-ups, money transfers and more. What more can they become? Think big! What would it take for them to become entertainment, education, or even health hubs?

**Pick your empowerment focus.** Indonesia's Kioson's main aim is to address logistic problems in rural areas, while Walmart in India aim for job creation. What will your local empowerment focus be? With more retailers jumping onboard this strategy, consumers and store owners will choose brands that have a strong mission to empower the community, rather than simply 'acquiring' the stores for their own dominance.

## PLAYTAIL

Retailers embrace the rise of gaming in Asia

Gaming's cultural clout continues to climb in Asia, where it now offers a playful new tactic for retailers. Brands (even luxury ones) are leveraging gaming to present their offerings contextually and capture precious attention. While this trend is currently concentrated in China, it is fast spreading across the region. Whether through in-app challenges or gamified real world experiences, Asian shoppers are embracing a more interactive customer journey.

### Why now?

**Escapism culture.** China's rise to wealth and widening income gap resulted in a segment of its youngest generation feeling apathetic. Whether dropping out of the rat race entirely – or simply taking a break with hit titles like *Tabi Kaeru* – escape is increasingly found in mobile gaming. Tencent, Asia's highest valued tech company, **clocked a 61% jump** in its quarterly net profit, thanks in large part to mobile games.

**A channel to reach women.** It's 2018, so we're sure (we hope!) you're aware gaming isn't limited to young men. Tencent's Honor of Kings, for example, has **more female gamers** than male. While the industry is notorious for its fraught

relationship with women, smart luxury brands in China are already using gaming as a new way to reach them.

**Growth outside China.** So far, PLAYTAIL innovations are concentrated in China, but gaming is booming region-wide. Asia now makes up half of the global gaming market. Indonesia has 43.7 million active gamers, generating USD 879.7 million in revenue in 2017 (Newzoo, November 2017). The Indian market is forecast to grow to \$1.1 billion in 2021 (Frost & Sullivan, March 2018). This trend is rolling to your doorstep!

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## Examples



**MASERATI X ALIBABA - MASERATI'S MOBILE GAME ATTRACTS CONSUMERS TO ITS SMART SHOWROOM.** — In March 2018, luxury automaker Maserati partnered with Alibaba's Tmall to convert two of its outposts into smart dealerships. Maserati also developed a racing game for Alibaba's Mobile Taobao, with in-game features that encourage players to visit their local store. The store reception then uses facial recognition to identify customers who walk in from their in-game avatars, and provides them with personalized services.

**CHANEL - LUXURY BRAND LAUNCHED POP UP ARCADES.** — Between March and May 2018, Chanel toured the Coco Game Center around Asia (locations included Seoul, Tokyo, Shanghai, Singapore and Hong Kong). At each pop-up, participants could enjoy classic arcade games - including racing, bubble and crane claw games - and win selected Chanel products. Visitors could also test and purchase products or book appointments with Chanel makeup artists.

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## Your move

**Roll out real-world games.** Mobile apps aren't the only way to play. Bring the play offline and facilitate real-world action, just like Chanel did with IRL arcades. Don't forget to amplify the fun with social sharing tools. Think massive, think multiplayer!

**Go off the map.** Consumers don't live in industry silos, neither should you. Luxury x Gaming seemed unthinkable some years ago, yet **Guerlain, Dior, and Hermes** have proved otherwise. Think broadly and bravely. Who can you partner with to deliver a one-of-a-kind retail experience and reach new audiences?

**The 'E' word.** By now, even the world's greatest skeptics can't hide from e-

sports' huge following in Asia. E-sports will even be featured at the 2018 Asian Games in Jakarta! What would it look like if your team aimed beyond making a retail game that delighted one player at a time, and instead endeavored to make one so brilliant it drew massive audiences?

## OMNICHANNEL WELLNESS

Why it's time for retailers to embed wellness boosters at every touch point



Asian consumers are becoming wellness junkies. Increasingly well-informed on the subject, many consider health (nutritional, physical and mental) as the new wealth. Today, wellness is no longer confined to the gym or spa retreat, but should be embedded and served at every suitable opportunity, across relevant channels. This spells opportunity for retailers to add new value for health-hungry shoppers.

### Why now?

**The wellbeing race.** China's fitness industry grew at an annualized rate of 10.4% between 2013-2018, and is set to generate USD 6.91 billion in 2018 (IBIS World, April 2018). Vegan claims in Southeast Asia increased by 440% between 2012-2016 (Mintel, February 2017). These are just a smattering of signals showing that consumer consciousness around wellness is booming across the region.

**Wellness warriors.** Brands from sectors not typically associated with health, like airlines or automakers, are providing wellness solutions and embedding it into their offerings. Asian consumers will expect brands, regardless of industry, to become wellness warriors. This expectation already impacts retailers!

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## Examples

**CUREFIT - WELLNESS STARTUP PROVIDES SERVICES ACROSS FITNESS, FOOD, AND HEALTHCARE** – Wellness startup provides services across fitness, food, and healthcare. CureFit is an India-based, omnichannel startup operating within the wellness space. It provides services across three verticals: Cult.fit, its brick-and-mortar fitness centers; Eat.fit, a healthy meal delivery subscription; and Mind.fit, an app-based mental wellness program. April 2018 saw the launch of Care.fit in Bangalore, a primary healthcare center focusing on prescribing long-term healthy lifestyle solutions.

**PURE - WELLNESS BRAND LAUNCHES HEALTH PACK – Q1 2018** saw wellness and gym chain Pure roll out its Power Pack package in Hong Kong, giving consumers benefits across its fitness, dining and apparel brands. The package includes a month's access to all Pure Fitness and Yoga locations, two complimentary guest passes, as well as two HKD 200 vouchers for local health-food establishment Nood Food and Pure Apparel. The Power Pack is priced at HKD 1,388 (USD 177).

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## Your move

**Take a stock check.** What is the state of your current offerings? In a market where cafe meals promote gut health, **beauty stores** host wellness seminars, and **retail campaigns** remind consumers about the importance of mental health, how are your products, services and experiences set to support and boost consumers' pursuit of wellbeing?

**Be a holistic hero.** Can you launch an initiative that takes care of a consumer's end-to-end wellness? CureFit mixes fitness membership and meal subscription and mental health across various offline and online channels. How many different aspects can you tie up together? Partner if appropriate!

**Ambient wellness.** We have seen airlines offer in-flight meditation, **subways** play mood-enhancing music, and insurance providers roll out **mosquito-repelling plant pots**. How can you embed wellness boosters into your in-store retail experience? Get inspiration from Lululemon's NYC store!

## THE BIGGER PICTURE

The five trends featured here present five key new directions in the future of retail. Of course, these five trends represent just a small fraction of the trends currently reshaping the consumer landscape.

At TrendWatching, we're obsessed with those trends. And we've been tracking them across the globe and in 16 B2C industries for longer than we

care to remember.

Clients of our **Premium Service** have access to our entire Trend Framework, built around the 16 mega-trends that define modern consumerism. Beneath those sit 120+ actionable trends, all illustrated with 15,000+ hand-curated, best practice innovations. Plus a host of simple, powerful ideation tools to help turn trends into concrete new ideas.

It's an entire trend department ready to go. If you're serious about trends, it's a no-brainer.

## GET GOING

We've stressed this all along but just in case you missed it: these trends are opportunities. Opportunities to create your next retail product, service, platform, app, experience, or business model. Opportunities to delight existing consumers and win new ones.

That means they're useless if you don't act.

But you don't have to start with a two-day ideation session, a week-long hackathon, or a pitch to the CEO (that can all come later). Here's a minimum viable first step. Just take a single innovation example featured here back to your team and ask one simple question: when people see this, what will they start to expect from us?

That question encapsulates everything that's important about Trend-Driven Innovation. That is, that game-changing innovations – such as those featured in this report – create new customer expectations. That those expectations once created will spread, and eventually find you. And that if you can see those expectations coming in advance and innovate to meet them, you can win!

So start with one innovation and a simple question. Once the debate is raging, hit them with some trend theory and win some kudos. Do it today!









And good luck :)

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IT TAKES A TEAM

This Trend Briefing has many hands on it. A huge thanks to the team that pulled this together with such positivity and enthusiasm, especially: Nathania Christy, Maxwell Luthy, Vicki Loomes, Alida Urban, Vicky Kim and Nikki Ritmeijer, and also Harry Metzger, Harvey Gomez, Jonathan Herbst, Lisa Feierstein, and Tash Cohen. THANK YOU!

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