

Retail Therapy:

Retail Wrap-Up - 2024 Reflections

2024

Transcript of Retail Therapy Episode 15

Nicola	Hello and welcome to our Retail Therapy podcast. I'm Nicola Conway and I'm a Senior Associate in Bird & Bird's R&C team.
Deeba	And I'm Deeba Moqani, I'm a Solicitor Apprentice also at Bird & Bird. In today's episode: We're going to reflect on the predictions we made for the industry in January 2024, and see which trends came true and what took an unexpected turn! Essentially, it's the 2024 yearly wrap up!
Nicola	Love it! I'm so excited for this one.
Deeba	So, at the start of 2024, you recorded an episode that set out our forward-looking trend projections for the retail industry. What I want to do is run <i>back</i> through those and see where we have landed and what the key takeaways are. So overall, how did you feel this year went? I feel as though it has flown by!
Nicola	Hm...it has been a busy year! I think a lot of what we expected to happen, has happened. But some haven't – or maybe – haven't yet.
Deeba	Well I want to go out of order a bit in terms of the original trend predictions because one that I'm really curious to have an update on first is the "Tenacious tech" prediction – where you predicted that the use of AI and AR will escalate in retail. Is it fair to say that this prediction was accurate?
Nicola	Yes, this is an easy one – more retailers than ever are using AI and in episode [10] of the podcast we spoke with Shariqa Mestroni in our Sydney office who recently presented on a conference in Australia on how Generative AI is used in the retail sector and all of the opportunities and challenges that come along with that. But we also got into talking about all of the cool ways that brands are experimenting with it. Some are using it to improve their internal efficiencies, whereas others are using it to improve their customer experience or engagement. But it does feel as though everyone is watching the AI space at the moment.

Deeba	I definitely agree. Would you say are some of the use cases for AI in retail that stuck in your mind after that conversation?
Nicola	There are honestly just so many. Some companies are using AI to write their copy and product descriptions or to create content like imagery and ads. Others are using it to actually improve supply chain and logistics efficiencies. One that I really love thinking about is how some fashion brands are using AI to compile mood boards or design mock ups to inspire their designers. And I think the reason I love that use case in particular is that I think a lot of the time when we talk about implementing AI, people presume that the AI will replace the human input. But actually in many cases, AI isn't replacing humans its actually just being used to provide inspiration to make the human output better.
Deeba	And let's not forget there are chatbots everywhere now!
Nicola	Yep, another good use case – and they can be quite a good cost cutting initiative if they are actually good enough to reduce the need for human input.
Deeba	Staying on the theme of tech trends – let's move onto another prediction. You predicted that regulators might start clamping down on certain tele-dermatology services that offer the prescription of medicines or the provision of healthcare or dermatological services where the service provider might not have the required regulatory/ professional approvals. Have regulators started cracking down on these types of platforms, and if so, how has it impacted the industry?
Nicola	Well medical regulation is not my specialty however we saw the UK's medical regulator MHRA in April 2024 published a policy paper called 'Impact of AI on the regulation of medical products'. And I'll have to heavily summarise, but the paper basically acknowledges the significant risks to public safety associated with the online sale of medical products especially where some online pharmacies are unregulated. Some are even selling fraudulent or fake products which is even scarier to think about. I should say - the paper is related to all medicines rather than dermatological ones alone – but it does talk about some items like the online sale of hair loss medication and, and both of these products fall under the scope of dermatology. So yeah, the paper confirms that this phenomenon is definitely on their radar. And it actually talks about how they're monitoring lots of these sites and actually disrupted over 12,000 websites illegally selling medical products. They're also developing a 'medicine website checking tool' through which consumers can report websites they believe to be selling medicines illegally. So I think to be honest the prediction is still sort of in progress but there's definitely increasing scrutiny from the regulator.
Deeba	Wow, that might be a bit of a “watch this space” item.
Nicola	Yeah, I think that's right, but we know the net is tightening.
Deeba	Not ideal to be under the regulator's eye! And if anyone wants to hear more about product regulation more generally you can listen into podcast episode 7 with Pieter Erasmus who is a Senior Associate in our London office specialising in this area. Staying on the idea of regulatory scrutiny, that takes us into another prediction. You predicted that the UK regulators like the Competition and Markets Authority (or the CMA) and the Advertising Standards Authority (known as the

	ASA) might crack down on greenwashing, trust washing, and unsubstantiated environmental claims. I think we already all know that this one has come true!
Nicola	Yeah absolutely, there has been tons of investigations and enforcement actions this year.
Deeba	It's been quite a dramatic year in that area hasn't it, both in the UK and elsewhere.
Nicola	<p>Yes, it truly has, and what's been interesting is the investigations of these have been quite varied. So we've seen some in fashion, we've seen others in homewares. So its not only one section of retail that's under scrutiny and I think that's quite important to keep in mind that everybody needs to tighten up and looking forward, but I also don't think investigations of these types will slow down in the next year either. Its really strange fir us lawyers to watch because I think most people in most businesses do now know</p> <p>what a green claim is and when it veers into greenwashing. So they know really how to avoid greenwashing and trust washing, but there are sadly still quite a lot of companies doing it. But as we discussed in episode 5 with Dr Constantin Eikel, the law is only strengthening in the UK and EU so looking forward I think we should see better compliance in the short term.</p>
Deeba	Ok - Pivoting here because the next trend which I know was also covered on the podcast episode 4 with Megan Harrison was titled mummy motivation and that basically predicted that brands would start offering more product swaps with less actives in them especially for consumers concerned about the safety of ingredients. What have you seen in that area?
Nicola	Hm now this is a tricky one and I think the honest answer is I don't really know where this one is headed. At the beginning of the year, we were hearing all about skin-plication meaning this trend towards simplifying your skincare routine. Whether that be by removing some of the steps to make it shorter and faster, or removing some of the more active ingredients and harsher products. And I did think that might continue for some time but to be honest, at least in the second half of this year, I think I've seen more actives than ever. The retinol hype continues and maybe that's because we're moving into colder months at least in the UK so people aren't having as much sun exposure and so are changing up their routines again. It's obviously really subjective though. Deeba, you're quite into your skincare aren't you, what do you think on this one?
Deeba	I definitely agree with you. I think it depends on the trends. So for example, toners have made a massive comeback this year, whereas when you talked about the simplification of skin care routines, it was – Cleanser, moisturiser and SPF but now, a lot of people have introduced toners back into their routines because milk toners have become this massive thing that people are interested in. I also think it depends on your geographical location as well interestingly. I think the effects of TikTok, and social media is that you have this kind of globalisation, you can see what other people are doing around the world and it's a lot more fluid in that sense, but I definitely agree, I think it has ups and downs and it does flip flop a little bit.
Nicola	You're right. I've seen so many sorts of skin milks, skin essences, skin mists all coming back around again. You've summed it up perfectly these things always flip flop to some extent.
Deeba	That's a good segue because another thing that has flip flopped is the sentiment on whether brands will or won't start reopening lots of physical

	<p>stores again. Obviously during covid we did see a lot closing down. But you predicted that despite the high cost of retail spaces and the rise of online shopping, beauty stores in particular would have kind of a revival this year. Has this storefront success played out as expected?</p>
Nicola	<p>For beauty stores - I think on balance, yes. Sephora is a huge success story that comes to mind – they’ve only really just entered the UK, and they must have opened 5 stores? Maybe 6 stores already? The Boots Beauty offering is also growing fast. I think it’s really promising after a period of so many brick and mortar closures.</p>
Deeba	<p>Yeah, I definitely agree with you and Boots I think have stepped it up since Sephora has come into the UK. They’ve done massive remodels in all of their stores and I think its this healthy competition with physical stores as well which can be great for the retail space. And some of the smaller brands who maybe haven’t taken or won’t take the leap into opening a standalone mono-brand store have been finding creative ways to balance their physical and online presence for example by doing pop-up shops, or concessions in department stores, and collaborations with hotels. I feel like this year there have been so many pop-up stores for new product launches. Brands like L’oreal Paris and Simple who don’t have their own stores and reside in department stores or drug stores have had independent pop-up shops this year which has allowed them to have their own moment to shine – away from the competition. By giving freebies and creating cool pop-up spaces in central London encourages consumers to engage with that brand face to face rather than just online I feel. It’s cool to see brands being thoughtful and creative with how they engage their consumers in person.</p> <p>I guess sticking to those lines of skin care and products, it was predicted that Ectoin would be the breakout ingredient of 2024 for skincare, expected to gain popularity for its hydration and antioxidant properties. What do you think, has this come to fruition?</p>
Nicola	<p>Hmm yes and no. Ectoin is definitely out and about so it is being formulated with, but it certainly hasn’t created the buzz that I personally thought it would. So I was at the Beauty Trends conference this year and was chatting with lots of formulators and manufacturers and I asked them about this, and a few did say that big things are being formulated with Ectoin but they’re not launched yet so perhaps we just made this prediction a bit too early, perhaps it will be bigger in 2025. Or maybe it just won’t pick up the hype that we thought it would.</p>
Deeba	<p>That makes sense! I don’t think Ectoin has taken the beauty market by storm yet. I haven’t really heard it being the hero ingredient in anything yet.</p>
Nicola	<p>Yeh agreed, but you know it is in a few really popular products so:</p> <ul style="list-style-type: none"> - Dr Dennis Gross has a Derm-infusions Fill and Repair Serum that has Ectoin in as well as peptides and hyaluronic acid - Dr jart has an Ectoin-infused cream; - Susanne Kaufman has an Ectoin mask; - 111 skin has a bio cellulose sheet mask with it in - Kate Somerville has an SPF product with Ectoin in

	funny enough it's not only in skincare it's also in haircare for example Aveda has a scalp serum with Ectoin in
Deeba	Wow I didn't know it was in all of those
Nicola	Yeah, I mean I could go on but suffice to say it has entered the market it's just been bit quiet about it
Deeba	<p>Yeah, I agree because I haven't heard about it, but I think like you said it could potentially be that new product that people learn more about and then get their hands on and get that buzz over.</p> <p>Well on the other end of the spectrum let's talk about wellness because that that is being talked about to no end! – another prediction you made was that the wellness trend would continue to grow, with beauty and fragrance brands focusing more on products like supplements, nootropics, adaptogens, and holistic self-care rituals. You also mentioned the legal risks of making claims about these products' effects on physical, emotional, or mental health. Has this inside-outside beauty trend evolved as you expected?</p>
Nicola	<p>That's an easy yes. The wellness trend lives on, and I think people care more than ever about addressing both inside and outside health concerns in tandem. For example, I think people are really interested in knowing how addressing things like stress and anxiety can also improve things like weight maintenance or hair or overall beauty. Consumers are reportedly also spending more on things like aromatherapy, meditation, reiki, energy healing,</p> <p>And other well-being practices like that. Even spa days seem to be gaining popularity again.</p>
Deeba	Agreed – I suspect we could make the same prediction in terms of the wellness industry continuing to grow into 2025 as well.
Nicola	Yeah, I reckon so.
Deeba	Kind of related to wellness I suppose, I'm really interested to hear more about the prediction you made in relation to 'EQ services,' can you tell us more about that?
Nicola	<p>Yes. So many women's 'spaces' like hair salons or nail bars already use "safe word" systems, meaning, you can let the staff know in those places that you need help, and I don't mean help with your hair or nails. For example, if you order an "angel cut" or "special layers" in some hair salon the staff will know that you need the assistance of either a law enforcement officer or of a medical nature. There are many stories in the news and on social media that show how salons are can be used in this way to help women out of human trafficking and domestic abuse situations.</p> <p>We predicted at the top of this year that this trend would grow more into barbershops and other male-centric grooming locations. This one is quite hard to track but at least in London we have been hearing more about this. So I think – I hope – that this is promising. I read at the beginning of this year that the UK's Office of National Statistics reported that in 2021 around three-quarters of suicides were males. So I just really hope that the barbershop initiative could go even just some way in changing that.</p>
Deeba	Absolutely. You did also mention in the report though that whilst this kind of initiative is brilliant, businesses just need to be cautious of any potential legal

	and employment challenges that come with offering these supportive services – what’s the key takeaway on that?
Nicola	Yeah, I mean, I feel strongly that no business should be deterred from offering a service like this if you want to, it’s amazing if you’re able to help people in this way, the only thing I would say is that you just need to properly train and support your staff to deliver these services effectively and safely. Because obviously your staff might find some things quite distressing to hear and process as well. You don’t want to, by trying to do a good thing, open yourself up to any sorts of legal risk. But – again – I just want to stress my view here is that no one should be deterred from getting involved in these amazing initiatives, just have a brief conversation with your lawyer and make sure you’re approaching it the right way.
Deeba	Ok great takeaway – sticking with speaking to lawyers! I’m curious to hear about how businesses in the UK have responded to the new Digital Markets, Competition and Consumers Act 2024 coming into effect this year because another of your predictions was that Consumer Protection Legislation would get stricter and that the CMA would ramp up its consumer protection crackdown.
Nicola	Yeah, it’s definitely happening, everyone in the consumer facing industries should be sitting up a little bit straighter at the moment. We’ve seen the CMA actively investigating a number of companies this year where it has reasons to suspect or believe that there are breaches of consumer protection legislation and guidance. We know there are more investigations coming in 2025. And we know that when the CMA starts using its new right to impose fines for non-compliant traders this will only become more front-and-centre for businesses to focus on.
Deeba	In Bird & Bird’s Retail and Consumer team you work on both business-to-business, but also business-to-consumer matters don’t you, so I bet you’ve been quite busy on the consumer side this year.
Nicola	Yes very, we’ve done a lot of advice on what the changes brought about by the DMCCA will mean for our consumer-facing clients. And especially those that run subscription services for consumers because the law there is changing quite a bit. But it’s all super interesting there’s just a bit to get your head around to make sure you can stay compliant and basically stay out of the radar of the regulator.
Deeba	That does make a lot of sense! Ok well that brings us to the very last prediction, last but not least, it was predicted that the beauty and sports worlds would further converge in 2024, with brands working more with athletes as ambassadors and developing sport-focused product lines. Has this trend of 'sporty synergies' evolved as you expected?
Nicola	Yes, and especially in women’s sports. Retail overlaps and sponsorship opportunities in the world of women’s sport have soared. We’ve seen collaborations such as Glossier partnering up with the WNBA and Emma Raducanu securing luxury brand deals with the likes of Dior and Tiffany’s. and of course with the Paris Olympics 2024 we saw female athletes featured more than ever, and loads of beauty brands competing for attention with sponsorships and collaborations throughout the Games.

Deeba	Why do you think brands are seeing sportspeople as increasingly attractive brand ambassadors or spokespeople for their brands?
Nicola	Honestly, I just think, in recent years a lot of brands have been burned by working with celebrities or influencers that have not reflected their brand in the way that they would have liked them to. And being associated with someone who then does something problematic can cause reputational damage for a brand that's legitimately quite hard to shake off. So I just think there's this sentiment that athletes (and female athletes in particular) are kind of a safer bet due to more of a perceived authenticity and trustworthiness.
Deeba	Yeah, I agree, and I think consumers put pressure on those brands to drop the ties that they have with an influencer if they've been cancelled or if they've done something.
Nicola	Gosh, you're so right, like this cancel culture in the last year has been rampant
Deeba	Yeah, and it might be a similar answer but – why do you think brands are doing more sponsorship deals with athletes?
Nicola	Well I would say, I think it's because the audience of a sports personality is a different audience to, let's say, a fashion or a makeup influencer. and possibly I'm unfairly oversimplifying it a bit, but it's all about reaching new people and new customers. And so brands are enjoying sponsoring and collaborating with athletes because it basically exposes their brand to new audiences.
Deeba	Yes, I see what you mean. As we're getting towards the end of the episode, I want to put you on the spot a little bit – was there anything unexpected this year in the universe of retail?
Nicola	Oh my gosh, so much! Where can I begin?!
Deeba	Maybe just give me the first thing that comes into your mind.
Nicola	Ok well the first thing that pops into my mind is dog perfume. I know it sounds mad. But basically Dolce & Gabbana made a perfume for dogs and I when I heard about this went down a wormhole of research. And I have been absolutely amazed by this. Now I don't have a dog, so this might be obvious to people who do, but the first thing I found was that there were already quite a lot of Petcare products that have an added fragrance, like you can buy dog shampoo that serves the purpose of cleaning the dog but also smells nice. But when we come to the Dolce and Gabbana perfume, this is a whole new category of perfume for the sake of perfume, for dogs. And it turns out that there are more as well. Dedcool has one. There's a brand called Harry Harlow, and another called Wild for Dogs, they have loads of different fragrances.
Deeba	I did hear about that Dolce & Gabbana one – I was quite surprised as well. what do you think it signals in terms of future Petcare trends?
Nicola	Obviously, I know that people spend a lot on their pets and no shade, I would probably do the same. But I do just think the breadth of things that you can now buy for your animals is so far beyond focusing on only the things that the pets need to be happy and healthy. I think things like pet perfume are more for the owners than the pets. And as long as that trend continues there's no limit really in what might be invented next.
Deeba	Absolutely I mean have you heard of paw-secco? It's like Prosecco but for dogs, I think it's all just a bit of fun and games for the owners. I don't know if

	<p>you have seen on TikTok, there's that trend of like lying your cat or dog down on your bed and giving it a little spa like treatment session, like doing their nails, they've got skin care I think that's specifically for animals and its juts like it's so cute honestly.</p>
Nicola	<p>That's hilarious! I think we have to include that in the 2025 Trend Predictions Report!</p>
Deeba	<p>Yes. On that note - we will be back in 2025 with new trend predictions for the new year so stay tuned!</p> <p>Let's close the episode with a fun, light little question – Nicola, what's something that you purchased or were gifted recently?</p>
Nicola	<p>I have purchased The Daily Planner which is part of The Productivity Method created by Grace Beverley. And basically, it's a beautiful linen bound journal that lets you do yearly, monthly and weekly planning. And each section is very well organised so for example on the daily planning pages it has different types of to-do lists like things you really urgently need to do that day versus things that you need to think about but not necessarily complete that day. And it also has little bits to record how much water you drank or if you managed to get a workout in. So I know that journalling and planning to this level is not for everyone but if you are a really organised person or a planner, this is a good one.</p> <p>And what about you Deeba, are you still sticking to your no-buy 2024 rules?</p>
Deeba	<p>Absolutely, So, I've only been buying products that I've ran out of, or I need to replace, I have not been purchasing anything that I don't need. I can't say the same for clothes and accessories but hopefully in 2025 I'll introduce a np buy rule for that as well, but we'll address that later on. I did actually end up buying a Diesel bag and a Diesel belt. I know in the last episode that I did with you Nicola; I did mention that I went into the Diesel store, but I didn't buy anything. I couldn't stop thinking about it since then and I did cave, and I did get the matching belt and bag. I haven't worn in yet, but I am really excited to wear it, and I absolutely love it.</p>
Nicola	<p>Deeba, you've influenced yourself to buy it!</p>
Deeba	<p>I do this every time, as soon as I think of something I can't get it out of my mind and then I'm like eventually I'm just going to give in, I can't delay the inevitable.</p>
Nicola	<p>I actually do a similar thing myself with clothing or bigger purchases where I say to myself, I'm not going to buy it the first time I see it but if I'm still thinking about it in say a week or two weeks or a month then maybe I can have it. I think it's quite a good thing.</p>
Deeba	<p>I also think – am I going to like this product in a years' time? And if the answer is yes then I can justify it to myself and I'm like yeah you can have it.</p>
Nicola	<p>That's a great rule, I love it! Alright that's the end of our last 2024 episode – thanks for joining us this year! We'll be back with more episodes in the new year but in the meantime please do keep sending your fabulous questions and feedback through to our email address which is retailtherapy@twobirds.com – we love hearing from you. Ok, catch you in the new year, bye for now!</p>

Thank you

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