The Future of Retail Development in Asia: A Scenarios Research Approach

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Scenario planning is a methodology that uses the inherent capacity for imagining futures to better understand the present situation and to identify possibilities for new strategy (Ramirez and Wilkinson, 2016). Scenarios come in sets of two or four and are typically depicted as stories of the future. There is a growing appreciation that major global disruptions ranging from global migration crisis, food-water-energy resource shortage, climate change and even asymmetric impacts of new technology (Ramirez and Wilkinson, 2016) will lead to environmental turbulence and uncertainty for businesses. Under these circumstances traditional quantitative or qualitative research, or ‘forecasting methods’ relying on the extrapolation of historic data without considering the effects of unprecedented future events are no longer adequate to study the future of businesses. We propose here that, scenario planning which studies how the uncertain driving forces in the external business environment might change the transactional environment of companies in the future, is an appropriate methodology to research such situations of turbulence (Emery and Trist, 1965; van der Heijden, 1996; Ramirez et al, 2008). The reasons for its appropriateness are threefold.

Firstly, the objective of scenarios research is to challenge the managers' 'mental model of the future,' sometimes called the "business as usual" future. The process draws on a group's intuition to identify the main factors driving the system, in particular those that are significantly uncertain. By stretching these variables to their limits of credibility, the group tries to create a number of possible futures which, while plausible, are significantly different from ‘business as usual’ (van der Heijden, 2000). Over the years, scenario planning has been applied in institutional planning contexts such as businesses, government agencies and intergovernmental bodies as well as not-for-profit contexts.

In a recent study of the future of departmental stores and malls in Asia, applying scenarios research enabled organizations in the real estate sector to be cognizant of a future where the proliferation of technology and the resultant digitization of consumers would alter the relevance of stores. In these future scenarios, stores could become locations to pick up products ordered using mobile technology or they could be solely showrooms for consumers to come in check the product quality, size etc. before ordering them online and having them delivered to their homes. In another scenario there would be ambiguity between indoor and outdoor spaces in shopping areas making them venues for entertainment and shopping. Envisioning these scenarios enabled the real estate company to re-perceive its role as commercial developer of property to a provider of service to shoppers. This re-perception also had implications for its relationships with tenants (the retailers).
to whom they rented out space.

Secondly, the involvement of stakeholders who are external to the organizations undertaking scenarios research is integral to scenario planning. Rather than viewing strategy as a unified body of knowledge, scenario research activities, from the inception of the research project, the workshop and the feedback of findings to the management of companies involved, entails a process of social construction involving external actors. Including external stakeholders in the strategy process broadens the scope of thinking beyond the realm of the organization and helps companies overcome organizational level myopia. Three case studies (among which one was on retail development in India), conducted by Oxford University researchers, demonstrated that scenarios can involve a process of inquiry that can guide the research of complex issues involving long range dynamic processes by accommodating and comparing different perspectives. By doing so, the researchers in all three projects enabled the organizations to revisit and revise fundamental business decisions and assumptions which would not have been possible in an in-house organizational strategy workshop.

Thirdly, the scenario method with its inbuilt mechanism of relating seemingly unrelated variables enables researchers to conceptualize the future of any business or sector in an innovative way. Studies of retail development in emerging markets in Asia carried out by Oxford University researchers have suggested that (contrary to popular belief which predicted the demise of traditional retailing as a result of competition from modern retailers), retail formats coexist alongside one another in these markets. Using scenario planning enabled the researchers to identify the combined role of regulatory intervention and consumer behavior in retail development in Asia. The findings suggested that in emerging Asian markets, the politics of retail development can result in multiple retail scenarios with the onus of determining the preferred trajectory of retail growth in those countries remaining with the regulatory bodies. Scenario planning also highlighted that the pull of tradition and modernity would ensure that both retail formats would remain relevant to Asian consumers in the future.

Recognising the significant contribution scenarios research can make to the business community, the Institute on Asian Consumer Insight (ACI), at the Nanyang technological University in Singapore is in the process of developing the in-house capability to conduct scenarios research. This capability will equip ACI to undertake projects for companies seeking to ascertain their future relevance and competitive advantage in the context of disruptive macro environmental challenges. Scenario research has the power to open up new perspectives for leaders and is an appropriate tool for companies to consider in their continued assessment of organizational capabilities in the context of macro level economic, social, technological, environmental and political changes.
References


About the Author

Dr Malobi Mukherjee is a Research Fellow at ACI. Her chief research interest is in international retailing, particularly the development of scenarios for retail development in India. Malobi’s research into Indian retail scenarios has been the subject of several public policy forums and has been covered by leading national newspapers in India (the Times of India and Indian Express) as well as in the Retail Images Report 2013 for Indian retail practitioners.