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3 VITAL TRENDS - 2013

The world is changing... will you be ready?

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1. Automation

"Innovative technologies and self-service retailing will empower the consumer and allow them to get what they want, where they want, and when they want."

As technology evolves and new chip designs allow for innovative, highly interactive systems, we will see the entire retailing industry continue to evolve toward automation. These new systems will feature a multitude of innovations, including HD digital signs, interactive touchscreen controls, cashless payment systems and the ability to personalize the shopping experience to each individual.

Companies such as Intel and AVT are leading the way to create this new world of retailing and customer empowerment.

Automated Retailing is one of the world's fastest growing industries, forecasted to continue to grow at 45% per year. Savvy entrepreneurs are embracing the concept of the "always-open kiosk" to offer everything from caviar to swimsuits to fresh cupcakes and gourmet Marley Coffee.

Major companies like Rug Doctor are using automated systems to improve and speed up the rental process. These automated systems have already been deployed in over 3,000 Walmarts stores.

Technology plays an increasing role in retailing. Not only are consumers embracing this innovation, but retailers and brand owners have found that opening an automated store will increase sales, expand reach, and enhance brand awareness with minimal investment. In fact, the return on investment on an automated store is usually within 8 months - making it one of the best business investments in any category.

Shoppers also continue to use mobile devices to read reviews, research products and compare prices. This is not just a trend... it is now a fact of retailing.

2. Healthcare

"Every aspect of healthcare delivery will focus on reducing costs... from evaluating and reducing the number of unnecessary procedures, to automated prescription dispensing machines... it's all about efficiency."

One of the most effective and least divisive ways to both improve healthcare and reduce spending is by eliminating unnecessary procedures. Estimated at more than $400 billion annually or 16 percent of healthcare spending, inappropriate or unnecessary procedures, including cardiac catheterization, not only burdens the entire system, but puts lives at risk. Companies are now looking at hospital's procedures and grading them according to evidence-based medical standards. So far, those reports are privileged - meaning they are not public and only hospital administrators and peer review committees are given the data... but look for certain portions of this information to become publicly available soon.

How do you lower the cost and improve the efficiency of delivering medicine to patients? Some pharmacies are now testing an automated system that allows patients to pick up their medicine at their convenience through an automated dispensing system. Medbox, the maker of one of these systems, known as a "Pharmacist's Assistant" allows retailers and pharmacies to obtain greater capacity with less overhead. Patient's identities are confirmed with a thumbprint and an ID card, which a special biometric recognition system scans and then opens a designated door so the medicine can be retrieved.

Comprising 17.3 percent of the nation's Gross Domestic Product, healthcare spending represents a significant portion of the U.S. economy. Government programs fund almost half of the nation's total healthcare expenses, while private insurance funds one-third. The remainder is largely covered by consumer out-of-pocket payments.

Lowering costs and controlling delivery will be a major focus in 2013. Look for increased adherence to standards, with less variation by region than current. Automation and technology will grow in importance and acceptance.

3. Consumer Experience

"Customer experience has become the only source of long-term competitive advantages, and today the main barrier to great experiences isn't the tech - It's the customer experience through all touchpoints over time."

For a long time Apple has been the poster child for the product and business development of experience-driven technology, but in the last two to three years we have seen new players enter the market. As a result, many established companies are being pressed to change their game. Google, Microsoft, and Amazon have done their homework, redesigned their websites, applications, operating systems, services, and added self-developed hardware. They all have one common goal: to optimize and differentiate the customer experience. In 2012 many of these efforts saw the light of day, but it will be in 2013 that the recent developments will reach their peak as customers start to respond to the new product landscape.

A customer experience is not just about a rational experience (how quickly a phone is answered, what hours you're open, delivery time, etc.)... it's about how a customer feels. Most organizations focus solely on the rational experience, which while important, only comprise part of a customer experience.

The typical marketing mix uses the "Four Ps" product, price, promotion and place. Since the 1960's the Four Ps have dominated customer loyalty research, but today the need to update the Four P construct has become evident. One of the weaknesses of this approach to is that it strictly appeals to the purely rational elements of the customer experience.

Customer loyalty is not rational. In economic terms, rationality means people will chose the product or service that provides the greatest reward at the lowest cost. The benefits are measured against its cost compared to similar products or services. Yet customer loyalty means that a customer is willing to forgo purchasing lower-priced items because of an irrational preference for a particular product, brand or service.

"Irrational" values like happiness, belonging and self-actualization will continue to grow in importance in most purchasing decisions in 2013 and beyond.