# The future of shopping

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SHOPPERS now live through multiple micro moments in their everyday lives. Therefore, their shopping habits are changing fast. And with the proliferation of mobile internet and smartphones, they want to know more about the products they are looking for before they actually shop. They also want better information about retail outlets before they decide to go there. Shoppers' buying decisions are influenced by multiple sources today and they want to know all the details about a product before buying it. Therefore, leading retailers in Bangladesh, as well as in other parts of the world, have to keep pace with the changing habits of shoppers by enhancing such micro moments with the help of technology.

Traditionally, shoppers would carry their purchased items to their homes. Nowadays, a common way of shopping is to place an order online and expect the packed product to be delivered at one's doorstep. However, while online shopping is growing at a high rate, it is still under 15 percent of global business-to-consumer (B2C) commerce, according to the Global Consumer Insights Survey 2018 conducted by PwC.

Therefore, delivery has become an important area for retailers. Existing logistics businesses are struggling to cope with this huge growth with the kind of infrastructure they have. At the same time, shoppers are increasingly emphasising timeliness of delivery and return of goods. Many of them are even willing to pay extra for same-day delivery of the products they buy. Moreover, several young shoppers would like to explore new modes of delivery such as delivery by drones.

The future of shopping is also going to be shaped by algorithms. Computer algorithms are becoming so powerful that they can process a diverse set of data, including biometric data, to understand shoppers better. Their capabilities are improving fast to understand shoppers' wishes, predict their choice and respond according to these predictions. Such powerful algorithms will give a significant competitive advantage to retailers who are willing to adopt these algorithms earlier than others. In Bangladesh, some leading retailers have started experimenting with technology to predict shoppers' buying habits.

However, computer algorithms will not only be available to retail enterprises. With computing getting cheaper every year, similar algorithms will be available to individual shoppers as well. And as algorithms begin understanding shoppers better, shoppers will increasingly delegate many of their shopping-related tasks to algorithms.

For example, today, many commuters and drivers rely on directions provided by smartphone-based map solutions to reach their destination, instead of relying on their own judgement. Such reliance did not begin when the map service was launched. Over the years, smartphone-based maps started showing better results than an average driver or commuter, and subsequently, drivers started relying on the maps more and more.

When shoppers will start delegating their shopping activities to such algorithms, the business of retailing will take an interesting turn. Retail businesses will no longer interact with human customers only. Instead, customer interactions will also become algorithm-to-algorithm interactions.

The use of voice assistants marks the beginning of such a trend. Voice assistants provide conversational interfaces to shoppers and use artificial intelligence (AI) to do so. According to the Global Consumer Insights Survey 2018, male shoppers in the age group of 18-24 years use such interfaces and AI to do their shopping.

They are usually optimistic about the future of the economy, and prefer expedited delivery of goods and experiential purchases. For example, such shoppers would prefer to enrol themselves for a paid cooking class before actually buying a certain set of crockery. Such emerging habits are expected to drive a significant transformation in the retailing business as more retailers try to reorganise their business verticals and rebrand themselves.


Today, around half of the population in Bangladesh is less than 27 years old. This makes the country uniquely poised to adopt new technology and become AI-enabled shoppers. It will be an interesting transformation when retailers focus more on the young population, and this group of shoppers adopts new technology for shopping.

Among these changes, the role of physical retail stores is getting stronger. In the retail industry in Bangladesh, organised retail is mainly conducted through physical retail stores. Worldwide, there is a perception that e-commerce will eventually make physical retail stores obsolete. However, PwC's survey reveals that consumers are increasingly visiting physical stores to get a wide range of experiences. Therefore, retail businesses in Bangladesh should focus on strengthening their retail presence and drive their future growth. However, the role of technology will continue to be important.

Today, retail stores in developed countries are increasingly using virtual reality (VR) and augmented reality (AR) to deliver extraordinary experiences to shoppers. In fact, most innovation in retail stores is enabled by a combination of AR, VR, Internet of Things (IOT), and AI, giving rise to a new theme called extended reality. Some retail companies in Bangladesh have already started thinking about such innovation-led renovation of their stores. Consequently, in the future, newly formatted retail stores may come up in the country.

Building trust has become more important than ever before. In markets such as Bangladesh, there are concerns about safety of food being sold in the market. Sale of counterfeit products is another area of concern. Some globally large retailers have already taken the initiative of using modern technology to address such issues. Blockchain technology, coupled with AI and IOT, are helping them innovate new solutions and automate trust.

Automated trust is the new theme that is emerging to provide the much-needed confidence to customers and retailers. Therefore, in the future, retailers in Bangladesh may also adopt these technologies to automate trust and deliver value to their customers.

*The writer is a partner at PwC. The views expressed here are personal.*

## France, Japan uphold auto alliance amid Ghosn crisis

AFP, *Buenos Aires*

The leaders of France and Japan on Friday stood by the Renault-Nissan auto alliance despite ructions from the arrest of its chief executive, officials said.

President Emmanuel Macron and Prime Minister Shinzo Abe met on the sidelines of the G20 summit in Argentina hours after a Tokyo court extended the detention of sacked Nissan chief Carlos Ghosn.

"The president for his part recalled his commitment that the alliance be preserved, as well as the stability of the group," a French official said.

The partnership also includes Mitsubishi Motors.

The Kyodo news agency quoted a senior Japanese official as saying Abe stressed the importance of all three companies "maintaining their stable relationship".

But the fate of the group should be decided by "private businesses", and that "governments should not comment to how the alliance should operate going forward", the Japanese premier said, according to the official quoted by Kyodo.

Macron is well versed in the sensitivities of the car-making partnership. As a young economy minister in 2015, he triggered a crisis in the alliance by increasing the French state's stake in Renault, which rattled Japan.

The move doubled the French state's voting rights, alarming the Nissan side, which saw itself at risk of coming under French control.

Paris subsequently reduced its stake in the alliance.

## Microsoft's market value overtakes Apple's

REUTERS, *San Francisco*

Microsoft Corp's stock market value closed above Apple Inc's for the first time in eight years on Friday as the Windows maker benefited from growth in cloud computing while Apple was hit by investor concern about iPhone demand.

Shares of Microsoft rose 0.6 percent to end the week at $110.89, putting its market capitalization at $851.2 billion. Apple shares fell 0.5 percent to $178.58 on the day, adding up to a market value of $847.4 billion.

The two stocks jostled for the top spot over the course of the week, with Microsoft's stock market value exceeding Apple's at several points in intra-day trading but not at the close.

Both companies' market capitalizations were calculated using outstanding shares reported in their most recent 10-Q filings.

Apple's market capitalization overtook Microsoft's in 2010 as Microsoft struggled with slow demand for personal computers, due in part to the explosion of smartphones like the iPhone.

After Satya Nadella took over as chief executive in 2014, Microsoft reduced its reliance on Windows software for PCs and became a major player in cloud computing, second only to Amazon.com Inc.

# US concerned about Chinese investment in Indo-Pacific region

REZAUL KARIM, *back from USA*

US civil and military officials are skeptical about Chinese policy and investment in the Indo-Pacific and stepped up Washington's efforts to expand its engagement on a rule-based system for the mutual benefit of the countries in the region.

They said that the US is concerned that Chinese investment and activities are undermining sovereignty and economic stability in the region and will also encounter America's vision of a free and open Indo-Pacific.

Alice G Wells

"In many cases, Chinese investment has harmed rather than helping the economic wellbeing of communities within the region by burdening the governments with unsustainable debts and funding projects that have no commercial job creation value," Alice G Wells, US principal deputy assistant secretary at the Bureau of South and Central Asian Affairs, told a group of South Asian journalists during a media tour to the US recently.

During the tour, journalists from Bangladesh, India, Nepal and Sri Lanka took part in a reporting tour titled "Amplifying the Indo-Pacific Strategy" and had interactions with senior officials of the US Department of State, the Department of Commerce, the USAID, defence and strategists at the Pentagon, the US Indo-Pacific Command, the US Pacific Command in San Diego and Hawaii and members of the intelligentsia of East-West Centre in Washington and Honolulu, RAND's Centre for Asia Pacific Policy, Milken Institute, and the Pacific Council on International Policy.

They warned that the Chinese credit could lead to debt trap and undermine sovereignty in the long run. They said the Belt and Road Initiative lacked transparency and was aimed at fulfilling China's own security and strategic interests rather than promoting economic development.

In an apparent bid to counter the Chinese economic influence, US Secretary of State Mike Pompeo has launched new initiatives to help private investment in collaboration with US partners. The Trump administration also rolled out new programmes on regional organisations.

At the Asean regional forum, Secretary Pompeo announced nearly $300 million in additional security assistance including funding for a Bay of Bengal initiative that would allow the countries in South and Southeast Asia to share shipping information with other partners and improve detection and response to emerging threats.

President Trump recently signed into law the Build Act (Better Utilisation of Investments Leading to Development Act) to create a new international development finance corporation that will have $60 billion as investment portfolio capacity. The Build Act will also allow the US to work with the European Investment Bank, with the Australians and the Japanese and it is now negotiating with the Indians.

Wells said Washington believes in transparent and open competition to generate the kind of investment the region needs to promote economic growth free of coercion and destabilising obligations.

A US military official, on condition of anonymity, said the US is no way trying to create a US versus China.

"We don't want to create a choice between any two nations. We're trying to create an open environment where nations are free to choose what's right for them and what's right for the future."

The US official said the One Belt, One Road initiative is itself in favour of what the Chinese Communist Party is looking for, not necessarily always in the benefit of a greater community of nations.

Wells, who visited Dhaka and Cox's Bazar recently, said Bangladesh is critical to the US in so many ways.

The US is the largest export destination for Bangladesh and the largest foreign direct investor in the country and the two countries have close cooperation in peacekeeping and fighting terrorism.

"We enjoy a very robust relationship," Wells said.

In recognition of Bangladesh's valuable role, the US will provide an additional $40 million to enhance its coastal radar system, modernise patrol-boat fleet, and provide training and support its expanded maritime interdiction, which is part of the US's Bay of Bengal initiative.

# India economic growth slows to 7.1pc

AFP, *Mumbai*

INDIA'S economic growth slowed to 7.1 percent in the second quarter, official data showed Friday, as its banks endure a liquidity crunch that is hampering investment in Asia's third-largest economy.

GDP expansion missed the rate experts say India must consistently hit if Prime Minister Narendra Modi, up for re-election next year, is to fulfil his pledge of creating millions of jobs.

Central Statistics Office figures showed GDP growth for July to September of the 2018-19 financial year slowed from 8.2 percent in the previous quarter.

Despite the slowdown, the latest figures were up from 6.3 percent for the same period last year and reinforce India's status as one of the world's fastest-growing economies.

However analysts say the country needs to regularly record growth of at least eight percent to generate employment for the millions of Indians who enter the workforce every year.

"India needs to grow at eight percent or over for several years," Ashutosh Datar, an independent economist based in the commercial capital Mumbai, told AFP.

"Any fall in GDP figures below this will have very significant ramifications for the economy.

"And anything below seven percent would potentially hamper job creation and also be undershooting our growth potential," he added.

Modi was swept to power in 2014 on a business-friendly manifesto that included a pledge to create 10 million jobs a year.

India does not release officials jobs data but the opposition Congress party accuses the government of failing to meet the target and is making an issue of it ahead of a general election expected in April or May.

AFP

A man works on a railway bridge built over the Ganges River in Allahabad, India on Friday.

"These GDP figures are a sign of the government's performance before next year's general elections and an indicator of the mood of the economy," said Sujan Hajra, an economist at Anand Rathi securities.

"Any fall in the numbers will increase scrutiny and dent the public perception," he added.

Business sentiment has been hit by a credit squeeze sparked by a series of defaults by debt-laden IL&FS, a non-banking financial institution that is responsible for huge investment in infrastructure projects. The defaults have shone a spotlight on India's "shadow banks" and led to billions of dollars in loans drying up.

They are also reportedly the source of a dispute between the government and India's central bank, the Reserve Bank of India (RBI).

The finance ministry has been pushing the RBI to ease lending norms at mainstream commercial banks to boost loans for small businesses and also help meet shortfalls caused by the near collapse of IL&FS.

India's quarterly growth fell as low as 5.6 percent in mid-2017 as the economy reeled from a shock cash ban that scrapped 86 percent of currency notes and a new nationwide goods and services tax.