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The retail apocalypse continues unabated in 2019. As of April, we've witnessed the closing of 6,000 brick-and-mortar stores in the United States alone due to factors such as over-expansion of malls, rising rents, and bankruptcies of leveraged buyouts. Meanwhile, according to Statista, e-commerce penetration in the United States will rise from 9 percent in 2017 to 12.4 percent in 2020. E-commerce is growing mainly because of an acceleration in the direct-to-consumer grocery business, which could further build the pressure on the traditional brick-and-mortar retailers. But there is hope for brick-and-mortar retail stores: Alibaba's New Retail model.

Real-life Retail in China

New Retail, first coined by Alibaba's Jack Ma in 2016, is about O2O (online and offline integration) and better use of technologies for improving operational efficiency and enhancing customer experience. New Retail can be described as the integration of online, offline, logistics, and data across a single value chain. According to New Retail, online and offline commerce will coexist and grow together in the future.

The Platform of fair business competition

New Retail



New Manufacturing



New Finance



New Technology



New Energy



With the arrival of New Retail in China, stores have extended from online-only or offline-only into a seamless fully integrated omnichannel consumer experience.

According to Business Insider, BOPIS (buy online, pickup in-store) is one of the most valuable and fast-growing omnichannel offerings that retailers can provide. The adoption of BOPIS across big-box, department store, fashion, activewear, and specialty retail verticals is expected to grow from 44 percent in 2016 to 90 percent by 2024. Similarly BORIS (buy online, return in-store), which enables consumers to come to a store to return an item purchased online, is also poised for steady growth in the near future.



Winning with New Retail

To fully capitalize and make the most of New Retail, brands need to take up a systematic approach by incorporating the four steps below. This will enable them to achieve a strong competitive advantage.

1. **Identifying new governance principles for a customer-centric model** Winning brands take into account the end-to-end customer experience by putting customers at the center of their operations. Additionally, they are committed to embedding data and smart technology into their operations.
2. **Developing supply chain flexibility and efficiency** Leading brands utilize their comprehensive understanding of consumers to optimize their supply chains. They also make the supply chains flexible enough to adjust to the real-time sales and estimates enabled by AI and other emerging technologies.
3. **Personalized marketing and consumer management** The digital ecosystem provides an opportunity to reach and interact with consumers whenever they are online. In addition, collecting data and gaining insights help brands to develop and deliver personalized marketing messages at the appropriate customer touchpoints.
4. **Investing in new technology development** New technologies provide the opportunity for brands to boost their operational efficiency and deliver a better customer experience. Brands should assess their digitalization status, set clear digital transformation goals, and work out a clear roadmap and implementation plan.

Not an Overnight Process

New Retail requires brands to constantly refine and reinvent themselves for new ideas that will define retailing. Doing so does not happen overnight. Winning brands should also recognize the need for organizing data and acting on the insights gained from the data.

Centific Technologies is one of the leading players in the digital and AI space that are influencing the uptake of New Retail. In addition, we have built a trusted partnership with major public cloud service providers (including Alibaba’s Ali Cloud), which are also crucial to adopting change in a nimble fashion. If you are looking for more insight on implementing new age digital solutions in the cloud and AI Platforms, we can help you in this journey.

About the Author

Dr. Dinesh Chandrasekar is Vice President of the Digital Innovation & Solutions Group in the India Innovation Center in Hyderabad. He has over 20 years of progressive Technology & Consulting experience in Enterprise Applications, Analytics & Digital Technology platforms and spearheads the Digital Innovation & Solutions group for Centific. He and his team work closely with the account management & delivery teams in building modern enterprise digital solutions for our customers.

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