

# What the latest technological innovation means for the future of retail

By [Maroefah Smith](#)

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With neverending technological innovation, what will retail look like in the next 20 to 30 years? That's what Echangeur's Nicolas Diacono sought to unpack at the recent RCS Retail Summit in Cape Town.



Nicolas Diacono

Diacono shared some of the latest technological advancements he's come in contact with at the world's biggest tech shows including Web Summit Lisbonne, IFA Berlin, CES Las Vegas, Retail's Big Show New York and SXSW Austin.

"This year was all about the multiverse world and how tech players are growing our daily lives," he says. He adds that the world's AI (artificial intelligence) innovation is driven by nine companies – Tencent, Baidu, Alibaba, Amazon, Google, Apple, Microsoft, Facebook, IBM – which come from the world's AI leaders: China and the USA.

"And the ones that are growing the fastest are the ones from China. Because they don't have to fight any regulation. They work with the government – they share all the information, all the data and technology with the government," he adds.

## Human experiences

Even though the world is becoming more and more interconnected, people – and the younger generation in particular – are feeling lonelier. More than [95% of Generation Z](#) have indicated that they prefer going to a physical store – not just to buy things but to have experiences.

Diacono reckons this presents an opportunity for marketers to drive more human interaction in-store. "I think, in Europe and the US, everyone is talking about closing stores, closing branches. I think it's just stupid. The business model of stores has to change to target Gen Z," he says.

He refers to beauty brand [Glossier's Instagram-centric](#) store setup, which amps its experience and the desire to share.



Glossier Seattle

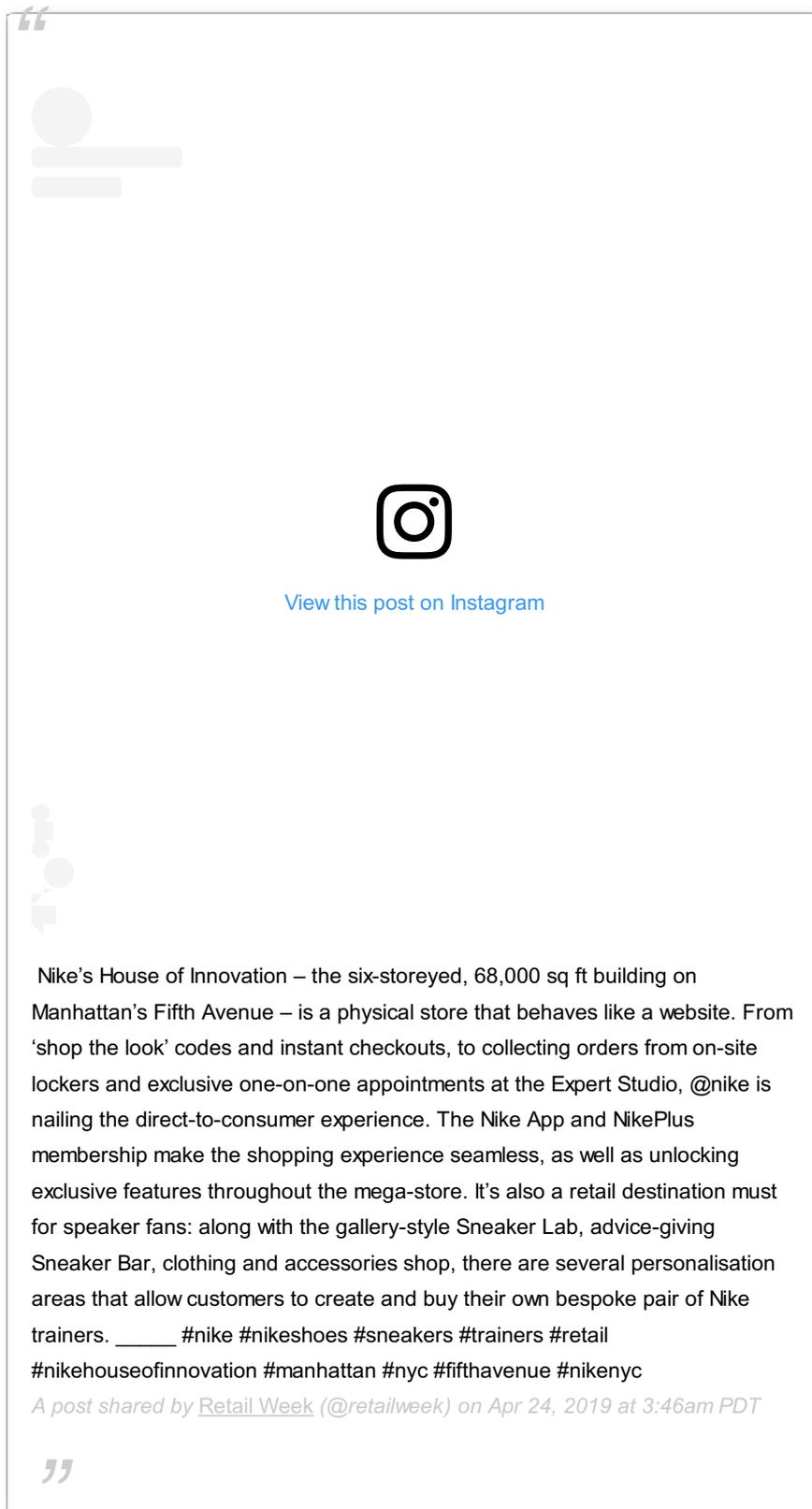
It even has a selfie room. After a consumer has bought their product, they can take a selfie and share it with their followers on social media, driving more traffic into the store. Diacono adds that it's the first time he's come across a store that has people queuing outside to get in – and it's not for a limited drop like at [Supreme stores](#), it's just to get into the store.

## Hassle-free frictionless shopping

While people want more human interaction and experiences, they also don't want too much hassle. As seen in China and the US, frictionless shopping – at which you come in, scan your phone, pick up products thanks to image computation and pay with your phone – may be the way retailers operate in the future. It's all about easing a customer's life on a daily basis and you can do it without high-tech gadgets – from being able to get more services from the till like at Pick n Pay here in South Africa to only having to pay a few hours later like [Dirty Lemon's](#) trust-you-to-pay system.

There's also Nike's [House of Innovation 000](#) store in New York – the consumer can scan all the products and pay on the go on their mobile phone. There's even a full floor dedicated to the best-sold items in the New York area so the consumer

doesn't have to get lost in the six floors of the store. "Now you don't waste any more time waiting at the till, waiting for someone to help you. It's really about fast shopping," says Diacono.



rdstrom's express returns will have consumers in and out when they no longer want a product. All they have to do is to scan the receipt, put the products back in the express returns-marked box and, in the next few hours, the money is returned the customer's credit card.

## New business models

Because everything is connected, retailers are also starting to create hybrid business models that see them killing two birds with one stone. One such retailer is Alibaba. At Alibaba's Fresh Hippo, a consumer can buy fresh produce in-store and have the in-store chef cook a meal from the selected items after which they are able to eat their meal in the middle of the supermarket.

Additionally, the store also operates as a supply chain hub for online orders, which means that they take products from the store to deliver to customers within 3km of the store in less than 30 minutes. “So you see a mix of business models from a warehouse to a store to an experience,” says Diacono.

Additionally, retailers like Carrefour in France have monetised their audience to create a new business model and started opening restaurants. “I don't know if you're aware but Walmart in the US has the same amount of visitors as Google, 300 million a month – combining stores and online. So why don't they use that audience and monetise it and earn money from that audience as Google does?” he asks.

What about car dealerships? Well, Alibaba's unstaffed, digital vending machine “[Super Test-Drive Center](#)” is potentially the future of how cars are sold. Working with the Tmall app, users select the car they want, put down a deposit electronically, schedule a pickup time and snap a selfie so the vending machine can recognise them when they pick up the car for a test drive. The user may then test drive the car for free, as long as they have a credit score of 700 or above.

## Taking care of logistics

Diacono believes that Amazon is successful because it's not a retail company, but a supply chain company – which is why more retailers are expanding their expertise in logistics and potentially shaping future cities in the process. JD.com's [JD Logistics](#) has a software design pattern to build new cities with the underground subway and pods to deliver products directly to houses connected to the store.

Meanwhile, Amazon has a pattern to [build hives for drones](#). It's buying buildings in downtown cities to make them supply chain hubs for drone deliveries to operate them as a hive. “This may shape the way we use our appliances like a fridge where the drone will be able to access it from the outside to deliver fresh products into your fridge,” says Diacono.

While drone delivery may seem far away, it's already being deployed in China by JD.com and Alibaba. And they're being tested in the UK and the US.

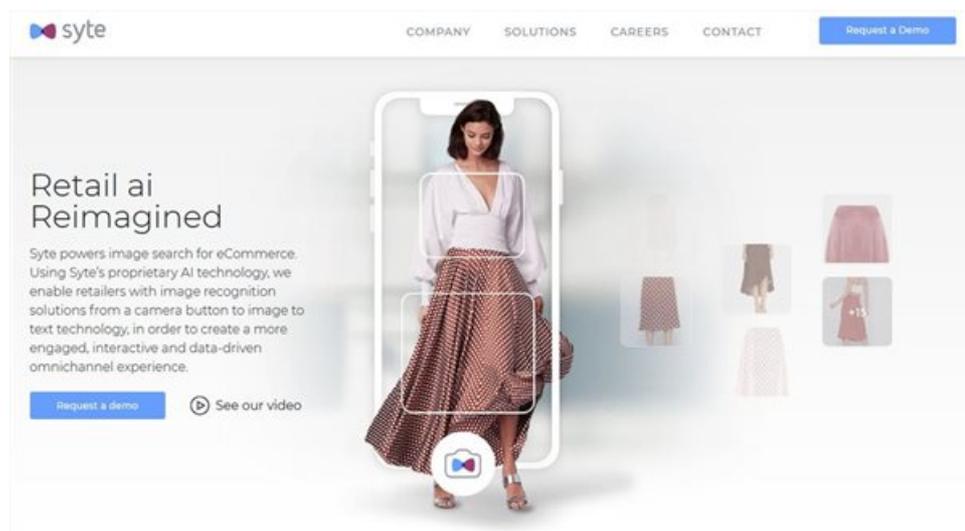
At CES, Continental showed off a new delivery concept – pairing quadrupedal bots with self-driving delivery vans. “We’re also going to have robotic dogs delivering goods to your door and even ring the bell,” he says. And in an effort to completely obliterate UPS and FedEx, Amazon has started buying aeroplanes and building airports.

## Taking the store to the customer

Car manufacturers may be thinking of creating self-driving vehicles so people no longer have to drive. But Ikea has other ideas. It’s planning on creating an autonomous vehicle to take the products to the people. “Who thought that a retailer would be providing autonomous stores on wheels? They want to bring the store to consumers on demand. Just like Uber. Do you want a product? The store brings it to you,” adds Diacono.

## Turning the phone camera into a buy button

Diacono says that all the tech companies want to turn the camera on a phone into a buy button. Visual search solutions company Syte is [working with Conforama](#) in France to create a sort of see-and-buy system for homeware and décor. The consumer will be able to take a picture of a chair they come across and the app will let them know if they can get that particular one or a similar-looking one at the store.



Similarly, Amazon is working with Snapchat on a similar system in the US. If a consumer sees an item they would like to purchase, they can take a picture and check if it’s available on Amazon in one swift click.

## Voice (shop) assistants

Voice assistants like Amazon Echo and Google Assistant are starting to help customers in the store. Voice assistants and smart speakers are installed in more 40% of households in the US. Some of them are used to buy products, mostly when they have a screen because people still need to see the products they are looking for.

While it may seem exciting and forward-moving, ordering products via a voice assistant may pose problems for brands.

“When people speak to a smart speaker, they don't specify the brand of the product they're looking for. They aren't asking for Energizer batteries, they just ask for batteries. So the brand disappears. That's the problem for marketers, how can a brand survive and exist in that voice ecosystem? Because it's owned by two major players: Google and Amazon,” warns Diacono.

Diacono's final words of advice? “You have to ask yourself – as a retailer and human being – if you're ready for this kind of world. Because I'm sure in the next 30 years, you'll have two ways of life to choose from: the Amazon Lifestyle and the Alibaba Lifestyle.

“It may seem far off for you guys, especially in South Africa, but to steal a sentence from Liz Warren, looking at space travel, we always think the impossible is the most probable and that should be the same thing in all kind of industry or you'll end up being disrupted by someone else.”

## ABOUT MAROEF AH SMITH

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