



CIONET OPINIONS

The new retail is here: will it be a doom or a boon?



By Jens-Peter Labus

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Our world is changing faster than ever before and the rate of change keeps accelerating. What yesterday was science fiction and might have been featured in one of 'The Jetsons' cartoon episodes is quickly becoming reality. Remember Rosie, the family's robot maid? What about those special flying personal pods that delivered the kids to school? And what about all the voice enabled devices? That distant future is here. Now. And it is fascinating, right?

From the latest Gartner's predictions we can expect extraordinary changes in the years ahead. Visual and voice search, especially mobile searches, will permeate digital commerce and very soon have a significant impact on the revenues of those who redesign their websites to support these advances. In just a couple of years, 95% of electronics for new product designs will incorporate IoT technology. As with any prediction, there is always a

degree of uncertainty, but although it may be a lot easier for businesses to wait and see how all these new technologies evolve, the future belongs to those who act on that uncertainty and do it fast. We have all heard it before: "adapt or die", "disrupt or be disrupted".

As shopping starts blending into everyday life, so do consumers' expectations and behaviour evolve: people now demand anything, anytime, anywhere and faster, better and cheaper. This demands not only a tighter integration of every touchpoint, but also a redefinition of the role of physical stores. Additionally, as digital giants like Amazon and Alibaba expand to physical stores which provide a unique shopping experience with a seamless blend of the online and offline, the challenges for all other companies which are not digital born, increase exponentially.



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Technologies shaping the new retail

Do you think Rosie, the robot maid is nothing more than a cartoon with little relevance to your business? We may now believe that the latest concierge robots at hotels or shopping centres and the most innovative diagnostic robots in healthcare are just exciting headlines. But actually, they are already permeating our lives and businesses. In retail, robots are already inside stores and warehouses providing basic customer service information, bringing automation to inventories and, therefore, reducing manual counting errors. Other current applications include the optimisation of storage space usage and product retrieval.

A special flying personal pod which takes something to its destination? Dubai is already testing flying taxis and in China the world's first passenger drone made its first public flight in February 2018. Regarding retail, just three years ago people said drone deliveries were impossible. Back in January of 2017, London registered the first two documented drone deliveries to regular consumers and in Silicon Valley one can already see

Domino's pizza delivery robots driving the streets and thus cutting down the cost for the last mile to \$1 per delivery. UPS is also taking strides into using drones to drive more efficient deliveries by fitting its brown trucks with a drone under a sliding roof. According to UPS, just one drone delivery per day and per truck can generate savings of up to \$50 million per year. While drone deliveries may not be viable in all locations, some cities are already adapting their regulations to ensure an adequate legal framework. Also, drone weight-carrying capabilities double every 9 months, so major developments are to be expected in the coming years. But drones are extremely important for efficiencies in more than just deliveries. Walmart is testing drones relying on RFID for inventory management in its distribution centres, bringing the time it takes to complete an inventory down from one month to a day or even less.

Cashierless shops? It might have not been a reality portrayed in 'The Jetsons', but from Amazon Go to Tencent and Alibaba's Tao Cafe pop-up store we are starting to see the real possibilities for the future

of retail. AI-powered facial and body recognition, smart shopping baskets equipped with RFID and AR are some of the enabling technologies that are already driving the expansion of this type of stores. Whether it is a fully unmanned store or not, by using AR or VR the shopping experience can now be enriched with truly personalised content and offers on smartphones as consumers check or select a product or walk through certain sections. We will no longer enter a store, but simply log in.

Although smartphones are currently the main interface for these new ways of shopping, we will soon begin to see growth in smart glasses and biometric implants. In Stockholm, it is already possible to use a biometric implant to carry train tickets. While there is still a lot being figured out with regards to all this innovation, we are sure to find some resistance from consumers concerned about privacy, security and control issues. However, there is always a trade-off and as benefits continue to increase, so should consumer adoption.





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Will these advances be a doom or a boon?

Firstly, it is essential to understand that retail is about service, advice, trust and positioning, especially for high-involvement purchases, so it is unlikely that fully unmanned stores will become the only kind of stores available. Additionally, physical stores will continue to play a key role in the supply chain as distribution centres for home deliveries.

Secondly, all this technology is opening up a world of opportunities for greater efficiency in the whole supply chain. Data, no matter what specific innovation is being deployed, will have an increasingly important role not just in decision-making, but also in supply chain management and in fostering customer engagement and loyalty. This is where the greatest competitive advantages can be achieved.

Lastly, these are truly unprecedented times we are living in. As consumers, we can afford to incorporate new technology in our lives at our own pace. For businesses, failure to quickly adapt will eventually result in a doomed fate. However,

for those who are able to drive valuable innovation and scale-up when customer behaviour proves the superiority and benefits of that innovation, the new retail will definitely be a boon. ■

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Jens-Peter Labus is an experienced Technology Director with a demonstrated history of working with digital technologies applied at scale in large multi-national and multi-cultural retail and commercial enterprises. He manages digital disruptions and loves leading people in technology transformations. He is an active writer and an acclaimed keynote speaker on 'The Digital Possible' in retail, commerce and technology.



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