

Editorial: Retail Ongoing Reinvention at the Beginning of the New Era of Machine Knowledge Capital



Always being open to learn, always on the path of wide spreading challenging opinions to maximize knowledge, we launched some months ago a new invitation to research, debates and best practices within the context of the evolving Retail Reinvention (<https://www.crd-aida.ro/2022/09/widening-perspective-by-exchanging-thoughts-and-sharing-ideas-with-regard-to-retail-reinvention/>). Always working collaboratively, and sharing ideas and responsibilities, we pursued emerging opportunities, confirming, among other aspects, that the demand perspective can really lead to some novel descriptions of the retail market. We sought to go beyond explanations for the usual intuitive understandings and to study some key dimensions of the life of the strategic retailer-consumer partnership in the new normal that is being redefined every day. Our interpretations and developments have resulted in drawing a logical thread (resulting from interdisciplinarity, for instance) that sometimes, unfortunately, has not been noticed or that perhaps did not want to be noticed. We were surprised, for example, by the specific ways some persons can approach the exploratory, transformational, and combinational creativity. We even found, unfortunately, how the reality of a repeatedly clearly described situation can be completely ignored, despite the fact that as we all know: the logic and empirical evidence govern the real world; a complex approach cannot be something formal, complexity science being characterized by non-linearity, unlike linear (traditional) thinking. This made us think of what the reputed social scientists Daniel Kahneman and Amos Tversky highlighted with regard to the interference between the way of perceiving reality and the various cognitive biases (such as the so-called “Reactance”, “Framing Effect” or “Belief Bias”).

And while exchanging ideas on the phygital retail future, we also remembered some wise words: “You can’t just keep doing what works one time, everything around you is changing. To succeed, stay out in front of change” (Sam Walton); “Change is the law of life. And those who look only to the past or present are certain to miss the future” (John F. Kennedy); “The measure of intelligence is the ability to change” (Albert Einstein). Allow us to also remember that in the last RDC Magazine issue (Purcarea, 2022) we made reference to the fact that beyond the difficulty to build a better world within the described current very complicated challenges it is necessary to try to keep it simple along the right way, keeping in mind the wise words spoken by the famous Romanian sculptor Constantin Brancusi: “What is real is not the external form, but the essence of things”. On the other hand, as an interesting coincidence, we very recently found out from McKinsey & Company:

- How “the best ideas can emerge at the intersection of cultures and opinions”, and leaders’ need “to be aware of cultural differences that may crop up during debate”, as well as how important is to “offer another take... and then allow the momentum of the conversation to take over” (Fletcher et al., 2023);

- That (according to the former executive Chairman and CEO of Cisco Systems and Founder and CEO of JC2 Ventures, John Chambers) “The speed of change is the new norm, and... the speed of change with agility is very important” (McKinsey Digital, 2023);

- Companies need to make the investment in human and organizational capital as productive as possible (Madgavkar et al., 2023);

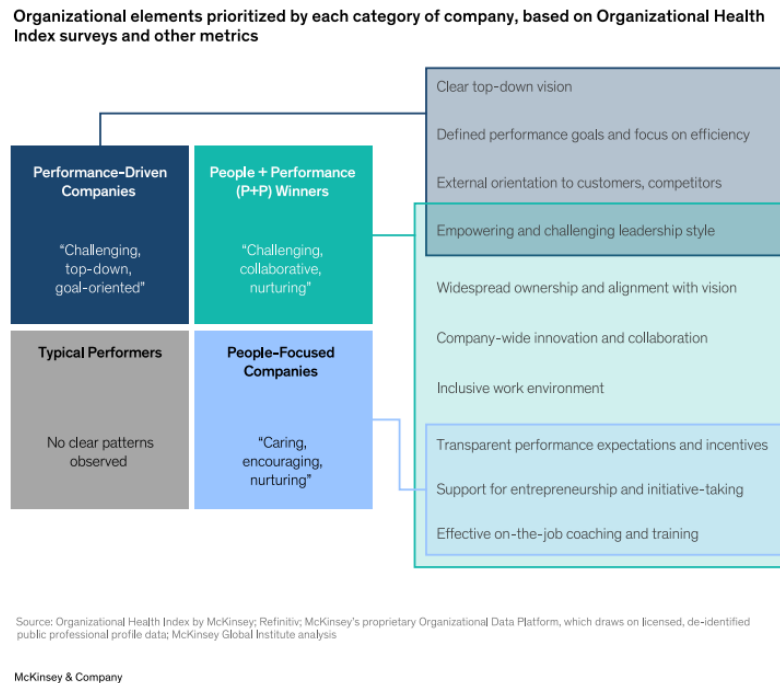


Figure no. 1: Organizational elements prioritized by each category of company, based on Organizational Health Index surveys and other metrics

Source: Madgavkar, A., Schaninger, B., Maor, D., White, O., Smit, S., Samandari, H., Woetzel, J., Carlin, D. and Chockalingam, K., 2023. Performance through people: Transforming human capital into competitive advantage. [pdf] McKinsey Global Institute, February 2, 2023, p. 7 (work cited)

And as shown by Portell (2023), in any economic climate, businesses are challenged to invariably ensure improved experiences to their customers, based on the right collection and democratization of insights, and apply them on the necessary ongoing basis, confirming the understanding of their customers’ needs and pain points. What made us also think, among other aspects, to:

- What is known at Amazon as “Day 1” (culture), putting customer at the center of Amazon’s culture and operating mode, persisting with this task at hand, and keeping away the practices impeding company’s progress, avoiding this way the “Day 2” (culture), constantly assessing potential threats; in his well-known 2016 Shareholder Letter the reputed Jeff Bezos described Day 2 as: “stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1” (Slater, n.d.);

- What Dr. Werner Vogels, Chief Technology Officer at Amazon.com, predicted (within the context of the above-mentioned Amazon's struggling to ensure that at Amazon it is always Day 1) for 2023 and beyond with regard the advanced innovative technologies proliferating this year, and allowing including to *"re-imagine the supply chain from the warehouse to delivery"* (AWS Executive Insights, 2022);

- What The Brookings Institution, Washington, DC, let us know with regard to a recent Report – *"USMCA (The United States-Mexico-Canada Agreement) Forward 2023: Building more integrated, resilient, and secure supply chains in North America"* – from the point of view of the current era, *"Machine knowledge capital (the present and forward)"*, including by making reference, for instance, to: *"the myriad yet-unknown applications that are now being developed are deployed in the production of goods and services, they will form a growing stock of capital assets"*; *"OpenAI's recently released ChatGPT (OpenAI, 2022) is turning heads with its ability to respond with plausible intelligence to questions in conversational mode"* (Ciuriak, 2023);

- What the AI "poet" ChatGPT generated when asked to write about the death of selling by the inspired and inspiring Founder and CEO of Objective Management Group, Inc.: *"Selling, oh selling, how you've changed, /... Customers now are more aware, / They're educated and they're prepared, /... It's not about what we can sell, / But how we can help them excel, / Our job is now to listen and learn, / To provide insights that make them yearn. /... To serve our customers with all our might, / And make our business soar to new heights"* (Kurlan, 2023);

- What Walmart Global Tech (Walmart's technology and software engineering arm) said in a set of generative AI tools' usage guidelines for their employees about entering confidential information into ChatGPT and other generative AI tools – all these new tools must be used *"appropriately"* (Business Insider, 2023);

- What OpenAI (Chen, 2023) very recently showed on its blog regarding ChatGPT upgrades, dedicated instances, ChatGPT API, early users of ChatGPT (introduction of Q-Chat, launch of My AI for Snapchat+, augmenting of the Instacart's Ask Instacart, powering of Shopify's Shop app) and Whisper APIs.

Four years ago, we wrote in our RDC Magazine about retailers' reinvention in harmony with the shopping tendencies (Purcarea, 2019), making reference to retailers' struggling to become more technology-enabled so as to better understand customers' context and offer them a true Omni channel experience, noting within that framework significant aspects, such as: how Amazon's involvement in U.S. grocery ecommerce's fierce competition with Walmart, Kroger etc. stimulated the innovation on the path to build high value retail experiences; how an adequate AI-powered personalization engine integrated with the in-store customer engagement analytics can enable BOPIS to ensure clear benefits for both customers, and retailers; how retailers are challenged to consider the impact of automation and AI technologies across all core functions, taking into account not only the workforce implications, but also the shopping tendencies (shopper behavior being reinvented by the digital revolution); how this developmental steps also reflect the importance for the next-generation retail merchandising of analytics and digital. *Two years ago* (Purcarea et al., 2021), we showed how the reinvention of the retail organizations, and retailers' advancement on the path to the Next Normal is involving retailers' acting on the new patterns and behaviors, considering: the new technology adoption within the pandemic context; consumers' perceptions (within the context of the offline-online convergence, and consumers' use of mobile phones in their Omni channel shopping journey) of AI as a central metric for assessing the successful use of AI-enabled interactions.

Last year (Purcarea et al., 2022), we highlighted how digitalization is impacting the retail industry, considering consumers' relationship and engagement within digital transformation, retailers' phygital strategies and the sustainable smart store of the future, and purposeful retail and shopping. *While very recently* (Purcarea, 2023), we made reference to ChatGPT's possibilities for revolutionizing both marketing strategies (enhancing marketing processes and effectiveness), and CX, as well as to the competition between ChatGPT, Bing's new chatbot and Bard chatbot, despite the decline in investment in marketing technology industry.

If a year ago, as shown by Eliyahu (2022) in Forbes, in today's digital world retailers are under pressure to reinvent themselves, recent research findings by Square and Wakefield Research (Deutch and Rollings, 2023) revealed how the shopping experience this year will be continuously reshaped by retailers digitizing their operations and implementing new ways of selling, while carefully looking at the impact of inflation on goods' cost, at the economic recession, as well as the supply chain disruptions. And speaking about inflation, it is worth mentioning that as highlighted from the very beginning of the year in World Financial Review (Bjerg, 2023): *"Most experts believe that 2023 will bring some form of recession, but there's disagreement regarding severity and timing... 2023 will most likely disclose whether a year of inflation will be out in recession, or whether the interest hikes from the European Central Bank and the Federal Reserve can break the inflation without creating a recession."*

Anyway, the important thing is not to forget... the essence of things.

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ADVOCACY AND COMPETITION POLICY

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Mrs. Deborah Platt Majoras, Chairman of Federal Trade Commission

First meeting, Bonn, Germany, May 19, 2003, of Deborah Platt Majoras (Assistant to the Attorney General, Department of Justice, US), Bärbel Diekmann (Mayor of Bonn), and Theodor Purcarea (President of Romanian Competition Council)

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