


Reimagining Retail: 2024 retail trends (Shark Tank style)—The in-store renaissance, livestream shopping, and buying RMNs

Audio



On today's podcast episode, we discuss the most important retail trends we're watching in 2024: How retailers will try to compete less with Amazon online, how China's influence will shake up online shopping in the US, and buying retail media networks. Join our analyst Sara Lebow as she hosts vice president of content Suzy Davidkhanian and analysts Sky Canaves and Blake Droesch.

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Episode Transcript:

Sara Lebow:

Hello listeners. Today is Wednesday, January 3rd. Welcome to Behind the Numbers: Reimagining Retail, an eMarketer podcast. This is the show where we talk about how retail

collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is retail trends to watch in 2024, Shark Tank style.

Kicking off the new year, let's meet today's guests. Joining me for this episode, we have VP of Content for our retail desk, Suzy Davidkhanian. Happy New Year, Suzy.

Suzy Davidkhanian:

Happy New Year, Sara. Thanks for having me.

Sara Lebow:

Also with us is Senior Analyst Sky Canaves. Hey, Sky.

Sky Canaves:

Hey, Sara. Happy New Year everyone.

Sara Lebow:

Happy New Year. And also ringing in this new year with us is Senior Analyst Blake Droesch. Hey, Blake.

Blake Droesch:

Hey, Sara. Happy New Year.

Sara Lebow:

Okay, let's get started with free sample, our "Did you know?" segment where I share a fun fact, tidbit or question. Today I am featuring a product, not sponsored, just a weird product I heard about. Doritos and flavored spirit company Empirical have launched a new spirit. Do you have any guesses on what the spirit's flavor is?

Suzy Davidkhanian:

Yeah, it's that fiery Doritos one, the spicy Dorito, whatever that is.

Sara Lebow:

I don't think it's spicy. I don't think that...

Blake Droesch:

Is it Cool Ranch?

Sara Lebow:

It's not Cool Ranch.

Sky Canaves:

I thought it was classic Dorito flavor.

Sara Lebow:

Yeah, it's Doritos nacho cheese chips. It's a classic Dorito.

Sky Canaves:

The classic red bag, right?

Sara Lebow:

Yeah. Well, I think so. I'm not a Dorito eater, I must admit, but...

Sky Canaves:

I'm not a big Dorito eater either, but I did try to buy this for a gift for fun, and it is sold out.

Sara Lebow:

I wouldn't drink this. Would you guys?

Sky Canaves:

Purely for the novelty and to say I tried it. It really does sound pretty unappetizing, but I think as a fun gift type of collaboration, I think it works. Clearly, since it's sold out.

Blake Droesch:

Yeah, I'd definitely pass on it.

Suzy Davidkhanian:

Me too, a thousand percent pass. And I think you have to know who you're giving the gift to, right? So I don't know how much the bottle goes for, but if the bottle...

Sara Lebow:

\$65.

Suzy Davidkhanian:

\$65?

Sara Lebow:

\$65.

Suzy Davidkhanian:

Wow, that's a lot for a gag gift.

Sara Lebow:

It is a lot for a gag gift. But if you have a friend who is a Dorito lover and margarita drinker, they featured a margarita recipe where my understanding is the spirit essentially fills in for triple sec. And as someone who doesn't really know what triple sec is, that sort of makes sense.

Blake Droesch:

It's sweet and orange flavored. It makes no sense.

Suzy Davidkhanian:

The whole thing is weird, actually, to be honest with you. And I think the point is, you can do all kinds of tie-ups that seem odd on paper, but somehow the novelty and the not having enough product on the shelf, giving it that sense of urgency, makes it work.

Sara Lebow:

I completely agree. I think that this is so smart. All of these weird novelty collabs, Crocs and McDonald's and just anything that's a weird collab, it makes so much sense to me, and making so few of them also makes sense to me.

Sky Canaves:

Especially for the holidays, because people are looking for novel things to buy, interesting things to buy. They're going on TikTok and checking out the wishlists, and I imagine this will

also make great content for TikTok and other video platforms to see what people's reactions are when they taste it.

Sara Lebow:

Yeah, I would watch a taste test TikTok of this.

Okay, now it's time for our next segment, our trends to watch in 2024, Shark Tank style. Last year we covered our 2023 Retailer Awards. Now it's time to look ahead. In December, the three of you put out a report called Retail Trends to Watch in 2024, and you have each come up with some specific predictions based on those trends. How will this work? I'm going to call on each of you to pitch a prediction. You'll have about 30 seconds to pitch the rest of us on your prediction. Then in True Shark Tank style, the rest of us will debate and decide if we're convinced enough to invest in that prediction. Blake, please kick it off with the first pitch.

Blake Droesch:

So yeah, one of the trends that I wrote about was sort of this idea of the in-store renaissance and how retailers are going to stop trying to compete so much with Amazon on the e-commerce front, and 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. I've seen a lot of content on TikTok showing creators showing off the experience of going into a place like Target and getting a coffee at Starbucks, putting it into the cup holder on the shopping cart, and then just showing people what they bought. And I think that a lot of retailers are going to jump on this idea of showing the allure of the in-store experience through social media.

Sara Lebow:

I guess I have a question in response to that. I'll admit I'm pretty sold on this to begin with, but how, if you're a retailer, do you prevent the consumer from just then buying the products on TikTok directly? There's a shopper, they put this Neutrogena product in their cart. How do you stop them? I see that on TikTok, why don't I just buy it there?

Blake Droesch:

I mean, yeah, but you're not necessarily giving the customer a way to spend their afternoon. I mean, that's what it's all about. It's about sort of the experience of getting a Starbucks and browsing the aisle. And it's a lot different than necessarily learning about a product and

buying it through TikTok, which certainly serves its own purpose, but retailers like exactly bucking up against that trend. It's like, "Yes, you could do that, but it's not part of the experience." It's not an activity. And people turn to social media to figure out ways to spend their time just as much as they do turn to social media to figure out what products they want to buy. So I think retailers need to really tap into that side of it.

Sara Lebow:

Sure. I would argue that scrolling through TikTok is a way to spend your afternoon, but I definitely see your point.

Blake Droesch:

You won't feel so sad afterwards if you go to the store.

Sara Lebow:

That's true, because I'll spend money.

Blake Droesch:

You don't look out your window and the sun is set and you're like, "Wow, I've just been sitting here staring at my phone for the last two hours."

Sara Lebow:

That would never happen to me.

Suzy Davidkhanian:

But Sara, was your question, why wouldn't you just buy the Neutrogena thing on TikTok versus going to the Target?

Sara Lebow:

Yeah, I mean, if I'm Target and I'm investing in this, isn't one of my concerns that then the consumer via social commerce?

Suzy Davidkhanian:

So it would only work, though, if TikTok Shop was enabled through Target, and then it would still count towards the Target numbers. So I don't think that it's that simple, and it will take a

lot more... But what could happen, which would happen even if you were at Target, is that you see the Neutrogena there and then you go online and you're on your phone and you're like, "Oh, it's 10 cents cheaper at Walmart, so I'm going to buy it there instead." So I think it's happening all the time, but if you're on TikTok and you buy it on TikTok Shop from Target, then it's a win for Target.

Sky Canaves:

And one of the interesting dichotomies I'm seeing from both our own proprietary research and third-party research as well is that especially with younger consumers, Gen Z in particular, they are both more likely to discover products online and through social channels like TikTok, but they also have a really strong demand to go to stores for shopping and for the experience. They want to go to stores, they have the time and the interest, and they like to explore and see things.

And when they come back to TikTok and want to make a video of their shopping haul, they don't want to unwrap packages that came from Amazon or in the mail. They want to show off their shopping bags and give that kind of unboxing experience. So they want everything from the social experience of discovery to the full consumer experience of going to stores and bringing something home.

Sara Lebow:

Yeah, I mean, when we talk about Gen Z shopping habits and them being way more online, we definitely underestimate, undervalue how good it feels to be a teenager, a young adult, and be on the trip to the Target by yourself for one of the first times, to be driving the car for the first time alone.

Sky Canaves:

Or with your friends.

Sara Lebow:

Yeah, that's not going anywhere. So Blake, just to summarize your prediction, you think that retailers, Target in particular, are going to bring people into the store by leveraging creators to encourage people to come in?

Blake Drosch:

Absolutely.

Sara Lebow:

All right. So now Suzy, Sky and I will discuss whether or not this is a prediction that we can invest in or that we would put money behind. I agree with this take, I'm just not convinced this is a totally new thing. Creators have been doing Target hauls since the advent of TikTok. It was huge during the pandemic, so I'm going to put money behind this, but I don't know how strong a prediction it is for the future.

Suzy Davidkhanian:

Oh, I feel like the gauntlet got thrown, Blake. But I think that if I was to read into the prediction, it's more like, this is already kind of happening, but it's not facilitated by the brand. It's the influencer who's doing it on their own, which is that connectivity part that's for '24. And so with that, I would only give you half of my money because I think it's true that brands are going to get in on the action and try and commission the influencers to do this on their behalf, but I think Walmart might do it first and not Target, because Walmart is trying so many different things when it comes to shoppable media and other ways of capturing that younger consumer, because they're not cool, Walmart. So people aren't... Younger folks don't tend to go there, whereas everybody on the younger end goes to Target because it's cool.

Sara Lebow:

Sky, are you putting money behind this prediction?

Sky Canaves:

Well, I agree more with Suzy that it would more likely be Walmart that's going to have the critical mass of investment into creators over Target. And I question how much other retailers will be willing to invest in developing really well-thought-out creator programs themselves rather than outsourcing them to agencies or the platforms themselves.

Sara Lebow:

I could see a Sephora doing it.

Suzy Davidkhanian:

Well, Sephora might be doing it, like Macy's is already doing it with their own employees, or at least they were at some point. They were getting their own employees to do influencer style, more authentic marketing, unboxing, "Come look at my closet." But I think Blake's thinking about it from a more neutral perspective, right? There is zero relationship. These people are already doing it, and now Target is going to... Right, Blake? I feel like this is where you come in and defend your prediction.

Blake Droesch:

I think it's a good prediction. You guys are just missing out on the investment, so I'm not going to twist your arm any longer. You're going to see it a whole lot in 2024, and I'm going to be sending you TikToks.

Sara Lebow:

I can't wait to see Blake's Target creator content.

Blake Droesch:

So your loss, my gain.

Sara Lebow:

All right, let's move on to our next pitch. Sky, why don't you give us your pitch?

Sky Canaves:

Sure. So one trend I'm really keeping an eye on in 2024 is how China's influence will really shake up online shopping in the US. And I think one of the greatest areas it has potential in is in livestreaming, e-commerce or livestream shopping, which hasn't really gained much traction in the US to date, even though it's huge in China. And now we have TikTok shop that just launched officially in the US in September, and it's really been pushing livestream e-commerce. So I think 2024 is going to be the year that we see a breakout star emerge in the livestreamings e-commerce space, a creator, influencer who's really going to make the format their own and go viral on TikTok, both through their own talent and thanks to TikTok promoting or boosting their content as well.

Sara Lebow:

I definitely see that TikTok Shop has blown up livestream in the US in a way I wasn't expecting, but I still sort of associate this format with older people, not younger people. Maybe it's just because all those years ago I watched the LuLaRoe documentary and think of this as Facebook pyramid scheme behavior, but even on TikTok, this is something I see older women doing, not really younger creators.

Sky Canaves:

Well, it's only a matter of time before... Because I think there are younger creators already on there doing this. They just have to find the right format and entertainment mix, maybe the right product categories. I know it could be big for resale or thrifting, or categories like beauty where you already have people watching fairly long get ready with me videos of beauty routines. So how much more work would it take to turn those into livestreams?

And it could be because people tend to get ready at the same time every day, or in the evening when they're going out. That could become kind of regularly scheduled programming. I think there are associations with livestreaming of QVC and the overselling that can be a little bit cringey to watch, but I think it just takes the right talent and approach and entertainment value to get mixed in there.

Suzy Davidkhanian:

I already thought this was kind of happening. If you think about all the YouTube stars and the Instagram stars, I already thought they were doing, some of this was already through livestreaming, but I guess you're saying it's going to happen, they're going to hit it big because they're livestreaming.

Sara Lebow:

Well, they're livestreaming, but they're not doing e-commerce in that same format at the same time.

Sky Canaves:

And with the ability to see something on a livestream and buy it and check out while you're watching the livestream, which is what TikTok Shop now offers.

Suzy Davidkhanian:

Yeah.

Sara Lebow:

So let's start with you, Blake, since you haven't weighed in yet. Are you putting your money behind this prediction?

Blake Droesch:

No, I'm not, sorry Sky. I do agree with Sky's overall trend that TikTok Live definitely has some potential to become more of a viable live commerce channel compared to Instagram Shop Live, whatever that was, that was a total disaster, that Meta has since discontinued because it really did not gain any traction that people thought it had during the pandemic. But I think there are so many popular livestreamers already, particularly on Twitch, and there really has been for years.

And I just don't think that if any one of those Twitch streamers can really emerge and become successful in selling products, because they're definitely trying, then I don't really think creator is going to be able to emerge strictly as a celebrity in the rite of selling products via livestream in the same way that it appears to be in China.

Sara Lebow:

Suzy, are you putting money behind this prediction?

Suzy Davidkhanian:

Only half.

Sara Lebow:

I am definitely putting money behind this prediction. I am a firm believer in the popularity of celebrities who are just sort of famous for being famous. I think that this is the next evolution of that, and I think that Twitch has had a lot of trouble monetizing in a way that satisfies creators and TikTok. I mean, granted, TikTok's Creator Fund that's sort of dead in the water, people don't make money off of TikToks directly, but TikTok is set up specifically for this. I think we're all going to be really surprised by livestream e-commerce in the US in 2024. Okay, we're onto last but not least, Suzy. Suzy, can you give us your pitch, please?

Suzy Davidkhanian:

Sure. So before I give you my pitch, I just want to remind our listeners that if you have access to the report, there are lots and lots of other predictions in the report that we didn't talk about, and then there are two other trends. But the third one that we're going to talk about today is around retail media network. We have talked about retail media for several years now, and everyone's asking us what's next. So we were thinking through this in terms of retail media networks are turning to others to partner with them. There's going to be around \$60 billion forecast spend in retail media, and retailers, there's only so much any one advertiser is going to advertise on one platform, but we also know that there are over 50 platforms right now, so advertisers only really want a maximum of four partners.

And so what does that mean? Retail media networks like Macy's and Amazon are going to start partnering with social and other platforms to try and use the data that they're gathering to make a difference for the advertiser and reach more consumers. So we had lots of different predictions. The one that we did not write about, which I am putting my stake in the ground is that... And guys, I'm changing it up from what we discussed.

So one of the things that we are saying is different, smaller retail networks need to partner up with one another to try and capture more consumers and get more data. But we didn't talk about folks like Trade Desk or Criteo perhaps buying the retail media network business of one of these smaller platforms that just can't get ahead. And we know that Gap closed shop, we know that if you're a vertically integrated retailer, it's a lot harder to get more people in if you're not a marketplace. So that is my prediction. Some of the vendors will start to buy some of the smaller providers.

Sara Lebow:

You think they're going to buy instead of just partnering?

Suzy Davidkhanian:

They're already partnering. I like fantastical predictions, as Marcus can attest to, so this is my prediction. We also don't know... Usually the buying one, so I don't want to put my name on any one buying another, but I do think it won't just be tie-ups, that we might see some actual M&A activity, only because it's expensive for a small retailer to keep that afloat, and they're not getting enough data to sell data. So from an extra revenue stream, maybe there isn't enough return on investment for the amount of people and resources that are putting it up.

But for some of the vendors who are helping support, maybe they want to learn more and buy it and have all of that information and just run it more smoothly and get experience.

Sara Lebow:

Is there a precedent for this? Are there third parties that own CTV providers' media networks?

Suzy Davidkhanian:

Not that I know.

Sara Lebow:

Okay, so this would be a totally new step, which is fascinating and definitely a prediction. So Suzy, your prediction is that a third party, like The Trade Desk or like Criteo, will buy a tiny retailer's media network and own it, take ownership of it.

Suzy Davidkhanian:

Yeah, and maybe they'll just reuse the data or maybe they'll close it but then reuse those resources. I just think that some of these companies have put so much time and effort into putting up a retail media, and it's not necessarily working for them, because there's giants, and then there's all this long tail. And so they either close shop like Gap did, or maybe they sell the property to someone who can then reuse it in a different way.

Sara Lebow:

Okay. Sky, would you put money behind this prediction?

Sky Canaves:

I'm not sure. Maybe not, because I think maybe I see more value in the partnership approach where the retail media networks can be aggregated and their inventory can be sold by a third party, perhaps. So maybe it's a half investment where I would invest in that side of it, but I don't know that the retailers would want to give up their media networks, because they rely so much on their own data and it's also a source of revenue for them.

Sara Lebow:

Yeah, I'm going to agree with you, Sky. I don't think I'm putting money behind this. I definitely agree with consolidation and partnerships, and I think that the likes of Criteo and The Trade

Desk will be huge players in that. It's hard for me to picture buying a media network from another entity. I don't know of a precedent for that, and it's hard for me to picture sort of the risk that goes along with that. What if the retailer closes? What then? So I am not going to put my money behind this one. What about you, Blake?

Blake Droesch:

Yeah, I wouldn't put my money behind it either, but from the perspective that I don't know why a company like Criteo or The Trade Desk would want to buy a failing retail media network when they're creating so many partnerships with retailers that are doing a good job. So it just doesn't seem like it would be a worthwhile way for them to spend their time or money.

Sara Lebow:

Suzy, any defense there?

Suzy Davidkhanian:

Sure. I always have a defense. They're already partnering, so it's not about partnerships, and we do foresee that '24 will be the smaller folks like the Petco with a Macy's or a Home Depot and a Walgreens. So categories that are not in direct competition with one another but share similar types of consumers will partner, but I think if we take it that one next step, it could be... And they wouldn't buy the Petco retail media network and run Petco's retail media network. They would take all the intelligence and the learnings to then apply to all the partnerships that they're in.

So I definitely agree, there's no reason to buy a failing retail media network as a branded entity, but there is reason for a company, instead of going bankrupt on that or closing shop on that particular revenue stream, to sell it in parts and pieces as needed. There are over 50 retail media networks, and again, advertisers don't want to put their money in more than four, so something's going to change. And even all the tie-ups, it's not enough to get the long tail moving.

Sky Canaves:

I think this is where the aggregation value would come in. If all the retail media networks or a lot of these can be aggregated on a platform and then the advertisers can just buy inventory through that platform and have it distributed across these retail media networks, that would be maybe a more attractive proposition.

Suzy Davidkhanian:

Programmatic advertisers already do.

Sky Canaves:

Mm-hmm.

Sara Lebow:

Yeah, I think that's one of the hardest parts is putting those ads in Petco and Pet Supplies Plus in Walmart and having them all serve in different places and comparing all of them. That's, to me, where the third party is most useful. With that in mind, that is all we have time for today, so thank you for being here, Suzy.

Suzy Davidkhanian:

Thanks for having me.

Sara Lebow:

Thank you, Sky.

Sky Canaves:

Thanks Sara, always a pleasure.

Sara Lebow:

And thank you Blake.

Blake Droesch:

Thanks, Sara.

Sara Lebow:

Thank you to our listeners and to Victoria who edits the podcast, and to, I predict we'll do a great job at it in 2024. And I also predict we'll edit that out of this episode. We'll be back next Wednesday with another episode of Reimagining Retail, an eMarketer podcast. And tomorrow, join Marcus for another episode of the Behind the Numbers Daily.