



Commerce 2040

Revolutionary Tech Will Boost Consumer Engagement

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An extract from the full report [Commerce 2040:
Revolutionary Tech Will Boost Consumer Engagement](#)

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Introduction

Change. That single word can inspire delight and dread all in the same breath. Societal shifts are often driven by a handful of factors, such as new population patterns or evolving consumer values. Technology, in particular, emerged as one of the key drivers in the last decade reshaping the world and will likely continue as one of the most important factors creating future upheavals. Fast forward 20 years and the world, and commerce conducted within it will be noticeably different than today.

Imagine a consumer walking down a neighbourhood corridor in 2040. By then, the neighbourhood of old with its mixture of commercial, residential, entertainment, transportation and work elements might be in vogue again—all with a tech infusion. More residents will work from home or do so from neighbourhood co-working spaces. As such, transportation needs and patterns will evolve with fewer consumers commuting on a daily basis. Consumers will reach much of what they need on a daily basis by foot, but there will be public transportation pods connecting cities, regions and nations on the same system for consumers wanting to travel further, especially in their downtime.

For the on-the-go consumers, bots will craft individualised experiences. Needing recommendations or directions? A concierge bot could give input through an implanted earbud. Restaurants might have smart menu boards personalised to each passerby. The entry of the restaurant will evolve with one dedicated to dine-in occasions and the other to delivery. Convenience stores will likely be the only outlets with inventory. Former retail outlets will shift into micro experiential centres, helping consumers discover and test products for later drone delivery to the home or designated neighbourhood spots. The lines between real and virtual will increasingly blur as consumers routinely layer virtual over reality, gaining more information or engaging in gamification opportunities for rewards or fun.

This white paper outlines a vision for how consumers might live, work, shop and play in 2040, exploring how technology could change different consumer worlds over the next 20 years. In particular, this analysis will focus on the future of commerce—both in terms of how commerce, as it is known today, might evolve over the next two decades and what new commerce avenues could emerge by 2040.

Entertainment Venue

Numerous factors are converging to revolutionise the way entertainment is consumed. As a result of widespread connectivity and social media, sports and music fans can get closer to the action without ever stepping foot into a venue. At the same time, consumer values are shifting towards experiences, a trend standing to benefit those in the entertainment industry. The challenge will be delivering a differentiated experience keeping fans engaged and coming back to the venue event after event. Undoubtedly technology plays a starring role in shaping the entertainment venues of 2040 and in turn what new commerce opportunities will unfold within this future world.

87%

of connected consumers report buying tickets for leisure and entertainment activities

Source: Euromonitor International

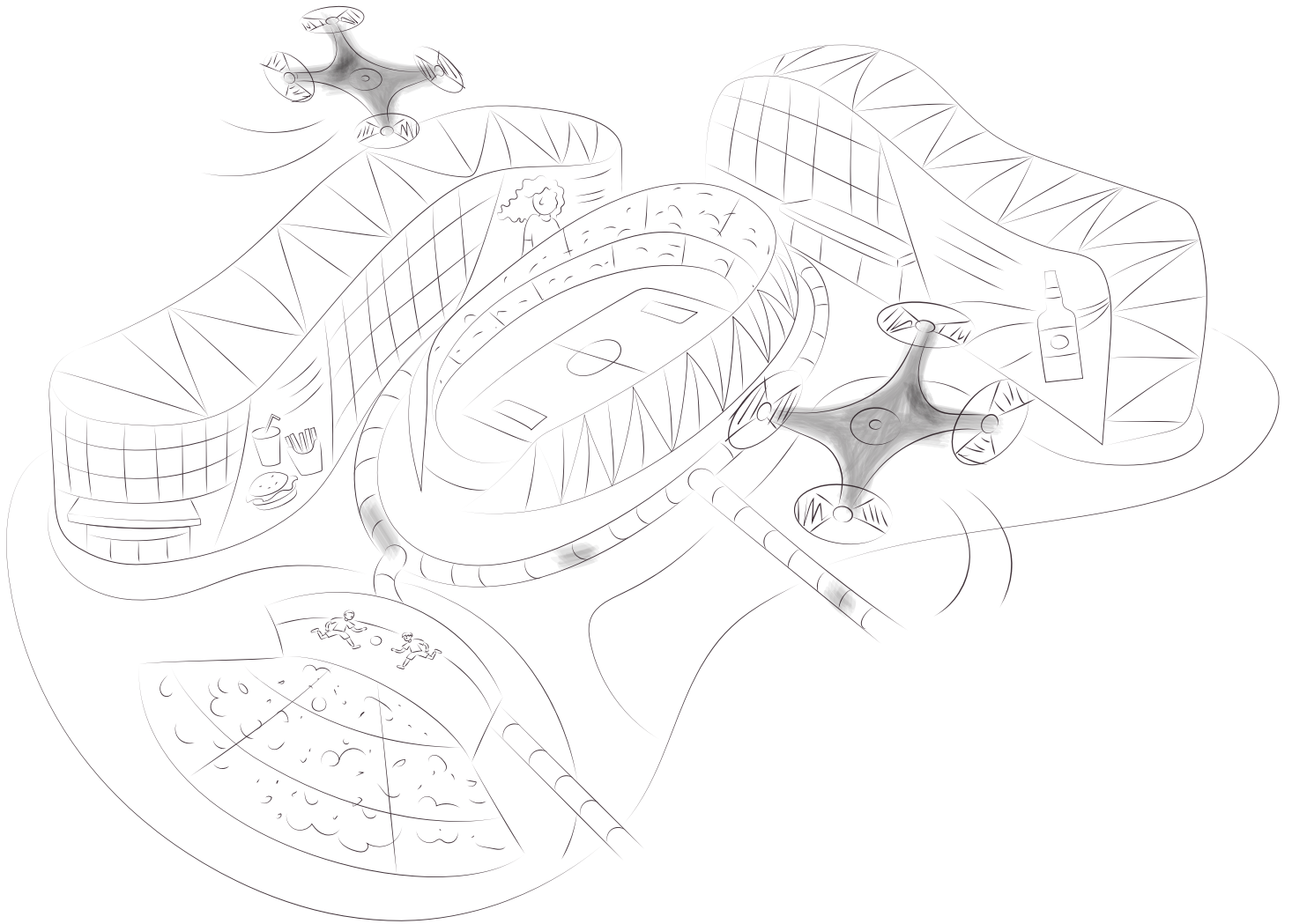
Social media disperses power from brands to individuals

Platforms facilitating interactivity and the sharing of user-generated content globally created the “second screen” or “second screen experience,” allowing fans to partake in the experience unfolding in the venue from anywhere. Social media helps elevate a fan to more than just a face in the crowd.

Just like traditional commerce, entertainment brands no longer have sole control over the information about their offerings. Fans are better informed when entering an interaction and leverage social media to vocalise their experience. Widespread connectivity has significantly dispersed authority to social groups, putting fans on a more equal footing with entertainment brands.

Up-and-coming consumers crave more unique experiences

Consumer expenditure on experiences is set to rise from USD5.8 trillion in 2016 to USD8.0 trillion in 2030, using leisure, recreation, travel and foodservice as a proxy. Advanced economy consumers are true experience-seekers, spending 16% of their income on that aim; higher than emerging regions at 10%. Society is moving away from being about the masses to a “story of one”. Consumers expect a personalised experience available across the multitude of screens in their lives.



Entertainment view from above

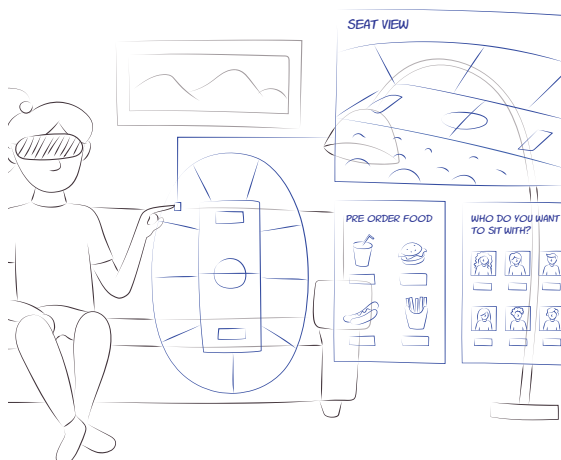
Immersive tech both outside and inside the venue will enable fans to see the world through their idol's eyes with the fan being able to virtually take the game-winning shot or sing their idol's hit song to thousands.

Source: Euromonitor International

New concepts that could take shape in the venue of the future

Virtual currency

Loyalty is less prevalent in the entertainment industry than retail, payments or travel. The future provides opportunities for entertainment operators to develop a virtual currency scheme where fans earn points for attending events, spending at the venue and promoting fandom on social media. In turn, fans leveraging these points wager on sporting events to buy equipment for their avatar, receive a boost in a related mobile game or used as a currency for on-site food, drink and merchandise purchases.



Optimised seating

The integration of technology like machine learning, which can comb mounds of available data to make decisions, will revolutionise seat selection for events. For example, a fan shopping for tickets from home can enter in their preferences for the event. Fans with young children could sit with other families. Singles ready to mingle could sit with other singles. These new technologies provide options to select seats not only based on proximity to the action but who is seated next to them.

Key features in the entertainment venue of the future

Live entertainment is shifting from in-seat to choose-your-own-adventure experience. Technology enables a more personalised experience. However, a delicate balance must be maintained. How can operators remove the logistical headaches of attending events while not distracting from the action? Beyond that, the challenge for future operators will be curating an experience that excites fans on their third visit as much as it did their first. Get it wrong and fans will share their complaints immediately on social media platforms, resulting in reduced attendance and spend.

Overview

Multipurpose venues will extend the potential event schedule

Free-to-access areas will expand the potential fan base

From home

Fans will leverage VR headsets to obtain a realistic view of their seat

Personalised highlights will enable fans to relive their experiences

Entry

Season ticket holders will be able to register for biometric entry

Facial scanning will identify fans, thus enabling tailored alerts

Concourse

Fans will have multiple dining options that appeal to their needs

Social media worthy locations will make the experience exportable

Seats

Food and drink delivery will be an option for stationary fans

AR capabilities will provide new layers of information on players like current performance stats, as well as gamification options

Home

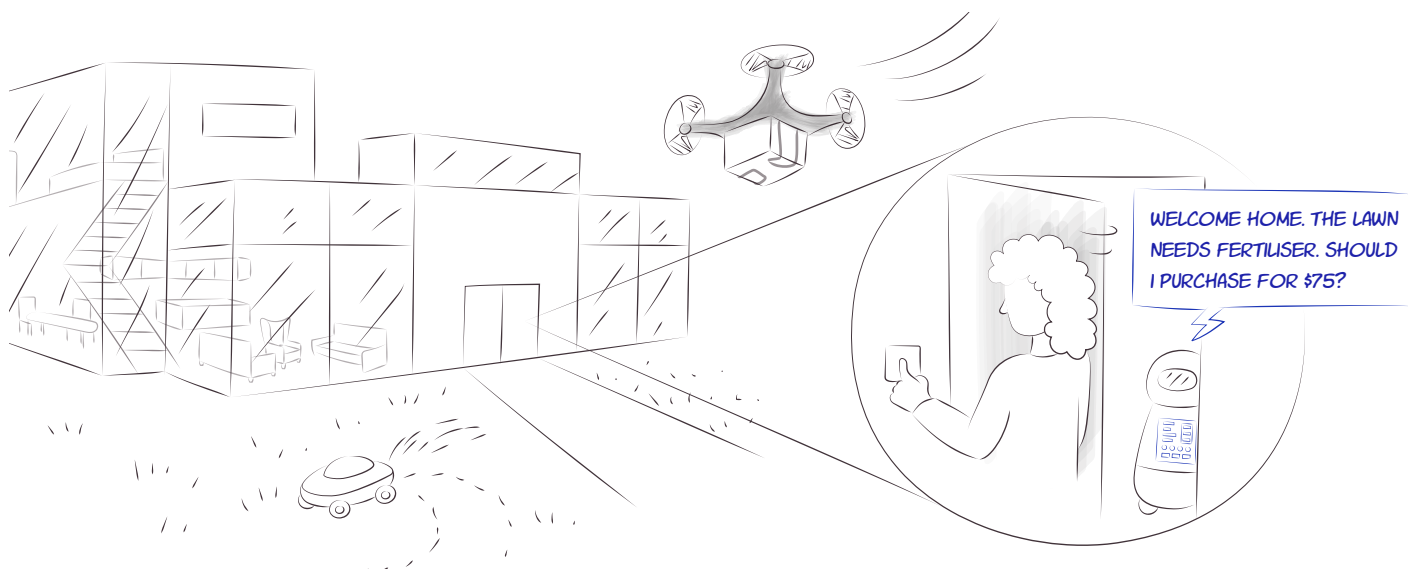
65%

of households expected to have access to broadband internet in 2030, an increase from 47.5% in 2018

Source: Euromonitor International

Ubiquitous connectivity gives way to the intelligent interaction of humans and things. The home will be one consumer-facing environment most impacted by the arrival of the Internet of Things era. The smart home momentum is picking up due to widespread connectivity, manufacturers pushing to sell connected durables and more compelling consumer use cases. By 2040, consumers will have access to more services, including commerce ones.

Despite the promise this new world has provided, the smart home market has been awaiting its breakout moment. By 2040, connected appliances will be mainstream, especially in developed markets. Appliances across all price points will be connected as major manufacturers including Bosch, Samsung and Whirlpool announced all of their products will be connected by 2020. In order to fully realise the commercial opportunity, the next stage of development requires the industry to connect the value of these tech developments to consumer needs.



Home exterior

Upon arriving to the home, biometrics will be leveraged to confirm the visitor's identity and unlock the door for authorised individuals. Goods awaiting at a nearby neighborhood warehouse will be delivered via drone once the home is occupied in an effort to reduce e-commerce theft.

Source: Euromonitor International

This hub for family life serves as a sanctuary for many people

While the view of the home is shifting due to urbanisation and a rise of singletons, it remains the place most associated with family and acts as a sanctuary. Consumers are finding fewer reasons to leave their homes as consumption evolves.

In the future, many more aspects of out-of-home life could be brought into the home due to digitalisation.

Businesses are dedicated to delivering all types of products and services to consumers with just a tap of a button. The value of foodservice orders placed online has doubled in the last five years appealing to time-starved consumers. There is also an ever-growing abundance of entertainment options at home, with on-demand services such as Netflix and Amazon Video. As augmented reality and virtual reality technology evolves, its connection between perception and reality is expected to enhance the at-home shopping and entertainment experiences even further.

An automated home appeals to consumer desire to simplify life

Today's consumers are redefining their values and priorities. In this fast-paced world, consumers are looking to buy more time in order to reduce stress. Even more prominent is their desire to simplify life. Two-thirds of connected consumers globally value it. Simplicity is an antidote to consumerism, endless choice and constantly updated products and

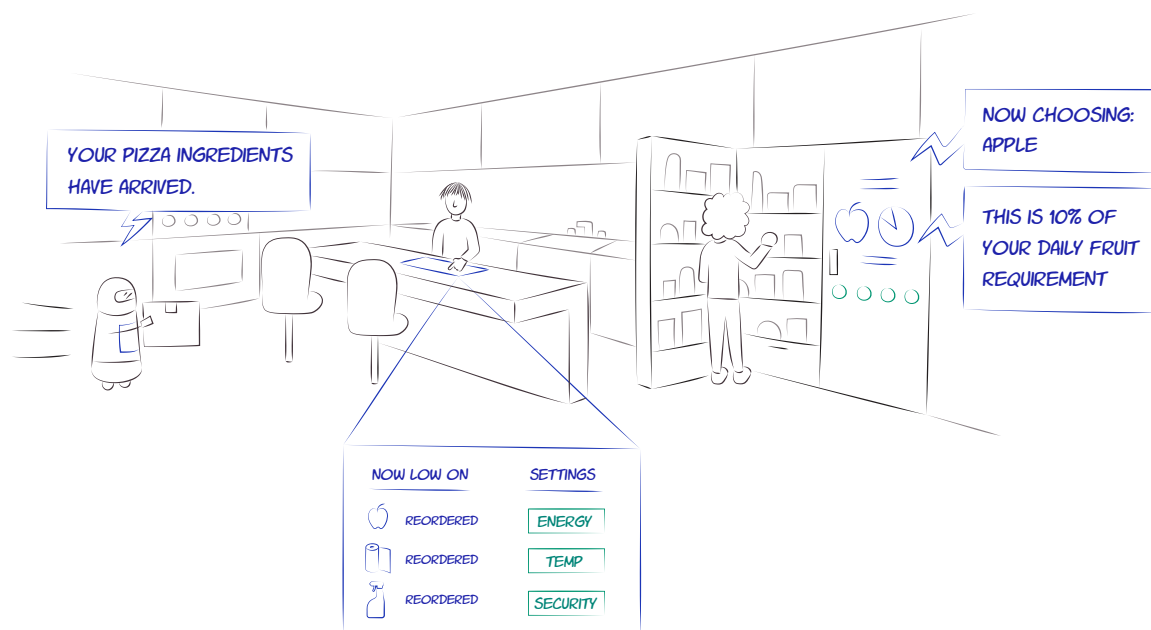
services. The desire for simplicity is an opportunity for both the goods and services sectors to provide a light-weight experience for their customers. Technology integrated into the home will enable consumers to meet those needs.

Connected home leads to the uptake of passive consumption

Consumption is on the cusp of transitioning from being active to passive. Some commerce sectors will become almost entirely automated in the future home, giving way to machine-aided commerce. Goods, such as home care products, require continuous replenishment, creating an opportunity to automate the ordering process. A number of challenges will slow this transition to passive consumption, including connectivity quality, consumer privacy concerns and long replacement cycles of durable goods.

Key features in the home of the future

The home of the future will be even more personalised than it is today. The home will identify each occupant upon entry into the home itself, as well as each room. Technology will help educate and empower consumers to take control, as well as provide personalised digital solutions for health tracking. Connected mirrors will assist each member with their dress for the day ahead, offering suggestions to complete the desired look.



Kitchen of the future

Interfaces in areas of the home regularly monitor the household's energy, temperature and security. The humans themselves can be more easily monitored as well, thanks to the integration of healthy living platforms into the wired home.

Source: Euromonitor International

Front door

Biometrics will confirm the visitor's identity and unlock the door

Pre-configured profiles will automatically adjust lighting, room temperature and music choice for each family member

Living room

VR headsets will enable consumers to more closely mimic the senses associated with the in-person shopping experience

The on-demand lifestyle will take hold here as residents can start entertainment, order food and book travel with simply their voice

Kitchen

The kitchen will serve as the hub for healthy living by monitoring food intake and suggesting better alternatives based on the individual and the day

Connected appliances will monitor consumption and automatically order replenishment items, such as detergent

Bedroom

A connected mirror will serve as a personal stylist, purchase channel and social sharing tool

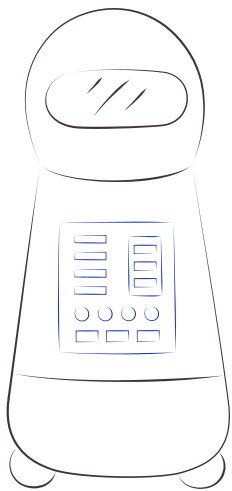
A virtual personal stylist will give recommendations to the resident based on current wardrobe, weather and activities for the day

Brands will be able to suggest accessories to finish the look or enable consumers to try on a different shade of makeup virtually

Emerging concepts in the future home by 2040

Command centre

The connected home of the future will become the command centre of consumer life. The central brain for the home tracks energy use and how much energy each occupant is burning. Interactive screens convey this information throughout the home with the most likely locations being the kitchen and bedrooms. These screens provide residents easier access to household consumption levels, upcoming activities and impending commerce orders.



Robotic assistants

By 2040, household robot assistants will play a prominent role in the home. These robots assist with everyday household chores, such as picking up items off of the floor and putting them in the proper storage or preparing vegetables for cooking. They use video surveillance and motion detecting skills to determine when the safety of its occupants are at risk. Beyond that, robots greet family members when they enter the home and provide companionship, assistance and entertainment for children or elderly members in the home.

Source: Euromonitor International

Retail Store

Evolving consumer expectations and new competitive realities are changing how and where consumers browse and buy. Purchases in the past were transactional. Now shopping is a journey about relationship building. The journey is no longer just about the end-point—the purchase. The ideal journey provides value before, during and after the purchase, converting a transaction into a relationship. For retailers finding it difficult to compete on price alone, the customer journey can differentiate when done right. Physical outlets remain a critical part of today's shopping journey, both in terms of brand engagement or purchase execution and continue to play a role in 2040, though their functions will evolve.

47%

of connected consumers globally who want to “see or try before buying,” the top motivation for shopping in store

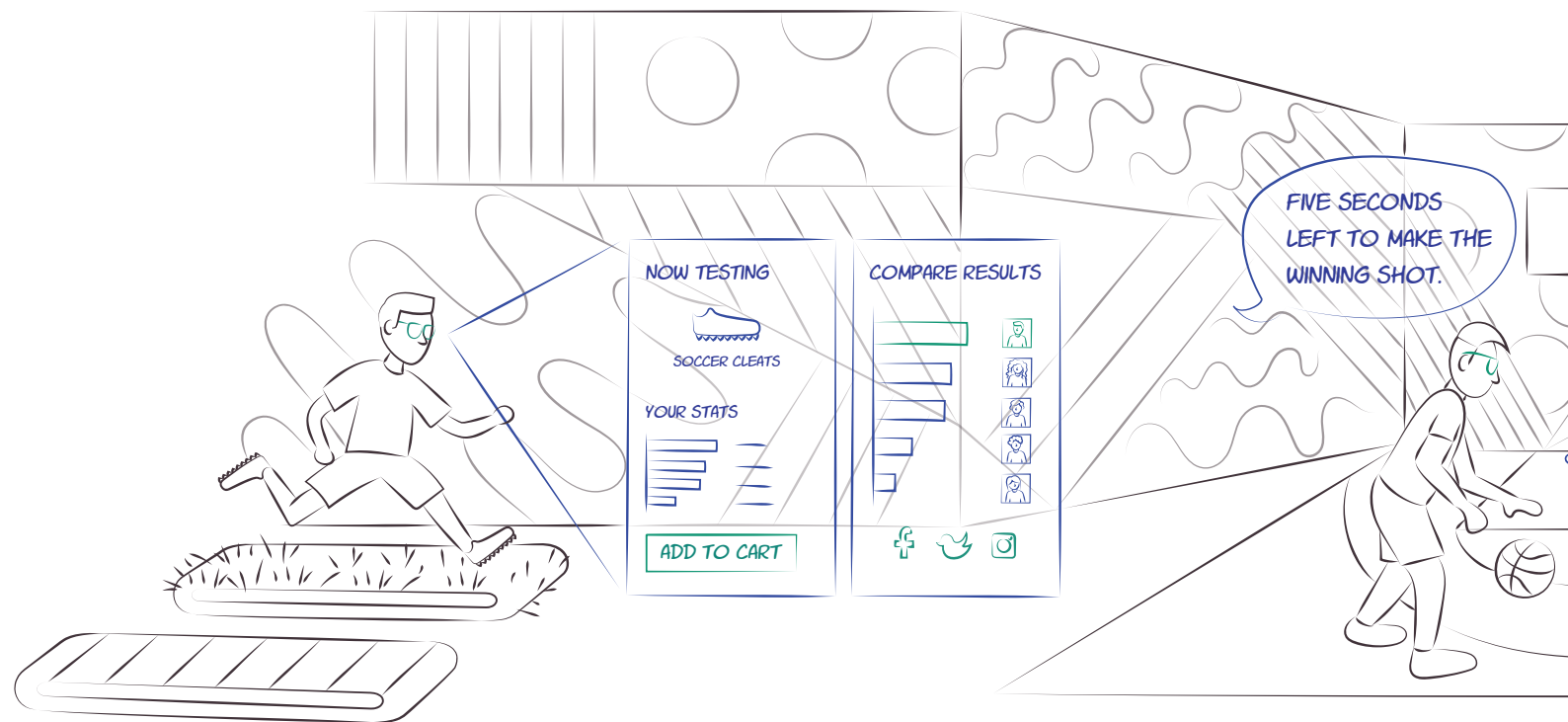
Source: Euromonitor International

Uptake of connectivity is changing competitive realities

Connected consumers use a variety of devices and interfaces to connect to the internet, impacting how consumers conduct commerce. This always-on connectivity provides new levels of convenience, simplicity and knowledge. As a result, today's shoppers are more impatient, demanding and informed. Brands are expected to create experiences tailored to consumers individual stories and communicate in a way that works best for them, whether by phone, e-mail, social networks or chat apps.

Consumers shop in outlets when wanting to see or try something

When purchasing physical goods in stores, connected consumers report wanting to see or try on something as the primary motivation, according to the 2017 Lifestyles Survey. Two popular categories are apparel and accessories and beauty and personal care products. While technologies such as virtual reality or 3D imaging mimic the in-person experience outside of the physical outlet, other characteristics of in-store shopping may be harder to replicate.



Experiential centres of the future

The experience of being in store will evolve in the consumers' eyes to better match the individual's specific interest. Consumers will be able to test product claims or try products in the context of its final usage, whether it is trying on football cleats on a turf-like surface or trying on a winter coat in a cold zone.

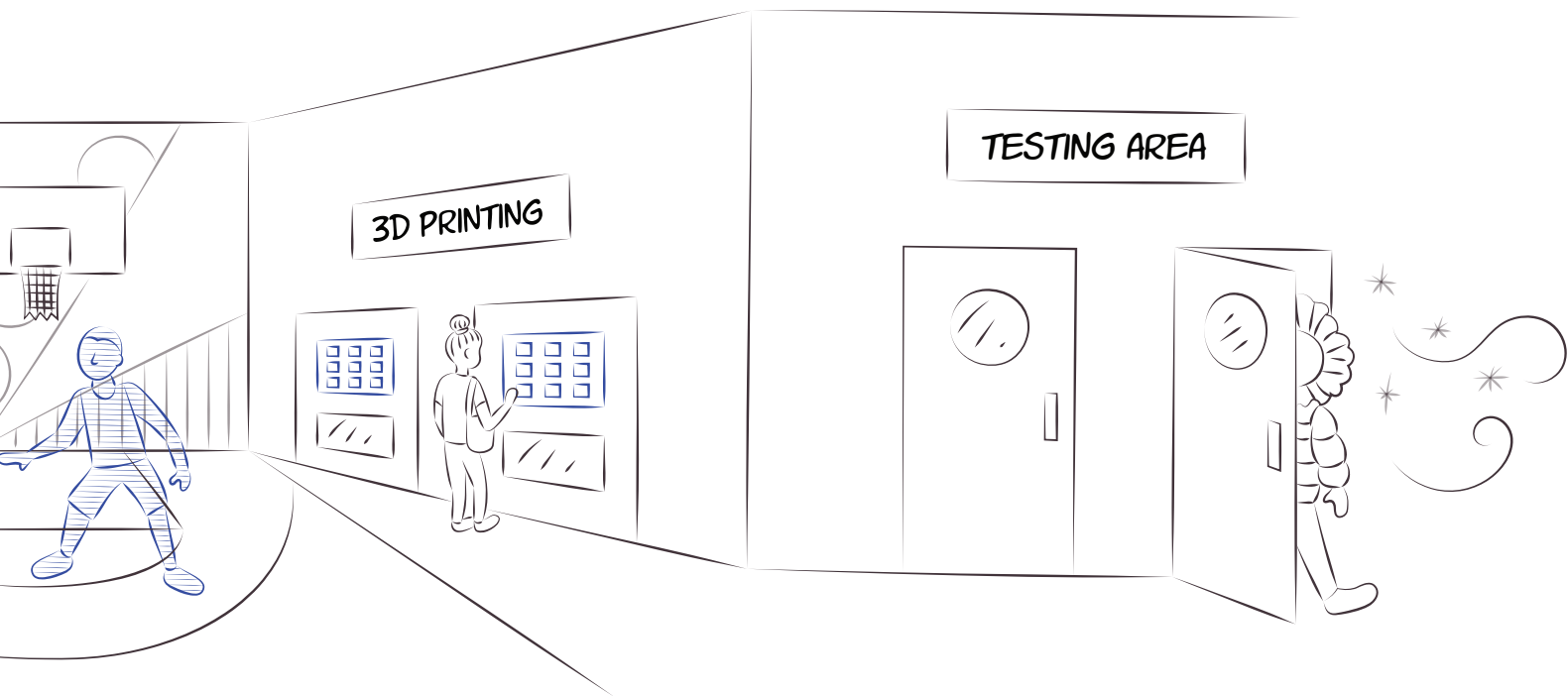
Source: Euromonitor International

Consumers demonstrate an increasing need to experience more

Alongside the increased role digital plays in commerce, the desire to experience more creates a fundamental shift in consumer values. Consumers are prioritising experiences over buying more possessions. Humanising brands ensures longevity and relevance. Brands can add value and drive higher unit prices by offering a unique experience to their customers.

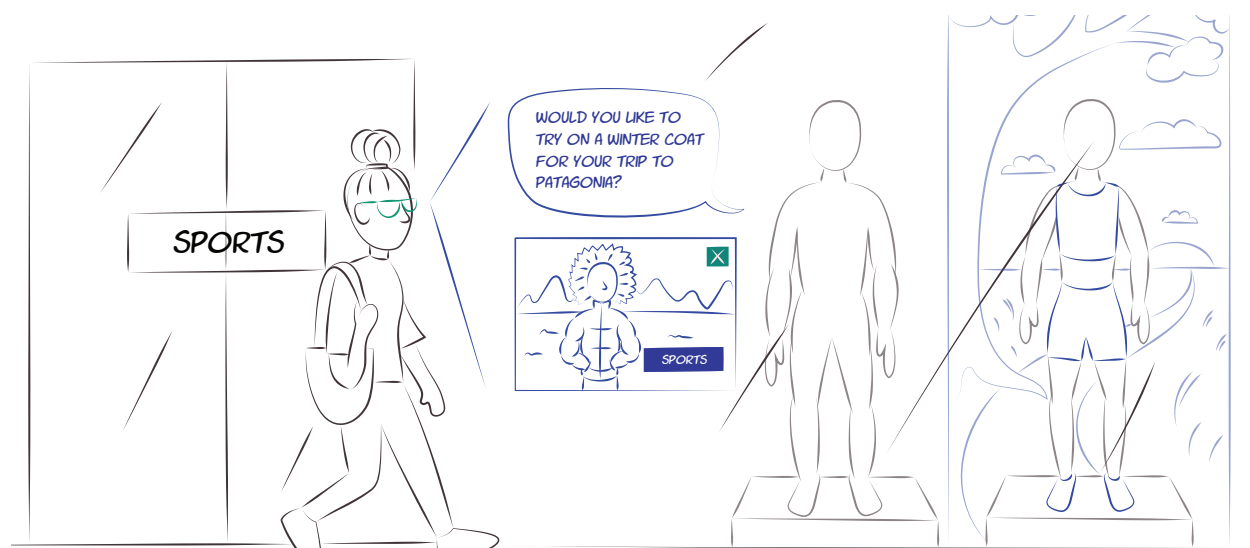
How the retail “store” of tomorrow will likely evolve

Technological advances are increasingly detaching the purchase decision from a physical outlet. Smart retailers will leverage technology to remove the hassles of shopping for mundane purchases while tapping into the innate curiosity to see, feel and experience specific products.



Stores will exist to sell impulse purchases and irregularly purchased convenience goods. Technology, like wearables and voice, will guide consumers throughout the store. Products will automatically be added to a virtual shopping cart upon selection, while robots will be leveraged for customer service and inventory management.

The experiential centre will be built around products requiring more consideration. Some retailers and brands may charge entry to consumers for certain experiences, tailoring the experience based on the consumer's interest. Consumers will be able to test product claims or try a product in context of its final usage.



Street view of retail store

Experiential centres will be built to enable consumers to touch, feel and experience products that require more consideration. In this scenario, the retailer is tempting the passerby with an offer to try on merchandise in preparation for upcoming travel.

Source: Euromonitor International

Key features in areas of the retail store in the future

The rise of digital commerce will lead to a redesign of storefronts and delivery. Stores catering to the consumer desire for convenience will create separate entrances for pick up online orders. Retailers will be able to identify consumers when they enter the environment, rather than waiting until they checkout and pay for the goods.

Storefront

Retailers will be able to send more contextual alerts to notify of new pricing, products or experiences to a consumer's individual wearable or voice platform

Stores of the future will have a separate entrance for those picking up orders made online

Entry and exit

Facial scanning will identify consumers upon entry to the retail store, thus enabling retailers to provide a more tailored experience

Payment for the product or experiences will be automatically made upon exit from the retail store

Testing area

Shopping will be more contextual, allowing consumers to try on the clothes or beauty products in a virtual incarnation of the final environment where it will be worn

The consumer's virtual personal stylist will help consumers make choices in the context of what the individual already owns or what might complete a desired look

Conclusion

Technological advances will further redefine what it means to live, work, shop and play for consumers in 2040. The rate of change will likely only accelerate in the foreseeable future. The plethora of technologies will likely be overwhelming at times. Undoubtedly, those rewiring commerce over the next 20 years will face a different set of challenges than the innovators that came before them. The digital darlings of the first part of the millennium like Uber, Airbnb and Facebook rose to prominence by leveraging technology to connect consumers with providers and in turn introduced a new way of conducting business. Consider the mobile sharing platform Uber does not own automobiles, the accommodations platform Airbnb does not own real estate and the media platform Facebook does not own any content. These companies were successful because of their platforms that connected people, not their assets.

The innovators of next-generation commerce of 2040 will face a different set of challenges. In many ways, the next stage of development will require more changes to infrastructure than what was previously required. For example, the connected home requires consumers to upgrade to connected appliances and interactive screens. Outlets and venues will require not only a technological upgrade but a redesign to prepare for the consumer in 2040. Many of tomorrow's outlets will carry less inventory, repurposing the space into a consumer-facing experiential centre. Entertainment venues will deploy flexible designs to shift from one event type to another. Entertainment operators will adjust the venue's layout to meet the need for different food and delivery options.

To stay in business, companies must continue to reinvent themselves to meet consumer needs. Disruptive brands will go further, creating a unique and exciting experience for their consumers. In recent years, brands might have been able to accomplish this through a slick interface that showcases their platform. Aspiring next-gen commerce players of tomorrow will embrace more fundamental, infrastructure changes to remain relevant in 2040.

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As Head of Digital Consumer Research at Euromonitor International, Michelle Evans oversees the firm's research on the digital consumer, providing actionable insights and in-depth analyses into how technological advances are reshaping the way consumers browse and buy goods and services globally. She regularly writes and speaks about Euromonitor's research with her specialty spanning mobile payments, digital commerce, e-commerce, m-commerce, digital marketing and social media. Recognized as a thought leader in digital commerce, she was named a Power Women in Fintech by conference organizer Innotribe in 2015, a Woman on Top in Tech by business magazine Asian Entrepreneur in 2016, a Woman to Watch by social think tank Remodista in 2018 and a Top 200 Fintech Influencer in Asia by fintech publications Fintech Asia and Lattice80 in 2018. She has shared her expertise across industry events, including Money 20/20, Finovate Europe, Trustech, Forum E-Commerce Brasil and Seamless Asia in the capacity as a speaker, chairperson or juror. Leveraging her master's degree in journalism from Northwestern University, she has a reoccurring column in Forbes and is regularly quoted in publications globally.



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