

Disruption of traditional industries: retail

Biometric customer recognition, virtual reality dressing rooms and the seamless merger of retail with technology, media and entertainment – this is not science fiction, but the reality of consumer retail in Asia. In China, which is responsible for almost half of the world's e-retail sales, every smartphone comes with an app that can display, locate, order and pay for items from any online or retail store.



Retail chains in Asia have moved beyond the standard "bricks and clicks" approach and now combine the benefits of online social interaction with in-store offers. For your birthday, selected WeChat friends can be notified of items that interest you, and retailers will offer a discount on selected items available in your size at the nearest store.

We have discussed innovative approaches with leading retailers in Poland – the heart of Europe – and we conclude that technological developments will fail unless local consumers perceive them as bringing added value. If customers prefer fresh bake-off to self-service checkouts, this is where the supermarket will invest. In Polish towns, customers appreciate a friendly chat with the cashier, whereas people in Asian megacities prefer e-commerce solutions that reduce the burden of heavy traffic and long drives.

In food retail, where margins are very lean and the focus is on freshness and affordability, companies struggle to make a business case for e-commerce in Poland. Most Polish consumers prioritise value for money, and are not interested in revisiting the online food store concept, which was tested 20 years ago with only limited success.

In luxury cosmetics retail, the most relevant trends are innovation in product content, packaging design, branding towards younger audiences, opening up communication channels with younger clients, new media and cooperation with vloggers. Marketing companies are investing in digital solutions to enhance the virtual experience. However, most customers appreciate personalised service, scientifically advanced products and creative packaging design more than omnichannel customer experiences and interactive make-up mirrors.

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We have noticed fuel retailers discussing major technological disruptions in the field of transport: consumer behaviour is being shaped by alternative sources of energy, urbanisation, "uberisation," driverless cars and smart cars. The growing young middle class in markets such as China and India have no driving licenses. Moreover, the rate of driving license applications in Europe is falling dramatically since young people see the advantages of "using and sharing" rather than having their own car and license.

Uber now appears in Google Maps as a transportation option, and will soon be integrated with the Google Calendar, allowing transport to be automatically ordered for you depending on your daily agenda. This service is already offered by Uber's Chinese counterpart Didi, and passengers can even share their real-time location with their contacts through WeChat.

Between electrical cars, Uber and telecommunicating, a major drop in retail fuel consumption is expected over the next 2-10 years. Fuel retailers are looking for creative ways in which to use their real estate portfolio. Filling stations are typically located in places where convenience retailing is the only viable business, and as cars get smarter and smarter, filling stations will need to communicate with the cars more than the drivers. Fuel retailers are currently working proactively with car producers to ensure that this communication will be smooth and seamless.

Finally, technology is a very important driver of the fashion industry. Digital gadgets are no longer "nice to have" but indispensable. Nearly everyone has an online store, and most have some form of digital marketing, with the real challenge being the integration of digital elements to create a genuine omnichannel presence. At international companies, most innovation comes from the head office, with individual countries choosing and implementing the most appropriate approaches, adding local flavour to make sure that the approach fits into the overall country strategy. Fashion e-commerce is growing very fast and drives growth and profit, but is still a small part of the overall revenue, while digital marketing is used to drive both e-commerce and brick and mortar sales. Statistics show that Poland overall is very open to online activities, however the most innovative digital solutions (for example, those that allow for a true "shopping experience" online are not necessarily present). Customers like to combine an online hunt for bargains and hard-to-find items with the experience of visiting stores with friends to touch and try products, followed by a coffee. Even in the digital age, shopping is still a social event.

Courtesy: Agnieszka Mosurek-Zava, Douglas; Giedrius Bandzevičius, Circle-K; Dimitris Dias, Parfois.



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