WESTFIELD HOW WE SHOP THE NEXT DECADE

THE NEXT DECADE
THE EUROPEAN CONSUMER SPEAKS

Welcome to the Westfield How We Shop: The Next Decade report. The latest addition to our series of How We Shop content explores the trends that will define the retail industry over the next decade. This report investigates the whole retail landscape, through the eyes of over 15,000 European consumers and covers ten countries across Europe, to provide an in-depth picture of the shifting retail arena.

In 2019, Unibail-Rodamco-Westfield introduced the only global shopping, leisure and dining destination brand, Westfield, to Continental Europe for the first time with the rebranding of ten centres and two future developments in France, Sweden, the Czech Republic, Poland, Germany and the Netherlands. As we roll out the Westfield brand across Europe in 2020, we are committed to ensuring that we understand consumers' needs and help to drive the industry forward.

The last decade has been a turbulent one for retailers. The rapid growth of online, big data and personalisation, the expansion of the experience economy and the emergence of digital technologies have all had a profound impact on the industry.

And right now, retailers in Europe are weathering the perfect storm of a volatile economic climate, uncertainty about trading laws and legislation, shifting attitudes towards sustainability, falling consumer confidence levels and the emergence of new routes to market, from shoppable murals to connected technology.

But what about the future? The five trends explored with consumers reveal what the next decade holds in store for European retailers to help them better prepare for yet another era of significant change.

This report has been created to prompt questions, make us think about what is possible and what consumers want in this ever changing world of retail. Collectively, these trends point to a dynamic new era for retail, reflecting what European consumers have told us and how their shopping habits are morphing. It is a period of great transformation in which retailers have the chance to rip up the rule books of old and rid themselves of outdated ways of operating, in order to shape a far more efficient, effective and exciting future. A future that's more attuned to changing consumer needs. A future that's better for our planet. A future that will drive real growth to the bottom line, propelling the entire retail industry forward.

I hope you enjoy the report.

Myf Ryan
Chief Marketing Officer Europe and Group Director of Brand and Strategic Marketing
Unibail-Rodamco-Westfield

THERE ARE SOME SEISMIC SHIFTS ON THE HORIZON FOR THE INDUSTRY:

1. **ANTI-PRESCRIPTION** explores how shoppers are kicking back against prescribed retail experiences.
2. **UPSIDE-DOWN RETAIL** predicts that the entire retail model will turn on its head by 2025.
3. **SELF-SUSTAINING STORES** looks at how the consumer demand for more sustainable solutions will fundamentally change retail as we know it.
4. **RETAIL SURGERY** examines how retail choices of the future will be informed by more than a skin-deep understanding of the shopper.
5. **LOCALLY-MORPHED** reimagines the retail spaces of tomorrow as symbiotic community hubs.

EXECUTIVE SUMMARY

ANTI-PRESCRIPTION

Welcome to the age of Anti-Prescription. Frustrated shoppers reject prescriptive retail experiences based on inaccurate data, in favour of free-range browsing and impulse shopping.

The majority of European shoppers today are frustrated by retailers that limit choice, either through algorithms that serve up imprecise personalised recommendations or by offering edited selections. 56% of European consumers are frustrated by inaccurate recommendations prescribed by retailers and nearly 60% want to be able to browse full ranges rather than curated edits. Online stores that use algorithms poorly to restrict choice may find themselves struggling in the future. By contrast, smart digital bricks brands that use their online spaces to showcase full ranges and their physical stores to surprise and delight, are expected to flourish. The shoppers of tomorrow want more free-range browsing experiences in physical retail environments. Impulse shopping in these spaces is set to become the new normal. Consumers are also requesting that more of their loved online brands enter physical retail spaces, with the likes of streaming services Netflix, Spotify and Tinder all proving popular.

UPSIDE-DOWN RETAIL

The entire retail model is about to turn upside-down. 2025 is the tipping point year when more than half of retail square meterage will be dedicated to experiences rather than product.

59% of shoppers expect the majority of retail space to be dedicated to offering up experiences by 2025. By 2027, 75% of shoppers expect to see this. With 81% of customers globally willing to pay more for experiences, the retail tipping point is likely to drive revenue growth for experiential retailers in the future. Shoppers want to see more creative, health and gaming experiences instore, in particular, as well as ones that help them to improve themselves. The retailers of the future will trade in the business of upskilling as well as selling.

SELF-SUSTAINING STORES

Retailers will reimagine their business models from the bottom up, to create factory stores that are 100% self-sustaining. The whole supply chain will collapse down to the point of sale.

76% of European shoppers now want retailers to do more to address environmental concerns. More than 290 million shoppers expect the stores of tomorrow to prioritise being self-sufficient. In particular, 71% of shoppers demand that products will be made instore in the future. Expect to see more factory stores that have everything under one roof. Shoppers also want retailers to prioritise specific sustainability issues, particularly banning single-use plastic and creating products that are built to last. The consumer appetite for renting over owning items will also rise with a shift towards renting more items on an ongoing basis – renting as a way of life, not just an occasional choice.

RETAIL SURGERY

Forget retail therapy. The future is retail surgery. Creating a market that could be worth more than 4 trillion euros per year in the future, retail outlets will become more like doctors' surgeries, diagnosing our precise needs based on fact, not presumption.

Retailers will take personalisation to the next level by acting like doctors and using science to diagnose precise needs. More than a third of people are interested in having their DNA analysed instore in the future, for example, a health store that can analyse their DNA to create a personalised diet and health warning for their biotype. Shoppers are also keen for retailers to use scientific data to inform future purchase recommendations. 31% of people would be happy for stores to share their DNA or have their health accurately measured, to get better product or service recommendations in the future.

LOCALLY-MORPHED

Retail spaces will morph to fit their local environment and community, providing everything from local brands to nostalgic community experiences.

The retail spaces of tomorrow will become symbiotic community hubs, with 70% of shoppers wanting these environments to adapt to reflect the people who live in the area. There is also real appetite for local brands, with 51% of shoppers preferring these over well-known ones. Shoppers also desire more locally-flavoured experiences, particularly nostalgic ones. 42% of shoppers want future retail environments to offer nostalgic social clubs, such as gaming cafes for board games and social events for the local community.

THE 5 TRENDS





TREND #1

ANTI-PRESCRIPTION

WELCOME TO THE AGE OF ANTI-PRESCRIPTION. FRUSTRATED SHOPPERS REJECT PRESCRIPTIVE RETAIL EXPERIENCES BASED ON INACCURATE DATA, IN FAVOUR OF FREE-RANGE BROWSING AND IMPULSE SHOPPING.

TREND SNAPSHOT

FRUSTRATED EUROPE

MORE THAN **143 MILLION** ONLINE SHOPPERS IN KEY EUROPEAN MARKETS ARE ANTI-PRESCRIPTION[1]. SPAIN, UK AND POLAND ARE THE MOST FRUSTRATED MARKETS OVERALL.

FREE-RANGE BROWSING

MORE THAN **200 MILLION** EUROPEAN SHOPPERS CHOOSE TO BROWSE FOR FUN IN PHYSICAL RETAIL STORES[2] AND **80%** OF SHOPPERS ENJOY THE OVERALL VIBE OF SHOPPING THERE.

FRUSTRATED BY ONLINE RECOMMENDATIONS

56% OF SHOPPERS ARE FRUSTRATED BY INCONSISTENT AND INACCURATE ONLINE RECOMMENDATIONS.

59%

...OF SHOPPERS WANT THE FREEDOM TO BROWSE WHOLE RANGES, RATHER THAN EDITED SELECTIONS.

IMPULSE SHOPPING

74% OF SHOPPERS WILL TRY A NEW BRAND ON IMPULSE INSTORE. SHOPPERS ARE MORE THAN TWICE AS LIKELY TO IMPULSE SHOP INSTORE THAN ONLINE.

252M

MORE THAN **252 MILLION** SHOPPERS IN EUROPE NOW BUY ON IMPULSE[3]. AND IMPULSE SHOPPING IS AN £89BN PER YEAR INSTORE OPPORTUNITY, IN THE UK ALONE[4].

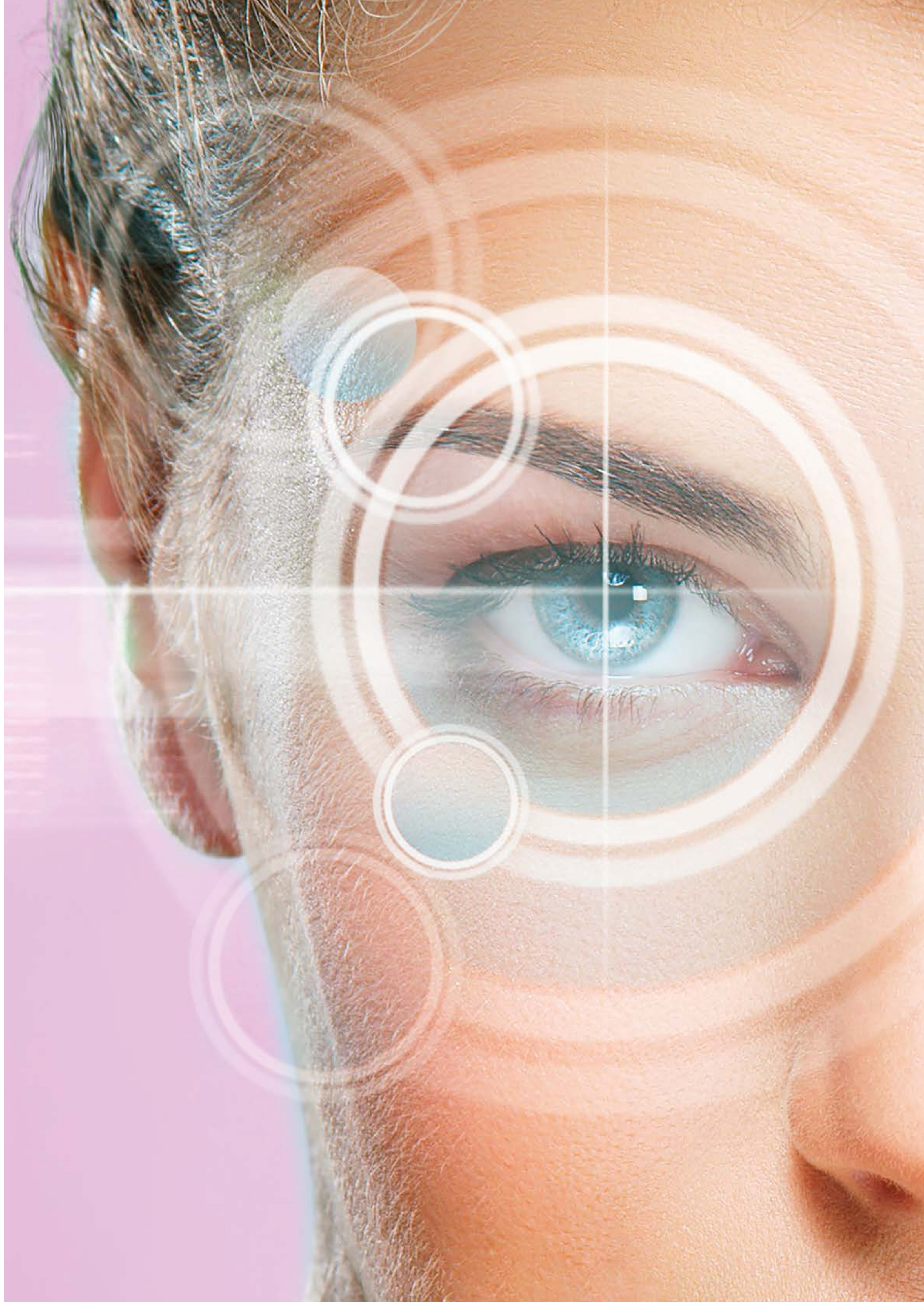
ANTI-PRESCRIPTION: MARKET & CITY BAROMETER

SPAIN, UK AND POLAND ARE THE MOST FRUSTRATED MARKETS, OVERALL.
LONDON AND BARCELONA SHOPPERS ARE THE MOST FRUSTRATED WITHIN CITIES.

SPAIN	UK	POLAND	FRANCE	CZECH REPUBLIC	NETHERLANDS	GERMANY	AUSTRIA	SWEDEN	ITALY
62%	62%	61%	60%	58%	55%	54%	53%	50%	46%

EARLY ADOPTER MARKETS — LATE ADOPTER MARKETS

LONDON	BARCELONA	WARSAW	MADRID	PARIS	PRAGUE	BERLIN	MILAN
65%	63%	62%	62%	60%	59%	53%	48%



THE AGE OF ANTI-PRESCRIPTION

The majority of European shoppers today are frustrated by retailers who use data imprecisely to recommend only a selection of products, rather than letting them browse the whole range. This poses a significant threat to retailers who use algorithms to serve up inaccurate personalised product suggestions and curated edits. Shoppers are clear that they also want the freedom to roam and browse, without having their choices restricted in this way. They no longer want to be prescribed to.

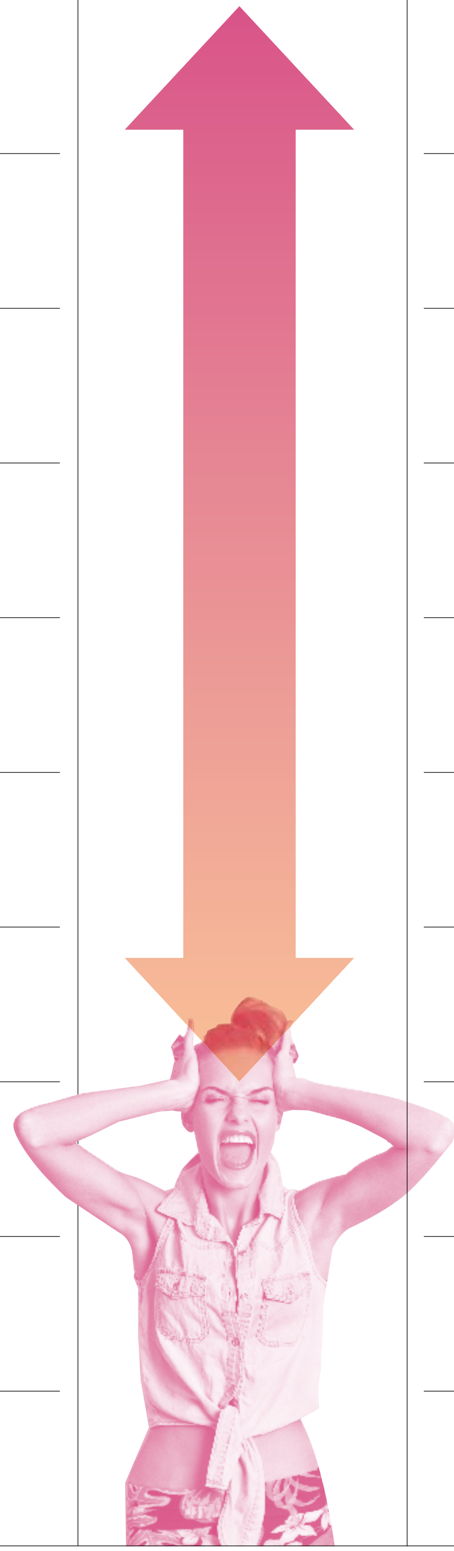
Today's shoppers are particularly frustrated by online recommendations that miss the mark and retailers that edit selections down, rather than showing the whole range available. 56% of European shoppers say they get frustrated by inconsistent and inaccurate recommendations when shopping online. Polish shoppers are particularly annoyed by this, with 70% agreeing and no more so than in Warsaw, which is the frustration capital of Europe with 77% agreement. Likewise, the majority of shoppers would far rather be presented with a whole range than a pre-edited selection – 76% of French shoppers agree.

Despite the rise of automation in their lives, shoppers still want to feel in control. They don't want to fully relinquish that control to retailers or anyone else. It's clear that the more retailers try to pinpoint exactly what they think shoppers want using unreliable data – the more shoppers will kick back.

THE NEXT DECADE: TREND PREDICTIONS

FRUSTRATION WITH INACCURATE ONLINE RECOMMENDATIONS
BY MARKET

POLAND	70%
SPAIN	63%
AUSTRIA	62%
GERMANY	59%
SWEDEN	55%
ITALY	53%
UK	52%
CZECH REPUBLIC	52%
FRANCE	45%
NETHERLANDS	41%



PREFERENCE FOR WHOLE RANGES OVER EDITED SELECTIONS
BY MARKET

FRANCE	76%
UK	72%
NETHERLANDS	69%
CZECH REPUBLIC	65%
SPAIN	62%
POLAND	53%
GERMANY	48%
SWEDEN	46%
AUSTRIA	45%
ITALY	39%

BY CITY (frustration with inaccurate online recommendations)

77%	63%	63%	60%	59%	52%	51%	44%
WARSAW	MADRID	BARCELONA	LONDON	BERLIN	MILAN	PRAGUE	PARIS

BY CITY (preference for whole ranges over edited selections)

76%	69%	66%	62%	60%	47%	47%	44%
PARIS	LONDON	PRAGUE	BARCELONA	MADRID	BERLIN	WARSAW	MILAN

FREE-RANGE BROWSING, MARKET SNAPSHOT

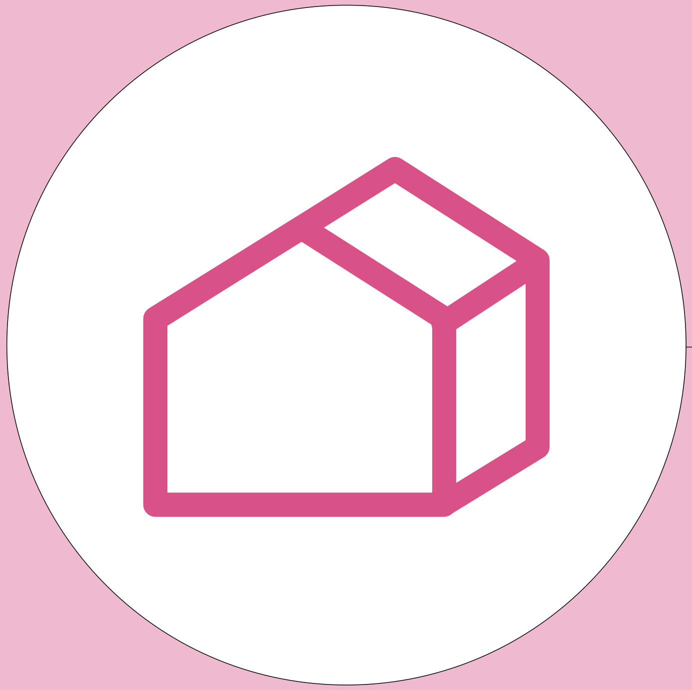
81%

OF POLISH SHOPPERS LIKE TO TRY A NEW BRAND ON IMPULSE IN A PHYSICAL STORE

POLISH, FRENCH AND **AUSTRIAN** SHOPPERS ARE THE MOST IMPULSIVE INSTORE

78%

OF SHOPPERS IN BOTH PARIS AND BARCELONA LIKE TO IMPULSE SHOP NEW BRANDS INSTORE

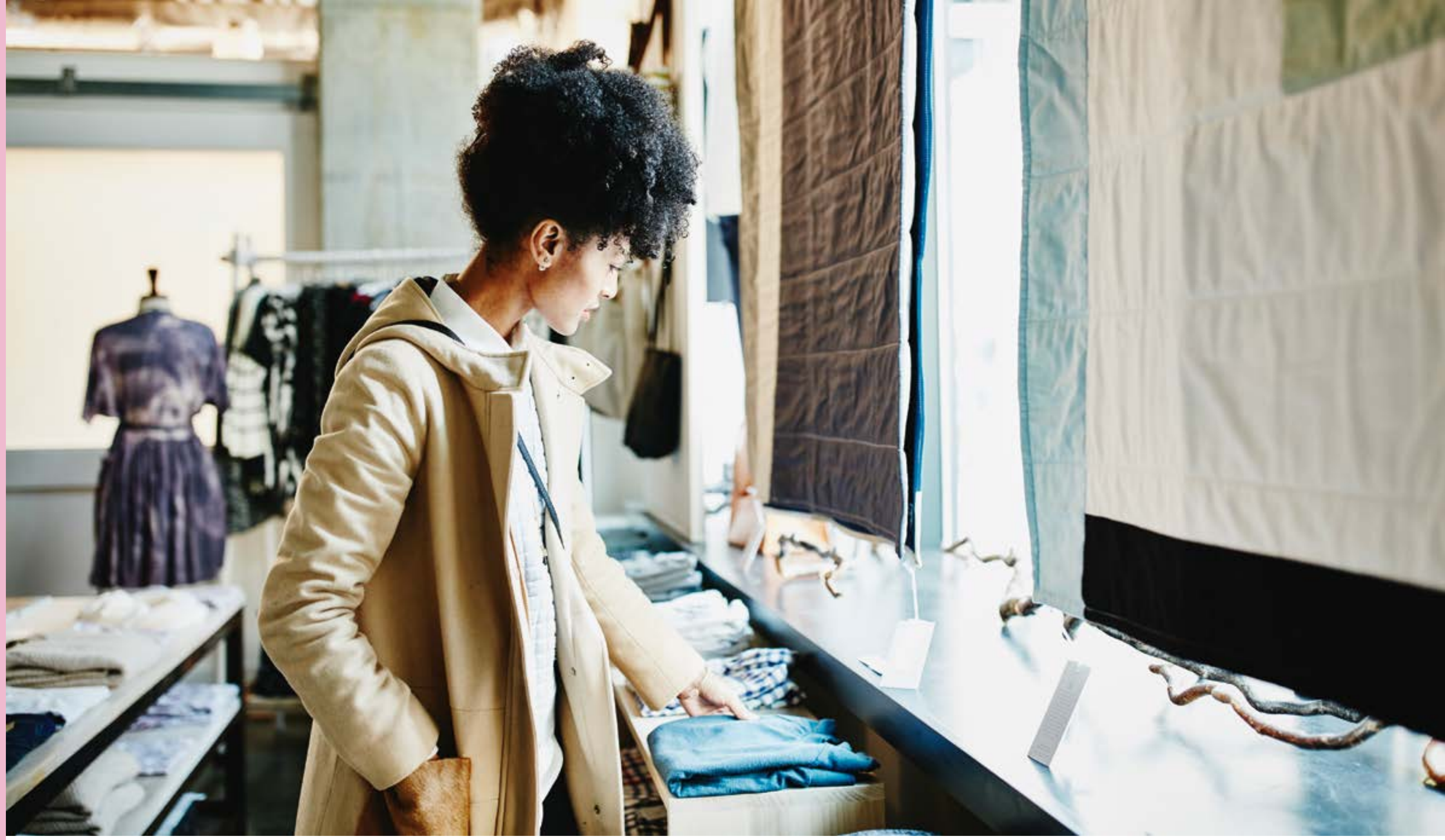


80%

OF DUTCH SHOPPERS AND **77%** OF POLISH SHOPPERS BROWSE FOR FUN IN PHYSICAL STORES

89%

OF DUTCH AND **87%** OF AUSTRIAN SHOPPERS



FREE-RANGE BROWSING IS ON THE RISE

This frustration is driving many shoppers to physical stores, where they can browse with a degree of anonymity, without feeling like their choices have been restricted by imperfect algorithms. Instore, they can delight in the joy of randomly discovering items they were not expecting to find.

In fact, 80% of European, rising to 89% of Dutch shoppers, say they enjoy the overall vibe of shopping in physical retail environments and the majority of shoppers claim they enjoy free-range browsing in these spaces. 59% of people say they browse for fun instore versus only 41% claiming the same of online. Once again, Poland is one of the most advanced markets in this respect, with over 24 million shoppers enjoying browsing for fun[5], although more than 11 million Dutch and 36 million Italian shoppers also agree[6].

IMPULSE SHOPPING IS BECOMING THE NEW NORMAL

Environments that facilitate free-range browsing also encourage impulse shopping. Indeed, nearly three-quarters of European shoppers – over 252 million[7] – including more than 44 million French shoppers[8] say they will try a new brand on impulse instore. Impulse shopping is fast becoming the 'New Normal' shopping behaviour. These shoppers are more than twice as likely to impulse shop in a physical store, particularly a shopping, dining and leisure destination, than online. The scale and theatre of such environments encourage more unrestricted, random encounters with brand and products, which increases the likelihood that shoppers will buy on impulse.

If destination environments are becoming the impulse shopping havens, then the high streets of tomorrow may well become mission shop hubs. Online retailers, meanwhile, can also enjoy a slice of the impulse shopping pie if they act on shopper frustrations by recommending and leveraging more accurate and relevant data about their customers so that the personalised content they serve up is more precise and valuable to them. They should also encourage their online shoppers to browse and impulse-buy more.

THE NEXT DECADE: TREND PREDICTIONS

1 **THE END OF INACCURATE AUTOMATED RECOMMENDATIONS:** Retailers will stop automatically applying imprecise algorithms that restrict choice.

2 **FROM DATA-LED TO DATA-INFORMED:** Inaccurate data-led solutions will be replaced by data-informed approaches, to create wider windows of choice for consumers.

3 **RISE OF ANTI-PERSONALISATION MOVEMENT:** Rising shopper frustration levels, if not sufficiently managed, will trigger an anti-personalisation movement.

4 **INSPIRATION CURATION:** Curated edits will be less rigidly personalised to provide more inspiration and to facilitate free-range browsing.

5 **FREE-RANGE BROWSING SPACES:** Retailers will create browsing spaces, both instore and online, designed to facilitate serendipitous encounters with new products.

6 **IMPULSE DESTINATIONS:** Destination environments will become the impulse shopping hubs of tomorrow.

7 **CHAMELEON STORES:** Stores will change their stock or brand collections more frequently to facilitate free-range browsing. This could spawn a new generation of pop-ups that forever shed their skin to continually reinvent themselves.

SUB-TREND #1

DIGITAL BRICKS

IN LINE WITH THE ANTI-PRESCRIPTION TREND, DIGITAL-ONLY BRANDS PLANNING TO OPEN PHYSICAL STORES SHOULD USE THEIR RETAIL SPACE TO CREATE MORE RANDOM, SURPRISING BRAND ENCOUNTERS.

SUB-TREND SNAPSHOT

DIGITAL BRICKS BRANDS NEED TO:

SURPRISE WITH DIFFERENT STOCK

55%

THINK RETAILERS SHOULD SELL DIFFERENT THINGS INSTORE TO ONLINE.

PROVIDE FRESH EXPERIENCES

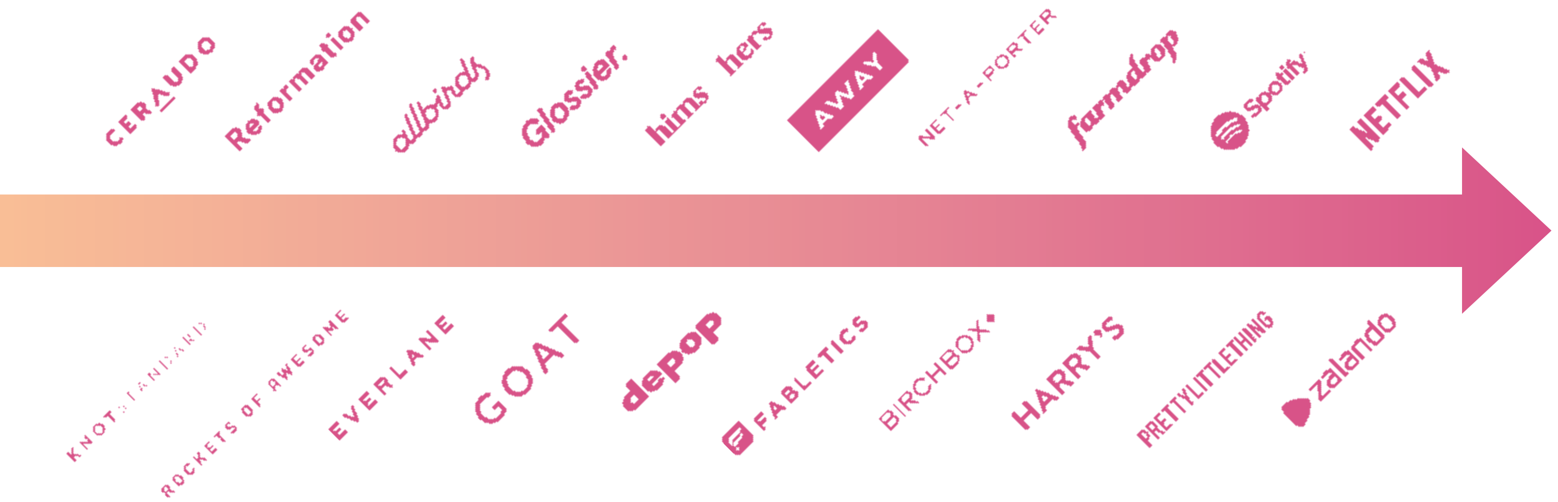
45%

OF SHOPPERS ARE HAPPY TO BUY OR RECEIVE THEIR GOODS LATER, SO DIGITAL BRICKS RETAILERS HAVE LICENCE TO BE MORE EXPERIMENTAL INSTORE.

DIGITAL BRICKS BRANDS

EUROPE'S TOP 20 MOST DESIRED: THE RISE OF STREAMING STORES

47% OF SHOPPERS WANT TO SEE NETFLIX STORES AND 33% WANT SPOTIFY SHOPS.



DIGITAL BRICKS

Digital-only retailers opening physical stores need to ensure they are not simply replicating the online experience offline. The digital bricks retailers that will be most successful in their transition to physical will use their stores to surprise customers with different stock and fresh ways to experience their brand. Over half of all European shoppers expect digital bricks brands to sell different things instore to online. And although the majority of shoppers still want to be able to take their goods home with them straightaway, 45% will either happily have their goods delivered to their home at a later date or buy online later. This means digital bricks brands have licence to create very different retail experiences instore to encourage more free-range roaming.

These brands need to become far more innovative in the way they translate their online experiences into offline spaces, focusing less on the immediate sale and more on creating retail treasure troves, instore adventures and other serendipitous encounters that will inspire and excite Anti-Prescription shoppers.

HOT-TO-WATCH DIGITAL BRICKS BRANDS, MARKET BY MARKET[9]

NETHERLANDS	CZECH REPUBLIC	FRANCE	POLAND	ITALY
BOL	VERY	YOUTUBE	YOUTUBE	YOUTUBE
VERY	YOUTUBE	CDISCOUNT	VERY	VERY
YOUTUBE	ALZA	WISH	WISH	OTTO
WISH	CZC	STEAM	ALLEGRO	WISH
STEAM	WISH	BOL	ABOUT YOU	ALZA
OTTO	BOL	TINDER	BOL	STEAM
CONRAD	STEAM	OTTO	STEAM	ABOUT YOU
TINDER	TINDER	LA REDOUTE	TINDER	TINDER
COOLBLUE	OTTO	ALLEGRO	OTTO	BOL
WEHKAMP	BONPRIX	SHEIN	BONPRIX	TRIVAGO

UK	GERMANY	AUSTRIA	SPAIN	SWEDEN
ON THE BEACH	WISH	VERY	GLOVO	YOUTUBE
BOOHOO	OTTO	YOUTUBE	BLABLACAR	GOOGLE
RÉALISATION PAR	ABOUT YOU	GOOGLE	DELIVEROO	STEAM
IN THE STYLE	STEAM	WISH	CABIFY	OTTO
OH POLLY	TINDER	STEAM	DAZN	TINDER
TRUE VINTAGE	BOL	OTTO	UBER EATS	SHEIN
MISS PAP	BONPRIX	TINDER	WALLAPOP	CONRAD
LAVISH	N26	BOL	IDEALISTA	UBER EATS
DE LA VALI	ALLEGRO	ALLEGRO	JUST EAT	TRUE VINTAGE
VESTIAIRE	YOUTUBE	SHEIN	PRIVALIA	21 BUTTONS

TREND #2

UPSIDE-DOWN RETAIL

THE ENTIRE RETAIL MODEL IS ABOUT TO TURN UPSIDE-DOWN. 2025 IS THE TIPPING POINT YEAR WHEN MORE THAN HALF OF RETAIL SQUARE METERAGE WILL BE DEDICATED TO EXPERIENCES RATHER THAN PRODUCT.

TREND SNAPSHOT

THE RETAIL TIPPING POINT: BY WHAT YEAR WILL RETAILERS ALLOCATE MORE SQUARE METERAGE TO EXPERIENCES THAN PRODUCTS?

59% OF SHOPPERS BY 2025

75% OF SHOPPERS BY 2027

REVENUE RISING

SHOPPERS LIKELY TO SPEND MORE: IN UK, NEARLY THREE-QUARTERS OF SHOPPERS SAY THEY WILL SPEND MORE IN STORES THAT OFFER EXPERIENCES AS WELL AS PRODUCT.[10]

40%

EXPERIENCE-PER-SQUARE-METRE RISING: TODAY, SHOPPERS WANT AT LEAST **40%** OF RETAIL SPACE TO BE DEDICATED TO EXPERIENCES, RISING TO **45%** OF ITALIANS AND **44%** OF 16-34 YEAR OLD MALES.

BRANDED INSPIRATION SPACES

45% OF SHOPPERS WANT BRANDED INSPIRATION SPACES IN THEIR IDEAL SHOPPING ENVIRONMENT.

PLAYGROUND MALLS

160 MILLION EUROPEAN SHOPPERS ARE LOOKING FOR GREAT EXPERIENCES INSTORE.[11]

42%

OF SHOPPERS WANT MORE CREATIVE EXPERIENCES INSTORE.

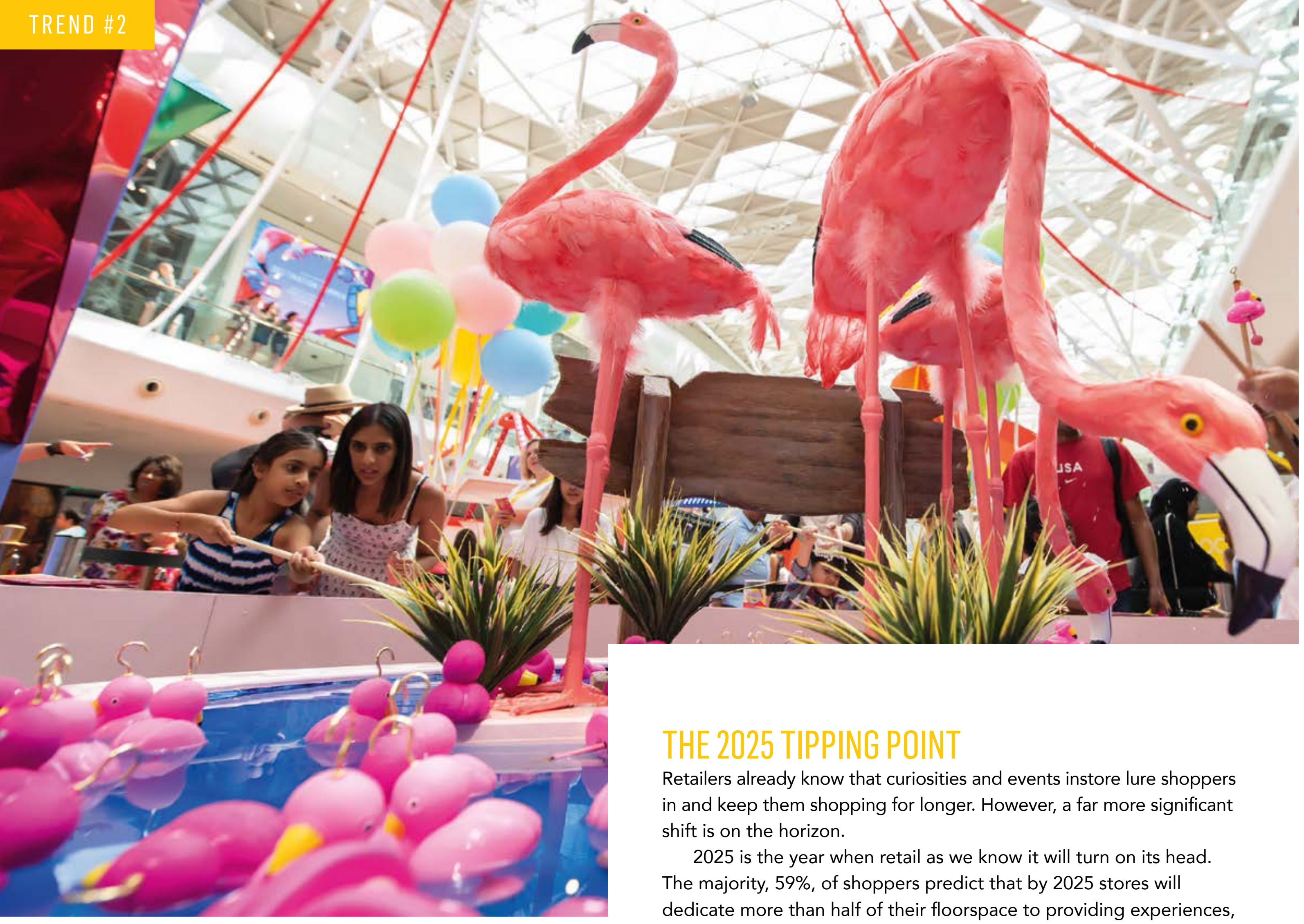
30%

NEARLY **30%** OF CITY DWELLERS WANT TO SEE MORE WORK AND EDUCATION SPACES WITHIN THEIR IDEAL SHOPPING ENVIRONMENT.

UPSIDE-DOWN RETAIL: RETAIL TIPPING POINT, BY MARKET

FRANCE / GERMANY / NETHERLANDS / ITALY / SPAIN / UK — BY 2025

SWEDEN / CZECH REPUBLIC / POLAND / AUSTRIA — BY 2029



THE 2025 TIPPING POINT

Retailers already know that curiosities and events instore lure shoppers in and keep them shopping for longer. However, a far more significant shift is on the horizon.

2025 is the year when retail as we know it will turn on its head. The majority, 59%, of shoppers predict that by 2025 stores will dedicate more than half of their floorspace to providing experiences, rising to 65% amongst French and 61% amongst German shoppers. Three-quarters of all shoppers believe it will happen, at the very latest, by 2027.

EXPERIENCE-PER-SQUARE-METRE RISING

Even today, shoppers want more than 40% of retail space to be dedicated to experiences. Italians want nearly half of the space to be dedicated to this. Retailers who increase the ratio of experience to product instore will likely reap the rewards of doing so. The signs point to sales-per-square-experience increasing as retailers forge deeper brand relationships and become more attuned to the different ways in which shoppers want to buy the products they're selling.

Taking an experience-first approach can also pay dividends if retailers charge for more premium, one-off branded experiences. 81% of shoppers globally are willing to pay more for a better experience[12], so the consumer appetite for self-funding experiences is certainly there.

ESCAPIST EXPERIENCES

Shoppers want to escape from the day-to-day when they shop, which is why they get particularly excited about the idea of escapist experiences. 42% of all and nearly half of Spanish, French and Czech shoppers want more creative experiences instore. Almost a third of shoppers want to try gaming experiences like escape rooms. Studios enabling shoppers to create their own podcasts and videos, escaping through their online personas, also hold appeal. Such spaces can also be profitable for shoppers, giving them even more reasons to visit. New technologies, like touchable digital canvasses and developments in the mixed reality space, will allow brands to develop even more exciting ways to help shoppers get creative in the future.

UPSIDE-DOWN RETAIL: MARKET VIEW

MOST DESIRED EXPERIENCES: MARKET AND CITY SNAPSHOT		PRAGUE	PARIS	BERLIN	MILAN	WARSAW	MADRID	BARCELONA	LONDON
CREATIVE	42%	54%	45%	40%	39%	43%	46%	44%	43%
HEALTH	35%	44%	29%	31%	33%	40%	41%	37%	37%
GAMES	31%	40%	30%	35%	31%	35%	42%	38%	32%
COMMUNITY	31%	26%	25%	27%	34%	43%	44%	39%	36%
VISUAL SPECTACLES	29%	31%	28%	29%	30%	39%	43%	38%	31%
CULTURAL	29%	32%	28%	25%	30%	37%	40%	40%	36%
SPORTS	26%	28%	23%	30%	24%	37%	35%	26%	29%
WORK AND EDUCATION	24%	29%	20%	20%	24%	46%	32%	29%	27%
START-UP	20%	24%	18%	18%	29%	31%	23%	16%	26%
CONTENT CREATION	14%	11%	17%	16%	15%	17%	22%	16%	18%

MOST DESIRED EXPERIENCES

54%

OF SHOPPERS IN PRAGUE WANT CREATIVE EXPERIENCES INSTORE

46%

OF SHOPPERS IN WARSAW WANT WORK AND EDUCATION SPACES INSTORE

42%

OF SHOPPERS IN MADRID WANT GAMES EXPERIENCES SUCH AS VR GAMING

40%

OF SHOPPERS IN MADRID AND BARCELONA WANT CULTURAL EXPERIENCES

MOST DESIRED INNOVATIONS

TECH & ENTERTAINMENT

- 57% PRODUCTS THAT MEND THEMSELVES
- 45% AN INSPIRATION DESTINATION
- 38% APP-CONTROLLED PRODUCTS
- 38% PRODUCTS THAT MAKE YOUR EXPERIENCE MORE ENTERTAINING

CLOTHING

- 44% CLOTHES THAT CHANGE FORM DEPENDING ON EXTERNAL FACTORS
- 40% CLOTHES THAT ARE CUSTOMISABLE INSTORE
- 33% CLOTHES THAT REWARD YOU FOR WEARING THEM

HOME & AWAY

- 50% AUTOMATIC FOOD AND DRINK SUBSCRIPTION
- 44% HAVE A VIRTUAL REALITY HOLIDAY EXPERIENCE
- 29% FURNITURE RENTAL SERVICES

ENHANCING EXPERIENCES

The retail spaces of the near-future can trade in the business of upskilling as well as selling. Shoppers want areas where budding entrepreneurs can learn critical skills. Over a quarter of city dwellers want more work and education spaces. And 28% of them would also like to see more start-up spaces in retailers.These multi-dimensional shoppers want spaces that are equally multi-faceted, where they can learn as they shop and work as they go. Retailers would do well to invest in spaces of this nature, given that the co-working space movement is set to grow rapidly over the next few years.[13]

WONDER STORES

Expect to see more storytelling products on retail shelves, particularly ones that have been embedded with chips pre-loaded with audio, still and moving image content. The appetite for innovation of this kind is significant. For example, more than half of shoppers, rising to 61% of French and 55% of Swedish shoppers, want products that can mend themselves and 44% crave clothes that can change form depending on the environment outside.

Gamified products, environments that make the shopping experience more fun and ones that reward customers on-the-go, also feature highly on shoppers' want-lists. 38% of all shoppers, 45% of Spanish and 41% of Germans want tech products that make the whole experience more entertaining, like bowling balls that give feedback on the quality of their game-play. And over a third of shoppers want clothes that reward them with discounts each time they wear them.

THE NEXT DECADE: TREND PREDICTIONS

1. **EXPERIENTIAL RISING:** The stores of the future will be experiential playgrounds, to complement selling spaces.
2. **CREATIVE OUTLETS:** The next generation of stores will help people express their creativity in ways that can be mutually profitable, from podcast studios to website design.
3. **LEARN-AS-YOU-SHOP:** Stores will increasingly help people to upskill, not just sell.
4. **WORK-AS-YOU-GO:** Retailers of tomorrow will provide space for the growing co-working community, driving more footfall.
5. **SELF-FUNDING EXPERIENCES:** Retailers will be able to charge for premium one-off experiences in their stores, creating a new revenue stream and turning them into destination spaces.
6. **GAME ON:** The boundaries between digital gaming and retail will continue to blur with retailers increasingly borrowing cues and innovations from the world of gaming.
7. **HIGH-BROW SPACES:** Tomorrow's stores will feed the consumer appetite for culture, not just commerce. Retail destinations will become cultural hubs.
8. **WONDER STORES:** Over the next decade, brands will feed shopper desire for retail wanderlust with magical, wizardly innovations.

TREND #3

SELF-SUSTAINING STORES

RETAILERS WILL REIMAGINE THEIR BUSINESS MODELS FROM THE BOTTOM UP, TO CREATE FACTORY STORES THAT ARE 100% SELF-SUSTAINING. THE WHOLE SUPPLY CHAIN WILL COLLAPSE DOWN TO THE POINT OF SALE.

TREND SNAPSHOT

SELF-SUFFICIENCY RISING

85% OF SHOPPERS – 290 MILLION SHOPPERS ACROSS EUROPE[14] – DEMAND THAT THE STORES OF THE FUTURE PRIORITISE BEING SELF-SUFFICIENT. 61% OF SHOPPERS WANT STORES TO MAKE PRODUCTS INSTORE AND ON DEMAND, TO MINIMISE WASTE.

225M

MORE THAN **66%** OF SHOPPERS – 225 MILLION – WILL PAY A PREMIUM FOR SUSTAINABLE GOODS[15].

SUSTAINABILITY GAP

76% OF SHOPPERS – **82%** OF AUSTRIAN AND **77%** OF ITALIAN SHOPPERS – WANT RETAILERS TO GO FURTHER TO ADDRESS ENVIRONMENTAL CONCERNS.

THE NEW FACTORIES

71% OF SHOPPERS EITHER WANT PRODUCTS TO BE MADE WHILE THEY WAIT INSTORE OR PRE-MADE INSTORE AND READY-TO-GO.

60%

OF SHOPPERS AND **68%** OF **55+ YEAR OLDS** WANT RETAILERS TO BAN SINGLE-USE PLASTICS.

53%

OF SHOPPERS AND **57%** OF **55+ YEAR OLDS** WANT RETAILERS TO SELL QUALITY PRODUCTS BUILT TO LAST LONGER THAN STANDARD ONES.

SELF-SUSTAINING STORES: MARKET BAROMETER

ITALIAN AND SPANISH SHOPPERS IN PARTICULAR WANT RETAILERS TO PRIORITISE BEING SELF-SUFFICIENT

90%	87%	87%	87%	86%	84%	84%	83%	81%	74%
ITALY	SPAIN	POLAND	UK	CZECH REPUBLIC	NETHERLANDS	SWEDEN	FRANCE	AUSTRIA	GERMANY

EARLY ADOPTER MARKETS — LATE ADOPTER MARKETS

THE SELF-SUSTAINING STORE

Concerns around sustainability issues have now reached fever pitch, driven by the perfect storm of political pressure, consumer activism and the growing body of irrefutable scientific evidence showing the harmful effects of these issues on our world and our health.

The consequence of this is that more than 290 million shoppers[16] expect the stores of tomorrow to prioritise being self-sufficient. 90% of Italian and 84% of Swedish and Dutch shoppers expect retailers to do this. And it's likely that they will reward those that are in kind. We already know that 66% of consumers are willing to pay a premium for sustainable goods.[17] Retailers that are prepared to reimagine their existing business model in order to push the bar even further with self-sustaining stores, will likely benefit greatly from doing so.

INSTORE FACTORIES

The self-sustaining store requires a business model that locates everything at or near the point of purchase. These stores are essentially factories on site. And there is real consumer appetite for them. Already, 61% of shoppers claim they would like stores to make products instore and on-demand in order to minimise waste and to be self-sustaining. And 71% of shoppers either want products to be made instore while they wait, or created instore beforehand. The most progressive 20% of shoppers are even willing to wait instore for these products to be created on-demand for them.

The self-sustaining store of the future will extend this self-sufficiency to include allotments on the roof to grow ingredients, a factory or 4D-printing equipment on site and a design team instore to customise on-demand. Everything will be served up in zero-waste packaging solutions. And it will all happen instore, right in front of the shopper's eyes.

SELF-SUSTAINING STORES: MARKET VIEW

PRODUCTS SHOULD BE PRE-MADE OR MADE-TO-ORDER INSTORE

BY MARKET

ITALY	87%
POLAND	78%
SPAIN	72%
CZECH REPUBLIC	71%
UK	70%
SWEDEN	69%
FRANCE	69%
AUSTRIA	66%
NETHERLANDS	65%
GERMANY	55%

BY CITY

MILAN	WARSAW	BARCELONA	LONDON	MADRID	PARIS	BERLIN	PRAGUE
84%	78%	74%	73%	71%	68%	65%	64%

PRIORITISE BANNING SINGLE-USE PLASTIC

BY MARKET

AUSTRIA	71%
SPAIN	68%
GERMANY	68%
UK	67%
POLAND	66%
FRANCE	57%
ITALY	55%
CZECH REPUBLIC	52%
NETHERLANDS	51%
SWEDEN	46%

BY CITY

BARCELONA	MADRID	WARSAW	BERLIN	PARIS	PRAGUE	LONDON	MILAN
73%	64%	63%	61%	55%	54%	54%	47%

SELF-SUSTAINING STORE PRIORITIES, MARKET SNAPSHOT

58%
OF SPANISH AND **57%** OF AUSTRIAN SHOPPERS WANT MORE SUSTAINABLE PRODUCTS

39%
OF FRENCH AND **35%** OF BRITISH SHOPPERS WANT RETAILERS TO MINIMISE AIR MILES USED IN DISTRIBUTION

48%
OF POLISH SHOPPERS WANT POLLUTION-FREE SPACES

25%
OF POLISH SHOPPERS WANT RETAILERS TO HAVE ROOFTOP ALLOTMENTS OR FARMS

22%
OF SPANISH SHOPPERS WANT RETAILERS TO HAVE ZERO STOCK AND ONLY MAKE PRODUCTS TO ORDER

SUSTAINABILITY PRIORITY AREAS

The most pressing sustainability issues for shoppers overall are single-use plastics – particularly for Austrian, German and Spanish shoppers – poor product durability and high carbon footprints. Older 55+ shoppers are the ones most likely to see these as priorities for retailers. 56% of shoppers in this age group also want retailers to sell more sustainable products.

Younger shoppers, meanwhile, are more likely to champion retailers that focus on air quality and local produce, specifically by developing pollution-free spaces and having rooftop allotments. Although, interestingly, the older shoppers are the ones who are the most passionate about minimising the air miles used in distribution. British, Swedish and French shoppers care the most about this.

THE START-UP ADVANTAGE

Developing self-sustaining stores is business-critical for retailers that want to engage the shoppers of tomorrow. However, it is naturally far easier for small start-ups to implement this. Their size gives them a significant competitive advantage. For larger retailers, the self-sustaining store model demands significant infrastructure change across the entire supply chain. However, the costs of not doing so are rising fast. Consumer expectations and the start-up advantage will put pressure on larger retailers to accelerate their change programmes.

THE NEXT DECADE: TREND PREDICTIONS

1. **FACTORY STORES:** Stores will become mini factories and creative studios. Products will be designed and 3D or 4D-printed to order, with ingredients sourced from rooftop allotments.
2. **START-UP ADVANTAGE:** Moving to a self-sustaining store model requires significant infrastructural change for big businesses. Smaller, nimble start-ups are likely to lead the charge and put pressure on larger businesses to change.
3. **PLASTIC-FREE STORES:** Progressive stores will go completely plastic-free.
4. **ANTI-POLLUTION STORES:** Technology already exists not just to minimise air pollution but to reverse the issue. The retailers of tomorrow will pump good air back into the atmosphere.
5. **LIFETIME GUARANTEE PRODUCTS:** Products will need to be built to last a lifetime and come with lifetime guarantees.
6. **ZERO TOLERANCE ON WASTE:** Zero waste will become a hygiene factor for retailers.

SUB-TREND #3

RENTAL LIVING

RENTING WILL BECOME A WAY OF LIFE, RATHER THAN JUST AN OCCASIONAL LIFESTYLE CHOICE. SHOPPERS OF TOMORROW WILL RENT ITEMS ON AN ONGOING BASIS, NOT JUST SPORADICALLY.

SUB-TREND SNAPSHOT

923M

THE FUTURE FASHION RENTAL MARKET COULD BE WORTH UP TO 923 MILLION POUNDS, IN THE UK ALONE[18]:

45% OF SHOPPERS SAY THERE ARE SOME PRODUCTS THEY WOULD RATHER RENT THAN BUY.

49% OF ALL UNDER 55 YEAR OLDS AND 53% OF 25-34 YEAR OLDS AGREE.

CITY RENTERS

50% OF ALL CITY DWELLERS PREFER RENTING PRODUCTS TO OWNING THEM.

RENTAL LIVING AT HOME

72% OF SHOPPERS WOULD RENT SOMETHING FOR THEIR HOME ON AN ONGOING BASIS.

FASHION RENTAL

FASHION RENTAL LIVING IS WORTH AROUND 18 BILLION EUROS A YEAR, IN FRANCE, GERMANY AND ITALY ALONE[19]:

30% OF SHOPPERS ACROSS THE WHOLE OF EUROPE WOULD RENT FASHION AND BEAUTY PRODUCTS ON AN ONGOING BASIS.

STORE SUBSCRIPTIONS

50% OF CITY DWELLERS WANT TO SUBSCRIBE TO THEIR FAVOURITE STORE.

TECH RENTAL LIVING

36% OF SHOPPERS ARE INTERESTED IN RENTING TECHNOLOGY LONG-TERM.

YOUTH RENTAL LIVING

34% OF PARENTS ARE KEEN ON LONG-TERM RENTALS FOR THEIR CHILDREN.

Stores can become self-sustaining by offering alternatives to the outright ownership of product. Already, 45% of shoppers say there are some products they would rather rent than buy. Tomorrow, we predict that shoppers won't just rent items on a one-off basis but actually sign up to ongoing rental services. Renting will become a way of life, rather than an occasional lifestyle choice. As sustainable solutions go, this makes both economic and environmental sense.

Shoppers want to rent both everyday, inexpensive goods and occasional, expensive ones. More than half say they would rent a car on an ongoing basis and 30% of Italian shoppers want to rent scooters. Whole homes could go rental with shoppers choosing to rent everything from furniture and DIY kit to fitness and garden equipment. We may even be heading towards a post-ownership world, where everything is for rent, not sale.

RENTAL LIVING: MARKET AND CITY BAROMETER

SPAIN, POLAND AND SWEDEN MOST PREFER RENTING SOME ITEMS TO BUYING THEM

SPAIN	POLAND	SWEDEN	ITALY	AUSTRIA	GERMANY	NETHERLANDS	CZECH REPUBLIC	FRANCE	UK
54%	50%	50%	46%	45%	43%	39%	38%	37%	34%

EARLY ADOPTER MARKETS — LATE ADOPTER MARKETS

MADRID	WARSAW	BARCELONA	MILAN	BERLIN	LONDON	PARIS	PRAGUE
59%	57%	54%	53%	52%	48%	40%	38%

RENTAL LIVING: CATEGORIES SHOPPERS MOST WANT TO RENT CONTINUOUSLY

TRANSPORT
POLISH AND CZECH SHOPPERS DESIRE THIS THE MOST

BY MARKET

POLAND	CZECH REPUBLIC	ITALY	AUSTRIA	SPAIN	SWEDEN	GERMANY	UK	FRANCE	NETHERLANDS
83%	79%	76%	75%	73%	73%	71%	67%	65%	63%

BY CITY

WARSAW	PRAGUE	BARCELONA	MILAN	MADRID	BERLIN	LONDON	PARIS
87%	80%	78%	77%	75%	70%	69%	66%

HOME AMENITIES
BRITISH, AUSTRIAN AND POLISH SHOPPERS DESIRE THIS THE MOST

BY MARKET

UK	AUSTRIA	POLAND	SWEDEN	FRANCE	GERMANY	CZECH REPUBLIC	ITALY	SPAIN	NETHERLANDS
78%	78%	77%	75%	75%	72%	69%	68%	68%	61%

BY CITY

WARSAW	PARIS	LONDON	MADRID	BERLIN	PRAGUE	BARCELONA	MILAN
85%	78%	76%	73%	71%	70%	69%	61%

FASHION AND BEAUTY
BRITISH AND POLISH SHOPPERS DESIRE THIS THE MOST

BY MARKET

UK	POLAND	SPAIN	ITALY	FRANCE	GERMANY	NETHERLANDS	AUSTRIA	CZECH REPUBLIC	SWEDEN
34%	33%	32%	31%	30%	27%	24%	23%	22%	21%

BY CITY

LONDON	PARIS	MILAN	WARSAW	BERLIN	BARCELONA	MADRID	PRAGUE
45%	39%	36%	35%	33%	32%	31%	22%

TREND #4

RETAIL SURGERY

FORGET RETAIL THERAPY. THE FUTURE IS RETAIL SURGERY. CREATING A MARKET THAT COULD BE WORTH MORE THAN 4 TRILLION EUROS PER YEAR IN THE FUTURE, RETAIL OUTLETS WILL BECOME MORE LIKE DOCTORS' SURGERIES, DIAGNOSING OUR PRECISE NEEDS BASED ON FACT, NOT PRESUMPTION.

TREND SNAPSHOT

4 TRILLION

THE RETAIL SURGERY MARKET OF TOMORROW COULD BE WORTH MORE THAN **4 TRILLION EUROS** PER YEAR IN EUROPE[20]: IT COULD BE WORTH UP TO **£40BN PER MONTH**, JUST IN THE UK[21].

RETAILERS AS NEW GP

51% OF SHOPPERS AND **56%** OF **16-34 YEAR OLDS** WANT TOMORROW'S STORES TO OFFER PERSONAL CONSULTATIONS IN ORDER TO IDENTIFY THE PERFECT PRODUCTS FOR THEM.

DNA OPPORTUNITY

ACROSS EUROPE, DNA TESTING ALONE IS AN **18 BILLION EURO** OPPORTUNITY[22].

HEALTH BASED

39% OF SHOPPERS AND **42%** OF **16-34 YEAR OLDS** ARE INTERESTED IN THEIR STORE OF THE FUTURE CREATING SOLUTIONS LIKE PERSONALISED DIETS.

SCIENCE-BASED DIETS

37% OF **16-24 YEAR OLDS** WOULD WELCOME RETAILERS USING DATA SUCH AS SALIVA TESTS TO CREATE PERSONALISED 3D-PRINTED FOOD TO FIT THEIR HEALTH REQUIREMENTS.

VOICE SCIENCE

DEVELOPMENTS IN VOICE TECHNOLOGY COULD BE USED BY RETAILERS TO DIAGNOSE CONDITIONS SUCH AS ALZHEIMER'S IN THE NEAR FUTURE[23].

MARKET BAROMETER: MARKETS THAT WANT RETAIL CONSULTATIONS

SPAIN AND POLAND ARE THE MOST OPEN TO RETAIL SURGERIES

● AGREE

SPAIN	POLAND	ITALY	AUSTRIA	FRANCE	SWEDEN	CZECH REPUBLIC	GERMANY	NETHERLANDS	UK
66%	61%	56%	53%	46%	46%	45%	42%	39%	36%

EARLY ADOPTER MARKETS — LATE ADOPTER MARKETS

THE ERA OF PRECISION

Retailers often try to second-guess what shoppers want. But the data sources retailers use to draw their conclusions are often inaccurate.

However, we are about to enter a new era – the era of precision – in which retailers will be able to diagnose precisely what someone needs, based on irrefutable fact, rather than presumption.

RETAILERS AS THE NEW GP

More robust data sources will primarily come from new technologies that measure both body and mind. Technologies such as DNA testing and biotype measurement, for example. Or voice technology that can identify conditions such as Alzheimer's and Parkinson's and even reveal where someone is in their menstrual cycle.

These robust sources of data will allow retailers to start acting like doctors, prescribing specific, personalised solutions. And the level of accuracy that they will be able to provide will make the data exchange well worth it for shoppers.

The idea of retailers behaving more like GPs and turning their stores into retail surgeries is highly appealing to shoppers. More than half say they would like stores to offer personal consultations to identify the perfect products for them and that's particularly true of 16-34 year olds. City-based audiences are also particularly open to the idea of this.

RETAIL SURGERY: MARKET VIEW

WILLINGNESS TO HAVE DNA OR HEALTH ACCURATELY MEASURED FOR BETTER RECOMMENDATIONS

BY MARKET

POLAND	38%
ITALY	37%
UK	35%
SPAIN	33%
FRANCE	31%
CZECH REPUBLIC	31%
NETHERLANDS	28%
AUSTRIA	24%
SWEDEN	24%
GERMANY	21%

BY CITY

41%	39%	37%	32%	31%	30%	29%	26%
MILAN	LONDON	WARSAW	MADRID	PARIS	BARCELONA	BERLIN	PRAGUE

INTEREST IN DNA ANALYSIS FOR PERSONALISED DIET AND HEALTH WARNINGS

BY MARKET

CZECH REPUBLIC	49%
POLAND	45%
SPAIN	42%
AUSTRIA	39%
ITALY	39%
UK	39%
SWEDEN	37%
NETHERLANDS	34%
FRANCE	27%
GERMANY	27%

BY CITY

48%	42%	41%	41%	41%	41%	33%	33%
PRAGUE	MADRID	MILAN	WARSAW	BARCELONA	LONDON	PARIS	BERLIN

RETAIL SURGERY: MARKET VIEW

66%

OF SPANISH SHOPPERS WANT THE STORES OF TOMORROW TO OFFER PERSONAL CONSULTATIONS

69%

OF SHOPPERS FROM MADRID WANT STORES OF TOMORROW TO OFFER PERSONAL CONSULTATIONS

360º

65% OF POLISH SHOPPERS ARE INTERESTED IN 360º BODY SCANNING FOR BETTER CLOTHING AND FOOTWEAR RECOMMENDATIONS

3D-PRINTED

27% OF SPANISH AND **25%** OF SWEDISH SHOPPERS ARE INTERESTED IN 3D-PRINTED FOOD TO FIT THEIR PERSONAL HEALTH REQUIREMENTS

DNA AND SALIVA TESTING

More than a third of people are interested in having their DNA analysed within their store of the future. For example, having a health store that can analyse their DNA to create a personalised diet and health warning for their biotype. Shoppers in the Czech Republic, Poland and Italy are particularly interested in this.

They also want retailers to go a step further and use that data to inform future purchase recommendations. Indeed, 31% of people would be happy for stores to share their DNA or have their health accurately measured, to get better product or service recommendations. The younger the shoppers, the more willing they are to share this kind of information, so retailers should focus their efforts in the first instance on this audience.

In the food space, nearly a quarter of shoppers, particularly in Sweden, Spain, Germany and France, are keen on the idea of retailers using data such as saliva tests, to create personalised 3D-printed food to fit their personal nutritional requirements.

RETAIL SURGERY CAN DRIVE THE BOTTOM LINE

Retail surgeries are set to revolutionise our shopping spaces, reimagining the instore value exchange. And data suggests this could be highly profitable for retailers. Indeed, the Retail Surgery market could be worth up to £40 billion per month, in the UK alone[24] with a fifth of the UK shoppers who value personalised products willing to pay up to 20% more for them[25]. The DNA market alone could be worth in excess of 18 billion euros across Europe[26], presenting an exciting opportunity for retailers over the next decade.

Your local GP shop-keeper will be seeing you shortly.

THE NEXT DECADE: TREND PREDICTIONS

1 **RETAILER AS GP:** Retailers will start offering GP-type services in the future.

2 **DNA HEALTH AND BEAUTY:** Health food and beauty providers will use DNA testing to offer tailored beauty products and 3D-printed food bespoke to a shopper's DNA profile.

3 **HORMONE-TAILORED PRODUCTS:** Diet and health products will be served up based on a shopper's hormone profile.

4 **PRECISION-FIT:** Clothing and footwear brands will use 360° body scanners combined with 3D or 4D-printing for precision fittings.

5 **MENTAL HEALTH PRODUCTS:** Retailers will recommend specific products and services and modify the way they serve them up based on voice technology that reads mental health speech patterns.

6 **HEALTH-BASED TRAVEL:** Holiday companies will provide travel solutions based on health data, such as calming holidays for people with anxiety.

TREND #5

LOCALLY-MORPHED

RETAIL SPACES WILL MORPH TO FIT THEIR LOCAL ENVIRONMENT AND COMMUNITY, PROVIDING EVERYTHING FROM LOCAL BRANDS TO NOSTALGIC COMMUNITY EXPERIENCES.

TREND SNAPSHOT

COMMUNITY RISING

47% OF SHOPPERS, RISING TO **56%** AMONGST HIGH INCOME EARNERS, SAY THEY WOULD LIKE TO BE MORE INVOLVED WITH THEIR LOCAL COMMUNITY AND THEY WANT SHOPPING DESTINATIONS TO FACILITATE THIS.

LOCALLY MORPHED

70% OF SHOPPERS WANT FUTURE RETAIL ENVIRONMENTS TO ADAPT TO REFLECT THE PEOPLE WHO LIVE IN THE AREA, ESPECIALLY IN ITALY AND SPAIN.

NOSTALGIA RISING

42% OF SHOPPERS WANT THEIR FUTURE RETAIL ENVIRONMENTS TO OFFER NOSTALGIC SOCIAL CLUBS.

LOCAL FOOD

IN THE UK ALONE, MORE THAN HALF OF SHOPPERS SAY THEY WOULD SPEND **10%** MORE ON LOCAL FOOD AND A QUARTER WOULD SPEND **25%** MORE[28].

4.1 TRILLION OPPORTUNITY

LOCALLY-BRANDED OPPORTUNITY WORTH OVER **4.1 TRILLION EUROS** PER YEAR ACROSS EUROPE[27]: **51%** OF SHOPPERS WOULD PREFER LOCAL BRANDS TO WELL-KNOWN ONES IN THEIR IDEAL RETAIL ENVIRONMENT AND EVEN MORE IN AUSTRIA, FRANCE AND GERMANY.

MARKET BAROMETER: MARKETS THAT WANT RETAILERS TO MORPH LOCALLY

MORPH | DON'T MORPH

	Morph	Don't morph
POLAND	75%	25%
ITALY	75%	25%
SPAIN	73%	27%
NETHERLANDS	70%	30%
FRANCE	70%	30%
CZECH REPUBLIC	70%	30%
UK	69%	31%
AUSTRIA	68%	32%
SWEDEN	62%	38%
GERMANY	61%	39%

EARLY ADOPTER MARKETS → LATE ADOPTER MARKETS

	Morph	Don't morph
BARCELONA	76%	24%
WARSAW	74%	26%
PARIS	73%	27%
MILAN	71%	29%
MADRID	70%	30%
LONDON	69%	31%
PRAGUE	63%	37%
BERLIN	62%	38%

THE RISE OF LOCALLY-MORPHED

Retail chains tend to look similar around the globe. However, with the rise of Locally-Morphed, this is set to change. The stores of tomorrow will go hyper-local, morphing to fit their immediate environment and the individual communities they serve.

Nearly half of today's shoppers express a strong desire to be more connected to their local community and to play a more active role in it. And the desire is even stronger amongst city dwellers and high income earners.

Not only do they want retail environments of the future to help facilitate connection with their local community, but they also want these environments to feel like they have been fully integrated into the local spaces they inhabit. They essentially want stores and shopping destinations to morph in order to fit the local towns and cities they live in. The appetite for this is strong, with 70% of shoppers saying they want retail environments in the future to adapt to reflect the people who live in the area.

LOCAL BRANDS AND EXPERIENCES

Shoppers don't just want retail environments to feel local. They also want them to stock local brands and morph their experiences to reflect local communities. 51% of shoppers say they would prefer local brands to well-known ones in their ideal retail environment of the future, particularly in Austria, France and Germany. And 31% of shoppers want retail environments in the future to offer more locally-flavoured community experiences.

LOCALLY-MORPHED: MARKET VIEW

DESIRE FOR LOCAL BRANDS OVER WELL-KNOWN ONES

BY MARKET		BY CITY	
AUSTRIA	62%		
FRANCE	62%		
GERMANY	57%	PARIS	56%
ITALY	57%	MILAN	55%
NETHERLANDS	52%	BERLIN	54%
UK	50%	BARCELONA	53%
SPAIN	49%	WARSAW	46%
SWEDEN	47%	PRAGUE	45%
POLAND	44%	MADRID	44%
CZECH REPUBLIC	44%	LONDON	40%

76%

OF SPANISH AND **75%** OF ITALIAN SHOPPERS WANT STORES TO BE UNIQUE, MORPHING TO REFLECT THE LOCAL PEOPLE

73%

OF SHOPPERS FROM WARSAW WANT TO BE MORE INVOLVED IN THEIR LOCAL COMMUNITY

44%

OF SHOPPERS FROM WARSAW AND MADRID WANT COMMUNITY EXPERIENCES IN THEIR IDEAL RETAIL ENVIRONMENT

MOST DESIRED LOCALLY-MORPHED RETAIL EXPERIENCES → MOST DESIRABLE

NOSTALGIC SOCIAL CLUB
PET CAFES
THEMED CAFES
BOOK CLUBS
FARMERS' MARKETS
LOCAL MUSIC, COMEDY AND QUIZZES
LOCAL FESTIVALS
ANTIQUE FAIRS
STREET PARTIES
IMMERSIVE THEATRE

LOCALLY-MORPHED: MARKET VIEW

49%

OF SHOPPERS IN MADRID WANT THEMED CAFES AND **47%** WANT PET CAFES IN THEIR IDEAL RETAIL SPACE

49%

OF LONDONERS WANT THEIR IDEAL RETAIL ENVIRONMENT TO INCLUDE NOSTALGIC SOCIAL CLUBS

42%

OF POLISH SHOPPERS AND **40%** OF SWEDISH SHOPPERS WANT COMMUNITY SERVICES LIKE LIBRARIES IN THEIR DREAM RETAIL DESTINATION

36%

OF GERMAN SHOPPERS WANT COMMUNITY GARDENING IN THEIR IDEAL RETAIL ENVIRONMENT

43%

OF SHOPPERS IN BERLIN WANT COMMUNITY ALLOTMENTS IN THEIR IDEAL RETAIL ENVIRONMENT

NOSTALGIA RISING

Shoppers particularly crave more nostalgic experiences. With the decline of high street community spaces in many parts of Europe, shoppers are starting to look elsewhere to satisfy their need for the kinds of meaningful encounters they once experienced in local community hubs. Retailers and retail spaces are perfectly placed to help plug this gap in the future.

Indeed, 42% of shoppers say they want future retail environments to offer nostalgic social clubs, such as gaming cafes for board games and social events for the local community. Nearly half of Londoners agree. And rather surprisingly, younger, under 55s shoppers crave these kinds of social experiences the most.

The Locally-Morphed retail spaces of tomorrow will blend in seamlessly with the communities they serve, supporting local brands and facilitating human interaction in more meaningful ways.

THE NEXT DECADE: TREND PREDICTIONS

1. **LOCALLY-MORPHED MALLS:** Look out for malls that morph to fit the local communities they serve.
2. **LOCALLY-MORPHED STORES:** Look out for global and regional stores that flex locally to mirror the specific identity of the community and sell local stock.
3. **LOCAL MARKET BRANDS:** Expect more local, farmers' market produce for sale in shopping malls.
4. **LOCAL STAFF:** The malls of tomorrow will employ only local staff to support the community and to minimise commuter miles.
5. **SOCIAL-FIRST SPACES:** The retail spaces of tomorrow will have more areas dedicated solely to socialising.
6. **NOSTALGIA RISING:** Expect to see more nostalgic local experiences in shopping malls such as social clubs, local music festivals, book clubs and quizzes.

LOOKING FORWARD

Our five trends indicate that the retail industry will undergo a seismic shift over the next decade and each trend is important in its own right.

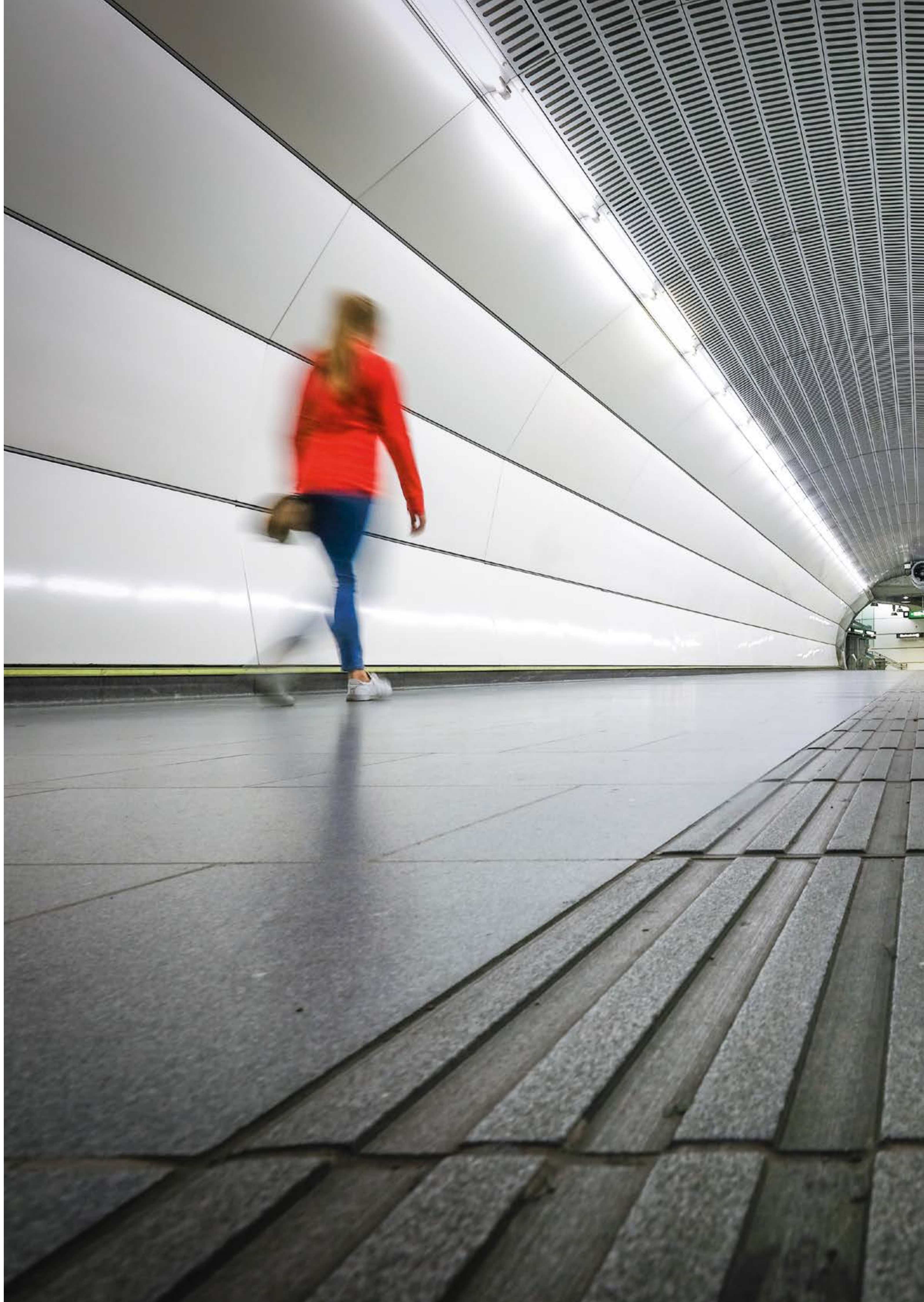
The rejection of prescribed retail, most pronounced in Spain, UK, Poland and France, nods to a fundamental shift in the way shoppers of the future will use different retail spaces. The impact of this trend cannot be underestimated. Online stores that restrict choice with false algorithms may find themselves struggling in the future, whilst smart digital bricks brands that use their online space to showcase the full range and their physical stores to surprise and delight could become tomorrow's star performers.

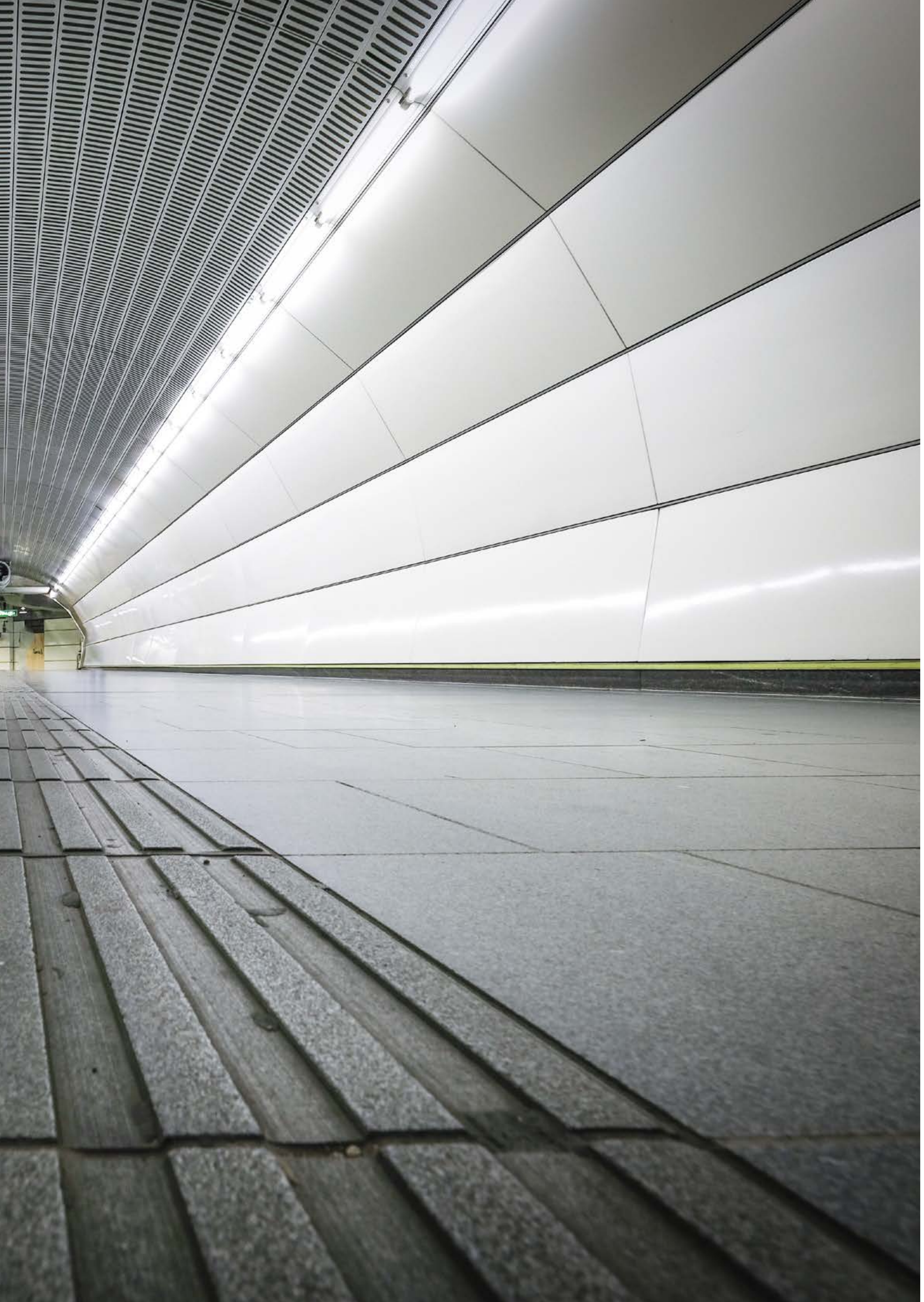
As we have seen, shopping destinations of the future will become free-range browsing spaces. To attract these free-range browsers, physical retailers will need to incorporate more experiential elements into their stores, introduce more wonder products and change their store's look and feel more frequently. With 75% of all European consumers wanting at least 50% of retail space devoted to experience, this is a trend that should be adopted for survival. As we saw with the Locally-Morphed trend, they also want shopping destinations to feel more personally meaningful, offering up community experiences and celebrating local brands, particularly in Poland, Italy, Spain and the Netherlands.

The degree to which a retailer should focus on providing a particular kind of experience – locally-flavoured or otherwise – will depend on the market and category they operate in. However, one thing is clear. Shoppers entering retail, dining and leisure destinations in the future will expect to be inspired or enlightened at every turn. They will want to be able to walk into a restaurant and have food tailored to their specific needs or tastes. They will want to walk into a store and experience something they've never experienced before. Retailers with their finger on the pulse will leverage the latest science and technology to take experiential retail to the next level, such as turning themselves into GPs or creating immersive experiences, to add magic where the shopper least expects to find it. Forward-thinking retailers will also find ways to monetise the experiences that they offer, driving incremental revenue – consumers are happy to pay for an experience if they are getting something in return.

The retailers that do all this in ways that are aligned to the values of the future shopper will also reap rewards. Our European shoppers demand that retailers do more to help the environment and the vast majority expect the stores of tomorrow to be self-sufficient. Shoppers in countries like Germany and Austria want rooftop allotments and farms or pick-up points for food delivered from farms. The stores that provide retail magic through sustainability initiatives like these could well fast-track themselves to success. Likewise, those retailers that embrace the shopper appetite for Rental Living. Again, this requires retailers to fundamentally rewrite the rulebook.

Looking across all trends, it is apparent that this is an era of significant transformation. Retailers need to reassess everything, from their supply chain to the very business they are in. Tomorrow's booksellers may find themselves in the storytelling business. Tomorrow's food stores may morph into local healthcare practitioners. And in this age of transformation, standing still will not be an option. Retailers must constantly look towards the next decade – listening to what the shopper needs tomorrow, not just today.





RESEARCH METHODOLOGY

The 2020 Westfield How We Shop: The Next Decade quantitative survey was conducted by SCB Partners in June and July 2019 and was completed by 15,750 consumers across ten European countries. The countries surveyed were: Austria, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and the UK. Nationally representative samples in each country were achieved, accompanied by equal spread city boosts in Barcelona, Berlin, London, Madrid, Milan, Paris, Prague and Warsaw.

The fifteen-minute survey was designed to explore five key trend areas within the report, identified by global communications agency Spark44. These trends were based on extensive desk research, leveraging a diverse range of reports, articles and thought-leadership thinking, as well as additional work conducted by the Fashion Innovation Agency on behalf of Unibail-Rodamco-Westfield.

The survey investigated current shopper attitudes and behaviours towards a variety of issues. It also utilised gamification and projection techniques, as well as responsive design and engaging visuals, to explore consumers' ideal retail environment in 2029.

The Hot-To-Watch digital bricks brand lists were developed by inputting a long-list of digital brands from each market into Brandwatch and analysing the prevalence of their mentions across the various markets on social media. To ensure more accurate results were achieved, Spark44 developed a list of terms to validate that each query result was relevant. Brands were chosen based on the number of relevant references, via social listening, across the 5 million mentions they received, generated by 3 million unique authors.

APPENDIX

1 Percentage of E-Commerce shoppers aged 15-79 years in UK, Germany, France, Spain, Italy, Poland and Netherlands who are frustrated with inconsistent and inaccurate recommendations. E-Commerce shopper data source: E-Commerce in Europe 2018 report, Postnord.

2 Over 15+ population in the ten markets within the report approximately 341,744,784, calculated with official population data minus average percentage of the total European population aged under 15 years (16%). Source: Eurostat, Being Young in Europe Today, 2016. 59% say they browse for fun in physical retail. Source: Westfield How We Shop, 2020.

3 See footnote 2 for European Shopper population. Percentage of shoppers who will try on impulse is 74%. Source: Westfield How We Shop, 2020.

4 UK population aged 16+ is approximately 51.4 million. Source: ONS. 72.4% of UK shoppers will try on impulse in a physical store, so there are 37.2 million UK impulse shoppers. Source: Westfield How We Shop, 2020. Average impulse buy spend is £198.87 per person, per month. Source: My Jar 2018 survey amongst 2,000 UK adults. This equates to a £7.397 billion impulse spend opportunity per month, or £89 billion per year.

5 15+ shopper population of Poland approximately 31.9 million – see footnote 2. 77% of Polish shoppers say they browse for fun.

6 Approximate 16+ population of Italy is 50,895,133, of which 72% enjoy browsing for fun. Approximate 16+ population of the Netherlands is 14, 348,466, of which 79% enjoy browsing for fun. See also footnote 2.

7 See footnote 2.

8 Approximate 16+ population of France is 56,270,829, of which 79% say they will try a new brand on impulse instore. See also footnote 2.

9 Source: Brandwatch analysis for Westfield How We Shop, 2019.

10 73% of UK consumers say they would spend more time and money in stores that offer up instore experiences as well as just products. Source: RetailEXPO 'ONE VISION: How to re-energise retail in 2019 and beyond' report, May 2019 amongst 2,000 UK consumers.

11 15+ shopper population for the ten featured markets – see footnote 2. 47% of shoppers want great experiences instore.

12 Source: CapGemini The Disconnected Customer report, 2017.

13 The global co-working industry is expected to expand to 5.1 million members by 2022. Source: Visualising the rise of co-working spaces, Visual Capitalist 2018.

14 For 15+ populations across the ten featured markets, see footnote 2. 85% of shoppers want stores to prioritise being 100% self-sufficient. Source: Westfield How We Shop, 2020.

15 Source: Nielsen Global Survey of Corporate Social Responsibility and Sustainability, Feb-March 2015, conducted amongst 30,000 consumers in 60 countries. The 15+ shopper population for the ten featured markets, as per footnote 2.

16 For 15+ populations across the ten featured markets, see footnote 2. 85% of shoppers wants stores to prioritise being 100% self-sufficient. Source: Unibail-Rodamco-Westfield, 2019.

17 Source: Nielsen Global Survey of Corporate Social Responsibility and Sustainability, Feb-March 2015, conducted amongst 30,000 consumers in 60 countries.

18 Source: Westfield How We Shop, 2016.

19 More than 50% of Italian, French and German shoppers spend over £50 per month – £600 per year – on clothes. Source: Drapers and Amazon Pay 'Anticipating tomorrow's demand across Europe' report, Sept 2017. Shopper population data as per footnote 2. Shopper population of France 56,270,829.7 of which 30% are willing to rent fashion = 16,881,248.9 fashion retail population. Shopper population of Germany is 71,033,109 of which 27% willing to rent fashion = 19,178,989.4 fashion rental population. Shopper population of Italy = 50,895,133.8 of which 31% will rent fashion = 15,777,491.5 fashion rental population. The total fashion rental population of these three markets is 51,837,679.8. Half of this fashion rental population, 25, 918,839.4, spend £50+ on fashion each month (£600 per year) 25,918,839.4 x £600 = £15, 551,303,904. Currency converted, this equals around 18 billion euros.

20 Total retail spend in the second quarter of 2019 within the European Union was 2,022,368.50 million euros. Source: Trading Economics. Therefore, spend per month is 674,122 million euros. 51% of European shoppers want retailers to offer personal consultations to provide them with the perfect product (Source: Westfield How We Shop, 2020). Therefore, up to 51% of this spend (343,802.645 million euros per month) could be spent on personal consultations, equalling 4.1 trillion euros per year. Source: Unibail-Rodamco-Westfield, 2019.

21 Consumer spending per month is £112,718.333 million in the UK (a quarterly spend of £338,155 million divided by 3). Source: Trading Economics 2019. 35.7% of UK shoppers would like stores to offer personal consultations to identify the perfect products for them. Source: Westfield How We Shop, 2020.

22 31% of European shoppers are interested in DNA testing. European shopper population 341,744,784 – see point 2. DNA test costs approximately 170 euros with global brand 23 and Me. UK price used as a proxy for Europe, converted into euros. Source: 23 and Me.

23 NB There are predicted to be 43 million smart speaker devices in Europe by 2023. Source: IDC Q1, 2019.

24 See footnote 19.

25 A fifth of shoppers who expressed interest in personalised products or services are willing to pay a 20% premium according to UK research conducted by Deloitte amongst a 1,560 GB adult sample. Source: Deloitte Consumer Review, 2015.

26 31% of European shoppers are interested in DNA testing. European shopper population 341,744,784 – see point 2. DNA test costs approximately 170 euros with global brand 23 and Me. UK price used as a proxy for Europe, converted into euros. Source: 23 and Me.

27 Total retail spend in the second quarter of 2019 within the European Union was 2,022,368.50 million euros, which equates to 674,122.833 million euros per month. Source: Trading Economics. 51% of shoppers prefer local brands to well-known ones in their ideal retail environment. 51% of 674, 122.8 million is 343.8 billion per month or 4.1 trillion per year.

28 More than 50% of UK shoppers will pay 10% more for locally-sourced food. Nearly a quarter will pay 25%. Some are willing to pay up to 50% more. Source: Beacon Purchasing research amongst 2,000 consumers, 2018.

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