



Retail trend report 2023

Where and how are people shopping today?

Executive summary

Welcome to Trendipedia Executive summary, retail report 2023.

Welcome to this **executive summary** of our 2023 retail trend report.

Here, we summarise four of the year's dominant retail trends – the rise of omnichannel, the marketplace growth engine, quick commerce evolution and immersive digital engagement – and seek to understand how consumers are both driving change and responding to these trends.

Here, you'll find the latest trend information and analysis backed up by evidential data and business examples from around the world. We also provide some pointers for the future of the food & beverage industry and for packaging — ideas about how your business can accommodate the new ways people are shopping today.

We hope you will enjoy reading, using and building on this material!

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Where and how are people shopping today?

How and where people shop for edible groceries is continuously evolving. From farmers' markets to supermarkets to online shopping and omnichannel, the journey continues. In this executive summary, we look at four retail trends and consider what they tell us about where people are buying their food today, and how that is likely to change in the future.



1. RISE OF OMNICHANNEL

Consumers are shopping and interacting across multiple channels. Increasing digitalisation and in-store technology mean that retailers can better synchronise the online and offline experience.

2. MARKETPLACE GROWTH ENGINE

Marketplaces i.e. platforms that facilitate the interaction between buyers and sellers, have become the go-to destination for on-demand consumers. This channel is expected to grow faster than any other over the next five years.



3. QUICK COMMERCE EVOLUTION

Quick commerce meets consumers' demands for rapid delivery of fresh food products. There are many different quick commerce services - what they have in common is the ability to deliver to consumers within an hour of an order being placed.

4. IMMERSIVE DIGITAL ENGAGEMENT

Digitalisation has given rise to a new wave of digital players and alternative routes to market – including social commerce, 3D virtual stores and the metaverse.

image: Freepik.com



TREND 1:

The rise of omnichannel

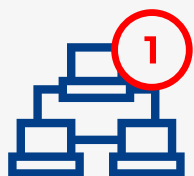


TREND 1

The rise of omnichannel



Whereas once people may have had a single go-to store for their weekly shop, these days, consumers are buying from brands and retailers across multiple channels – both on and offline. This is known as ‘omnichannel’ shopping, and it encompasses all the different places and ways people buy, including:



Online is currently the fastest-growing channel. After an extraordinary peak during the pandemic, it's now back to more natural growth curve. Over the next five years, online will continue to be the number one growth channel for edible grocery globally.



Supermarkets and hypermarkets are currently the two largest channels for edible grocery.



Other physical channels such as clubs, cash & carry, discount stores and convenience stores, are also forecast to experience more rapid growth over the next five years.

As more and more consumers become digitally literate, their shopping habits become more ‘omnichannel’. 87% of shoppers today begin product searches on digital channels and 64% of shoppers say that they prefer to shop with brands that have both online and offline presence.

How omnichannel influences the in-store experience

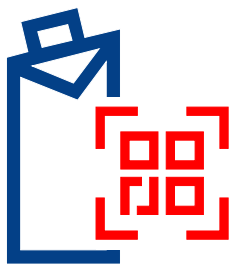


The fact that so many of today's consumers shop across multiple channels is having an impact on the in-store shopping experience. For example, retailers are merging the digital and physical channels by coordinating content sent to the users' smartphone with in-store promotions.



Using smart phones in-store

The smart phone is an increasingly important tool, with 80% of shoppers using a mobile phone inside a physical store to look up product reviews, compare prices or find alternative store locations.



Other digital technologies

Frictionless checkout and payment, augmented reality and instore apps are being used by retailers to improve the in-store experience. We also see an increase in the use of QR codes, which enable brand communication to be changed remotely without needing to reprint the packaging.



Curbside pick-up

Some leading retailers are leveraging in-store and curbside pick-up as well as store-based order picking. Busy consumers have been quick to embrace this type of service as it saves them so much time and effort.

Examples of omni-channel in action

The examples below show how retailers are experimenting with creative merchandising and services that reinforce omnichannel consumption.

JD.com recently opened four physical pilot omni-channel stores, followed by a flagship in Chengdu. The Chengdu store (a collaboration between JD and Chinese cosmetics brand Perfect Diary) offers 400 brands and 2,000 products and features a live streaming studio as well as photo-ready set ups featuring products for social media posting.



Image: jd.com



Image: walmart.com

Walmart's new store concept – “Time Well Spent” – focuses on making Walmart a destination where customers want to spend their time. The redesign includes new visual merchandising concepts, engaging experiences, QR codes, and digital screens for digital exploration.

Asda recently revamped its store in Milton Keynes, UK. The new design includes experiential counters and a service called “Click, Explore, Collect” where shoppers can order their shopping on tablets in the food court area (or on their own devices). While they eat or use the beauty bar, a personal shopper does their grocery shopping.

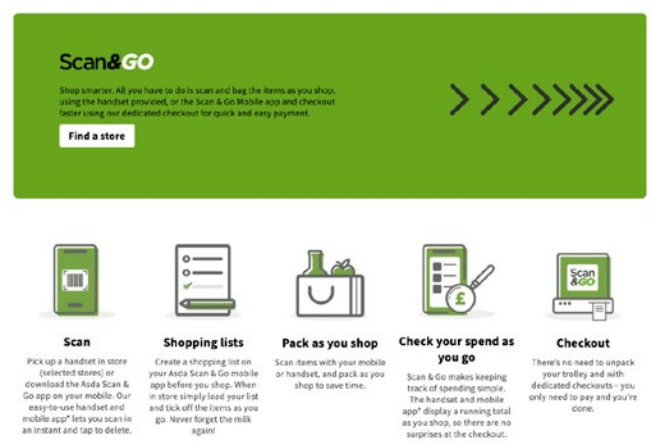


Image: asda.com

TREND 2:

The market- place growth engine



TREND 2

The market-place growth engine



If we rewind to 2012, the retail market was dominated by physical-first retailers with vast networks of large physical stores. Today, the world's top 5 largest retailers are **ecommerce-first marketplaces**.

Indeed, marketplaces have become key destinations for today's time-poor consumers. These huge online '*shopping malls*' enable allow people to instantly find and compare multiple versions of whatever product they want to buy, at any time.



By 2027, third party marketplaces will control over 63% of global ecommerce, up from 49% in 2017.



In 2021, Alibaba hit the one billion mark in annual active customers across its various marketplaces.



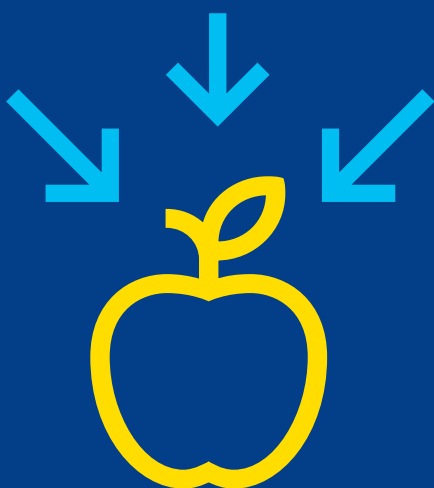
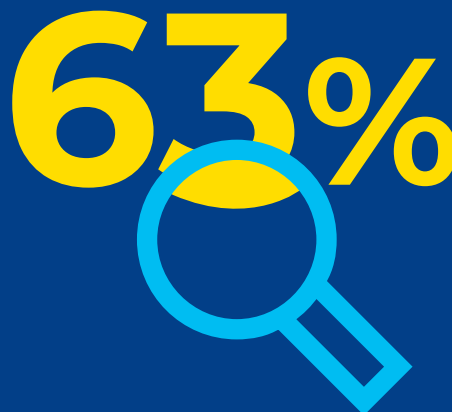
Retailers are increasingly prioritising the 3P marketplace model as a way to grow and increase profitability.

Amazon for everything

Research shows that 63% of online consumer searches now begin on Amazon.

When US shoppers were asked why they choose to buy from the marketplace giant, 56% cited *'large assortment'* as the main reason.

'Free shipping' also ranked highly as did *'quick & seamless'* and *'competitive prices'*.



Future focus on food

Until recently, relatively low volumes of food and especially of fresh groceries have been sold on marketplace platforms, despite being huge categories in terms of overall market size. But this is changing as many marketplaces – including giants Amazon and Alibaba – now see fresh food sales as a way to maintain profitability in a challenging economic environment.

Bigger means better

Interestingly, the more people use marketplaces, the better they get at serving shoppers and understanding their preferences... which in turn makes them even better at serving the shoppers of the future.



Marketplaces expanding into fresh food

In 2021, MercadoLibre started deliveries of fresh food products in Brazil and it has also formed partnerships with leading Latin American retailers such as Carrefour and GPA.

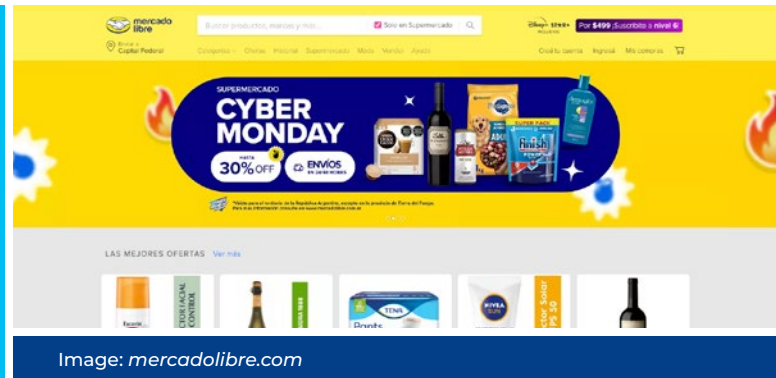


Image: mercadolibre.com



Image: flipkart.com

Walmart's Flipkart is expanding its grocery operations to 1,800 cities. With this expansion, Flipkart is now present in 23 states across the country taking its reach to 10,000 pin codes and delivers from 23 fulfilment centres.

Alibaba has committed to boosting online sales of FMCG and foods, and especially fresh groceries since the company sees 'very good opportunities for driving digital penetration deeper in this category.'



Image: freeshippo.com

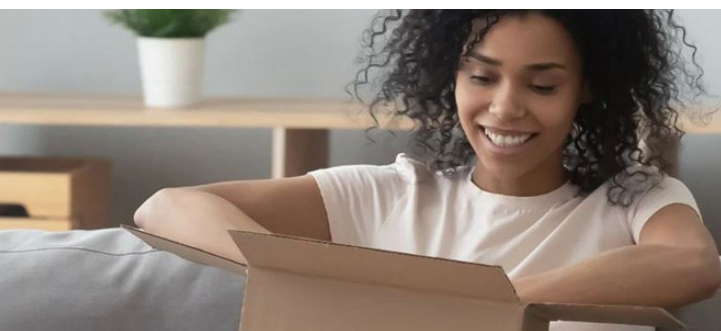


Image: ahouldelhaize.com/

Omnichannel players are launching their own marketplaces. Examples include Woolworths' 'Everyday Market platform', Carrefour's own market-place in Argentina, and Ahold Delhaize's Ship2Me.



TREND 3:

Quick commerce evolution

TREND 3

Quick commerce evolution



Quick commerce, otherwise known as ‘on-demand delivery’ is gaining ground, as consumers search for greater convenience and speedier delivery.

Quick commerce went through a phase of explosive growth during COVID-19, only to plateau somewhat post-pandemic. Nonetheless, it is still expanding and volumes are expected to double between 2022 and 2027.



Over 15.3% CAGR is expected in quick commerce sales of edible grocery 2022-27 (excluding food service/restaurant sales). This is high compared with growth in edible grocery eCommerce sales in general (+10.8%).



The top 10 quick commerce platforms account for combined **86%** of all global on-demand in 2022.



Instacart is the largest platform in terms of retail grocery GMV



Grocery has an increasingly prominent position on many quick commerce apps, and is getting more advanced digital shelf capabilities.

Two quick commerce models

Combining the merits of traditional e-commerce with innovations in last-mile delivery, quick commerce typically enables goods to be delivered in **less than 1 hour**.

THE TWO MAIN MODELS ARE:



1

Intermediaries

i.e. orders fulfilled through 3rd party retailers

2

Quick commerce specialists

i.e. orders fulfilled through own dark stores/ micro fulfilment centres

In the case of specialists, orders are picked, packed and fulfilled from the quick commerce operators' own dark store or micro fulfilment centre as opposed to a partner retailers' store, which often enables delivery speeds of 10-15 minutes.

- This model is expected to grow its share of total retail grocery GMV globally from **19% in 2022 to 24% by 2027**.
- Leading quick commerce players such as Gorillas and Getir are **opening dark stores in multiple markets**.
- Even intermediary players like Rappi and Delivery Hero are **developing their own dark store services**.

Examples of quick commerce in action

The race is on to get food delivered faster. Here are some examples of the creative ways in which quick commerce operators attract business.

In Indonesia, Thailand and the Philippines, Unilever's Ice Cream Now division partnered with Grab to turn 'mom-and-pop' stores into Ice Cream Virtual Stores so consumers could purchase via the app and have ice creams delivered in minutes.

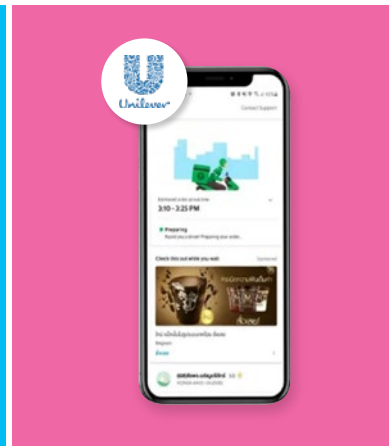


Image: foodpanda.com

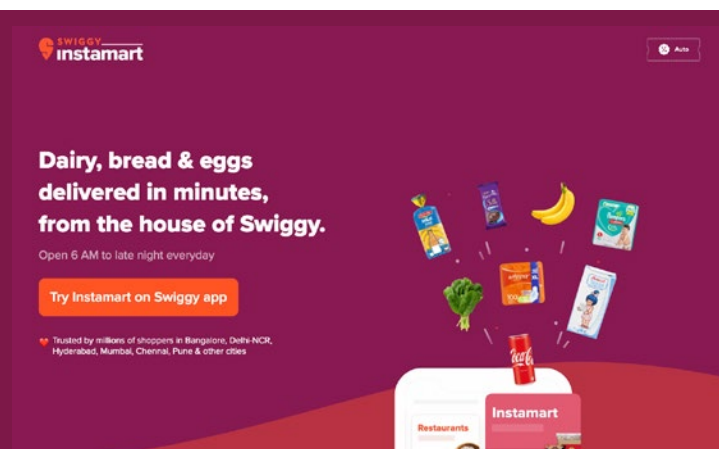


Image: swiggy.com

Leading Indian quick commerce app Swiggy has partnered with Garuda Aerospace to pilot the use of drones to support its Instamart instant grocery delivery service in Bengaluru and Delhi. Swiggy will use the drones to support the 'middle mile', with the drones replenishing stock between seller-run dark stores and stores close to the customer.

Deliveroo has opened its first physical Deliveroo Hop grocery store in Central London, in partnership with UK supermarket Morrisons. The store will function as a mini-warehouse for home delivery, as well as a collection point for shoppers who've ordered their groceries on the Deliveroo app.



Image: deliveroo.co.uk



TREND 4:

Immersive digital engagement

image: Freepik.com

TREND 4

Immersive digital engagement



As shoppers spend more time having virtual experiences, they are increasingly open to virtual product discovery i.e. viewing and buying products that they have never interacted with in the physical world. Take it one step further - into the metaverse - and people are buying products that may not even exist in the physical world.



Increasingly social media networks are activating commerce – so-called ‘*social commerce*’ - allowing consumers to make purchases directly on social platforms. This is a trend to watch as Gen Z consumers, now in their late teens and early twenties, are primarily responsible for driving social commerce growth.

The social-commerce market is expected to grow by \$2 trillion globally up to 2025.



Both gaming and the metaverse have huge and mainly young audiences (***51% of metaverse users are under 13 years of age***). Despite their currently limited retail transaction value, the age profile of users means these channels are likely to grow in the future. Retailers and brands are experimenting with the metaverse as they seek to understand this emerging channel.

The value of real estate that has been purchased in the metaverse in 2022 is \$500mn.

Examples of social commerce

Social commerce is emerging as a global sales channel. It either takes the form of purchases made in-app while scrolling through the likes of Instagram, Pinterest and YouTube, or livestreaming, which combines shopping with entertainment.

Livestreaming builds a sense of community which can help foster brand loyalty. Some examples:



Nestlé China, along with Dada Group (*China's leading local on-demand delivery and retail platform*) recently held a live-streaming e-commerce event. Nestlé's popular products were introduced and explained to the live audience. Customers could then place online orders on Dada Group's platform and receive their orders within the hour.



Auchan Portugal has launched Auchan Live, a series of events that aims to create live and memorable experiences for consumers. The concept sees the introduction of dedicated event areas in stores, and will be publicised on Auchan's online channels, where shoppers can also register.

Examples of the metaverse and 3D virtual stores

Lots of retailers are testing branded metaverse experiences; others are creating 3D virtual stores.

Carrefour has purchased an area of land equivalent to 30 supermarkets in the Metaverse's Sandbox. This is a virtual gaming world where users can play, build and monetize their experiences.



Image: [carrefour.com](https://www.carrefour.com)

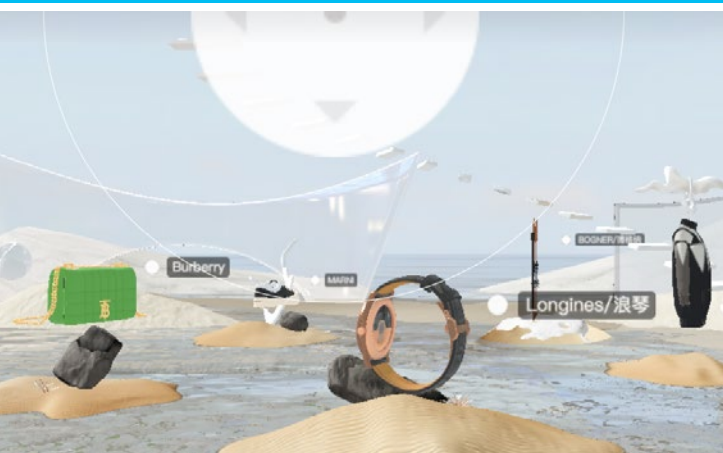


Image: [alibaba.com](https://www.alibaba.com)

Alibaba is building up capabilities in the metaverse and allowing shoppers to create avatars, who are then guided around 3D stores and can participate in a variety of interactive experiences.

'Walmart Land' is a virtual world that entertains users through interactive content and games. They can unlock virtual coins to be exchanged for goods, bringing the retailer's 'aisles' to life.



Image: [walmart.com](https://www.walmart.com)

3D virtual stores

Mondelez Lacta partnered with BeyondXR to create a 3D virtual store that allows consumers to browse the brand's entire portfolio of 79 products interactively.

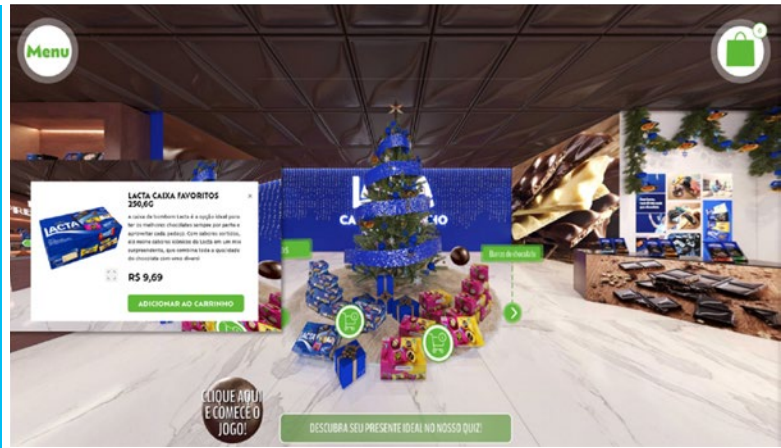


Image: byondxr.com/

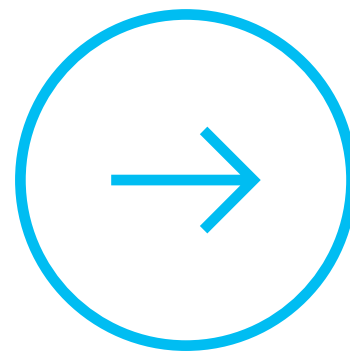


Image: decentraland.org

Heineken launched a virtual version of Heineken Silver. The virtual beer can be found at the Heineken virtual brewery in the immersive digital platform, Decentraland.



Implications for your business



How might your business take advantage of the four major retail trends discussed in this report? To get the ball rolling, we've selected a couple of examples to consider from each area:



1 Implications of the rise of omnichannel

- Look to provide more omnichannel and connected shopping experiences with e.g. QR codes on packaging
- Think about how to make products stand out in environments built for speed and convenience.

2 Implications of marketplace growth

- Optimise assortments to minimise the risk of price matching; differentiate through pack sizes and bundles
- Meet the increasing demand for eCommerce ready packaging



3 Implications of quick commerce

- Focus on 4-5 best-selling SKUs and push premium products (*customer base less price sensitive*)
- Choose package formats that retain integrity during transit to meet the demands of intermediary picking

4 Implications of immersive digital engagement

- Ensure the appearance of products in virtual spaces matches that of physical products so they are easy to recognise
- Partner with retailers on social commerce and metaverse initiatives – even if commercial opportunities are low right now

[Click here](#) to book a meeting with us and dig deeper into how you could meet the needs of consumers as they shop for edible groceries in new places and new ways.

