



Retail of the future

5 trends to watch

Inflation concerns. Supply chain disruptions. High staff turnover. Retailers have been facing a seemingly never-ending number of challenges that have launched them through furious – and exceptionally fast – transformation. When loyalty can't be taken for granted anymore, retailers are forced to adapt and shift their business model to one that best suits the customer if they want to see returns. The good news is that there are opportunities for those who dare to change.

Here are **five emerging trends and technologies** that we expect will offer new challenges and opportunities in the months ahead.

- ① **Transforming physical stores**
- ② **Captivating the Gen Z market**
- ③ **Technology to empower and retain employees**
- ④ **Sustainable and ethical practices**
- ⑤ **Technology that reduces cost and risk**

TREND NUMBER ONE

Transforming physical stores

The role of the retail store has evolved significantly over the last few years, particularly as online shopping grows in popularity. No longer simply transactional spaces, physical stores have become experiential hubs where consumers can gather to do more than shop, but socialize, explore, and be entertained. The latest State of Shopping report on European consumers reveals that **95% still favor shopping in physical stores**.

As the way consumers shop continues to shift, physical stores are introducing new innovations to appeal to their preferences and keep them engaged.

More than just retail

According to a recent survey from Forrester, **97% of retailers say that revenue diversification is important for their business' future**. To expand their footprint and cater to diverse customer needs, retailers are reinventing themselves, experimenting with a range of different sales models and services to entice customers to visit their physical locations. Take the state of shopping malls, for example. Once bustling with retail shops and kiosks, malls have now adopted a more restaurant-centered mindset. Research published by Yelp found that, **17 out of the 25 most popular mall brands in the U.S. are restaurants**. Chris Brandon, Senior Vice President of Leasing at Brookfield Properties in the U.S. said in an interview with CNBC: "In some of our shopping centers, we're seeing **20% to 30% of the total [general leasing area] being dedicated to food**, and that's 100% by design."



Other retailers are differentiating their offering with more personalized services their customers can benefit from. Some successful examples include Patagonia's Care & Repair services, which allow customers to bring **used and damaged** Patagonia products to the official stores to get them fixed; Levi's buyback program, that lets customers trade in their **pre-loved** Levi's denim for a store card; and concept stores like Dick's House of Sport that lets customers try out equipment on their rock-climbing wall, putting green, and batting cages.

Diversifying the in-store experience, and giving customers **more than just products** to buy, is key to capturing consumers' attention and increasing the chances of them returning. Businesses need to think beyond what they can offer within the boundaries of traditional retail, and consider **high-value services** like consultations, live product demonstrations, rentals, courses, and more, to turn their stores into a physical bridge between their brand and their customers.

Personalization through technology

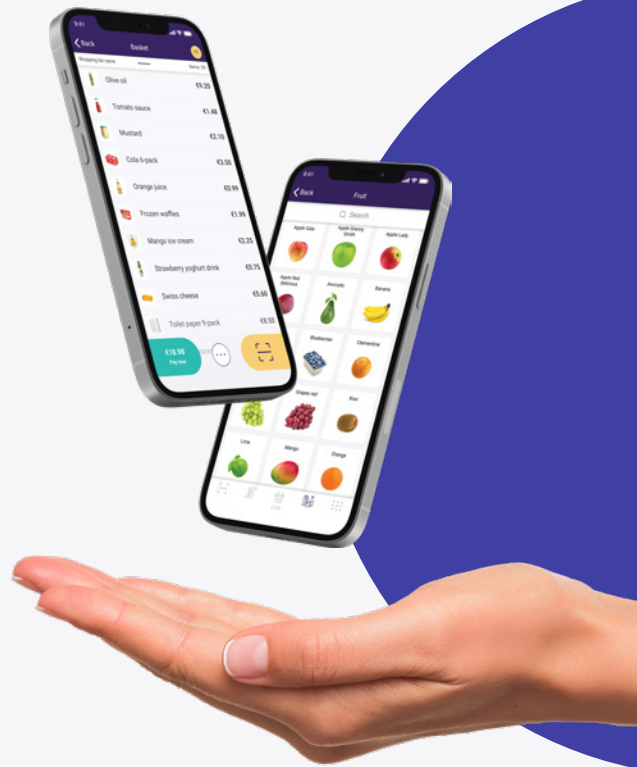
A recent study from Incisiv found that around **7 in 10 consumers prefer shopping with a retailer that offers personalized experiences across all channels**. To satisfy this demand for personalization, many retailers are blending physical and digital experiences inside the store by leveraging interactive technologies that can be tailored to customer preferences.

- **Artificial Intelligence (AI)** is leading the way in personalization, helping businesses **predict what shoppers may buy in real-time based on their behavior and preferences**. "Businesses of all sizes are looking for ways to break through the noise and attract new customers while increasing loyalty with existing ones," Frank Keller, Executive Vice President and General Manager of PayPal's Large Enterprise and Merchant Platform Group, said in an article from the Harvard Business Review. "Applied in the proper ways, AI can help **develop new, trusted personalized experiences** that make every customer feel like they are the most important."

Research from McKinsey suggests that retailers already using AI have seen a **20-30% increase in customer retention**, and this number will only expand as AI grows smarter. Whether a customer gets a discount notification in their loyalty app while

browsing an aisle at their favorite grocery store, or an online shopper gets an outfit suggestion based on their past purchases, AI technology will continue to tailor itself to the individual consumer, making it easier for retailers to appeal to diverse audiences.

- **Endless aisles** allow retailers to expand their in-store offering to the online catalog. U.S. electronics and appliances retailer Best Buy does this with **digital screens** that allow customers to browse the brand's entire inventory – even items that are out of stock at their current location – and place orders that can be shipped to their homes or picked up in-store. This not only makes **browsing simpler** for the customer because they don't need to walk around the store to search for what they like (or possibly leave without finding anything), but it also helps the company **close more sales and lower the number of returns**.



- **Mobile self-scanning apps** bring a new level of convenience to in-store shopping, allowing customers to **scan items directly from shelves and pay through the app** without waiting in line. These apps also offer additional features, such as the ability to earn and redeem loyalty points, access detailed product information, and create shopping lists—automatically generated from past purchases or shared between users. By connecting these apps to their stores, retailers can deliver **personalized offers** and recommendations tailored to individual shopping habits, send **targeted in-store promotions**, and enhance the overall shopping experience.
- **Interactive displays** are helping retailers create more immersive in-store experiences. [Our customer adidas](#) has been at the forefront of this movement, constantly using innovative technologies in its flagship stores to take the shopping experience to new levels. For example, they introduced three **multi-sensory installations** in their Beijing flagship store, including a lottery-style station where customers vote on limited edition adidas trainers from previous periods and enter to win, and a “Sound Garden” where visitors dance in front of a virtual avatar to create a music video behind a soundtrack. These types of **cutting-edge experiences** attract customers to physical stores, offering ways to interact with a brand that are not possible anywhere else.

Where to start:

Think beyond traditional retail. As the retail market ‘evolves, customer demands may not be the same tomorrow as they are today. Consider how you can **expand your retail offering** to support your growth.

Use technology to your advantage. Retailers need to rethink their in-store strategies to include innovative technologies, and how they can use them to the benefit of both their customers and their business. **Digital-first experiences are now the expectation,** and it’s up to you to decide if these should involve customer apps, screens in store, or new ways of interacting with your merchandise.

TREND NUMBER TWO

Captivating the Gen Z market

A survey from Buy Now, Pay Later lender Afterpay predicts that Gen Z will represent **17% of global retail spend by 2030**. If retailers hope to retain interest from younger crowds, they're going to have to stay informed about the way they shop and create strategies that cater to their preferences.

Flexible payment options

As digital-first natives, Gen Z shoppers have high expectations when it comes to their payment experience – it needs to be seamless, fast, and most importantly, offer them the power of choice. According to a survey from Forbes, 48% of Gen Z shoppers said they would **abandon a purchase if their favorite payment method wasn't available**. As the world shifts towards digital payments, Gen Z has become the primary embracer of these methods, contributing to the growing popularity of options such as Buy Now, Pay Later, which businesses such as Klarna have made accessible, as well as Peer-to-Peer payment apps and digital wallets.

- **Buy Now, Pay Later (BNPL)** has become especially popular within the last few years, offering shoppers greater flexibility with their purchases, and allowing them to break up payments into **smaller, more manageable installments** over weeks or months. It is especially helpful for those who cannot handle large, upfront payments, or who may be low on cash at the time of purchase. But this method has a benefit for businesses as well since it **encourages purchases** that may have not otherwise happened, while typically leaving the collection of the money up to a third-party company. A survey from Electronic Payments International found that **50% of Gen Z consumers reported**

abandoning a purchase if a BNPL option wasn't available.

- Though **Peer-to-Peer payment options** like Venmo, AliPay, and WeChat initially allowed users to easily split fees between friends and family members, they have also expanded to the business world. These types of payment services **streamline the checkout experience** in-app, online, and in-store with just a couple of steps and make it easy for users to send payments quickly and securely. Gen Z spends **more time on mobile devices than any other generation**, so offering a payment method that can be done intuitively through the app or online is key for encouraging more purchases. In fact, eMarketer projects that the amount of Gen Z consumers who have sent P2P app payments will surge to **83% by 2028**.
- According to PYMNTS, Gen Z are the most enthusiastic about adopting mobile wallets, with **60% reporting higher spending** when purchasing through this method. In fact, the younger generations are leading the way in making physical cash a thing of the past while pushing for more contactless payments. Another survey from Mastercard found that **80% of Gen Z shoppers prefer contactless card payments** over traditional chip or swipe methods.



Social commerce

Gen Z are the trailblazers driving social commerce. A recent report from Capgemini called “What matters to today’s consumers 2025,” found that around **53% of Gen Z shoppers purchase products through social media** and influencers. Social commerce makes it possible for consumers to **purchase an item directly through a social media platform**, without having to click through to a third-party website. Research from the Future of Commerce forecasts that **social commerce sales will reach around \$2.9 trillion by 2026**.

The immediacy of social commerce has already transformed retail, leading to more experimentation. According to the Online Consumer Behavior Global report, **63% of consumers between the ages of 18-25 have been influenced to buy** after seeing a product promoted by a brand on social media. Social media has given brands the flexibility to host live shopping events on their platforms, and according to one Forbes article, the livestream eCommerce market could reach USD \$3.9 billion by 2031. “The big takeaway in social commerce is how well it mirrors customer’s wants and needs,” says Katharine McKee, founder of Morphology Consulting. “It has created a way for brands to be able to **see in real time what customers want, think, and how they view the product or service on offer**. This is the biggest and most pure shift into ‘authenticity’ marketing ever.”



Where to start:

Sell on social media. Target social media users based on preferences and help new customers discover your products.

Diversify payments. Make sure you give your younger consumers the power to choose their **preferred payment method** – the more ways there are for them to pay, the more likely they are to buy from you with confidence.

TREND NUMBER THREE

Technology to empower and retain employees

Retaining talent has been an ongoing issue for retailers for some time. A recent survey from Forrester found that **63% of retailers operate with a front-line employee deficit**, and for some countries, like the U.S., this trend could “continue beyond ten years,” says Svenja Gudell, chief economist at Indeed. To address these challenges, Deloitte research reveals that **two-thirds of retailers** plan to allocate “moderate to major investments” to boost employee hiring and retention. But to be able to offer better support for their teams, retailers need to **leverage technologies** that streamline workloads and provide staff members with access to the resources they need.

Optimizing training periods

Some training periods can last as long as three months, and all that time and effort could go to waste if the employee decides to leave not long after. Retailers need the **training period to be quick and efficient**, so the new hires get all the information they need without sacrificing too much time from other employees. At the same time, retailers need to **invest in the skills of their employees and encourage them to grow in their role** if they hope to keep them for the long-term. Here are two ways retailers are using technology to improve the training experience:

- **Employing technology that is easy to learn.** Retailers that use multiple different systems to process sales, do stock counting, handle returns, and order products from other stores, will take longer to train new hires. But with a single, unified system to manage all the different daily processes – from sales to inventory tasks – retailers

can cut down the training process and get their employees up to speed in no time. And those that manage many different departments or locations can use the same retail management system in all of them, allowing them to easily move employees if they need to **without having to retrain them**.

- **Expanding employees’ digital skills.** Employees today need to have the right balance of social and technological skills to be able to offer expert customer service. If retailers hope to retain talent, it’s important to not simply focus on the skills the employees already have but also think about **how to help them grow**. One way retailers are doing this is by investing in initiatives such as **continuous training**, which gives employees access to programs that will help them develop their skills and facilitate interest in their job.

Assisting employees on the sales floor

One of the worst parts about being short-staffed is not having enough hands to assist customers on the sales floor. Too many times, employees **can't access the information they need** to help customers quickly; either they get stuck running to the back to check for stock or trying to find another employee who has relevant knowledge. This can lead to stressed employees and poor customer experiences.

- **Mobile POS** is one way of giving employees more power on the sales floor. Mobile POS devices can turn any mobile phone or tablet into a **checkout point for the customer**, which comes in handy for customers who aren't buying a lot of items and don't want to wait in a long queue at the cash register. Customers can simply walk up to a sales associate who scans the items where they are, pay for their purchase, and go on their way. And in the meantime, employees can also **perform inventory tasks**, like stock taking and adjustments without having to go through the back end. For example, if a glass bottle breaks or if a package gets opened, they can easily scan the item and remove it from the system.
- **Self-checkout technologies**, like automated registers, and **mobile self-scanning devices** have been making their way into retail stores for some years now. However, these technologies don't just benefit customers, but employees as well. By taking pressure off employees at the cash register, these technologies **free them up** to focus on other tasks or help customers around the store. Not only does this enable them to check out more customers at once, but it also gives them the flexibility they need to stay productive and deliver better customer service.



Where to start:

Assess the situation. In what areas of your business are your employees struggling the most? Do you have difficulty training and keeping new employees? It's important to talk with your team and **identify their primary pain points** to help you identify how technology can take some of the pressure off.

Try something new. How can you simplify the workload of your employees and motivate them? Perhaps it's time to throw out the old business model for something different. Retailers need to take a new approach when it comes to **innovation** – not just considering how it will benefit their business, but their employees, too.

Cultivate employee growth. It's critical that both new and long-term staff members are allowed opportunities to grow within their roles and **see a future for themselves** at the company. Don't intimidate or stress out your staff with intense training or complicated tasks. Instead, give them room to develop and learn more over time.

Sustainable and ethical practices

Consumers are paying more attention than ever to what they're buying and where it comes from. **46% of consumers say that a retailers' sustainability record plays an important or very important role** in their purchasing decisions, according to The Future of Commerce. To accommodate a growing demand in sustainability and environmentally friendly products, retailers will need to become **more transparent** about their resources and appeal to the conscious consumer.

Conscious shoppers

Consumers want to shop with brands that display clear initiatives for sustainability. According to research from PwC, consumers are willing to pay on average **9.7% more** for sustainable goods.

In order to win over eco-conscious consumers, brands must prioritize **transparency**. They need to say how they plan to take action and show the results: studies have shown that a lack of transparency from businesses has a negative impact on long-term customer loyalty. "Younger consumers in particular are prepared to **stand by the brands that demonstrate the positive impact they bring to society and abandon those who do not**," said Becky Skiles, CMO at Deloitte Digital. The more straightforward businesses are about what they are doing to make the world a better place, the more loyalty they will foster from consumers in the long-term.

At the same time, **affordability remains the main barrier** between consumers and their preference to shop sustainably. With global inflation on the rise, consumers are not just looking to be environmentally conscious, but cost-conscious as well. Euromonitor International reports that **72% of consumers in APAC are concerned about the increasing cost of everyday expenses**, leading them to make more deliberate purchasing decisions. GlobalData retail lead analyst Emily Stella says, "Consumers are looking for **ways to cut back**, and anything that looks like it will be unnecessary, or appears wasteful, for example energy consumption, or harmful to the environment, such as disposable products, gives shoppers the excuse they need to **leave it on the shelf, and the cash in their pockets**." As the preference for sustainability rises, retailers will have to find ways to cater to more economical shoppers in terms of both **quality and affordability**.



Used and secondhand

A combined interest in sustainability and concerns over personal finances are among the factors behind the boom of the **secondhand market**. According to the Business of Fashion, the secondhand market will make up **10% of the global apparel market** in the coming year. What was once a niche hobby has now rapidly launched into the mainstream, and whether consumers are looking to save money or save the planet, they're looking toward the secondhand market to **find better value**. GlobalData retail analyst Neil Saunders predicts that the resale market in Asia will be the quickest to grow, **reaching USD \$150 billion by 2028**, which will make it the largest global market followed by Europe.

Surprisingly, luxury is one of the sectors of retail most transformed by the resale trend. "A customer who may love a brand but maybe can't afford it new or maybe just wants to try it out and experiment, it may be an **easy point of entry to buy used**," said Anthony Marino, President of online fashion and consignment store ThredUp, in an interview with Retail Brew. And while most of these transactions take place **within online resale marketplaces**, high-end brands are becoming more involved in the process. Names including Oscar De La Renta, Gucci, and Valentino are deciding to partner with online **resale platforms** to source pieces from their archives and to have more control over their brand online.



Where to start:

Focus on high-quality items. People want fewer, better products. **Stock items that last.** Choose local products that benefit local people – and communicate it. Help customers make a difference.

Consider entering the second-hand market. Is there an opportunity in used items? Consider whether resale may fit your audience – or help you reach new ones.

Rethink your role as a business and employer. No one needs another soulless corporation who's in it just for the money. People increasingly support businesses that **reflect their values**, make them feel good, and bring positive change.

TREND NUMBER FIVE



Technology that reduces cost and risk

As the risk from cyberattacks and online threats grows, **business continuity** is a key focus point for retailers. According to Capterra's 2025 Tech Trends Survey, **73% of retailers plan to increase their software investments this year** compared to the previous year. Not only that, but the top challenges retailers are facing include managing and preventing cybersecurity threats (39%) and implementing technologies effectively (37%).

To achieve their technology goals, retailers need to prioritize systems that make them productive, fast, give them clear business information, reduce risk, and allow them to **change and innovate** when needed. But many are unable to move to new technology because the high costs and complexity of **maintaining legacy systems** are holding them back.

Staying operational with the cloud

On average, organizations allocate **60-80% of their IT budgets** to maintaining existing systems, including legacy infrastructure. However, this will change as more and more retailers switch to **Software as a Service (SaaS) based solutions** and modernize their tech stacks.

SaaS retail management systems have become necessary technology for retailers that want to stay current. In fact, over **85% of business applications are projected to become SaaS-based** in the next year, according to recent market research. With SaaS, retailers can:

- **Be on the latest software version, automatically.** No need to worry about periodic maintenance, or to budget for expensive and complicated software upgrades. The supplier takes care of updating the software regularly, and it's all part of the package. As a result, retailers are
- always, **automatically, on the latest version**, and can use all the new functionality that comes with it without having to wait for the next big update project.
- **Keep data secure.** Businesses running in the cloud don't have to worry about data legislation, security protocols, privacy requirements, compliancy, cyberattacks, or keeping up with the latest threats: **all of these are managed by the cloud provider.** With cloud services like Microsoft Azure, Google Cloud, and AWS, retailers can sleep soundly knowing that the best resources available are used to keep your data safe.
- **Get anytime access to data.** With all their business information stored on the cloud, retailers can access their data **from anywhere** – on any PC or mobile device – and keep track of sales or make changes as needed.

Tracking inventory needs

Inventory shortages have become a common headache for retailers. While some of the causes behind these shortages are out of most businesses' control, there are technologies that can help retailers **reduce the risk** of being out of stock.

- **Using the same software to manage online and physical stores** enables retailers to maintain a clear view of inventory data across all channels, including **what items have sold, when, and at what price**, as well as which products are still available and for how long they have been on the shelf. With this type of visibility across channels, retailers can create **better inventory transparency** both for customers shopping online and for their own employees. For example, customers can check if the green blender is in-stock at their **preferred**
- **location** before they go there, and employees can look up **item availability** in the system to help customers find what they want in-store, or from other locations.
- **Having a clear overview of how different products are selling across all locations** enables retailers to spot trends and see opportunities. For example, by seeing in real time where products sell faster, they can transfer products between stores to **reduce localized overstocks and out of stocks**. In the long run, they can also optimize the replenishment process by using sales trends to identify which colors, sizes, models, etc. perform better at which locations, and order and distribute the stock accordingly.



Where to start:

Put resilience in first place. The world is unpredictable – this is not going to change. Now is the time to decide what matters most: short-term money savings, or long-term survival? If you plan to stick around, don't wait. **Move to SaaS technology now.**

Reevaluate your technology. Are you one of those retailers who use a patchwork of different systems to manage their business, and can't see their data? It's time to look for a **unified retail platform** like **LS Central** that can collect all your sales information for both your online and physical stores in a single database, helping you keep consistent and up-to-date data across all your channels.

Change happens suddenly. Don't let it catch you off guard.

The world can change in a flash. If you want to be around tomorrow, you must make your business resilient and flexible today.

You need software that lets you transform quickly to new ways of delivering products and experiences.

If you wait, it may be too late.

Ready to start preparing your business for the future?



Contact us



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