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THE FUTURE OF RETAIL

Webgains White Paper in Partnership with PerformanceIN

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EXECUTIVE SUMMARY

The events of 2020 and 2021 have reformed the vision for the future of retail and how businesses need to maintain a close relationship with their customer, in order to survive and come out on top. Never has the gap between retailers and consumers been so slight. The feeling across the board is one of hope and resilience, with a shared understanding of the importance of innovation. The Future of Retail white paper provides fascinating insights into how the world of retail is coping and will adjust in a post-pandemic future.

Within this report, gain insight into how global behemoths like Alibaba are adjusting to the 'new normal' through leveraging omnichannel strategy with their Mom and Pop stores. Discover how Gen-Z are voting with their wallet and challenging retailers that are lacking in their approach to ethics and sustainability. Read how the high street of the future will serve many needs, not least as hubs for various communities but where people will still gather and meet for that all important real life human connection. This report also covers the advancements in seamless transaction and the rapid rise of the digital wallet, thus shifting attitudes towards models such as Buy Now, Pay Later, and the effort to deliver to the last mile. From covering these vast topics, one thing remained clear; the brutal nature of various lockdowns, restrictions and economic uncertainty has separated the DNVBs and retailers who were quick to adapt from those who lacked vision and an urgency to change tack. It is evident that relevancy is one of the key indicators to success within a post-pandemic world.

Mumtaz Khamker, Global Head of Strategic Growth at Webgains Ltd.



THE AGE OF OMNICHANNEL



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INTRODUCTION

As the world regroups post-2020, we are seeing a shift in the way retail operates with an accelerated integration of digital. Here at Webgains, we have supported many small businesses to pivot and compete against much larger brands. These scaleups thrive by focusing simply on service, delivery and content. By integrating affiliate marketing into their strategy, our brands discovered that they were able to adapt and remain active during a time of intense doubt and uncertainty. By embracing and utilising the vast revenue streams digital commerce has to offer, our clients were able to build upon their brand presence and generate revenue without the need for a physical presence on the high street. This is demonstrated by DNVBs such as Boohoo and ASOS, acquiring the rights to long-standing high street giants. A scenario many wouldn't have seen coming, certainly not in this decade. It is a prime example of how a willingness to bake omnichannels into your strategy will ensure relevance and longevity.

Within our first topic of the Future of Retail report, we explore the key drivers which will aid in the survival of commerce and pave the way for a new type of retail.



PHYGITAL: BLURRING THE BOUNDARIES BETWEEN DIGITAL AND PHYSICAL

2020 led to an astronomical rise in online shopping resulting in a 25.7% increase worldwide; with Argentina ranking as the country with the highest sales growth by [100.6%](#). Ecommerce will continue to thrive as businesses invest in their online channels. However, as the world reopens, we believe the boundaries between digital and physical will blur.

The integration of digital channels within physical spaces means businesses will have to adopt an omnichannel approach to their sales and marketing. [RateUsOnline](#) estimates that ecommerce will steadily increase, accounting for as much as a third of all sales by 2024.

Kate Ancketill, CEO and Founder of [GDR Creative Intelligence](#), echoes this prediction and discussed in detail the future of retail during the Webgains [Transform 2020](#) event. She commented specifically on the success of DNVBs adopting an omnichannel approach as follows:

“The digitally native vertically integrated brands were already getting it right with launching online and then moving their product into physical retail once they’ve established themselves. They have a strong tone of voice, are very good with logistics and delivery. They sold the whole package. So, I think there’s a lot that the big existing brands can learn from those small, nimble digital first entities.”

Following from this, there is no better example of a country embracing the omnichannel model than that of China. Despite concerns around data protection, China makes a stellar case study of a retail titan utilising data to create an immersive experience, engaging shoppers and boosting sales. Alibaba’s omnichannel strategy, for example, disrupts the retail landscape by integrating online technology into traditional brick and mortar operations to enhance customer experience. Alibaba’s Mom and Pop stores utilise data to manage inventory, promotions and discounts in real-time, as well as investing in augmented reality (AR) to elevate the shopping experience.



Alibaba's Hema Supermarkets are another example of a winning omnichannel strategy. These are the optimal 'phygital' grocery shopping experience. They incorporate QR codes within the product offering, allowing customers to scan the codes of the produce and arrange their orders to be delivered directly to their home. Combining live streams of cooking demos and offering food preparation services for customers, incentivises shoppers to use the services regularly and make repeat visits. Their ability to balance immersion, tactility, technology and convenience paves the way for the future of retail.

Richie Jones, Managing Director of [vvast](#), spotted the shift of seamless integration with digital and physical during our [Accelerate 2021](#) event commenting:

“I think stores will become cathedral-like spaces where you've got low density shopping experiences. There might not be that much product, but there will be beautiful visual merchandising, helpful people and strong branding, with the ability to transact seamlessly. I think the concept of ecommerce is that the 'e' will eventually just melt away and become commerce again. The way commerce is going is that it will be a seamless omnichannel experience.”

One of the advantages of running a high performing affiliate network across around 2,000 advertiser programmes trading a 30 million+ strong fully indexed product database is that we're able to obtain an evidence-based and balanced view of what is going on in the world of online retail and ecommerce at any one time.

The omnichannel approach isn't only confined to major retail players, SMEs can also adapt with the use of [affiliate marketing](#). The low-cost, low-risk channel compliments the omnichannel model by enabling brands to build equity and revenue through partnering with diverse publishers. The broad spectrum of affiliates such as influencers, cashback sites and content producers ensure that merchants can try different methods of marketing to produce strong conversion rates. Incorporating affiliate marketing within the ecommerce model provides reach and flexibility for SMEs to formulate their omnichannel strategy.

INFLUENCING THE CUSTOMER

“The success of omnichannel centres around the customer, prioritising their needs and desires. Influencing is a key part of that strategy. The concept of retail assistants as affiliates will incentivise customer loyalty and repeat sales. It will provide purpose for sales assistants to build their own personal brand to offer a level of aspiration, expertise and community. Equally, bringing in micro influencers to become advocates of the brand and hold physical events and meet-ups will help to build the overall lifestyle of the brand and encourage a more interactive experience.”

- Richard Dennys, CEO of Webgains Ltd.

This concept outlined by Richard provides an interesting initiative for affiliate marketing and for motivating merchant workers. Sales advisors can earn commission based on their performance and personalised offers in-store. Techniques such as influencer marketing and closed community groups such as WhatsApp help to bring the online environment into the physical one. The essence of retail is changing. It is no longer about transacting at the point of purchase, it's about influence, lifestyle and community.

Following on from Richard's idea, retail agency [LTK](#) now represents RewardStyle and LIKEtoKNOW.it. These are the two largest influencer shopping platforms made up of 5,000 retailers and over 150,000 influencers globally within the community. These huge numbers speak to the importance of influencer marketing and the promise it holds for affiliate marketing within the retail sphere. Amber Venz Box, co-founder and president of LTK likened social media influencers as the 'new storefronts', utilising their platform as flagship stores.

When done with passion and authenticity, influencers have the power to provide a new form of trust when it comes to product recommendations and purchasing decisions. However, it is important to note that these partnerships need to be transparent and reflect the values and messaging of both the influencer and brand to cultivate this level of trust from their audience.



Fashion retailer ASOS has been ahead of the curve when it comes to influencing an audience and building a lifestyle element for the brand. The DNVB launched their ASOS INSIDERS influencer marketing strategy in 2016. Each ASOS Insider is carefully selected for their unique sense of style and personality, to appeal to and engage with, a global audience. Their content helps to build the brand of ASOS making it a fully realised world. The Insiders act as an extension of ASOS, providing a genuine connection to their followers and encouraging engagement.

The insiders promote products you can find on ASOS via various social channels, making recommendations and sharing their outfits. Each Insider appeals to a niche audience, therefore growing and diversifying ASOS' reach, representative of the DNVB's inclusive positioning. This strategy is successful in boosting customer lifetime value, creating fresh content for the brand, and raising brand awareness. The authenticity of the Insiders adds an element of aspiration, attainable for customers through shoppable links.

SUMMARY

This brave new world of commerce relies on the interconnectedness of digital and physical; as well as the relationship between merchants and consumers to drive forward sustained economic growth. The dilemma of whether or not to hold a physical presence on the high street remains. However, brick and mortar still hold their value as it acts as a place for community and feed into the interconnected nature of omnichannel (more on this in our next section). The concept of brick and mortar still holds on to the traditional view of what retail looks like yet arguably, retail has always been at the pinnacle of innovation.

Shopping centres were introduced in the 19th century, empowering shoppers (particularly women) to wander carefree and peruse a variety of merchants' wares. Malls in the 80s represented a place for the youth to meet and gain a sense of belonging and freedom. Retail is always in oscillation and this transition sees a new type of retail emerging, one that interweaves the metaverse with our physical reality.

As we adapt to new norms, and ultimately the shift to phygital retail, we see affiliate marketing as a driver within these core trends. It is an incredibly effective tool to scale a robust business model, build brand equity, drive awareness and secure sales growth. Brands and retailers have had to shift strategy and reconnect to stay afloat and remain relevant. Their resilience in the face of adversity ensures that the future of retail looks promising.

REIMAGINING THE HIGH STREET



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INTRODUCTION

As we discovered in our last section, the last couple of years had a monumental impact on retailers. The result of national lockdowns exposed the businesses that lacked innovation. Ultimately, this has led to the demise of many well-known brands; yet we believe the removal of retail legends such as Debenhams and Topshop will make way for a more diverse high street in the future. The desire to diversify, innovate and to work with technology rather than against it, could be the key to survival and make for a brand-new shopping experience.

Within this section, we will look at the resurgence of small business and a yearning for diversity on the high street. We will explore the concept of stores transforming into fulfilment hubs and experiential centres, balancing the tricky proposition of convenience and offering a meaningful visit to retail estates; and finally, we discuss the importance of exceptional customer service, and the value high streets hold for the all-important connection to others.



SMALL BUSINESS SUPPORT

The increasing support for independents and small businesses will fuel the transformation of the high street. This will ensure our shopping venues become experiential centres for consumers that truly add value. This mindset shift can also be put down to various lockdowns across the globe, driving people to shop online, hence discovering new merchants.

As mentioned in the previous section, omnichannel will be a huge factor in the survival and success of the high street. Utilising omnichannel features such as collaborating with technology partners and incentive sites, will help boost brand awareness of small businesses.

Engaging and reaching new audiences online via events, live streaming and content will also drive sales and discoverability, in turn, boosting local economies. [The Shopify 2021 Commerce report](#) found that young consumers are driving this change with 54% purchasing from independent retailers discovered via social media.



STORES AS ENTERTAINMENT CENTRES

As mentioned previously, engaging and reaching new audiences by adding value to the shopping experience will aid the regeneration of the high street. It requires merchants to think creatively, for example, integrating AR technology within fitting rooms; hosting in-store events; and using live streaming. Kate Ancketill, CEO and Founder of [GDR Creative Intelligence](#), discussed in detail the future of retail during the Webgains [Transform event](#), predicting that:

“Retail is becoming entertainment. It’s merging with entertainment media and if it’s not fun, humorous, educational or experiential, it’s not going to survive.”

Kate further expanded on this theme by likening stores to broadcast studios, utilising data and assets of a physical store by reflecting the behaviours of customers.

Data is crucial to ensuring businesses adapt and remain relevant in the ever-changing world of retail. Analysing the data from various channels helps to inform decisions regarding stock, as well as to highlight the emerging trends and hero products which will ultimately motivate the consumer to purchase.

Creativity is a key application to transforming the appeal of physical stores. AR as a tool is rapidly gaining traction. Its function suits the likes of homeware and beauty brands and puts the power of technology into the palm of the customer’s hands. However, it is important to note that the technology can be expensive to implement, and merchants will need to carefully consider the application for it to suit the needs of customers and add value while driving their bottom line.



EXCEPTIONAL CUSTOMER SERVICE

Although the glittering allure of AR and live streaming promises a new way to connect with your shoppers, local shopping centres and the high street still provide a valuable service for Silver Surfers. The tactile and habitual act of shopping in physical stores builds a community to mitigate loneliness and creates a sense of place. The encouragement to move towards a more digital shopping experience can still cause hesitancy amongst the old and vulnerable. Being part of somewhere, interpersonal relationships and quality customer service are the draws for these consumers. It is important to note that online can only do so much to serve our needs; we still need the human touch.

This is where customer service is expected to be a priority across the board, from Silver Surfers and Baby Boomers to Millennials and Gen X; alongside the emerging Gen-Z.

Developments such as frictionless payments and easy shipping and delivery options were predicted to have been developed and enforced over five years but were smoothed out in less than six months.

These are the features that build trust and a level of expectation from consumers.

A [Forbes survey](#) reported that 59% of consumers will pay greater attention to customer experience than before. This means that there is little room for error, especially from SMEs. Instead of focusing on discounting and promotion, they must excel at providing excellent customer service; fast delivery; and easy payment options.

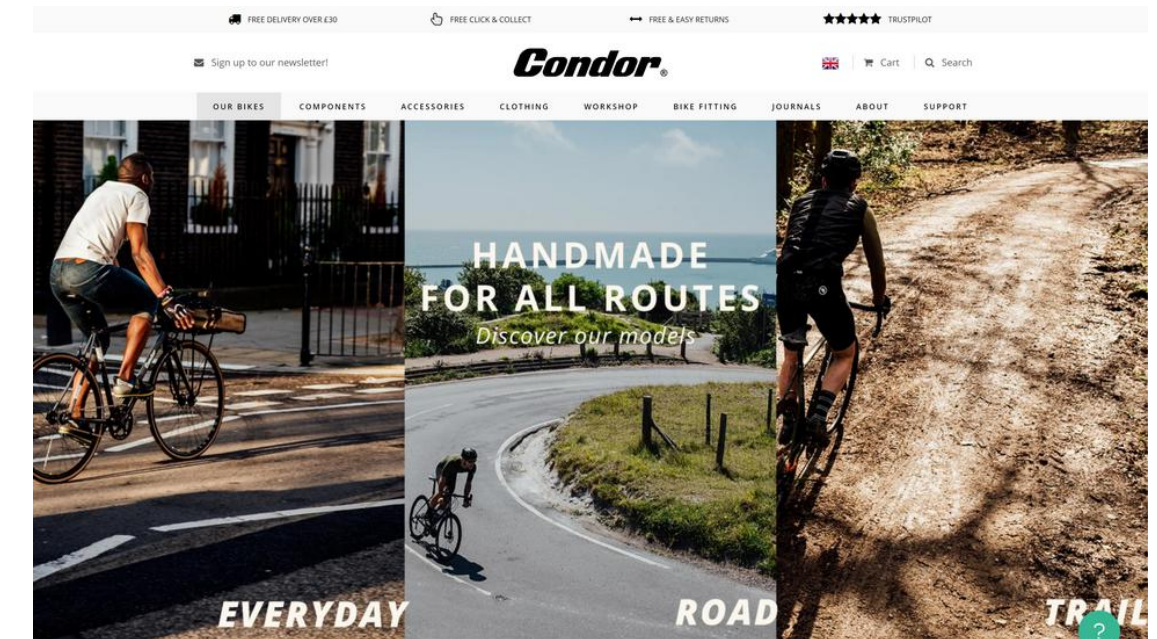
CASE STUDY - CONDOR CYCLES

Background

Webgains client, [Condor Cycles](#), is the perfect example. Condor has been building bespoke bicycles since 1948. They also offer a large selection of clothing, accessories and components, full workshop facilities and a bike fitting service.

Challenge

The main source of Condor's business has traditionally been their flagship store in London. However, the Covid-19 pandemic caused a significant drop-off in footfall. To counteract this, Condor needed to focus on generating sales through their website. In this pursuit, they switched their attention to delivering excellent customer service and going the extra mile when it came to delivery. They could not compete on price like other brands in their field, however, they felt affiliate marketing was a digital channel that could really make a difference.



Results

- Webgains dedicated account manager and support processes gave Condor more time to focus on overall strategy.
- **Intuitive reporting** feature helping optimise programme continually and keep senior executives informed on weekly basis.
- Quickly working with high quality, big name affiliates and establishing multiple partnerships to propel the programme.
- Significant increase in number of **new customers**.
- **Basket value rise by 22%** since joining Webgains.

CONVENIENCE VS. EXPERIENCE

For the high street to survive and indeed to thrive, brands will need to strike a balance between convenience and experience. The year 2020 no doubt accelerated the concept of high streets becoming experiential centres, as well as using physical stores as logistical hubs and showrooms to fuel ecommerce sales. Consumers now desire for a frictionless process from product through to payment, service and delivery.

The concept of fulfilment hubs, however, brings new life to abandoned and closed shopping malls. [Amazon](#) is a prime example of a retail behemoth transforming former shopping centres into delivery hubs and warehouses. This tactic pre-dates the pandemic, with Amazon acquiring many locations throughout various countries, but the Covid time machine has sped up this process. We are now seeing more and more companies adopt this strategy. For instance, [Walmart](#) are noted to be another huge player adapting their bricks and mortar strategy to accommodate the rise in demand for fast and seamless delivery.

Furthermore, the emergence of dark stores and restaurants is disrupting the hospitality and retail sectors. Webgains' Global Head of Strategic Growth Mumtaz Khamker notes:

“Dark stores were rampant during the height of lockdown, restaurants used dark stores for food preparation and retailers for fulfilment, to cope with the spike in delivery demand.”

Grocery stores such as [Whole Foods Market](#) are opting to capitalise on these locations, opening their first dark store in Brooklyn, New York. Alibaba's Hema supermarkets, offer a food preparation service for customers to take away freshly cooked meals. This is the future of the high street starting to happen right now.

SUMMARY

The concept of fulfilment hubs and the rise in ecommerce may seem like a threat to physical retail, but the key to its survival is to compliment these services and to add value to the shopping experience. As humans, we still crave tactile experience and connection. The high street offers the human interaction we desire and provides a unique potential to evolve into a perfect hybrid of online with offline.

Here at Webgains, one of our values is based on making smarter connections. In a post-2020 world, a low-touch and seamless shopping experience coupled with entertainment is the winning formula. Making smarter connections with affiliates will help aid the growth and uplift in sales. Establishing long-lasting relationships is the key to form a successful business journey.



CONSCIOUS CONSUMERISM



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INTRODUCTION

The Reimagining of the High Street touched upon the importance of connecting to your customer. The past couple of years tested the resilience of both consumers and businesses alike. Furthermore, there was an uptake in [applications](#) for philanthropic career paths and a [rise in activism](#). Cynicism was more prevalent than ever and mistrust in the media deepened. Within this timeframe, businesses are slowly turning their attention to Gen-Z. We are now seeing a surge of support for independents and ethical businesses.

The concept of conscious consumerism has been bubbling beneath the surface for a few years now. Fuelled by the support of influencers, environmental groups and various accreditations, there has been a slow and steady shift in the way shoppers are buying products. Status is increasingly placed on a brand's ethical and environmental credentials, and we can see this is a growing trend for the future of retail.



THE CONSCIOUS CONSUMER

Consumers are expressing their desire to shop more ethically and sustainably. However, the convenience and easy access of mainstream marketplaces; coupled with low-price points, makes it challenging for customers to make the switch. The [Shopify Future of Commerce 2021 report](#) highlights that 62% of young consumers prefer to shop for sustainable and green products. Gen-Z are noted to be the most likely demographic to vote with their wallet, based on a brand's ethical credentials and social standpoint. However, their spending power is limited and may make it challenging for them to align their values with their purchasing decisions. Instead, re-sale sites and apps such as Depop offer an alternative to mainstream retail giants.

Discoverability is an important factor for SMEs who sit within the ethical and sustainable category. Affiliate marketing provides a unique opportunity to find these customers. The Webgains' [Affiliate Discovery tool](#) enables merchants to build a diverse portfolio of publishers from closed incentive groups, CSS partners and content sites.

A small pool of data from the Webgains network shows that ethical and sustainable-based businesses revenue increased 298% YoY (up to and including 12th December 2021).

This is a key indicator of the interest consumers have in opting for sustainable purchases.

According to [PwC](#), in their [June 2021 Global Consumer Insights Pulse survey](#), there was a significant increase in consumers who worked from home opting to buy sustainable products. This could be linked to those reporting to be more health-conscious since the pandemic started. Interestingly, working from home hasn't had adverse effects on health and fitness, instead consumers working from home have more control over their day-to-day agenda, therefore spending consciously in the grocery, health and beauty and sports and fitness verticals while managing their lifestyle in a different way altogether.

The data in PwC's survey further indicated that interest in green products is still aspirational. The biggest barrier of this trend going from niche to norm are price points, quality and convenience, alongside a cultural shift. As the practice becomes more widely adopted, only then will consumers be able to turn aspiration into action by voting with their wallets.



YoY revenue increase from ethical and sustainable-based businesses on the Webgains network

THE RISE OF THE BCORP

There is a better way to do business in the 20s and [BCorp](#) is a movement that is gathering great pace. Certified B Corporations balance purpose and profit. This accreditation ensures that corporations use business as a force for good, analysing their impact across various parts of production from employees and consumers to suppliers, community and the environment. The BCorp certification ensures accountability every step of the way.

A global pandemic may seem like an unlikely time to improve one's ethical credentials, but the BCorp movement is taking precedent. PwC have reported an [89%](#) uptick in average monthly certification since March 2020. Since 2019 there are now 425 Bcorps in the UK with household names such as, Jamie Oliver and Riverford amongst them.

This global movement ties in neatly with [Mary Portas'](#) discussion on the emergence of the ['Kindness Economy'](#). Retail aficionado, Portas, argues that the customer is your brand ambassador, and for the past thirty years retail has overlooked the importance of customer loyalty by putting profit before people and the planet.

She now believes that we're entering an age of kindness where businesses are putting this model in reverse. Webgains' Global Head of Strategic Growth, Mumtaz Khamker, echoes this prediction:

“I read that [Beales](#) department store has struck a deal with the NHS to turn the top floor of their Poole store into a health village that will be used for testing and screening for specialist sectors such as dermatology, ophthalmology and breast cancer; thus reducing hospital waiting times. This is a fantastic move and shows great social responsibility - more retailers should be doing deals like these that benefit the wider community.”

Thinking beyond profit, another example to demonstrate the shift towards the 'Kindness Economy' is the recent deal by Capital & Regional with FEC. The development of integrating [residential homes](#) in parts of its shopping centres caters to the high demand for more housing; but also, the need to boost the local economy and rethink the sense of place. This development also addresses the structural shift in the high street and its changing function within our society - a topic we explored in more depth earlier.

MINDFUL MARKETING

Inclusivity and authenticity will be at the heart of a brand's messaging and value system. This goes alongside consumers' growing interest in sustainable products and many businesses looking towards achieving accreditation to support their ethical claims. Consumers are quick to call-out brands who appear to virtue signal, rather than enacting actual change. This means that businesses need to have clear messaging, genuine CSR actions and an offering which reflects their values in an authentic and consistent way. Havas Media Group's [Meaningful Brand's 2021 report](#) demonstrates consumer's scepticism on brands delivering on their ethical and environmental promises (71%). Trust is waning: 47% of consumers think brands are trustworthy and only 34% think companies are transparent about their commitments. Because of this cynicism, brands find themselves in a precarious situation where earning the consumer's trust is paramount.

Liz Curtis, Co-Founder of [Team Bespoke](#) discussed the importance of aligning your messaging with your values during our [2021 Accelerate](#) event:

“When entering a new market, you want to ensure that you have buttoned up messaging. Check that the words and phrases you're using do not have a different meaning in that culture or else you risk alienating that demographic. As the concept of 'cancel culture' unfolds, it is apparent that the younger generation are looking to brands as a moral compass. You want to ensure that you have clear messaging and are aligned with what's happening socially and politically to motivate that consumer to purchase”

71%

Of consumers are sceptical of brands delivering on their ethical and sustainable promises

47%

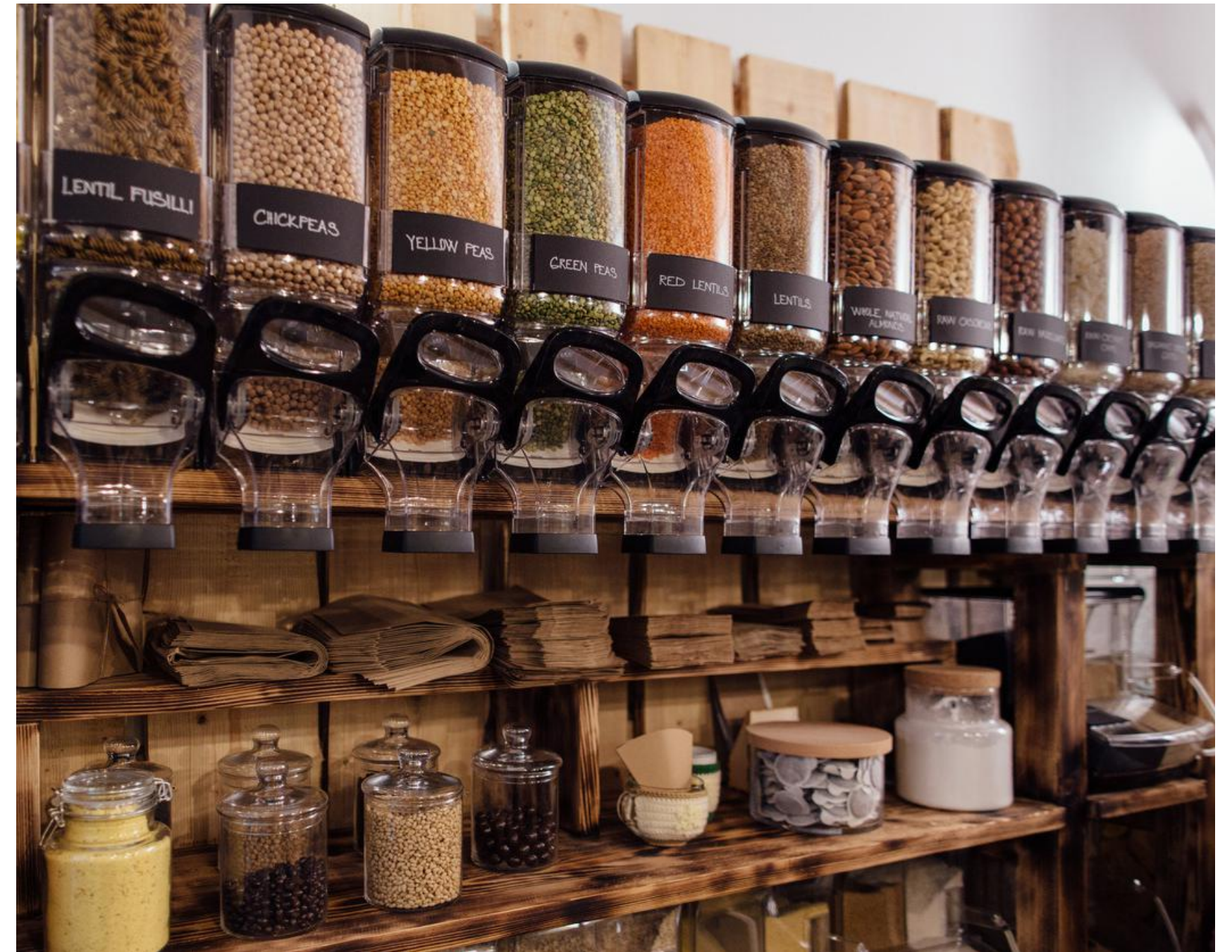
Of consumers think brands are trustworthy

34%

Of consumers think brands are transparent about their commitments

SUMMARY

The events of 2020 caused a dichotomy between people's beliefs and their actions. The act of panic buying reflected the impulsivity and survival instinct amongst shoppers; yet altruism prevailed, especially when looking at the relationship between business and consumer. As the initial panic waned, it gave way to a period of reflection, leading to many adopting more ethics-based purchasing behaviour. Although this key pillar seems niche, it appears to be a prominent decider in the buying process. The consumer is savvy, and the act of greenwashing and virtue signalling is no longer tolerated. As consumers opt to purchase with purpose, in a bid to reflect their values, brands are expected to uphold the same standards, if not to set a higher bar and lead by example.



THE DIGITAL WALLET



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INTRODUCTION

As the world was forced to stay indoors and close-up shop in 2020, the digital revolution thrived and accelerated. The prospect of a cashless society became prominent in conversation, and the volume in which [payfac models](#) were adopted has disrupted the transaction process as we know it. Health and safety concerns, coupled with the lack of face-to-face contact enabled the growing popularity of the model. Low touch, flexible and frictionless payment methods are the future of retail and it's happening right now.

Within this trend, we explore frictionless payment methods and the fast adoption of one-tap checkouts and emerging finance solutions such as Buy Now, Pay Later. Finally, we take a brief look at cryptocurrency and the link between the metaverse.



FRICITIONLESS PAYMENT METHODS

Consumers are hesitant to handle cash, opting to pay with contactless or mobile. This behavioural change is driven by the health and safety concerns spurred on by the pandemic. Traditional banking institutions have also accommodated consumer anxiety by increasing the maximum amount you can spend via contactless debit card. [Insider Intelligence](#) predicts that the gross payment volume of payfacs will reach \$4.013 trillion worldwide by 2025.

Including seamless payment options at the checkout is crucial now more than ever. Incorporating additional features to the user journey such as one-tap checkouts, automated discounts and promotions, as well as allowing customers to buy directly from product pages, will increase the basket value and number of sales.

It is important to note that these additions need to be part of a seamless process for customers. Merchants will need to optimise their websites across multiple devices, particularly mobile.

Mobile is becoming the device of choice for consumers. Ease of access and discoverability mean customers can shop on the go. [RateUsOnline](#) reported that 57% of customers won't shop from poorly designed websites on mobile. Furthermore, the [Shopify retail report](#) found that 40.6% of people said they use mobile payment services more frequently. A fully optimised mobile website is no longer a nice-to-have, it is a necessity.

Richie Jones, Managing Director of vvast, spoke of the importance of mobile transaction at the Webgains Accelerate event:

I think the big change was the advent of mobile. It didn't really take off until Steve Jobs finally nailed the iPhone and fixed the user experience to be the stunning touch base interface that we're now so familiar with. Today, most of our brands typically see at least 70% of all transactions through mobile. These are big average order values worth £150. If somebody said that mobile was the forerunner to me, even five years ago, at that level of AOV, I would have been a bit shocked.

THE RAPID RISE OF BUY NOW, PAY LATER

The varying payment options from Apple and Google Pay have made room for the rise of the Buy Now, Pay Later model. This model has become the go-to payment method for consumers, particularly Millennials. When asked why it was their preferred method, respondents of the [Shopify report](#) said it allows them to manage their budgets, take advantage of lucrative deals and is interest-free. Known as the IPOD generation (Insecure, Pressured, Over-taxed and Debt-ridden) the lure of interest-free is especially appealing to Millennials in comparison to using a traditional credit card with high interest rates.

The pandemic was an accelerator for the Buy Now, Pay Later model. [Finder.com](#) discovered that users of this service opted to purchase through this method during the lockdown period. Their findings reported that almost 4 in 10 (37%) Brits have used the buy now pay later service. [Shopify](#) has also reported that 60% of their merchants have increased their Buy Now, Pay Later programmes since the start of 2020.

However, this model isn't without contention. The UK Government's recent [announcement](#) plans on introducing regulation for the Buy Now Pay Later (BNPL) financial services products. Concerns over the messaging around interest free monthly payment plans can make young spenders susceptible to providers' offerings, and in turn, vulnerable to debt. Similarly, families and individuals affected by redundancy and furlough turn to these models to help aid gifting during seasonal holidays and to provide for the family. Above all, it is important to note that using these services are at people's own discretion and that education is key when it comes to finance and spending habits.

The data mentioned above strongly points to the disruption of traditional banking and finance methods. Modern payment structures give control to consumers over their spending. Allowing for flexible payments such as instalments with easy access to capital and seamlessness will pave the way for the future of retail. As mentioned previously, user experience is integral to the success of POS, integrating payment alternatives and prioritising mobile is essential.

CRYPTOCURRENCY: A NEW AGE OF BANKING

Fintech is reaching new heights and Insider Intelligence reported [68%](#) of US adults believe that cryptocurrency will be widely accepted as a form of payment by 2031. Traditional banking institutions such as Mastercard, are noted to [support selected cryptocurrencies](#) to their network. PayPal have also launched their [cryptocurrency service](#), allowing users to buy, sell and hold cryptocurrency on their platform. This embrace of a new type of currency acknowledges the increase in user transactions and investments using crypto cards.

However, the debate is still hot surrounding the regulation, security and value of cryptocurrency. Scepticism around the currency is still prominent as the stability of its future is unknown due to the currency being in its infancy. As the currency matures, there is potential for it to be integrated within common transactions.

The introduction of Facebook's recent rebranding as Meta and the widespread conversation surrounding NFTs poses a new direction to the gamification of retail.

The rise of virtual influencers and cross-over between popular culture, clothing and art within virtual worlds compliments the new form of currency. Throughout this report we have discussed the power and potential of omnichannel and the blurring of boundaries between the offline and online world. Cryptocurrency symbolises this new age of banking and the future of the blended world we will live in.

SUMMARY

As the world reopens and people embrace pre-pandemic activity, there will be a slight drop in the use of digital. However, user experience is imperative to digital customer retention and digital seems to be firmly planted at the heart of our new lifestyle. It is likely that behaviours such as contactless payments and frictionless systems will stick post-pandemic but are dependent on customer service and customer satisfaction. Seamless transaction and building systems for a digital wallet may seem ambitious, but many of these issues have been smoothed out in the last 18 months.

Retailers need to utilise and invest in the technologies that meet consumer expectations, not only do they speed up the buying process, but also provide valuable data to inform strategic decisions.

DELIVERING TO THE LAST MILE



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INTRODUCTION

In our final segment, we are focusing on the last mile. This has been a topic of conversation amongst retail experts for the past couple years. It is the most difficult hurdle for businesses to overcome due to investment in tech and logistics, but it is the most important part of the buyer's journey. The restrictions people faced in 2020 meant that ecommerce grew exponentially in under six months. This in turn, meant that the logistical challenges retailers faced pre-pandemic had to be smoothed out quickly. Delivery was an area that advanced and pivoted at speed to adapt to the sudden changes. Will this last part of the retail journey change the face of retail as we know it?



EXCEPTIONAL DELIVERY AND SERVICE

2020 accelerated our demand and expectation of a fast and seamless ecommerce experience by introducing alternatives such as curbside pickups, local drop-off points and fast next-day delivery.

Retail giants such as Amazon dominate the market with exceptional delivery and dedicated drop-off and pick-up points. According to PwC over 15 million UK shoppers have signed up to the Amazon Prime service and on average spend 230% more than non-prime members (figures from 2019). This subscription model drives spending with the lure of exclusive benefits. The fast and flexible delivery guarantee is the winning factor for consumers. Their promise of fast and low-cost service, complete with short timeframes and high visibility of the journey has been dubbed 'The Amazon Effect' and thus has caused a ripple effect across many businesses and verticals.

When discussing the future of retail, Webgains CEO Richard Dennys said this about the last mile:

“The biggest impact of last year was the restriction of people being at home. Every outlet had to change to build trust for customers. There was a focus on delivering to the last mile, which was always a challenge before. There was an immediacy to fix it.”

“People are now open to buying online and more comfortable with the process, especially with the guarantee of quick and seamless delivery. It may not sound like a big shift, but it is. It is now the norm, and this will spread across many verticals.”

As Richard identified, hesitancy around paying for delivery and its reliability has previously affected the buying decision. Offering a fast and cheap service with high visibility of the journey, regular updates via email or SMS, as well as alternative time slots is a sure way to sway the customer to spend. However, this level of service isn't only exclusive to major retail players. SME merchants can focus on delivering excellent customer service to counteract the limitations of cheap delivery alternatives. Live chats, social media and clear communication and personalisation will play an important role in customer retention.

INVEST IN TECHNOLOGY

Along with supply and demand and speed to market are what drive competition and innovation across all verticals, and delivery is no exception. Investment is being made into developing the tech and robustness of automated delivery services such as drones and automated vehicles. Amazon has been working on delivery drones since 2013 with other tech businesses following suit. The potential delivery drones present will be a game-changer for customers based in remote areas. However, technology is still limited, adoption is slow and regulatory experts are pushing back by raising critical hurdles to drone roll-out such as airspace regulations, air traffic, collisions with other drones, and detecting other objects in the sky.

Autonomous delivery methods are considered the future of the last mile, but companies still rely heavily on humans to provide that service. Issues with emissions and a shortage of drivers pose a problem with the demand for seamless delivery. However, there is no doubt that an omnichannel experience combining major parcel players and autonomous services will greatly change the way we consume.



CONCLUSION



WE GIVE YOU THE EDGE

“Although we are nowhere near ‘the end’ of the pandemic, I feel that 2021 has been a hugely important year for the progression of the industry. The challenges of the past couple of years have led to impressive innovation, ultimately proving the adaptability of the channel. It’s uncertain what 2022 will look like in terms of challenges, but we can move forward being thankful for our industry’s ability to be nimble, and this will help us overcome any barriers.”

- Niamh Butler-Walton, Staff Writer at PerformanceIn

The overarching consensus is that ecommerce is here to stay but the backbone of the high street’s survival relies heavily on the integration of omnichannel. Seamlessly weaving digital channels into physical settings will provide a valuable experience for customers, as well as important data to help decide on hero products, lead magnets and stock supply.

Creating experiential environments and merging entertainment with retail is the holy grail for the high street.

We have established that online will take priority, but it can only do so much we still need the human touch and thus high streets have a future. As ecommerce booms, a sense of purpose is essential to the survival of the high street. Fulfilment hubs will also provide a new lease of life to the high street, especially the growing concern of abandoned shopping centres.

As a result of 2020 and 2021, people are more conscious of their actions and are opting to make better choices for their lifestyles and the planet. Businesses are following suit and the ‘Kindness Economy’ is emerging – balancing profit with purpose. Authenticity is key to appealing to consumers, especially with Millennials and Gen-Z.

A cashless economy is becoming a reality and shoppers are opting to pay via contactless and mobile. Retailers need to invest in creating a frictionless payment system with flexible alternatives such as Buy Now, Pay Later and one-tap automated check-out systems. Offering alternative delivery methods and tightening up on the last mile service is critical to the customer journey. People expect to receive their parcels by the next day and decisions are increasingly made based on shipping time and flexibility of delivery options.

Throughout 2020 and 2021, we have helped our clients mitigate this brave new world of retail by levelling up their online counterparts.



We believe that affiliate marketing is the secret sauce to entering a new chapter of retail. The winning combination of our expert account managers, client support team and state of the art platform ensure that our clients make smarter connections and more informed choices. Our Affiliate Discovery Tool has been shown to increase sales growth, particularly for SMEs. The proprietary technology used helps aid tracking and reporting and matches our advertisers with the best publishers. The flexibility of the channel ensures that advertisers can test and trial various routes such as CSS and cashback without the barrier of a hefty sum. The priority of digital will only elevate the affiliate channel and aid advertisers' growth.

As we are nearing the end of the pandemic, we have become accustomed to the dramatic landscape of our high streets and the shift in which retail is taking, it can leave one feeling disenfranchised, but we should be hopeful about the future of retail. We are entering a new era of commerce, one that will feel markedly different, but retail is here to stay. The pandemic will be temporary but making smarter connections will stand the test of time.

Conclusion by Mumtaz Khamker, Global Head of Strategic Growth at Webgains Ltd.

THE FIVE PILLARS

**THE AGE OF
OMNICHANNEL**

**THE REIMAGING OF
THE HIGH STREET**

**CONSCIOUS
CONSUMERISM**

**THE DIGITAL
WALLET**

**DELIVERING TO THE
LAST MILE**

ABOUT WEBGAINS

We're the high performance affiliate marketing network combining cutting-edge technology and world-class expertise that put our clients — from blue-chips to start-ups — at the top of their game. Our market insight leads the field and we believe in sharing this expertise with you. We're motivated by your success and coach you every step of the way — wherever we can add value. We don't think of ourselves as a supplier - we're on your team. This means when you win, we win too.

Webgains was founded in 2005 and since 2006 it's been part of the ad pepper media International N.V., which is listed on the stock market.

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