FUTURE of RETAIL

Institute of Customer Experience

TANYA

YOUR PERSONAL SHOPPING ASSISTANT

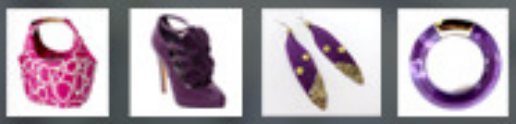
★★★★☆

5 REVIEWS

CHOOSE COLOR

CHOOSE CUT

YOU MAY ALSO LIKE



You look gooorgeous in this dress :)

82 likes 90 Comments

CONTENTS

RETAIL 4
GLOBAL MARKET – NUMBERS & FIGURES 6
Overall Retail Trends 6
Seismic Shift 12
IN-STORE TRENDS 18
Customers Design In-store Experience 18
In-stories: The Story behind Every Product 19
Best Fit for Every Customer 19
Gesture Based Browsing 20
Virtual Avatars Replace Flesh and Blood Models 21
Evening Dress – a 3D Digital Template 21
In-store Locators 21
Online Inventories 21
Try on Clothes Virtually 22
Environment Affecting Buying 22
Interactive Packaging 24
Tap on Glass to Order Clothing 24
COLLABORATIVE CONSUMPTION 24
Car Sharing Service 26
Vacation Rental Service 26
Sharing of Retail Spaces 28
Skill and Time Sharing 28
Peer-to-Peer Sharing 28
Music http://www.napster.com/ 28
Movie and Television Rental Services 30
Borrow, Don't Buy: Websites That Let Strangers Share 30
Snap Goods www.snapgoods.com/ 30
CrowdSourcing 31
Crowd Funding 32
Word-of-Mouth 33

Brand Ambassadors 33
Socialization While Shopping 33
Rentable Ensemble 33
RETAIL TRENDS FROM AROUND THE WORLD 33
United Kingdom 33
United States 35
South Africa 37
Japan 38
China 40
India 43
FUTURE SCENARIOS 47
Future Scenarios from Other Sources 49
CONCLUSION 50

RETAIL

Retail in the simplest sense is the sale of goods and services from individuals or businesses to the end-user. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesaler, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, door-to-door, or by delivery. However, with the advent of new technologies this delivery mechanism itself is undergoing a revolution and may not be perceived in the same way, in the future.

Retail is usually classified by type of products as follows:

- Food products
- Hard goods or durables - appliances, electronics, furniture, sporting goods, etc. that do not quickly wear out and provide utility over time.
- Soft goods or consumables - clothing, apparel, fabrics, etc. that are consumed after one use or have a limited period (typically under three years) in which to use them.

The following table shows the various types of retails existing in the present market.

Retailers in Present Market	Description	Examples
Department stores	Very large stores offering a huge assortment of “soft” and “hard” goods	Target in US, Woolworths in South Africa, Parkson in China, Breuninger in Germany, Lifestyle in India
Discount stores	Offering a wide array of products and services at affordable and cut-rate prices. Compete mainly on price.	Wal-Mart in US & UK, Costco in Japan, Tesco in UK & Asia, Big Bazaar in India
Warehouse stores	Warehouses offering low-cost goods in large quantities. Warehouse clubs charge a membership fee.	WinCo Foods, Food 4 Less, Foods Co., Super Saver Foods, Kroger and Albertsons LLC in US, Hypermarket and Big Bazaar in India, Tesco in UK & Asia
Variety stores	Offer extremely low-cost goods, with limited selection.	99 Cents Only Stores in US, 100-yen shops in Japan, Poundland in UK, Two Yuan in China.
Demographic	Retailers aiming at one particular segment	High-end/ luxury retailers focusing on wealthy individuals.
Mom-And-Pop or *Kirana*	Retail outlets owned and operated by	Stores are seen in local

stores	individuals, offering a small range of selective products.	communities; often family-run businesses.
Specialty stores	Giving attention to a particular customer category and providing high level of service, e.g. a pet store that specializes in selling dog food. However, branded stores also come under this format.	A Reebok or a Gap store with just Reebok and Gap products in the respective stores. Few of the examples are pet shops and gourmet shops like Earthy Delights
General stores	Rural stores catering to the main needs of the local community.	
Convenience stores	Found in residential areas, providing limited amount of merchandise at more than average prices with a speedy checkout. This store is ideal for emergency and immediate purchases as it is often open for extended hours.	
Hypermarkets	Provide variety and huge volumes of exclusive merchandise at low margins. The operating cost is comparatively less than other retail formats.	Wal-Mart in US & UK, Costco in Japan, Tesco in UK and Asia, Hypermarket and Metro in India
Supermarkets	Self-service stores consisting mainly of grocery and limited products on non-food items.	
Malls	Spaces that have a range of retail shops (products, food and entertainment) at a single outlet.	Berjaya Times Square in Kuala Lumpur, Malaysia; The Dubai Mall in Dubai; UAE, West Edmonton Mall in Alberta, Canada
Category Killers or Specialists	Supply a wide assortment in a single category for lower prices in order to "kill" that category for other retailers. For few categories, such as electronics, the products are displayed at the center of the store and a sales person is available to address customer queries and provide suggestions.	Reliance Digital and The Mobile Store in India, Cabela's in US
E-tailers	Shop and order over the Internet and	E-Bay, Amazon, Flipkart

	the merchandise is delivered to the customer's address.	
Vending machines	Automated equipment that allows customers to drop money in the machine and acquire products on the display.	Stamp vending machine at London's Heathrow Airport, Red Box - A DVD vending machine, Best Buy Express vending machines

GLOBAL MARKET – NUMBERS & FIGURES

Overall Retail Trends

In the current business environment, a confluence of market forces has created an extremely complex climate in the global retail industry.

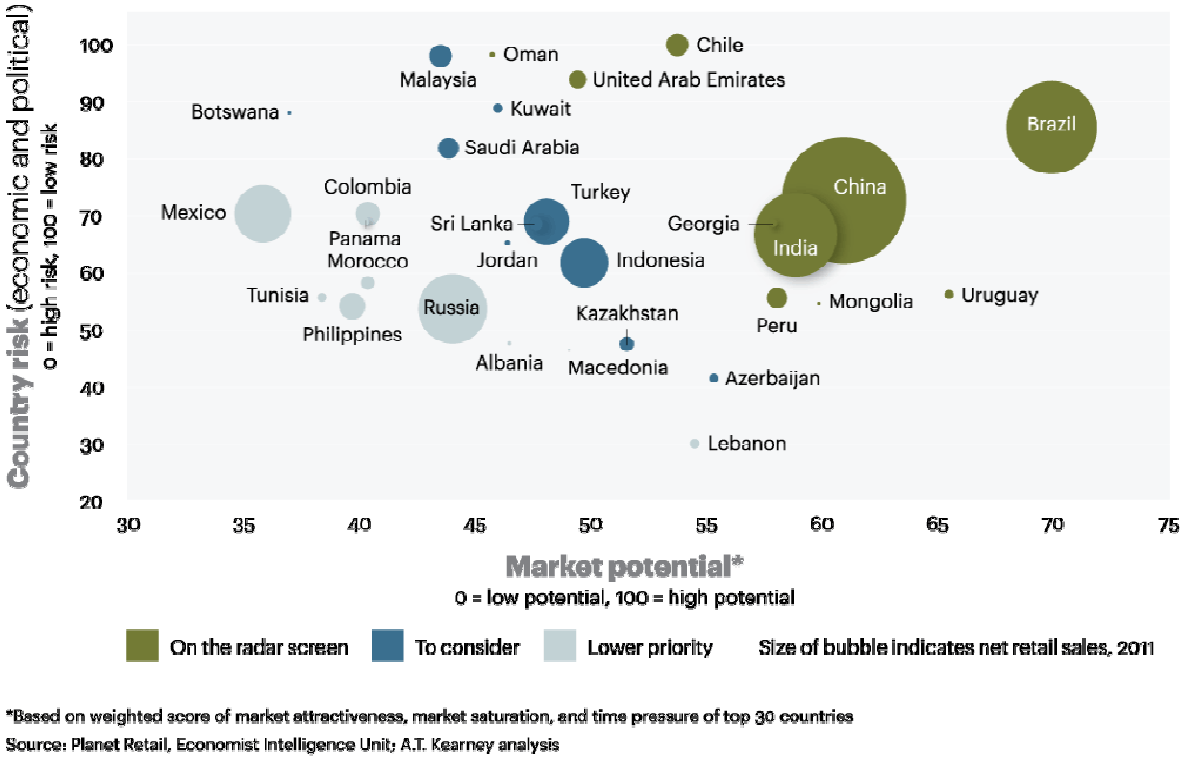
Europe faced another year of lowdown in 2011, whereas developing countries continued to show good growth and momentum. Charged with good indicators retailers continued their expansions. In the past five years, US-based Wal-Mart, France-based Carrefour, UK-based Tesco, and Germany-based Metro Group saw their revenues in developing countries grow 2.5 times faster than revenues in their home markets. Possibilities abound not only in the biggest markets, but also in many smaller countries around the world. Figure 1 below shows the top 30 developing countries ranked in terms of retail investment.

On the radar screen | To consider | Lower priority

2012 rank	Country	Region	Market attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Change in rank compared to 2011
1	Brazil	Latin America	100.0	85.4	48.2	61.6	73.8	0
2	Chile	Latin America	86.6	100.0	17.4	57.1	65.3	0
3	China	Asia	53.4	72.6	29.3	100.0	63.8	+3
4	Uruguay	Latin America	84.1	56.1	60.0	52.3	63.1	–1
5	India	Asia	31.0	66.7	57.6	87.9	60.8	–1
6	Georgia	Central Asia	27.0	68.7	92.6	54.0	60.6	N/A
7	United Arab Emirates	MENA	86.1	93.9	9.4	52.9	60.6	+1
8	Oman	MENA	69.3	98.3	17.4	50.4	58.9	N/A
9	Mongolia	Asia	6.4	54.4	98.2	75.1	58.5	N/A
10	Peru	Latin America	43.8	55.5	62.9	67.2	57.4	–3
11	Malaysia	Asia	56.7	98.1	18.9	54.8	57.1	+8
12	Kuwait	MENA	81.1	88.7	36.4	20.3	56.6	–7
13	Turkey	Eastern Europe	78.8	69.3	32.3	33.1	53.4	–4
14	Saudi Arabia	MENA	63.1	81.8	35.4	33.0	53.3	–4
15	Sri Lanka	Asia	12.7	68.3	79.0	51.3	52.8	+6
16	Indonesia	Asia	39.6	61.6	47.0	62.4	52.7	–1
17	Azerbaijan	Central Asia	19.2	41.5	93.6	53.2	51.9	N/A
18	Jordan	MENA	45.8	65.3	69.5	23.8	51.1	N/A
19	Kazakhstan	Central Asia	31.5	47.5	75.5	47.5	50.5	–5
20	Botswana	Sub-Saharan Africa	44.4	88.1	42.7	23.7	49.7	N/A
21	Macedonia	Eastern Europe	34.6	46.5	55.9	56.6	48.4	+8
22	Lebanon	MENA	60.2	30.2	48.9	54.2	48.4	–10
23	Colombia	Latin America	47.8	70.1	36.7	36.6	47.8	+1
24	Panama	Latin America	53.4	68.8	42.0	25.2	47.4	+2
25	Albania	Eastern Europe	24.6	47.6	74.8	39.9	46.7	–12
26	Russia	Eastern Europe	80.2	53.6	19.6	32.2	46.4	–15
27	Morocco	MENA	23.5	58.2	48.2	49.2	44.8	–7
28	Mexico	Latin America	71.9	70.0	15.1	20.3	44.3	–6
29	Philippines	Asia	28.3	54.6	52.5	38.3	43.4	–13
30	Tunisia	MENA	35.7	55.4	65.0	14.4	42.6	–12
			0 = low attractiveness 100 = high attractiveness	0 = high risk 100 = low risk	0 = saturated 100 = not saturated	0 = no time pressure 100 = urgency to enter		

Figure 1. 2012 Global Retail Development Index (Source: http://www.atkearney.com/consumer-products-retail/global-retail-development-index/)

While China and India show great potential in the Asian region, Latin America emerges as the land of opportunities for the retail industry. Latin America's expanding, dynamic retail sector and strong economic growth has made it a leader in the Global Retail Development Index (GRDI). The region features several of the most attractive markets in the Index when comparing country risk and market potential (see Figure 2 below).



*Based on weighted score of market attractiveness, market saturation, and time pressure of top 30 countries
Source: Planet Retail, Economist Intelligence Unit; A.T. Kearney analysis

Figure 2. 2012 GRDI Attractiveness Index (Source: http://www.atkearney.com/consumer-products-retail/global-retail-development-index/)

Mature Markets - US, UK, Europe

The retail industry's focus has been shifting from mature markets mainly due to the following reasons:

- Challenged by its inability to grow and maintain profit margins as a result of:
  - Constrained operating environment
  - Market maturity and saturation
  - Slow population growth
  - More demanding consumers
  - Highly volatile consumer behavior
- Rising competitive pressures
- Transformation of alternative sales channels, including "Bricks (stores), Clicks (web), Rings (call centers), and Knocks (services to the home)"
- Blurring of roles between suppliers and retailers

Emerging Markets

As an outcome, the strategic focus of the entire retail sector is moving towards the emerging economies of Asia and Central and Eastern Europe, and China and India in particular. These economies offer expanding consumer markets with new opportunities for growth through global sourcing, off-shoring and the huge potential for development of modern and organized retailing.

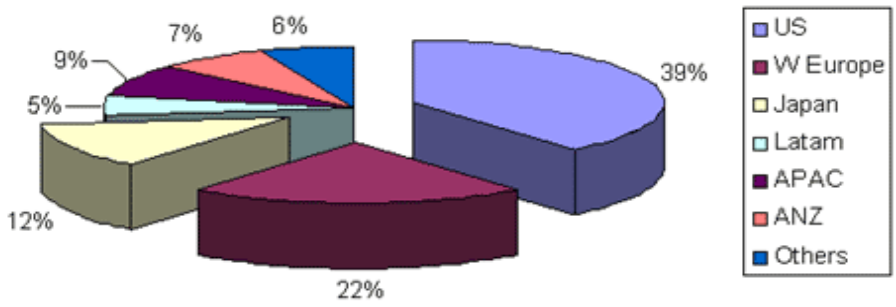


Figure 3. Region wise contribution to global retail sales (Source: http://www.fibre2fashion.com/industry-article/14/1330/trends-in-retail-trade2.asp)

- Emerging markets facts[1]
  APAC region amounts for 22% of the global retail sales.
- India is the 5th largest retail market globally.
  - Huge untapped potential in India as organized retail accounts for only 5% with 95% being unorganized. Compound Annual Growth Rate (CAGR) of 40%.
  - India's overall retail sector is expected to rise to $833 billion by 2013 and to $1.3 trillion by 2018, at a CAGR of 10%.
  - Growing Purchasing Power - Consumer spending is on a sharp rise. In the last four years consumer spending has grown by an astounding 75%. This can be attributed to the significant rise in the disposable incomes of India's young population.
- In emerging markets, e-commerce is a trend that has really caught up and BRIC (Brazil, Russia, India and China) shows the strongest growth in e-commerce.

[1] http://www.fibre2fashion.com/industry-article/14/1330/trends-in-retail-trade2.asp

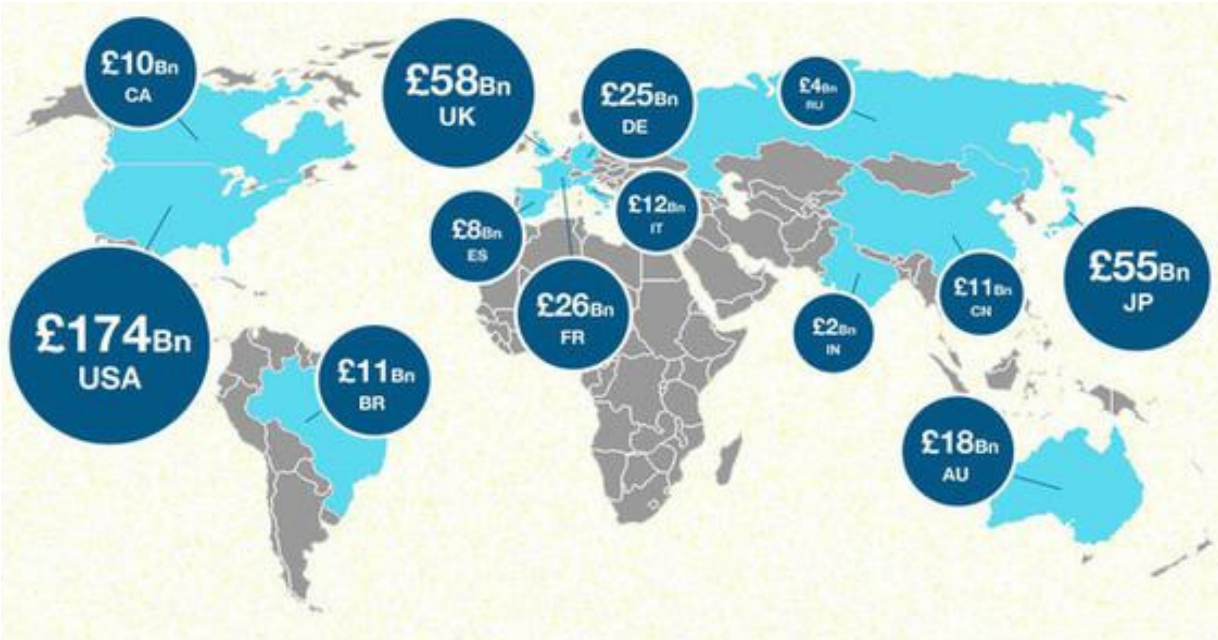


Figure 4. E-commerce worth by country (Source: http://en.paperblog.com/global-ecommerce-markets-infographic-313969)

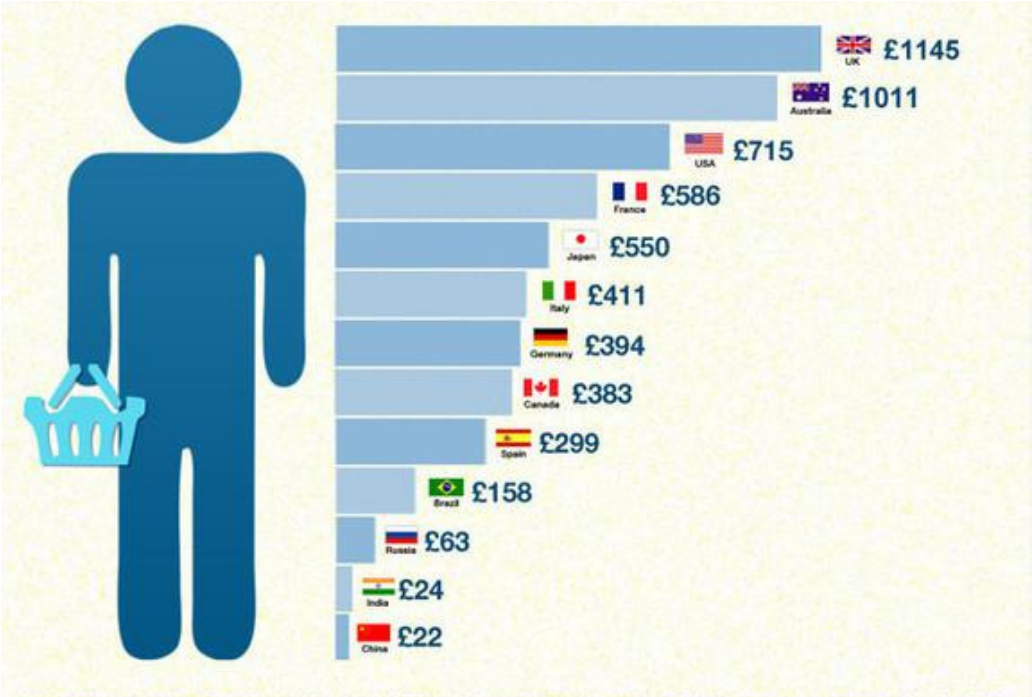


Figure 5. Average annual ecommerce spend per Internet user (Source: http://en.paperblog.com/global-ecommerce-markets-infographic-313969)

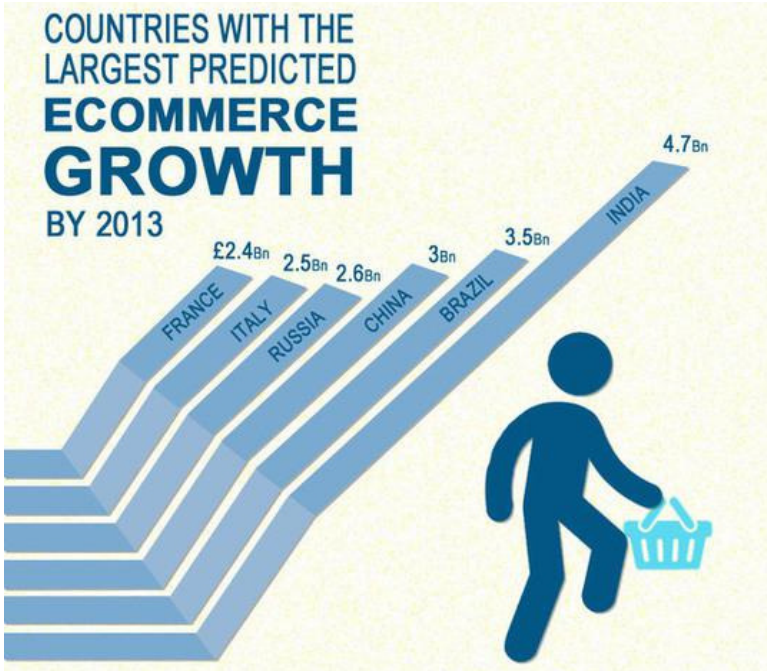


Figure 6. Countries with largest predicted e-commerce growth (Source: http://en.paperblog.com/global-ecommerce-markets-infographic-313969)

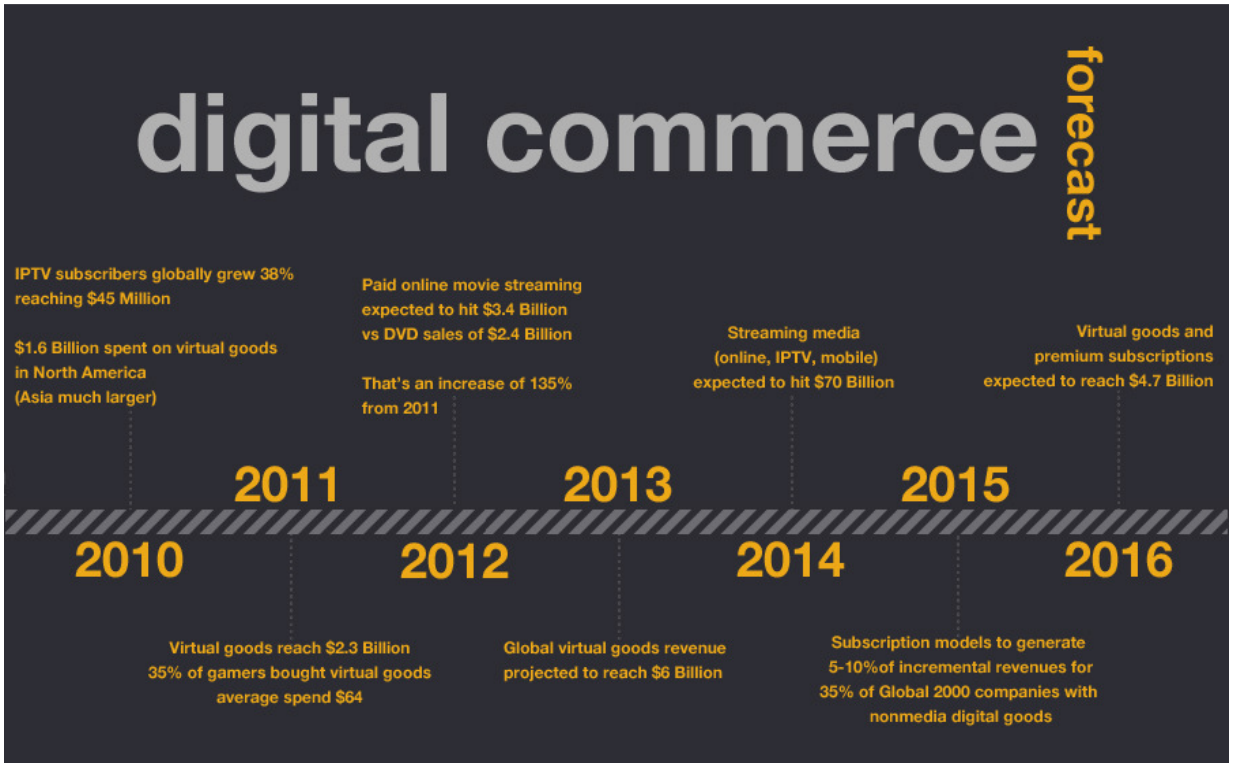


Figure 7. Revenue from e-commerce (Source: http://www.elasticpath.com/news/new-resources/elastic-path-partners-with-subscription-billing-platform)

Seismic Shift

The mobile is becoming a very important channel for every retailer. And by 2020, 43% of the retailers believe that the mobile will become the most important channel overtaking stores, PCs, call centers, and direct sales (see the figures to follow).

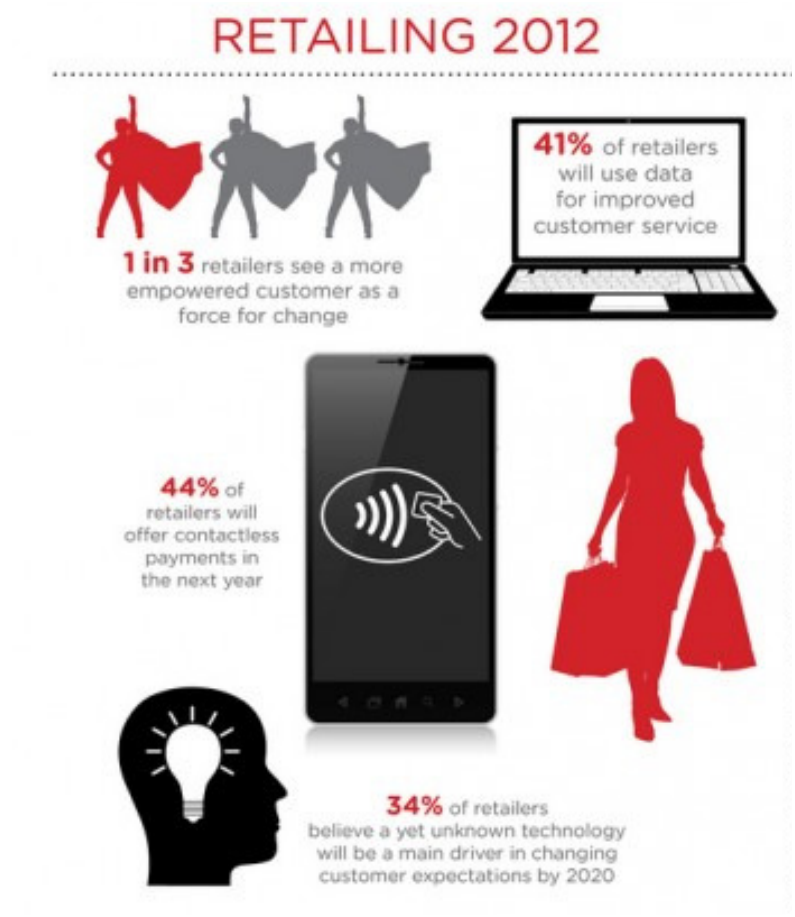


Figure 8. Retailing in 2012 (Source: http://newsroom.mastercard.com/photos/the-i-factor/)

Figure 9. Retailing in 2020 (Source: http://newsroom.mastercard.com/photos/the-i-factor/)

Consumers also want access to information through all channels[2]. They also seek recognition followed by a personalized experience both online and offline. These trends are shown in the next two figures.

[2] http://www.payelp.com/work/future-of-retail/

Figure 10. Shoppers want access through all channels (Source: http://www.payelp.com/work/future-of-retail/)

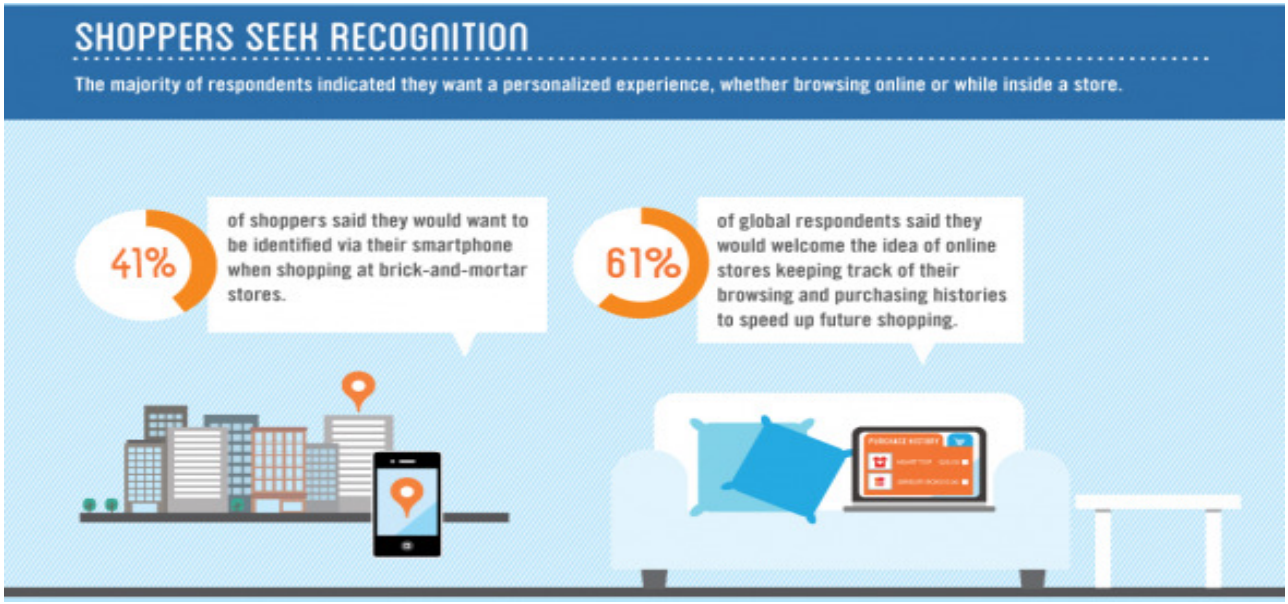


Figure 11. Shoppers seek recognition whether online of offline (Source: http://www.payelp.com/work/future-of-retail/)

Retailers are recognizing these trends and trying to follow the consumers' demands. At the same time, they are also realizing the value of being increasingly agile instead of sticking with one technology. Different technologies are getting introduced in the market and every one of them has a big impact. In fact, in a study done by Economist Intelligence Unit, the second most popular choice for the main driver of changing customer expectations by 2020 is an "unknown technology".

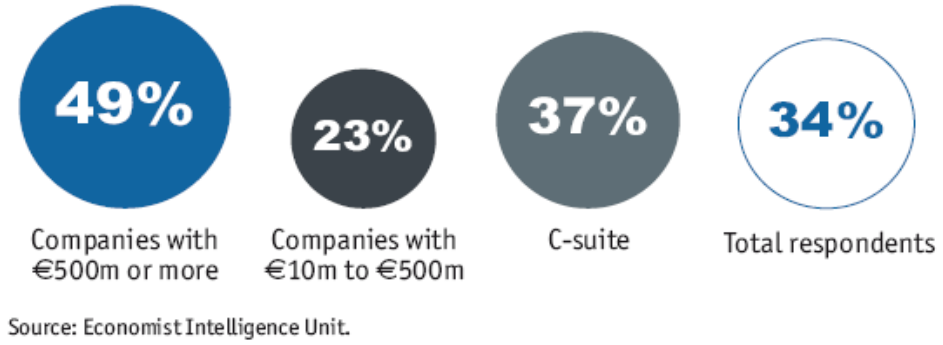


Figure 12. Percentage of respondents who believe that "some technology which cannot be predicted now" will be the main drivers of changing customer expectations by 2020 (Source: http://www.marketingcharts.com/direct/customers-like-personalization-in-store-more-than-online-22333/)

Analyzing and understanding each customer and delivering a personalized experience is high on every retailer's agenda. Customers are again driving this trend as they can now access a lot more information about the retailers and create their own experiences if the retailers fail to do so. Or they choose a retailer that understands them and connects well with them. Personalization is high on e-retailers' agenda since it is the key differentiator in a battle against hundreds of other e-retailers offering standardized products or services. Similarly, luxury brands that are going online to target inaccessible markets are also planning such personalization strategies.

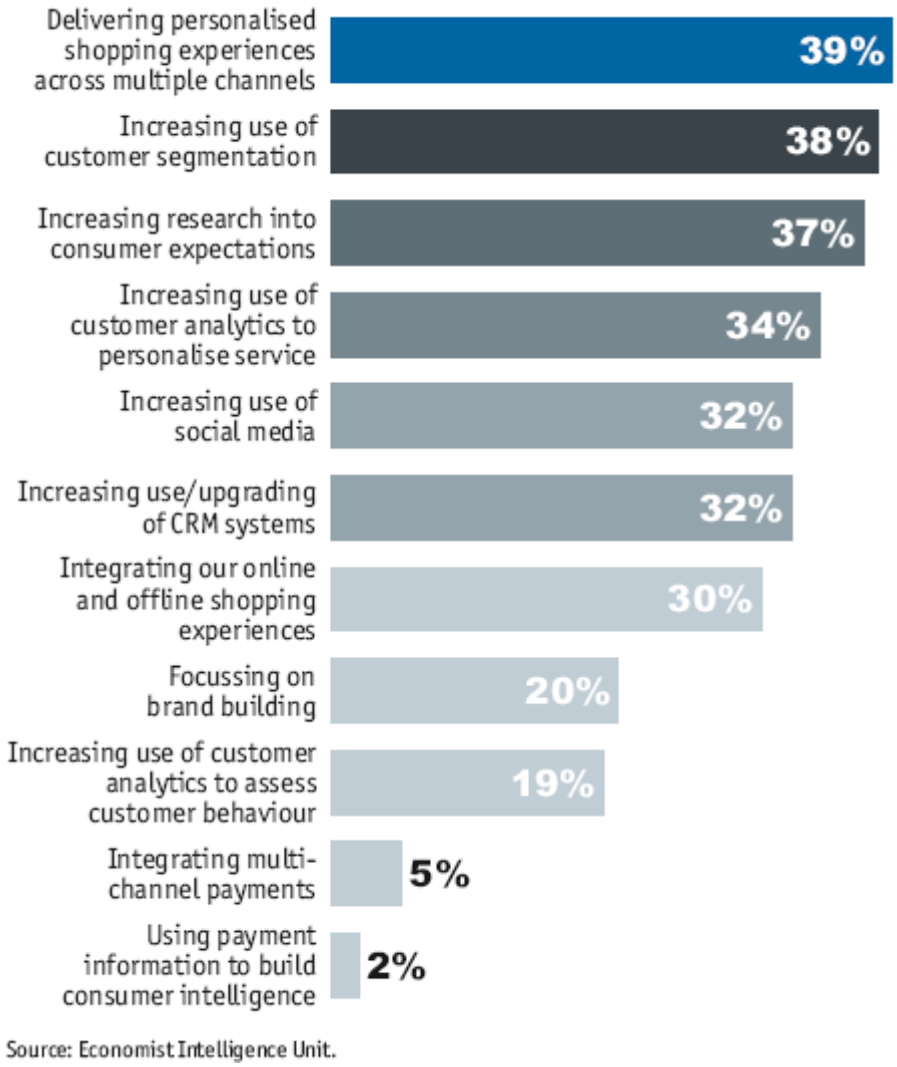


Figure 13. How are companies adapting to changes in consumers' needs and expectations? (% of respondents) (Source: http://www.marketingcharts.com/direct/customers-like-personalization-in-store-more-than-online-22333/)

Even in the face of growing prominence of digital technology, the brick-and-mortar store emerges as one of the most important touchpoints. Customers are using mobile devices, Internet, call centers and other services in the whole purchasing cycle, but the store still plays a crucial role one way or the other. This fact was noted in a survey released by Motorola Solutions in June 2012. Given the myriad shopping options that consumers now have at their disposal, 75% of US retailers believe that developing a more engaging in-store customer experience is going to be critical to their business in the next 5 years.[3]

[3] http://www.marketingcharts.com/direct/3-in-4-retailers-see-improved-in-store-customer-experience-as-critical-22456/motorola-future-of-retail-in-5-years-june2012png/

Figure 14. Future of retail in next 5 years (Source: http://www.marketingcharts.com/direct/3-in-4-retailers-see-improved-in-store-customer-experience-as-critical-22456/motorola-future-of-retail-in-5-years-june2012png/)

Even when it comes to personalization, customers prefer to be acknowledged in-store rather than via digital channels, at least when shopping for specialty products, as per findings from an RIS News and Cognizant survey of US and Canadian shoppers released in June 2012.[4]

Therefore, in-store trends become an important component of the future of retail and will be discussed in the subsequent sections.

[4] http://www.marketingcharts.com/direct/customers-like-personalization-in-store-more-than-online-22333/

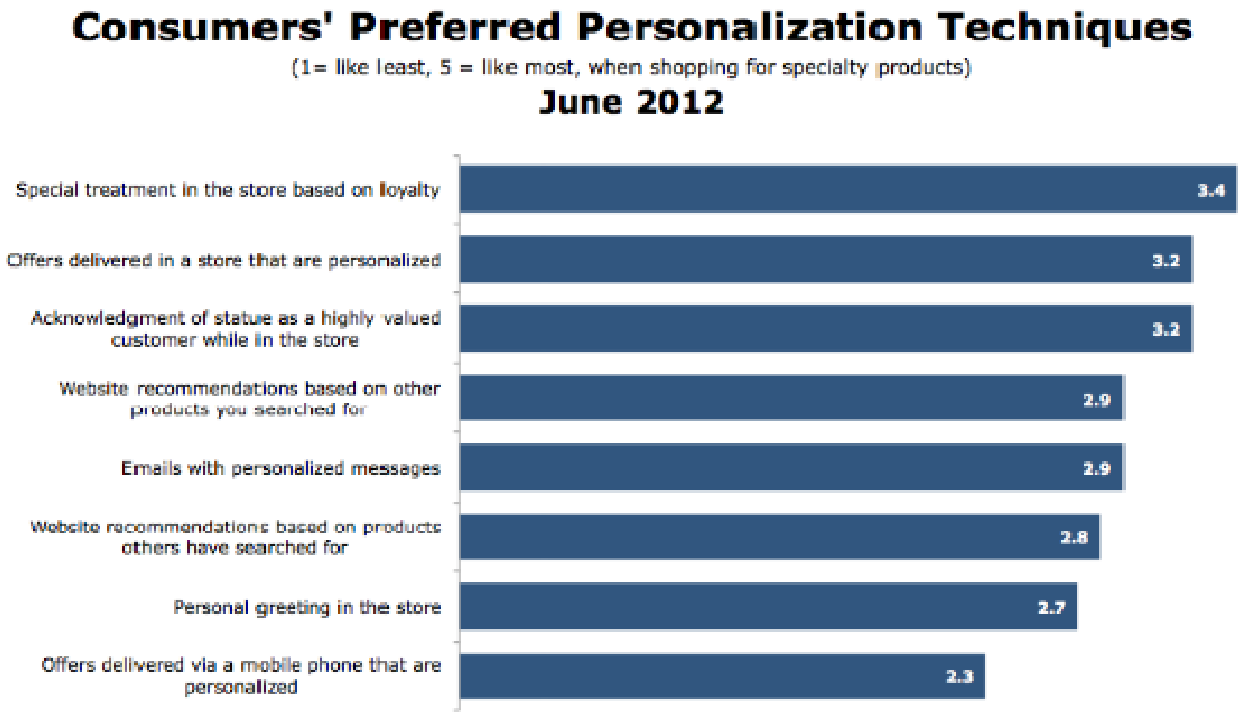


Figure 15. Customers' preferred personalization techniques (Source: http://www.marketingcharts.com/direct/customers-like-personalization-in-store-more-than-online-22333/)

IN-STORE TRENDS

Customers Design In-store Experience

http://www.psfk.com/2011/08/customers-create-preferences-on-app-for-tailored-in-store-experience.html

The IdentityMine store concept connects store associates and consumers both inside and outside of brick-and-mortar stores. Designed in partnership with Microsoft, an app on shoppers' phones allows them to create a shopping list visible to store associates. Before a store visit, customers can browse the inventory while being supported by staff with targeted deals, product suggestions, and the ability to send questions to store associates. Customers check in when they arrive at a physical store, alerting staff members and syncing their user profiles, shopping lists, and purchase history. Staff can then reach out to shoppers via intra-app messages in order to offer help and lend expertise. Connected signage and digital kiosks let shoppers "throw" content and wish lists from their app to larger screens in order to enjoy enhanced browsing and customer service.

In-stories: The Story behind Every Product

http://www.msnbc.msn.com/id/42221094/ns/technology_and_science-wireless/t/home-depot-starts-barcode-shopping-smartphones/

The Home Depot announced it will roll out its first mobile barcode program in a national print campaign featuring Martha Stewart Living Kitchens. By taking a picture of a 2-D barcode known as a QR code, shoppers can instantly watch product videos, read product reviews and purchase items directly from their smartphones.

The do-it-yourself retail giant plans to use the QR codes both outside their stores in print and online as well as on shelves within stores.

Best Fit for Every Customer

http://www.me-ality.com/

Full Body Scanner

http://www.ecouterre.com/mybestfits-full-body-scanner-tells-you-what-size-clothing-to-shop-for/

With brands altering their sizes according to random standards, shopping has become a game of "guess my size". To ease the confusion, MyBestFit is offering free full-body scans at shopping malls to determine what size and style fits customers best among the various ready-to-wear brands. In about 10 seconds, a customer can step into their Size Matching Station and be scanned for body measurements -- fully clothed!

UPcload uses your webcam to help you buy clothes that actually fit

http://www.ecouterre.com/upcload-uses-your-webcam-to-help-you-buy-clothes-that-actually-fit/

Shopping for clothes online is a bit of a gamble, but Berlin-based startup UPcload is launching a new Web-based body-measuring system that will give you a perfect fit each time, no matter what the brand. Founded by university classmates Asaf Moses and Sebastian Schulze, who bonded over their frustration with buying ill-fitting garments online, UPcload seeks to eliminate the hassle of returns by taking the guesswork out of sizing. No fancy scanning equipment is required. All you need is a webcam and an ordinary CD, which the company's photo-recognition software uses to determine your distance and subsequent dimensions.

Kraft scans faces to recommend products

http://mashable.com/2011/02/03/kraft-face-scanning-kiosk/

Kraft has teamed up with Intel to create a recipe recommendation kiosk that scans your face and then delivers you meal suggestions.

The Meal Planning Solution combines the functionality of a self-service kiosk with an interactive retail experience. It can be used to obtain recipes, shopping suggestions, promotional coupons and product samples.

Shoppers can tell the machine what sort of meal they are looking to create -- a posh dinner or a quick week-day meal. If they swipe their supermarket loyalty cards they can also get meal recommendations based on their past shopping history.

Gesture Based Browsing

http://www.smartplanet.com/blog/thinking-tech/3-d-to-make-window-shopping-more-interactive/5958

For those of us who spend a bulk of our day staring at a computer screen, good old-fashioned retail shopping can be a refreshing change of scene. But don't expect it to stay that way for long as retailers look to 3-D technology to make the shopping experience more interactive.

Adidas AdiVerse Virtual Footwear Wall

http://www.fastcompany.com/1715933/intels-virtual-footwear-wall-adidas-turns-boutiques-shoe-topias-video

At the annual National Retail Federation show, Intel showcased an intriguing potential use of display technology with a two-story, 2,400 square-feet concept store called the "Connected Store" which featured the Adidas AdiVerse Virtual Footwear Wall. Shoppers can interact with the wall-sized 3-D display to browse, zoom-in and get specs on a virtual assortment of as many as 8,000 shoes with a few simple hand gestures.

Designed by UK shop Start Creative, the wall renders products in 3-D, and allows a shopper to spin and zoom in on the shoes, and call up specs from a touch-screen display. Particularly hot models, like the company's F50 soccer shoe, have accompanying video and relevant information (like the fact that F50-clad feet scored 44 goals in last year's World Cup).

Repetto Interactive Window

http://creativecriminals.com/outdoor/repetto-interactive-shopping-window/

Repetto is a French ballet shoes company situated on Rue de la Paix near the Opera Garnier in Paris. They have managed to attract thousands of people to their store by letting them interact with their shopping window. With motion tracking, people are able to move the screen and zap through several ballet videos made by Marcel, Paris.

Virtual Avatars Replace Flesh and Blood Models

http://www.ecouterre.com/could-virtual-avatars-replaced-flesh-and-blood-models-in-online-retail/

Your favorite online retailer soon will no longer need live models to sell you clothes. Digital models are the new hot workforce, saving retailers a ton of time and money. Swedish design firm Looklet has created an online styling tool with a cast of digital models to pick from. Their system lets retailers choose their models, add their clothes, and then shoppers can mix and match outfits to their hearts' content. Could this be the end of photo shoots and catalogue modeling as we know it?

Evening Dress – a 3D Digital Template

http://www.ecouterre.com/augmented-reality-clothing-evolves-with-its-wearer-in-real-time/

Tweaking your outfit to suit the occasion could soon be as easy as moving pixels on a screen. "Apparel," the first garment to exist in both the physical and digital realms, is designed to take us one step closer to that future. Developed by Normals, a design collective from France, the garment uses a combination of augmented-reality technology, custom-coded applications, and personal data to create a "wearable avatar" primed for a game of digital dress-up.

In-store Locators

http://www.thebellabuzz.com/aisle411-founder-nathan-pettyjohn/

Aisle411 is a mobile app that is taking on the challenge of making shopping more efficient. As shoppers use the app, it helps them find items, creates and manages shopping lists, provides product reviews, and even helps shoppers plan their shopping route within the store itself. As a shopper enters a store with their shopping list planned out, the app will direct the user through the store from aisle to aisle. No more doubling back because of something forgotten or scouring the aisles for an elusive sales clerk to point the way.

Online Inventories

http://www.ecommerce-guide.com/solutions/advertising/article.php/3938101/Milo-Bridges-Gap-between-Online-Shoppers-and-Local-Retail.htm

For merchants who have a physical retail store, but do not sell products online, there is good reason to present your inventory to online consumers. That is where Milo, a local shopping company, pitches its service as a bridge to connect local retail inventory with online shoppers. Acquired last year by eBay Inc., Milo claims its technology can take every product on every shelf at every local store and put it online to help shoppers find the best prices and availability.

On the consumer side of shopping, Milo basically shows online shoppers what's in-stock, where to buy it and what the best price is.

Try on Clothes Virtually

http://www.psfk.com/2011/08/mirror-lets-kids-try-on-virtual-outfits.html

Tomorrowland, a section of Disneyland in California, features an augmented reality mirror that acts as an entertaining and novel way to shop for children's clothes. This mirror is a large, high-definition screen with a hidden camera that displays video of the user, tracks their movement and is able to overlay virtual clothing onto their body. Unlike other AR devices, the Disney AR mirror simulates cloth physics and allows the virtual outfits to move naturally with the viewer's body. Besides traditional apparel, cartoon character and movie franchise items are available to sample, including Pippi Longstocking's hair and Star Wars Stormtrooper helmets.

Environment Affecting Buying

The customer experience can be enriched and sales increased by enhancing the environment through the use of color, smell, etc.

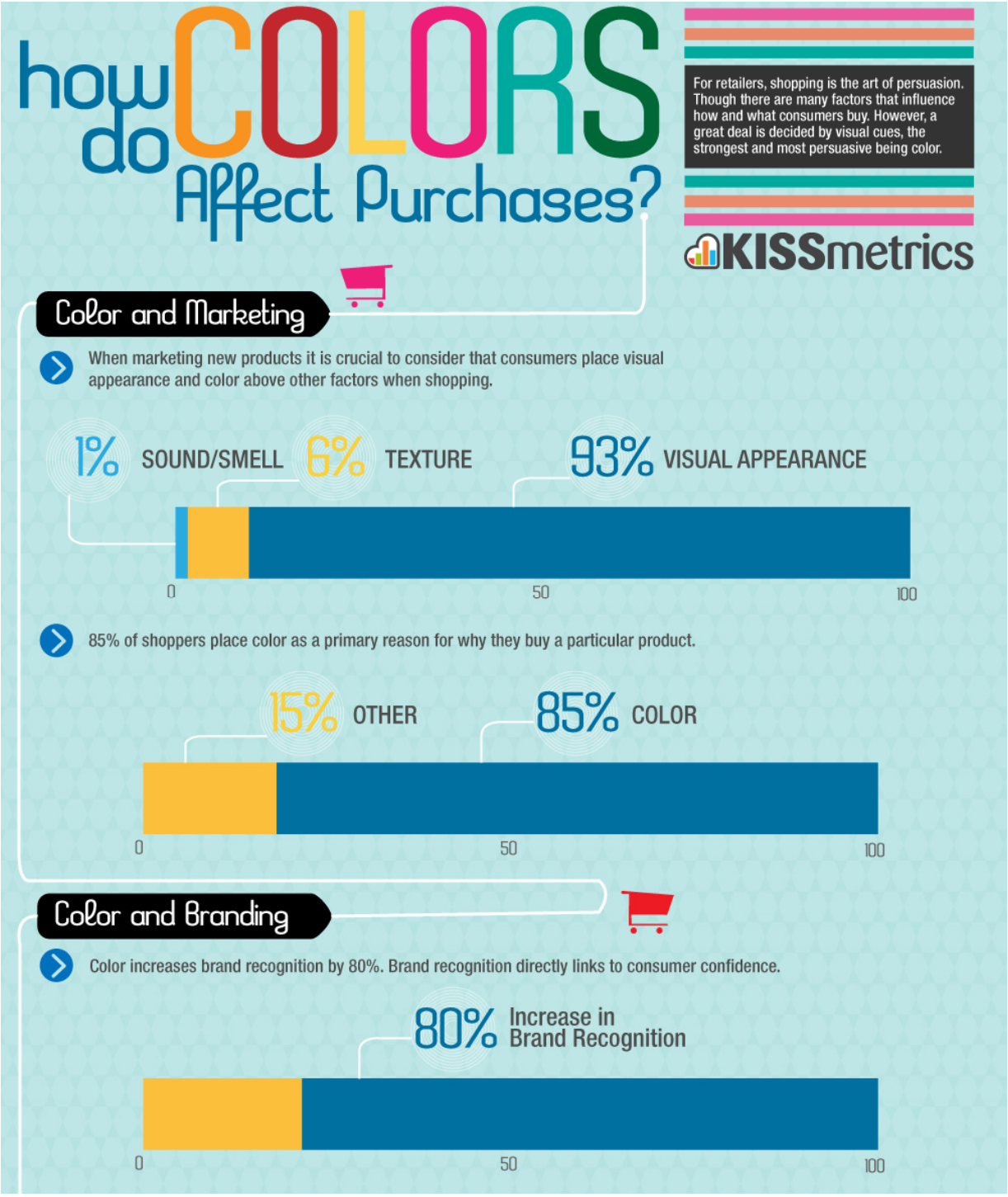


Figure 16. Effect of environment and colors on purchasing behaviors (Source: http://marketingfaq.net/2012/04/colours-influence-shopper-buying-decisions/)

Interactive Packaging

https://connect.innovateuk.org/web/food/articles/-/blogs/9067161;jsessionid=B2A4487F8C0620A4C86C36EC5B224837.ColsAnobron7

Ordinary plastic and paper items can now be made to “come alive” and, in theory, any printed item can become “functional.” For example, print can be activated by energy from an RFID reader and illuminate part or all of an image, or display a one-time pass code. Printable “triggers” can bridge the physical world and the digital space by enabling consumers to access digital information through a smartphone. Electronic pill boxes can record when a pill is removed from a pack and link to a “medical control center” to ensure compliance. Also a new generation of “active” printable time temperature indicators can monitor perishables in the supply chain.

Tap on Glass to Order Clothing

http://usatoday30.usatoday.com/tech/news/techinnovations/2007-06-20-ralph-lauren-window-shopping_N.htm

Polo Ralph Lauren is taking impulse shopping one step farther with technology that allows passersby to purchase clothing they see in the windows of one of its New York stores by tapping on the glass.

COLLABORATIVE CONSUMPTION

A new trend of sharing is emerging, which opposes the idea of owning. An unstable global economy is leading the way to a different form of consumption - collaborative consumption. Consumption is being reinvented through new technologies on a scale and in ways never possible before, resulting in an explosion in sharing, bartering, lending, trading, renting, gifting, and swapping.

Collaborative consumption has opened avenues for social sharing. The digital technology or new channel of e-commerce does away with a lot of intermediate distribution nodes and reaches customers directly. This channel enables one and all to become traders wherein they can exchange goods and services. We may not know the people, but need a product or service that they have to offer. Sharing with strangers we've just met online allows us to make meaningful connections. Peer-to-peer sharing aids the re-emergence of community, and builds transparency and trust.

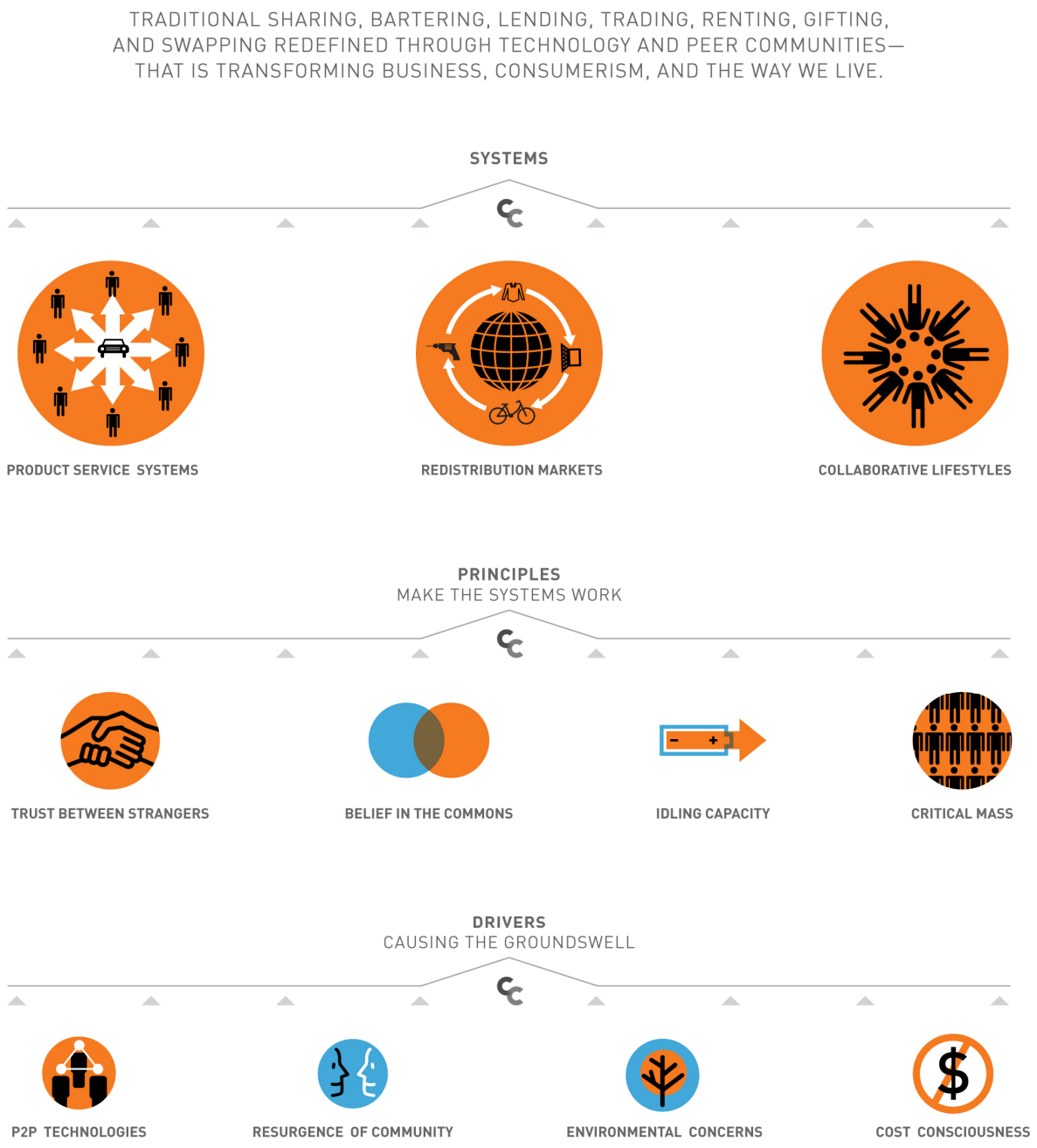


Figure 17. Collaborative Consumption (Source: http://www.collaborativeconsumption.com/spreadables_downloads/CC_Spreadables_Charts/CC_Chart_The_Complete_Picture.jpg)

Here are some ways in which Collaborative Consumption is manifesting itself:

- **Product Service Systems** - Consumers pay for the benefit of using a product without needing to own the product outright. This disrupts traditional industries based on models of individual private ownership. Examples: Car sharing, Rental Fashion, Movies, Neighborhood Rental , Art Rental, Textbook Rental.

- **Redistribution Markets** - Consumers redistribute used or pre-owned goods from where they are not needed to where they are. Examples: Clothing swaps, Neighborhood marketplaces.
- **Collaborative Lifestyles** - It's not just physical goods that can be shared, swapped, and bartered. People with similar interests come together to share and exchange less tangible assets such as time, space, skills, and money. Examples: Skill sharing, Co-working spaces, Social currencies.

Car Sharing Service

www.**zipcar**.com/

Zipcar is an American membership-based car sharing company providing automobile reservations to its members, billable by the hour or day. This service gives more than 500,000 members the chance to share cars part-time.

https://www.whipcar.com/

WhipCar is the first service in the world where a car owner can rent out their vehicle for money, whenever they are not using it. WhipCar pairs approved drivers with spare car time. The insurance protects all rentals made through the service, with an insurance product that has been created especially for the members.

Vacation Rental Service

www.**airbnb**.com/

Airbnb is an online service that matches people seeking vacation rentals and other short-term accommodations with hosts who have an unused space to rent. Hosts are generally private individuals who are not professional hoteliers.

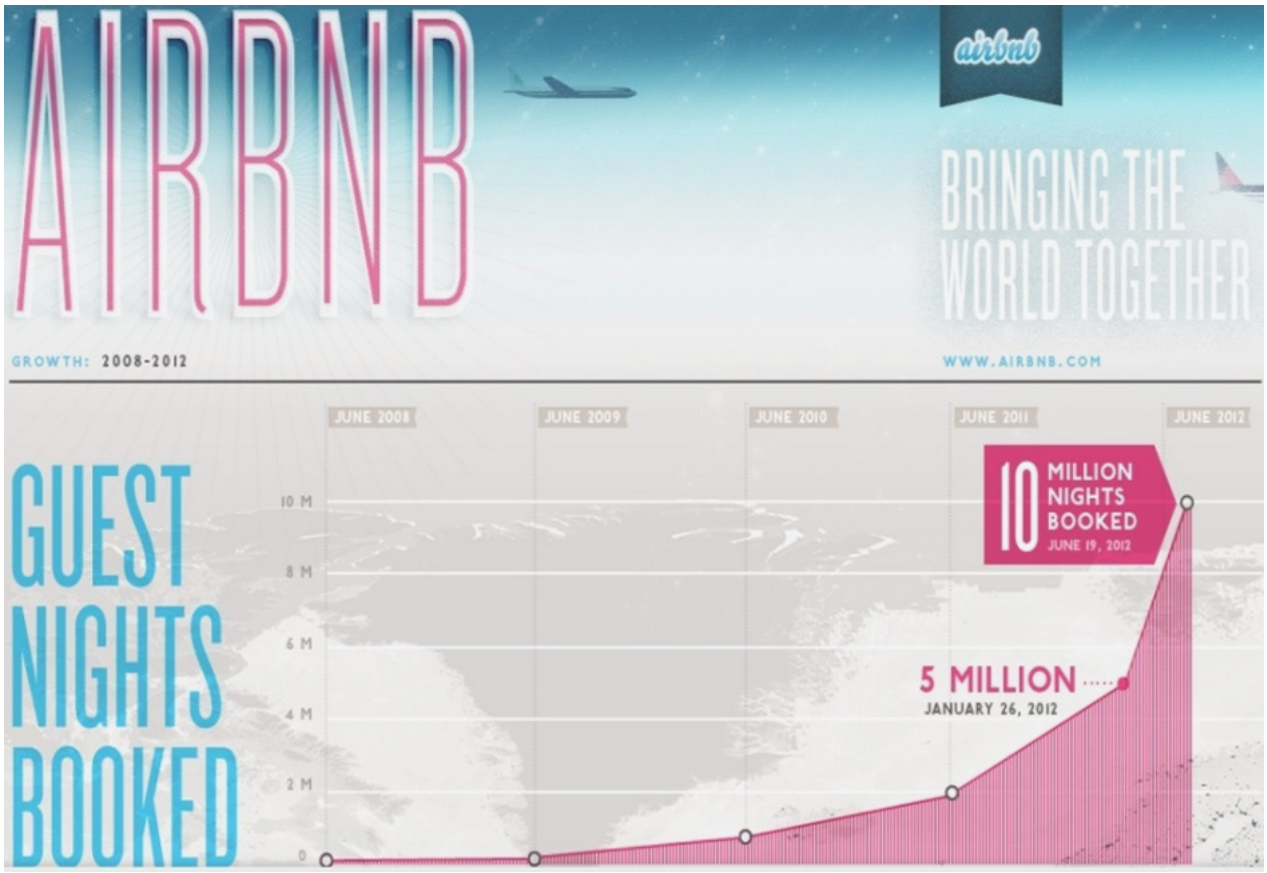


Figure 18. AIRBNB growth over the years (Source: https://www.airbnb.com/10-million)

Figure 19. Example of AIRBNB Revenue generation (Source: http://www.fastcodesign.com/1664400/infographic-of-the-day-a-tour-guide-to-collaborative-consumption)

Sharing of Retail Spaces

http://www.psfk.com/2011/06/best-buy-considers-collaborative-retail.html

Consumer electronics giant Best Buy considered an approach in 2011 of reducing its total retail footprint by 20% by renting out retail space within its stores to other retailers and small businesses. Best Buy was actively aiming to lease out between 4,000 and 15,000 square feet at its 46 stores in Southern California, employing commercial real estate brokers to target tenants like Trader Joe's, Sephora and other entrepreneurial retailers.

Skill and Time Sharing

https://www.taskrabbit.com/

Taskrabbit allows people to take up small jobs for neighbors. Most of these small jobs involve tasks like assembling IKEA furniture that can be performed without special skills.

Figure 20. Example of Taskrabbit revenue generation (Source: http://www.fastcodesign.com/1664400/infographic-of-the-day-a-tour-guide-to-collaborative-consumption)

Peer-to-Peer Sharing
Music

http://www.napster.com/

The digitalization of music and the ability to share it made owning CDs superfluous. Napster pioneered peer-to-peer file sharing possible for audio files, typically music, encoded in MP3 format.

Information

https://freenetproject.org/

Freenet is a peer-to-peer platform for censorship-resistant communication. It uses decentralized distributed data store to store information, and has a suite of free software for working with this data store. Freenet's goal is to provide freedom of speech with strong anonymity protection.

Files

www.utorrent.com

BitTorrent is a protocol that underpins the practice of peer-to-peer file sharing and is used for distributing large amounts of data over the Internet. BitTorrent is one of the most common protocols for transferring large files and it has been estimated that, collectively, peer-to-peer networks have accounted for approximately 43% to 70% of all Internet traffic (depending on geographical location) as of February 2009.

Kopimisim

The Missionary Church of Kopimism, founded by 19-year-old philosophy student Isak Gerson is a congregation of file sharers who believe that copying information is a sacred virtue. The Church, based in Sweden, has been officially recognized by the Swedish Legal, Financial and Administrative Services Agency as a religious community.

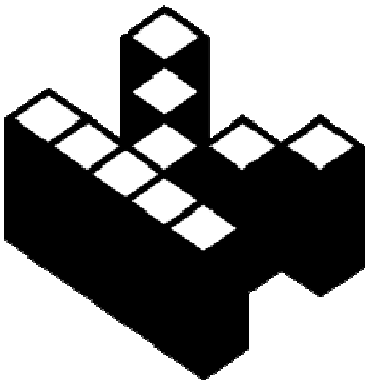


Figure 21. Kopimisim Symbol (Source: http://en.wikipedia.org/wiki/Missionary_Church_of_Kopimism**)**

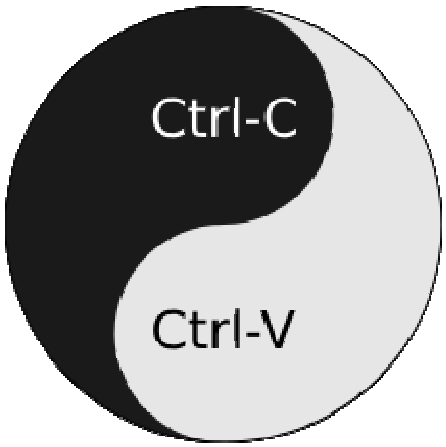


Figure 22. Ctrl-C, Ctrl-V Copy and Paste considered as sacred symbols (Source: http://en.wikipedia.org/wiki/Missionary_Church_of_Kopimism)

Movie and Television Rental Services

Netflix

www.netflix.com

Netflix is a subscription-based digital distribution service of movie and television shows that offers media to subscribers via Internet streaming and US mail. More than 20 million subscribers pay a fee to essentially share DVDs.

Amazon Prime

http://www.amazon.com/gp/prime

Amazon prime offers services similar to Netflix. It provides subscription-based digital distribution service of movie and television shows. Amazon focuses heavily on movies that have already been released to DVD for a while.

Borrow, Don't Buy: Websites That Let Strangers Share

Snap Goods

www.snapgoods.com/

There are people who want to borrow stuff — camping equipment, food processors, robot vacuums, etc. — and there are people who have stuff they want to lend. SnapGoods helps these two groups connect over the Web. SnapGoods is one of many sites that have sprung up to facilitate offline sharing.

Swap Baby Goods

www.swapbabygoods.com/

SwapBabyGoods.com is the first Web site of its kind, providing a friendly place for parents to swap, buy or sell baby items that are no longer needed. The philosophy is very simple - Why buy when you can swap? The product focus is baby items; for this reason, users can enjoy the Web site, knowing that they are part of a community. The is to provide a platform that brings together willing sellers, buyers and swappers in an online marketplace, benefiting everyone involved.

New Decentralized Currency Stimulating Underground Barter Economy

http://bitcoin.org/

Bitcoin is voluntary digital currency that can be transferred peer-to-peer over the Internet. The open-source cryptographic program secures electronic transactions without the need for a third party, like a bank or PayPal. It provides the perfect vehicle to operate outside the established economy as it's decentralized, quasi-anonymous, and its supply is regulated by an algorithm. Bitcoin is also the name of the open source software which enables the use of this currency.

Bitcoin Central was recently approved by French regulators to operate as a bank in the country. The bank will be a partnership between Bitcoin Central parent company Paymium, payment processor Aqoba, and French bank Credit Mutuel. Users will be able to deposit funds in both bitcoins and euros and will be able to convert between the two. [5]

CrowdSourcing
Fashion Crowdsourcing

http://www.dailyfinance.com/2012/07/20/fashion-crowdsourcing-turns-us-all-into-designers-retailers/

Crowdsourced clothing is proliferating, enabling shoppers to take product design and selection into their own hands. Fashion crowdsourcing is the Internet-era combination of two venerable retail strategies - satisfying demand and building customer loyalty.

Threadless lets users create and stock their own online boutiques, and gives everyone a chance to be both a retail buyer and an arbiter of style. **Democratization of Fashion is a** label offering collections entirely based on the designs submitted by its online community.

Crowdsourced Site

http://honeyshed.com

[5] http://pandodaily.com/news/could-bitcoin-go-legit-a-new-french-banking-license-says-yes/

Honeyshed offers an opportunity for new designers and entrepreneurs to get their names publicized to the whole world, and well-known companies can promote their products too.

Community Card

http://www.barclaycardring.com/

Barclays US introduces the first crowdsourced credit card driven by an online community of card members.

Crowd Funding

http://www.crowdsourcing.org/editorial/crowdfunding-year-in-review-top-grossing-projects-of-2012/22671
http://dailycrowdsource.com/crowdsourcing/articles/opinions-discussion/1114-crowdfunding-for-retail

Individuals are putting in their collective effort to network and pool their money, usually via the Internet, to support efforts initiated by other people or organizations. Crowd funding is used in support of a wide variety of activities, including disaster relief, citizen journalism, support of artists by fans, political campaigns, start-up company funding, movie or free software development, inventions and scientific research.

Kickstarter

www.kickstarter.com/

Kickstarter is an American-based private for-profit company founded in 2009 that provides through its Web site tools to fund raise for creative projects via crowdfunding. Till date, Kickstarter has funded a diverse array of endeavors, ranging from indie films, music, stage shows and comics to journalism, video games and food-related projects. People cannot "invest" in Kickstarter projects to make money. They can only "back" projects in exchange for a tangible reward or one-of-a-kind experience, like a personal note of thanks, custom T-shirts, dinner with an author, or initial production run of a new product.

Indiegogo

http://www.indiegogo.com

Indigogo is a crowdfunding site similar to Kickstarter. It is open and accessible to anyone around the world to raise funds. It provides tools to manage a fund raising campaign and assures a merit based promotion of the campaigns.

Word-of-Mouth

http://mulu.me/welcome

Mulu is a social commerce platform that gives users commission for influencing online purchases.

Brand Ambassadors

http://needle.com/

”Expert” customers give advice to less involved ones. A live chat sales platform recruits consumers who are involved with a particular brand on social media, and shoppers can then talk to these hardcore fans.

Socialization While Shopping

http://www.amsjwerbeagentur.de/

Shopping isn’t so much about buying stuff as much as it is about social interaction. Enter Couture Society, an online social shopping site that basically lets customers socialize virtually while shopping.

Rentable Ensemble

http://blog.luxemi.com/

On Luxemi you can purchase authentic Indian saris and other clothing items, but you can rent them as well.

RETAIL TRENDS FROM AROUND THE WORLD

United Kingdom

Shared by UX Trendspotter David Bell

Due to a decline in the traditional retail models in UK, new models for retail have emerged[6]. One of the new models is that of having one full range flagship store, in the largest or most appropriate location for a retailer’s target market, combined with smaller stores in satellite locations with online facilities (ordering kiosks with access to full range, sample ranges in stock for selection, click & collect facilities).

[6] http://www.sas.com/offices/europe/uk/downloads/press/sas-verdict-retail2012.pdf

This is complemented by transactional Internet and mobile commerce sites that allow shoppers to access stores from any location at any time, and order goods.

For example, Debenhams has opened smaller Desire stores, m-commerce facilities and in-store kiosks. House of Fraser has opened click & collect stores in Aberdeen. M&S has come up with a trial boutique which has sample ranges of clothing with online videos and ordering facilities.

Source: Verdict Research

Figure 18. New location model - Flagship store + Satellite + Online (Source: http://www.sas.com/offices/europe/uk/downloads/press/sas-verdict-retail2012.pdf)

This trend is also confirmed by a study from Econsultancy that shows that close to 74% of the consumers in UK would reserve a product online before collecting it from an offline store. [7]

[7] http://econsultancy.com/in/blog/7712-multichannel-retail-survey

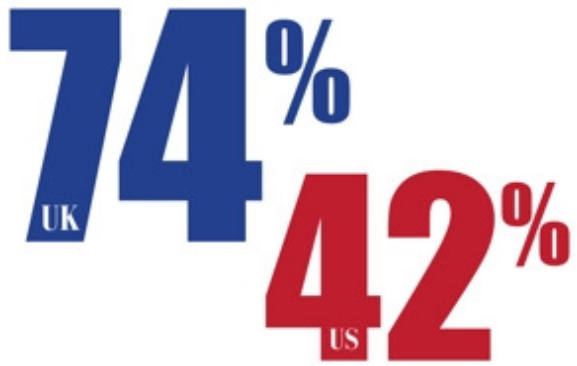


Figure 23. Percentage of customers who reserve products online before collecting them from an offline store (Source: http://econsultancy.com/in/blog/7712-multichannel-retail-survey)

United States

Shared by UX Trendspotter Cathy Gaddy

Mobile has risen to become an integral part of the holiday shopping experience for consumers in the US. Retailers have picked up on this, with more mobile-friendly sites, experiences, offers and more. Consumers are far ahead of retailers when it came to using digital resources like price comparison tools. This is evident from the growing reliability on online as a medium for information search as shown in Figure 19 below.[8] In 2012, retailers are therefore betting big on mobile, both in-store and on the Web. Retailers like Target and Wal-mart are making additional investments in their mobile apps to capture consumers in-store with offers, additional inventory and more. With 51% of people researching online, and purchasing items in a store, retailers need to engage with consumers both in-store and online.

[8] http://techcrunch.com/2012/10/23/googles-predictions-for-holiday-shopping-retailers-are-investing-more-in-mobile-in-store-tech/?goback=.gmp_4150375.gde_4150375_member_178042155

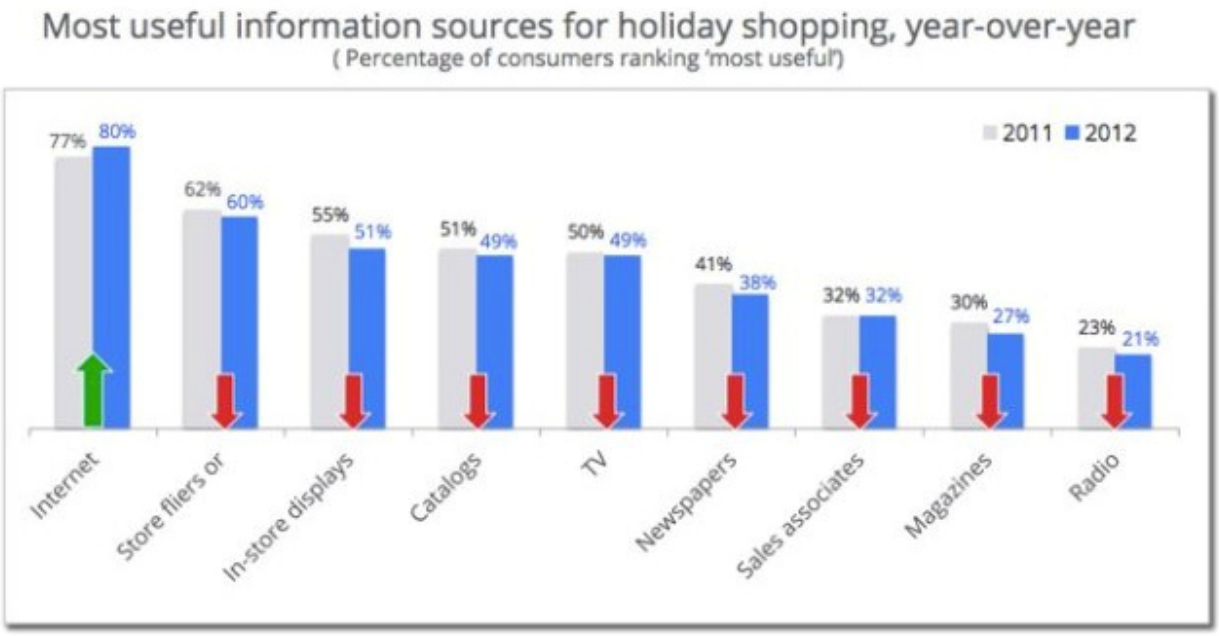


Figure 24. Consumers will rely more on Internet and less on traditional offline sources (Source: http://techcrunch.com/2012/10/23/googles-predictions-for-holiday-shopping-retailers-are-investing-more-in-mobile-in-store-tech/?goback=.gmp_4150375.gde_4150375_member_178042155)

Retailers are also investing in making their sales representatives more knowledgeable, using mobile as an information tool. For example, Macy's is putting tablets in the hands of their sales reps. In case a customer has a question about an item or an item is sold out, the rep can provide the proper info for the customer, and potentially keep the sale. The shopping experience is expanding through online video as well. There is also an increased focus on using multiple devices for shopping, including an iPad, smartphone and computer. This is shown in the following figure.

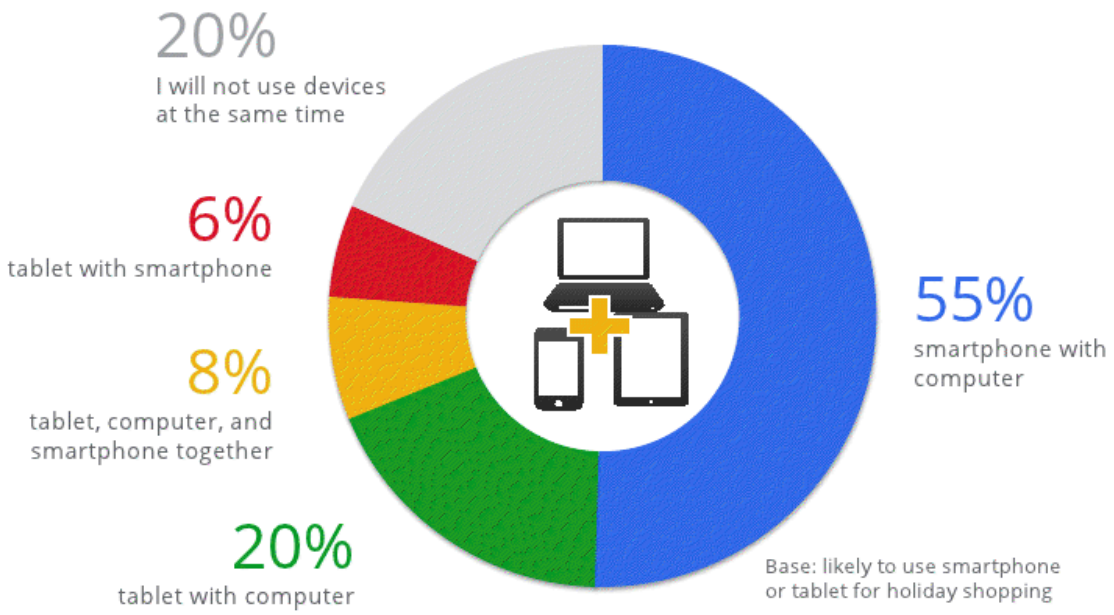


Figure 21. 4 in 5 shoppers use devices simultaneously to help with shopping (Source: http://www.interactone.com/how-consumers-are-shopping-in-2012/)

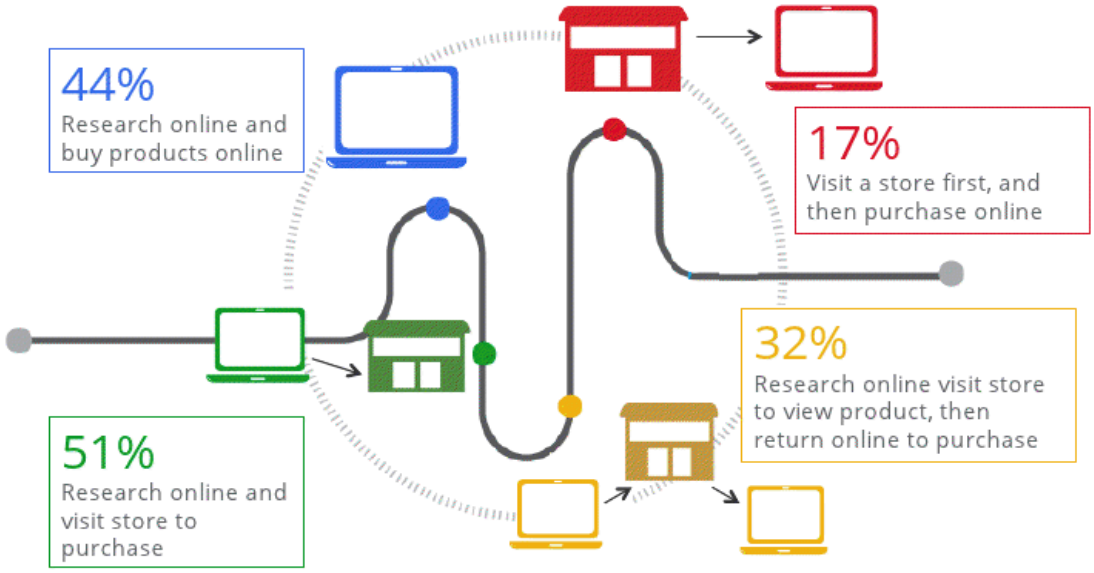


Figure 22. Lines between online and offline shopping are blurring (Source: http://www.interactone.com/how-consumers-are-shopping-in-2012/)

South Africa

Shared by UXTrendspotter Viresh Hargovan

There is an influx in the South African region in terms of e-commerce. Internet penetration is forecast to hit 20% in 2013 as the number of experienced Internet users increases. World leaders in international

growth equity are investing in the e-commerce industry. South Africa's largest fashion e-commerce retailer Zando.co.za got investments of €20m from Summit Partners. It was followed by JP Morgan's "double digit US dollar" investment in the same retailer. [9]

Japan

Found on Japan Trends[10]

Kappa Conveyor Belt Sushi

Kappa Sushi is the biggest *kaiten* sushi chain in Japan with nearly 400 branches nationwide. Kappa Sushi outlets are hi-tech with a *shinkansen* bullet train that delivers orders on its own special line. You also order the fish by touch panel screens located all around the counters.

Figure 23. Kappa conveyor belt sushi (Source: http://www.japantrends.com/sushi-shinkansen-kappa-conveyor-belt-sushi/)

[9] http://www.fin24.com/Companies/ICT/20m-boost-for-Zando-20121030

[10] *http://www.japantrends.com/*

My Tirol - Customizable Japanese Chocolate Service

Tirol is one of the funkiest of local Japanese sweets and very “Japanese” due to their compact size and pop design wrapping. Now, customers can customizing their own Tirol with the My Tirol online order and delivery service.

You first choose 10 chocolates each in three kinds from a choice of five, plus you can select the flavor for the center filling and the bottom layer. Then you can choose the wrapping, each one special and not normally seen amongst the pantheon of other Tirols out there in stores. There is also a version with a blank bubble for you to inscribe a message on each sweet.

Figure 24. My Tirol online customization (Source: http://www.japantrends.com/my-tirol-customizable-japanese-chocolate-service/**)**

China

Shared by UX Trendspotter Baili Liu

Bergstrom Trends, one of Shanghai's leading youth trend-tracking firms, shares their insights on what drives China's younger shoppers. Here is their take on China's Top Ten Retail Trends of 2010[11]:

1. **Socializing Shopping Online:** Chinese youth are Web experts and also value the opinions of their friends. Online retailers are combining these to allow customers to socialize and seek each other's opinions while shopping.

2. **Imagination Station:** More and more retail environments are looking to stimulate kids' imaginations instead of brainwashing their minds.

3. **Everyday Luxury:** Luxury is being redefined by brands offering everyday items in high quality and cool designs, instead of big names like Chanel and Gucci .

4. **Chinese Brands Switch On:** Chinese brands are growing and developing their own savvy marketing campaigns locally as well as abroad. Think of C-Forever bikes, Feiyue and Huli.

5. **Buy Now!**: Flashbuy and Groupon-style purchasing options are becoming more prevalen in the market to lure consumers into the dangerous zone of impulse buying. McDonalds and Taobao have been quite successful at this.

6. **In-store advantage:** To combat the downturn of brick-and-mortar stores, more local brands are offering up special in-store discounts and attractions like movie nights and snack bars, to lure shoppers away from their computers.

7. **Wallet-free:** Banks have figured out a way to get rid of even the smallest cash cargo, a credit card. Over 250 stores in Shanghai now accept "pay-by-finger payment," which verifies payment through a thumbprint connected to the customer's bank info.

8. **China-Vision:** The Chinese are being targeted by foreign brands. Apple created a special iPad case that says "Designed in California, Made for China" in Hanzi. Fashion brands are offering well-designed basic Chinese-inspired looks at a lower price point. Hermes' more affordable Chinese offshoot, Shangxia, is only sold in China.

9. **Touch and Feel Retail:** Many brands have learned that the "You break it, you buy it" warning can ward off Chinese buyers, thus encouraging hands-on shopping. China Southern invites customers to chill in their on-the-ground airplane cabin mock-up to test their seat before takeoff.

10. **Offline is On:** Online retailing is starting to grow. Armani recently opened its online shop along with GAP.

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[11] : http://www.chinafashiontrends.com/2011/01/04/chinas-top-ten-retail-trends/

Retail Shopping Trends in China from Nielsen[12]:

1. **Shopping frequency is on the rise**
    - The economic recovery ensured an increase in the frequency of shopper visits to most modern and traditional trade channels, and thus a 14% year-over-year increase in spending on food, groceries and personal care products in key cities.

2. **Chinese shoppers are habitual and highly sensitive to promotions and pricing**
    - More than half the shoppers in a recent Nielsen study said they tend to visit the stores they shop in regularly and the ones that are geographically closest to their homes. However, recommendations from friends, colleagues or relatives along with attractive deals promoted in newspapers or flyers were influential for one in five shoppers.

    - A change in the economic climate has increased shoppers' sensitivity to both promotions and prices. In fact, one-third of shoppers in both key cities and non-key cities actively search out promotions within their regular store, one-fourth buy different brands because of promotions and one-fourth of non-key city and one-fifth of key city shoppers will change the store they shop to find the best promotions.

    - About one in four shoppers know the prices of all the items regularly purchased and half of key city shoppers and 44% of non-key city shoppers know the prices of most items.

3. **Private label acceptance is growing in China**
    - Although non-key city shoppers are more accepting of private labels as compared to key city shoppers, the overwhelming majority of key city shoppers recognize private labels as a worthy choice. 64% of key city shoppers believe that private label quality is just as good as leading brands.

    - 64% of key city shoppers and 74% of non-key city shoppers say that private label products may be cheaper, but manufacturer branded products are superior and better value for money.

    - Private label image is still an issue for most shoppers as 60% think private label products are only for those on a serious budget. Retailers have an opportunity to improve perceptions as well as better market their brands as 64% say they don't know enough about private labels to make them switch from their usual brand.

China Retail Sector Macro Trends from My Decker Capital[13]:

- Urbanization has led to higher income for the urban population, which drives higher retail sales.
- Moderate inflation is beneficial to retail sales growth.
- Government policies are directed towards increasing domestic consumption to replace investments as the top driver in economic growth.

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[12] http://blog.nielsen.com/nielsenwire/consumer/retail-shopping-trends-in-china/

[13] http://www.mydeckercapital.com/Documents/20110130%20MDC%20China%20Retail%20Sector%20-%20Macro%20Trends.pdf

- A bigger middle-class and an improving social security system boost consumer confidence higher and foster mid- to long-term consumption.
- 20-30 year olds have become the major consumer segment.
    - Most of them are an only child (from the 'One Child Policy') with higher consumption behaviors.
    - Over time the Internet will make their consumption patterns in line with rest of the world.
    - Spending does not have to be limited by their own income. Parents could provide them additional spending power.
    - The next "baby boom" will drive another wave of consumption as these younger couples have their own child.

Top 10 Customer Trends of the Chinese Wealthy population, from Red Luxury[14]:

With fast rising wealth and money to spend, it's no surprise the Chinese are in a buying frenzy. China's consumer spending is growing at an average annual rate of 18 % compared to 2.2 % rise for the US, according to the National Bureau of Statistics.

While some of their purchases are just plain glitzy, studies and research from organizations like the United Nations, Eurmonitor and McKinsey & Co. show that Chinese consumers are also displaying great consciousness for bettering themselves and their planets.

1. Luxury Goods
China is the fastest growing market for luxury brands. In 2006, Gucci had 6 stores in China, and now it has 39. Hermes now boasts 20 locations, four times more since 2005. Luxury consumption is expected to be a $27 billion industry by 2015.

2. Green Technology
84% of wealthy consumers say they are willing to shell out more for products and services certified as "green." Hybrid cars will make up 7% of China's light-vehicle sales by 2020, compared to just 2% in the United States. China's government also invested $34.6 billion in renewable energy in 2009, twice as much as the US government.

3. International Travel
Large-scale group travel, coordinated by hotels and travel companies worldwide, is a booming industry. The Burj Al Arab hotel in Dubai has hired staff fluent in Chinese, created promotional content in Mandarin, and added Chinese cuisine to their menu. Another hotspot is Australia, which 450,000 Chinese visited in 2010 and spent $3 billion.

4. Foreign Real Estate
Tough property laws are turning the US, Canada, and the UK into prime markets for Chinese buyers. In London, Chinese buyers are the largest single block of investors buying property, accounting for almost 11% of 2010's sales.

[14] http://red-luxury.com/2011/09/19/10-top-consumer-trends-of-chinas-wealthy/

5. Health Food
China's rapidly growing middle class and wealthy seniors are demanding more imported fruits, nuts, yogurt, and other trendy health foods. China's probiotic market is expected to grow 120% between 2009 and 2012.

6. Mobile Internet
Mobile Web and instant messaging services are hot among urban youth. Buzz companies like Apple, HTC, and Huawei are gaining brand recognition. According to Wireless Intelligence, China will surpass 1 billion mobile connections by May 2012.

7. Wine
Chinese bought about 126 million cases of wine in 2009. The country will be the world's largest wine consumer by 2015. Wine drinking, considered a healthier and classier alternative to spirits, is being promoted by the Chinese government as well.

8. Pets
The one-child rule and an aging population have made pets attractive. Dogs are viewed as status symbols. A multimillionaire coal baron bought a Tibetan Matiff for about $1.6 million this year, while a Chinese woman paid $600,000 for the same breed in 2009.

9. Foreign Education
China's overseas student population has increased 24 % since 2009. With more middle-class families able to afford foreign education, Britain's University of Cambridge boasted 1,000 Chinese students last year, making up 8.3% of the student population. American summer camps for younger children are considered culturally enriching as well. An estimated 60,000 young children attended American camps this year.

10. Corn
Only the US buys more corn than China now. The country's corn imports, which are mostly eaten by livestock, not humans, will reach a record 5 million metric tons by the New Year. China's rising wealth is the driving force behind increases in high quality, grain-fed meat.

India

Currently, India is one of the fastest growing economies in the world, and by 2030 will be one of the Top 5 economies in terms of GDP. The Indian retail market is expected to grow to $675 billion by 2016. This offers significant opportunities for retailers and brands across categories. The upsurge in consumption is driven by higher income, rapid urbanization, consumer awareness, easy access to credit, and new technology and lifestyle changes.[15]

[15] http://www.technopak.com/resources/retail/Emerging%20Trends%20in%20Indian%20Retail%20and%20Consumer-2011.pdf

Country	Share of organised retail to total retail
US	85%
UK	80%
Malaysia	55%
Thailand	40%
China	20%
South Korea	15%
Indonesia	25%
Philippines	35%
India	5%

Source: Media reports

Figure 25. Current share of organized retail to total retail in India is small compared to other countries (Source: http://www.pwc.in/en_IN/in/assets/pdfs/industries/retail-and-consumer/retail-report-300812.pdf**)**

	2006	2011	2016
Access to Internet (million people)	32	101	300
Smart phone users (million)	2	48	178
Access to Digital TV (million people)	9	182	364
Households with a 4 wheeler (million)	5	12	19
Laptops / Notebooks (million)	2	12	61
Indians traveling overseas (million people)	8	12	16
Engineers / MBAs graduating every year (million)	0.5	1	2

Figure 26. Indian consumption expected to accelerate in the near future (Source: http://www.technopak.com/resources/retail/Emerging%20Trends%20in%20Indian%20Retail%20and%20Consumer-2011.pdf

Key Consumption Trends for India from Technopak[16]

1. **New Consumption Hot Spots**

   - By 2020, there may be more than 65 Indian cities having populations in excess of 1 million and another 200 having population between 500,000 and 1 million.

2. **Redefined Value**

   - Value is no longer only about price – it is very clearly price plus. The price plus factor could be fashion, quality, convenience, service, experience, innovation, etc.

   - Consumers will optimize their purchases of core needs-based items on simple attributes of price and convenience in order to release more resources (money, time, mental involvement) for the aspiration and lifestyle based consumption categories.

3. **Growth in Women's Consumption**

   - It is estimated that there will be 40-50 million working women in the age group of 20-40 in urban India in 2016. This foresees a surge in spending on self (clothing, personal care and grooming, accessories, travel), convenience (eating out, ready-to-cook items, services, personal transport), children (clothing, educational aids, coaching, hobbies and skills development), and indulgence (digital, consumer durables, holidays).

4. **Increased Time Poverty**

   - Evolving lifestyles will mean people spend more time at office, travelling to office, watching TV etc. and have limited time available for shopping and other routine household activities. There will be an emphasis on reducing stress and maximizing time with families and friends. Convenience will be key, with demands for "all under one roof" shopping destinations and non-store retail formats.

5. **Increased Mobile Use**

   - India has over 600 million active mobile subscribers (as of July 2011, and is estimated to cross 800 million by 2016. Mobile is increasingly becoming the interface for connecting to the Internet, financial transactions, shopping, digital entertainment, healthcare delivery, services on demand and social networking.

[16] http://www.technopak.com/resources/retail/Emerging%20Trends%20in%20Indian%20Retail%20and%20Consumer-2011.pdf

Emerging Trends in Retail from Pricewaterhouse Coopers[17]

1. **Brick-and-mortar to technology**

   - The Indian retail landscape is evolving from the brick-and-mortar model to adopting technology for connecting with consumers. The aim is to achieve a complete and seamless customer experience where the customer is king. To attract customers, retailers are sending personalized messages via sms, email, and social networking sites.

2. **Urban *kirana* shopping redefined**

   - Selling groceries online is not new, but now traditional grocers are adopting it. Portals such as araamshop.com allow consumers to shop for household items, then use local neighborhood shops to deliver the goods. The site partners with and provides free online presence to over 3,000 *kirana* shops. The consumer is saved the hassle of traveling to a store and the local shops generate new business by connecting with more customers in their vicinity.

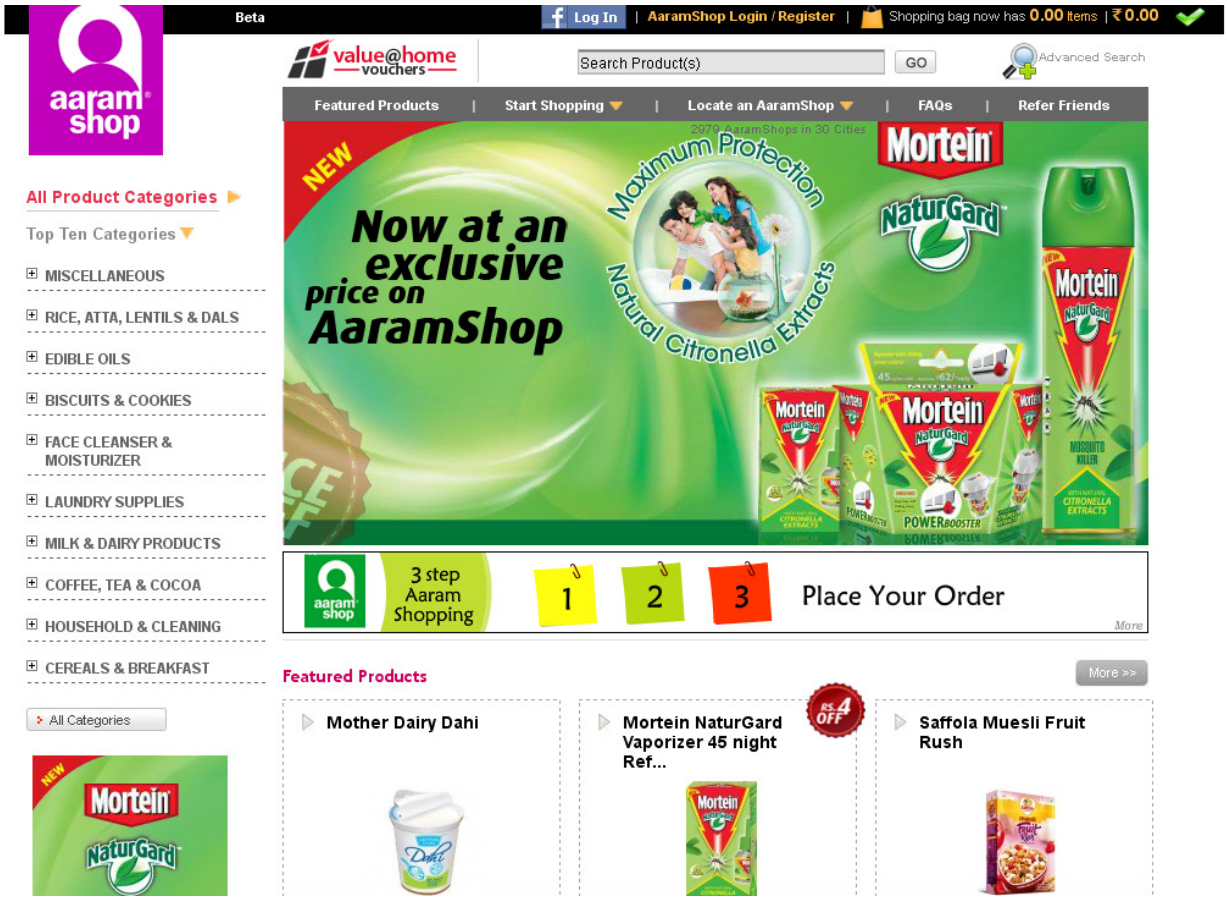

Figure 27. Online portal for ordering groceries from local shops (Source: https://www.aaramshop.com/)

[17] http://www.pwc.in/en_IN/in/assets/pdfs/industries/retail-and-consumer/retail-report-300812.pdf

3. **Home Delivery**

- Home delivery is a new concept when it comes to KFC and McDonalds doing the delivering. Many major urban centers in China, India and Africa are now getting so crowded that it is difficult for consumers to get around. By utilizing a team of couriers with access to real-time traffic and road conditions, KFC and McDonalds have found it can make home deliveries more efficiently than the consumer going to their retail establishments. Local portals like Kiranawalla.com and Dilligrocery.com in the Delhi NCR are successfully using this model. As traffic conditions worsen and real-time traffic information becomes more sophisticated, this trend will grow.

4. **Cash on Delivery**

- In India a large segment of customers still does not use plastic money over the Web. "Cash on delivery" as a mode of payment is a good way to persuade customers to buy online, as they do not have to pay anything upfront or worry about credit card fraud and the authenticity of the vendor. Portals like Greenytails, Flipkart and Jabong offer a cash on delivery option.

Figure 28. Flipkart offers 'Cash-on-delivery' (Source: http://www.flipkart.com/lord-rings-000748836x/p/itmczyhgdghgxzfq?pid=9780007488360&ref=813d5055-e1c2-4dc6-af1e-4779d8982d1b)

FUTURE SCENARIOS

In the initial part of this report we observed two major developments in retail - In-store Trends and Collaborative Consumption. We further explored these trends by creating the following future scenarios. The main purpose of these scenarios is to help retail organizations become future ready.

1. As soon as Dave enters the hypermarket he is greeted by a Sales Avatar named Elina that he created 5 years ago. Elina knows Dave very well now. Elina regularly updates herself on Dave's preferences and coordinates with Dave's digital appliances, like his microwave, refrigerator, waste basket and dishwasher, to find out what products and brands Dave is currently in to. She also guides Dave around the retail store, informing him about new products and offers, and offering samples or demonstrations as he wishes.

2. GAP has launched a new store that creates a custom experience for every customer. Customer's data is sourced from the cloud, and predictive behavioral algorithms are used to determine their mood and potential behavior based on their social media and virtual world activities. The system works in almost real time. Alice enters one such store while patching up with her boyfriend on Facebook with promises to have dinner together. She is shown a bright, short, summery dress in her favorite geometrical pattern, and it's also on discount! This is exactly what she would love to wear on her date!

3. Mom and Pop stores in India and Africa have installed Augmented Reality Machines (ARM) that let local customers browse big online retail sites likes Amazon and Flipkart. Customers can get custom fits by scanning their bodies in front of the ARM. The Mom and Pop stores collect several requests from different customers and send in bulk orders. This way they can get their customers an extra discount. When the goods are delivered, the stores intimate the customers.

4. BIC has come out with use and throw shoes. Customers place their feet in the Make-me-a-shoe machine. They choose a design from the 1000s listed, customize it, and the shoes gets 3D printed around their feet. These machines are placed in all public spaces and the shoes take less than two minutes to build, after selecting the design.

5. The first thing Sasha does when she wakes up is to sign in to her Kate Moss fan page account. On her digital wall Sasha checks what Kate will wear today. Kate leaves notes and pictures daily, and updates her style mantras at least twice a week for her fans to follow. Being a freelance PR agent Sasha has been helping Kate generate a fan following in the Asian subcontinent. Sasha's latest idea is a mobile application on the lines of the old and beautiful barter system, where two or more parties exchange tangible or intangible fashion benefits. As a fitting reward Kate sends Sasha some of her selected accessories and the password to an exclusive virtual fashion show.

6. Kim lives in London, but hails from Nagaland, India. Kim's dream is to save dying Naga crafts and promote Naga culture across the world. She has created an online community of designers and craftsmen, where they can connect with each other and share ideas to evolve craft traditions into new businesses.

7. John has sent his shoe design for display in a virtual window shopping site. John was into coding but always loved designing shoes and has now taken it up full time, after having grown a huge customer base in just a couple of months. John takes orders from individuals and retailers for small tickets items. He uses a 3D printer in the studio that he shares with a few other creative professionals, to print out shoes and other items. John is now a style icon in the virtual world.

8. Vir and Parul from Mumbai want to have a very different wedding, in an exotic location. They get in touch with Tobeng, a small time farmer from Batu in Java, Indonesia, who owns beautiful fields. Batu is famous for its scenic beauty, Javanese culture and Dutch settlement. Tobeng who understands the value of the town as a tourist attraction has posted himself online as a cultural guide. Tobeng posts images of the place, his house, and farms, and videos of local dances and food preparations. He also recommends the couple have their wedding around the famous farmers' festival. Vir and Parul decide to arrange for their wedding in Tobeng's property, themed around Indonesia culture and the famous farmer festival. It is going to be a treat for their guests who are looking forward to experiencing Java in a unique way.

9. Mohan, an under privileged student in a small village in Madhaya Pradesh, has received a parcel which contains a laptop sent by Rahul in Mumbai and some story books from Thomas in Kolkata. Rahul has upgraded his laptop and Thomas has finished reading the books, and they have sent the gifts to share with people who cannot afford such things.

10. Johnson has a big wish-list for this Christmas as well. And Christmas is just a week away. As he is jetting across the Swiss Alps, he gets a notification from a new network called "Wish Fountain." He checks out the network and finds that someone in Mongolia wants to exchange some of the items on his wish-list. He quickly goes back home and puts the items outside his house in a "Wish Fountain" bag. The next day, he gets back the "Wish Fountain" parcel with the wish-list items he exchanged with the Mongolian. As soon as he opens the "Wish Fountain" a small delivery charge is deducted from his account for a charity.

Future Scenarios from Other Sources

We are including future scenarios from other sources to get a reality check on what others are thinking. They illustrate many of the trends we have discussed earlier in this report.

Scenario by Harvard Business Review[18]

It's a snowy Saturday in Chicago, but Amy, age 28, needs resort wear for a Caribbean vacation. Five years ago, in 2011, she would have headed straight for the mall. Today she starts shopping from her couch by launching a videoconference with her personal concierge at Danella, the retailer where she bought two outfits the previous month. The concierge recommends several items, superimposing photos of them onto Amy's avatar. Amy rejects a couple of items immediately, toggles to another browser tab to research customer reviews and prices, finds better deals on several items at another retailer, and orders them. She buys one item from Danella online and then drives to the Danella store near her for the in-stock items she wants to try on.

As Amy enters Danella, a sales associate greets her by name and walks her to a dressing room stocked with her online selections, plus some matching shoes and a cocktail dress. She likes the shoes, so she

[18] http://hbr.org/2011/12/the-future-of-shopping/ar/1

scans the bar code into her smartphone and finds the same pair for $30 less at another store. The sales associate quickly offers to match the price, and encourages Amy to try on the dress. It is daring and expensive, so Amy sends a video to three stylish friends, asking for their opinion. The responses come quickly: three thumbs down. She collects the items she wants, scans an Internet site for coupons (saving an additional $73), and checks out with her smartphone.

As she heads for the door, a life-size screen recognizes her and shows a special offer on an irresistible summer-weight top. Amy checks her budget online, smiles, and uses her phone to scan the customized Quick Response code on the screen. The item will be shipped to her home overnight.

Scenario by Grinding[19]

Ellen returns home after a long day's work. At the front door she is recognized by an intelligent surveillance camera, the door alarm is switched off, and the door unlocks and opens. When she enters the hall the house map indicates that her husband Peter is at an art fair in Paris, and that her daughter Charlotte is in the children's playroom, where she is playing with an interactive screen. The remote children surveillance service is notified that she is at home, and subsequently the on-line connection is switched off.

When she enters the kitchen the family memo frame lights up to indicate that there are new messages. The shopping list that has been composed needs confirmation before it is sent to the supermarket for delivery. There is also a message notifying that the home information system has found new information on the semantic Web about economic holiday cottages with sea sight in Spain. She briefly connects to the playroom to say hello to Charlotte, and her video picture automatically appears on the flat screen that is currently used by Charlotte.

Next, she connects to Peter at the art fair in Paris. He shows her through his contact lens camera some of the sculptures he intends to buy, and she confirms his choice. In the mean time she selects one of the displayed menus that indicate what can be prepared with the food that is currently available from the pantry and the refrigerator. Next, she switches to the video on demand channel to watch the latest news program. Through the follow-me she switches over to the flat screen in the bedroom where she is going to have her personalized workout session.

Later that evening, after Peter has returned home, they are chatting with a friend in the living room with their personalized ambient lighting switched on. They watch the virtual presenter that informs them about the programs and the information that have been recorded by the home storage server earlier that day.

CONCLUSION

[19] http://grinding.be/2008/01/26/ambient-intelligence-how-we-will-come-to-have-conversations-with-buildings-and-objects/

The whole equation of the retail industry has changed. Retailers used to put forth their offerings and initiate the purchasing cycle. Now, the customers have taken the lead. The customer defines when and where the purchase cycle will start and end. Those retailers who do not want to change have already vanished or are already finding themselves in a predicament. Only those who are alert enough to sense the customers' demands, not just in terms of products and services, but in terms of experience, will survive in the times to come.

It has become essential for businesses to apply strategies to gain trust and loyalty and retain customers. Online has opened up avenues that are transparent and have global reach, and connects customers to services and businesses that help them monetize their own unused resources. There is a green element as well. Sharing and renting more stuff means producing and wasting less. This is good for the planet, and even better for one's self-image. This has also opened up new possibilities for people to connect online, build relationships, and earn. We see the emergence of new kinds of services which will lead to the emergence of a new community. Thus, designing the complete customer experience will become more important.

The future scenarios we have discussed may or may not come true, but they are a wake-up call for retailers to become even more agile and use new technologies and build better experiences for their customers. Given the volatile retail environment, technological revolutions and ever-changing customer behaviors, becoming future ready is no more just an option for the long term; it is an imperative to survive in the present!