



## **New Tech, Value and Ecosystem: IDC Cites Emerging Trends in Retail as China Celebrates Singles Day Shopping Festival**

**BEIJING, November 11<sup>th</sup>, 2019** - New technology, new value and new ecosystem are three key concepts expected to shape the digital transformation of the retail industry, according to IDC.

China is celebrating its 11<sup>th</sup> “Singles Day” Shopping Festival today, which has grown to become the world’s biggest online sales event, far outpacing the sales of Black Friday and Cyber Monday.

The first-ever “Singles Day” sales event was launched in 2009 by Taobao, Alibaba’s marketplace. The Chinese event has since grown into a month-long annual online shopping festival that peaks with a 24-hour sale on November 11. The event is also gradually becoming a global festival with more than 180,000 brands across over 200 countries participating last year. IDC believes that digital transformation in the retail industry is likely to centre around three key features, as outlined below.

### **New Technologies**

New Retail and traditional retail are a pair of relative terms. In the course of the development of the retail industry, the emergence of new technologies has always given rise to new forms of retails, or new retail at the time of its rise. In other words, the New Retail of today will become the traditional retail of tomorrow until the next new paradigm comes along.

Technology is a key driver of continuous innovation in the retail industry. As a result, New Retail is evolving in lockstep with the advancement and adoption of new technologies. Among the emerging ICT technologies, 5G, Internet of Things (IoT), augmented reality (AR), virtual reality (VR), AI, robotics and blockchain are the key technologies driving the development of New Retail. The typical use cases of these technologies are listed in the table below.

Figure 1

ICT Technology	Use Cases in Retail
5G	AR/VR, Robot Inspection, Real-Time Billboard Update, IoT Monitoring, Drones/UAV Transportation
IoT	Vending machines-unmanned retailing, Shared power banks-sharing, Warehouse management logistics, Digital billboards advertising, Video surveillance, Entertainment device entertainment
AR/VR	Enhance employee experience and training, Optimize store layout, Improve customer experience, Enhance advertisements
AI	Consumer behavior analysis, Shared lockers with facial recognition, Biometrics payments, Targeted ads, Smart stocking and warehouse, Fully automated retail shopping experience, Real-time edge data processing
Robotics	Loading and unloading goods at the warehouse, Store and shelf inspection, Shopping assistant, Doorstep delivery of goods
Blockchain	Product traceability, Compliance, Cross-border settlement, Warranties returns and exchanges

Source: IDC China, 2019

## New Value

The digital transformation of the retail industry is a long and continuous process. The new wave of technology evolution will generate emerging New Retail hot spots throughout the value chain. Over the past decade, the impact of digital transformation has been mainly concentrated on the front end of the retail value chain, namely marketing and sales; while the impact on the back end, such as product development, procurement, production, transportation has been comparatively low. In the future, we predict that digital transformation will have a greater impact on the back end of the retail value chain. Intelligent connectivity will enable retailers to achieve end-to-end digitization and bring new value to every link of the chain.

Figure 2

New Value of Retail	
<b>R&amp;D design</b>	Using consumer profiles, consumer behavior, after-sales feedback and other data to explore segmentation opportunities and market demand. This will expand the boundary of products and services, and shorten the R&D cycle, resulting in more accurately timed product launches.
<b>Procurement and production</b>	Forecast demand fluctuation and allocate capacity, increase production line efficiency through module production and meet differentiated product requirements through customization.
<b>Logistics and transportation</b>	The digital logistics infrastructure is further improved to integrate suppliers' resources and improve the visibility and availability of inventory through predictive maintenance and multi-level warehouse compartments. As smart logistics technology such as drones and autonomous vehicles matures, significant logistics and transportation cost-savings will be realized.
<b>Marketing</b>	As digital marketing content is exploding, target market categories can be quickly identified and dynamic personalized content pushed.
<b>Channel sales</b>	With the full integration of online and offline channels, more diversified forms of channels, and the further popularization of mobile payments, different scenarios of experiential consumer demand are satisfied.

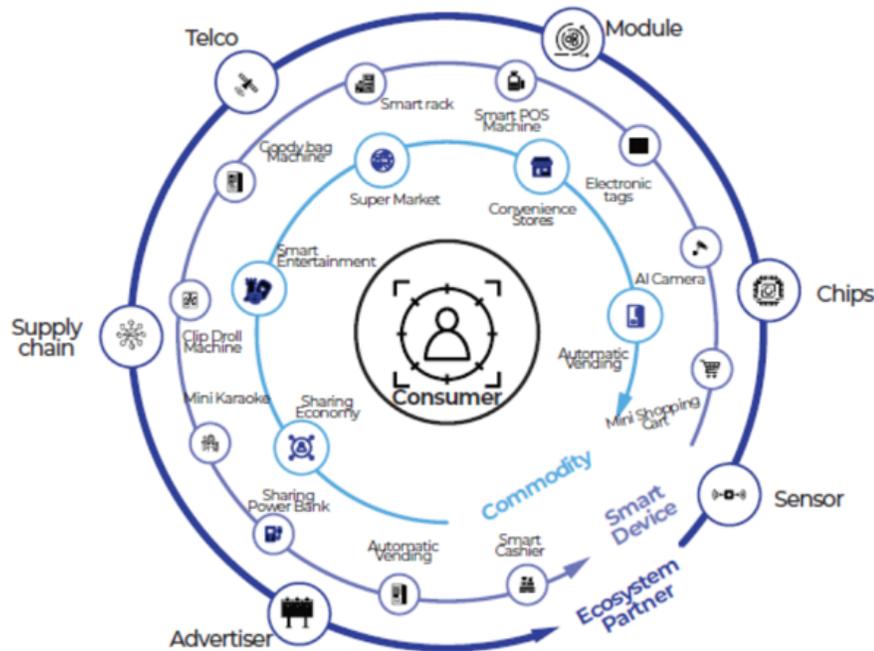
Source: IDC China, 2019

## A New Ecosystem

Emerging technologies such as cloud computing, 5G and AI are disrupting the traditional retail industry, giving rise to a new ecosystem. The boundaries between new and old business models as well as the real and virtual worlds are blurring as operational processes become connected and offline and online shopping are merged. Intelligent connectivity can effectively help retailers build a New Retail business platform, giving digital access to retailers, users and partners regardless of the time or location. The platform can help enable organic interconnections between retailers, consumers and products. This can lead to more efficient information flows (data exchange) for logistics (supply chain integration), capital (transaction settlement) and consumers (customer profiling), delivering new shopping experiences to consumers while allowing retailers to realize their business value.

Figure 3

## New Ecosystem of Retail



Source: IDC China, 2019

IDC sees changing consumer demand as the most important factor among the many that are driving the evolution of New Retail. As digital natives gradually become dominant in the market, they are changing the primary mode of consumption. Consumers' pace of life is accelerating, and their time is becoming more fragmented. In parallel to this, they are becoming more demanding and they are seeking more personalized experiences. Retailers must rely on digital thinking and continuous technological investment so that they can better deliver a frictionless, uninterrupted consumer experience. By prioritizing their digital transformations, retailers can ensure that they are well-equipped to not only cope with changes in the short term but also help guarantee their success in the long term.

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### About IDC

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Figure 4



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