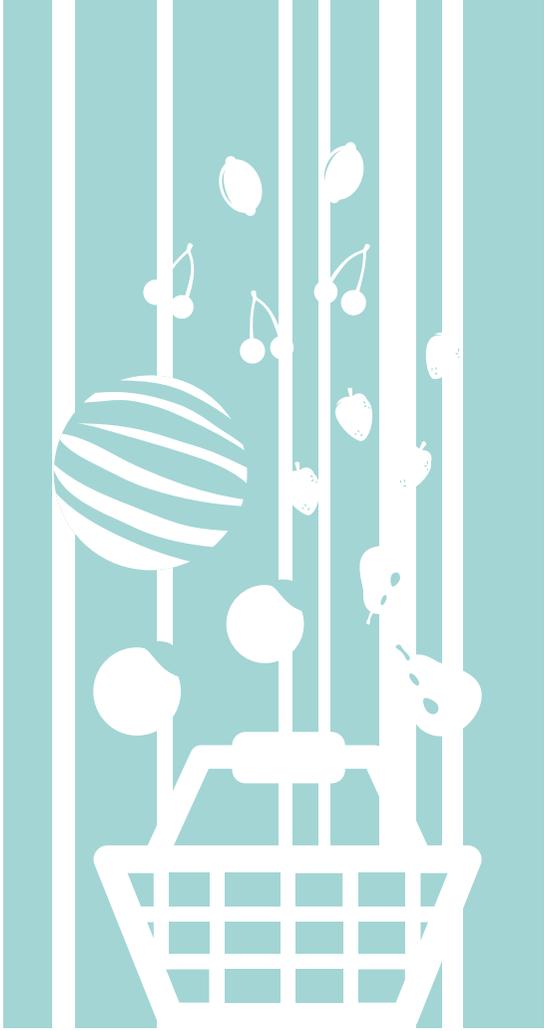


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The future
of FMCG Retail innovation

With the pervasiveness of e-commerce innovations, the FMCG industry cannot afford to miss out on the race towards digitization. The opportunities to advance in the world of e-commerce are on the rise, and carving out a digital strategy for 2016 and beyond involves disrupting the future of retail. Frederick Fernandez notes that the 'FMCG industry will change more over the next 5-10 years than during the past 200 years.' As barriers to entry keep falling, digital penetration and disruption of the FMCG industry keep seeing exponential growth rates.

The online direct-to-consumer business model is leading this wave of disruption, especially with the advent of drone delivery and warehouses operated by robots. Engaging directly with consumers means less returns, and a greater opportunity to build loyalty with targeted loyalty programs and offers. Following this, 3D printing, which is slated to come to maturity by 2020 or earlier, enables a new breed of FMCG that capitalizes on the combination of a digital platform, hardware, as well as software capabilities. Among all these innovations, there are distinct strands that emerge as shaping the future of FMCG innovations, and allowing companies to make more impact while gaining a competitive advantage.



The intersection of big data and mobile creates a more bespoke approach to customers

Digital marketing strategies and a strategic use of technology allows companies to tap into the potential of core audiences through a more targeted analysis of consumer consumption patterns. With data generated and extracted from multiple consumer touch points, FMCG companies have the opportunity to take their mobile platforms and social media engagement to propel a game changing level of innovation. Companies can capitalize on the growth of information density to facilitate a faster time-to-market, and ensure that information related to customer behavior is used to streamline business processes.

Mobile and location-based services

When it comes to leveraging big data in the FMCG sector, the change in the way that consumers interact with brands has led to developing seamless customer journeys.

With mobile as the dominant platform, it can be deployed by retailers to drive innovation and convenience into the store. Using rich data derived from this platform, brands can facilitate consumer behaviors that depend on engaging with brands at their discretion, on a device that they find convenient. For instance, Sainsbury's 'Scan and Go' uses mobile to guide shoppers around the store; this smartphone app allows customers to supplement their in-store experience by scanning barcodes of items

they need and adding it to their shopping list, while also featuring live pricing to the shopping list so that consumers can view current store prices.

All of this leads to a personalized and contextualized shopping experience for the consumer where the physical store is transplanted into a framework where it is both online as well as mobile. This also presents an opportunity for brands to provide added value to the consumer's journey by using the ability to scan products to deliver more information on specific products. As an integral part of the personalized shopper journey, mobile leads to the next natural innovation on the list; wearables.

The volume of data emanating from point of sale, in-store engagement, mobile platforms, and social media is exploding and unleashing value from technology in ways that go beyond operational efficiency. - Mckinsey



IoT and wearables

As Deloitte foresees both a pervasive digitization of the path to purchase as well as the proliferation of customization and personalization in consumer trends for the next five years, wearable tech and the internet of things are squarely at the apex of this intersection. The applications of wearables in the FMCG space are steadily on the rise, and in a sign of digital innovation to come for the CPG sector, Amazon rolled out its Dash Button, which lets users order refills with a single touch using an Internet-connected device in their homes. IoT gives the FMCG industry the means of being in constant contact with their customers, given the fact that any device can be repurposed for eCommerce along with the assistance of mobile wallets.

Robots, for instance, are taking over the future of shopping, with trials already underway to deploy robotics to fuel the IoT revolution; Fellow Robots' OSHbot (a customer assistant robot) presents customers with a touchscreen loaded with a store catalog that the customers can browse through and select, and then have the robot direct them to their shelf location.

In this vein, IoT solutions will both lower operating costs while increasing productivity and help businesses develop new product offerings. Additionally, the hyper-connectivity and integrated digital experience afforded by wearable tech enables access to real-time actionable data for brands.

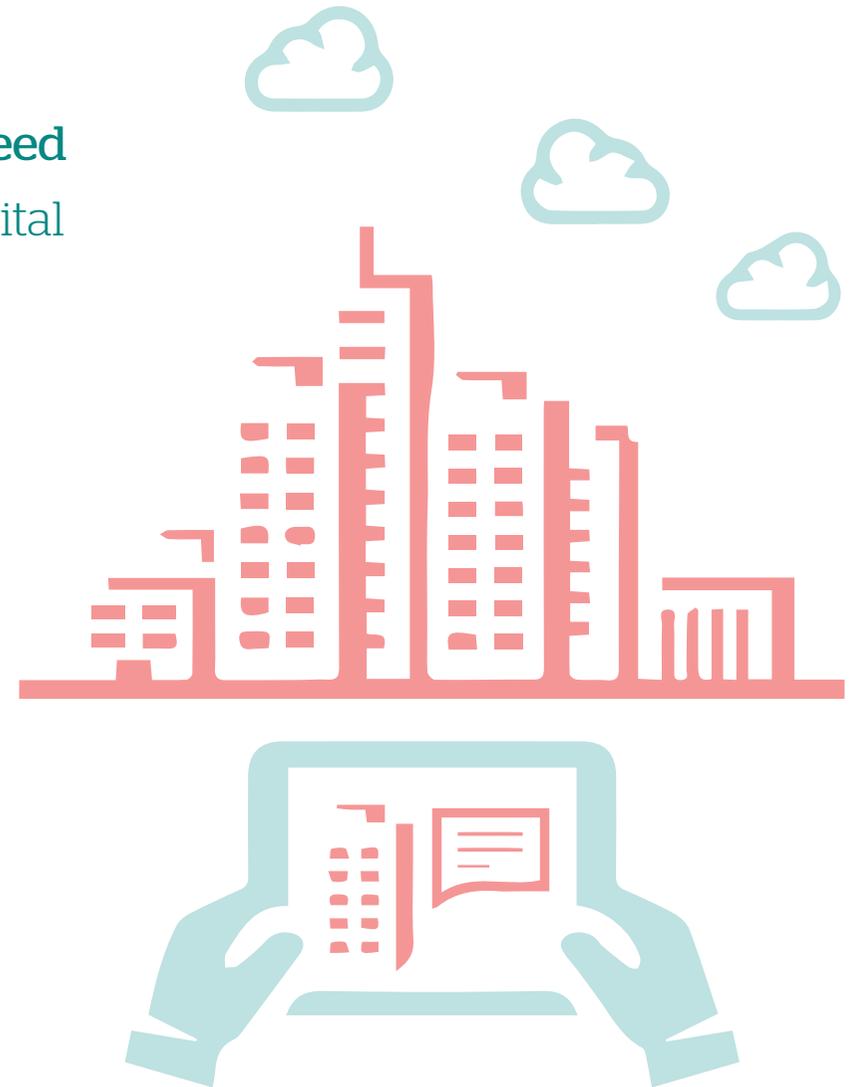


Augmented reality

“There’s an extraordinary runaway for us to continue to explore this voracious appetite that people have for not necessarily having to be in front of an item when they need to make a purchase’ - Sherri Haymond, group head of digital channels and senior vice president at MasterCard.

Continuing tech disruption in FMGC retail through better customer engagement, augmented reality offers the way forward for visual commerce. Augmented reality offers an expansion for the tech potential of FMCG brands, with it now being possible to superimpose a layer of content in the real world when customers interact with products. It has the potential to make the retail experience as minimally intrusive as possible, with location-based data, gamification, and personalization being integrated anew into a brand’s digital strategy. Augmented reality offers a way of leveraging digital and in-store experiences for customers, as well as displaying inventory. For instance, Lego’s AR powered kiosks and product boxes allow customers to scan a box that they are about to purchase and receive a 3D simulation of the finished product.

When it comes to growing and differentiating the business through augmented reality innovations, L’Oréal and Coca-Cola have already made significant inroads. L’Oréal has an AR app that brings up a 3D model of their merchandise , while Coca-Cola’s app to simulate 3D product configurations on-site and expedite decisions about product placement.



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