

3 retail predictions for 2024

Article

From retailers drawing shoppers in-store by leaning on creator content to the emergence of livestream ecommerce influencers and the potential consolidation of retail media networks, our analyst-led predictions offer a glimpse into the future of shopping and advertising. We explore each, weighing the arguments for and against their likelihood in shaping the year ahead.

1. Retailers lean on digital media, and creators in particular, to draw consumers in-store

“Retailers are going to stop competing as much with Amazon on the ecommerce front. Instead, they’re going to use digital marketing, particularly creator collaborations on TikTok, to really show off the allure of the in-store shopping experience,” our analyst Blake Droesch predicted on an episode of the **“Behind the Numbers: Reimagining Retail”** podcast.

What’s supporting it:

- “This trend is already happening; it’s just not being facilitated by the retailer,” our analyst Suzy Davidkhanian said. Retailers that are less favored by Gen Zers, such as Walmart, are more likely to hop on this trend, Davidkhanian said. “Walmart is trying so many different things to capture younger consumers because they’re not as ‘cool’ as Target.”
- Younger consumers discover products online, but they still want the experience of going to stores and bringing something home. “They want to show off their shopping bags for that unboxing video,” she said.
- This year, 83.4% of US retail sales will come from physical stores, according to our November 2023 forecast.

What’s against it:

- In 2024, retail ecommerce sales will grow 10.1% YoY, while non-ecommerce sales will only grow 2.0% YoY.
- “It would most likely be Walmart that’s going to have the critical mass of investment into creators, but I question how much other retailers will be willing to invest in developing thought-out creator programs themselves, rather than outsourcing them to agencies or platforms,” our analyst Sky Canaves said.

2. The rise of livestream ecommerce influencers

“2024 is going to be the year that we see a breakout star emerge in the livestream ecommerce space. It will be a creator or influencer who’s really going to make the format their own and go viral both through their own talent and TikTok boosting the content,” Canaves predicted.

What’s supporting it:

- More than 42% of US Gen Z social media users watch livestream videos, per our July 2023 survey.
- TikTok's aggressive push for TikTok Shop could add to the popularity of livestream shopping, especially among Gen Zers, whose shopping habits are still evolving.
- "It could be big for categories like beauty where you already have people watching fairly long 'get ready with me' videos," Canaves said. "How much more work would it take to turn those into livestreams? It just takes the right talent, approach, and entertainment value."

What's against it:

- More than half (55%) of US adults have not used and are not interested in livestream shopping, while 7% don't know what it is, per an October 2023 eMarketer survey conducted by **Bizrate Insights**.
- Even though **China's influence is already shaking up online shopping in the US**, it's unlikely to reach the same scale as China, where livestream shopping will account for 22.0% of retail ecommerce sales in 2024.
- "There [are] so many popular livestreamers already, particularly on Twitch, and I don't think that any of them can really emerge and become successful in selling products," said Droesch.

3. A potential retail media network consolidation

"We might see some actual M&A activity because it's expensive for small retailers to keep their **retail media networks** afloat. They're not getting enough data to sell, or maybe there isn't enough ROI for the amount of people and resources that are needed," Davidkhanian said. "So my prediction is that some of the retail media network vendors will start to buy some of the smaller providers."

What's supporting it:

- "Some smaller retailers have put so much time and effort into setting up a retail media network, and it's not working for them because their competitors are giants," Davidkhanian said. "So they'll either close shop, like Gap did, or sell the property to another company that can use it in a different way."
- Although there are more than 150 retail media networks, most US advertisers (57%) say they're only willing to work with a maximum of four retail data partners, according to a May

2023 survey from The Trade Desk Intelligence.

What's against it:

- “There’s more value in the partnership approach, where the retail media networks can be aggregated and their inventory can be sold by a third party,” Canaves said. “Retailers may not want to give up their retail media networks because they rely so much on their own data, and it’s also a source of revenue.”

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