

Oliver Wyman Reveals 2017 Retail Predictions In Its Annual Journal

- *Retailers are responding to the needs of time poor individuals and predicting their shopping habits, taste and choices*
- *Data use will enable retailers to make increasingly accurate recommendations and predictions*
- *New technology means more people will be employed to program software than stack shelves*
- *Distribution could become a utility similar to gas and electricity*

LONDON, 10 January 2017 – With digital technology re-shaping traditional retail and radically transforming the industry into an information business, global management consultancy Oliver Wyman reveals its 2017 predictions for the industry as it launches its fifth annual [Retail Journal](#).

SELLING PRODUCTS IS OUT; SERVING NEEDS IS IN

People used to buy CDs; now they subscribe to music streaming services. Traditional retailers have lagged so far. But food retailers could make a start by customizing online shopping lists and suggestions to meet needs such as a vegetarian, dairy-free, or low-saturated-fat diet. Beyond food, subscription services could manage clothing needs on the same principle.

RETAILERS WILL KNOW MORE ABOUT YOU THAN FACEBOOK

Serving needs effectively implies knowing consumers better. Facebook knows what you say; retailers know what you do – as well as where, and at what time. Much of this information will be very personal, and providers will need to make sure customers are comfortable sharing it. Over time, the more useful the services are, the more willing customers will be to share information.

FEWER, SMARTER PEOPLE WILL WORK AT A SHRINKING HEAD OFFICE

The new business model will depend on crunching vast quantities of data to understand consumers and suggest solutions. That means digitizing the corporation in a way that empowers managers to make quick decisions and drive rapid product development. Retailers will abolish the physical head office entirely, distributing small agile teams around the business.

HOME DELIVERY WILL BE UBIQUITOUS

Given that many retailers will need to deploy the same shipment service, delivery might become a utility similar to gas and electricity, and be regulated by governments to minimize traffic. One designated delivery supplier for all retailers would be more efficient than many vans from numerous companies.

THERE WILL BE HALF AS MANY LARGE GROCERS IN 10 YEARS' TIME

As these changes loom, international mergers are back on the agenda. Many traditional grocers who survive will become international behemoths that leverage synergies in sourcing, back-office functions, and technology at the regional or even global level. Or they'll be nimble local players, which play up their local adaptation to the max and win customers.

James Bacos, partner and global retail practice leader, Oliver Wyman, says: "In the retail and consumer businesses, change is happening at a rate and scale previously unimaginable. The new landscape will throw up threats and opportunities in almost every corner of the business – and much faster than in past upheavals. Accelerated adaptation will determine who survives the 'revolution in shopping'.

"Underlying many of these predictions in our Journal is new technology. Retailers already gather vast quantities of data on customer behavior, and are increasingly using analytics to turn this information into knowledge and to generate new business models. Change is here, and it's fast and large-scale. The choice for retailers is whether to drive it, or be driven by it."

Volume 5 of the Oliver Wyman Retail Journal explores how retailers can adapt to the new retail and consumer landscape. Articles included in this year's journal focus on how retailers can accelerate adaptation and understand the rules of the new game to make the right investments.

About Oliver Wyman

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across 26 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm's 4,000 professionals help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit www.oliverwyman.com. Follow Oliver Wyman on Twitter @OliverWyman.

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