

As we approach the last leg of 2024, we wanted to take stock of where the Specialty Retail industry stands and look ahead to the trends shaping the future.

Tech Is Top

We can't help but reflect on how technology continues to shape and transform how Retailers operate. At StoreForce, we've had front row seats to witness how the industry is embracing technology innovation, and, according to the Gartner Annual CIO survey, the message is loud and clear: technology investment is as the top of Retailers' priority lists. We don't expect that to change anytime soon.

In fact, 69% of Retailers plan to increase technology investments, relative to their digital spend. This number highlights an important point: success in retail is driven by technological advancements.

But, at StoreForce, we believe that real success comes from striking the right balance between people and technology. We're all about innovation that is designed to support, not replace retail employees.



Labor Of Love

What excites us at StoreForce is how technology innovation impacts labor. According to the same survey, 49% of Retailers plan to invest in their store labor. Seeing almost half of Retailers planning to invest in their people reinforces just how important it is to empower workforces with the right tools. This commitment to people fuels our drive to push the envelope and continuously improve our application, ensuring that we're optimizing the very workforce that our Retailers are betting on. Our goal is to optimize labor budgets, improve customer experiences, and ultimately help each and every store in a Retailers' fleet win the day.

Same Stores, Just Better

Is it just us or are stores getting a glow up? According to the Gartner Annual CIO survey, 58% of Retailers are revamping their store formats to create more engaging, tech-driven spaces. New concepts like cashier-less checkouts and immersive brand experiences are shaping the in-store experience, and this is just the beginning. We're seeing Retailers take advantage of these store formats not only to differentiate themselves from the competition, but also to ensure that customers are having a seamless omnichannel journey from browsing online to purchasing instore. These innovative store models demand a dynamic approach to managing labor, built around the nuances that their unique store environments bring. At StoreForce, we've designed our solution to support this shift seamlessly. Labor budgets need to fit the store environment – not the other way around.

READY FOR WHAT'S NEXT?

6 TRENDS TO CONSIDER IN 2025

① Yes or No to Technology?

Yes, of course. Embracing technology is essential for enhancing the shopping experience. Digital payment solutions like Alipay and Google Pay have transformed how transactions are handled, making the checkout process faster and more convenient for both Retailers and customers. At the same time, stores are leveraging RFID and IoT to improve operational efficiency and streamline inventory management. Although many Retailers are investing in in-house AI merchandising systems, results vary, emphasizing the need for effective implementation. Meanwhile, recommerce is gaining traction as Retailers experiment with resale opportunities, collaborating across supply chain, merchandising, and sustainability to assess costs and integration needs.

② Upgrade Your Labor

The retail landscape is evolving, and so are the roles of store associates. As we rethink the workforce, it's clear that augmenting and upskilling our frontline employees is key to achieving robust ROI goals. Here's how:

- **Breaking Down Processes:** Retailers can decompose tasks into their fundamental components to identify opportunities for automation and robotics. By understanding these processes, businesses can determine where technology adds real value.
- **Use Case Identification:** It's crucial to pinpoint current and future use cases for augmenting and upskilling associates. While machines bring efficiency, humans will always remain more adaptable, making them invaluable in dynamic retail environments.
- **Reconfiguring Labor Portfolios:** Investments in automation and store IoT technologies should be strategically aligned to enhance the capabilities of store associates, empowering them to provide superior customer service.
- **Cross-Functional Teams for Efficiency:** Developing cross-functional teams to audit, forecast, order, and replenish directly from the store edge can unlock significant efficiency gains. This collaborative approach ensures that every aspect of the workforce is optimized for success.

By embracing these strategies, Retailers can elevate their workforce from traditional roles to knowledgeable, adaptable associates ready to thrive in an increasingly tech-driven environment.

③ Retail, Meet Gen Z

As the largest generation of consumers, Gen Z is reshaping retail with their expectations and values. Their purchases are influenced by several key factors:

- **Hearsay Matters:** With reviews readily available, a neglected negative review can quickly deter potential customers.
- **Health Consciousness:** More informed than previous generations, Gen Z avoid products with toxic ingredients, particularly in fast fashion.
- **Sustainability Counts:** Gen Z demands transparency and actionable steps from brands regarding sustainability. They seek low prices without compromising ethical practices.
- **Diversity in Representation:** As the most diverse consumer demographic, Gen Z expects to see this diversity reflected not only in product offerings but also in workforce staffing.

The bottom line? Every purchase must be valuable, affordable, and beneficial for their health, the planet, and the employees behind the brands they support (good luck)!

Deciding Factors for Gen Z: According to the Robin Report, over 90% of household purchasing decisions are influenced by Gen Z. A visually appealing product is just the starting point—they are adept at sniffing out insincerity. Legacy brands face the challenge of Gen Z's thorough brand research; if a company's ethos doesn't align with their standards, conversion is unlikely.

Defund at Your Own Risk: Despite the increasing demand for sustainability, Gartner reports that many Retailers are becoming hesitant to invest in sustainable practices due to volatile market conditions. In an attempt to protect short-term profits, funds allocated for sustainability are often deprioritized. However, this approach poses a significant risk: Retailers rolling back sustainable initiatives may find their businesses unsustainable in the long run.

④ AI, Obviously

AI is making headlines daily, and for good reason. According to the 2024 Gartner CIO and Technology Executive Survey, 36% of Retailers have implemented traditional AI technologies like machine learning and deep learning. These technologies hold incredible potential for improving everything from customer personalization to supply chain optimization. However, many Retailers are still in the early stages of operationalizing AI, facing challenges in realizing its full value. Generative AI, in particular, is emerging as a game-changer, providing opportunities to enhance customer experiences through more personalized interactions, predictive analytics, and more efficient operations. By utilizing AI, Retailers can optimize everything from staffing levels to inventory management, while also delivering highly tailored customer experiences that foster loyalty and drive revenue.

For those who effectively integrate AI into their operations, the rewards are significant—creating more agile, responsive, and customer-centric retail environments. The future of AI in retail lies in its ability to not only automate processes but also elevate the overall shopping experience.

⑤ Economy Check

The current macroeconomic environment presents mixed signals for Retailers, particularly around consumer confidence and spending habits.

- **Employment Rates:** As of August 2024, U.S. unemployment stands at 4.2%, the second highest since October 2021.
- **Interest Rates:** The Federal Reserve has cut interest rates, with disposable personal income up 3.6% year-over-year in July.
- **Rising Delinquencies:** Credit card delinquencies are increasing, while savings rates have reached their lowest levels in decades.
- **Savings Rates:** U.S. household savings rates are at their lowest (excluding the pandemic), while Canadian households have their highest savings rate in 30 years.
- **Non-Discretionary Spending Pressure:** Essential costs like housing and healthcare are squeezing discretionary spending, especially as the holiday season approaches.
- **Consumer Sentiment:** The stock market's strength boosts a sense of wealth for some, but overall consumer confidence remains cautious. Deloitte's Financial Well-Being Index hit a four-year high, but discretionary spending remains subdued, and non-discretionary categories have surpassed 2021 levels.

In-Store Traffic Trends: Despite predictions of a decline, foot traffic is on the rise as consumers return to pre-pandemic shopping habits. Shoppers are engaging in more comparison shopping amid inflation, driving increased investment in brick-and-mortar locations.

At StoreForce, we understand that navigating these challenges requires adaptive workforce management solutions. By optimizing labor and enhancing in-store experiences, Retailers can capitalize on the resurgence of physical shopping and maintain resilience in an uncertain economy.

⑥ Retail Therapy

Consumers today are demonstrating remarkable resilience amid economic uncertainty, yet they are also becoming more selective in their shopping, giving rise to a modest resurgence of "retail as therapy." Here's what we know:

- **Inflation's Impact:** Historic inflation pressures consumers' discretionary spending, prompting them to engage in more comparison shopping and control their basket costs.
- **Influence of Gen Z:** This generation increasingly drives household purchasing decisions and conducts thorough brand research before committing to any purchase.
- **Foot Traffic Trends:** Physical store foot traffic remains strong, reflecting a renewed interest in in-person shopping experiences.
- **Cautious Resilience:** While facing mixed economic signals, consumers remain the backbone of the economy—resilient but cautious in their approach.

Navigating this economic anxiety is complex. Traditional models for predicting consumer behavior are less reliable, as financial pressures—like dwindling savings and rising borrowing—have reshaped the consumer landscape. Interestingly, despite these challenges, "retail as therapy" is making a comeback, with consumers seeking comfort, relaxation, and practicality through their purchases. This resilient but cautious consumer base, particularly among mid- to high-income earners, is adapting to uncertainty while still finding moments of joy in shopping.

At StoreForce, we recognize the importance of understanding these evolving behaviors. By leveraging data-driven insights and enhancing in-store experiences, Retailers can foster a sense of joy in shopping while meeting the selective demands of today's consumers.

AGAIN, TECH IS TOP.

It's worth repeating: retail technology is clearly transforming the way businesses operate. With over a decade of retail tech experience, we've learned a thing or two along the way. At StoreForce, we've seen firsthand how data-driven insights empower Retailers to manage their stores better, allocate labor efficiently, and elevate customer experiences. In fact, StoreForce and data go together like promotions and happy customers. We've spent years innovating and perfecting our platform to help Retailers stay ahead of the curve—and we're not stopping anytime soon.

As retail continues to evolve, we're here to help you navigate the future with confidence. Let's talk about how StoreForce can help you optimize your retail workforce and boost performance. To speak to one of our retail experts, [click here](#).