

WHY THE LINES BETWEEN Online and Offline Retail Are Blurring

As consumers increasingly rely on technology when they shop, the retail industry is nearing a state of “retail singularity” in which bots, natural language voice interfaces and broadly integrated data reacts to and predicts the what, when and why of shopping preferences and behavior.

The idea has been discussed for a few years, but is now gaining momentum. Derived from the concept of “technological singularity,” a term that refers to a hypothetical date when machines will surpass humans in intelligence, while retail singularity is the point at which the distinction between online and offline shopping is meaningless. This, observers say, will occur when artificial intelligence can integrate our consumption patterns, preferences and behaviors into optimized shopping experiences.

Those patterns are rapidly evolving. For instance, internet of things-enabled appliances are helping consumers automatically replenish items they run out of, stores are facilitating same-day delivery of online orders and parking lots are being repurposed into product pickup “terminals.” Meanwhile, augmented reality is helping shoppers visualize products within the context of their homes. Experts believe the most robust augmented reality applications will be triggered by designed spaces that integrate augmented reality into the overall experience.

Artificial intelligence and machine learning will also play a fundamental role in retail singularity. AI can help a retailer find patterns and correlations in unstructured data, which can help a merchant make recommendations that fit situations. That can enable a retailer to provide a consumer with an appealing recommendation on

where to have lunch, for example, based on his schedule, location, current budget status, weather, customer ratings—perhaps even his current blood pressure.

“We are close to a point when shopping will be an extension of life that doesn’t need us to adapt to it because it responds to us,” says Lee Carpenter, partner and CEO at ChangeUp.

WHETHER A CONSUMER chooses to shop offline or online depends on the situation. Some categories are well-suited to pure e-commerce and others are not. Also, there are shopper needs that are better solved either online or offline, and still some that are best served through a synergy of both.

Retail singularity promises to eliminate the task of purchasing consumables by automatically replenishing a consumer’s supplies when they are low. At the same time, automatic replenishment minimizes the likelihood a consumer will choose an alternative product.

Ultimately, physical stores will not compete for the same dollars spent online, Carpenter says. Physical stores will fill an entirely new role as they

transform into locations that fill in the natural gaps inheriting digital shopping with rich, branded experiences and away from somewhere that offers shoppers a convenient location to access inventory. For store-based retailers, it is important to determine how to create synergies that integrate the best of the online and offline shopping experiences to help them unlock new potential. The answer will lie in using data, insights, and creativity to determine how to rightsize, right-purpose, right-assort and right-invest in physical locations.

Shopping will be vastly different in the near future, Carpenter says. Retailers need to make sure they adjust to a rapidly evolving retail ecosystem that melds the digital and physical world. That means working with firms such as ChangeUp that embrace retail singularity, he says. ChangeUp is a consultancy that innovates and rapidly prototypes big ideas and defines the role of technology in new or existing physical retail. The future requires exciting new business models and innovative design approaches that are no longer either physical or digital, but both.

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