Gartner Research

Model New Retail Scenarios to Stress-Test Existing Strategies

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Initiatives: Retail Digital Transformation and Innovation

Retailers face unprecedented challenges, making scenario planning more urgent than ever. Retail CIOs can use this Toolkit to explore new business scenarios. These should also be used to stress-test the suitability of their current business and technology strategies.

Table 1: Tools in the Toolkit

(Enlarged table in Appendix)

Tool	Tool Description
The New Retail Scenarios: Digital Acceleration and Consumer Behavior Change the Mission	Use this downloadable PowerPoint to learn how to use Gartner's four global retail scenarios to do the following for your enterprise: - How societal changes impact consumerism and consumer behavior. - How these aspects of consumerism align with retail digital/physical execution for unified retail commerce. - Compare current digital strategy with probable scenarios to better align outcomes. - Create a roadmap to take better control of the future. - Overcome stall points.
Retail Scenarios Stress Test	Use this downloadable Excel spreadsheet to objectively evaluate the most important business and technology initiatives through the lens of four future scenarios, using data from your own enterprise. The result will be a: - "Robustness Analysis" — How well a given initiative will fare across all four scenarios. - "Preparedness Analysis" — How well your initiatives, taken together, will fare in each scenario. The tool can also be used to facilitate a structured, productive conversation among business and technology leaders as they reset their strategy.

Source: Gartner (August 2022)

When to Use

Introduction

The convergence of changing consumer behavior and turbulent market forces has disrupted the retail industry around the globe. Moreover, advancing digital capabilities, governmental intervention, social and political unrest, environmental concerns and lingering impacts of the pandemic have all derailed the value models of many traditional retailers. Most markets are also experiencing historic levels of inflation, continued supply chain disruption and a threat of recession that will alter consumer behavior. Changes in consumer behavior, more than any other trend, will have the greatest impact on value in retail. This scenario looks at the intersection of consumer buying behavior trends with the methods of shopping offered by retailers.

Two Critical Uncertainties and Four Global Scenarios

Detailed analysis of the market forces, client interactions and behavioral changes in society at large has caused us to propose two critical factors that will drive the future of retail:

1. Consumer behavior along a consumerism/anti-consumerism continuum. For this research, these are defined as:

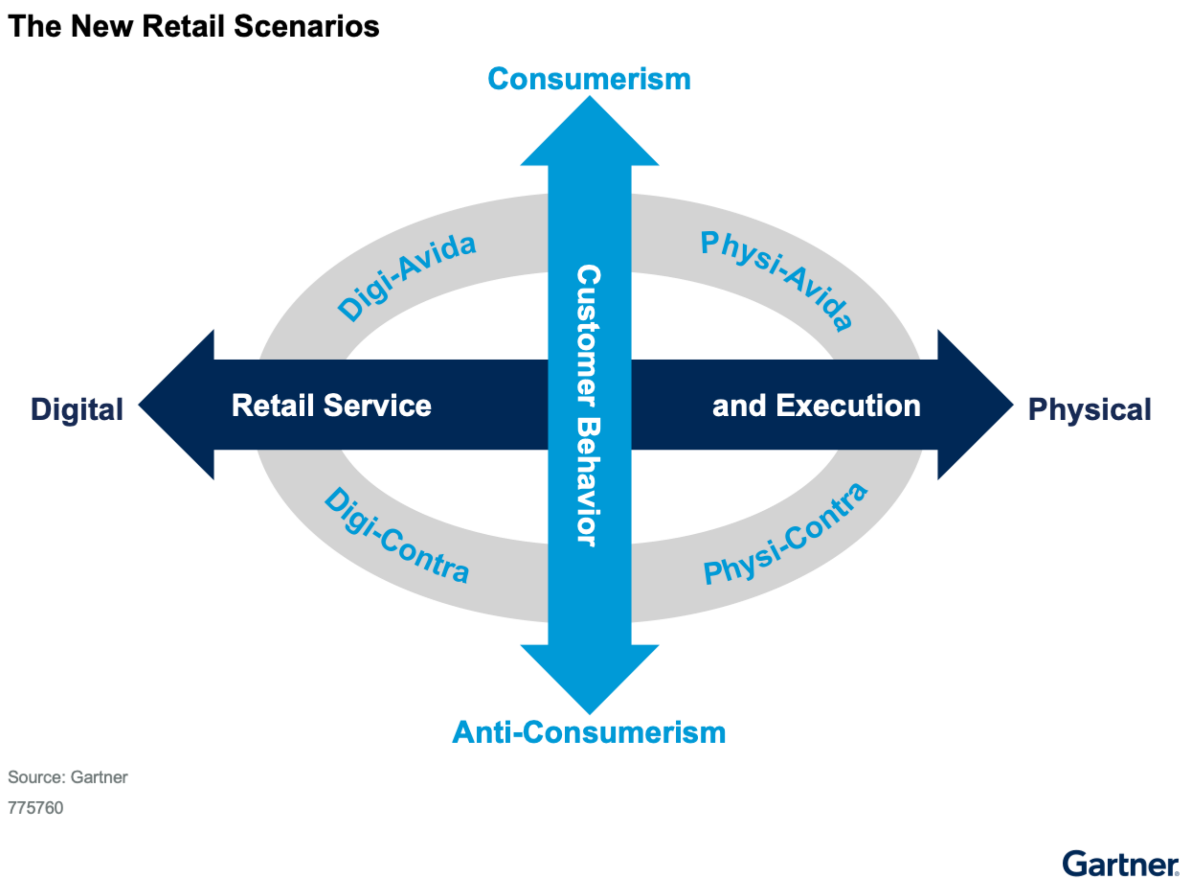
    - Consumerism is a social and economic order that encourages an acquisition of goods and services in ever-increasing amounts.
    - Anti-consumerism is a sociopolitical ideology that is opposed to consumerism, the continual buying and consuming of material possessions.

2. A wide spectrum of retailer-provided service and execution options for the consumer to choose from, entailing “digital only” at one end and “physical only” at the other, and everything in between.

The interplay between these factors creates scenarios that represent various ways in which the future of unified retail commerce may unfold to strongly influence executive decision making.

Our four global retail scenarios are driven by the point of impact of the two factors, as depicted in Figure 1.

Figure 1: The New Retail Scenarios



Above the horizontal Retail Service and Execution axis at the center, consumers pursue consumerism, choosing to shop predominantly either in the digital realm or in a physical location We call these consumers “Avida,” a Latin word meaning ardent, desirous of and passionate.

Below the center, consumers rebel against consumerism, opting for either mainly digital or mainly physical shopping experiences that are grounded in social responsibility, necessity and practicality. We call these anti-consumerists “Contra,” as they are much less inclined to participate in consumerism.

When and Why You Should Use This Toolkit

Retail CIOs should use these scenarios, as well as the other Gartner tools and referenced research, to address the immediate imperative of managing continued market volatility (such as bankruptcies, government policies, inflation, social influence, continued fluidity of human behaviors, uncertainty of epidemiology, environmental concerns, economics or other major disruptive forces). This research not only gives executives valuable foresight into plausible futures, but also prepopulates the work that executives may otherwise have to do, saving them time and giving unbiased insight into decision making.

A diagnostic tool, provided as part of this research, can be used independently (self-directed) or with Gartner support to enable executive leaders to “stress test” their business and technology initiatives. The Toolkit also highlights composability as a business approach to architect for resilience, exploit disruption through modularity, have autonomous business units to creatively respond, and mix and match business functions to orchestrate advantageous outcomes.

It illustrates aspects of composability by assessing preparedness, as well as capabilities for creating value in a variety of scenarios. As a result, leaders can orchestrate overall decision-making effectiveness.

CIOs should use the research, tools and resources included in this Toolkit to:

- Create a plan to maintain and improve business performance by dealing with changes in mission-critical priorities, strategies and operations as warranted in persistently volatile markets.
- Encourage, facilitate and participate in conversations with the board and executive team about the future and its impacts on business operations and market behaviors.
- Clarify assumptions about possible futures, and identify signposts/measures to monitor outcomes and indicate the validity of assumptions over time.
- Leverage the future scenarios and Toolkit to evaluate current and proposed business and technology initiatives and guide investment priorities.

How to Use This Toolkit

- Download and use the PowerPoint to:
    - More effectively understand four plausible future global retail scenarios.
    - Examine how each scenario affects business and operating models.
    - Assess opportunities and risks in each scenario.
    - Understand the impacts of changing consumer behaviors while resetting near- and long-term strategy.
    - Review enterprise capabilities for alignment with each scenario.
    - Take better control over your direction in the future to overcome performance stall points and to succeed.
- Download and use the diagnostic tool (Excel spreadsheet) to:
    - Assess your organization's top five business and technology initiatives through the lens of the four global retail scenarios.
    - Understand the robustness of each initiative across the scenarios.
    - Understand the preparedness of your organization for each of the scenarios.
    - Interpret the results and potential strategic actions to take.
    - Create visualizations and scores to communicate assessment findings to stakeholders.
- Use the other tools and research in this Toolkit, as appropriate.

About Scenario Planning

At Gartner, we believe that scenario planning can be an incredibly useful tool for navigating through uncertain times. We have done this work for most of the industries that we cover. It has proven over time to be a great way for C-level teams to structure their thinking and inform their planning. While market forecasts may be accurate in the near term or very near term, scenarios consider the unknowns — what cannot be predicted, but can only be imagined. They enable management to move away from one-size-fits-all thinking to consider several realistic futures and their impact, whether no changes are made or a transformation is undertaken. Scenarios provide context for the present and insights about the future, helping executives understand what their enterprise must do to succeed, should one of those futures — or a variation — come to pass.

The New Retail Scenarios Toolkit

Retail Scenarios Stress Test

Table 1 lists and describes the scenario planning resources provided in this Toolkit.

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Recommended by the Authors

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Document Revision History

The New Retail Scenarios: Digital Acceleration and Consumer Behavior Change the Mission - 14 October 2020

Retail Scenarios for 2025 and Beyond: The Future Is Yet in Your Power - 29 March 2019

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Source: Gartner (August 2022)

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