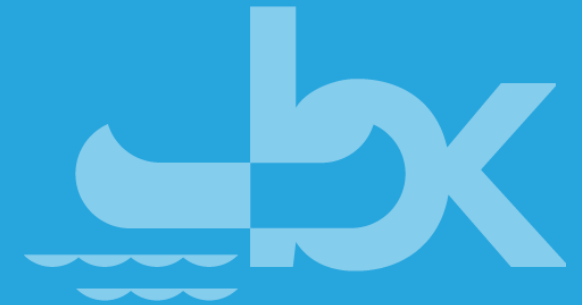


# Retail Tech Trends

Tech is blurring the lines between physical and digital



# The Phygital World is Here!

## Latest tech trends reveal the evolution of buying and selling in the modern marketplace

The emergence of ecommerce in the 90's and its subsequent meteoric rise had many people believing if not predicting that physical retail ("brick & mortar") had met its demise. The introduction of the World Wide Web in 1991, the launch of web browsers shortly thereafter and the start of a little, no-name online bookseller named Amazon in 1995 all painted a bleak future for the future of the in-person shopping experience (now known as IRL or "In Real Life"). Fast forward just 30 quick years and that no-name bookseller now accounts for nearly 40% of all online sales in the United States and the internet, with its many tributaries like ecommerce, social media and livestreaming to name a few, is dominating the conversation. Ironically, "ecommerce" still accounts for less than 20% of total, global retail sales even after all the predictions of supremacy, the predicted demise of physical retail and the "apparent" massive and irreversible shift of commerce to the web because of the COVID Pandemic.

### Is this trend new?

Not really. The merging of the physical and digital worlds in ecommerce has been going on for some time even though it has not been described or popularized as such until recently. The internet (ecommerce) has been trying to become more human for years. In fact, it's not unreasonable to conclude that several of the numerous advances in ecommerce technology like product reviews, product recommendations ("you may also like"), live chats and product videos all serve the same purpose – to humanize the online experience.



That trend has continued with the introduction and evolution of social media, artificial intelligence (weak and strong) and chat bots (especially those with natural language processing - NLP). All that technology adds human elements and personally connected experiences to increase the emotional connection that can be absent from an online transaction. And instead of accepting their predicted demise, physical retailers have adopted much of that technology to increase their reach and extend the trust of their personal, "IRL" relationships beyond their immediate neighborhood and cities to their seemingly boundaryless, global, digital worlds. After the launch and incredible success of livestream shopping in China in 2015, the conversation about the personalization and humanization of the online experience became more mainstream. And with the continued evolution of live or video commerce, virtual and augmented reality and the futuristic but convincingly believable arrival of the digital universe, the convergence of the physical and digital worlds isn't only inevitable, it has become critical to the survival of both channels.

# Converging Tech Trends

## Latest tech trends reveal the evolution of buying and selling in the modern marketplace

Consumers generally prefer online shopping because it is convenient, is always available, saves time, saves money (comparison shopping), has greater availability of desired items and is more comfortable (less crowds, no parking hassles, etc.). Consumers generally prefer in-person shopping because it allows interaction with the product, provides immediate gratification (take purchase home), saves shipping costs (ignoring time and gas costs), allows for easier returns, is often a social experience and provides direct access to in-store personnel that can answer questions and make



recommendations (build trust, loyalty and rapport). Therefore, it should be no surprise that the “phygital world,” an increasingly popular term for the convergence, will combine the best of both worlds and be both incredibly convenient and highly personal. It is this within this context that it is easier to appreciate and understand how technology is helping both worlds become more like the other.

## Live Commerce

Leading the charge is “live commerce,” the act of selling products during a live broadcast while shoppers interact with the brand in real-time usually through chat or reaction/emoji buttons. Live Commerce is less personal, but its success is undeniable. For larger audiences, it is like being at a stadium watching a concert and it’s no surprise that many of the highly successful live broadcasts are often “fronted” by a celebrity or a popular influencer. Smaller events have also proven equally successful and platforms like Amazon LIVE and Facebook Live have certainly helped fuel that growth.

## Social Commerce

Closely related to live commerce but different in that Live Commerce can also happen on Social Media, social commerce refers to the process of selling products and services directly through social media. With social commerce, the entire shopping experience, from product discovery and research to check out, “can” take place right on social media.

## Shoppable Videoconferencing

A relatively new entrant into the “livestream shopping” arena and propelled by the growth of videoconferencing during COVID, shoppable videoconferencing is recreating the in-store experience “online.” Often referred to as “Concierge Shopping” or “Assisted



Shopping,” it is the use of videoconferencing technology to meet with individuals or small groups in a more intimate, online setting and directly assist them with their shopping needs. Because both the host and the guests use their microphones and cameras, it is the online equivalent of walking into a physical store to seek the input and advice of in-store employees.

## Augmented Reality (AR)

AR is revolutionizing the ability for customers to interact, customize and engage with products without having to visit a physical location or without waiting to see the final product. Home improvement companies are using AR to project improvements directly into customer homes and giving the customer the ability to better visualize the change. Furniture stores are using AR show customers how their new furniture will look inside their homes without requiring the “physical” item. Consumers can try on glasses, put on makeup, customize new cars, and do a variety of other things using AR Technology without being physically present.

## Q-Commerce (Quick Commerce)

If you’ve ever ordered something online and received it that day or the next day then you have experienced Q-Commerce. Quick Commerce is exactly what it says – quick. It allows online retailers to provide immediate or near-immediate gratification that until recently could only be provided by physical stores, like restaurants and grocers who have a vested interest in the quick delivery of perishable items.

## Smart Checkout

The traditional, in-person checkout experience has been changing for years and contactless payments, QR Codes, RFID and ship to home are just some of the things being implemented or redeployed to make the in-store experiences as easy as the

digital experience. Instead of “queues,” companies can use QR Codes to give customers the option to be notified when a register is ready. Ironically, physical retailers will implement their own form of Q-Commerce to “ship to home” and customers may someday be able to have their purchases beat them home. No more dropping packages off at the car or carrying purchases to dinner, especially during the busy holiday shopping season!

## Virtual Reality and Digital Universes

If you have children that play online or console games then you know that the digital world is already here. They are meeting, hanging out, playing and shopping together online, interacting as if in-person but doing it completely with NASA like precision through light infused computers, keyboards, mouses (or mice) and headsets (audio and mic). The advent of digital universes will introduce us to virtual malls and hang-outs where the social experience of being at the mall with friends will be completely digital. Virtual Reality and Digital Universes are in their infancy but are commanding considerable attention and, understandably, investment dollars.



# What are the Threats?

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**Staying ahead of changes in the digital commerce landscape is essential for continued growth.**

## **Continued growth of the Direct to Consumer Channel (D2C)**

Technology has facilitated a manufacturer's or brand's ability to bypass traditional retailers and sell directly to consumers and advances in technology have made it possible for manufacturers and brands to provide the same level of convenience and human interaction as is being provided by retailers. There's great debate about the future of D2C as numerous darlings of the strategy have encountered issues but there's no denying the model remains attractive.

## **Digital Universes, Weak or Strong Artificial Intelligence and Bots**

As these technologies develop it is easy to imagine a digital journey where it will be nearly impossible to distinguish between a human and an artificial salesperson especially since we won't be able to rely on "in-real life" visual cues.

## **Failure to adapt**

Inherent in all change is an inability to adapt. Whether it's improving the physical or the digital experiences or recognizing that many customer journeys begin online and end in-store or vice-versa, companies that are unable or unwilling to adapt will not survive. The competition is fierce and switching costs are extremely low for consumers, even loyal ones!

## **Don't over adapt**

Technology for technology's sake is as dangerous as not leveraging technology at all. As always, it's best to ensure that the technology fits a specific strategic need and is properly supported. Every year, billions of dollars of tech spending go unused or underutilized in the around the world. Most importantly, the failure to properly implement, leverage and support technology often causes companies to prematurely abandon technologies that properly deployed would increase their competitiveness in the marketplace.



# Final Word

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We are living in an exciting time as the boundaries between the real and the digitized are blurring. It's easy to visualize the day when consumers will be able to traverse both worlds with great ease in a seamless and highly personalized journey. There's little doubt that success will demand greater flexibility and adaptability especially from the companies that will dominate the future of retail.



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## Your Ecommerce Platform