



What to expect at retail 2022



SPECIAL ——— REPORT

THEMARSAGENCY®

Yes, we all know ecommerce and retail media will continue to grow. The Mars Agency's thought leaders have also identified eight less obvious trends that will impact the industry in 2022 — along with some things that should happen, but probably won't.

WHAT_WILL_HAPPEN:

“Content commerce will become the new form of impulse purchase, made in the moment of viewing.”

Kandi Arrington

Group SVP, Customer Development

Retailers will continue adapting to give shoppers what they want, when they want it and how they want it delivered, with an increasing focus on express home delivery and convenient pickup opportunities.

This will include a continued push into “Content Commerce,” shoppable media that lets consumers immediately buy a product through technology built directly into the content platform that they’re viewing.

Retailers like Walmart have experimented in platforms like TikTok and Facebook with livestreams that facilitate shopping by presenting content specifically designed to attract an audience and expose them to products they might want to buy.

As consumers continue engaging with content through a myriad of media, brands and retailers that can move them

from “see” to “buy” in one click will succeed. We expect to see much more of this activity in 2022.

A lot of work is still needed, though, because so far, the experience has not been seamless. Livestream events are forced engagement, requiring consumers to deliberately come and watch vs. reaching them during a more natural moment of engagement.

There is a finite period of time when consumers are engaged enough with a product they’ve seen and are thinking, “Do I want this? Where would I get it?” Marketers shouldn’t let these opportunities slip away.

At the moment, the Social Content Commerce activity on Instagram is doing the best job delivering a natural browsing and buying experience. Fast on the heels of social, other media are experimenting, like YouTube, gaming platforms and streaming content providers.



WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“A retailer will enter the arena and lead the way in providing a seamless, convenient purchase experience .”

Wouldn't it be natural to let someone watching “Emily in Paris” immediately click on their screen or speak into their smart device to buy the outfit Emily is wearing or the ingredients for the recipe chef Gabriel just served up?

Or how about giving the young gamer or YouTube viewer an easy way to add to Mom's cart — and then send her a mobile notification so she can approve the add with one easy click? (Just don't interrupt during “Emily in Paris.”)

Will we get to this level of engagement in 2022? Stay tuned.



Kandi Arrington
Group SVP, Customer Development



WHAT_WILL_HAPPEN:
“Distributed commerce” will become mainstream.”

Ethan Goodman
SVP, Media



The easy and expected — though still very likely accurate — answer here would be something about the continued growth of retail media, but I’ll go in a different direction.

Accenture is predicting that social commerce spending will reach \$1.2 trillion in the near future, and the popularity of phenomena like #TikTokMadeMeBuyIt is reaching a fever pitch. That leads me to think that 2022 will be the year we see a shift from “place-based commerce,” where consumers must go to a physical store or discrete e-commerce storefront to purchase, to “distributed” commerce, where they can buy from anywhere in one click.

In response, brands and retailers will need to commerce-enable their media and content and design experiences that let consumers discover and shop wherever, whenever and however they want — via social platforms, influencers, videos, recipes, print media, and even packaging.

WHAT_SHOULD_HAPPEN:

(but_probably_won’t)

“Brands will pay more attention and dedicate more resources to Quick Commerce platforms like Gopuff and DoorDash.”

Despite explosive growth in this area, I expect most established CPGs to take a more conservative approach — like they did with Amazon and other pure-plays about 10 years ago — because sales volume is still relatively small. And I predict history will repeat itself, with a small group of bold first-movers seizing the opportunity to get in early, test & learn, double down on what’s working, and build up significant leads on the top platforms — and bigger, slower incumbents kicking themselves in two to three years for not acting more quickly.

WHAT_WILL_HAPPEN:

“Brands will stop looking and acting the same across all e-commerce platforms.”

Fern Grant

EVP, Commerce Practice

It's clear that these past two years have prompted all of us to really re-evaluate who we are and what we want out of life, including what we buy and how we choose to buy it. Nurturing and communicating your brand and what it stands for has never been more important. An important part of that is being consistent in what you say and how you put yourself forward. That does not, however, mean using the exact same assets, language and imagery in every ecommerce environment.

When you go to a friend's party, you likely wear a different outfit than when you visit your grandmother. That's because the context and "audience" are different. Most brands have now got the basics right on their PDPs and brand pages; this is the year they can start to explore how to be consistent and relevant — vs. just ripping and reapplying what they use on Amazon at every other retailer.com.

A brand has many values, many functional and emotional benefits, and usually 4-6 personality or tone attributes

in its arsenal. These can be dialed up or down across environments and SKUs to better reflect the specific shoppers and trips being made at each retailer.



WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“The digital shopping experience will be completely transformed.”

There are so many things I've been hoping to see happen, but I'll focus on my top three, all taken from the shopper's perspective.

The creation of “Fernscart”: I think shoppers would like to have their own cart that they can drag from one ecommerce platform to another to create a single “basket.” No, I don't mean Instacart. I mean MY cart. I take it to Walmart and add a few items. Then I take it to Safeway, add some more, and if some things are cheaper, I dump out the Walmart items. I can then check to see if Coke is cheaper at 7-Eleven, and in the basket it goes. How cool would it be if retailers then bid for my business with offers based on real-time cart activity?

Reinvented Ecommerce: I saw a VR World Market Experience in Christmas 2020, and I think most people have seen the Walmart version presented at SXSW. They're cool at first glance, but they simply took a physical experience and replicated it digitally. I would love to see a

retailer throw away all the filtering and search paradigms and completely re-invent the ecommerce experience to help shoppers find what they want.

Take buying a sofa. No matter which website you visit, you filter by size, number of seats, height, length, color, pattern. As a shopper, I want the ability to say: “I'm looking for something in the blue/green/teal family. I love how Bobby Berk changes things up. This will be the focal piece in the room and the other pieces are light wood. Here is a picture. Oh, and I have a bad back so need really firm cushions.”

And from that, I'll get 10 choices that are perfect, all presented within my room environment — not 2,783 options that I have to scroll through.

Voice shopping: I can't understand why this hasn't happened yet. “Siri, open up Fernscart and add tomatoes, onions, iceberg lettuce, mushrooms, cucumber. Oh, and that

WHAT_WILL_HAPPEN:

“Sustainability will shift from being an added benefit to a mandate.”

Meghan Heltne
VP, Customer Development



Consumer concerns about the climate and environment reached an all-time high in 2021, and we expect a strong call to action for brands and retailers in 2022.

Sustainability has become an expectation, forcing brands and retailers to take meaningful actions and communicate the steps they are taking. A brand's sustainability initiatives will become a purchase decision for consumers (who are now willing to switch to brands that align to their own values) and a way to differentiate themselves within their category.

Brands and retailers must ensure they're putting their sustainability strategy at the core of everything they do — from product, to packaging, to marketing, to supply chain. They also must communicate the message to consumers in an authentic way.

Additionally, brands and retailers should partner together to deliver sustainable solutions and experiences in and out of the store.

WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“There will be a significant increase in greener supply chains.”

Unfortunately, given the current inventory challenges caused by the pandemic, sustainability will likely be deprioritized to solve more immediate business needs.

WHAT_WILL_HAPPEN:

“The “Great Resignation of 2021” will lead to the “Great Reorganization of 2022””



Brian Higdon
SVP, Customer Development

In addition to labor challenges in factories, warehouses, logistics, operations and stores, retailers and CPGs are also facing resignations and turnover within “white collar” jobs at headquarters and in the field. This trend necessitates immediate action — but it also presents an opportunity to rethink structures, roles and accountabilities.

Along with absolute role elimination and work automation, it should be on every organization’s agenda to rethink accountabilities and break down the silos that just no longer make sense. For one, a move away from once-necessary centers of excellence for capabilities like e-commerce and media will accelerate in 2022 now that they’ve become vital core skill sets.

One particular area of focus will be the role of retail merchants (or category managers). If merchants truly are the “CEOs of their category,” they should have greater control and influence over all aspects of the “P’s.” (How many are there now, 10?) That starts with the basics of pricing, promotion, product and place, but now must extend to new commerce platforms and channels like omnicommerce, marketplaces, and retail media.

WHAT_SHOULD_HAPPEN:

(but_probably_won’t)

“Retail media will be fully aligned and integrated (including KPIs) into merchandising organizations,

Retailers have become media companies with specific technologies, skill sets and KPIs, and retail media groups have become siloed profit centers. Eventually, they’ll move away from selling media to the highest bidder to strategically planning what’s best for the category and the retailer (beyond short term profit).

WHAT_WILL_HAPPEN:

“Shoppers will trade down in some categories, trade up in others.”

Theresa Lyons
SVP, Strategic Planning



Packaged goods companies are struggling with higher manufacturing costs and supply chain challenges that are forcing them to pass on price increases to shoppers. As the pandemic persists, financial challenges and economic instability are forcing consumers to adopt thrifty spending behavior. In this environment, they're trading down on some items so they can spend more on others, such as affordable luxuries and experiences that boost their physical or mental well-being.

This has shoppers consistently evaluating and modifying their spending. While we've seen this kind of trading down/up behavior in the past, it has accelerated during the pandemic and will persist in the coming year as shoppers continue dealing with an unclear economic environment.

For brands and retailers, it's important to determine if your product or service is in the trade down or trade up column, understand what shoppers may have to sacrifice or gain, and reinforce how you can meet their current needs.

WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“Retailers will give shoppers the inspirational selling experiences they desire.”

Online shopping has grown significantly, and respondents to our latest Marilyn® Shopper Journey Survey indicated two things: the shopping interface experience is very important, and they are looking for inspiration during their trips. Yet most retail websites lead with promotional deals or product rather than shoppable solutions.

Whether it's a meal kit, a baby bundle, or a cough-cold-flu pack, the digital experience needs to better replicate the in-store endcaps and pallet displays that inspire shoppers new or relevant ideas. To grow the online basket, brands need to inspire shoppers with possibilities — not bore them with pages of products. This seems like a no-brainer, yet currently it's still the exception rather than the norm.

WHAT_WILL_HAPPEN:

“Innovation at Drug, Value and C-Store retailers will require national brands to take notice.”

Barb Seman

VP, Customer Development

Though they might be smaller in size, with 70,000+ stores across the three channels, what’s trending at these retailers can have a major impact for brands.

Drugstore giants CVS and Walgreens and Value leader Dollar General are each creating a unique health and wellness strategy aimed at helping shoppers engage with healthier lifestyle choices:

CVS is striving to become a health solutions company, connecting experiences across its health care system (Retail, Pharmacy Benefit Management, Aetna) to deliver better health outcomes for consumers.

Walgreens is focused on reimagining local healthcare while transforming their core business.

Dollar General’s approach is to bring health and wellness to

the rural communities served by their stores.

National brands with relevant stories to tell should tap into what these key retailers are doing.

Meanwhile, C-store chains 7-Eleven and Circle K are working hard to connect with Gen Z. Brands looking to engage with this young audience should get to know what these retailers are doing and find ways to shine in their high-traffic, impulse stores.

Bonus Trend: Beauty brands are getting creative as they re-engage with consumers in a post-pandemic world through unique partnerships, like OPI’s new gaming-inspired Xbox nail color collection, which launched exclusively at Ulta this month, and Sally Hansen’s Cruella line from early 2021.



WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“Retail media networks will perfect their capabilities.”

The retail media networks introduced across these channels in the past year leave a lot of room for improvement that may not happen very quickly. The new year will have plenty of learnings for brands as they navigate to find the opportunities best suited for their needs.



Barb Seman
VP, Customer Development

WHAT_WILL_HAPPEN:

“Success in 2022 will be less about changing the consumer experience and more about re-inventing the guts behind the scenes. .”

John Willkom
SVP, Ecommerce

I'm an optimist by nature — I really am! But when I think about what's to come in 2022, the economist on my left shoulder is drowning out the innovative, tech-friendly entrepreneur on my right. Here's why that left voice is so loud:

The world is going on year three of Covid, with the Omicron strain dominating headlines. I don't see the impact of Covid being reduced in 2022. We've all learned to live in a Covid-impact environment, and we'll continue to do so.

Inflation is a real thing, and we've heard from big CPGs like General Mills, P&G, and PepsiCo as they've discussed the subject when addressing price increases.

Supply chain challenges in the back half of 2021 will impact supply in 2022.

And the list goes on.

When macro gets tough, brands are forced to change. I'll say it again: Forced. Moving to ecommerce-friendly packaging, sourcing more sustainable ingredients, evaluating warehouse wages to reduce turnover, investing in tech to drive automation and speed — these are just a few examples of what companies will focus on in 2022.



WHAT_SHOULD_HAPPEN:

(but_probably_won't)

“Walmart will become the first mass retailer to take a bite out of social and contextual commerce by acquiring Pinterest.”

The impact? Pinterest would benefit from the massive supply chain scale it gains, while Walmart would make the first move amongst peers in its quest to redefine omnichannel.



John Willkom
SVP, Ecommerce

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