



## **High-Tech Retailing Summit of CES 2018 – Notes from JGA Retail Industry Experts:**

### **Welcome: Shopping is Personal**

- Technology is equal parts to personalization and experiential for the connected consumer.
- According to Forrester Research, 75% of retailers are actively investing in technology.

### **Armed with Data**

- In China Markets: Alibaba, Taobao: Shopping is a sport
- Platformization – a new way of retail via acquisitions. Creates gamification.
- Competitor: JD.com, also known as Jingdong and formerly called 360buy, a Chinese e-commerce company. World's leader in high tech and AI delivery through drones, autonomous technology and robots, and possesses the largest drone delivery system, infrastructure and capability in the world.
- Supermarkets chains are also investing: Yonghui and Yihaodian are examples.
- In the US markets, Walmart and Amazon are in a similar space.
- New Inspirations
  - o AI + Future Store: Xiaomai, BingoBox, Tao Café
  - o Frictionless Cashiers
  - o Experiential Shopping
  - o Reality Tech: VR, AR, Livestreaming (Starbucks Reserve Roastery an example)
- New World of AI
  - o Helps with personalization, customization, localization
  - o Conversion rates increased by 20%.
  - o Essential for Robotics

### **Experiential Shopping**

- Memomi
  - o Neiman Marcus – Makeup Mirror (Newest product development): Foundation, blush, lipstick... The makeup mirror records your makeup session in the perfect light and remembers the products you tried on.
  - o Intel Partnership
- Outernets
  - o Smart, Interactive Displays
  - o Case Study: McDonald's interactive platform increased revenue by 5%.
- Metaverse
  - o 3D version of products: a system approach that is iterative
  - o VR Photobooth that is 360°
  - o Web-based augmented reality from concept to completion within 6 weeks.
- USA Technologies
  - o Smart inventory management system - ePort cashless acceptance technology, it's not permanent; more flexible
  - o Marketing and promotions driven
  - o Connectivity Platform: unattended retail that allows mobile payments.

- Data/analytics about your consumer's shopping habits
- Suning
  - #1 online/offline retailer in China with over 1600 stores in 700 cities
  - Approximately 5,000 stores in 1 year (inclusive of C-stores, electronics, shopping malls)
  - Roughly 6-month timeframe for the store, for profit.
  - Goal is not to replace people within the marketplace, but to use as advice consultants.

### **Walmart's Store No. 8**

- Separate LLC from Walmart
- Covering Robotics, AR, VR
- Anything beyond 20+ years in development is considered R&D.
- General timeframe to test effectiveness is 3-10 years.
- V-Commerce (voice commerce) vs. E-Commerce
  - Using voice recognition and hands-free enabled capabilities to be the future game changer.
- Driverless technology: 20+ years out for full consumer consumption
- Holograms: 10+ years for mass production
- VR: 5+ years (high cost is the major component)
- Digital Payments, Augmented Reality: Now active
- Computer vision/voice is next top priority for R&D

### **AR Makes the Perfect You**

- Perfect Corporation
  - Dedicated to transforming how consumers, content creators and beauty brands interact together.
  - Integrating all trials for major makeup/cosmetic brands for the consumer.
  - Consumers typically use the YouCam Makeup app across 11 lipsticks before deciding.
  - Roadmap consists of a virtual beauty advisor on phone
- L'Oreal
  - Makeup Genius
  - YSL, Urban Decay: examples of brands that provide that "play" and gamification factor with the consumer.
  - Hair Color applications
  - Roadmap consist of an experience that's automated (utilizing AI and AR), advice can be shared from peer to peer, as well as professional/expert to peer.

### **Selling High Tech w/ High Tech**

- The sales associate is morphing into a guiding mentor than purely product sales.
- Segmenting your products to your demographic with user-friendly interactive platforms: i.e. mobile phone devices, virtual reality headsets/rooms.
- 2018 focus: building trust with sales associates in-store, before and after.

### **Cool Storefronts, Hot Data**

- Synchronized experience
- Gen Z + Identity: different ones at different times. Times are evolving to the unknown. Being nimble to the changing shifts of habits is crucial to success.
- At-Home Consults: Amazon
- Aspirational Sales: B8ta
- Revolving Discovery: Bulletin – Seasonal, Occasions; Timberland Tree Lab
- Third Space Connections: Selfridges Music Makers, Belong by Game

- Integrated Wellness: The Wellery @ Saks, Lululemon (Pods)
- Educated Confidence: Apple – Classes/Resources (Street Art)
- Beta Buying: Best Buy x Lumoid (renting gadgets..since then has ceased operations)
- Valued Attention: MM.LaFleur (bento box approach to your closet..40% everyday/40% elevated/20% showstopper)
- Augmented Onboarding: Lowe’s “Holoroom” How To
- Retail Operating Systems
  - o Ambient Assistance
    - Mall of America (inclusion of Chatbots)
  - o Synced Profiles
    - Farfetch (in-store check in remembers personal experiences)
  - o Intelligent Infrastructure
    - Alibaba (Buyer + Merchandise for E-Commerce Strategy)
  - o Frictionless Convenience
    - Walmart
  - o Networked Logistics
    - Nordstrom Local (Click + Connect Store)
  - o 5 Key Pillars of Blended Retail
    - Stores will drive both product and brand experience
    - Will be focused on a smaller footprint
    - Will log in customers as they shop
    - Will be part of a distributed inventory network
    - Will iterate on visitor data

### **Pathways to Retail**

- Approximately 1 year to get into big box retail
- Target in SF is the test lab for Minneapolis HQ.
- Phil Raub, B8ta, previously at Nest
  - o Wholesale model was the basis of concept
  - o Customer-Centric
  - o Smart, connected device. Their top seller was the Qwip Electronic Toothbrush
  - o Revenue-generating stream on the basis of data analytics and not the product itself.
  - o Current pop-up installations in Lowe’s around the nation
- Chad Hetherington, Stable
  - o What channels exit now? Currently, there are 4.
  - o Online channel is the foundation for a brand before extending further out.
  - o VC/PE network
  - o 30 brands/wk. to see
  - o Success story: pivoting power strip
  - o Flop: connected egg tray
- Eva Press, Facebook
  - o Consumer journey should not be dictated by AR/VR, since it’s still a ways out.
  - o Voice capabilities on tentative test run.
  - o My thoughts: Facebook as the next retailer?
- Gene Han, Target
  - o Voice as part of omni-channel
  - o In partnership with Google.
- Bret Harris, Indiegogo
  - o Misfit was biggest success. Sold to Fossil

### **Smart Retail as an Ecosystem**

- Niall Murphy, Evrything
  - o Smart identity on product at scale

- Active intelligent capability on clothing itself.
- Where's the product available nearby me?
- In 3-5 years, engine developed for authenticity, context, what does the product deliver for me?
- Phil Gomes, Edelman
  - Blockchain
  - Provenance in the UK
  - Blockchain + IoT
  - In 3-5 years, brand story and content story will be one of the same.
- Kyle Walker, Amazon Exclusives
  - In 3-5 years, the evolution of connection points will be virtual.
- Suresh Palliparambil, IoT: Security and Connectivity
  - RFID Technology developer
  - NFC tied to physical product, so you don't have to remember product SKU/description.
  - Security procedures
  - In 3-5 years, consumer will dictate the color and type

### **The Future of Machine to Machine E-Commerce in Retail**

- Is it human-powered for the future of retail?
- Provable sustainability relative to blockchain.
- You're getting data: being monetized, i.e. a smart bra
- Predicting what you're going to buy next based on social influence and referral.
- Retail to humans vs. retail to machines
  - Divide + Conquer (Then)
  - Connect + Liberate (Now)
- Centralized = secure = consumer marketplace
- Bitcoin: Data = money vs. time = money
- Payment = Pull; Evolving into a Push mechanism, i.e. Data
- Supply Chains vs. Demand Chains
- How to make money vs. how to REMAKE money
- Your data = your rules

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