

The Crystal Ball Challenge: Get Ready for Anticipatory Retail

#shoporgDX

Anticipatory Retail.

July 20, 2016
Emily Wengert - @wallowmuddy

HUGE

Today I'm going to try to convince
you of three things.

1

The future was yesterday.

2

eCommerce search is about to be
disrupted ... big time.

3

Anticipatory retail is the next big
thing.

¹
The future was
yesterday

1 day

to produce as much data as we did up to 2003

Source: <http://aci.info/2014/07/12/the-data-explosion-in-2014-minute-by-minute-infographic/>

<http://www.internetlivestats.com/>

If technology has a sound barrier, we've
already broken it.

35,000

decisions made every day

Source: <http://www.fastcodesign.com/3045039/the-next-big-thing-in-design-fewer-choices>

Decision fatigue.

With so much choice comes so much ... exhaustion.



Decision fatigue is a very real
problem in retail.

Search has long been part of the ecommerce
answer to that problem.

Search, disrupted²



First, a crude history lesson in how search has helped us find things.

1. Internet is born

Search, plain and dumb

2. Next invention: boolean logic

“black dress” and “formal”

3. Corrective search

Autocorrect and “Did you mean...”

4. Predictive search

sweater
sweater
sweatpants

5. Image search
Shop by pic



Target / Nieman Marcus

The image shows two Target products, one on the left and one on the right, illustrating image search. The product on the left is a Target brand paper towel roll, and the product on the right is a Target brand paper towel roll. The text "5. Image search" is in pink, and "Shop by pic" is in black. The Target / Nieman Marcus logo is in the bottom right corner.

6. Voice search



The image shows a microphone icon representing voice search. The text "6. Voice search" is in pink.

In ecommerce search innovation, we've only just begun.



25

Source: Name the source here.

Historically, search has always had two things in common:

1. User had to know what they were looking for; and
2. They had to figure out how to say it to a system.



Brace yourselves:
Search is about to become way friendlier
for "Browser" types.

twiggle

Three major search innovations in the next few years:



Natural language processing



Personalized natural language processing



"You read my mind"



Natural language
processing

Search it like you think it:

"I want a white two-door fridge that doesn't make too much noise, which is new, has great reviews, and is a good value for the money."



Personalized
natural language
processing

Search it like you think it (and the system guesses some details):

"I want a white two-door fridge that doesn't make too much noise, which is new."

[System knows you're a value-hunter who always checks reviews.]



“You read my
mind.”

You no longer need to search.

[System notices your fridge is running sub-optimally and suggests it might be cost effective to replace it for a more energy-saving model]

[System knows you're a value-hunter who always checks reviews.]

Presented with this need, you tell the system you'd like to stick with white but could the machine run a little quieter?

We've just described anticipatory
retail.


3

Anticipatory retail the next big thing.

Anticipatory retail is:

Machine intelligence that facilitates the discovery and delight in personal retail without the consumer having to direct it. It inherent removes or lightens the burden of choice.

This goes beyond search.



It's right-place commerce.

Decisions eliminated:

- What brand?
- Where will I buy it?
- What cost?
- When will it ship?
- Where will it ship?

It's loyalty.



Munchery: Status of Your Delivery



Munchery Customer Support via Munchery ^{to me}

Jul 7 (12 days ago)



Hi Emily ,

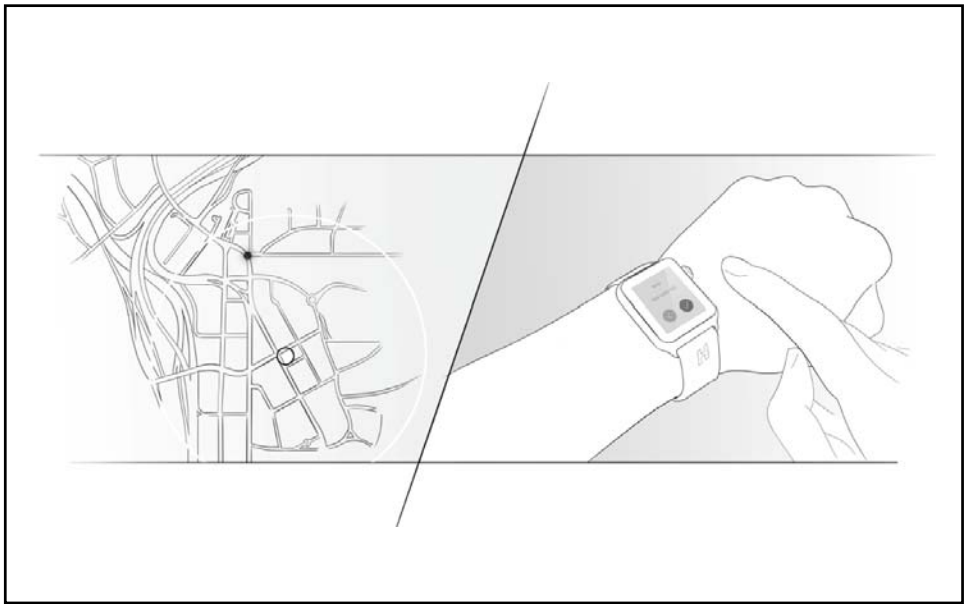
Your Munchery delivery is about 15 minutes away! We credited you \$5.00 as a token of apology for the tardiness.

Thanks for your patience,
Team Munchery

It's omnichannel.

HUGE

Café



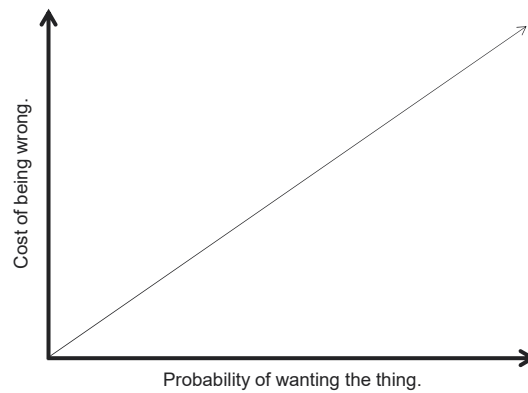
IBM's Watson and Macy's team up to make in-store shopping assistant

KHARI JOHNSON JULY 20, 2016 4:00 AM

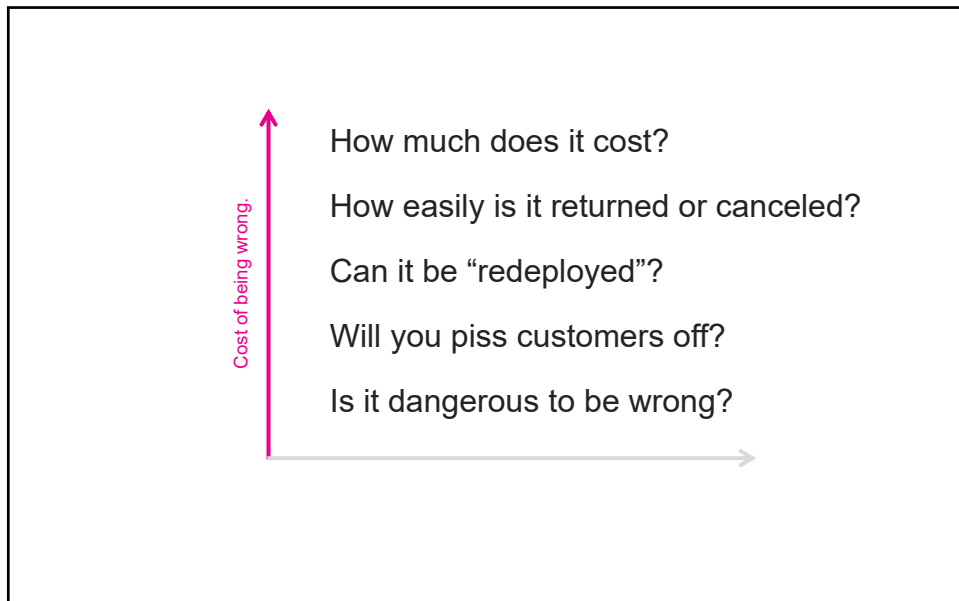
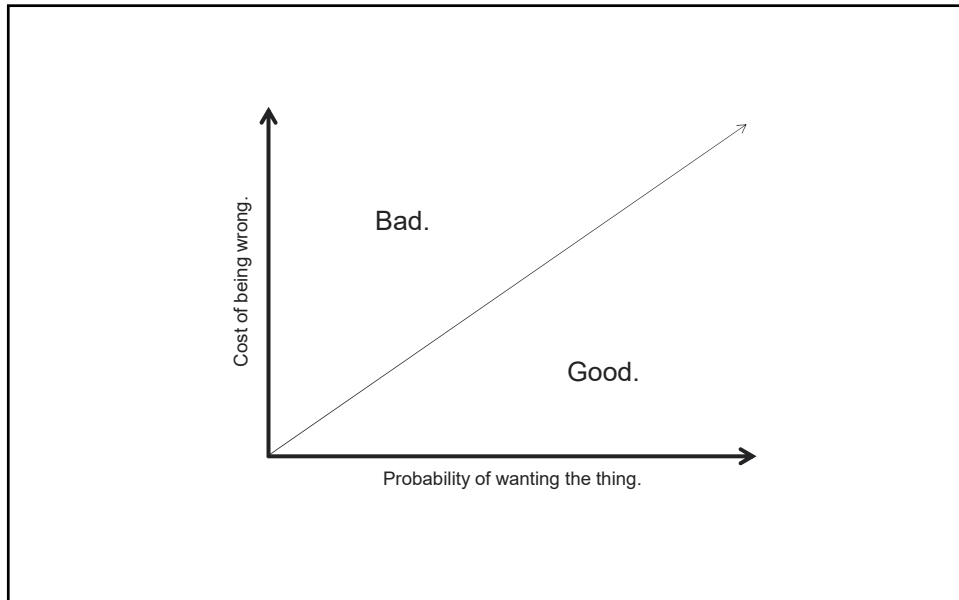
TAGS: BOTS, IBM WATSON, MACY'S

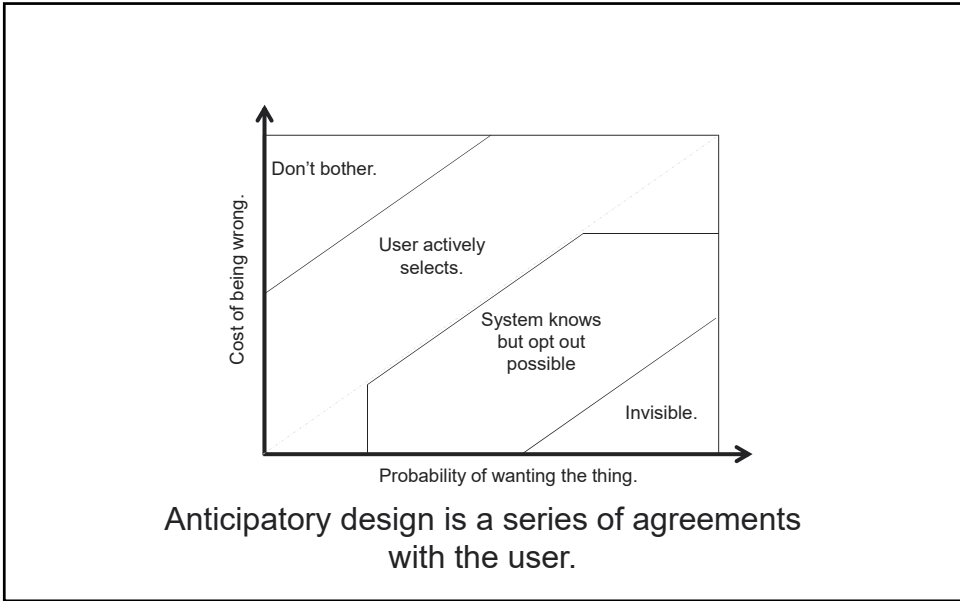
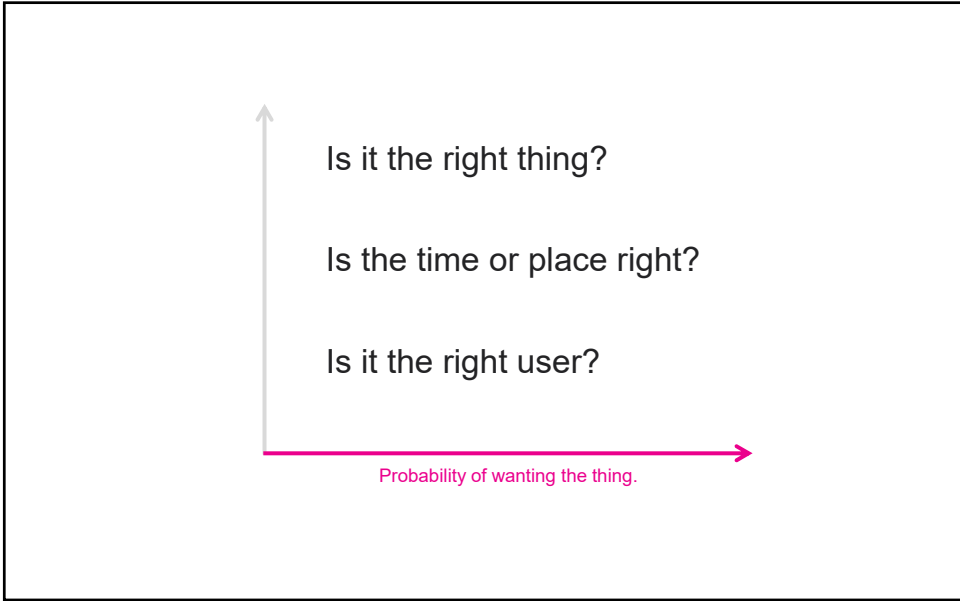


Anticipatory retail turns retail into a service,
not just a channel.



When does this make sense?





The impact:

Once anticipatory services start showing up everywhere, it will feel tedious to live without them.

You can start today.

Anticipatory retail starts with a company's attitude.

The definition of ecommerce design will shift.

1994-2015

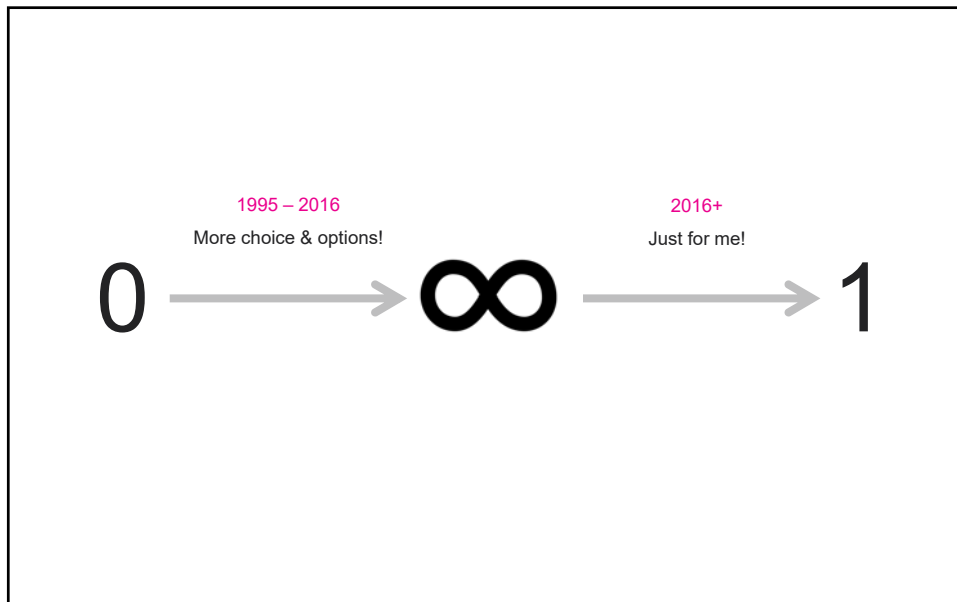
Empowering users.

Providing tools for users to make multiple decisions at each step in a process.

2016 and beyond

Serving users.

Utilizing machine learning to anticipate user's needs and make smart suggestions, thus eliminating choices.



#1 Find more ways to listen.

Anticipating desires and needs is actually about great listening. What can you know about not just your users en masse but individually?

#2 Be data hungry.

As a company, find ways to keep as much data as is reasonable. Easy example: data for what's viewed and what's in the cart.

#3 Care.

Anticipatory retail is a deeper, more trusting relationship with a customer than most brands have today. The more you care, the more groundwork will be laid when you roll out anticipatory experiences down the road.

5-Step Readiness Checklist:

- Explore: what data you are listening for today?
- Explore: what content about products or user would more closely match natural language?
- Whiteboard session: Where could you help customers reduce decision fatigue?
- Whiteboard session: What kinds of needs or desires do you want to anticipate more?
- Explore: Are there partners who could help you be more anticipatory? (e.g., BlueKai, Twiggle, etc.)

Thanks.

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HUGE

It's a concierge.

"You sound unsure what to wear with that skirt. Might I suggest a jam red sweater?"

[You agree.]

"Given your preferences for quality, price and materials, here's a list of the 5 highest rated red sweaters. The second and third ones would also be work appropriate. These all fit within your budget.

[But will Byron, my work crush like it?]

"I took the liberty of checking with your best friend Sara. Her vote is #3 and says "I agree - a red sweater is perfect for that skirt. #3 would make Byron really swoon." I secretly checked with Byron's AI. No aversion to red sweaters noted."

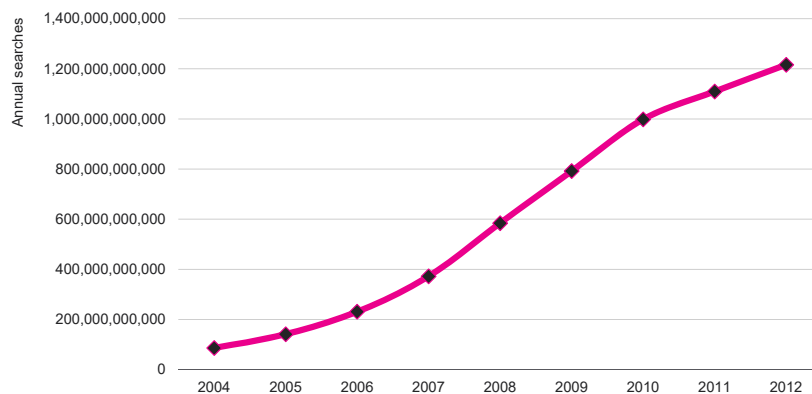
2.3 million

Google searches per second

Source: <http://aci.info/2014/07/12/the-data-explosion-in-2014-minute-by-minute-infographic/>

Google search volume annually:

Optional chart title or sub heading.



62

<http://www.internetlivestats.com/google-search-statistics/>

The demand for next level experiences will never end.

This is a beast that will never be full.

An investment that will never be over.

The solution will come over time.

Cost of being wrong.

Shifting user expectations.

New services.

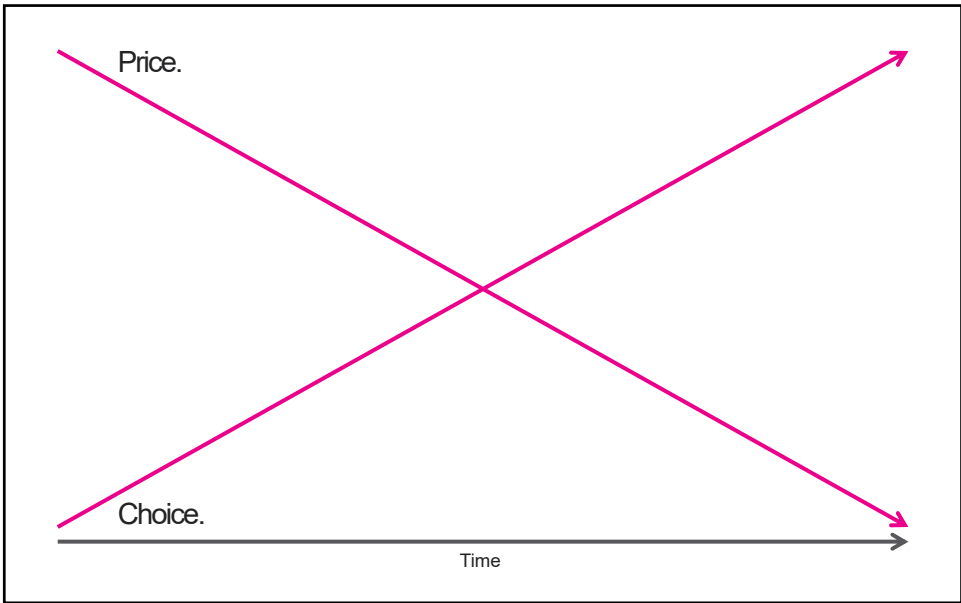
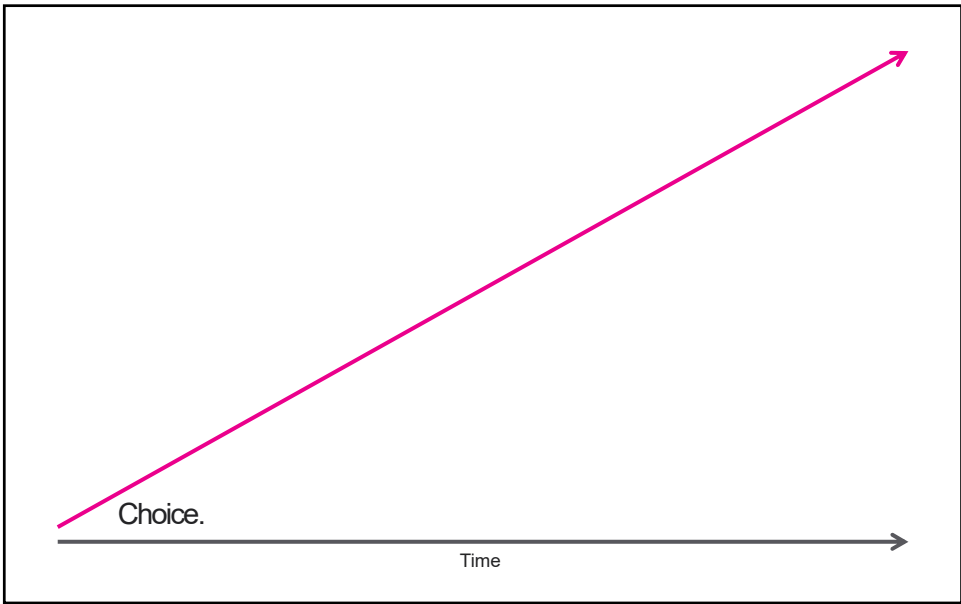
“Zappos” model.

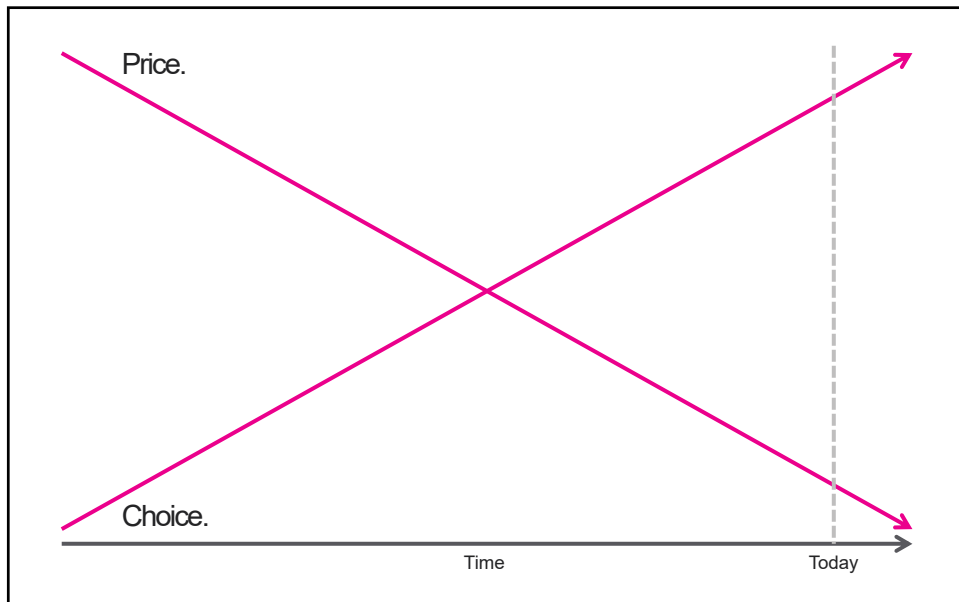
Probability
of being right.

Better data.

User validation.

More experiments.





A Nest smart thermostat is shown with a circular display. The display shows the temperature "72" in large white numbers on a blue background. Above the temperature, it says "IN 20 MIN". Below the temperature is a small green leaf icon. The word "nest" is visible at the top of the thermostat's face.

Decisions eliminated:

- What temp do I like?
- What temp should I set?
- Do I turn it down while I'm gone?
- Did I turn it down before I left?