



Converged Commerce: The future of how we consume
June 2021
Event Summary Report

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Executive Summary

“Converged Commerce: The future of how we consume” was organised by The Economist Events and sponsored by IBM. It was moderated by Jan Piotrowski, business editor, *The Economist* and leveraged Saif Rivers, retail industry leader and vice president, IBM.

The discussion sought to address the question top of everyone’s mind: how can firms digitally transform to meet operating demands that are bound to evolve, creating the agility necessary for ongoing success?

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The post-covid-19 digital paradigm:

Commerce is witnessing an unprecedented shift towards the internet and all manner of digital solutions. What was predicted to take five years has taken just five months, and the pace of acceleration isn't slowing. Gone are the straightforward linear days: search, browse, add to basket, transact. Commerce has fundamentally changed, and we're now in what IBM refers to as the post-channel era. Today it revolves around an integrated experience—a series of fluid micro-moments, rather than a discrete activity. We're officially stepping away from the age-old story of ecommerce into a “fidgetal” hybrid reality.

Evolving customer needs:

Commerce is scrambling to understand how it can better interact with customers, whether they're in-store or online. The idea of convenience is evolving so fast from a customer perspective: from multi-day to same day to delivery in 15 minutes. It is clear that the big ask is for frictionless and touchless transactions. In 2021 the very premise of value over values has also changed. Customers are no longer shopping for the lowest price, but are looking to engage with brands that speak the same way they do. From sourcing through to performance, sustainability has clearly hit a tipping point.

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Standing up to the competition:

One of the big challenges is that startup disruptors prioritise product-market fit, customer acquisition and taking market share over profitability. But the old guard are publicly traded companies with a business to run, and they must therefore concern themselves with the bottom line. It will be interesting to see how this pans out and what routes established players will take to launch new ventures.

Spotlight on logistics:

The supply-chain function's prominence within the business will certainly outlive the pandemic. It is remarkable how the complex global web of interconnected supply chains has largely withstood the pandemic's disruption. The response to the pressure on manufacturing plants limited by structural capacity but needing to deal with extreme demand fluctuations has been impressive. It has forced new forms of collaboration, including working with third parties to create alternative networks to improve capacity. Companies are now in future-gazing mode to prepare for the next crisis.

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Long-term impact on consumption patterns:

China offers some interesting early lessons, but the pandemic still isn't over for large swathes of the world's population. As we emerge into the “new normal” it will be fascinating to see its nuanced impact on what we buy and how we buy it. Consumers have acquired new habits, but a lot still want to shop. How we reach these markets will therefore be key. Notable is the importance of social commerce in the East as a way to promote and engage with communities.

The promise of new technologies:

AI, machine learning and other breakthroughs can enable unprecedented data-driven growth that optimises operations and reduces costs. In commerce we're seeing a lot of automation on the fulfilment side. The pandemic has reminded us that necessity is the motherhood of invention. Companies desperately need to build a new muscle around agile innovation, which is crucial to their ability to deliver customer experience that meets or beats ever-evolving expectations. This needs to be formalised as the “North Star” within businesses.

It is resoundingly clear that covid-19 has changed no industry more than retail. E-commerce grew by over 40% in 2020 and shows no sign of slowing down this year. Companies that pivoted quickly or had the foresight to digitise saw profits swell. Whether a retailer thrives in the post-covid 19 era—or is consigned to history—will now depend entirely on its ability to extend customer experiences beyond brick and mortar.

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