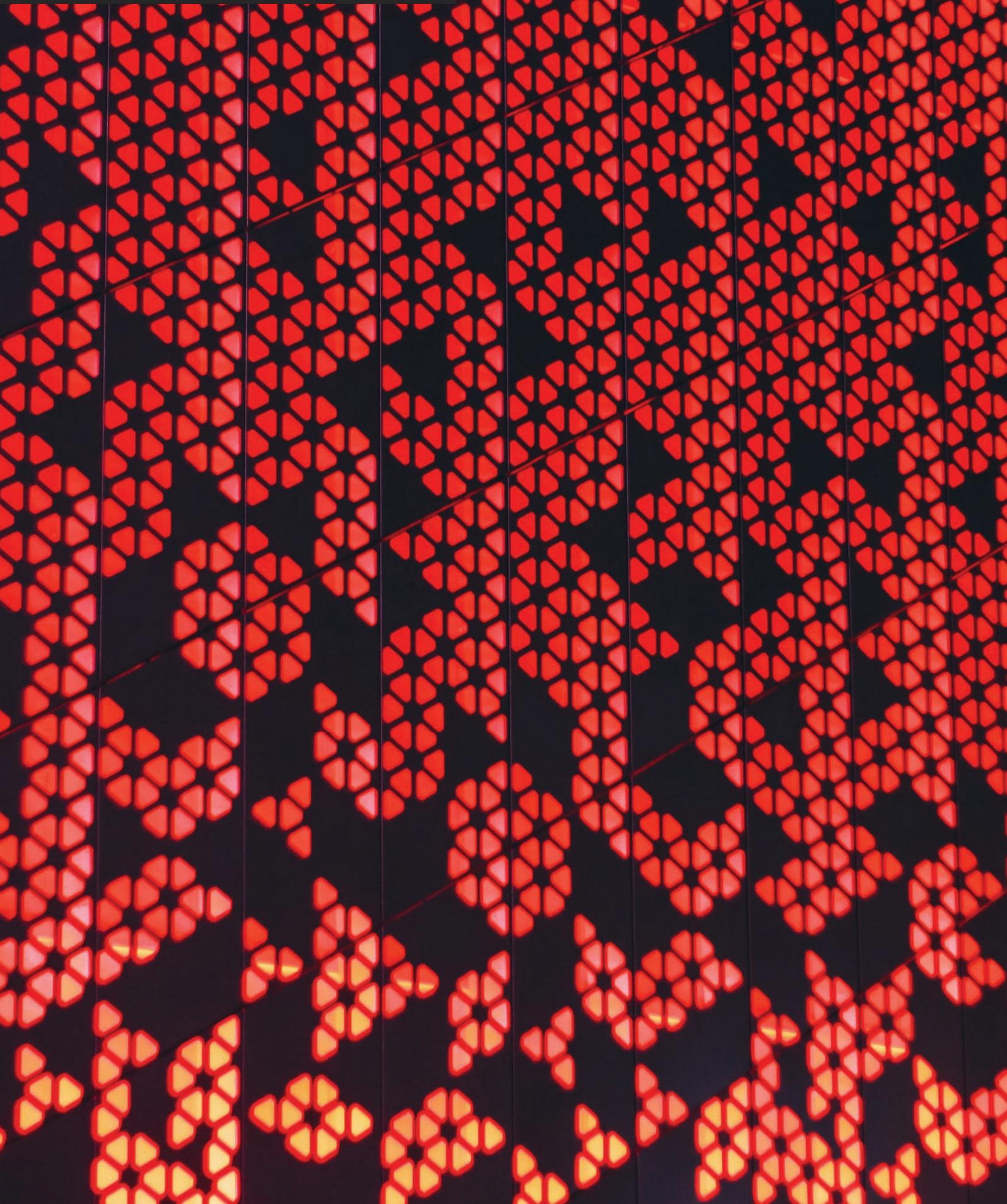


RETAIL: EVOLUTION OR REVOLUTION?

ITAB

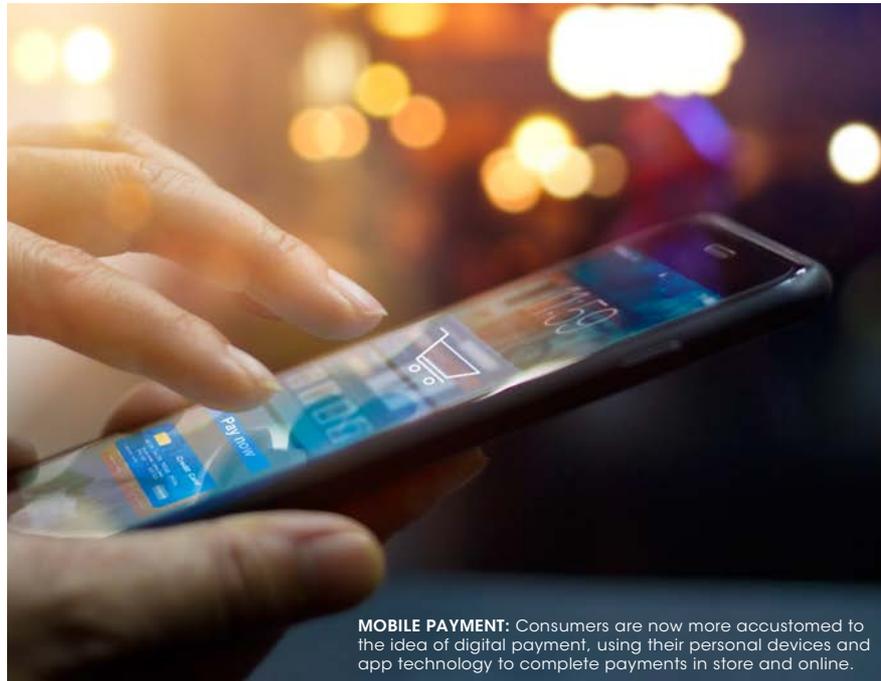


RETAIL: EVOLUTION OR REVOLUTION?

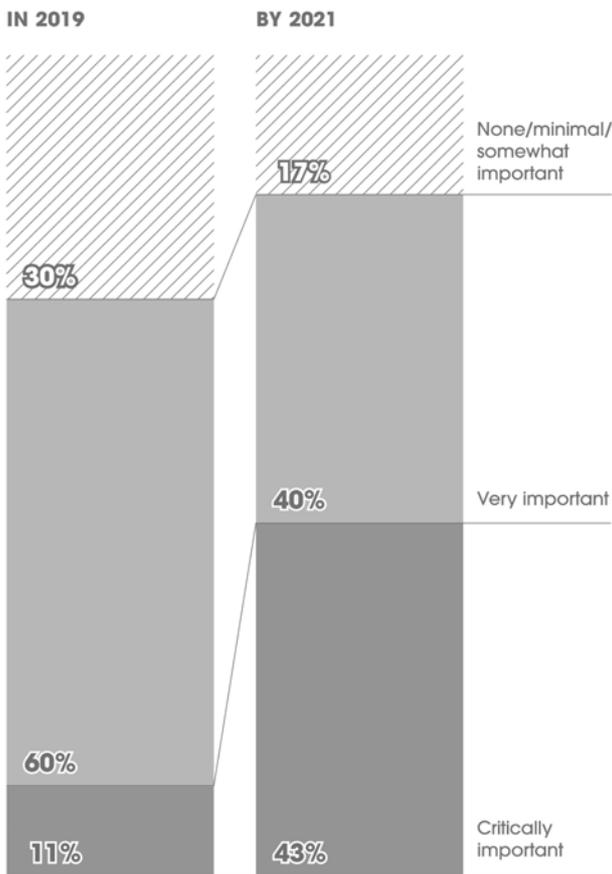
RETAIL IS EVOLVING: Over time we have witnessed the retail environment change and evolve gradually, with new ways of engaging with consumers and providing renewed levels of service driven by the advancement in technology and innovation.

A FORCED CHANGE: As a result of the Coronavirus pandemic, advancements that were once phased and gradual have now been enforced by the necessity and needs of the consumer. The pandemic has accelerated what were once seen as future retail trends, and instead brought them into the present. Retailers must now adapt to the requirements of this new retail landscape, and ensure that consumers are provided with more safety, convenience, service, choice and experience.

WHAT DOES THIS MEAN: Retailers have needed to adapt by developing their presence via digital platforms, payments in store have moved to non-cash alternatives, and deliveries via autonomous drones are now a reality. There was a time when the idea of payment via phones, online experience via AR, and drone based deliveries were the stuff of sci-fi. This can only mean one thing, the future is now...



MOBILE PAYMENT: Consumers are now more accustomed to the idea of digital payment, using their personal devices and app technology to complete payments in store and online.



Deloitte 2019

THE IMPORTANCE OF AUTOMATION: How public sector organisations rate the strategic importance of adopting or using AI/cognitive technologies to their overall success.

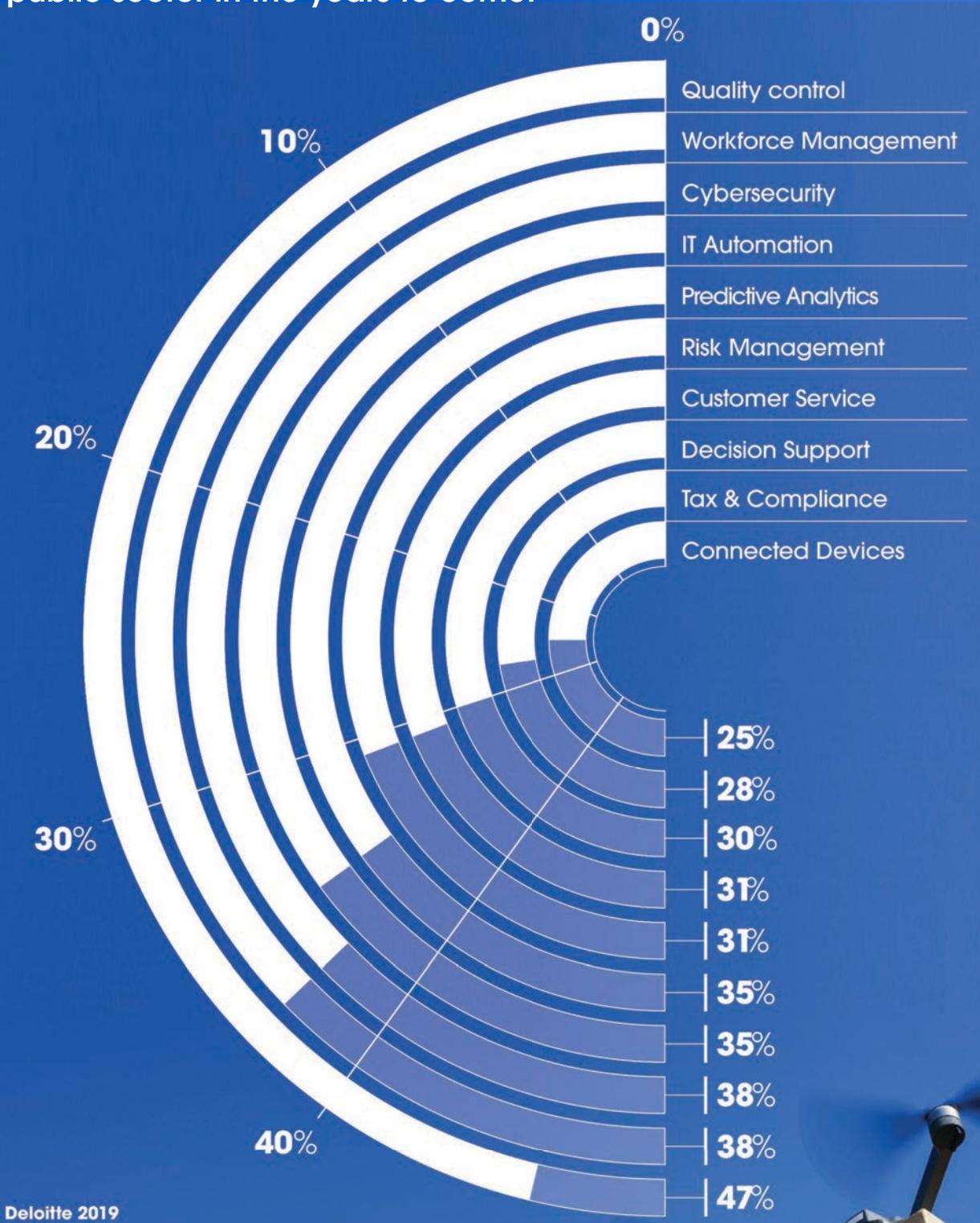
AUTOMATION: THE IMPACT ON RETAIL.

THE SHAPE OF RETAIL: Automation is destined to reshape what the retail business model looks like in the years to come. The impact on the overall business chain, the creation of organizations or companies with fewer layers and a more refined workforce cannot be underestimated. It allows for a streamlined workforce to be lead by data and analytics that are updated in real time. For companies to thrive in the new age they need to understand what this will mean for them and how best to adapt to the rising change within the landscape.

REACTIVE TO THE PRESSURES: As the demands of the consumer grows, the retail landscape must evolve alongside them. Consumer expectations have grown to expect more in terms of service, convenience and experience. Having spent a number of years adapting to "online retail", there is a further expectation for "offline retailers" to evolve and meet the expanding demand to offer their services via online digital platforms.

THE ROLE AUTOMATION PLAYS: Automation is nothing new to "online retailers", with it already playing a key part in their business models. However "offline retailers" can benefit greatly by adapting to automation within their operational systems. Half of the existing activities in retail can be automated using existing technology. This does not just mean job losses, but more a creating of new skills and job roles as a result. Looking further in, there are many internal processes that engage directly with the consumer that can be automated which would drive consumer satisfaction, and further in store efficiencies.

Artificial intelligence and automated technologies have the potential to revolutionise the way in which companies and their workers operate, and public sector organisations are no different. Their challenges may be unique, but automation will be critically important in ensuring an efficient and productive public sector in the years to come.



TOP AUTOMATION USE CASES:

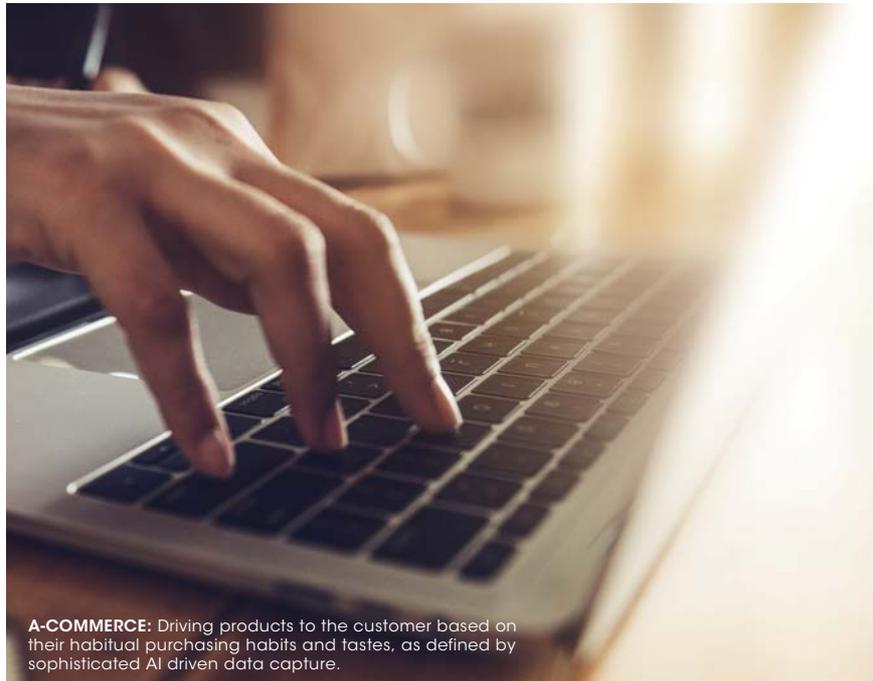
Share of public sector organisations that are using automation / cognitive technologies in the following areas



A-COMMERCE: SELL WITHOUT SELLING

SERVING THE HABITUAL CONSUMER: As human beings we are habitual in our nature, and this same theory can apply to our purchasing habits. Whether we are purchasing our groceries week to week, or we are purchasing particular types of products based on our tastes and interests. The rise of A-commerce serves the purchasing nature of the consumer, by analysing data captured around consumer purchasing habits and then accurately predicting the next time a consumer may need or want to repurchase the same item of a similar item in the future.

THE BENEFIT OF A-COMMERCE: By utilising A-commerce, retailers are able to enlist the help of AI to analyse consumer purchasing habits, chart the regularity with which particular products are bought, and then predict the next instance in which the consumer will need that product again. Additionally, looking further than the habitual grocery shop, the AI can also analyse non regular purchases and build a consumer profile to then "push" product to the consumer that they are more likely to purchase. The idea behind predicting products to the consumer before they even begin to search for it online is the very foundation of A-commerce, and is where retailers need to invest to ensure they are part of the "sell-without-selling" movement within the retail industry.



A-COMMERCE: Driving products to the customer based on their habitual purchasing habits and tastes, as defined by sophisticated AI driven data capture.

THE IMPACT ON RETAIL OF AI ASSISTED SEARCH

BEFORE (NON-AI)

AFTER (AI-DRIVEN SEARCH PARAMETERS)

01

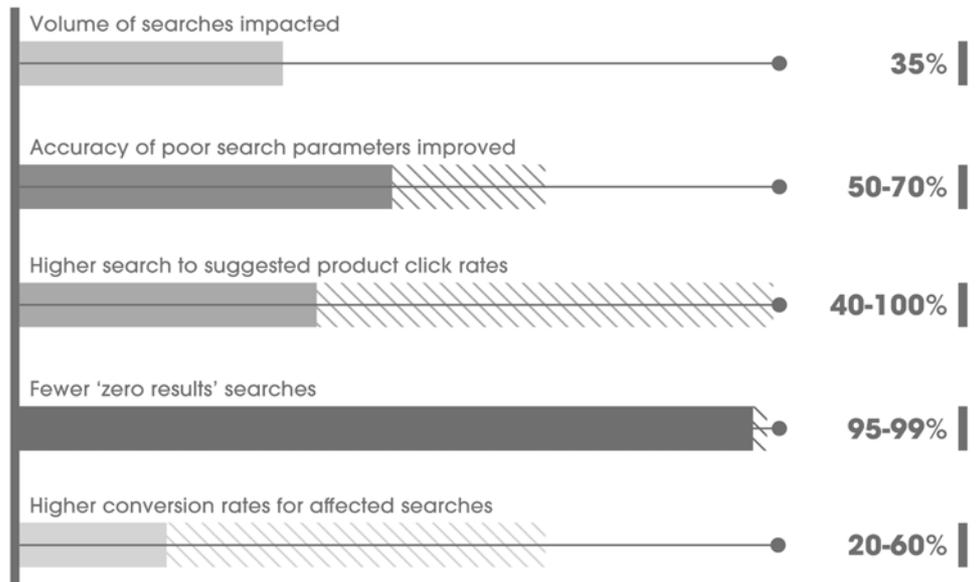
Searches are difficult to optimise, with "long-tail" searches making up 15% of overall searches.

02

Shoppers not finding the items they want quickly or efficiently. Inaccurate searches leading to the wrong product or item.

03

Poor search success rates for the consumer resulting in lost purchase opportunities or online baskets abandoned.



WHAT IT MEANS FOR CONSUMER AND RETAILER: For the consumer A-commerce means more of what they need and want, before they knew they needed it. Resulting in a new and more refined level of convenience, and also a way to ensure consumer demand is met based on further economic factors. For the retailer A-commerce allows for an unprecedented level of consumer insight driven by intelligent AI systems. This provides retailers an area with which they can really level up and redefine how they approach the consumer in both online and offline settings. With little investment retailers are able to benefit from previously untapped revenue opportunities by working with consumer data they already have due to the historic purchasing habits of the consumer.

16%

of all retail sales are impulse buys



16%

59%

of consumers said the initially discovered products while browsing online



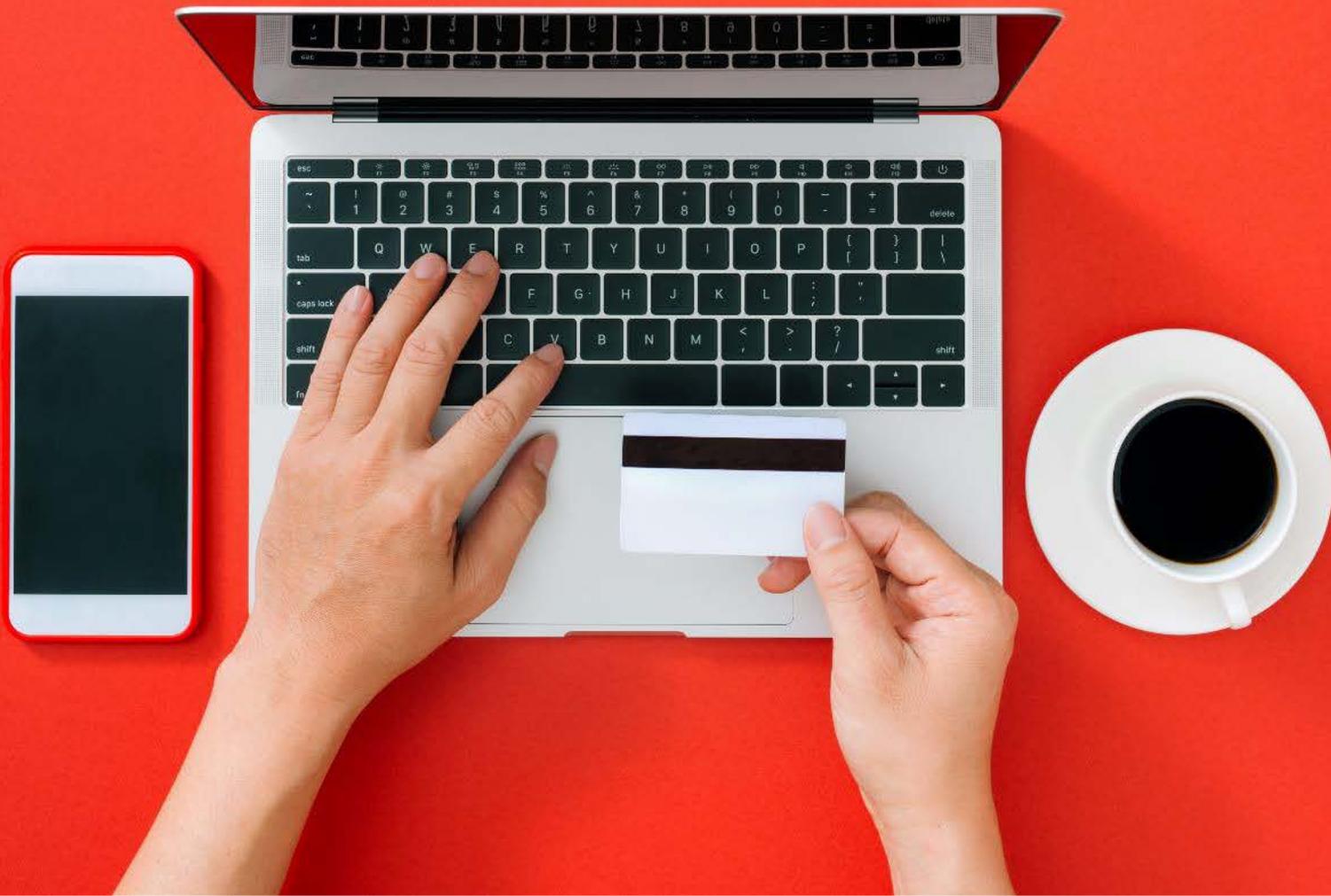
59%

22%

said they made their impulse purchases online



22%



BRAND EXPERIENCE: A HIGHER LEVEL OF ENGAGEMENT

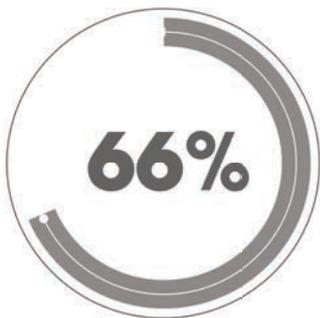
BRAND EXPERIENCE FOCUSED STORES: Although the coronavirus has accelerated the rise of e-commerce, there will always be a need for physical retail. However, if retailers do not evolve their level of experience they provide the consumer they risk falling behind in meeting consumer demand. In the future stores may be fewer, but far better. The stores that will thrive in this new world must appeal to consumers at a new evolved level. Brand experience that focuses on human connection, sensory exposure, and product discovery will form the level of physical retail.

HYPER-PERSONALIZATION: In the near future consumer data that drives personalization will allow retailers to push offers and content direct to their target market at a key moment in the shopping journey. This information age will allow for curated or specific offers, that appeal to individual customers based on their shopping habits, to be "pushed" direct to customers personal devices even as they are browsing the store stopping as particular products. By late 2021 this data will be integral to how retailers understand and provide for the consumer.

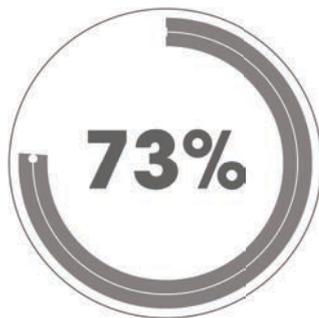
THE AGE OF BLENDED RETAIL: With the growing trend of the hybridization of working models, more and more people are living and working with more flexibility. Driven by the pandemic, this is a trend that will continue into the future for a number of years to come. As part of this hybridization, we will see a new type of "blended retail" experience. The idea of the traditional retail model with rows of product, and stock will need to evolve to something richer in order to entice and attract the consumer in to physical retail spaces. We will see more collaboration between different types of retailers in order to provide a more blended retail experience. This will result in more retailers that would not traditionally trade within the same arena working together to provide more options to the consumer.



BRAND EXPERIENCE & ENGAGEMENT STATISTICS:



66% of consumer are happy to pay more for a better brand experience



73% of consumer suggest one outstanding experience raises their expectations from other companies



84% of consumer believe brand experience is as important as the product & services companies offer to the

MORE THAN THE PHYSICAL: Brand experience is about more than simply creating an engaging environment for consumers to interact with. It is about everything that a brand does in the public domain, from online presence to offline stores, social interaction, and even a companies ethical standing on current issues. The coronavirus pandemic has heightened customers responses to poor corporate policies and this can be make or break for brands in times of crisis. By focusing on providing a experience that encompasses the different branches of a retail organisation, retailers can provide the blended retail experience consumers want. This will further allow them to then hyper-personalize their consumer offer, and present this in an engaging environment focused on brand experience.

42%

Alongside the pandemic consumers are now experiencing a hesitance to visit physical stores, with online shopping rising as a result. For retailers to combat this hesitance they need to ensure that they are able to unify the brand and customer experiences of both online and offline shopping. The journey for the consumer needs to feel seamless whether in a physical or virtual retail environment. Retailers need to invest in presenting a new layer of retail experience to the consumer, with the aim of added satisfaction from new experiences. By doing so this will have a positive impact on sales and further retention.

32%

42%

of businesses invest in brand and customer experience to improve **cross-selling and upselling**

33%

32%

of businesses invest in brand and customer experience to improve **positive impact on customer retention**

33%

of businesses invest in brand and customer experience to improve **consumer satisfaction**

