

How in-store retail is shifting in the age of 5G

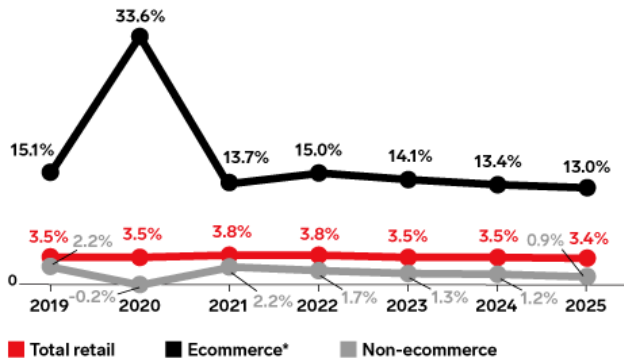
Article

Amid the carnage of bankruptcies, store closures, and massive layoffs in 2020, some retail companies actually fared very well. Adjustments to supply chains, product and service bundles, stocking and inventory, and customer service have been the keys to success for big-box retailers like Walmart, Target, and Best Buy. Others, such as Apple, lululemon athletica, Nike, and Starbucks, are focusing on innovating and modifying store experiences through digital integration, frictionless shopping, and atmospherics modified for a “new normal” of social distancing and sanitization.

We forecast that sales growth for US retail overall will begin to recover in 2021, rising by 3.8% year over year to \$5.856 trillion. On the heels of an outsize 33.6% increase in 2020, ecommerce sales will moderate to 13.7% growth this year. Brick-and-mortar retail sales will rebound from a 0.2% decline in 2020 to a 2.2% gain in 2021.

US Total Retail Sales Growth, by Segment, 2019-2025

% change



Note: excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling, and other vice goods sales; *includes products or services ordered using the internet, regardless of the method of payment or fulfillment

Source: eMarketer, Feb 2021

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The physical retail experience emerging in 2021 suggests that stores must still be able to adjust to rapidly changing conditions, and technology will be key to that flexibility. For example, US consumer interest in mobile payments and mobile app orders increased significantly from March to June 2020, during the first wave of the pandemic, according to a survey from Periscope By McKinsey. In the June polling, consumers also expressed interest in the use of digital screens for store navigation (22%) and digital shelf labels (20%).

Of relevance to retailers, there was a smaller, but nonetheless significant, portion interested in augmented reality (AR) for product try-on and product info (16% each).

This data dovetails with key trends in the industry, as covered in our **“Future of Retail 2021”** report:

- Brick-and-mortar retail will incorporate digitally enabled technologies, and there will be increased emphasis on atmosphere and community-driven experiences to make retail more

inviting. Retailers can leverage 5G's bandwidth for mobile devices to make stores more experiential and frictionless.

- Click and collect, cashierless checkout, contactless payment, and digital signage will streamline in-store transactions. 5G's bandwidth and low latency will come into play as mobile devices become the interface between the retailer and the consumer's bank account.
- Frictionless "stores of the future" will land and expand as digital-first retail experiences, such as Amazon Go, become more commonplace. These stores will use 5G's bandwidth and latency characteristics, alongside edge computing services, to enable computer vision technologies that underpin inventory and payment systems.

The overall takeaway about 5G in retail is this: The main focus for retailers will be on how in-store experiences are evolving in a post-COVID-19 environment, as the boundaries between the digital and physical worlds are blurring. Consumers who have grown accustomed to online shopping, video streaming, and social media are also engaging with fulfillment centers and brick-and-mortar stores. The invisible, seamless connection between physical and digital enabled by wireless 5G will bring forth a number of interesting opportunities.

To learn about the five key areas of in-store retail that 5G technology can enhance or transform, Insider Intelligence subscribers can read our recent report:

Report by Jim Davis Mar 18, 2021

How 5G Will Change Retail

