



Modern retail – Challenges and Perspectives in the near future

In an environment of economic uncertainty, global disruptions, climate crisis, and digital innovation

The retail sector is going through a period of intense transformation and turbulence, which are further intensified by geopolitical and macroeconomic pressures, changes in consumer behavior, and technological developments.

ADUS Founder/Entrepreneur, Mr. George Karlaftis outlines cohesively the path of retail, its prospects and challenges through the interconnected impact of economic uncertainty, global disruptions, the climate crisis, and digital innovation.

What is the current landscape of retail?

The landscape of modern retail consists of a combination of traditional practices and modern innovations. Experts characterize retail as highly competitive, with businesses strategically trying to balance growth models by focusing on operational efficiency and customer-centric strategies. While e-commerce tends to evolve as a strong, if not dominant, force, physical stores are being redefined as experiential and community-focused spaces.

Retail today is a microcosm of broader social dynamics. Resilience and adaptability are key dynamic characteristics for the industry's prosperity.

Macroeconomic uncertainties, such as rising inflation, energy price fluctuations, and geopolitical tensions, have complicated its overall functioning. Retailers face the triple challenge of maintaining (a) quality, (b) profitability, while simultaneously addressing (c) consumers' limited purchasing power.

What has changed since the pandemic? What are the challenges faced by the involved businesses?

The pandemic wasn't a simple disruption. It redefined the fundamental elements of retail, catalytically affecting the structural changes in the sector, whose echoes are still present today. Experts have recorded and identified significant disruptions in supply chains, labor shortages, adoption of hybrid work, as well as global crises due to the pandemic, food shortages, crop failures, climate crisis, while increasing inequalities were observed on a global scale. The above challenges are exacerbated by the ongoing household income crisis, where many consumers prioritize basic goods over higher-value expenditures. Consequently, the need for redesign at all levels is imperative.

How much have consumer needs and purchasing behavior changed?

Consumer behavior has undergone remarkable evolution and decisive changes, influenced by economic constraints, increasing awareness, changing customer priorities, and sustainability imperatives (ESG). Experts point out the growing gap between needs and consumer desires, while essential goods, such as food and healthcare, dominate spending. Aspirations for luxury or non-essential goods are being postponed. Today's buyers are value-based, but they also note and check whether brands align with authenticity, ethical and environmental values, without ignoring factors of physical or digital accessibility.



To what extent has digital transformation affected how businesses in the industry operate? What future growth opportunities are emerging?

Digital transformation has fundamentally redefined retail activities, making them more flexible and customer-centric. Experts point to future high-tech interventions that address current challenges:

- **Artificial Intelligence and Machine Learning:** Analytics help retailers predict demand, manage inventory, and personalize marketing campaigns.
- **Internet-of-Things and "smart shelves":** They aim to streamline inventory management and improve supply chain transparency.
- **Virtual and Augmented Reality:** Virtual showrooms and immersive shopping experiences constitute a highly attractive medium for customer engagement, acting as a bridge between physical and digital retail.
- **Blockchain:** Although not yet widely applicable, it promises to ensure traceability at every step, enhancing trust across consumer transactions end-to-end.

In the coming years, the retail sector is expected to experience fundamental and significant changes, such as new technologies, says Mr. Karlaftis.

How do you see retail in the coming years?

In the coming years, the retail sector is expected to experience fundamental and significant changes. The main trends shaping the future of retail include:

Private Label Product Enhancement: Investments in private label products will be further strengthened, offering quality and economical choices to consumers, aiming at differentiation and increasing customer loyalty.

Sustainability and Environmental Sensitivity: Growing consumer awareness about the environment will lead retail to adopt sustainability practices, such as reducing plastic use, promoting organic products, and supporting local producers.

Artificial Intelligence (AI) and New Technologies: As mentioned before, the integration of artificial intelligence and other advanced technologies will improve the supply chain and personalized recommendations, e.g., the use of chatbots and information from thorough data analysis and understanding of consumer preferences, combined with virtual and augmented reality application capabilities for better customer experience.

Integration of Physical and Digital Channels (Omnichannel): The combined use of physical stores and digital platforms will allow consumers to choose the shopping method that serves them best, offering a consistent and seamless experience.

What are ADUS's next plans?

ADUS, completing 15 years of successful and strong developmental progress, monitors developments and the response of our customers - who honor us with their long-standing trust - and pioneers by adopting new strategies through digital transformation, cutting-edge technologies, and in-depth knowledge of challenges, implementing realistic and penetrating interventions to upgrade our company's business model, aiming at our expansion in providing higher quality extended services. Therefore, we are developing further improvements to the "Outsourcing Business Model" on our innovative FMCG services by promoting new proposals to the market in the pillars where we operate: Sales Services, Merchandising and Order Taking, Sales Promotion Services, Product Display & Placement Services, Below-the-Line Services, and Business Extroversion Services.