BLOCKCHAIN IN THE RETAIL INDUSTRY

Our definitive blockchain in the retail industry

COIN RIVET

*Independent British blockchain and crypto news*

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THE ROLE OF BLOCKCHAIN IN RETAIL

Blockchain technology is growing significantly throughout the retail sector, with many seeing and attempting to utilise the proven benefits it provides businesses worldwide. Here we will take a look at what some of the most common trends are.

The market value of **blockchain technology** in retail will be 29 times higher in 2023 than in 2018, according to an analysis by FinTech entrepreneur Monica Eaton-Cardone.

"Today's retail applications are proving that blockchain definitely lives up to its hype," says Eaton-Cardone. "Distributed ledger technology has moved from theoretical possibilities to practical uses, and the implementations we're seeing now are just the tip of the iceberg in terms of what blockchain can do for retailers. I believe blockchain has the capacity to completely reshape the retail landscape within the next five years."

Many retail businesses are now focusing on **blockchain technology** in order to reap the benefits. This comes amidst increasing pressure to innovate following an increase in business rates and broader concerns around the health of the UK's high streets.

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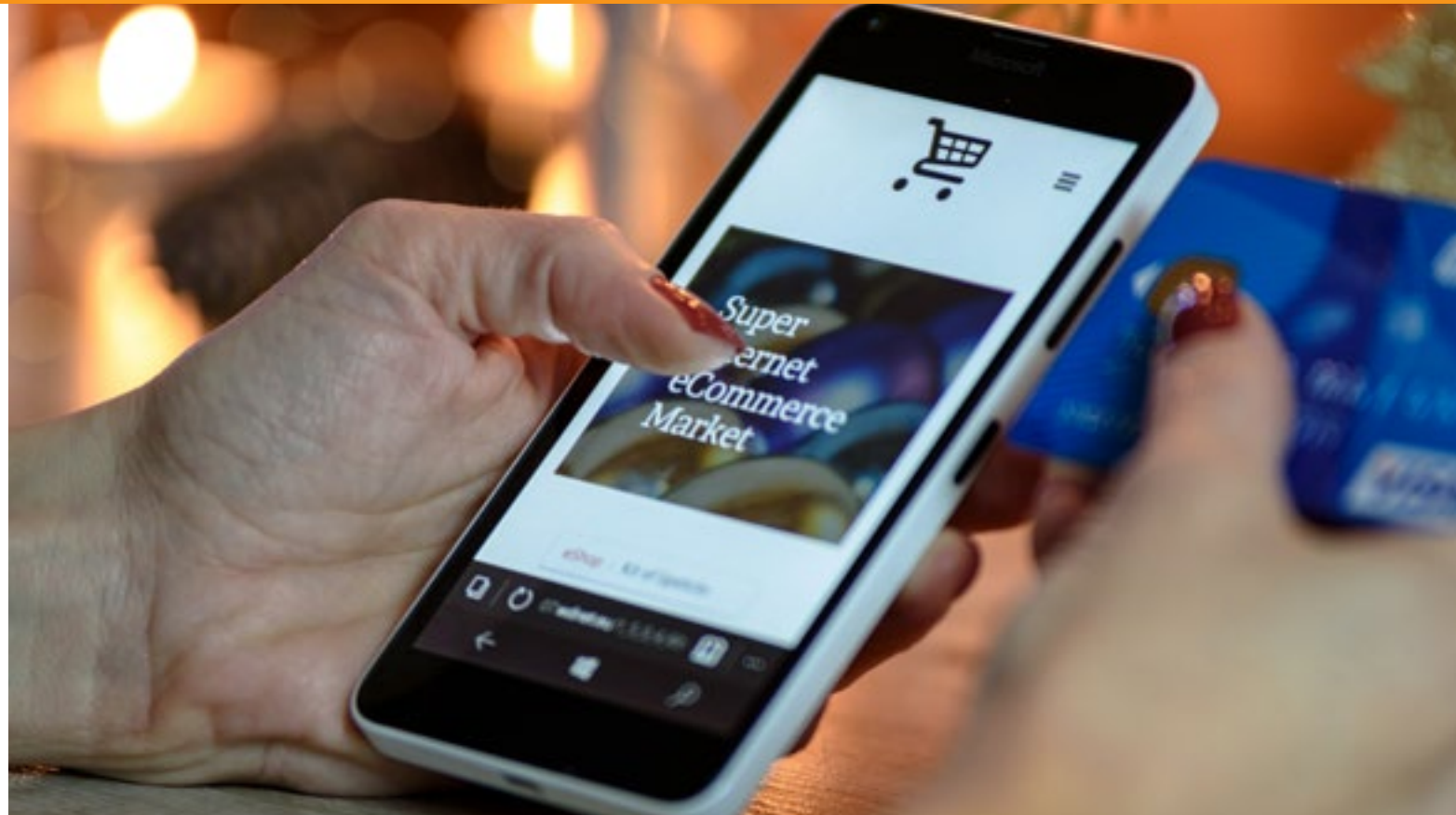
BLOCKCHAIN BENEFITS FOR RETAILERS

The use of blockchain technology in retail is becoming more imperative every day. With many proven benefits, shops will soon fall behind if they're not utilising this exciting, revolutionary technology.

Whilst **blockchain** won't change retail tomorrow, over time it's going to have a massive impact on the industry as a whole. Here we will go through some of the use cases blockchain technology currently has within retail.

Eliminating high-cost processing

A study by **Juniper Research**, a financial technology and payments analyst, claims retailers who implement blockchain will benefit from increased standardisation for payment processing and a substantially lower risk of error.

As a result, processes will be more secure and less costly. "This, in turn, would allow money transfer companies to become more competitive, reduce fees to end users, and thereby experience high usage volumes," the report states.

Money transfer is expected to be a key growth area, bolstered by the rapid expansion and adoption of social payments.

The consumer spend on digital commerce is forecast to reach $14.7 trillion (£10.9 trillion) by 2022, up 60% on last year's figure of $9.2 trillion (£6.9 trillion).

Improving the checkout experience

Blockchain technology is precisely the sort of development that can transform shopping experiences. Consumers using a platform based on a decentralised ledger are privy to a more seamless experience that doesn't sacrifice their privacy. With zero-knowledge storage, an individual can simply upload their payment details (or identification, for verification purposes), encrypt them, and store them in a container visible only to themselves.

On the convenience front, when it comes to payment, there's no fiddling with a plastic card or squinting to read the various bits of information as you type them in. Users can authorise payments without any of the traditional hassles.

Proving authenticity

Blockchain has risen to be an exciting new development across the retail sector. The authenticity of luxury brands has been, and most likely will always be, an issue for some businesses, with many convincing knock-offs available at much lower prices. Blockchain can help by tracking data all the way from the sourcing of materials to the customer's purchases. This will then allow the customer to confirm authenticity and know what they are buying is genuine.

Blockchain enables customers to track and look back through the records for an item, which helps to stop the purchase of counterfeit products. Being able to track a product to its original source helps customers to have confidence when putting down large sums of money for a product as they know it is genuine.

Block Verify is a blockchain-based, anti-counterfeit solutions company which introduces transparency for luxury retail

and diamonds, pharmaceuticals, and electronics. The company allows goods to be tagged and verified at the point of manufacture through to the purchase. This enables customers to check the authenticity of the product so they put themselves down as the official owner.

Facilitating global payments

It's worth examining the trends of where customers are shopping, too: over **half** have been revealed to shop abroad, with 67% attributing this decision to cheaper prices. It's now more important than ever, as cross-border shopping becomes increasingly popular, for merchants to adopt a payment system that promises a smooth experience irrespective of location.

The cryptocurrency movement has made transacting internationally much easier, and leveraging a system such as the platform mentioned above, retailers would be able to offer their goods and services in exchange for a range of currencies.

Lessening the data security burden

The issue on everyone's minds, particularly in recent months, is that of data security. The Cambridge Analytica scandal, and, prior to that, the Equifax hack, are just two examples of an alarming proliferation of data breaches.

Such devastating compromises have prompted a renewed understanding of the importance of keeping personal information secure, whilst at the same time leading to a loss of consumer confidence in companies handling this.

With blockchain technology, this is achievable (with the added bonus of lessening a company's responsibilities under GDPR). Both consumers and merchants benefit from a system where the former are in complete control over their own data: the user's threat model no longer needs to include the large attack surface that is trust in third-parties, and the retailer does not need to take on the responsibility of protecting the user data.

BLOCKCHAIN BENEFITS FOR RETAILERS

THE EXPERT VIEW: WHAT TO EXPECT

Blockchain still hasn't achieved mainstream adoption, with many critics still being split on the role it will play in industries. Retail isn't any different.

We take a look at what the experts have to say about the role of blockchain in retail. Some offer predictions about the future and many encourage retailers to get onboard with the technology if they want to reap the most benefits.

Retail and CPG industries set for Blockchain boost

The retail and consumer packaged goods (CPG) industry is well placed to take advantage of **Blockchain** technology, according to Deloitte.

Steve Larke, Technology Consulting Partner at Deloitte, comments: "Retailers and consumer businesses are constantly being told that blockchain is the next big thing. However, it is crucial for decision makers to understand which areas of the value chain will benefit most from the new technology, and how easy it is to implement. It is technology that has the ability to track, trace, and authenticate products, record contracts and transactions and guarantee the movement of information. Significantly, the benefits can then be passed on to the consumer in the form of savings, increased trust, and safer, higher-quality products."

A solution which would allow businesses to store information about their suppliers and seamlessly execute payments and contracts at the point of fulfilment, has been identified as the number one opportunity for businesses. Other blockchain cases are harder to implement but could equally carry huge value opportunities, for example, a 'Connected Supply Chain' could provide a seamless end-to-end ledger from manufacturing to fulfilment, whilst an 'Authenticity & Provenance' solution could verify a product's genuineness, protecting businesses and consumers from counterfeiting.

Blockchain has the capacity to reshape the retail landscape

Blockchain in retail's market value will be 29 times higher in 2023 than 2018, rising from $80 million to more than $2.3 billion, according to analysis by FinTech entrepreneur, speaker and author **Monica Eaton-Cardone** based on a **MarketsandMarkets** report.

"Bitcoin has suffered high-profile hacks and wildly fluctuating prices in recent years, so wariness of cryptocurrency has led some to be leery of blockchain by association. But the technology is starting to spread throughout the retail industry now that early adopters are proving its real-world potential," says Eaton-Cardone, who serves as CIO of Global Risk Technologies and COO of Chargebacks911.

She flags up five key areas:

1. Supply chain management – Walmart and IBM have partnered on a blockchain-based food traceability initiative that can identify the origin of produce almost instantaneously; instead of taking nearly a week, that data can now be retrieved in just 2.2 seconds. This is critical in cases of food-born illness outbreaks and safety recalls. It also enables retailers to demonstrate compliance with regulations.

2. Inventory management – Blockchain is making it easier for merchants to track the location of goods – from manufacturer to warehouse to backroom to check-out – and replenish inventory in enough time to avoid backorder and out-of-stock scenarios, which reportedly cost retailers worldwide nearly $1 trillion each year.

3. Authenticity verification – Counterfeiting and theft are ongoing problems for manufacturers and retailers, whether it's knockoffs of high-end goods such as handbags, fragrances and watches or criminals trying to sell stolen art or automobiles to legitimate dealers. Blockchain trails can help manufacturers detect product diversion and trademark infringement,

and they also enable resellers to verify ownership.

4. Auto-renewal and subscription services – In the case of goods and services sold via subscription/recurring billing, blockchain can help protect both sellers and consumers. Sellers can use it to prove they have obtained a customer's consent to charge their card/account on a recurring basis and demonstrate compliance with relevant laws, while consumers can prove when they have requested cancellation.

5. Customer data and loyalty programmes – Blockchain allows retailers to save and use customer data for future orders and product recommendations without storing that data on their servers, where it could be susceptible to breaches or hacks. It can also be used to tokenise loyalty and reward programmes, which helps to attract customers by making it easier for them to track, redeem and/or trade points.

Blockchain is key to the future of retail
New technologies such as blockchain, automation, artificial intelligence (AI) and augmented reality (AR) are key investment priorities within the retail sector, outstripping human factors such as skills and workforce expansion,

according to research from Hitachi Capital Consumer Finance.

In a study of more than 500 senior decision-makers from across the non-food retail spectrum, 36% of respondents cited technology as a key area of investment focus. That's almost twice the number who cited expanding the workforce (19%), with hiring for particular skills (22%) also low on priorities.

Vincent Reboul, Managing Director, Hitachi Capital Consumer Finance, says: "There is no doubting that the future of retail is going to be driven by technology. Retail experiences are being transformed by immersive and inventive innovations, while processes such as blockchain and AI have the power to change the supply chain and logistics forever. However, the industry is only as good as the people within it, so it remains crucial for retailers to get the balance right between technology and human investment."

Under pressure
Many retail sectors are now focussing primarily on technology as they come under pressure to innovate amid business rate rises, depressed consumer spending and broader concerns around the health of the UK's High Streets.

To quote a Director at a top 10 e-commerce retailer: "Technology is changing the way people are buying products, especially in the Millennial category, but you need to have a strategy that caters for both traditional buyers and Millennials. Broadly, traditional organisations do not have the right tech people onboard, and we've seen those retailers going through some difficult cycles to implement or pick the right technology for their business."

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**THE EXPERT VIEW:
WHAT TO EXPECT**

CONCLUSION

Online retailers today face a handful of hurdles, most stemming from the payment process involved with e-commerce.

From the 'abandoned shopping cart' issue (it's been estimated that **almost 70%** of shoppers leave their purchase at checkout) to individuals losing faith in the retailer's ability to keep their details safe, there's a range of issues that demand a remedy as the e-commerce sector continues to grow. **Blockchain technology** may be the saving grace that the retail industry needs.

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