Is your business ready for blockchain?
The case for retailers to integrate blockchain into their business model is gathering pace. For some brands, it is becoming not a matter of if, but when.

Last year, an estimated $1 billion was invested in blockchain initiatives. Sectors that are expected to benefit from this innovation range from healthcare, and energy to real estate, telecommunications, and banking.

The conclusion of the UK government’s 2016 report on blockchain is that “with the right mix of leadership, collaboration and sound governance, distributed ledgers could yield significant benefits for the UK.”

For retailers, the potential benefits are significant indeed. These include:

• Increasing consumer trust
• Encouraging repeat purchase
• Improving the bottom line

Blockchain has the rare potential in retail not just to improve customer trust and experience but also to reduce overheads. Unlike some more fanciful innovations entering the market, blockchain offers a robust solution without prohibitive costs.

Economical, democratic and ready to use, blockchain is already being successfully used by brands ahead of the curve.

**Blockchain in Action: Maersk**

Maersk, the world’s largest shipping company, is using blockchain to digitise the supply chain process from end to end, tracking the global paper trail of tens of millions of shipping containers.

Not only will blockchain increase brand transparency and make the sharing of information among trading partners more secure, but it will also reduce fraud and the amount of time products are spent in transit, saving Maersk billions of dollars.
Blockchain and Consumer Trust

Trust plays a crucial role in our daily transactions. It can be a key decision factor that influences purchase.

Research shows that consumer distrust is higher than ever and on a global scale. The World Economic Forum regards public trust as one of the four prerequisites of a company’s survival. Such distrust cannot go on unchecked.

The Blockchain is an indelible record of information and it is this immutability that retailers can leverage to communicate transparency and help earn back the trust of today's shoppers.

Restoring consumer confidence is no mean feat, but increasing customer retention by just 5% can lead to as much as a 95% increase in company profits. Blockchain could be the tool to achieve this.

Blockchain in Action: Walmart

Walmart has trialed blockchain to track the exact source of pork from China and act upon any produce unfit for human consumption. With blockchain, Walmart can obtain crucial data from a single receipt, including suppliers, details on how and where food was grown, and who inspected it.

From the pallet to the individual product on the shop floor, Walmart is now able to account from origin to completion and act instantly. In turn, customers can trust that the food they are eating is of good quality. Given the number of high-profile food scandals in recent years, this level of care is something consumers are willing to pay for.
Blockchain’s money-saving potential has been illuminated within banking. According to a Santander FinTech study, blockchain could save banks $20 billion a year by improving processes and reducing overheads. These savings can also be enjoyed by the consumer; blockchain could save people an estimated $16 billion annually in banking and insurance fees.

Blockchain’s favourability towards the bottom line is not limited to financial services. Its unique characteristics enable a wide range of companies to operate more quickly and cost efficiently, offering reliability without a high capital requirement.

Blockchain can eliminate expensive middlemen, removing the manual checks and paper trails required to verify the legitimacy of goods and trading partners. For example, by integrating blockchain technology, 10% of employees involved in customer identification checks could be removed from the payroll, meaning an annual saving of $160 million.

In turn, blockchain presents companies with the opportunity of decommissioning profit-sapping legacy systems and reducing IT costs through its more streamlined approach.

**Blockchain in Action: Standard Chartered**

British bank Standard Chartered has used blockchain to conduct a real-time, cross-border business payment — something that traditionally takes 48 hours — in less than 10 seconds.

As a result of this faster and more cost-effective solution, Standard Chartered has become the first to purchase a blockchain-based multinational insurance policy, reducing a process that previously took months to a matter of days. Considering the adage that time is money, the savings here are considerable.
British shoppers have on average more than three loyalty cards, yet are among the least likely shoppers in the world to actually use them.

Customer loyalty schemes are valuable assets to today’s retailer. In terms of the customer journey, they help to create an advocacy loop, encouraging shoppers to return to the brand again and again. The data insights that such schemes provide, however, could be far more valuable; a report by the Wall Street Journal puts their worth at more than $8 trillion. In this light, investment into customer loyalty schemes starts to look like small change.

Streamlined loyalty programs are at the top of consumer wish lists, with a desire for simplicity and immediacy when it comes to redeeming their rewards. Blockchain is one way of achieving this.

The travel industry is a good example of how complex loyalty programs can be, and how blockchain could be the disruptive solution needed to unify components such as hotel room points and air miles. Improved customer experiences and increased user engagement should be impetus enough; the fact that carriers and hotels are paying billions in commissions annually to online travel agencies provides even better motivation.

**Blockchain in Action: Loyyal**

Loyyal is the loyalty and rewards platform that uses blockchain technology. It allows rewards to be multi-branded, such as an “Airline/Bank” co-branded reward, and for a more dynamic merchant and consumer relationship.

Dubai holidaymakers will be able to experience Loyyal in action with the country hosting the first blockchain loyalty program to incentivise tourists to try culturally-rich activities. Scandinavia is set to follow.
BLOCKCHAIN AND GETTING STARTED

Blockchain holds the potentials to positively disrupt your business, earn consumer trust and increase customer growth whilst reducing costs in the process.

Business history is filled with examples of companies that paid a high price for failing to adapt. The cost of not innovating is the estimated profits your competitors have gained because your business did not take the risk.

As with any new technology, change can take time and persuasion before it embeds. To get started, we recommend this path of action:

• Retail Reply can arrange a discussion workshop to provide you and your team with a more detailed overview
• Retail Reply’s four step innovation process and blockchain accelerators can help to focus the technology on solving specific challenges
• Once identified, develop an concrete application for your business needs
• Select one key supplier and one key distributor in order to trial the system

At Retail Reply, we have developed ten blockchain use-cases from a deep understanding of the technology together with consulting and solutions experience across many industry sectors.

If you are interested in exploring blockchain, or other alternative approaches to your business model, Retail Reply can provide support for customer-centric strategy, planning and delivery.
ABOUT RETAIL REPLY

Retail Reply, the Reply Group company specialising in retail digital and business consulting, is composed of specialist retail consultants who help achieve their client's retail vision through use of customer-centric digital solutions. We specialise in three practices: Customer-Centric Innovation, Retail Ecosystems and Omnichannel Commerce.

Thanks to years of expertise working alongside UK retailers, large and small, Retail Reply is capable of best advising how to drive client’s businesses forward with smart use of technology. Retail Reply's mission is to help retailers innovate and ensure that they see tangible value at every step of the way.

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