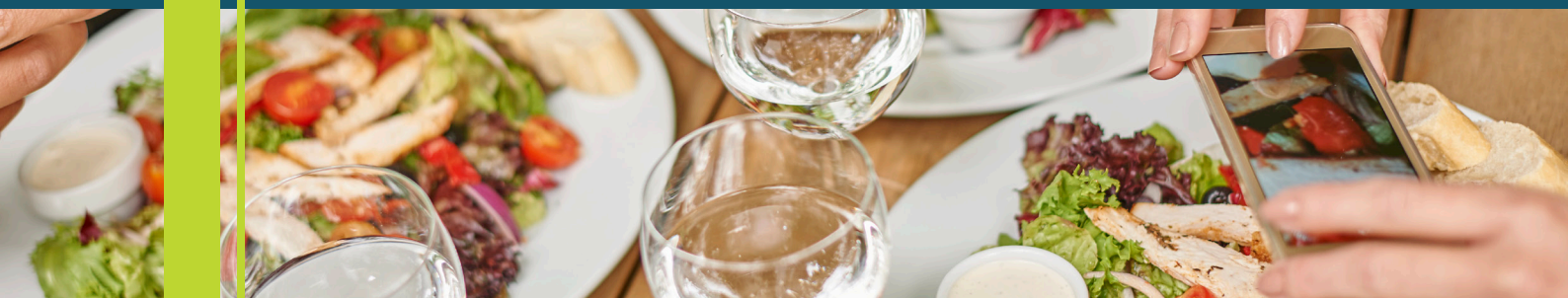


# BIG DATA, NEW RETAIL AND THE CUSTOMER ALGORITHM



**purple**

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## The digital economy is facilitating a new era of engaging with your customers

Businesses are looking for tools to improve the customer experience and increase their revenue, and personalization is a key outcome that marketing departments and digital brand managers are striving to achieve.

However, 'New Retail' is still so new there's no true demonstration of how it transfers across all industries, let alone the details of what to look for in terms of digitizing your business and the impact personalization has on customer retention and revenue.



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We're calling it the  
**Customer Algorithm**,  
where all businesses  
can mirror online and  
offline worlds of customer  
data and truly put their  
customers at the center  
of operations, digital  
strategies, IT infrastructure  
and experience.

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## What is 'New Retail'?

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Alibaba founder, Jack Ma, used the term 'new retail' in 2016 to describe a future that would blend online, offline, logistics and data across a single value chain.

The strategy aims to establish the business as a consumption solution provider, leveraging big data to enhance consumers' shopping experiences.

[And we haven't had to wait long to see these plans begin to unfold](#)

Alibaba recently announced that they have set out plans to open 30 Hema supermarkets in Beijing this year as the e-commerce giant continues to develop and expand its 'new retail' strategy.

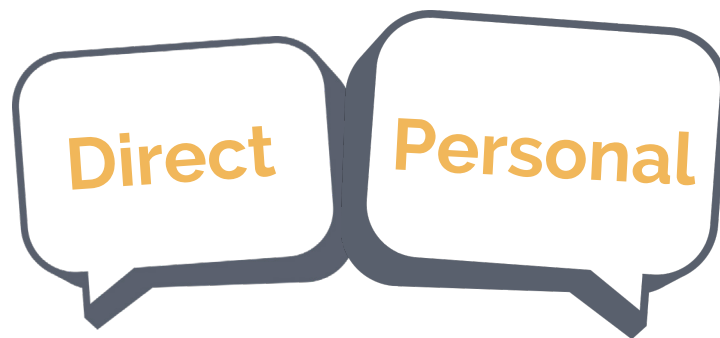
The expansion will bring Beijing's total stores to 35; providing consumers with greater access to its merged online and offline shopping experience.

The concept, which is a joint collaboration between Alibaba affiliates Hema, Tmall, bike sharing platform Ofo, and mapping and navigation services provider Autonavi, will create communities empowered by convenient, online-offline services driven by Alibaba.



# So, what will the future look like in retail with the Customer Algorithm?

Based on Alibaba's examples from the Double 11 Shopping Festival and other test case examples, here's what the future of the Customer Algorithm could look like:



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A connection to an online payment system is established to enter the venue. In Alibaba's case, Alipay must be scanned to enter their smart stores.

Price tags are electronic and prices vary in real-time based on certain factors, sales, and supply.

Facial recognition technology is used to track shoppers. Discounts are offered on items they smile at or that they have searched for online, and appear in their social feeds after their visit.

Items can be purchased for later delivery. Home delivery details don't need to be given as the system already has the purchaser's home address on record.

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Shoppers can receive location-based recommendations and discount notifications through the app, driving traffic to offline stores as well as e-commerce websites.

Shoppers can order from the website after they are sent a personalized video file showing their favourite items have been re-vamped and are on sale, with the help of RFID (radio-frequency identification) and AR (augmented reality) technology.

Signage and advertising is charged to third parties and sponsors based on real-time data of number of people in the venue exposed to branded messaging. This is relevant for stadiums and entertainment, and leisure venues with high density.





## There are already other companies transforming with the Customer Algorithm

Last year, Amazon acquired Whole Foods for \$13.7 billion with a vision to revolutionize the customer experience through delivering faster, more convenient in-store shopping.

Full details are yet to be confirmed, but features could include a faster, tech-based checkout process, using Amazon's 'Just Walk Out' technology that launched last year in Amazon's pilot Amazon Go store.

High-tech sensors throughout the store completely eliminate the checkout process; a pain point for many shoppers.

Understanding how people behave in your venue

Amazon's prowess with data means even more tracking of how customers shop - including

offline if Amazon deploys the Amazon Go high-tech sensor technology to Whole Food stores.

Shoppers' cell phones would (and already can) enable monitoring of how they move around the venue, as well as when they check-in and out. Just as with online shopping, Amazon could track what items a customer has looked at, for how long, and which ones they decided to put in their basket.

That is valuable data, not just for re-targeting and linking to Amazon Prime membership and Whole Foods' customer rewards data, but it could also give Amazon great leverage with grocery suppliers.

In a similar case, retailers could use this valuable data to track what emails are most opened



for identifying relevant content, engagement of online spaces from new digital campaigns to invite shoppers back for special sales, new product releases, and busiest hours to know when extra staff are needed (for which the goal is always).

Just recently, Amazon announced a new cash-back scheme; enticing Prime members to shop at Whole Foods.

Prime members using the company's Rewards Visa card will get 5 percent back on Whole Foods purchases. It is worth noting that this is the first time Amazon has extended its 5 percent back perk to a retailer.

These leading brands are gaining an edge through using the emergence of new retail as an opportunity to

build new consumer-focused models while at the same time improving the efficiency of their business operations.

To stay in the game, brick and mortar retailers must put shoppers at the center of their operations, with full consideration of the end-to-end customer experience; from awareness through to purchase and referrals.

The importance of capturing customer data in the physical world should not be underestimated; businesses that fail to do this will soon be left behind.

Personalized engagement will be the difference between businesses that embrace these new technologies and those that don't.



# Your customers are now digital algorithms – design for them

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Personalization is the experience customers want when walking into your venue. To achieve this, you need to take a proactive approach at removing the customer's anonymity by identifying their needs and behavior while on-site, to understand the experience they expect from your products, staff, service and communication.

The Customer Algorithm helps you know where the customers are you wish to target; both online and offline.

With this data, you can begin to design new, customer-focused, models with full consideration of a personalized end-to-end customer experience.

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Download our report: Combining online and offline customer data to learn how to achieve  
New Retail for your business



DOWNLOAD



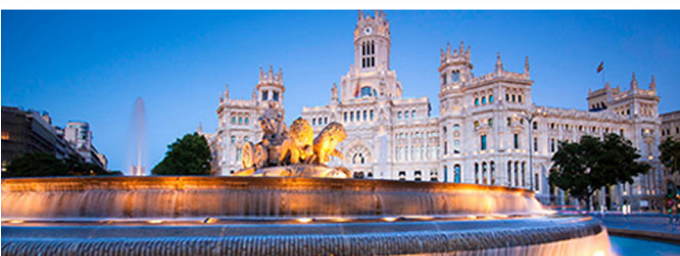


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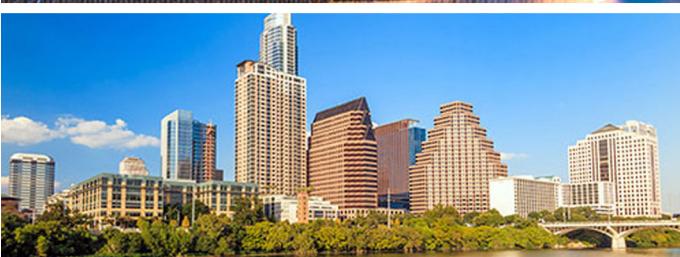
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