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Press release

***Echangeur by BNP Paribas Personal Finance  
presents its report on the future of retail***

## **Artificial Intelligence, the Black Gold of Digital Technology.**

***The future of retail will be made of algorithms and novel experiences. Data lining has proliferated around a customer experience based on countless scenarios and points of contact. Transition is the order of the day, with the now palpable value creation of data harvested through artificial intelligence. In this state of flux, many sectors are reinventing themselves around a retail industry in turmoil: the motor industry, health, banks, logistics, leisure... With the inexorable advance of the ultra-powerful Chinese model, the future of retail is taking shape and foreshadows an upheaval of practices.***

***Through the four leading trade shows, the Web Summit in Lisbon, the Shoptalk in Copenhagen, the CES in Las Vegas and Retail's Big Show in New-York and thanks to its proximity with retail, the Echangeur team highlights the 8 key trends in this revolution: the advent of conversational technology, the in-store experience, the use of images, augmented reality, hyper-automation, the ultra-powerfulness of the market places, and naturally artificial intelligence and the surge in momentum of the Chinese model.***

### **Artificial Intelligence, the Black Gold of Digital Technology**

**These last few years have been marked by reciprocal synergies in new technologies. Stimulated by the implication of artificial intelligence, this alchemy has opened up an infinite range of possibilities.**

The Sophia robot created by Hanson Robotics, a disconcerting imitation of a human woman, has for that matter crystallized the fears and hopes that humans nourish about artificial intelligence.

The artificial intelligence of tomorrow, its direct use in retail, is materializing. China has outstripped Silicon Valley, with concrete practical applications on the local market (payment through facial recognition, real-time scoring, the smart city). Whereas advances like the iPhone X's "Face ID" marked the end of 2017, facial recognition is already a payment identifier in China through Alibaba. Easy to adapt, the Chinese advances are penetrating other countries, crossing borders, cultures, regulations, and tomorrow will reinvent our western ecosystems.



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## China, the new retail model

**Large service ecosystems known as platforms are imposing another blueprint for retail. The edifying advances in China point to tangible links with government and the administrations in place.**

The GAFA\* platforms (USA) have never been so outdistanced by the BATX\*\* (China) on their own ground. While Amazon buys out Whole Foods, Alibaba multiplies the interactions between its online market places and the real world. Its 2.44 billion-euro investment in the Sun Art Retail Group (the main operator of superstores in China, with Auchan as its majority shareholder) is the cornerstone of this strategy, with its 490 stores throughout China!

The recent announcement of the nationalization of Apple's iCloud in China illustrates China's ability to establish itself not just in technological and economic terms but also in the context of legal battles. Enough to boost China's ambitions on the international stage.

**For Échangeur's CEO Cécile Gauffriau**, *artificial intelligence, the new black gold of digital technology, will pull the strings of a society governed by flattering algorithms. The future will belong to those who can capture and transform smart data to preserve the customer interface. In this respect China has taken a remarkable lead. This enchanting world will have a price, that of one's intimacy and freedom, the choice of facility and pleasure.*

\* GAFA: Google, Amazon, Facebook, Apple

\*\* BATX: Baidu, Alibaba, Tencent, Xiaomi

## The 6 other trends in the retail of tomorrow

### Retail will be conversational or will die

**The change of direction in 2017-2018 consecrates the advent of conversational commerce made commonplace by chatbots and boosted by voice agents. The latter will proliferate massively in the everyday life of customers in the coming years.**

Gartner predicts that by 2020, 85% of interactions customers and retail chains will take place through an artificial intelligence. Leaving Amazon Alexa or Google Home masters of voice agents represents an irreversible risk for the exposure of brands. In fact, the movement that is supposed to attract the consumer to the product is being inverted. Henceforth the product moves towards consumers and discretely infiltrates their existence. Brands and retail chains would do well to develop their own virtual assistants to continue keeping their values and differences alive, either directly or through the ecosystems of the GAFAs. Be that as it may, the user interface of tomorrow looks like being vocal.

### The point of sale, an experiential playground for a seamless experience

**All the more ephemeral yet still essential stages of new customer journeys, stores are reinventing their footholds in and links with virtual worlds to surpass themselves.**

The store is in the process of reinventing itself. Store concepts are flourishing in cities like New-York, Paris, London or Shanghai. They are in search of a fluid and experiential customer journey that gives meaning to the bricks-and-mortar store. The aim is clear: attract different generations through atypical experiences and brand showroom concepts.

There are a variety of illustrations of this. After rolling out the first unmanned stores, Suning Sports Bui is already planning to open more in China in 2018. Following the example of Alibaba, Amazon is hitting the streets with its Book Stores, and more recently with its first food store in Seattle. Dyson showcases its products in remarkable places of experience in New-York and London. American Eagles, in Union Square, proposes the most accomplished approach by offering services fully in tune with the surrounding student clientele.

## Relationships through images are becoming preponderant

**Whereas data and interactions are proliferating to the extent of overloading our ability to assimilate them, images and video predominate to seduce new generations.**

Driven by artificial intelligence whose spearhead is image recognition, images are intruding into all buying acts day after day. They also stalk customers in the retail outlet to enhance the customer experience.

Amazon Go is going viral with automated payment collection through image recognition, but the reality is quite different! It is indeed the camera in our smartphones that will gradually be transformed into a buy button. An image is universal, it doesn't need a translation and is the ideal link between the real world and e-commerce. Amazon and Alibaba's O2O (Online to Offline) strategies ultimately embody perfectly this seamless and totally digital retail model driven by images.

## Spaces for interaction are becoming virtualized

**Augmented reality is becoming more democratic and structured around the mobile, following the announcements of Apple and Google on the subject. A tremendous opportunity to bring digital content to life is opening up before our eyes.**

By 2020, several million consumers will be making their purchases through augmented reality. Not to mention volumetric video, which opens up an infinite range of experiential possibilities for brands.

Born in the virtual worlds of their games consoles and armed with their smartphones, the Millennials and even more so the Z generation are embracing all the more easily these new virtual spaces for interaction. The driving force in this field, the new generations encourage us to consider retail in a different way, even to the extent of sponsoring brands, by favouring E-Sport for instance.

## Hyper-automation is reinventing value creation

**The blockchain is penetrating numerous economic sectors and is paving the way for decentralized interactions. In parallel, the new wave of automation embodied by the “robolution” is also disrupting production models.**

The blockchain combined with Bitcoin or any other more or less subversive crypto currency can also protect and track goods in sectors like aviation, the automotive industry or the retail sector. It could help citizens regain control over their personal data. For its part, the robolution raises the question of the future of jobs, as the world economic forum predicts that over half the current jobs could be automated by 2050.

These evolving models of production and trade force us to rethink value creation at all levels of the production and retail chain.

## Market places are remapping the world

**Whereas administrations and states would be well advised to assimilate new technologies to give them a collective meaning, other States are organizing themselves. Powerful ecosystems are consolidating their positions through service platforms (aggregation of services, technical platforms) to support logistics performance and customer satisfaction.**

Amazon represents 45% of online retail in the USA with a market cap of 700 billion dollars. While this type of player is affecting the world of retail, it is also seriously challenging the existing operational models. Sector-specific paradigms no longer make sense. Car factories belong to bygone millennium now that sheet metal is no longer the central value, and are prompting the automotive industry to reassess its vocation. Ford for instance stated at the last CES in Las Vegas: "We have to work as a platform operator and partner of service operators rather than merely as a manufacturer".

### About BNP Paribas Personal Finance

BNP Paribas Personal Finance is the number-one consumer credit company in France and Europe, through its consumer credit and home loans businesses. A wholly-owned subsidiary of the BNP Paribas group, BNP Paribas Personal Finance has more than 20,000 staff and operates in thirty or so countries. With brands like Cetelem, Cofinoga, Findomestic or even AlphaCredit, the company offers consumers a comprehensive range of loans available in stores, car dealerships or directly with customers through its customer relations centres and on the Internet.

BNP Paribas Personal Finance has supplemented its offer with insurance and savings products for its customers in Germany, Bulgaria, France and Italy.

BNP Paribas Personal Finance has developed an active strategy of partnerships with retail chains, car manufacturers and dealers, web merchants and other financial institutions (banks and insurance companies) based on its experience of the credit market and its ability to offer integrated services geared to the business and marketing strategy of its partners. It is also a key player in responsible lending and budgetary education.

### About Echangeur by BNP Paribas Personal Finance

Echangeur by BNP Paribas Personal Finance is the centre of technological innovation and marketing applied to the retail trade. It decodes the new habits of consumers for leading retailers and e-commerce firms and partners them in devising their development strategies.

Echangeur's support and guidance based on a combination of marketing expertise and tools, data, new tech and innovation. CAC 40 companies, retail chains and major brands have placed their trust in Echangeur by BNP Paribas Personal Finance for more than 20 years.

Current developments analysed by Echangeur by BNP Paribas Personal Finance:

[www.echangeur.fr](http://www.echangeur.fr)



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