Inside Retail

ASIAN RETAIL OUTLOOK 2022

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Foreword

THE PANDEMIC HAS ACCELERATED BOTH EXISTING AND NEW FORMS of digitalisation in nearly every industry, and nowhere has this been more evident than in retail. On top of that, retailers are faced with new challenges like digital surges, third-party cookie loss, and heightened consumer privacy demands. And amidst all this change, customers are demanding more personalised and relevant experiences.

Successful retailers are reimagining their offerings to meet shoppers both online and in-store, creating an integrated customer experience across multiple channels.

As e-commerce gains traction among new consumer groups, digital has become the 'front door' of retail, while physical stores increasingly serve as showrooms or fulfilment centres. This trend is evident in Apple Stores in Singapore, where consumers visit physical stores for leisurely browsing and obtaining product information, but then move to the digital shops for the ease of shopping from their bedrooms at home.

Bricks-and-mortar stores are responding with an explosion of in-store technology. Some retailers are tapping into facial recognition and augmented reality. Insights from technology can be funnelled to in-store salespeople in real-time as soon as customers walk in.

As we add digital touchpoints to the mix, it all comes down to an omnichannel experience; the line between physical and digital is now blurred to the point that they are inextricable. The pandemic has exposed the vulnerability of a 'build it and they will come' philosophy, driving home the need for brand engagement online. While there will always be a place for bricks-and-mortar experiences, consumers have become more accustomed to the convenience and safety of online shopping. Retailers now have to position stores in the context of a wider marketing strategy, rather than treating them as individual outposts.

With a deluge of customer data points heading retailers' way, what can you do to develop actionable insights? A customer data platform like Tealium enables businesses to unify customer data across all touchpoints, building a comprehensive view in real-time.

Chances are, you already have all the customer data you need to succeed. Now it's time to put it to work with the right technology, strategy, and team, to take your customer experience to the next level.

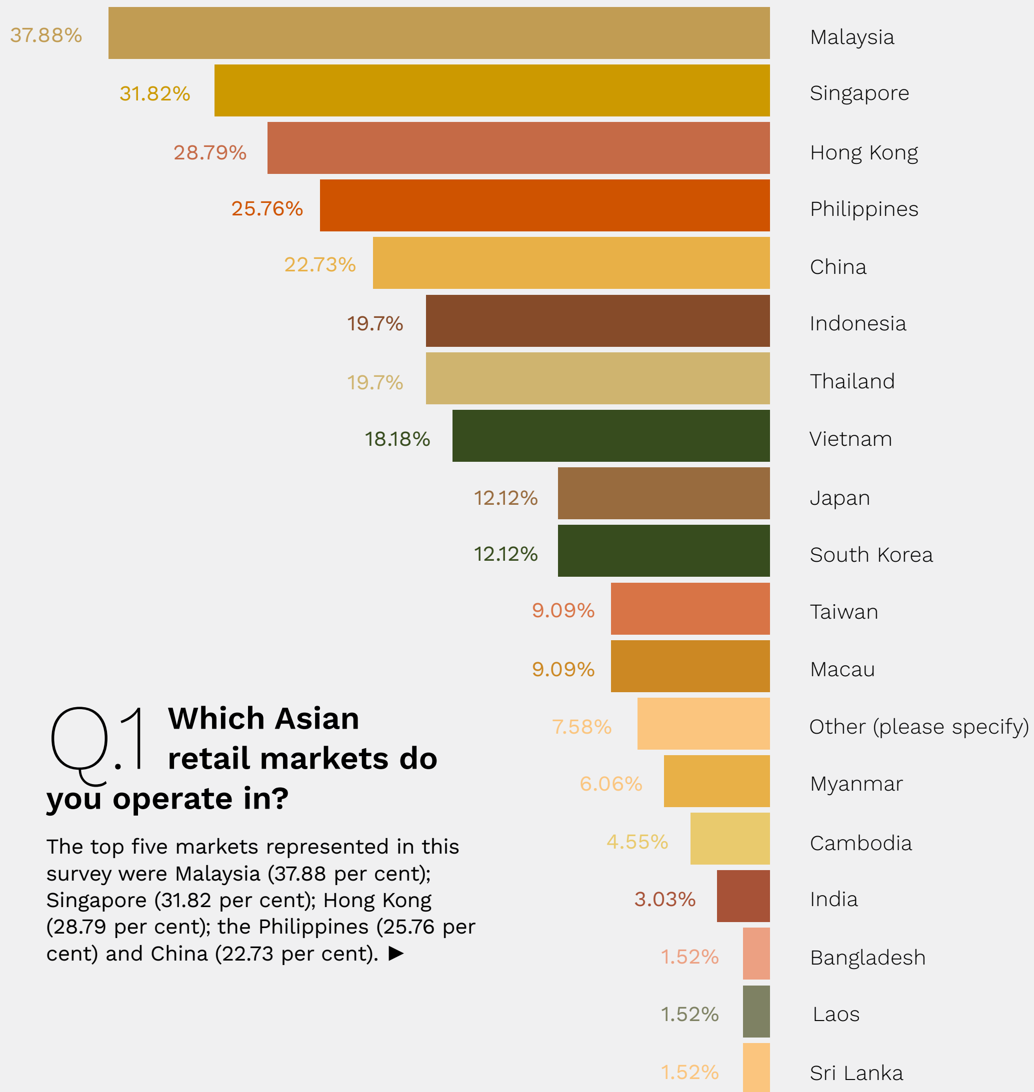
Marie-Louise Dalton
Vice-president marketing APJ,
Tealium

Industry insights: Executive voices

It's been two years since the pandemic hit and retailers all over the world are still on a rollercoaster of changing restrictions and consumer behaviours. Here is how industry professionals are faring right now in the APAC region.

Just when retailers were wrapping their heads around the Delta strain, a global supply chain crisis descended upon us, with Omicron swooping in at the end of last year. It's been a tough ride for us all.

In the latest edition of the Asian Retail Outlook, we delve into the challenges and opportunities for the industry. In this survey, the majority of respondents were CEOs and in upper management (43.94 per cent), followed by sales professionals (19.7 per cent) and 37.88 per cent came from businesses with more than 1000 employees. All retail categories were represented in this year's survey, with respondents mostly coming from the fashion industry (19.7 per cent); the supermarket/grocery sector (16. 67 per cent) an furniture and homewares (9.09 per cent).

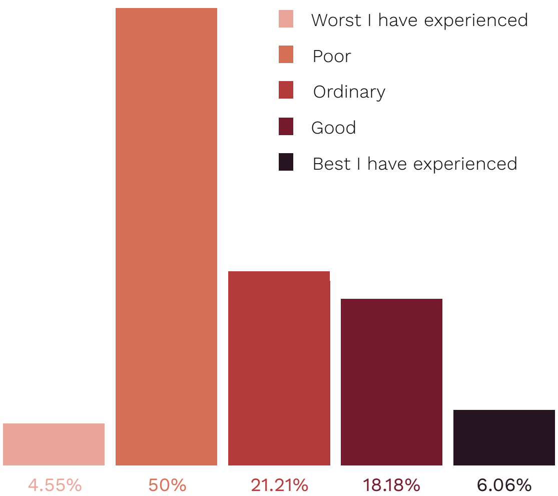


Q.1 Which Asian retail markets do you operate in?

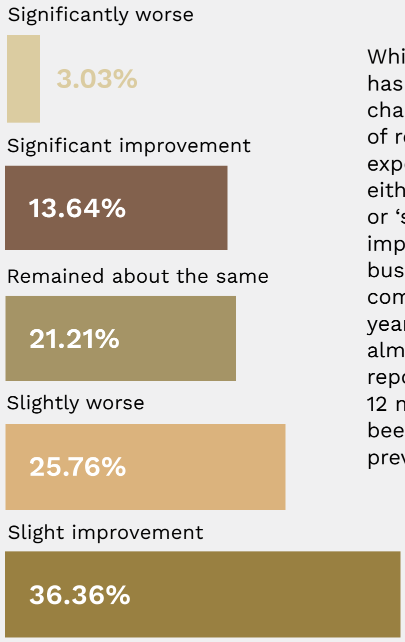
The top five markets represented in this survey were Malaysia (37.88 per cent); Singapore (31.82 per cent); Hong Kong (28.79 per cent); the Philippines (25.76 per cent) and China (22.73 per cent). ▶

Q.2 How would you describe trading conditions in the past 12 months?

It's been a rough year for retailers in the region, with more than half either describing trading conditions as either 'poor' (50 per cent) or the 'worst I have experienced' (4.55 per cent).

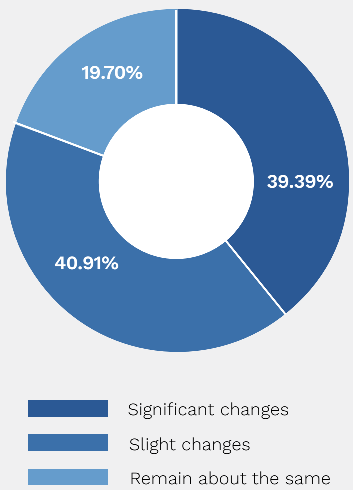


Q.3 How did the last 12 months compare to the previous?



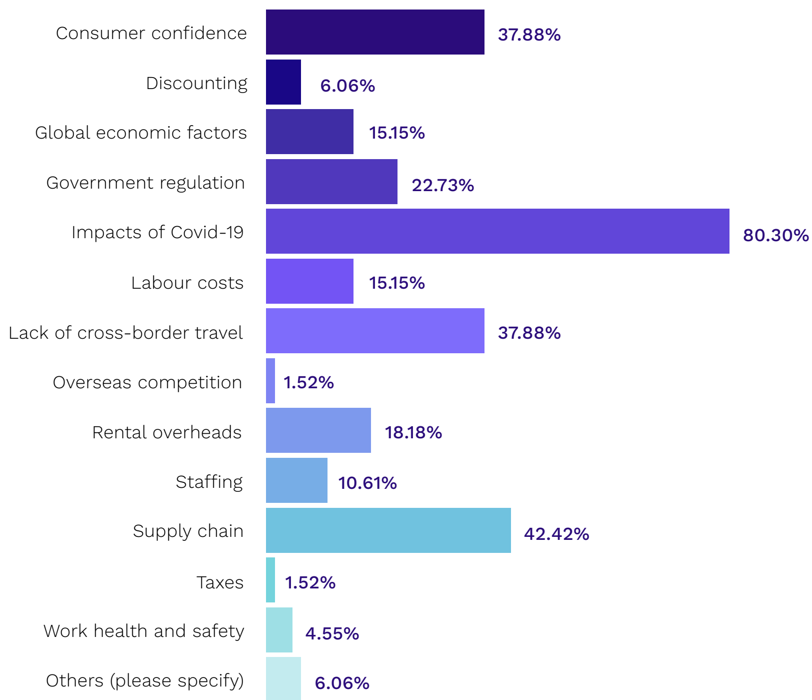
While the past year has had its own challenges, half of respondents experienced either a 'slight' or 'significant' improvement in business operations compared to the year before. Sadly, almost 30 per cent reported the past 12 months to have been worse than the previous year.

Q.4 In the year ahead, how do you expect trading conditions to change?



Overwhelmingly, almost 80 per cent of respondents predict changing conditions to either 'slightly' or 'significantly' change in the year ahead, perhaps due to the increase of vaccinations and slow shift in consumer mindset around coronavirus.

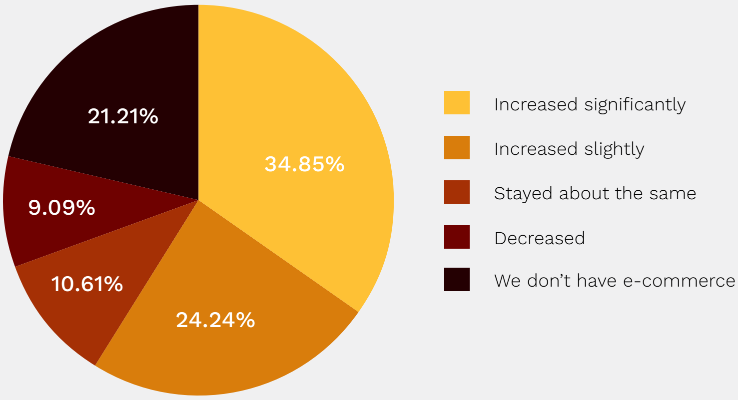
Q.5 What are the biggest challenges facing retailers right now?



Unsurprisingly, 80.30 per cent of retailers noted that the impacts of Covid are the biggest challenges facing the industry right now followed by supply chain issues (42.42 per cent), consumer confidence (37.88 per cent) and lack of cross-border travel (37.88 per cent).

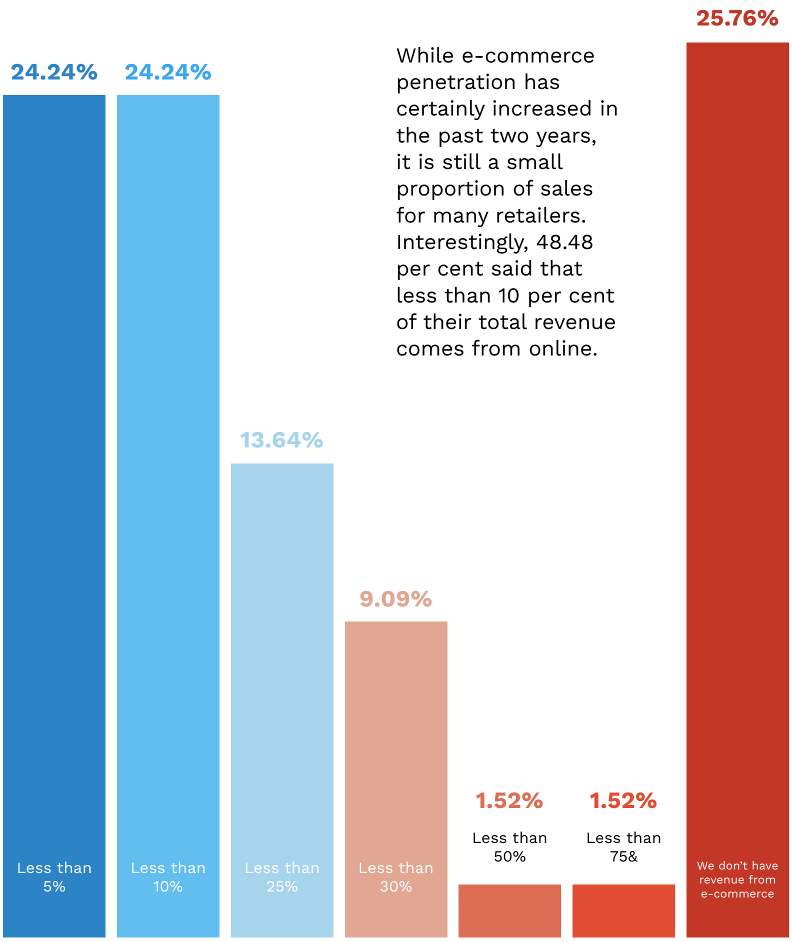
Q.6 How has your revenue from e-commerce changed in the past 12 months?

Since the pandemic first hit, many in the retail industry continue to heavily rely on e-commerce to maintain sales and almost 60 per cent reported a 'slight' or 'significant' increase of sales in that channel. Interestingly, more than 20 per cent of respondents did not have e-commerce.

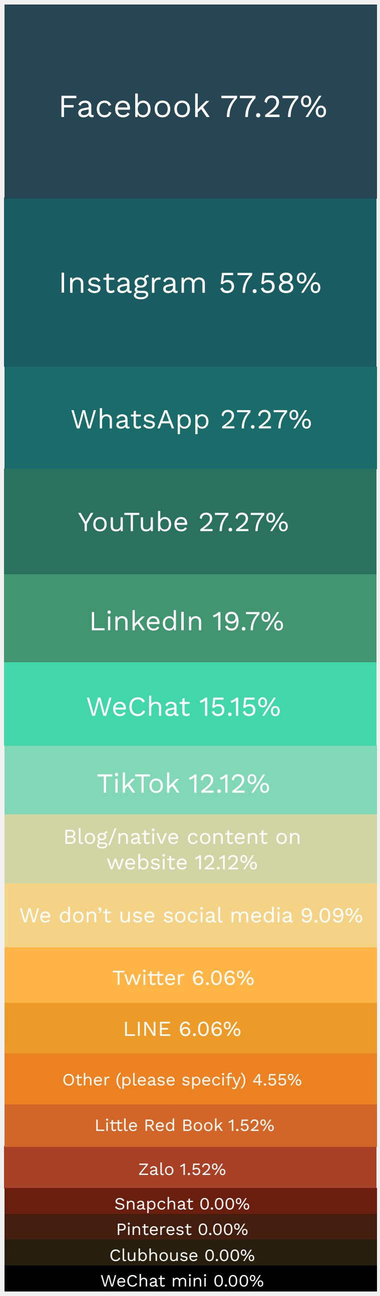


Q.7 What percentage of your total revenue comes from your e-commerce channel?

While e-commerce penetration has certainly increased in the past two years, it is still a small proportion of sales for many retailers. Interestingly, 48.48 per cent said that less than 10 per cent of their total revenue comes from online.

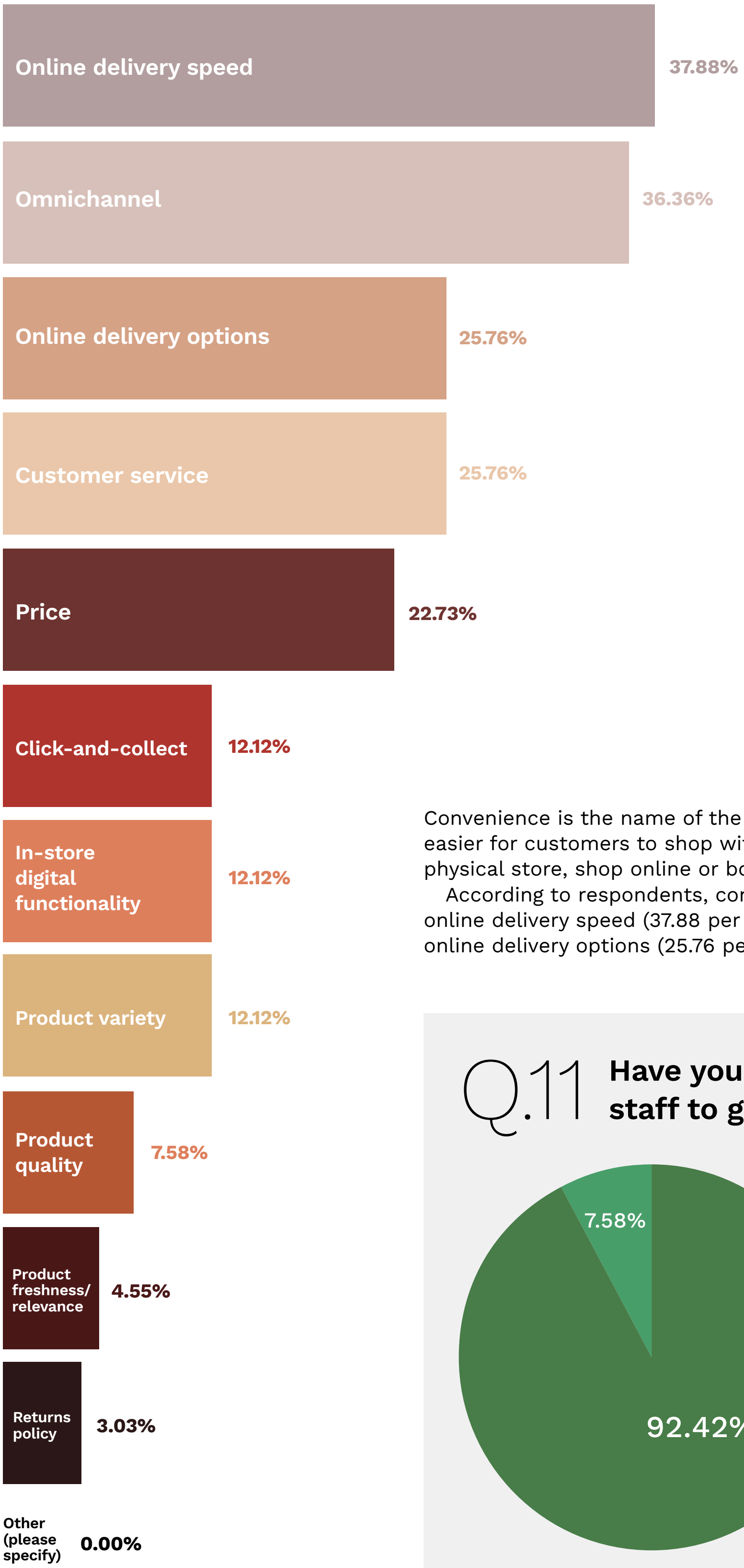


Q.8 Which are the most effective social media channels your retail business uses?

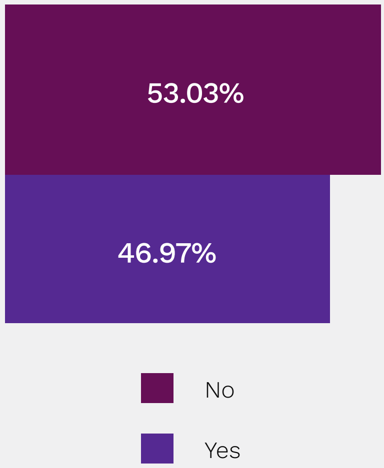


Facebook (77.27 per cent) and Instagram (57.58 per cent) are the two most effective social media channels for retailers, followed by WhatsApp (27.27 per cent and YouTube (27.27 per cent). Interestingly, compared to our previous survey, TikTok's effectiveness has more than doubled from 5.58 per cent to 12.12 per cent. ►

Q.9 What areas do you think consumer expectations will increase the most in over the next 12 months?



Q.10 Have you made any changes to your business operations due to the Omicron strain?

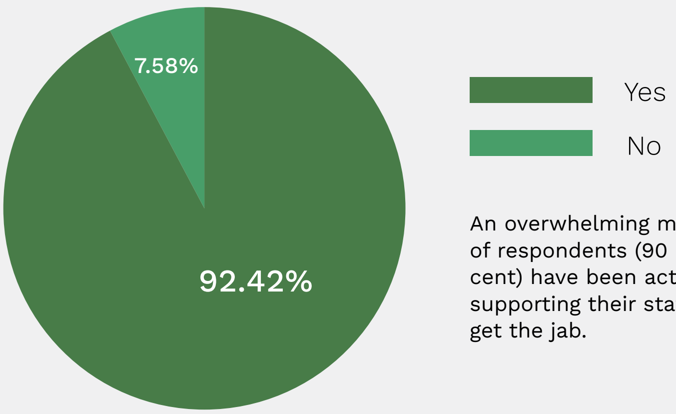


There was almost a 50-50 split between those retailers who had made changes to their business (46.97 per cent) since the latest strain appeared last year and those who had not (53.03 per cent).

Convenience is the name of the game in 2022, where retailers make it even easier for customers to shop with them, whether they choose to enter a physical store, shop online or both.

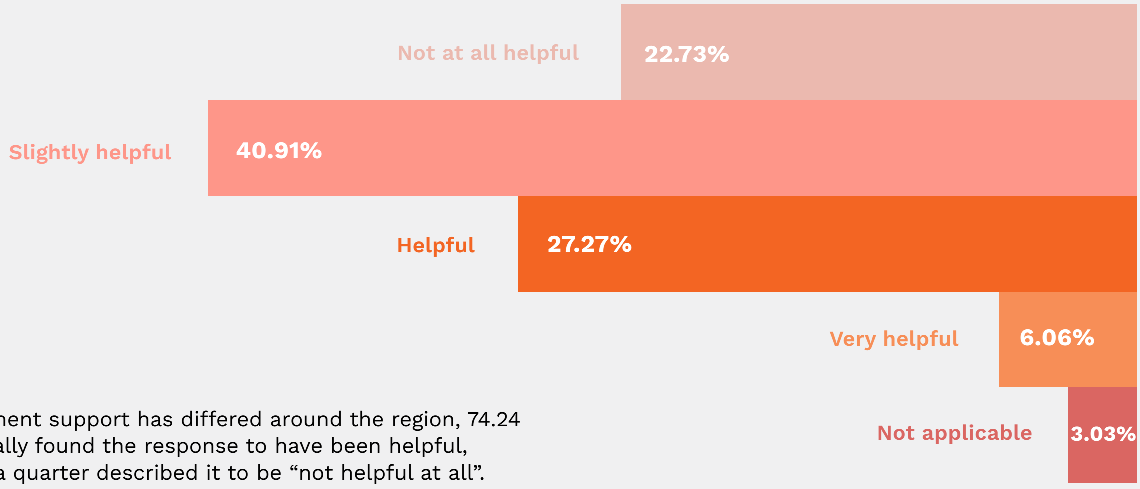
According to respondents, consumers will be expecting more in terms of online delivery speed (37.88 per cent), omnichannel retail (36.36 per cent) and online delivery options (25.76 per cent).

Q.11 Have you actively encouraged your staff to get vaccinated?

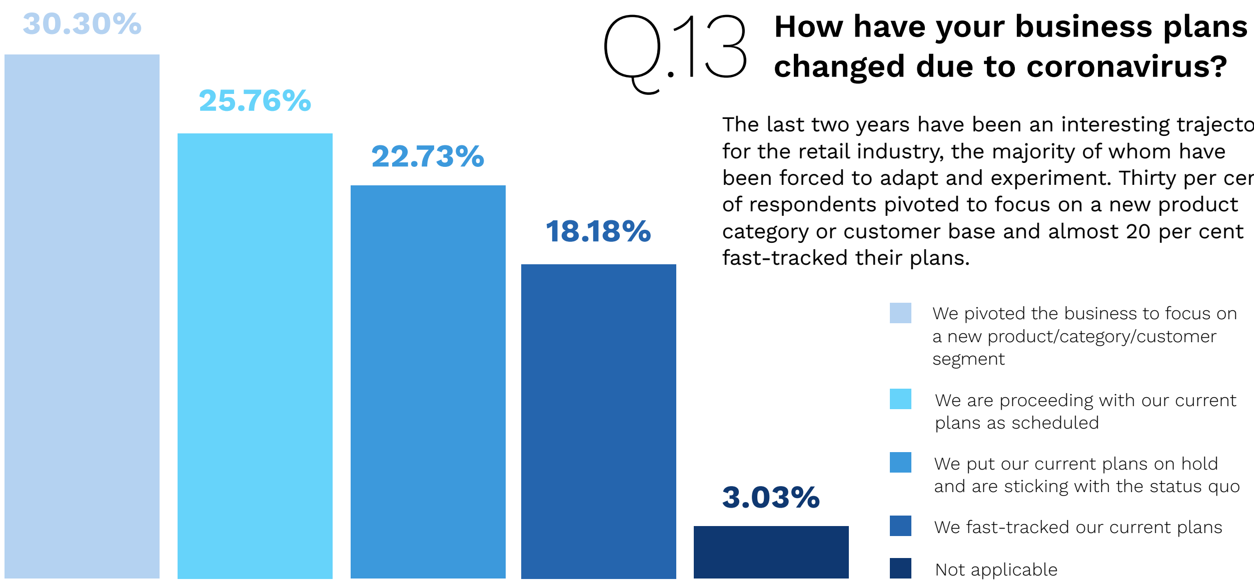


An overwhelming majority of respondents (90 per cent) have been actively supporting their staff to get the jab.

Q.12 How helpful was the government's economic response to businesses impacted by coronavirus?



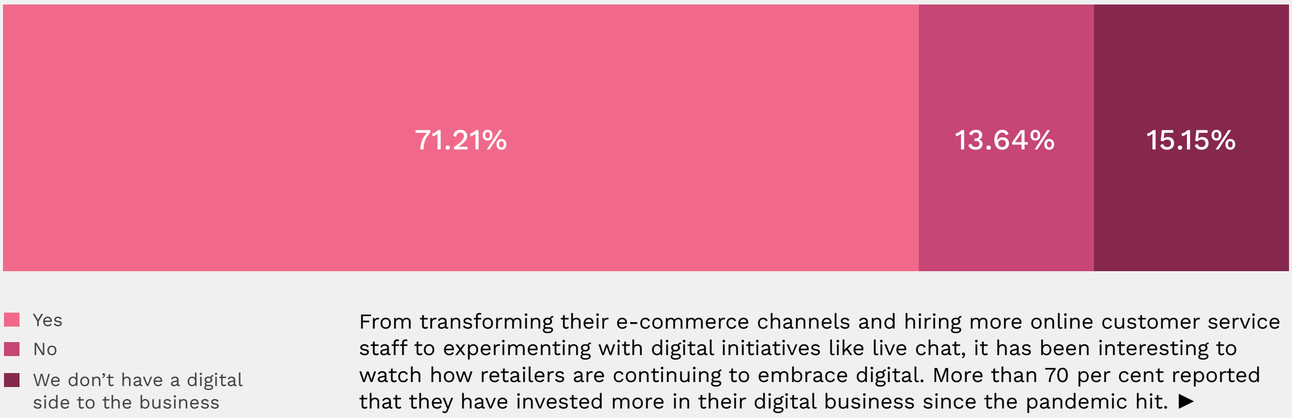
While government support has differed around the region, 74.24 per cent actually found the response to have been helpful, while almost a quarter described it to be "not helpful at all".



Q.13 How have your business plans changed due to coronavirus?

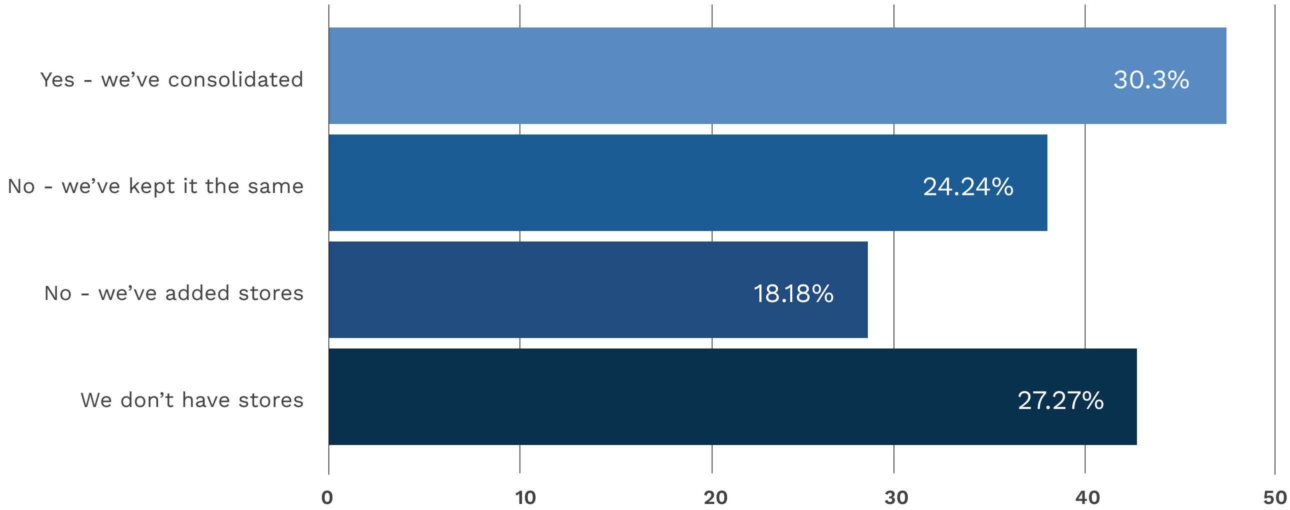
The last two years have been an interesting trajectory for the retail industry, the majority of whom have been forced to adapt and experiment. Thirty per cent of respondents pivoted to focus on a new product category or customer base and almost 20 per cent fast-tracked their plans.

Q.14 As a result of coronavirus, have you invested more in your digital business?



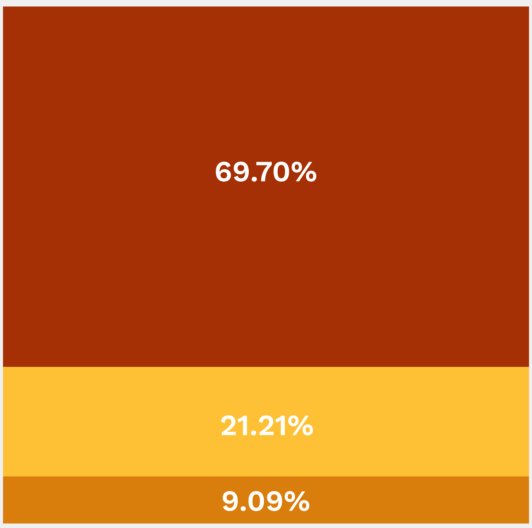
From transforming their e-commerce channels and hiring more online customer service staff to experimenting with digital initiatives like live chat, it has been interesting to watch how retailers are continuing to embrace digital. More than 70 per cent reported that they have invested more in their digital business since the pandemic hit. ▶

Q.15 If you have a physical store network, have you consolidated it as a result of the pandemic?



It's no secret that the role of physical stores has been changing in recent years, even prior to Covid. But now that consumer needs and expectations have shifted, it will be interesting to see how bricks-and-mortar will continue to evolve, particularly with the growth of omnichannel.

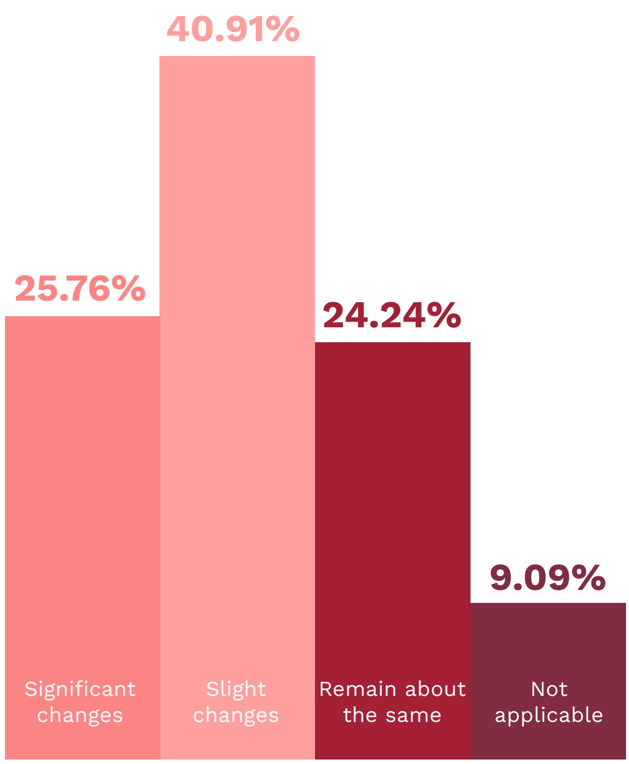
Q.16 Do you think relationships between landlords and retailers are more strained as a result of coronavirus?



As the physical retail industry continues to struggle with ever-changing lockdowns and restrictions, clearly,the relationship between landlords and retailers is still a challenge.

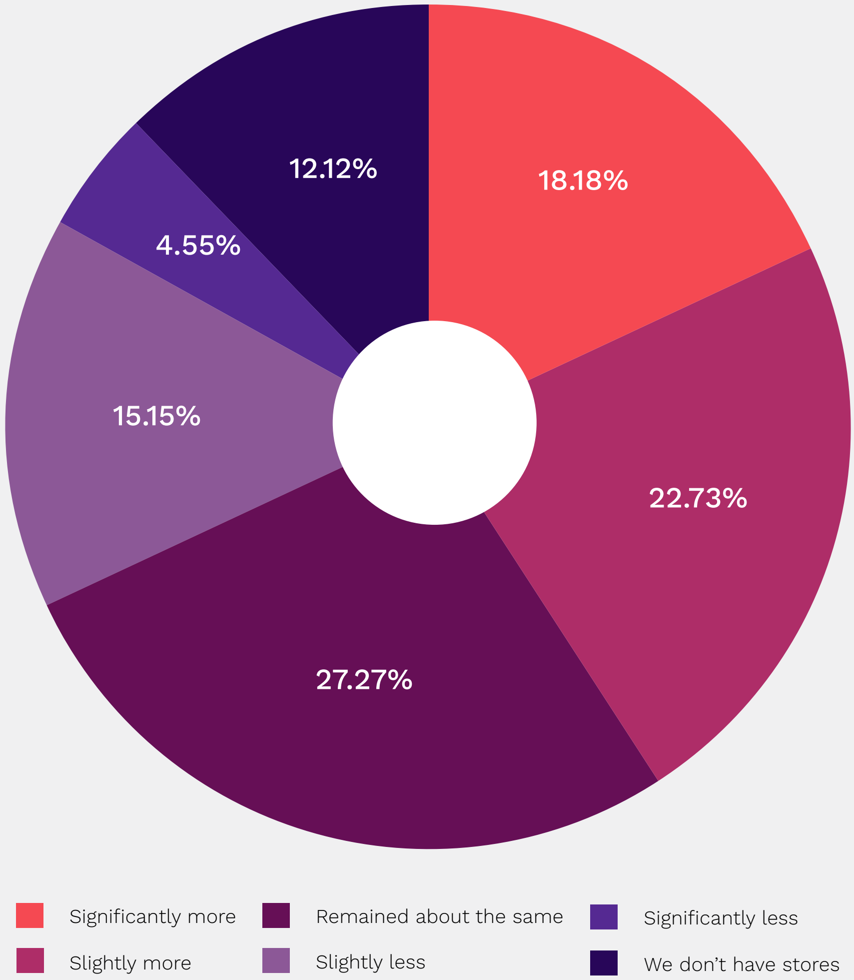
Q.17 How do you expect leasing terms to change next year?

Interestingly, 66.67 per cent of respondents believe that leasing terms will change in the next 12 months.



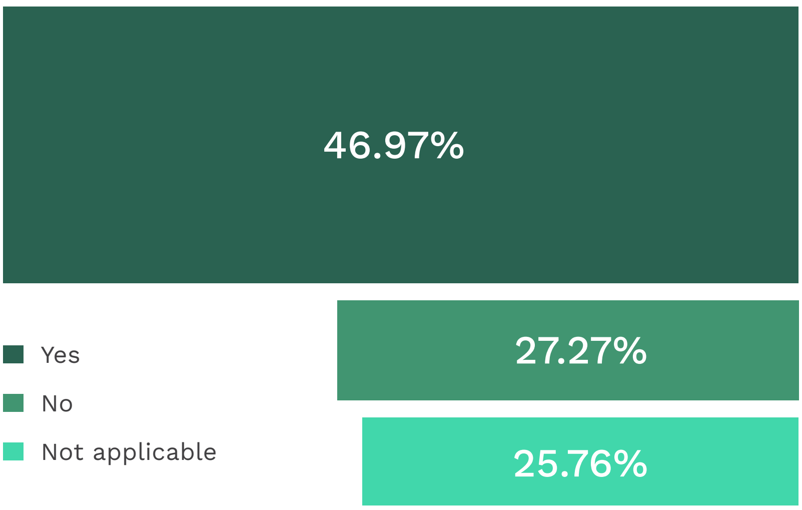
Q.18 Were landlords more willing to renegotiate lease agreements this year?

Almost half of respondents (40.91 per cent) found that landlords were more open to renegotiating their lease agreements as a result of coronavirus.



Q.19 Have you negotiated a change to turnover-based rents?

In line with the previous question, almost 50 per cent of retailers reported that they were able to negotiate a change to turnover-based rents, as foot traffic continues to be low in shopping centres and many retailers now heavily rely on e-commerce channels to bring in sales. ■



Empowering consumers and finding purpose

The days of simply selling products on your shelves are over. From offering omnichannel initiatives to harnessing data and focusing on sustainability, here are the ways to engage modern consumers in the current climate.

By Anson Bailey

CONSUMER-FACING BUSINESSES ARE FACING CHALLENGING TIMES. COVID-19 developments and government responses vary across different jurisdictions around the world. Restrictions to travel are not only applied to people; the movement of products are also affected by cross-border restrictions and supply chain bottlenecks. It can be a chaotic time for businesses to navigate through. However, this turbulence has been, and still is, an opportunity for some retailers and brands to take stock of how they are engaging with their customers, to rethink their purpose and to embrace the new reality.

Changing consumer expectations and new technologies

Consumers in Asia – even senior citizens – are fairly digitally-savvy. While e-commerce is well-established in the region, bricks-and-mortar stores remain an important touchpoint. An omnichannel approach is therefore a prerequisite to enable consumers to shop whenever and wherever they want. To succeed in today's marketplace, a seamless experience needs to be offered across all on- and offline channels.

Data is a critical building block for retailers and brands to truly understand their customer, allowing them to offer a consistent and personalised experience regardless of which channel is used. Data analytics can be a powerful resource to make agile business decisions, yet research by KPMG's *Retail's Realignment* report last year shows that some businesses are still failing to truly leverage insights from their existing data.

Emerging technologies are also on the

horizon. Smart spaces, homomorphic encryption, generative AI, graph technologies and the metaverse are some of the most impactful emerging technologies. While it will take several years for these technologies to have a tangible impact on most consumers, businesses should be aware of them. However, adoption should only be pursued if it will be to the benefit of their customers.

Consumers are increasingly wanting to associate with brands that have values that align with their own. According to KPMG's *Consumers in the new reality* report, purpose and trust are becoming important drivers for businesses. Among retailers, there has been a change of focus from simply marketing and selling products to considering what consumers need. Alongside this, retailers and brands are increasing their efforts to ensure they do the right thing for the communities where they do business – including further up the supply chain.

Retailers are here to serve the material needs of consumers. As consumer needs change, retailers must adapt to these changes to thrive. Key drivers that KPMG professionals have noted that affect consumer behaviour include wellness, health of the planet, technology, data, demographic changes and economics.

Here are a few impactful actions which businesses can consider as they enter this changing consumer landscape:

Where do products come from?
While consumers are more aware of their personal health, they are also increasingly demanding information on the origins of products and materials used. There is a clear need for retailers and brands to demonstrate transparency around their products.

Consumers are considering environmental, social and governance impacts
Companies are increasingly judged by consumers on the impact their operations have on the planet and its people. Caution is needed though, as campaigns seen to be green-washing without a corresponding effort on sustainability can do even more damage to the reputation of a business.

Technology is a key enabler
Businesses can achieve data connectivity across the end-to-end supply chain through technology. This in turn gives a level of transparency that is needed to make informed business decisions and inspire confidence among consumers about the origins of products.

> "Consumers are increasingly wanting to associate with brands that have values that align with their own."

Be where your customers are
Digital social platforms are capturing the attention of consumers throughout the day. Social commerce is a channel that cannot be ignored by businesses. When key opinion leaders are appointed to promote products on live streaming, brands must make sure that the messaging and offers are aligned with that of the retailers. Authenticity is the key to success.

Consumers are cautious about their personal data
A KPMG survey among 2,000 consumers in 2021 found that 22 per cent of those from Hong Kong and 25 percent from the nine Greater Bay Area cities in mainland China expressed that retailers are providing insufficient or a low level of data security. While it is important to collect and analyse data for business decisions, the protection of data from cyberattacks needs to be prioritised. Treat data carefully and wisely.

Show empathy to the needs of the society
Businesses have social responsibilities in the communities in which they operate. In a recent KPMG survey, *Above and Beyond: Customer Experience Excellence in Hong Kong*, 73 per cent of respondents in Hong Kong stated that they are willing to pay more for brands that they see as being ethical or are giving back to society. Retailers not only need to be socially responsible to their own customer base, but consider how their actions might impact others in society, such as the workers employed in their supply chains.

Reskill and upskill talents
Digital transformation requires people transformation, with new technologies requiring different skill sets. The workforce will need to be upskilled to be future-ready. Employee experience directly translates into the customer experience.

In these fast-changing times, businesses face a formidable task in keeping up with consumer expectations. Retailers and brands need to innovate and transform the way they do business, but also examine what they truly stand for and how to communicate their values to their customers. The upskilling and reskilling of people will be a critical component in meeting the needs of the future consumer. ■

Anson Bailey is of head of consumer at KPMG Asia Pacific

6 marketing trends for 2022

From the human touch to seamless payment options – focus on these six aspects of the customer experience and your business will succeed in the year ahead.

By Aparna Gray

LAST YEAR WAS UNDOUBTEDLY BOTH CHALLENGING AND SUCCESSFUL FOR a multitude of reasons. On one hand, the pandemic and evolving data privacy regulations threw some curveballs, while on the other, marketers hit the mark by rising to the occasion. In 2021, we witnessed a surge in online shopping, an increased focus on personalisation, and the importance of creative marketing campaigns. As we welcome 2022, here are several key trends to watch for.

Human-to-human marketing

Too often, businesses today think about customers in terms of their segment – are they B2B or B2C? But is this the way forward if we want to create interactions that drive results? We learned that modern marketing could sometimes feel like a big contradiction. People want the latest tech and experiences that marketing automation can create, but they also crave personalisation and human interaction. How are businesses supposed to meet these demands?

To create strong relationships with the

> "Talk to audiences as equals and be honest and empathic."

audience, marketers need to remember that the audience are humans first and customers second. Blend personalisation and automation to improve the user's experience. Automated experiences via email, SMS, and live chat will significantly improve their journey, but personalisation will make it unforgettable.

Simplify your communication by talking to audiences as equals and being honest and empathic. It's all about meeting the customer's needs while demonstrating that you are human and trustworthy. The benefit of this marketing tactic is clear: it ensures that the marketing strategy delivers the best possible results.

The value exchange – 2022 version

We've all heard of the value exchange. But let's talk about making it in 2022, when we move beyond an offer in exchange for data. Of course, we still want to use tried and tested means of collecting data, but today's customer wants to see more from you; they want to align their values with your own.

They want to know who you are and what your business stands for. Talk about what the people in your business are passionate about and your core values. Take a stance.

Maybe it's something you've worked on quietly for years. Well, 2022 is the year you show what's behind the brand. And remember, you have to walk the walk if you talk the talk. It'll be far too easy to see through a set of new values introduced only to win over new customers. Authenticity is paramount; make your story more believable and relatable.

Renewed focus on email

Email remains the most effective channel, generating $49 for every $1 spent, according to the Litmus Resource Center. Not only is it the preferred channel for businesses across every industry and in every vertical, but it's the channel of choice for customers and users around the world. As a result, email performance affects your overall marketing success. Reports show that global email marketing is expected to increase to $17.9 billion by 2027, according to Statista.

Last year, a report from Campaign Monitor also suggested increased email usage in the past two years, as open rates grew from 18.7 per cent to 20.6 per cent, while click rates increased from 2.8 per cent to 3.1 per cent. Therefore, it's essential to revisit your email strategy and ensure you have all the bases covered – content, creativity, and personalisation, to hit the right notes with your customers.

Customer retention

'Retention' will be the buzzword this year. As we go through a prosperous sales period from Black Friday right through to Christmas and January sales, a shed load of new customers and subscribers will be receiving your emails for the first time. You cannot afford to lose them. So take the time to get to know them. Ask questions, don't just appear to be listening, actively take an interest in what they're saying and respond accordingly.

What did they buy or enquire about? Be customer-obsessed and always ask yourself how you can be helpful in the future. Don't limit this to new customers. Treat every single person in your database with the care and attention they deserve. Use the data to gain insights. Surprise and delight, reward loyalty, and give back to those who have stuck with you through thick and thin.

Customer and user experience

Both CX and UX will continue to be significant for brands to deliver the most satisfying purchasing experience to their subscribers. The ultimate goal is to deliver the right message to the right people at the right time on the right channels.

So, understanding your customer lifecycle will be vital in plotting out when, what, and how customers receive your communications. For example, giving subscribers the power to choose which occasions you market to them about, whether it's Mother's Day, Father's Day or Valentine's Day. Allowing your database to dictate what they receive goes a long way to creating a tighter bond, which inevitably means better retention.

With UX, consider how easily your customers can interact with your website, emails or apps. Take the time to rethink your emails, the placement of copy and CTAs, and the unsubscribe link – don't hide it at the foot of your emails. Give your subscribers the chance either to unsubscribe or change their preferences at the top of the page. Waste no time in letting them know that you respect them and want to make sure they're happy with your service.

Accessibility and payment

Bear in mind the importance of accessibility. Please make sure your emails look and work beautifully across screen types for your readers. Again, your site needs to be as easy to use as possible; think about your preference centre's placement and how you can make it easy for new subscribers to sign up. It will ensure a seamless experience for customers when they interact with your brand online.

Last but not least, the checkout process. Make the process as simple and frictionless as Amazon's, remembering their address and payment details. We're living in the buy now, pay later era, when digital wallets and QR codes are king, thanks to touchless Covid-19 commerce. Reducing barriers to payment will be a winner.

Offering credit is a fantastic way of making payment easier, but have your cusotmers considered additional costs like shipping and upkeep? More importantly, is this purchase essential? Chances are they're fully aware of what they're purchasing. And a small reminder from you won't be required, but showing a little empathy and considering your customer's wellbeing can often be more important than making that extra sale.

Make this your year

Hopefully these six trends will ramp up your marketing automation strategies and help drive revenue for your business in 2022 and beyond. Start small, think big, and scale quickly. Don't try to boil the ocean. Pick the key transformative trends that will help you take your business to the next level. Good luck for a fantastic year ahead. ■

Aparna Gray is head of marketing, APAC at Dotdigital.

Rethinking supply chains – the Asia advantage

Global events, such as the pandemic and geo-political tensions have tested the resilience of global supply chains and exposed vulnerabilities and disruptions to production and logistics.

By Anson Bailey

MANUFACTURERS HAVE BEEN FORCED TO RETHINK THEIR STRATEGIES RANGING from the sourcing of raw materials to the relocation of production units. As the pandemic has highlighted the challenges companies face due to the reliance on a single geography, manufacturers are diversifying and relocating their supply chains to become more resilient. This has led to the emergence of countries and territories in Asia and the ASEAN region as attractive alternatives.

Last year, KPMG's report, *Rethinking supply chains in Asia Pacific* revealed which markets in can offer an advantage when rethinking the supply chain.The markets include Hong Kong (SAR) China, India, Malaysia, Singapore, Vietnam, Thailand, and Taiwan. Together, they contribute 13 per cent to global trade in 2020. They have 301 seaports, 612 airports, USD270 billion of foreign direct investment inflow in 2020.

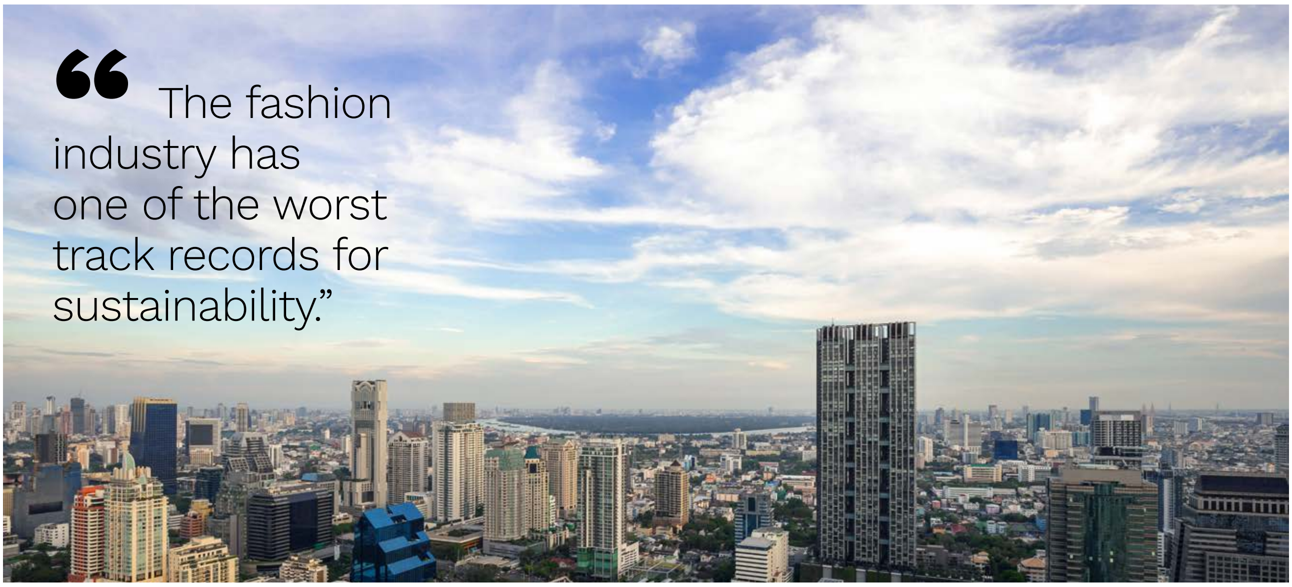
Hong Kong (SAR) China
As a free port, with a long history of trade and experienced workforce in international business practices, and with its interconnectivity with the Greater Bay Area, it is one of the most favoured destinations for supply chain hubs. Its dominant sectors are property, finance, insurance, and banking industries.

India: Over recent years, India has emerged as a potential manufacturing hub for several sectors, owing to the government's strong focus on initiatives, such as 'Made in India', the country's purchasing power parity and a large population of engineers and factory workers. Its main sectors are specialty chemicals and life sciences, while its sunrise sectors are electronics and telecom.

Malaysia: Its manufacturing sector appears to be in a stable position to leverage supply chain realignment opportunities in the short- to medium-term, backed by government policy measures, improving external demand outlook, attractive incentives, and its Covid-19 vaccine roll-out program. Its dominant sector is semiconductors, and their sunrise sector is petrochemicals.

Singapore: One of the most important manufacturing hubs in Southeast Asia, Singapore holds a leading position in several sectors, with manufacturing activities contributing to nearly 20 percent of the country's gross domestic product. Its dominant sector is electronics manufacturing, and its sunrise sector is healthcare.

Taiwan: One of the most prominent sectors is manufacturing, supported by government incentives and investments,



availability of skilled labour, well developed infrastructure, and connectivity. Its dominant sector is semiconductor manufacturing, its sunrise sector is food and beverage.

Thailand: An attractive manufacturing hub, the region has deep expertise in manufacturing, lucrative investment incentives, availability of labour, and relatively well-developed infrastructure. Its dominant sector is automotive, and the food and beverage category is a growing area.

Vietnam: Vietnam has attractive manufacturing costs, trade policies, economic growth, and infrastructure. It is one of the most preferred destinations for companies looking to diversify or relocate supply chains. Its main areas are in electronics manufacturing, and healthcare is on the rise.

A time for change

Lower production costs have long been a key consideration when businesses rethink their supply chain strategies. However, there are more important factors to consider than just monetary benefits. A paradigm shift of business mindset is being called for.

At COP26, Stella McCartney admitted that the fashion industry has one of the worst track records for sustainability. Coalitions and working groups such as the UN's Fashion Industry Climate Charter have formed, but change is not yet apparent. To achieve tangible results, every element across the entire apparel supply chain has an important role to play. The questions to be answered now are how to start and what to do next.

KPMG China and Serai joined forces to conduct a study into transparency in the supply chain of the apparel industry. Over 200 senior executives in the industry were surveyed in 2021. The report Moving the needle – Threading a sustainable future for apparel aims to give an overview of the current state of transparency and offers recommendations on how the industry can initiate change.

Transparency in the supply chain

Supply chain transparency is an essential component to meet increased demands for sustainability. It consists of two components: visibility and traceability. Visibility is when a company has a broad-ranging view of all parties that play a role in its supply chain, from farms and raw material suppliers to manufacturing, distribution and logistics. Traceability deals with tracing all materials and components used in a product from their origins, through each step of processing and manufacturing, to the final goods sold to a consumer.

The apparel industry acknowledges the importance of supply chain transparency. In the survey for the report, two-thirds of respondents stated that supply chain transparency was "extremely important" for their business, and nearly a third said it was "somewhat important".

Pressure for the industry to change has come from increased consumer interest in sustainable fashion, new government regulations and a focus on ESG factors by the investment community. The study showed that corporate reputation was the main driver of supply chain transparency for both brands (59 per cent) and suppliers (52 per cent) in the apparel industry. This was ahead of other factors such as business goals, operational excellence, and internal risk management.

However, the findings do suggest that transparency is a more pressing issue in North America and Asia Pacific than it is in Europe. This could be due to recent regulatory moves in the US that place greater transparency requirements surrounding how apparel is produced, with suppliers in Asia Pacific keen to meet those demands so as not to lose business opportunities.

"Businesses need to think strategically. Today, the major issue impacting the industry is cotton traceability, but tomorrow it will be carbon footprints or water consumption. Solutions need to be able to grow with the industry's needs." – Vivek Ramachandran, CEO of Serai

Achieving a sustainable future

A paradigm shift in thinking about supply chain is needed.

KPMG recommends the following considerations for businesses to move towards a sustainable future:

1. Internal alignment: The entire organisation needs to be aligned in setting enterprise-wide transparency goals and the pursuit of sustainable growth.
2. Collaboration: Partnerships should be established across the end-to-end supply chain.
3. Data standards: Supply chain stakeholders need to ensure consistency in the way data is collected, shared, and consolidated.
4. Technologies: Manual processes need to be replaced by dedicated systems/platforms to collect and share information

There appears to be a strong intent in the apparel industry to become more transparent, but there is a seeming lack of urgency by many companies to deal with a range of issues. If the whole industry is to build resilience for tomorrow's sustainability challenges, supply chains need to become more collaborative and adapt a forward-looking, customer-driven, and predictive approach. ■

Anson Bailey is head of consumer at KPMG Asia Pacific.

Meet Missfresh, the Chinese grocery offering 30-minute delivery

The retailer has digitalised supermarket delivery with a three-pronged approach that lets it capture all levels of mainstream consumers in China.

By Ruth Hogan

SPEEDY DELIVERY IS THE NAME OF THE GAME FOR SUPERMARKET RETAILERS all over the world right now, as major chains invest in micro fulfillment centres and explore dark stores in an effort to keep up with customers' rising expectations during the pandemic.

But back in 2015, Chinese e-commerce grocery retailer Missfresh had already launched its distributed mini warehouses (DMWs) to help deliver groceries to customers within 30 minutes in 15 cities across the country. The company has gained a wide range of shareholders over the years, including Tiger Global Management and Goldman Sachs leading up to its IPO. In June, the brand went public on the NASDAQ.

Here, we chat with Missfresh about how the DMWs operate, how it's digitalising fresh markets, and its plans for the future.

***Inside Retail Asia:* Can you explain a bit about how Missfresh has grown in popularity since launching in 2014?**
Missfresh was the first to invent the distributed mini warehouse (DMW) business model in China in 2015, before any other player in the on-demand DMW industry. Our DMW model offers an innovative solution to the growing consumer demand for high-quality product offerings and timely delivery, leveraging technological innovation.

In contrast to traditional e-commerce platforms, our DMW model offers a more convenient experience, fresher products, and better quality control along the supply chain. We have close collaboration with upstream supply-chain partners and over 80 per cent of our products are directly procured from their places of origin. We also own our user acquisition channels and after-sales services, which ensures the best products and services being delivered to our customers.

Our DMW operation is backed by our proprietary technology platform, which enhances the automation level and efficiency of the entire operation process by using data analytics and AI to replace human decisions in areas such as inventory replenishment, procurement, and turnover management.

With an innovative business model and a superior shopping experience provided to our customers, we appeal to a new generation of consumers who are willing to pay for high-quality and convenience in grocery shopping.

In 2020, our market share of China's on-demand DMW retail industry in terms of [gross merchandise value] GMV was 28 per cent, ranked first in North China, according to iResearch. We also ranked the highest by satisfaction rate of consumers, compared with our competitors, according to a survey conducted by iResearch in February 2021.

IR: How big is Missfresh now? How many distributed mini warehouses (DMW) are across China?
Missfresh generated RMB 6.1 billion revenue ($943.7 million) in 2020 and provided on-demand service to an accumulated number of 31 million customers in China by 2020. In 2020, our market share of China's on-demand DMW retail industry in terms of GMV was 28 per cent, ranked first in North China, according to iResearch. By the end of June 2021, Missfresh operated 625 mini-warehouses in 16 cities in China.

IR: In what ways does your business model facilitate 30-minute delivery?
We set up DMWs, which are near residential communities or office buildings. These are small and medium-sized storage and distribution centres, equipped with multiple temperature zones for fresh food processing such as refrigeration, freezing, and reheating. Each DMW is about 300sqm, on average, and stores more than 4,300 SKUs, serving neighbouring communities within three kilometres. After we procure the products directly from their places of origin, the products are transported to our regional quality-control centre and then to our mini warehouses by cold-chain enabled logistics.

Users can place orders via the Missfresh mobile app and e-commerce platforms, which assign online orders to the nearest DMW through an intelligent system, and the products are delivered to customers in 37 minutes, on average, which greatly improves the delivery timeliness and saves last-mile delivery costs.

IR: How has Missfresh 'digitised all aspects of neighbourhood retail'?
Missfresh has three building blocks for its business, including on-demand DMW retail, intelligent fresh markets, and retail cloud business.

In first-tier and second-tier cities, we focus on our DMW model to provide on-demand service to high-value customers who require quality products and a convenient shopping experience. Our pioneering DMW business model greatly improves the efficiency of the long value chain in the retail industry by leveraging our proprietary Retail AI Network technology platform, which consists of smart supply chain, smart logistics, and smart sales and marketing.

In lower-tier cities, we initiated our intelligent fresh market business to digitalise the operation of traditional fresh markets. We also empower the local retailers by offering our retail cloud service to help them accelerate digital transformation and jumpstart their online business operation in a more efficient way.

Therefore, with a combination of three businesses, Missfresh targets the mainstream shopping channels for mainstream consumers in China. We are able to empower the neighbourhood retail market through our technological capabilities and further seize the market opportunities in the digitalisation of the industry.

IR: Can you explain a bit about the Missfresh supplier network and how that impacts the product range?
We offer around 4,000 SKUs of quality products to our customers, including fresh produce and fast-moving consumer goods. We focus our effort on directly purchased goods from manufacturers and producers. In 2020, over 80 per cent of the goods and over 93 per cent of fresh produce we offered were directly procured from producers.

Our direct procurement effort is led by a seasoned merchandising team of around 300 employees. We impose a strict screening process for suppliers who wish to work with us. We focus on standardised criteria for the selection and evaluation of our suppliers on the basis of product quality, reputation, scale of production, price, and ability to meet our delivery schedule. In 2020, our procurement specialists supervised over 2,300 suppliers.

IR: What are intelligent fresh markets and how do they work?
In China, fresh markets are where most neighbourhood retail and shopping still take place. They are deeply integrated in Chinese society, represent a large portion of economic activity, and are generally an irreplaceable facet of people's lives. However, this sector requires digitalisation to become more efficient and to keep up with technological advancements and properly meet the changing needs and preferences of modern consumers.

To bring China's fresh markets into the digital age, Missfresh has pioneered the intelligent fresh market business model, bringing cutting-edge technology to an industry that has huge room for transformation.

Leveraging the core capabilities developed through our self-operated on-demand DMW retail business, we launched our intelligent fresh market business in late 2020. Through this business model, we standardise and transform fresh markets into smart fresh malls by:

reconfiguring the market floor plan, optimising the merchants mix and introducing new service offerings; providing merchants with an SaaS-based service package, including electronic payment, online marketing, CRM tools, and business planning; and through our value-added services, enabling merchants at our intelligent fresh markets to convert and manage offline private traffic to our platforms and to realise additional monetisation.

By the end of June 2021, we had entered into contracts to operate 58 fresh markets in 15 cities in China and have started to operate 34 of them.

IR: How has the micro-fulfillment and local delivery trend developed in China over the past five to seven years?
The on-demand DMW retail market is one of the fastest-growing segments in the online neighbourhood retail market.

By delivering premium products and service quality, on-demand DMW retail companies can best meet the demand of a new generation of consumers with increasing spending power and willingness to pay for quality and convenience in grocery shopping, representing massive potential in lifetime value. They are expected to be the key driving factor in the growth of the neighbourhood retail industry and represent an increasing contribution to the overall market size.

The market size of China's on-demand DMW retail industry was $247.5 million (RMB 1.6 billion) in 2016, reached $5.2 billion (RMB 33.7 billion) in 2020, and is expected to have a compound annual growth rate of 59.5 per cent between 2020 and 2023. By 2025, the market is expected to reach $47.5 billion (RMB 306.8 billion). ■

How La Broderie is preserving Chinese culture – one stitch at a time

Serial entrepreneur Diana Wong has business in her blood and is passionate about protecting Chinese arts and culture. Here, she discusses the launch of her latest venture, La Broderie, and the current Hong Kong retail landscape.

Interview by Jo-Anne Hui-Miller

Inside Retail Asia: **How would you describe the past year for business in Hong Kong?**
Diana Wong: Business had been very promising up until June 2019, when the social unrest kicked in. Many shops or malls had to close with last-minute notice. The economy was very unstable and the confidence level of business had been badly affected. Then the Covid-19 pandemic followed. The worst time was 2020. Nobody thought this pandemic could drag on for so long. Cashflow was the major issue for most companies. It was especially bad for those that relied on tourists from mainland China; they had already suffered from the loss of sales in Q3 and Q4 and the situation had further worsened when Covid-19 kicked in, with the loss of local sales as well. Most companies had a cash reserve of only six months to a year, they could not sustain for a long period of time.

It was extremely tough for most businesses in 2020, as most cash evaporated. With a drop in sales, many businesses had to introduce measures to control expenses, like cutting the working hours of staff, retrenching staff, reducing the size of offices, cutting the number of stores, etc. Retail businesses, in particular, suffered severely during Q1 and Q2 of 2020, when the majority of landlords still refused to lower the rent. We saw a number of businesses close down during that time. However, the resilient companies were able to take the opportunity created by the historically low rental environment to grow their business.

IR: Tell me the story behind the launch of La Broderie and your plans for it this year.
DW: During the second quarter of 2020, when the pandemic was at its worst, business was tough, sales were slow. By coincidence, I came across the art pieces of Ms Ava Cheng, a very talented local embroidery master. She started her embroidery journey at the age of five. She is proficient in traditional Chinese embroidery and French embroidery. I was amazed by her work and skills. Initially, the plan was to introduce the work of the master through exhibition, maybe for a limited period of time, say two to three weeks; however, taking the opportunity of the low rent environment, I decided to open an embroidery shop with my partner and display her work year round. Having a shop, we could offer a venue for people to gather to learn more about embroidery.

The venue I thought most suitable was Lee Gardens. The location of the first shop sets the brand position and directs where it goes in the future. I think Lee Gardens is the right position for our brand. Also, the customers in the Causeway Bay area in general have high spending power and

Causeway Bay is a convenient location to draw people in to visit.

I was very lucky that the chairlady of property development company Hysan, Irene Lee, liked our business concept and appreciated the work of our master. She offered us a prime shop location, which is on street level at Yin Ping Road, right next to the Cartier shop. She has been supportive on the rental terms for our new brand, so we can run our business and promote the nation's intangible cultural heritages.

> “We plan to expand overseas, into places like China, Japan, and France.”

Our product offering includes embroidery art pieces, scarves, fans, and jewellery. Our bespoke service has been very well received by our customers. The art pieces, scarves, and fans are mostly for gifts. Customers can have their initials embroidered on an item or they can provide us with graphics and request a tailormade art piece or art fan for different occasions, like weddings. Our best seller is the 18K-gold diamond butterfly bespoke jewellery collection. Most of our customers are female and purchase the product for themselves. The customers tell us that they have bought many branded accessories before and like our bespoke collection, from which they can choose a colour and style to create a personalised embroidered butterfly.

At the moment, we do not have plans to open another store in Hong Kong. When the Covid situation is in better control and there is an easing of travel restrictions, we plan to expand overseas, into places like China, Japan, and France, where there is a great demand and appreciation for art and embroidery.

We will continue to develop interesting collections for our customers.

IR: You've been in the retail and business worlds for many years, but what was the experience of launching La Broderie in the middle of a pandemic like?

DW: This is an opportunity and a challenge at the same time. Due to the pandemic, landlords are willing to offer a prime location at a much lower rent and for a much longer term. However, it is a challenge at the same time, because there are only local sales. Furthermore, due to the social distancing measures, traffic and sales cannot be predicted. When we first opened our store on 1 November 2020, we had to arrange many small group sessions to invite close friends to visit our shop. When we had been operating for less than a month, the social distancing measures were tightened to the strictest level – no more than two persons could gather and dinner after 6pm was forbidden. It was extremely tough.

In terms of marketing strategy, a big marketing campaign is not possible; we do collaborations with different brands and organisations and have regular events or workshop sessions at our store. We have collaborated with artists, fashion designers, jewellery designers, watch designers, and charities. We have also organised outside events at locations like the Gentry Club at K11 Musea and Hong Kong Jockey Club.

IR: You grew up in a family that worked in the retail industry. What were some of the greatest insights and lessons you learnt from them during your childhood?

DW: My parents have taught me that cash flow is the key to business and we should be very alert to the changes in the market. When I was small, my parents often told me that if you have the economic means, you should purchase your own property, with the right timing. The rent we pay goes to pay off the mortgage, which in turn goes to our own asset. When we are running a business for a long period of time, rent, which is the biggest expense in our profit and loss statement, will be much more predictable. To be able to afford it, we have to have careful, long-term financial planning. Save up the profit for the initial deposit and buy the property at the right time.

But it is difficult to purchase a store now, when the property values are so high. Also, it is impossible for a retail chain to own all its shops. Plus, most of the shops are operating in shopping malls now.

Location is the key to retail. We have to be very careful in choosing the right location for the business. First, we select the district and decide whether to have a shop at street level, owned by an independent landlord, or at a shopping mall.

For new brands in particular, I prefer opening a shop at a shopping mall, as they have a full marketing team to support their tenants on marketing campaigns and social media promotion. Also, they are willing to invest and to do regular festive campaigns to draw traffic in and promote their tenants. Different malls have different marketing strategies. This is one of the points I consider when selecting which mall to enter.

Brand positioning is very important. ►

Each mall has a select crowd of customers it targets and that should match with the brand. When selecting a particular location inside the mall, we also consider who our neighbours are. Within the shopping mall, there are big variations in traffic and it's necessary to do a foot count. Do not rush into committing to opening a store when there is doubt. Do a foot count on a weekday and a weekend, and at different times of the day, to gather the data on traffic. Also, keep an eye on whether the traffic is only passing by or contains genuine shoppers.

> "For new brands in particular, I prefer opening a shop at a shopping mall."

Over the years, I have seen that rent has been increasing with a very unhealthy momentum.

I have seen when rent was at its peak, businesses were very aggressive in their expansion to capture market share and build their brands. I still remember there were times when jewellery and watch stores expanded aggressively. Many of the shops have been taken up by the jewellery and watch companies, which can afford the rent. We may see two or three jewellery stores with the same brand right next to one another. When driving past a main road, you may see more than 10 jewellery or watch stores within a few minutes.

In some cases, international brands come to Hong Kong with an optimistic outlook but do not have a thorough understanding of the market nor a realistic financial forecast. They open three to five stores very quickly, within two years, and close all stores within five years of operation. Opening even one store in Hong Kong involves a substantial amount of money, renovation, and salary – not to mention rent. It is important to do an in-depth assessment and planning before opening a store.

IR: If you could change anything about the retail industry right now, what would it be?

DW: When we start a business, we are looking for a sustainable and long-term business. The current average rental term in Hong Kong is two to three years. If the business is able to survive the first two to three years, the next rental term has to be negotiated. If the landlord sees the business doing well, the rent will increase 20-30 per cent or even 50 per cent, which makes it very tough for a business to make profit. A longer rental term, like five years, would make a healthier environment.

IR: You also oversee Italian chocolate brand Venchi, which you brought to Hong Kong in 2007. How is that tracking?

DW: Venchi opened three more shops last year – Lee Gardens, Citygate, and IFC. Also, Venchi has moved to larger shops at existing locations like Harbour City and Sogo. Currently, we have 14 shops across Hong Kong, Kowloon, and New Territories. We are happy with the performance and the number of shops in Hong Kong. When opportunity comes, we would like to take up a larger shop in the mall where we already have one.

IR: You are quite passionate about protecting Chinese arts and culture. Why is this important to you and can you tell me about some of the work you are doing in that space this year?

DW: China has over 5000 years of history, with so many interesting cultural relics. I have always been fascinated by it and would like to add a modern touch to it. That is the reason we started La Broderie in the first place. We have added a contemporary element to the traditional culture.

Recently, I have partnered with Art Exhibitions China to promote national history and culture by launching a series of intellectual property products with traditional Chinese characteristics. We apply the images of the five major themes, including the Qin, Han and Three Kingdoms Dynasty, Tang Dynasty, Elegant Song Dynasty, Mysterious East, and National Treasure of the Silk Road.

The concept is similar to Disney, which uses different characters like Mickey, Minnie and Donald Duck – IP created in the stories – to apply on different types of products like stationery, food, toys etc.

The concept of our China project is similar but our IP graphics are created based on the real history and cultural relics from the museum. We have a design team to convert the traditional images on cultural relics into modernised graphics. Last year, we partnered with different famous brands, including Xiaomi and Hope Group in China. This year, we plan to collaborate with the Hong Kong Palace Museum. ■

Meet Rainforest, Asia's leading e-commerce aggregator set to grow by US$100m

We spoke with Rainforest CFO Jason Tan about the company's strategy and vision. Here are some of the key takeaways.

By Heather McIlvaine

SINGAPORE-BASED E-COMMERCE AGGREGATOR RAINFOREST IS JUST ONE year old, but it has already acquired 12 e-commerce brands and surpassed US$30 million in revenue. It recently raised US$20 million in a Series A funding round and has big plans to add another US$100 million in revenue through further brand acquisitions this year.

We spoke with Rainforest CFO Jason Tan about the company's strategy and vision. Here are some of the key takeaways.

On the company's first year

"In the first year, we acquired 12 brands. They are predominantly [based] out of Asia Pacific, [but] they are predominantly selling on Amazon in the US and Europe. We started off being a bit more agnostic in terms of the categories that we acquired, but now we are very focused on our target buyer: mums and value-seeking female buyers. The idea is to build brands around them. Anything from maternity to kids [and] homewares, those are our sweet spots, and the opportunities are massive in this market."

On the opportunity in the US and Europe

"Number one is just the depth and the size of the market. If you look at Amazon, in 2020 alone, its third-party gross merchandise value (GMV) was US$300 billion, and in 2021, it added something like an estimated US$60 billion. If you look at Southeast Asia, if you [were to add] the GMV of all the marketplaces – Shopee, Lazada, etc. – you would not even [reach] US$60 billion.

"Number two is there is a lot more focus on brand building on Amazon compared to the Asian marketplaces. We feel that consumers in the US pay a lot more attention to things like reviews, rankings and ratings, and their decision-making process is based on that. If you look at marketplaces [in Asia Pacific], it tends to be more driven by price. And as we know, [focus on] price is essentially a race to zero. A lot of manufacturers and retailers are facing cost pressure now, and if you have price pressure as well, it's a dangerous situation. We feel that we are able to maintain our margin a lot better in the US and the UK."

On driving growth in e-commerce brands

"Credit needs to be given to the brand owners because they've done an amazing job running these businesses on a solo basis, or [with] a very small team of three or four people. That's just amazing to me. When we look at a brand, the most important question we ask ourselves is, 'Can we be a better owner?' That's a tall order, but that's exactly the idea of building a portfolio. It allows us to invest in functions and resources that perhaps were not available to the previous owner.

"If you asked me what's the single most important function to invest in today, it's supply chain and building supply chain resiliency. Can you get your goods on time to the US? How do you deal with port congestion? If the port in China is closed because of Covid, how do you re-route your container to the next one? That's something we have invested in.

"We have also invested in product development, and obviously, there's standard stuff like improving the efficiency of paid marketing. Opening up new markets is probably a longer term project, but it's not a question of 'if', it's a question of 'when'."

On future acquisitions

"We expect to have between 30-35 brands by the end of this year, but the number of brands is not that important. What's more important is the size and the revenue [of those] brands. We are looking to add another US$100 million dollars [in revenue] at least through acquisitions this year. We are still seeing a lot of brands in our target categories that we can actually acquire, so we are confident that we will be able to achieve the targets that we have set."

On competition in the aggregator space

"People sometimes ask me, 'Do you compete with other aggregators?' Occasionally, yes, but everyone is slowly carving out their niches. One of the benefits of focusing on a target market is that it allows us to focus on building our capabilities a lot better, and that [helps] convince future sellers that we will be a better owner. Assuming we're in a situation where we are paying the same commercial [terms] as the guy next door, we can prove that we know the space a lot better than him. Trust us, and we will build your brand to greater heights."

On the recent push into China

"On the seller side, it's an absolutely huge market. That's no surprise, given how much manufacturing is in China. We have been building our team there. We [appointed] a Chinese GM last quarter, and we are hiring a couple more people to help him out. Number one, to convince great brands to get on board with us. Chinese sellers tend to be larger relative to other markets, so that works very well for us as we build our portfolio. Number two, to help us on the supply side, whether by building resiliency, or improving margin by having better-negotiated deals. China is super important, maybe not on the consumer side for the moment, but on the seller side and the supplier side." ■

The future of retail in the metaverse

As brands scramble to position themselves for the emerging virtual world, adopting the right ways of thinking about this new reality will be essential for success.

By Paris Young

SINCE THE PANDEMIC STARTED, RETAIL BRANDS HAVE BEEN FORCED TO MAKE the shift to digital at warp speed – prioritising a major shift towards online purchases, customer engagement and social amplification in order to maintain relevance in this brave new world.

The metaverse is the next iteration of retail's digital shift, and it's set to usher new levels of creativity, innovation, and technology into the industry over the coming years. Within the metaverse, the opportunity to revolutionise the way retailers engage and delight customers is boundless. So if you're ready to look forward and dip your toe into the metaverse, here's everything you need to know.

What is the metaverse?

The metaverse is a virtual reality made up of individual worlds where one can undertake many real-life activities. It's likely to completely replace the internet as we experience it today, connecting the realms of gaming, e-commerce, social media and more into one large, seamless digital experience.

For retail, the metaverse will be an opportunity to deliver a virtual experience for customers without the limitations of traditional supply chain, manufacturing, or even physics. To think of it as a big virtual shopping mall is very likely underselling it, because the metaverse will be beyond anything we've seen. Traditional shopping journeys will be redundant with the possibilities it presents.

While many retailers have experimented with digital experiences like augmented reality (AR) and virtual shopping over the past several years, the metaverse means a major shift towards completely blurring the boundaries of physical and digital brand experiences.

Who will the metaverse be for?

Right now, we're seeing it play out as a concept for gamers and early adopters of technology, but in the future, everyone will probably adopt the metaverse. Just like today's internet – filled with easy-to-use website builders and cheap domain names – it will be designed and developed by all of us, once it hits mass adoption.

Until then, it will likely be led by brands, tech companies, gaming organisations, and even governments as they look to create virtual realms for their products and services. A quick scan of LinkedIn will show you that some companies are even toying with the idea of virtual meetings, where instead of your face on a screen via Zoom, you are an avatar, sitting at a virtual table and taking part.

If there's one thing the pandemic has influenced dramatically, it's the relevance of digital connection and socialisation within our day-to-day lives. Online worlds are becoming more realistic, with many using games and social-media platforms to escape lockdowns and connect virtually with friends, families, and like-minded people all over the globe. E-commerce has also become more widely adopted by the older generation, who have been forced to change their shopping habits. The one thing that is missing (which the metaverse will bring) is the physicality of the digital brand experience.

For retailers globally, the metaverse presents an opportunity to push boundaries creatively, and leverage a competitive edge through what some are calling the third dimension of e-commerce. Millions of dollars are already being spent by real-estate organisations securing their 'virtual Rodeo Drive', snapping up premium locations in worlds that already exist.

Fashion brands are getting into crypto, even designing and selling ►

non-fungible tokens (NFTs), and ad agencies are using major A-list celebrities to push the adoption of cryptocurrency for those who are yet to jump on board. The more retailers experiment with new technologies and digital brand experiences, the more likely they are to continue to maintain not only a competitive advantage, but the attention of younger generations.

What's already happening?

There are already some exciting developments within the industry that highlight the future focus on new-wave digital brand experiences. From time-zone agnostic virtual fashion shows, brand launches and activations, to digital products like NFTs and more, brands are diving head first into the metaverse globally.

The Gucci garden within the Roblox gaming world had an unbelievable 19 million visitors after launching in mid 2021. The space, which was open for two weeks, had digital collectables and limited-edition Gucci products, while also echoing the real-world exhibitions across the globe. Roblox's predominantly Gen Z audience was exposed to the luxury fashion brand like never before, even snapping up digital products that are now considered limited-edition pieces as they purchased items for their digital avatars.

> "Traditional shopping journeys will be redundant."

Roblox-specific products (like a Gucci Dionysus Bag with Bee that was recently resold for over $4,100 worth of Robux) present a completely new market for retailers, and demonstrate that even though the metaverse is seemingly limitless, it's still possible to inject an element of scarcity and exclusivity within the digital realm.

This year, Decentraland will host its first virtual fashion week, in collaboration with UNXD (a blockchain luxury marketplace), including catwalk shows, after parties and pop-up stores. And like Walmart throughout 2021, many retailers are looking to trademark meta-brand related terms to ensure they don't miss out on their piece of the pie.

Another dimension for shoppers

More than anything, the metaverse is another channel to engage and delight your audiences. It's more than just shopping for products and services online, particularly for younger generations. It's about truly immersive experiences and transcendence beyond one's physical identity. Younger generations consider digital assets just as valuable, if not more so, than physical ones, and use these to express their individuality within the digital sphere. Retailers that recognise this need for self-expression and engagement will dominate as the metaverse becomes more of a reality.

Retailers will need to adjust their current ROI criteria towards different metrics than the traditional bottom line, and accept that not everything will work. For example, Burberry's fashion launch on Twitch, while highly experimental and forward thinking, was not received with unified celebration. Some called it confused and lacking clear brand storytelling. ROI will head in the right direction only when the metaverse gains critical mass, so those who are looking at a secure investment will likely find it hard to quantify quickly. This is all about the long game.

Just having a presence there is also not enough. With millions being spent on metaverse real estate, there could be the assumption that securing enough virtual real estate is the winning play – but it's not, really.

The industrial way of looking at the world won't exist in the metaverse, and whilst you may have a 'shop' on every corner in every virtual world, traffic will be attracted to the truly innovative and creative, rather than the convenient. The metaverse knows no true geographical boundaries, after all.

First step towards the metaverse is design strategy

The way to enter properly without wasted investments is to ensure you have a clear design strategy for the metaverse, and the business in general. What's the objective of your brand's presence in the metaverse? How does your brand intend to evolve overall? Where does your brand strategy fit in? What's your integrated customer experience strategy for the next 10-plus years?

The design thinking methodology works perfectly for businesses conceptualising their strategy here, because like the metaverse itself, design thinking enables the creation of ideas that are boundless and decentralised. Design strategy then takes these ideas and censor checks them against financial viability, user desirability, and technical feasibility – leaving you with a clear directive.

Retailers need a clear understanding of their objectives, the kind of experience they want to deliver, what makes it memorable and then how it connects as a channel back to the remainder of their overarching business strategy. How will it be monetised? How do you transition people in and out, and then across your other channels seamlessly without eroding brand equity?

The dominant players will be the retailers who can recognise and embrace the importance of customer experience, design, and technology within the context of the metaverse. Ultimately, the most successful brands will always have creativity and innovation at their core. ■

Paris Young is the founder of design agency Pascal Satori.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