

retail **futures**

**how to use the report
& methodology**

how to use the report

It is important to prepare strategically for the challenges ahead. Scenarios are plausible, internally consistent, possible futures, which can be used to explore possible developments. Scenarios provide multiple perspectives on key areas of uncertainty and allow the development of robust strategies that can deal with different outcomes. They are useful tools for strengthening strategic direction and policies, encouraging long-term thinking, communicating aspirations and building dialogue and consensus.

Our scenarios have been compiled based on the opinions of more than 60 experts on how retail has developed and could develop in the future, and what the resulting sustainability challenges could be. The scenarios are not predictions, there is no best case or worst-case scenario, and there is no business-as-usual scenario. Each scenario is a different picture of what is possible in 2022 and has both positive and negative features.

Below are some suggestions for how to use the scenarios to inform and challenge your policies, strategies, ideas or projects. In most cases, these activities will work best in a workshop, where people with different perspectives can share and discuss their views, but work with a colleague, associate or even individually would also be useful.

- Use the scenarios for strategic planning. What are the risks and opportunities presented by each scenario and how can the risks be managed and the opportunities taken? What are the opportunities for you?
- How successful would your current strategy be in each scenario? Can you conduct a strengths, weaknesses, opportunities and threats (SWOT) analysis of your strategy for each scenario? How could the strategy change to make it more robust in 2022? How might you need to adapt it?
- Can you do the same with your policy, product idea or decision? Discuss what changes you would like to see in the retail sector by 2022 from a social, economic and environmental point of view. Set objectives and an action plan to achieve them, and then test the objectives and action plan against the four scenarios, perhaps using a SWOT analysis.
- Discuss what other products might be successful in each scenario. How might they be developed? Can you draw a roadmap for the product idea that works for all four scenarios?
- Use the scenarios to help answer questions such as: what key events led to the emergence of each scenario? How do the different scenarios compare on key indicators? Which scenario is favourable and why? What is missing from the scenarios? What questions are left unanswered? What might their answers be? Use the answers to these questions to test your assumptions about developments in retail and where they are going in the future.

methodology

Forum for the Future has ten years' experience in developing challenging visions of the future through consensus and dialogue. Scenario-building is a straightforward but involved process requiring extensive consultation.

Current context

Our first step was to build up a picture of the current state of the retail sector and understand the major trends and factors that could influence its development over the next 15 years. This involved a literature review and interviews with over 50 people, from within Tesco and Unilever and a variety of external stakeholders. The interviews and research yielded a list of key factors that are likely to play a role in influencing the retail sector.

Developing the scenario frameworks

The second step was to use a series of workshops to process the information gained from the interviews and desk research into a framework for the scenarios. For each workshop we invited delegates from both within the retail sector and from wider stakeholders.

Workshop 1 Outputs

- A refined list of 40 key factors affecting development in the retail sector
- A list of the 10 most critical factors rated according to uncertainty

The scenario axis

The project team clustered together several factors from the first workshop to create two representative factors that were both important and uncertain and well connected to the other critical factors.

The first factor was uncertainty over the economic situation. In the UK we have become used to a buoyant economy, this is by no means assured for the future. Although a steady rate of growth is predicted for the European economy there are a number of factors which could change this including impacts of climate change, energy security and supply, inequality and consumer confidence.

The second factor encompasses uncertainties about ideology and outlook. There are strong trends within the retail market towards taking a greater role in consumers' lives, through providing customised products, ready-meals, convenience stores or one-stop retail villages – a growing “do it for me” (DIFM) culture. At the same time there are also strong trends that suggest consumers want more power to do things for themselves: the demand for more information about products, the desire for a personal link with the products they consume, a move away from processed or convenience food and a willingness to trade with peers on the internet. This 'do It Yourself' (DIY) culture is also on the rise. The second factor represents the tension between these two trends.

These factors were then placed on an axis that represented the possible range of outcomes for these factors.



Thus in *'from me to you'* and *'i'm in your hands'* growth has been slower. Both worlds are affected by a decrease in consumer confidence and lower levels of household disposable income, whereas in *'my way'* and *'sell it to me'* growth and confidence have been more sustained.

In *'sell it to me'* and *'i'm in your hands'* there is high confidence in government and big business and a belief that centralised solutions will solve the world's challenges. However, in *'my way'* and *'from me to you'* there is a lack of trust in big organisations and more people are taking responsibility for their own lives and the challenges faced by society.

The next two workshops were used to populate the scenario frameworks and develop a more complex picture of what each world would look like.

Workshop 2 Outputs

- High impact factors played out in each scenario
- Shopping Basket and High Street for each scenario.

Workshop 3 Outputs

- Review of four scenarios
- Key indicators for each scenario
- Sustainability challenges and opportunities for each scenario
-

organisations involved

The following organisations and individuals provided input to the scenarios through the interviews and workshops:

Unilever

Simon Bailey, Supply Chain Innovation Director
Simon Boyle, Culinary Ambassador
Linda Carpenter, Customer Marketing Director
James Endean, Customer Finance Director
Geoff Fulford, National Logistics Director
Charles-Francois Gaudefroy, R&D Director Health, Beauty & Household Care
Phillippa Hemsworth, Project Leader Win With Customers
Anuj Lal, Business Unit Director (Ice Cream)
Thomas Lingard, External Affairs Manager
Dave Lewis, Chairman, Unilever UK
Ray Merridew, Channels Director
Gavin Neath, SVP Corporate Responsibility
Katie Riches, Supply Chain Strategy Manager
James Simmons, Tesco Customer Director
Tony Smith, Customer Development Director
Maxine Sutton, Category and Customer Insight Manager
Julie Watson, Customer Marketing Director

Tesco

Tim Ashdown, Operations Director
Carolyn Bradley, Commercial Director
John Browett, Operation Development Director
Barney Burgess, Business Development Director
Patrick Burrows, Category Director
Sarah Butt, Site Research Director
Diane Denham, Senior Marketing Manager, Strategic Insight
Steve Edwards, Director of Operational Standards & Support
Andrew Higginson, Finance Director
Colin Holmes, CEO UK Convenience
Mary Holt, Community Plan Programme Manager
Andrew Mann, Marketing Director, Clubcard
Laurie McIlwee, Operations Distribution Director

Stuart Moore, Director
Steve Murrells, Commercial Director
Lucy Neville-Rolfe, Executive Director, Corporate & Legal Affairs
David North, Community & Government Director
Steve Rigby, Property Director
Matthew Rhind, Regional Transport Manager
Andrew Slight, Corporate Responsibility Manager
Debra Stones, Head of Corporate Responsibility

Other Organisations Consulted during the project

ADAS	Friends of the Earth
Beyond Green	Greenpeace
British Frozen Food Federation	HP
Café direct	JLP
Citizens Advice	John Grant
Climate Change Group	MCM
Consumer Market Insight	Oakdene Hollins Ltd
Cullum and Nightingale Architects,	Pret a Manger
Cambridge University	SABMiller
Defra	Scottish and Newcastle
Demos	Sedex
DTI	Strategic Environmental Consulting
Emap	Sustainable Development
Envirowise	Commission
F&C Investments	The Social Marketing Practice
Food and Drink Federation	University of Manchester / Tyndall
Food Climate Research Network	Centre
Food Ethics Council	Wates

Developing the scenarios

The project team used the information gained from the desk research, interviews and workshops to create four full scenarios exploring possible developments in the retail of FMCG in the next fifteen years. The scenarios were then sent out to a panel of reviewers to assess for plausibility and internal consistency. The review panel included:

Sue Dibb, SDC
Leslie Forsdike, DTI
John Grant
Thomas Lingard, Unilever
Alan Knight, SDC
Peter Madden, Forum for the Future
Debra Stones, Tesco
Sally Uren, Forum for the Future

Our thanks to all who provided input into this project. Any inconsistencies or implausibilities are entirely the responsibility of Forum for the Future. The contents of this report are the sole responsibility of Forum for the Future and do not necessarily represent the views of organisations consulted.