

Future Trends Report
Based on Analysis of the Team's Chosen Community / Organisation in Final Evaluation

Community / Organisation Studied: Retail Industry

STEP 1. Identify Challenges

Read the Future Scene carefully and generate ideas for challenges, concerns, and possible related problems. Choose the 5 most important challenges and write them in the space provided. Include applicable research with appropriate in-text citations.

Challenge 1:

E-commerce platforms are unable to assist customers better and help them with their shopping decisions as compared to in brick-and-mortar shops. Based on a research study conducted by a social media shopping company, out of the 2274 people surveyed, over half said that on some occasions, they did not buy the product as they did not have someone to consult, mainly a shop assistant. Another 16% said that it affected their decisions constantly. This shows that customers require and desire human touch, thus wanting to go to a physical store.

Link: Leggatt, H. (n.d.) *Consumers want human touch, even online* Retrieved from http://www.bizreport.com/2009/08/consumers_want_human_touch_even_online.html

Challenge 2:

Brick-and-mortar stores may go extinct with the growing dominance of e-commerce. In the United States (US), on July 5, 2019, large US retail chains announced 7062 store closures since the beginning of the year. In 2018, 5864 stores closed throughout the whole year. This is because of the increasing popularity in e-commerce, causing companies to lose customers who go to physical stores.

Link: Farfan, B. (August 5, 2019) *Why Retail Companies Are Closing Stores* Retrieved from <https://www.thebalancesmb.com/all-us-store-closings-2891888>

"Over the past few months, footfalls at retail stores have been impacted. The slowdown isn't only to be blamed for this, but sales have evidently been shifting online, and this demand is hurting the larger ecosystem of offline retailers," an executive of a large mobile phone retailer said on condition of anonymity. This evidence shows that more customers are moving onto online e-commerce platforms and not going to physical stores.

Link: Dalal, M., Tandon, S. *E-commerce boom hurts brick-and-mortar retailers*

Retrieved from

<https://www.livemint.com/Industry/f6eARBcJOWrTzTzuDcZZzI/Ecommerce-boom-hurts-brickandmortar-retailers.html>

Challenge 3:

Retailers managing brick-and-mortar stores are failing to appeal to customers. The catalysts for the design in current shops are grim and creating a perfect shop is trying. However, it is possible to make a space aesthetically pleasing, yet many brick-and-mortar shops seemingly have a repetitive design, pushing customers away from physical shopping itself.

Link: Chipman, L. *How can brick and mortar reinvent itself for an unknown future*

Retrieved from

<https://fortune.com/2020/08/09/brick-mortar-store-design-architecture-coronavirus>

This is an example of where we find ourselves in the uncomfortable place of adapting to changes. The integration of brick-and-mortar and e-commerce means that the role, functionality, and layout of stores will change. As retailers work to minimize their inventory and give store personnel the overall customer relationship, they would also have to consider these questions: How big do stores have to be? What inventory will they carry? If you have a lot of stores, how might the role of your district managers change? Will the growth of ecommerce mean you can get by with fewer stores in a given region? What will a store's layout and

space requirements look like if it is carrying some of the inventory that was previously held in some distribution center? Will you need less square feet as customers order T-shirts online and they are automatically printed in the backroom?

Link: Harbaugh, J. (June 29, 2018) *How Brick and Mortar Retail Has to Change*
Retrieved from

<https://www.jeffharbaugh.com/how-brick-and-mortar-retail-has-to-change/>

Challenge 4:

E-commerce provides many options to choose from. However, this wide variety of choices may actually lead to choice paralysis, which refers to people being unable to choose or buy something as there are too many options and cannot help but feel there is an item better. In a gourmet market in California, a professor and her assistants conducted an experiment. They set up a booth that sold jam and switched from offering 24 selections of jams and 6 selections of jams every few hours. They found out that even though 60% of customers were drawn to the large assortment as compared to the 40% who were drawn to the smaller assortment, 30% of the people who sampled from the smaller assortment bought the jam as compared to the 3% of those who checked out the larger assortment.

Link: Tugend, A. (February 26, 2010) *The Paralyzing Problem of Too Many Choices*
Retrieved from

<https://www.nytimes.com/2010/02/27/your-money/27shortcuts.html>

Challenge 5:

There will be a huge decline in available jobs in brick-and-mortar shops. According to a study done by Oxford Economics, a UK based research firm, up to 20 million jobs will be lost globally to robots by 2030. With rapid advancements in the fields of technology, such as artificial intelligence and machine learning, and how we are streamlining the manufacturing production line, etc., this will dramatically change the characteristics of the global workforce. This makes it much harder to find jobs, as Artificial Intelligence (AI) and robots will also take over many jobs in the industries as they are more efficient and cost effective. For example, a worker working at a factory might no longer be needed as AI can do their job with more precision and accuracy. For instance, in May 2017, a UK hospital conducted a trial where 6 patients had eye surgery done by a human surgeon and the other 6 by a robot. The result was that the robot eye surgeon was 10 times more precise.

Links:

1. Lambert, J., Cone, E. (n.d.) *How robots change the world* Retrieved from <https://www.oxfordeconomics.com/recent-releases/how-robots-change-the-world>
2. Luke, D., (May 10, 2017) *Robot eye surgeon is 10x more precise than the most steady-handed human* Retrieved from <https://www.digitaltrends.com/cool-tech/robot-eye-surgery-uk/>

STEP 2. Craft the Underlying Problem

Using the challenges listed in Step 1, identify a problem of major importance to the chosen community organization in the future. Write your Underlying Problem making sure your question clearly explains the action that will be taken and the desired results/goal of that action.

Incorporating Challenge: 2

Underlying Problem:

Given that an increasing number of people are transitioning over to e-Commerce alternatives, such as Amazon, eBay, Shopee and Carousell, for their increased convenience. It can be observed that fewer people are visiting physical shops to purchase their items. How can we improvise such that both e-commerce alternatives and physical stores can coexist in this technologically dominant society in the future and beyond?

STEP 3. Produce Solution Ideas

Generate solution ideas to the Underlying Problem in Step 2. Choose the 5 most effective solutions and write the elaborated ideas in the space provided. Include applicable research with appropriate in-text citations.

Solution 1: Repurposing Physical Stores

By repurposing and/or renovating physical stores, the stores will be able to adjust to new trends, enticing more customers to enter their stores to browse their products. In addition, stores can utilise designs such as brighter colour schemes to make their stores more eye-catching due to their new looks. This encourages more people to visit the newly renovated store instead of using online platforms. It will also allow the retailer to change their store layout to accommodate new products, allowing the store to still remain competitive and relevant to the needs of the people. Customer service can be prioritized by the retailers to cater to the needs of the customers, encouraging them to shop at their physical stores.

Solution 2: Beacon Technology

The Bluetooth Low Energy (BLE) beacon transmits signals to compatible mobile devices such phones, tablets, smartwatches, etc. These beacons can disseminate information from the retail owners to the customers, triggering incentive(s) to prospective customers. As the market for beacons is expanding, more marketers have become interested in the various applications, the best usage and the

substitutes of beacons. The beacon can thus assist marketers in building and optimizing their strategies.

Solution 3: Oculus Rift

The Oculus Rift is a form of Virtual Reality (VR) technology that can be implemented into the retail industry. By implementing VR in shops, it will give customers the ability to more accurately visualize products which lead to more confidence in their purchasing decision. On the other hand, it will also convince more people to visit these enticing physical stores, attracting business for the retail owners. For example, a furniture shop, Macy, reported that after implementing VR in their shops, more people started coming to their physical stores and the number of people returning the products that they bought was reduced by 2%.

Solution 4: Hosting Events in Physical Stores

Physical stores can host interesting events to attract more of their target audience, enticing more people to shop at brick-and-mortar shops. Meijer is another savvy retailer that understands the importance of the experience for shoppers. Its annual back-to-school Meijer Mania nights for college students is an in-store party that gets local students excited about shopping there. In addition to providing bus transportation from campus to the store, Meijer entertains the students who participate. In past years, stores have had mechanical bulls, rock climbing walls, and oversized photo booths set up in addition to a live DJ. The memorable night is designed to forge a shopping relationship that endures until graduation and beyond. With this example of Meijer, other retailers can also host eye-catching events to entice people to shop at physical stores.

Links:

1. Martinez, S. (April 3, 2019) *See the dance party in center aisle at Meijer's back-to-college night* Retrieved from https://www.mlive.com/business/west-michigan/2012/08/party_in_central_aisle_at_meij.html
2. Turner, M. L. (January 31, 2017) *Is Brick-and-Mortar Obsolete* Retrieved from <https://www.forbes.com/sites/marciaturner/2017/01/31/is-brick-and-mortar-obsolete/#4d2c84f637ce>

Solution 5: Checkout-free Physical Stores

Because of the inconvenience caused by long queues at brick-at-mortar stores, a checkout-free physical store would be more convenient, attracting more customers to shop with greater ease at the physical stores. For example, Amazon, the

e-commerce giant, rolled out a check-out free physical store in early 2018 in Seattle. Also known as Amazon Go, it relies heavily on cameras and sensors to track what shoppers are taking, and what they might be putting back onto the shelves. To enter the store, all you have to do is download the Amazon Go application, scan the QR code, and the items that you take off the shelves will automatically be added into your virtual cart. After you are done with the shopping, there is no need to queue to pay at the cashier, you can just walk out of the store and the amount will automatically be billed. As of March 2020, there are already 27 Amazon Go stores in the United States. This shows that retailers can open these stores to minimise the work that customers need to do in order to purchase the products they want.

Links:

1. Reuters (22 January, 2018) *Amazon's first checkout-free grocery store opens on Monday* Retrieved from <https://www.theguardian.com/business/2018/jan/21/amazons-first-automated-store-opens-to-public-on-monday>
2. Andria, C. (13 January, 2019) *Why Amazon Go May Soon Change The Way We Shop* Retrieved from <https://www.forbes.com/sites/andriacheng/2019/01/13/why-amazon-go-may-soon-change-the-way-we-want-to-shop/#62a26e496709>

STEP 4a. Select Criteria

Generate criteria to determine which solution idea does the best job of solving your Underlying Problem and/or addressing the Future Scene situation. Select the 5 most important criteria for measuring solution ideas and write them in the spaces provided.

Criteria 1: Adaptability

Adaptability refers to the degree to which customers and retailers are able to get used to the solutions. The faster and easier they can adapt, the better the solution. This is crucial for the operations of a store as people will need to understand how the solution works and be willing to use the solution.

Criteria 2: Cost

The cost is very important. If it is too expensive, the benefits acquired and profit brought about by the solution may not be enough for the company to make up for the money loss through implementing the solution.

Criteria 3: Automation

Automation refers to how much of the solution can be taken over by robots or Artificial Intelligence (AI). If less manpower is needed, the company will be able to spend less resources hiring workers in order to implement the solution and make better profit.

Criteria 4: Convenience

Convenience refers to how easy and quick it is for the retail owners to implement the solution. If it is convenient, it would not be such a hassle.

Criteria 5: Effectiveness

Effectiveness refers to how beneficial the solution is for both the retailers and customers that comes from the implementation of the solution.

STEP 4b. Apply Criteria

List the solution ideas from Step 3 on the grid. Use each criterion to rank the solutions on a scale from 1 (poorest) to 5 (best). The weighting for one important criterion may be doubled if necessary.

Solutions	Criteria					Total
	Adaptability	Cost	Automation	Convenience	Effectiveness	
Repurposing Physical Shops	5	5	3	2	3	18
Beacon Technology	3	4	5	4	4	20
Oculus Rift	3	3	3	2	4	15
Hosting Events in Physical Stores	3	2	1	2	5	13
Checkout-free Physical Stores	3	2	5	5	2	17

STEP 5. Develop an Action Plan and Evaluate its Feasibility

Develop your top-scoring solution idea into an Action Plan. Thoroughly explain how the Underlying Problem is solved, how the plan will be implemented, and how the community / organisation will be affected. Explain how this Action Plan is feasible with secondary research consulted, preferably also with primary research (feedback from chosen community / organization)

Derived from: Solution 2 (Beacon Technology)

Action Plan

The beacon technology uses Bluetooth Low Energy (BLE) to transmit signals to compatible mobile devices such as phones, tablets, smartwatches, etc. These beacons can disseminate information from the retail owners to the customers, such as in-app advertisements for relevant products, deals, coupons or rewards, to entice more customers to purchase the retailers' products. Proximity marketing beacons can also be used so that the retailers can target shoppers in certain aisles with promotions of certain products which are in the same aisle. This can be done entirely via the beacon communicating with the customers' mobile device, so it is more convenient for the customers, thus in turn attracting them to shop at

brick-and-mortar stores. Furthermore, through investigating a customer's purchase history, this beacon technology is even able to pitch recommended items, favourites or highly like products to customers. This allows customers to easily find what they may want to purchase or what they like, so they would be more interested in shopping at physical stores. This beacon technology is also quite feasible at the same time as the market for beacons is expanding. This means that more marketers have become interested in the various applications, the best usage and the substitutes of beacons. With the beacon technology becoming more common and mass-produced in a larger scale, the cost of beacons would decrease, assisting marketers in building and optimizing their strategies. Therefore, in the context of the retail industry, beacons can reach customers who have Bluetooth-enabled devices and the right retail apps downloaded onto them. Some other benefits of the beacon technology are:

- Customers can immediately try the item out after being recommended.
- Physical stores and the beacon technology can merge together as one seamlessly to provide a pleasant shopping experience.
- Customers would know the location of the item so it is time-efficient and convenient.
- Customers may find the item we desire through their recommendations.

However, the beacon technology does have some downfalls, including:

- Customers may not fully understand the concept and it may take some time to adapt to such methods of shopping.
- Some customers may still prefer to stay home and use online shopping as they do not want to travel.

"While these kinds of communications often rely on other types of location signals, beacon signals take precision and quality to the next level. For retail marketers, beacons can give a brand an edge in a world where omnichannel shopping is becoming the norm and consumers expect to get what they want, when they want it. In addition, the opportunity is huge: Even today, Android devices pull more than 40 billion queries for beacon-related content from Google services every year." Peter Lewis, a ThinkWithGoogle Admin, mentioned.

Link: Krueger, J. (March, 2015) *Omnichannel shoppers: An Emerging Retail Marketing Reality* Retrieved from

<https://www.thinkwithgoogle.com/marketing-resources/omnichannel/omni-channel-shoppers-an-emerging-retail-reality/>

This shows the potential of the beacon technology in the retail industry, piquing

the interest and curiosity of many consumers. The potential is so immense that it may possibly revamp the retail industry into something new and bettered. The amount of queries also suggest that people are interested and willing to be able to make changes to adapt to beacon technology. The beacon technology is tried in shops occasionally in American shops. However, it is not fully implemented and merely a project. This is a statistic published by The Elon Journal of Undergraduate Research in Communications, Vol. 6, No. 1 • Spring 2015: 79% of those consumers who received a push notification to their smart device in over a month, made at least one purchase as a result. In conclusion, the beacon technology will ultimately increase the number of customers shopping at physical stores due to the increased convenience and the originality of this solution.

Bibliography

Cite the resources you consulted using the APA format.

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4. Kuryliak, O. (31 July, 2015) *What's beacon technology and how to best use them* Retrieved from <https://www.techinasia.com/talk/beacon-technology-beacons>
5. Stubbs, A. T. (February 14, 2020) *What You Need to Know About Virtual Reality in Retail* Retrieved from <https://www.softwareadvice.com/resources/virtual-reality-retail/#:~:text=Benefits%20of%20virtual%20reality%20in%20retail&text=Provides%20an%20interactive%20and%20personalized,experience%20akin%20to%20real%20life>
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 16. Moody, M. (n.d.) *Analysis of Promising Beacon Technology for Consumers* Retrieved from <https://www.elon.edu/docs/e-web/academics/communications/research/vol6no1/06MoodyEJSpring15.pdf>