2020 RETAIL TRENDS REPORT
As we enter a new decade, it’s clear the stakes for brands have never been higher. Technology has permanently shifted the ways consumers discover and engage with brands, pushing the boundaries (and consumers’ expectations) for seamless, channel-less experiences. Brands recognize the future is in longer-term strategies that deliver stronger, two-way customer relationships, and they’re looking for new ways to get there.

Rooted in consumer and retail research, the Alliance Data Analytics & Insights Institute *Now, New, Next* trends report details which strategies and influences will be shaping the retail landscape in 2020 and beyond.
MOBILE APPS: THE NEW BRAND HUB

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MOBILE APPS: THE NEW BRAND HUB

Consumers continue to shift shopping and spending activities to their mobile devices, pushing brands to develop immersive, more personalized apps. The brand’s DNA is at the core of these experiences, pulling all of the brand’s offerings and content into a single source. Consumers are engaging in deeper ways, leveraging features to find out what’s on sale, browse and purchase merchandise, read reviews, and access their loyalty status.

CONSUMER INSIGHT

Consumers have high expectations of app functionality. Of the 18 retailer app features tested, 16 were rated as “somewhat to very important.”
After finding that 60% of its digital traffic was coming from mobile devices, luxury retailer Dooney & Bourke launched their first mobile app. The app experience includes exclusive products, promotions, and a personalization quiz enabling users to create their own profiles. Loyalty program members can also use DooneyPay, which allows users to pay for purchases over three interest-free installments.

In order to create better connections between customers and their rewards, Sally Beauty’s new app highlights the rewards experience on the home page. This helps members track and redeem their points seamlessly. Members can also shop, pull up previous orders, “favorite” items, and access special offers.

As a premier Nike retailer, Foot Locker is testing incorporating the Nike app into their store experience, creating a more integrated experience for shoppers and Nike fans alike. Users in Foot Locker stores can access perks, reserve products to try on in store, see exclusive offers, and check out, all through the Nike app.

Uber partnered with Cargo to launch a new shopping app that only works during your ride. Passengers can purchase a wide variety of items, from Glossier makeup to Apple AirPods to luggage—all with free shipping. The app also includes in-ride movies available for purchase for those on longer trips.

MAKE IT HAPPEN:

**Bring it all together.** Design an experience for your best customers. Ensure your app experience is a one-stop shop for all of your brand’s offers, communications, loyalty status, and more.

**Be authentic.** Mobile app users leverage the tool to stay connected and feel part of the brand community. Ratings and reviews should be prominent and unedited. Consider incorporating user-generated content for deeper customer connections.
Now

BRAND LOYALTY REBOOTED

Looking to establish deeper customer connections, brands—including those who may not sell directly to customers—are enhancing and relaunching their loyalty programs. These new programs are balancing emotional consumer connections via personalization, a selection of experiences, brand access, and communications, along with functional benefits that incentivize behaviors—and that drives bottom-line sales.

CONSUMER INSIGHT

71% of consumers want plenty of choices when it comes to redeeming their rewards points.
In order to increase the social platform’s user base, TikTok launched “TikTok Rewards.” The program enables users to collect points for inviting friends to the app. The points can be redeemed for gift cards to a variety of retailers, including Starbucks, Sephora, Target, and AMC movie theaters.

Tapping into the highly emotional fan experience, Fanatics launched a loyalty program tailored to sports fans. Members can earn FanCash; engage in athlete events with early access; and take advantage of Jersey Assurance™, which allows customers to return a jersey if the player is traded within 90 days of purchase.

The new Clarisonic Rewards program rewards members wherever they buy, whether that’s directly from the brand or from other beauty and skincare retailers. The tiered program is designed to boost ongoing replenishment, and offers a birthday gift, samples, early access to products, and, for the highest level, concierge service.

As part of their “Money Can’t Buy Experiences” campaign, the hotel chain is hosting a concert series at properties around the world. Designed to connect with customers on an emotional basis, Marriott Bonvoy members can use their points to bid on special related experiences, like a meditation session led by one of the artists or a private Q&A session.

MAKE IT HAPPEN:

- **Tap into their aspirations.** Position your brand’s program as an access point to exclusive or elite lifestyle elements that hold deep appeal to your customer base.

- **Provide personalized choices and communications.** Giving members options for how to redeem points provides great insight into what they value. Use redemption data to tailor future program offerings and personalize communications.
Now

BUILT-IN BRAND VIRTUE

Just like other areas of the retail experience, consumers’ expectations that brands will live out their publicized values are increasing. Brands are building charitable and social support into their DNA. Some of them are even launching their own charities, and taking very public stances on important societal issues.

CONSUMER INSIGHT

Many consumers are shopping with their values in mind. In fact, 36% of consumers have stopped shopping with a brand because the brand was publicly called out for something the consumer didn’t agree with.
Athleta
To show support for the challenges of balancing athletics with pregnancy, Athleta signed world-class sprinter (and new mom) Allyson Felix. This is the first sponsorship for the brand, and builds on their female empowerment programs like “The Power of She” and “Athleta Girls.”

NET-A-PORTER
NET-A-PORTER launched NET SUSTAIN, a curated selection of luxury products that meet at least one of five sustainability criteria. The launch included 26 brands and more than 500 products, with a goal to add more over time. NET SUSTAIN merchandise is housed in a special section of the NET-A-PORTER website and badged for easy identification.

Beautycounter
Founded on “safer skincare” principles, the beauty brand just opened its first location in New York City to enable more direct experiences with their customers. The store includes a hub for education and community engagement, and features a phone booth for visitors to call their legislators and advocate for better regulation of the ingredients in skincare products.

Unilever
In order to reduce unconscious bias and stereotypical thinking, the mega brand offered DNA testing to marketing teams, revealing marketers’ own origins. The effort, along with training, resulted in creative that drove higher purchase intent and more positive consumer sentiment.

MAKE IT HAPPEN:
One in five brand marketers indicates their biggest opportunity in customer engagement is building healthier, longer-term relationships. Knowing customers deeply and connecting with shared values is foundational to creating strategies to build those deeper bonds.

Go all in. Simple sponsorships or donations are not enough to create resonance with consumers. The brand needs to show the concrete steps being taken and resources being dedicated to address key issues, and the impact these efforts are having.

Don’t be afraid to acknowledge an imperfect world. Consumers are seeking honesty and transparency in brand connections. As you undertake charitable and social issues, be sure messaging includes the lessons learned along the way.
Sustainability is a key reason many customers shop secondhand merchandise, trying to reduce their own environmental footprints. In response, brands are offering repair and resale of their own goods, upcycling materials into new products, and looking to technology to decrease the environmental impact of getting goods to consumers.

**CONSUMER INSIGHT**

36% of secondhand shoppers actively purchase pre-owned goods for environmental reasons.
ThredUp

ThredUp launched “Remade,” a clothing line created for resale. The high-quality garments were designed using data on what typically sells out on the site. The clothing also includes scannable tags that indicate how old an item is and how many times it has been resold, enabling the brand to price the item appropriately and position for resale quickly.

Bode

Bode uses vintage household linens to make luxury menswear, seeking out materials that would have simply been thrown away. The brand just had its first Paris Fashion Week show, and designer Emily Adams Bode was recently honored as the CFDA Emerging Designer of the Year.

Patagonia

Patagonia’s popular “Worn Wear” program has been expanded to include a mail-in option, increasing its reach to a larger customer base. Customers can now mail in used Patagonia items and receive credit to use in Patagonia’s stores and on their website.

Adidas

In a capsule collection with Stella McCartney, the brand used fabric from Evrnu, which makes fiber from used garments and discarded material. The goal is to reduce the waste in fashion’s supply chain.

MAKE IT HAPPEN:

To get access to these customers, major brands like Macy’s, JCPenney, Neiman Marcus, and Stage Stores have established programs with secondhand retailers.

- **Start small.** Consider testing partnerships with resale or repair platforms to gain key learnings and expertise in the secondhand marketplace. Go beyond sales data to create specialized key performance indicators that measure environmental impact.

- **Highlight the impact.** Provide the consumer with a feel-good moment by documenting how their purchase kept material out of the landfill or reduced their personal carbon footprint. These moments are empowering for the consumer and encourage repeat purchasing behavior.
CONSUMER INSIGHT

When it comes to social media, 28% of consumers actively follow influencers. Of those, 73% have made a purchase based on an influencer’s recommendation, and 48% purchased an item directly from the influencer.
Leveraged by celebrities like Emily Ratajkowski (55K Depop followers) and influencers like Chiara Ferragni (1.8M Depop followers), the platform is a marketplace for influencers to sell their personal wares. Targeted to Gen Z, the social marketplace enables users to create their own “networks” where others can see the things you like, buy, and sell.

The lingerie brand is one of 200 partnering with Storr, a social marketplace where users can create their own digital store using products from partner brands. LIVELY brand advocates can promote their Storr to their social media networks, with sales attributed to—and serviced by—the brand, with both the influencer and Storr receiving commissions.

Their experiences on social media led fitness and lifestyle influencers Zanna van Dijk and Natalie Glaze to create a sustainably sourced swim collection that could be worn by anyone, regardless of size or skin tone. The duo’s first brand is currently being sold via their website and at London department store Selfridges.

After a successful launch of her “Something Navy” label at Nordstrom, the influencer is stepping away to launch her own personal lifestyle brand. She expects to launch the brand digitally first, and then expand into brick-and-mortar locations.

Prepare for the next wave of e-commerce. With social media platforms adding e-commerce capabilities and new social marketplaces springing up, brands need integrated strategies to reach—and enable purchases for—the social consumer.

Build both brands. Influencers bring their following and their relevancy to the table, but many lack experience in building a brand. Consider win-win partnerships that enable your brand to tap into their cult of personality while incubating the influencer’s brand. Ensure key performance indicators are in place to measure the benefits to both brands.

Looking to the future, 17% of brand marketers believe social media will cause major changes in the ways they communicate with their customers.

MAKE IT HAPPEN:

Stay Wild Swim

Arielle Charnas
New

DISRUPTORS SCALING FOR GROWTH

Many direct-to-consumer brands are looking beyond a digital presence to achieve their goals. In order to drive scalable growth, these brands are looking at traditional retail’s playbook and transforming the tactics, including innovation in multi-channel approaches and discovery-oriented brick and mortar, as well as legacy brands launching their own direct-to-consumer brands.

CONSUMER INSIGHT

When surveyed, 38% of consumers said they would shop an online brand more frequently if the brand had physical stores.
Le Board

The newest discovery-oriented co-retailing space, Le Board is a unique combination of creative space and retail store. Its mission is to provide consumers with a highly engaging, curated experience that generates awareness and interest for new and up-and-coming brands, like Wink Brow Bar and fragrance company KIERIN NYC. Brands benefit from the traffic and direct consumer feedback.

ThirdLove

The direct-to-consumer lingerie company launched in 2013 and is opening its first physical location. Rather than centering on sales, the store is highly focused on the bra fitting experience, with 60% of the store dedicated to that purpose. This will help the brand to gather troves of data and feedback on product offerings.

Sephora

Noting consumers’ interest in digitally native brands, Sephora is launching “The Next Big Thing” that will provide dedicated space for rising cosmetic brands. Most of the brands are exclusive to Sephora, and this will be their first time in a brick-and-mortar location, providing major opportunities for them to learn from consumer engagement in real life.

ScottsMiracle-Gro

Noting millennials’ lack of interest in gardening, ScottsMiracle-Gro disrupted its own business and launched a new direct-to-consumer company called Lunarly. The subscription service is focused on mindfulness and delivers a plant, a crystal, and other wellness products timed and themed to every new moon.

MAKE IT HAPPEN:

Flip the model. Digitally native brands are curating their new brick-and-mortar experiences using online engagement data. Look to your brand’s digital data to serve up insights to improve the in-store experience, taking a test-and-learn approach to keep a pulse on what’s resonating with customers.

Disrupt your own brand. Identify a new target market to reach, and tap into their unmet needs with a new product, brand, or solution. Speed to market is key to maximizing learnings that can be applied across the business.
MAKING THE RIGHT PLAY WITH CONSUMERS

The boom in gaming and e-sports is providing brands with new opportunities to engage consumers and establish cultural relevancy. From mobile games to recorded live streams to IRL conferences, the gaming world is opening to a critical mass of consumers. Brands are leveraging product placement opportunities, advertising, sponsorships, and other partnerships with both popular and nostalgic games.

CONSUMER INSIGHT

69% of mobile users play games on their device; 46% watch live streamed or recorded video games.
Nike created a series of games designed to be played in store to show off the best features of its newest shoe, the Joyride. The digital/physical playground enables players to directly experience the shoe’s impact absorption, responsiveness, and cushioning.

In a bid to raise brand awareness and establish relevancy with younger Chinese consumers, the luxury brand launched a role-playing video game on WeChat. In Fendi Ways to Rome, players can follow influencer Xu Weizhou through challenges that guide the user through various areas of the brand’s headquarters.

In order to drive relevancy with millennials and Gen Z, Honda has taken a deeper dive into e-sports, sponsoring the League of Legends Championship Series and the e-sports team Team Liquid. Similar to a traditional sports sponsorship, the engagement has a mix of branding, social, video, and other content opportunities.

Supporting the launch of the Galaxy Note9, Samsung partnered with Fortnite. The tie-up included a special Galaxy “skin” and virtual smartphone. In addition to the in-game exposure, the campaign drove more than 2.6 billion social media impressions.

MAKE IT HAPPEN:
Most marketers believe gaming’s opportunities lie outside the retailer’s app. Only one in four brand marketers thought consumers find value in playing games in the retailer’s mobile app.

Be where the consumers are. Explore advertising, sponsorships, and product placement opportunities with existing game franchises and e-sports organizations.

Create connectivity across channels. Whether launching your own branded gaming initiative or promoting a tie-up with an existing popular game, extend the impact by giving customers visibility to your efforts online, in store, and on social media.
Many brands are looking to diversify their businesses, opening fresh revenue streams and opportunities to engage new consumers. Through leaning into advertising and media, launching new lines of business, and forging unexpected partnerships, brands are looking to new strategies that deliver results at scale.

CONSUMER INSIGHT

25% of consumers can recall seeing ads on retail websites that promote other brands or stores.
Justice

Justice is partnering with Elevate Pictures to launch Justice Studios, a media and entertainment brand targeting tween girls. Justice Studios will produce graphic novels, documentaries, video series, music, and other original content designed to create deeper relationships with their target audience.

UPS

The logistics company is eyeing a pivot into in-home health care services, starting with vaccine delivery and administration. The vaccine will be packaged and shipped to a UPS store, where a contracted home health nurse would then pick it up for delivery and administration to the patient.

Target

Target relaunched Roundel, its in-house media business, which has been a source of profitable growth since its introduction in 2016. Roundel works with brands and agencies to deliver programmatic advertising on Target’s media properties and across more than 150 other sites.

quip

The direct-to-consumer electric toothbrush brand purchased a dental insurer, Afora. The goal is to digitally connect patients with dentists and remind them when it’s time for a checkup. The platform would also enable dentists to incentivize patient visits by giving them replacement batteries and brush heads.

MAKE IT HAPPEN:

Tap into potential advertising opportunities. Consider offering up real estate on your brand’s site for advertising, creating a revenue stream for the brand and a trustworthy place for partner content.

Go deeper. Expand your examination of your customer’s journey to unearth new unmet, potentially adjacent needs. Consider opportunities for your brand to expand products and services to meet those needs.
When polled, 19% of consumers said being able to virtually try on a product via their mobile device is very important.

Looking to cement reputations as tech-forward, brands are testing innovations designed to present enhanced digital versions of the human form. This move enables brands to gain relevancy and access to more consumers, and can give consumers more confidence in their purchase decisions. Experiments with virtual models, avatars, virtual influencers, and artificial intelligence-infused augmented reality are blurring the lines between our digital selves and “real life.”
Establishing relevancy with young consumers and bolstering their image as an innovative brand, Prada partnered with virtual influencer Miquela Sousa. The CGI model wore Prada for the 2018 Fall Fashion Week in Milan and did sponsored Instagram posts, connecting the brand with her Gen Z and millennial followers.

Prada

ASOS is giving their app users another way to evaluate how apparel will look in real life with their new catwalk experience. Users point their phone camera at a flat surface and avatars wearing ASOS clothing will virtually walk toward them, showing how the clothing fits and moves with the wearer.

ASOS

Opening access to the brand to a wider audience, Gucci launched “Genies,” digital avatars that can be dressed in the brand’s clothing using the Gucci digital closet. After creating a Genie, the avatar can be used in popular messaging apps.

Gucci

As part of their virtual fitting room experience, the luxury brand launched Daisy, an avatar who can be customized to the customer, including height, weight, skin tone, and body shape. Users can try on looks via their customized version of Daisy, saving the images to their wish lists. For a greater personalized experience, users can upload a personal photo to receive a digital avatar that looks like them.

YOOX

MAKE IT HAPPEN:

An emerging opportunity, only 2% of brands are offering augmented reality and only 1% are testing virtual reality.

Get real. When using augmented reality and virtual reality, ensure the business application meaningfully enhances the shopping experience and solves key customer issues to avoid launching an expensive gimmick.

Create access. Aspirational brands can increase their reach and engage younger audiences by enabling them to virtually try on the brand and share their experiences with their social networks.
CONSUMER INSIGHT

When surveyed, 8% of consumers said they’ve discovered a new brand or product via a podcast.

As brands continue to find ways to cut through the clutter to reach customers, some are finding new avenues in audio engagement. Experimentation in sonic logos, branded podcasts, audio augmented reality, and innovation in audio advertising and content are challenging brands to define what they sound like.
Music streaming platform Pandora has launched their first sonic logo with a goal to create instant brand recall with consumers whenever the sound is heard. The brand plans to include it within the app, on its platform, and within brand campaigns.

Opening a new avenue for augmented reality exploration, Bose is testing AR in sound. The goal is to work with the ambient sound around the consumer, rather than drowning it out. In a test at Coachella, the brand offered Bose Frames to attendees, giving them access to exclusive audio content and notifications when their favorite bands took the stage.

The iconic retailer launched a podcast inviting listeners to explore what luxury means today. The move increases the brand’s digital presence, provides access to more consumers, and strengthens their digital growth strategy.

As more consumers engage with voice commerce, lululemon is testing audio ads via Amazon’s Alexa devices. The ads are played for Alexa users who do not subscribe to Prime, come in 15- and 30-second formats, and include an image for devices with screens.

**MAKE IT HAPPEN:**

Voice commerce is having a growing impact. In fact, 7% of brands offer voice-based engagement through Amazon Alexa or Google Home, giving brands exploring here a first-mover advantage.

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**Establish your audio identity.** Starting with what appeals to your core customer, begin with what you want people to think and feel when they hear your brand sound. After identifying those core characteristics, ensure you’re using them consistently in voice commerce, podcasts, sonic logos, and other channels.

**Create an audio content strategy.** Podcasts, advertising, audio augmented reality, and other applications all require robust content at a regular cadence to be effective.
AS BRANDS RACE TO REMAIN RELEVANT WITH THE CONTEMPORARY CONSUMER,

new innovations in communication, experiences, and interactions are coming to the forefront. Alliance Data’s deep knowledge of the retail industry, along with our expertise in data-driven insights and analytics, enables us to help our partners intimately know their customers and better understand what it takes to motivate and drive enduring brand loyalty.

For more information on how Alliance Data can help your business, visit www.KnowMoreSellMore.com.
Methodology

The retail trends featured in this report were developed using a combination of qualitative and quantitative research, including:

- An online consumer survey of 428 respondents conducted from August 2-7, 2019, using an Alliance Data proprietary panel
- Mixed-mode quantitative survey of 200 retail marketing professionals conducted from November 9-21, 2018
- Interviews with 20 retail and banking subject-matter experts conducted from July 1-31, 2019
- More than 400 brand patterning observations
About Alliance Data’s card services business

Alliance Data’s card services business develops market-leading private label, co-brand, and commercial credit card programs for many of the world’s most recognizable brands. Through our branded credit programs, we help build more profitable relationships between our partners and their cardmembers, and drive lasting loyalty.

Using the industry’s most comprehensive and predictive data set, advanced analytics, and broad-reaching capabilities, Alliance Data’s card services business has been helping partners increase sales and provide greater value to their cardmembers since 1986. We are proud to be part of the Alliance Data enterprise (NYSE: ADS), an S&P 500, FORTUNE 500, and FORTUNE 100 Best Companies to Work For company headquartered in Columbus, Ohio. To learn more, visit KnowMoreSellMore.com.

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