

London Tech Week 2017, Part 2: How Technology Changes the Way Companies Operate and the Future of AR and VR



- 1) Technology has changed the way companies operate and interact with their customers. For example, The Absolut Company and Dixons Carphone now use the Internet of Things (IoT) to better engage with customers. Meanwhile, Metro Group has adopted a startup mindset in order to innovate.
- 2) Research firm Strategy Analytics predicts that the future of augmented reality (AR) and virtual reality (VR) will likely be driven by low-cost sets that can be used in different contexts and that enable consumers to experience object and environment sharing.
- 3) VR commerce could be the next big shopping channel and VR technology will eventually enable shoppers to authenticate payments using their eyes.

Fung Global Retail & Technology attended various events at London Tech Week 2017. This report features our top takeaways from events we attended at the conference during the second half of the week.

TechXLR8: How Companies Interact with Consumers Through Technology

The largest event at London Tech Week 2017 was TechXLR8, a three-day trade show featuring various technologies such as VR, AR, the IoT, artificial intelligence (AI) and machine learning. We attended the last day of the event, and our main takeaways from the day follow.

- **The IoT is being used in the fast-moving consumer goods sector:** Markus Wulff, Digital Business Innovation Manager at The Absolut Company, showcased how the spirits firm uses the IoT to engage with customers by embedding technology, including near field communication (NFC), in bottles. The company applies NFC tags under the label on bottles, and consumers can receive targeted information by scanning the label with their smartphone. NFC tags can be programmed according to external circumstances to enable the transmission of contextual

information. For example, if a shopper scans the label on a bottle she purchased at a duty-free retailer in an airport, she can be rewarded with access to the VIP lounge at the airport.

- **Technology changes companies' cultures and the customer experience:** Otto Van Harmelen, Head of Buying International Expansion at German retailer Metro Group, argued that technology has made it imperative for companies to change the way they operate. To innovate, he said, even large corporate organizations need to act more as startups. To this end, Metro Group has launched initiatives such as innovation days and meet-ups. Moreover, the company runs an annual accelerator program that aims to identify startups that could offer innovative solutions to clients.

In another presentation, Steve Moore, Director of Connected Home at British retailer Dixons Carphone, showed how the company is using the IoT to transform customers' experiences. Dixons Carphone provides support and control to customers by enabling them to interact with the company through an app installed on their smartphone or tablet. Through the app, they can receive after-sales assistance, diagnose problems with products and even monitor how much energy their home appliances use in order to help them save money on bills.



Source: iStockPhoto

- **The future of AR and VR:** David MacQueen, Executive Director of Apps and Media at research firm Strategy Analytics, shared what the company expects the future of AR and VR to be like. Strategy Analytics predicts that there will be about half a billion VR headsets globally by 2020. The firm further expects the sector to be dominated by low-cost AR and VR sets, which will make adoption cheaper for both consumers and companies. Integration between smartphones and AR/VR sets and devices that can be used in different contexts (such as online shopping, gaming or video streaming) is likely to drive the market in the future. MacQueen noted that AR and VR must go beyond communication and enable users to experience objects in context in order to show what products and services are like in normal use

cases. For example, car manufacturer Volvo already uses VR to provide prospects with virtual test drives, while travel operator Thomson helps customers decide what holiday package to buy by offering them virtual tours of various destinations. Finally, MacQueen highlighted that AR and VR technology still needs to overcome a number of hardware challenges before it becomes mainstream. These include the cabling required by the technology and comfort, heat and battery life issues.



Source: twitter.com/tom_gere

When Smart Devices and Payments Collide

At other London Tech Week events, we heard how payments and commerce are being revolutionized by smartphones, the IoT and VR:

- Hew Leith, CEO of innovation agency 10x, observed that more affluent people tend to own iPhones rather than Android phones, which means iPhones drive innovation in mobile payments. He pointed to two coming changes from Apple. First, Apple is set to open up the NFC technology embedded in iPhones to allow uses beyond Apple Pay. Second, Apple is evolving its iPhone cameras to enable them to instantly recognize QR codes, without the need for an additional app. These changes are likely to provide opportunities for third-party companies, including payments firms, to drive further innovation.
- Alex Blatt, Director of Business Development at technology accelerator Somo, noted that two developments on the horizon are VR commerce and payment authentication using VR technology. Alibaba Group is leading the charge to VR commerce, having already launched its Buy+ service, which allows shoppers to browse a virtual mall. Meanwhile, VR technology is set to allow consumers to authenticate payments via eyeball recognition. Blatt pointed to firms such as Eyefluence (acquired by Google in 2016) as leading such developments.

Blatt noted that major companies are already using AR, VR and mixed reality for various purposes. These include BP, which is using the technology for training purposes; the NFL, which is using it for entertainment and information; and Audi, which is using it in auto retail.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

John Mercer
Senior Analyst

Filippo Battaini
Research Associate

Hong Kong:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

London:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

New York:

1359 Broadway, 18th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com