



75.0
25.0

87
2

50.0
13.6
18.2
18.2

Less variety

The future of choice is about less variety, but not less interest, as retailers provide an increasingly edited portfolio through ever more efficient channels.

One of the most provocative initial viewpoints in the Future Agenda programme was that of the future of choice by Professor Jose Luis Nueno of IESE in Barcelona. In it he indicated that 'as China and India and other fast-developing economies become the primary global marketplaces, the needs and wishes of the 4 billion new consumers will dominate those of the 800 million old ones in the US and Europe. The days when the US set the pace in the consumer mindset are over and this is not going to change.'

In addition, he proposed that 'the realities of global trade are all too clear and we can see the end of variety. In fact we can see a changing balance between variety and cost. Consumers are making a trade-off in a smart way and cost is winning. We therefore face the challenge of how to deal with a reduction in the number of options in the categories of consumption but an expansion in the number of categories.' He also argued the case that 'fewer choices provide higher levels of satisfaction: people like to have lots of variety, but when faced with too many choices, we tend to vacillate and delay decisions. We may want thirty-one options instead of six, but we find it easier to choose one of six than one of thirty-one.'

In many subsequent workshops and discussions with food companies, retailers, media organisations and consumer product manufacturers, there was wide-

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ranging debate and reaction to this suggestion. Some recognised that it might be true in certain fields, such as the automotive and fashion industries, but would not apply in areas like food and electronics. Others felt that outside the world of digital products and services, a shift to less, not more, choice is credible. Within this context, the future role of choice editors and choice curators became a strong area of discussion, and one that points to a future of more informed but reduced choice in many fields.

Some experts argued that consumers will always want more choice: 'We see more individualisation and more personalisation taking place in many sectors and this can only lead to more variety' was a typical comment. Especially in the West, it was argued a number of times, people have got used to having ever more variety and they are going to resist having it taken away from them. Also, some highlighted that, especially in China, the desire for labels and the latest products is in many ways already stronger within certain parts of the market than in the US: 'the Shanghai shopping experience is even wider than that in LA.' In many sectors, the market will be

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driven by the consumer and increased consumption around the world will result in more products and hence more variety.

However, many others saw credibility in the argument that greater efficiency within the retail sector will inherently drive towards more effective discount stores providing lower cost products, but with less variety. This is already evident in food retailing with companies such as Aldi and Lidl, and in fashion with the likes of TK Maxx and Primark. The view that physical retailing will split between those focused on speed and those focused on cost was well supported: comments such as 'speed to market is the real challenge – it will be a key issue for many companies in the future and this will be a major battleground for capability' and 'cost is only important in low-innovation categories' highlight the crux of the issue. Fast fashion and its like across the retail sector has a clear place and will, for those able to execute it better than the rest, be a profitable route to follow. Equally, for the discount retailers with scale, and especially with the likely advent of an international 'Asian Aldi' in the next few years, the ability to give customers the basic products at low cost will be paramount. While the hangover from the downturn in the US and Europe could have an impact on this, the growth of the Asian

consumer was seen as more significant in this area: new consumers will want access to new products in the most economical manner and if that means hypermarkets with less SKUs (stock-keeping units) than in the past then so be it. The implicit impacts here are the continued importance of the choice editor and the end of the road for the middle ground. To be successful, both the fast change, high-innovation and the low-cost routes to retail require as small a selection of products as possible – but ones that people want.

As such, the role of the retail buyer as the 'choice editor' on behalf of the consumer is critical. The winners will be the ones who choose the right mix without misses. As one workshop participant put it:

“Going forward, they may want less choice but they will need to transfer their trust to the retail and product brands that best limit their choice. Consumers will want to trust more companies to make choices on their behalf and so choice editors will become more significant. Consumers will most likely trust the brands that make the more informed choice possible.”

The role of the department store and its equivalent is therefore limited. Unless they can in themselves be the destination magnets and anchor brands that malls are built around, shops that offer a wider choice but at higher prices will, it was argued, have less impact in the future physical retail world.

In the online environment, where there is no apparent restriction on variety, many see continued expansion of choice. What Amazon has done for books and Rhapsody for music is seen as the business model of the next decade for many other areas. From B2B suppliers to holidays, the pivotal

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issue will be recommendation of purchase from within a wider portfolio. As we tackle the challenge of 'a situation of over-supply where consumers are confused', the continued success of the customers-with-similar-searches-purchased type of approach is seen to be a successful recipe for the future as the successful companies curate rather than edit consumer choice.

Taking the 2020 view, there was another issue that was consistently seen as a catalyst for less variety. This is the increasingly influential sustainability agenda. At an event in the Netherlands we heard that: 'From a sustainability point of view, the less variety option must be the way to go. We can then optimise supply

chains and production for the core and make the non-core the expensive luxury that can subsidise others.' At another workshop it was stated that:

"If we want to encourage consumer choice to have a major role in changing the system, towards for example more sustainable living, then we need to both change the system and encourage the individual to make wiser decisions. The system needs to be changed by moving the boundary conditions to allow better, more informed, better incentivised individual decisions that enable the right thing. We need to start on small things while sharing more knowledge about the big things and their interdependencies."

Many agree that the combination of increasingly competitive business models, more efficient channels and a push on waste reduction, especially in the food industry, will drive the vast majority of us to a future of less variety. However, this does not mean less interest. Designing the next big thing for the next decade will be tougher than ever.



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