



# PLDT

## Tech Trends in Retail 2021

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# Many APAC countries are well placed to recover from COVID-19



GlobalData's economic recovery scorecard provides a indicator of economic recovery prospects by ranking countries on ten macroeconomic measures

GlobalData.		COVID-19 Economic Recovery Scorecard											
Economic Recovery Scorecard (35 countries)		Weighting:	15%	15%	10%	10%	10%	10%	10%	10%	5%	5%	100%
Country	Nominal GDP (\$bn) 2020	2-year GDP growth rate (%) 2020-2021	COVID-19 cases per million population	Inflation rate (%) forecast 2021	Unemployment rate (%) forecast 2021	Stimulus as a % of GDP	Equity index YoY change (%)	Household consumption expenditure growth (%) forecast 2021	Industrial production YoY change (%)	Manufacturing PMI	Merchandise export YoY change (%)	Country ranking	
Singapore	338	0.5	13,267	1.5	2.8	24.2	8.5	6.2	30.0	50.8	39.9	1	
China	14,786	5.4	68	1.4	3.8	5.6	-1.1	9.1	8.8	50.9	27.8	2	
Ireland	389	4.1	82,347	1.1	6.9	8.5	16.2	10.7	30.0	64.0	20.4	3	
Italy	1,828	-1.7	74,279	1.4	10.5	60.9	18.1	5.4	78.6	62.2	117.9	4	
South Korea	1,610	1.6	4,526	1.9	4.6	23.9	5.8	3.5	17.4	53.9	45.6	5	
Malaysia	338	-0.2	45,829	2.4	3.8	35.0	-5.3	9.1	26.0	39.9	71.7	6	
India	2,571	0.6	23,907	5.0	8.3	16.3	17.2	10.2	29.3	48.1	67.7	7	
Poland	587	1.1	77,997	3.8	3.4	13.6	18.7	3.8	29.7	59.4	81.7	8	
Denmark	341	0.6	67,016	1.0	5.5	13.6	24.5	4.5	11.7	62.1	31.9	9	
Japan	4,977	-1.1	9,587	0.0	2.8	57.8	0.6	2.3	14.6	52.4	36.3	10	
Norway	359	1.6	29,275	2.7	4.3	4.6	19.5	4.1	1.3	60.8	88.7	11	
Australia	1,345	1.3	1,730	2.1	6.2	18.7	11.8	4.0	-1.6	58.6	60.2	12	
USA	20,897	1.3	113,624	4.3	6.0	37.3	18.9	4.8	16.9	62.1	52.8	13	
Canada	1,607	0.3	39,671	2.5	8.1	18.7	17.5	4.9	18.3	56.5	67.9	14	
Germany	3,777	-0.8	46,905	2.7	4.5	37.1	16.3	3.5	20.5	65.1	63.9	15	
France	2,593	-1.2	100,173	1.7	8.9	26.7	21.1	6.0	20.5	59.0	83.5	16	
Austria	433	-1.6	83,949	2.0	5.5	13.0	30.2	4.7	35.6	67.0	46.8	17	
Czech Republic	240	-0.9	167,682	2.6	3.3	20.0	25.4	4.6	24.8	62.7	60.7	18	
Sweden	528	0.6	111,428	1.6	8.6	22.0	25.1	2.5	22.1	65.8	45.3	19	
Indonesia	1,092	1.0	14,638	2.0	6.5	4.6	-1.3	5.2	2.0	53.5	52.0	20	
Israel	385	1.1	120,274	1.1	5.0	14.0	14.9	5.5	8.3	56.1	40.0	21	
Philippines	352	-1.7	16,759	3.8	7.3	17.0	-6.7	7.8	265.1	50.8	101.6	22	
Mexico	1,057	-1.2	25,018	4.9	4.3	3.7	16.3	4.7	35.8	48.8	75.6	23	
UK	2,638	-1.5	96,757	2.0	5.0	29.8	9.1	4.8	20.5	63.9	32.0	24	
Netherlands	868	-0.2	114,267	1.9	3.8	14.4	22.3	3.2	8.4	68.8	48.7	25	
Switzerland	718	0.3	93,425	0.4	5.2	10.8	16.8	3.8	-1.6	66.7	17.3	26	
Turkey	640	3.8	74,859	16.3	12.4	11.5	-3.1	4.5	65.4	51.3	66.1	27	
Spain	1,246	-2.4	103,164	2.1	16.8	25.9	10.8	5.2	48.2	60.4	90.9	28	
Belgium	507	-0.7	105,397	1.7	6.6	16.1	18.5	4.7	10.5	0.0	58.8	29	
UAE	352	-1.4	78,343	0.9	3.0	22.4	11.0	1.8	0.0	52.2	0.0	30	
Saudi Arabia	679	-0.8	16,337	2.8	7.5	8.4	30.9	4.4	-10.0	56.4	-23.9	31	
South Africa	290	-1.4	46,298	4.4	29.7	11.2	11.1	4.1	82.8	57.4	294.2	32	
Portugal	219	-1.8	100,957	1.0	7.6	14.3	6.4	4.7	27.1	0.0	101.2	33	
Russia	1,455	0.3	45,326	5.5	5.7	4.0	17.2	3.4	11.1	49.2	47.6	34	
Brazil	1,371	0.3	97,885	6.6	14.4	17.8	-1.9	3.9	32.2	56.4	49.7	35	
Median		0.3	74,279	2.0	5.7	16.3	16.3	4.7	20.5	56.5	52.8		
Mean		0.1	64,085	2.8	7.1	19.5	13.2	5.0	29.7	54.1	61.8		

Source: GlobalData

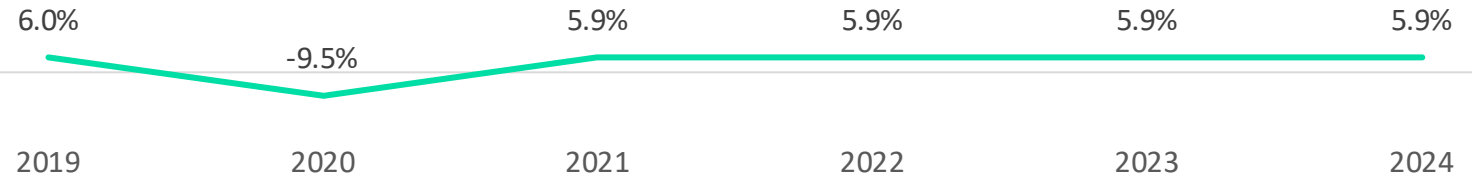


# Asian economies are rebounding in 2021

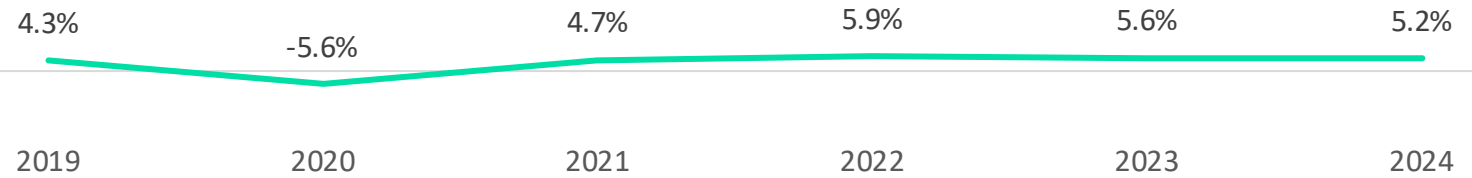
After experiencing negative GDP growth in 2020, Asian economies bounced back to growth



Philippines



Malaysia



Thailand



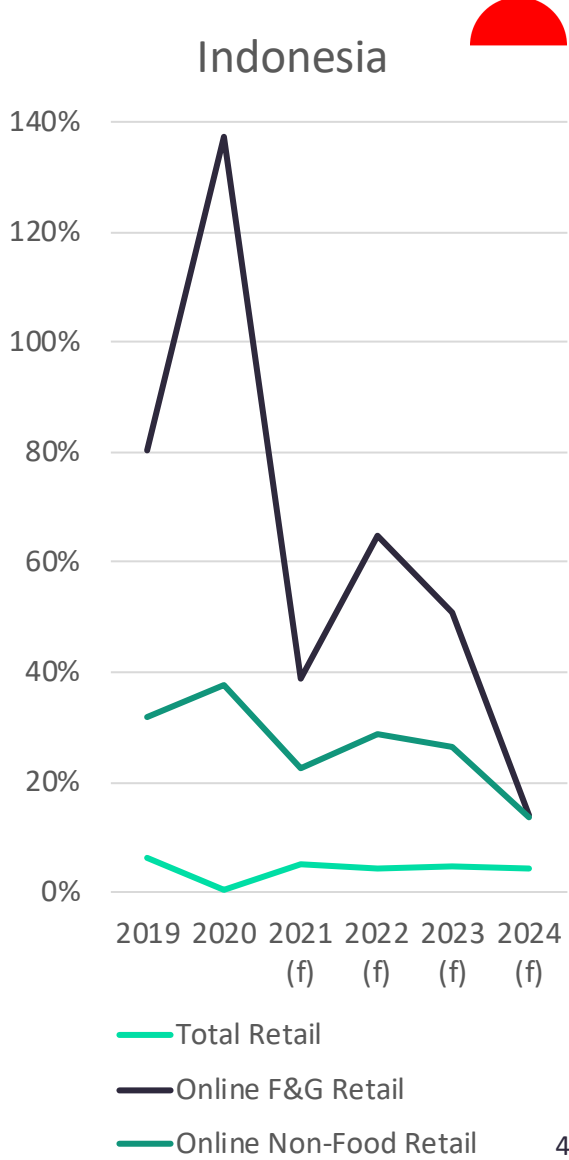
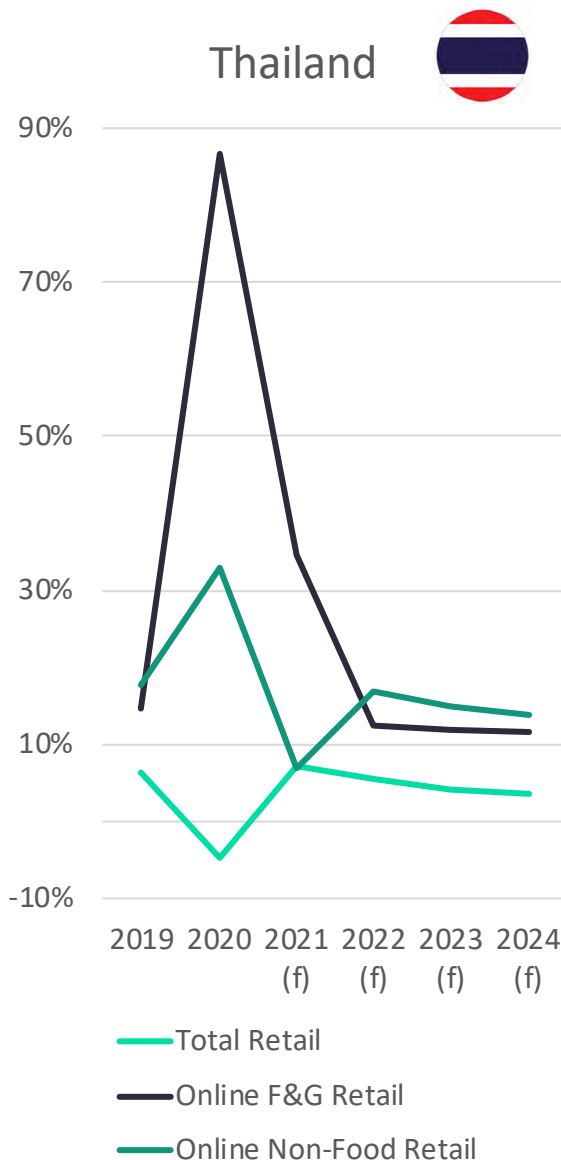
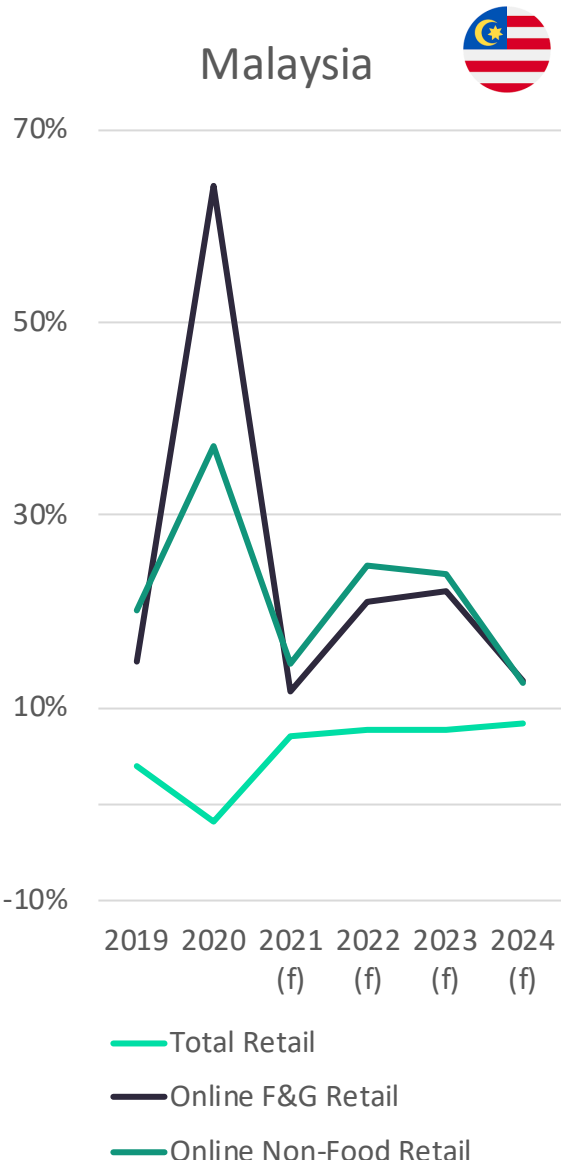
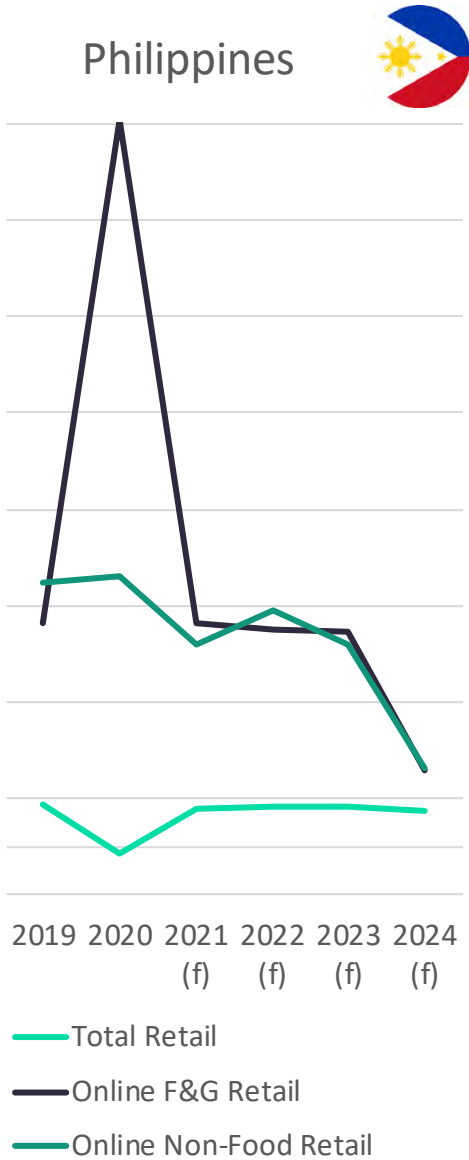
Indonesia



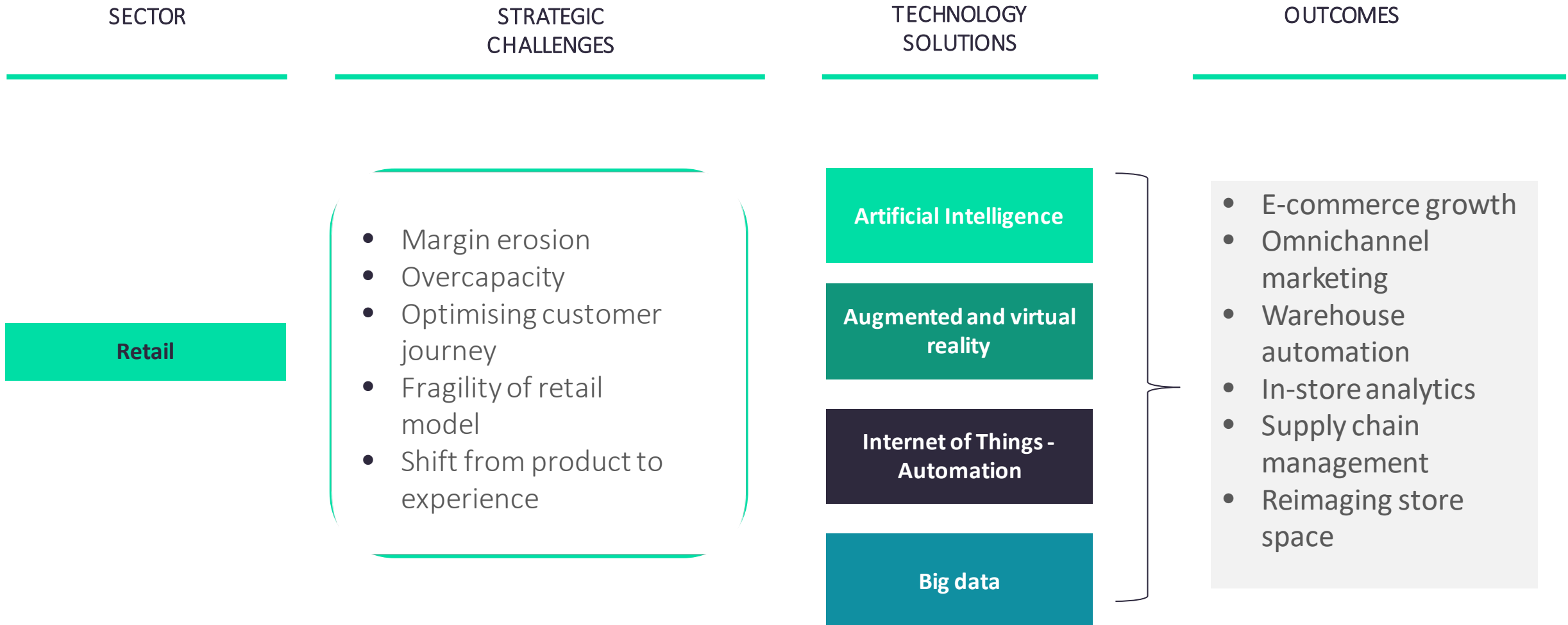
# COVID has driven a decade of digital adoption in a year with a big impact in retail



Retail growth (%) forecast (USD) – 2019-2024



# Retail faces many other challenges beyond COVID-19



# What does a post-pandemic world look like for consumers?



Enforced changes to consumer lifestyles has led to both positive and negative effects which will inform the shape of the consumer landscape in the decade to come



**New needs have been created ...**



**... as have new challenges**



**We will be online more**



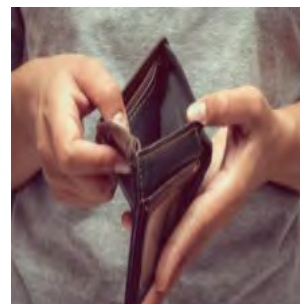
**We will stay at home more**



**Staying healthy will be a priority**



**The way we treat ourselves will change**



**We will be money-conscious**



**We will be pre-occupied with hygiene**

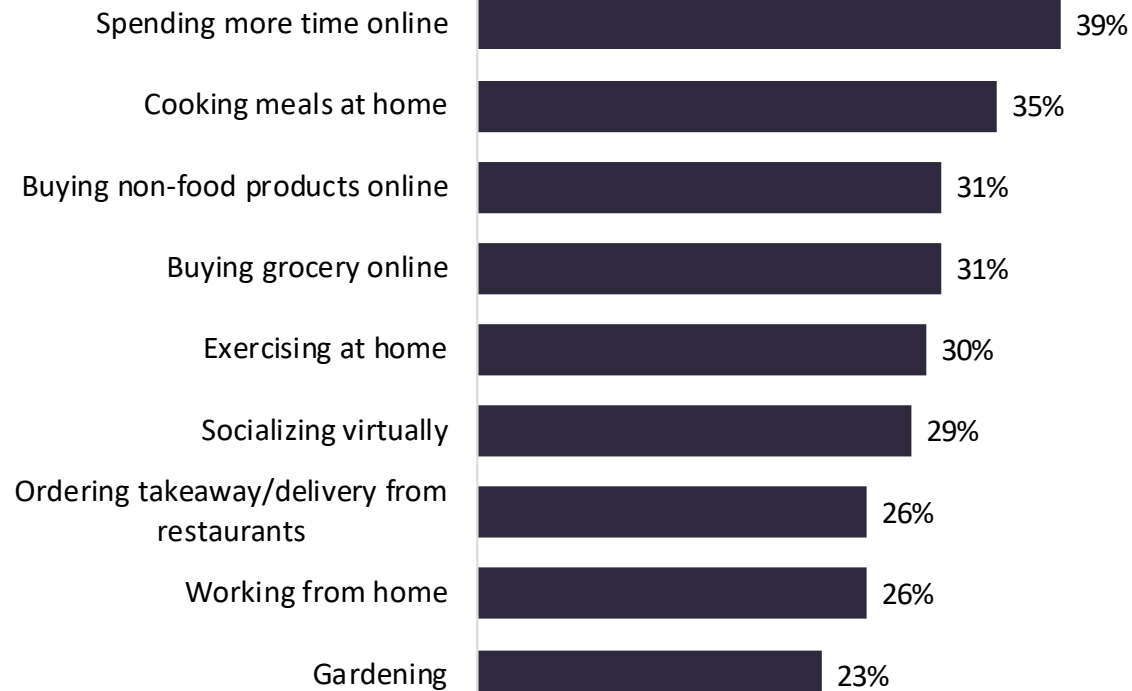


**We will be more focussed on sustainability**

# Post-pandemic changes in consumer behaviour



## After COVID-19, which activities are you doing more frequently?



## Reasons for shopping online



These charts show combined attitudes across the 12 countries in APAC. This is from April 2021 and you can see that there continues to be high engagement online and the home remains a key focal point. Convenience, price and range are major factors in buying online – which highlights that the physical store can provide an experience and a social hub for consumers in contrast.

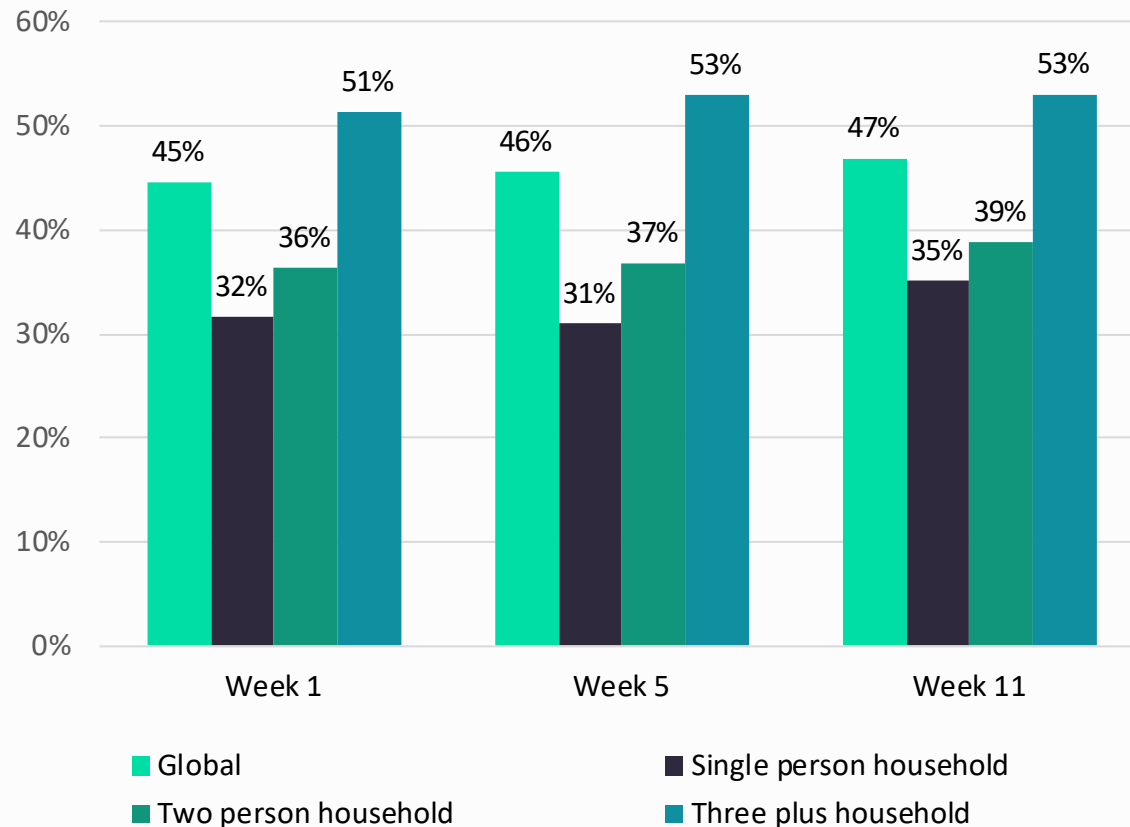


# Online channels will continue to grow, but mind your carbon footprint



Brands will continue to invest in D2C channels, but must ensure orders are packaged & delivered in a more sustainable way

Global: Consumers who will continue or start to buy more products online rather than visiting a store after the pandemic period:



*Investment in sustainable fleets*



*Consolidated home deliveries*



*Sustainable packaging services*

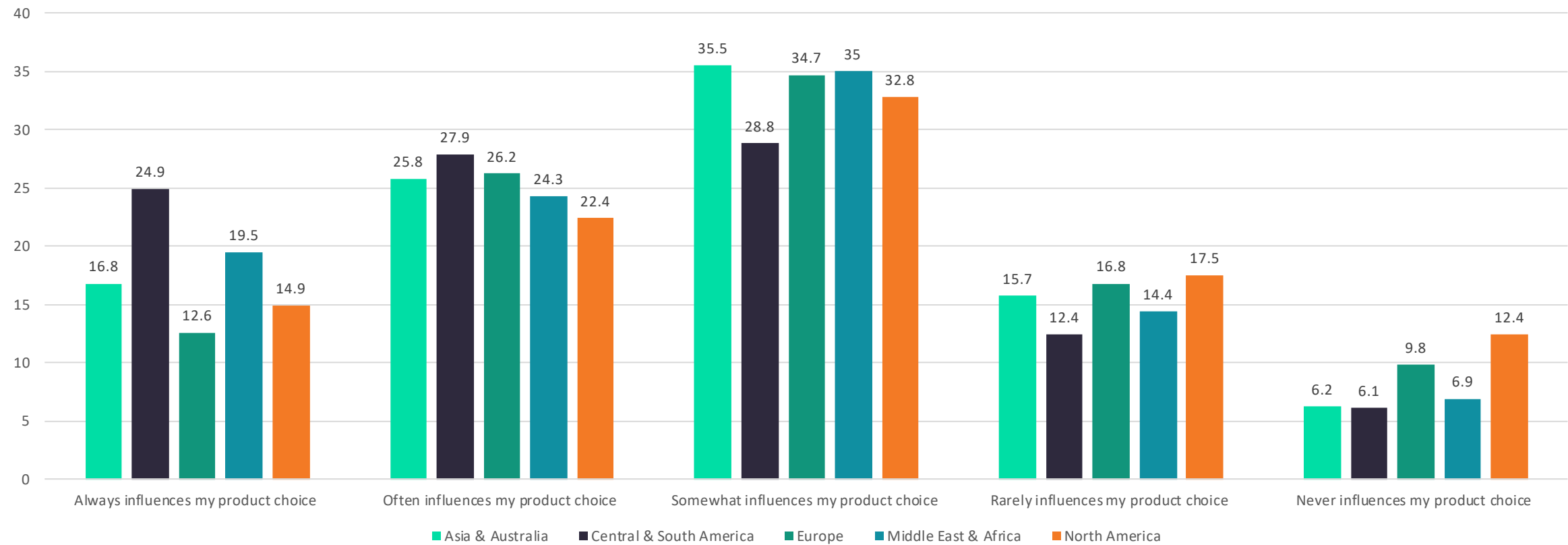


# Consumer Attitudes Survey Q1 2021: 21,000 respondents in 42 countries



Consumers increasingly want to make ethical and environmental friendly choices

My purchasing choices are driven by how ethical/environmentally friendly/socially-responsible the product/service is



# Microsoft and Danone are using AI to change the F&B sector

Retailers



- Microsoft and Danone are helping agri-food start ups implement AI and cloud computing
- Projects concerning sustainable food, waste minimization, and supply chain management are prioritized
- Collaboration between technology and FMCG demonstrates how the future of supply chain management is linked to waste management and sustainable production

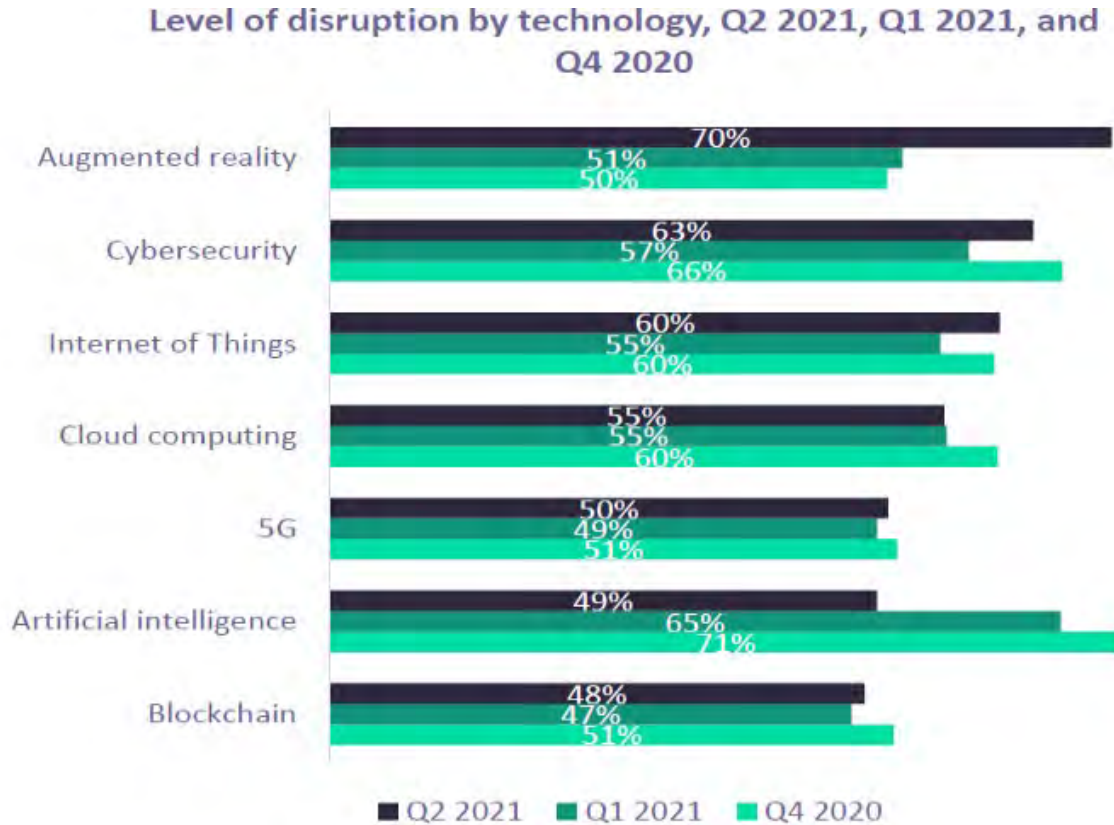


Source: GlobalData

# What emerging technologies best serve retailers and their customers?



Most emerging technologies were perceived to be disruptive by at least half of executives



- Despite a fall in Q2 2021, 49% believe that AI will provide significant or slight disruption to their industries.
- AR is on an ascending trend. It was perceived as the most disruptive technology in Q2 2021. This was a sharp increase from the previous quarter.

Q1: How much will the following technologies disrupt your industry?  
The options were: significant disruption, slight disruption, no disruption, and don't know.  
The chart shows the percentage of significant disruption and slight disruption responses.

Q2 2021 N=403

Q1 2021 N=355

Q4 2020 N=355

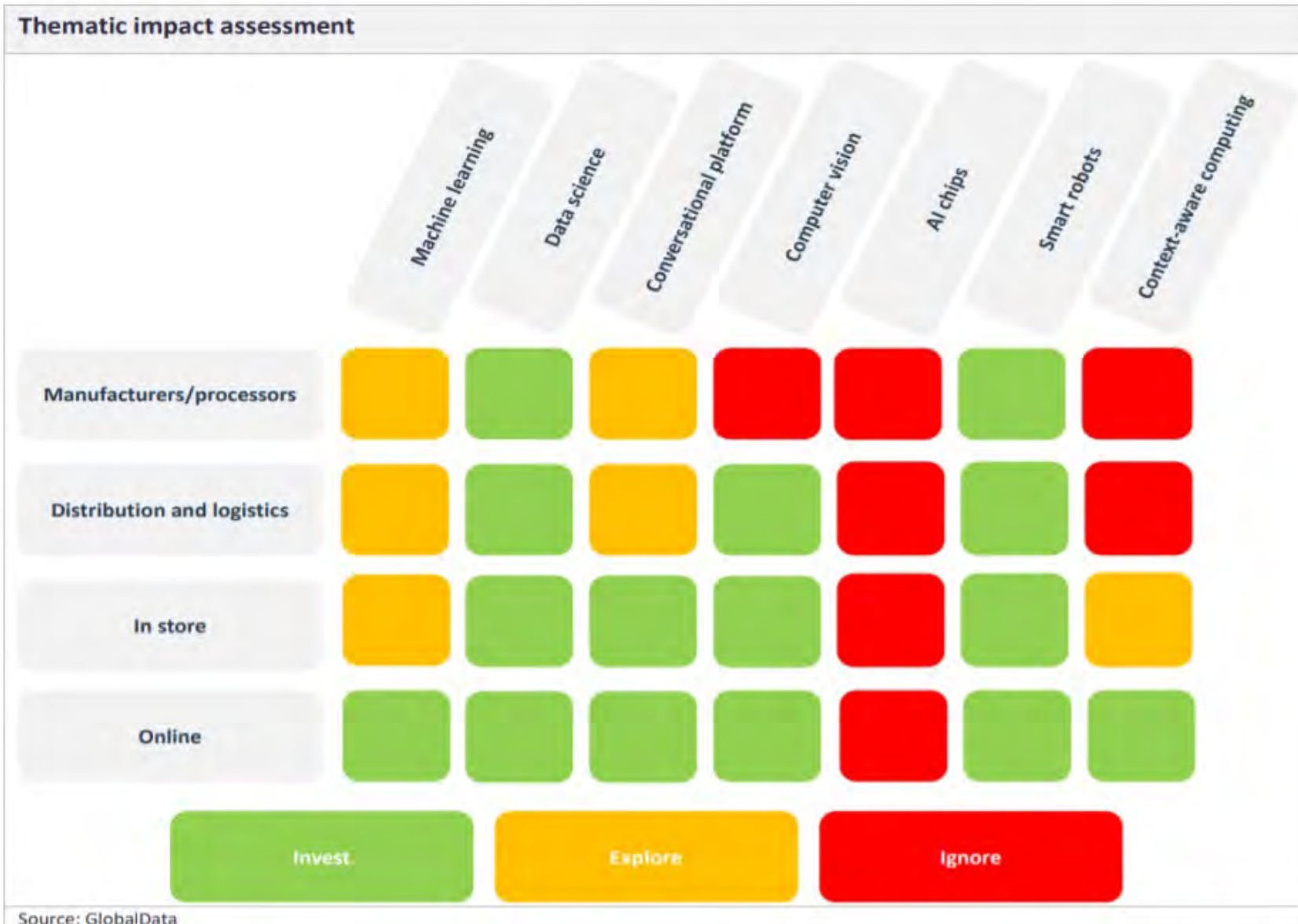
Source: Emerging Technology  
Sentiment Analysis Q2 2021,  
GlobalData



# AI will continue to impact retail



Retailers need to invest in data science and smart robots. Machine learning is an area to explore.



- Data science and predictive analytics can greatly improve the speed of insights
- Machine learning can improve voice interfaces and facial recognition
- Smart robots and conversational platforms will grow in importance

# Chanel's Lipscanner app combines AI and AR tech



The app is designed to facilitate upselling and improve customer experience



- February 2021 launch
- Developed in-house using patented AI and AR technologies
- Upselling: the app allows users to find the Chanel lipstick that matches other items (e.g. a handbag)
- Experience: It also allows users to preview the lipstick on their lips using AR technology and a virtual try-on app

# Zara combines AI, robotics, and a strong omnichannel strategy



Retailers will need robust BOPIS models



- Zara uses robots to help deliver online orders to customers in store
- The initiative is part of Zara's "buy online, pick up in-store" (BOPIS) model
- The robots working in the back of stores to search for the orders have AI capabilities
- The technology has increased efficiency

Source: GlobalData, Zara



# Ambient commerce will be the key trend in retail in the near future



Computer vision and machine learning will play a role in the store of the future. Retailers have struggled to scale ambient commerce projects



- New form of shopping which makes use of sensors coupled with AI to help customers select and pay for their goods without the need for keyboards or cash registers
- Ambient commerce is setting out to challenge e-commerce by combining the physical space associated with traditional retail with technology
- Technologies used: cybersecurity, computer vision, sensors, machine learning, and edge computing
- Retailers who pioneered the concept have had difficulties scaling it up



## **COVID-19 has changed consumers**

- Minimal social contact
- Online retail is here to stay



## **Environmental, Social, Governance (ESG)**

- Post-COVID-19, consumers want to make ethical choices
- Retailers need strong online strategies but need to mind their carbon footprint



## **Omnichannel**

- Omnichannel strategies have become more sophisticated
- Successful “buy online pick-up in store” (BOPIS) models can benefit from investment in AI and robotics



## **Artificial intelligence**

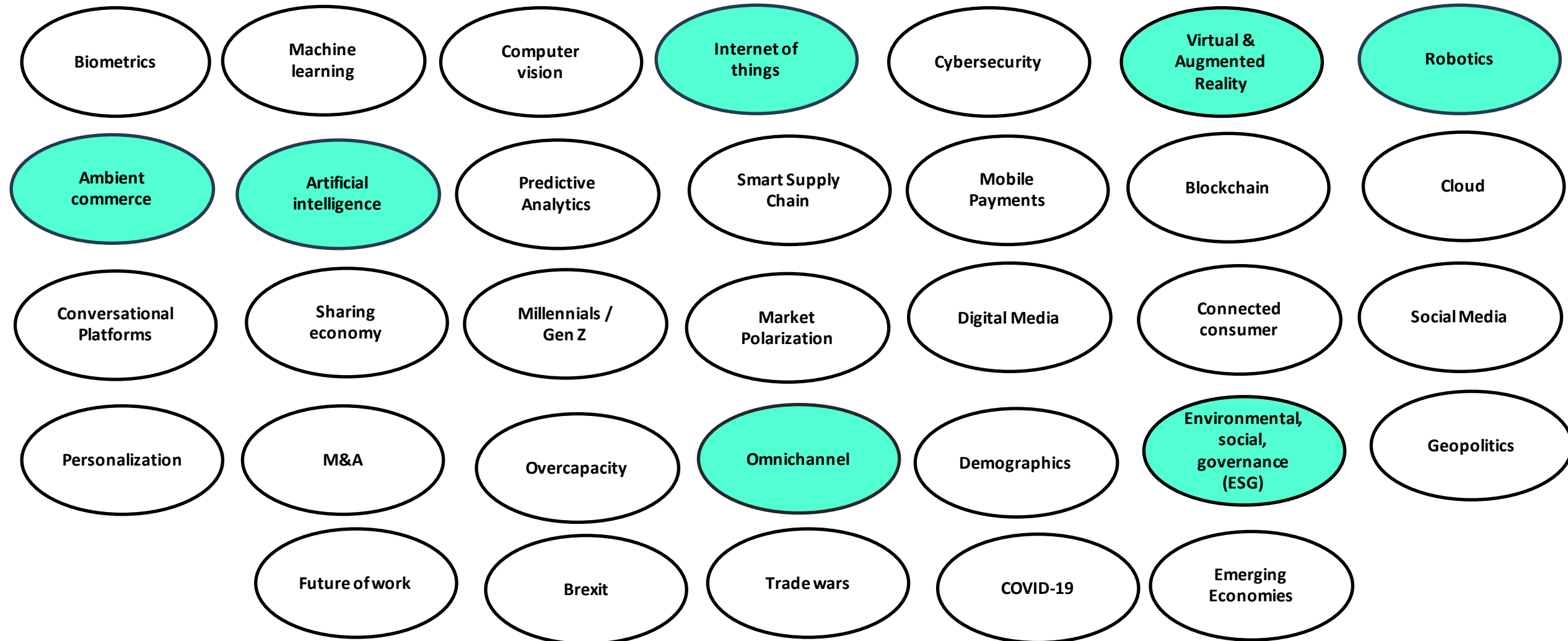
- Key emerging technology in retail
- Powerful when combined with augmented reality and robotics



## **Ambient commerce**

- Ultimate frictionless retail experience
- Few retailers have succeeded in this field which makes investment riskier but potentially more rewarding for the early starters

# 2022 GlobalData Retail Theme Map







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