



RETAIL 2021: TRENDS AND INSIGHTS

How to leverage technology to overcome challenges and embrace opportunity in 2021 and beyond



Introduction

2020 was a turbulent year for the UK retail sector. The COVID-19 pandemic has posed serious challenges that retailers have had to navigate in order to survive, as – like almost all organisations throughout the UK – they have been forced to adapt since the beginning of the first lockdown in March just to keep their heads above water.

Many retailers have accelerated their transitions from brick and mortar stores to ecommerce-focused operations. But while this has seen some essential retailers thrive, the pandemic has seriously damaged many non-essential retailers' ongoing viability.

The pandemic has resulted in severely disrupted supply chains, compromises to workforce safety, rapid changes in the channels to market, and changes in consumer behaviour. Even as hope emerges with the development of life-saving vaccines, retailers and their suppliers are adapting to an uncertain future. This will only continue as businesses throughout the UK and Europe navigate the complexities of Brexit – currently the other great unknown in the retail sector.

To add to the already decidedly gloomy picture, cybercriminals have targeted the retail sector with increased vigour in 2020, **making it one of the most targeted industries in the UK.**

However, if 2020 has been a year of disruption, there's hope that 2021 will become a year of growth and recovery.

Technology helped retailers overcome many of the operating challenges they faced during the worst parts of the pandemic, and may well hold the key to retail success in 2021. In this eBook we'll take a deeper look at the trends we've seen in 2020, and provide insights into how you can leverage technology to overcome the challenges your retail business will face in 2021.



2020 Challenges in Review

It's fair to assume that many retailers will be happy to see the back of 2020. A year that already promised uncertainty as the UK and the EU continued their protracted Brexit talks, took a drastic turn in February as Italy became one of the first countries in the world to lockdown in response to the COVID-19 pandemic. And with businesses reeling, cybercriminals upped the ante of their attacks in an attempt to exploit money from individuals and organisations scrambling to adapt to the new normal.

Let's take a look at these challenges and how they shaped the retail sector in 2020.

COVID-19

The COVID-19 pandemic has been tough on the retail sector. In an industry in which face-to-face interactions had for so long been the norm, retailers have been forced to accelerate transitions to online shopping at an unprecedented rate: [according to Deloitte](#), it took 27 years for online grocery to reach 7% of the market, took 23 days to reach 10% and most recently has reached 13%. Retailers have leant heavily on Government's Job Retention Scheme, but even with this support in place a number of prominent retailers struggled badly in 2020:

Arcadia Group went into administration, putting 13,000 jobs at risk. The company owns a number of major brands including Topshop, Dorothy Perkins, Burton and Miss Selfridge.

The Edinburgh Woollen Mill (EWM) Group, fell into administration after failing to find a buyer.

Debenhams, which has been in administration since April 2020, was set to close its 124 stores after the failure of last-ditch efforts to rescue the chain.

DW Group fell into administration in July 2020, putting 1,700 jobs at risk. It was subsequently acquired by Frasers Group in a deal that safeguarded 922 of those.

Source: <https://www.business-live.co.uk/retail-consumer/list-shops-fallen-administration-2020-18177619>



Ecommerce alone hasn't been a magic bullet when it comes to COVID-19: in the UK Cyber Monday sales dropped nearly 10% in 2020, following an even greater 16.7% drop on Black Friday. Interestingly though, things improved following the easing of lockdown measures in early-December. [Sunday 6th December saw 40.6% more transactions than on Black Friday](#), which took place during national lockdown.

Brexit

The COVID-19 pandemic has been more than enough for most organisations to handle in 2020, but retailers have faced the additional challenge of planning for Brexit. The UK retail sector is tightly linked with the EU, with [almost 80 per cent of all the food that UK retailers import coming from the EU](#).

Fortunately, the trade deal struck between the UK and the EU on Christmas Eve 2020 provided certainty around what retailers needed to do moving forward. However, retailers will still need to prepare for the potential of disruption to their supply chains in 2021 and beyond.

Cybercrime

Retail, where customer experience and confidence are everything, has become one of the most targeted sectors for cyber-attacks in 2020.

With [complex cyber-attacks increasingly targeting the UK retail sector](#), the cyber threat to retailers is clear.

The coronavirus pandemic has forced retailers to adapt to survive, regardless of their size. Whilst smaller retailers have begun moving to card payments and online operations, larger retailers have focused on harnessing big data to achieve efficiencies and maximise profit margins.

This has introduced new threat vectors as retailers' attack surfaces have expanded, and these threat vectors are being exploited by cybercriminals keen to steal money and confidential financial information. Data is the new currency for cybercriminals, who focus not just on money and goods but also customers' personal data that can be stolen and sold online. And with high staff turnover and seasonal workers, retailers face threats from not just cybercriminals, but also insider threats.

In Summary

It's clear that the key trends affecting retailers in 2020 – COVID-19, Brexit and cybercrime – will continue to impact businesses in 2021. Let's take a look at how retailers embracing technology are better placed to overcome the challenges they face, and how they will find themselves in a better position to succeed in 2021 and beyond.



2021 Insights: Ecommerce 4.0

Ecommerce may have been the direction of travel for UK retailers for some time now, and the restrictions imposed during lockdown in 2020 have only accelerated this transition. But without wishing to stretch the metaphor too far, ecommerce is a journey – not a destination. In a world where 70% of consumers check prices on Amazon first before purchasing anywhere else, retailers' ecommerce operations can learn from the global juggernaut in 2021.

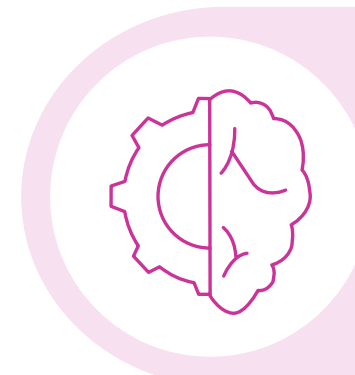
The lessons won't be about drone deliveries and fully-automated warehouses – things that are still a long way off for many. Instead, they'll be about making the buyer journey highly tailored, and as easy as possible from first arriving on the website to receiving the delivery through the door. There's been an evolution in the digital maturity of many retailers, enabling them to differentiate themselves from Amazon whilst delivering equivalent levels of service:

Ecommerce 1.0. The first generation of ecommerce websites were stepping stones to where we find ourselves today – very simple online storefronts that enabled consumers to place orders from their PCs.



Ecommerce 2.0. The second generation of ecommerce websites focused more on customer experience, offering order histories, access to delivery information, tailored recommendations, and more of the benefits consumers were used to receiving when shopping in brick and mortar stores.

Ecommerce 3.0. In 2021, many more retailers will seek to align to the third generation of ecommerce: putting their online stores at the heart of future business growth plans by delivering greater personalisation and stronger customer experiences by integrating internal and customer-facing systems.



Ecommerce 4.0. In ecommerce 4.0, artificial intelligence and machine learning will come into play to curate truly personalised customer experiences. Although this may be some way off for many retailers, it should certainly be the direction of travel in 2021.



The poor performance of the 2020 Black Friday weekend, when compared to the success of the following weekend when lockdown measures were eased, is illuminating. It suggests that, although ecommerce adoption is likely to continue to increase, the high street is far from dead.

As we'll cover later in this eBook, the retailers that really prosper in 2021 will likely be the ones that complement a strong go-to-market proposition with innovative brick and mortar stores and an ecommerce 3.0-aligned operating structure (with an eye on the opportunities that ecommerce 4.0 will present). Technology can help retailers find this balance.

Are you eCommerce ready?

[Take the quiz](#)



How Technology Can Help

The buyer's journey is constantly evolving as consumers become more resourceful, savvy and more certain about what it is they are (and are not) looking for. Today's consumers have been conditioned by retail juggernauts like Amazon to expect a fully integrated, intelligent and personalised experience across multiple channels.

For retailers, this means developing a more sophisticated ecommerce model that is complemented by adapted warehouse and delivery services delivered by increased warehouse staff and backed up by a consumer-facing contact centre.

The foundation for great consumer experiences in the retail world is the efficient collection, analysis and use of data. Simply collecting this data is not enough – retailers work across a number of systems, all of which gather data at different points throughout the buyer's journey that must be integrated to provide true consumer insight and deliver personalised experiences.

Retailers should combine this data with user-friendly websites that feature optimal security, availability and performance. These websites should be backed up by enhanced customer service capabilities delivered through unified communications and contact centre technology, enabling retailers to match the service levels consumers are used to seeing from the likes of Amazon.

Our Modern Data Platform service delivers the insights retailers need to optimise their ecommerce operations and set the foundations for ecommerce 3.0 and 4.0 innovations.

[Learn more about Modern Data Platform here](#)

2021 Insights: Cyber Security

Retailers operate in a hostile digital landscape, where resourceful and highly-motivated attackers seek to steal money and personal information from their victims. In fact, [Six Degrees recently protected a global fashion brand](#) from financial loss and damage to brand reputation after a sophisticated cyber-attack. The 2021 cyber security picture for retailers is likely to be one of evolution, not revolution, as cybercriminals adapt their methods to maximise the efficiency of the attacks they launch.

Here are some of the cyber security trends we believe retailers should be ready for in 2021:

- **Supply chain compromises.** The international supply chains on which so many retailers depend hold digital complexities that are being actively exploited by cybercriminals to compromise networks and systems. In 2021, we expect more cyber-attacks than ever to target retailers by gaining a foothold into their suppliers – especially infrastructure and software suppliers. Supply chain compromises have the potential to cause serious damage to retailers, disrupting operations, compromising data and harming stakeholder relationships. It may be hard, but retailers will need to consider how they manage risk across their supply chains if they are to mitigate the risks they face.



- **Ransomware.** Ransomware will remain the most prominent cyber threat to retailers. The tactics of ransomware operators will evolve to ensure they continue to evade defences and pressure victims to pay. There will be an increased emphasis on leaking data online to extort victims, with an increased use of social media to amplify the pressure on victims. Other tactics could include increased use of distributed denial of service (DDoS) to attack victims and further pressure them to pay. Ransomware group [SunCrypt conducted a DDoS attack against a victim in late-2020](#) as they were negotiating a possible ransom payment.
- **Ransomware-as-a-service.** Ransomware-as-a-service (RaaS) has allowed unskilled threat actors to use technically advanced ransomware to attack victims, whilst providing additional income to the groups that created the software. RaaS will allow the number of groups conducting attacks to increase, and will allow the technically skilled groups time to focus on modifying their software and tactics to evade defences and increase pressure on victims.
- **Business email compromise.** Business email compromise will become a greater threat to retailers. Business email compromise (BEC) is the defrauding of organisations by criminals placing themselves in the payment chain of companies through a number of methods including social engineering, domain spoofing and account takeover. BEC tactics have evolved through 2020, including the targeting of group inboxes with fraudulent instructions to change payment details for a client or vendor. Technically-

advanced criminals, such as those that develop ransomware, could also change some of their focus to BEC. In 2021, BEC may become an equal threat to ransomware for retailers.

How Technology Can Help

With Brexit already due to cause disruption to supply chains, retailers will need to find a way achieve efficiencies whilst securing the increasing digitisation and proliferation of data throughout their operations.

Technology can help retailers mitigate the cyber risks they will face in 2021, but it does not provide a comprehensive solution in and of itself. Effective cyber security requires a combination of people, processes and systems. In order to enhance their cyber security, retailers will need to go on a cyber journey that runs from business strategy through to management, monitoring and continual optimisation.

Six Degrees' Cyber Security Assessment is a great way for retailers to gain an understanding of the cyber threats they face and create a prioritised roadmap to address these threats.

[Learn more here](#)



2021 Insights: Retail Agility – Managing the Bottom Line

Agility will be everything for retailers in 2021. COVID-19, Brexit and the cyber security landscape are all volatile influencing factors that are developing at pace. Retailers will need to be agile if they are to

overcome these factors, along with the disruptions and changes to operating conditions that they will inevitably face throughout the year. Achieving this agility will involve both infrastructure and people:

Infrastructure agility. Retailers will need to respond rapidly to changes in delivery deadlines, stock requirements, customer demands and myriad other factors in 2021. This will put pressure on the enterprise resource planning (ERP) software that sits at the heart of so much of their operations. Being able to roll out new servers and scale resources up and down within short timeframes will be key to retailers' ability to handle a shifting operating landscape.

People agility. As has been the case for most of 2020, retailers' people – firstline workers, office-based staff, logistics and more – will need to continue to adapt how they deliver services to customers in 2021. Retailers will need implement the digital tools needed to communicate with key parts of the design and supply chain, while considering safety, communication and efficiency to protect employees, customers and their bottom lines.



How Technology Can Help

Scalable cloud infrastructures enable retailers to achieve infrastructure agility through their performance, relative cost-efficiencies, speed and dynamic capacity:

- **Provide sufficient resources to deliver exceptional customer experiences.** In order to deliver exceptional customer services, retailers need to deliver sufficient resources to their internal and customer-facing systems. Cloud infrastructures have huge amounts of resources readily available to them, enabling retailers to super charge the computing power available to their critical systems.



- **Streamline costs by paying for what is needed, when.** Retailers may not need to supercharge the resources available to power their retail operations all the time; requirements will fluctuate with demand both driven by the retail calendar and induced by external events and promotions. Cloud infrastructures allow retailers to scale resources whilst paying only for what they need, when they need it – reducing costs and avoiding the risk of investing money in under-utilised infrastructure resources.
- **React quickly and easily to changing requirements.** If an urgent requirement necessitates a burst of resource capabilities or the rapid roll-out of a new application or module, cloud infrastructures make this straightforward and – importantly – rapid. Services can be scaled in hours, not days or weeks, allowing retailers to be proactive in the way they handle changing circumstances.
- **Benefit from capacity that grows dynamically.** The effective use of data is driving the ecommerce 3.0 and 4.0 revolution. But as live data and backup data grow, retailers need to ensure they are stored securely. Cloud storage capacity grows dynamically with data, scaling easily without the need to pre-emptively invest in costly hardware. Cloud storage is also highly secure, stored in Tier III+ data centres and managed to cyber security best practices.

You can learn more about our Cloud Platform & Data services here

Retailers can use Teams and Microsoft 365 to evolve and enhance customer service delivery and operations during these challenging times, including:



Keep teams connected in dynamic environments. Enable team communication with one-on-one and group chat, video calls, and more.



Simplify the task management process. Easily distribute tasks from headquarters, and reduce the burden on managers to assign and track tasks for their teams.



Make training employees easy. Store resources such as onboarding policies, job-related guides, and video content in Teams.



Optimise business processes. Use first-party apps such as Shifts to build integrations with the workforce management system. Provide access to line of business apps for a customised Teams experience.



Streamline identity and access management. With identity and access capabilities coming soon, it's easy to roll out Teams to firstline workers.



Ensure staff are equipped with essential communication and collaboration technology. React to new customer demands and adapt to different ways of working.



You can learn more about Microsoft Teams and book a readiness assessment here

2021 Insights: The Future of High Street Retail – Managing Store Footprint

Bricks and mortar may have taken a hit in 2020, but reports of the high street's death have been greatly exaggerated. In actual fact, as we alluded to earlier in this eBook, retailers that complement their ecommerce operations with innovative brick and mortar stores may well be best-placed to succeed in 2021.

Online retail plays a large and growing role in the modern economy, and as retailers align their operations to ecommerce best practices, consumers will continue to choose to shop online for certain purchases. However, brick and mortar stores can fill some of the gaps that ecommerce leaves.

Brick and mortar stores have several advantages that could put a ceiling on the potential of online-only retailers. High street stores have employees who can talk to customers, and they allow customers to

interact with products much more closely than even the best ecommerce websites can offer.

Retailers looking to get ahead in 2021 should think about how to maximise their brick and mortar locations and deliver experiences that complement their ecommerce operations, rather than deliver a substandard alternative to them.

Tailored fashion shows, personal shopping events and curated experiences can all complement the online experience while delivering an extra level of care and engagement that fosters long-term relationships.

Retailers may also want to explore the potential of profit shares with landlords, delivering flexible models for taking property that reduce fixed overheads by using a success-based model. Whatever approach retailers choose to take, the effective management of their store footprints could be a differentiator in 2021.





How Technology Can Help

In order to deliver a complementary service across online and brick and mortar, retailers will rely on a robust network fabric. Connectivity is key to giving employees access to the latest stock and product information, giving them visibility of relevant data through their ERP systems.

The latest SD-WAN connectivity solutions deliver secure, high performance, cost effective hybrid networking that maximises

throughput, resilience and security to deliver consistent access that empowers exceptional customer experiences, regardless of location.

6D-WAN, Six Degrees' industry-leading SD-WAN solution, leverages next generation secure SD-WAN capabilities that deliver high performance, application-aware routing whilst providing cost efficient hybrid networking.



6D-WAN addresses many of the digital transformation challenges that retailers will face in 2021 and beyond:

How do I protect mission-critical data wherever it resides?

Protect people as if they are in the office with always-on protection regardless of location. 6D-WAN endpoint protection and management features will expand corporate governance to the workstation and keep your data safe from viruses and malware.

How can I minimise network expenditure and deliver cost efficiencies?

Leveraging multiple broadband/FTTC links delivers cost efficiencies. High-cost MPLS links can be phased out from certain sites and multiple broadband providers used instead. Achieve hardware consolidation by combining router and firewall functionality.

Lead times for new link installations are too long – how can I rapidly enable more capacity?

With the power of 6D-WAN, Six Degrees can utilise your passive connections by incorporating active-active functionality on all links.

How can I deliver secure performance services to people and teams based in remote offices/store branches?

Estate-wide policy control and change management enables rapid rollouts with reduced burden on client resources.

How can I mitigate the security risks that come with contemporary cloud infrastructures?

6D-WAN includes encryption, URL filtering, UTM and penetration testing. Six Degrees uses a consultative security approach that aligns the 6D-WAN service to your business' risk appetite.

How can I overcome network complexity issues that compromise performance?

Application awareness and intelligent traffic routing enables efficient routes to applications and the data centre infrastructure, removing complexity and optimising performance.

How can I reduce the management burden of supporting traditional MPLS?

Centralised management of your entire estate, with rapid and consistent deployment. Standard policies reduce the need for manual intervention, saving time, resources and costs.

How can I ensure my network is highly flexible and scalable?

6D-WAN makes it straightforward to add new sites and bring new networks into the infrastructure overlay. For live sites, 6D-WAN is built to deliver easy feature and management tier upgrades.



You can learn more about SD-WAN [here](#)

2021 Insights: Curating Personalised Experiences

In today's competitive retail landscape, personalisation and user experience have evolved from competitive differentiators to fundamental requirements. Consumer expectations have increased with the likes of Amazon Prime offering free next day delivery and 24x7 access, and retailers have a new set of requirements they must meet if they are to drive success:

Consumer Expectations

- **Personalised experiences.** Consumers expect to receive tailored experiences from retailers, regardless of when and how they shop with them.
- **Insightful recommendations.** Consumers expect retailers to understand their needs and provide recommendations based on factors like location and purchasing history.
- **Real-time engagement.** Consumers expect to have their voices heard, and to have queries and issues resolved – fast. If not, they will turn to social media to let the world know.
- **Confidence in purchases.** Consumers expect to buy the right thing, first time. They expect to be given the right information to have confidence in their purchases.
- **Long-term relationships.** Consumers expect to build long-term relationships with retailers based on trust, convenience and an understanding of what they want – and how.

Retailer Requirements

- **Ubiquitous experiences.** The retailers who will be most successful in 2021 will deliver ubiquitous customer experiences, regardless of whether consumers are purchasing online, in-store – or both.
- **Differentiated products.** In order to achieve competitive advantage, successful retailers will offer differentiated products developed through market insight.
- **Straightforward journeys.** Successful retailers will deliver straightforward purchasing journeys. They will understand that any difficulties will cause consumers to go elsewhere.
- **Harness data.** Successful retailers will harness data from throughout their operations – from supply chain to shopfront – in order to develop consumer-first strategies.
- **Flexible logistics.** Successful retailers will develop flexible logistics networks that can cope with demand and overcome the challenges associated with Brexit and COVID-19.

How Technology Can Help

Today's retailers are operating in a market where consumers are becoming increasingly savvy, increasingly sure of what they want and increasingly demanding of anyone they purchase from. Retailers need to have the right stock in the right locations at the right time, and in



order to build and maintain trust they need to deliver exceptional consumer experiences that will keep people coming back for more.

How do retailers gain insights that enable fast, effective stock management whilst allowing them to deliver seamless multi-channel customer experiences whether online, in-store, or over the phone? The answer is data.

At Six Degrees, we believe that all forward-thinking retailers should consider using cloud technology that delivers meaningful data insights. There are several reasons why cloud technology holds the key to retail success:

- Deliver insights across the business that support business and marketing strategy. Retailers' business strategies – and the marketing strategies that support them – should always be based on the requirements of their target markets. By collecting the right data on customers' buying habits, their likes and dislikes, retailers can evolve business strategies to better match what their target markets are looking for – not just what they think they're looking for.
- Enable central visibility and availability of customer data. One sure-fire way to frustrate a customer is by losing data on a transaction – or not collecting it in the first place. Today's customers expect to receive a joined-up service across stores, customer contact centres and online. The only way to achieve this efficiently is to maintain a centralised database that is easily accessible to all staff; something that is made significantly easier with cloud technology.
- Ensure effective resource and stock management. In the flurry of purchases that happen in the run-up to Christmas, it is critical to avoid disappointing customers and losing revenue by having to turn them away or cancel online orders due to lack of visibility of real-time stock availability across locations. But how do retailers ensure that they get the right stock in the right locations, at the right time? Effective management of resources, supply chain and logistics – all through a centralised control system backed by robust data analytics – will allow retailers to ensure their stores have the correct stock to meet consumer demands in each respective location and online.
- Maintain a high level of security at all times. Consumer confidence is everything to retailers – a breach of personally identifiable information (PII) can lead to both GDPR fines and irrevocable loss in consumer confidence. By hosting systems on cloud infrastructures, retailers can make data easily accessible to the right people whilst maintaining high levels of security that will increase consumer and regulator confidence.
- Drive future innovation and adapt to ever-changing demands. There's no getting away from it – online, mobile and social media driven retail is here to stay, and the proliferation of customer experience and engagement channels will continue. Remaining trapped on legacy systems will prevent retailers from adapting easily to changing consumer demands. Cloud technology, on the other hand, has the capacity to help drive future innovation and build stable foundations that will help drive sales in 2021 and beyond.



[You can learn more about our Cloud Platform & Data services here](#)

In this eBook we've taken a look at the retail trends we've seen in 2020, and provided insights into how you can leverage technology to overcome the challenges your retail business will face in 2021 and beyond.

At Six Degrees we believe that the intelligent application of secure cloud-led technology will enable your retail business to thrive even amidst challenging operating conditions, putting you in the best place to respond with agility to the Brexit, the ongoing COVID-19 pandemic, and the increasingly hostile digital landscape.

If you'd like to learn how technology can support your retail business, schedule a call with one of our experts.

[Schedule a call](#)





**The UK's leading secure cloud
services provider for retailers.**

Six Degrees enables retailers to remain competitive in today's global markets, delivering secure, cloud-led transformational technology services that help retailers to deliver exceptional customer experiences.

Beyond Cloud
6dg.co.uk/retail