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Retailers with empathy to win out over algorithms



Futurist Michael McQueen says empathy and intuition by retailers is likely to win out over algorithms. Peter Braig



by **Simon Evans**

Retailing businesses staffed by people with empathy for customers will have the best chance of eventually winning out over those businesses mainly driven by algorithms, but the new breed of millennial retail workers may need extra training to lift their game in that area, a leading futurist predicts.

Michael McQueen, an author and trend forecaster, said retailers who were able to put themselves in the shoes of their customers were best able to generate groundbreaking ideas that were different and would resonate with customers, enabling them to stay ahead of [giant disrupters like Amazon](#).

"You must be different, not better," Mr McQueen told The Australian Financial Review Retail Summit on Thursday.

He said empathy and intuition were two invaluable attributes that gave humans an advantage against algorithms and the rapid advances in facial recognition technology and data mining.

Mr McQueen said empathy with customers and seeing things from their side was too often overlooked. "That's where the most powerful innovation always occurs," he said.

He used the example of United States company Costa Coffee where staff were intrigued about why there was a regular exit of about every fourth or fifth person entering the cafes, who turned around without making an order. They later discovered that when those potential customers had arrived and seen that certain

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tables with power points nearby for laptop usage were already occupied, they would leave without ordering and go somewhere else. The business then undertook a large program of installing extra power points in its outlets and sales had increased by up to 20 per cent.

After his speech, Mr McQueen said retailers operating in more discretionary spending oriented segments like fashion or shoes were better positioned to outsmart the online operations driven by sophisticated algorithms.

"It depends on the business," he said. Companies involved in more transactional type operations had a tougher task, but he said smart operators with a point of difference and genuine empathy would thrive. But there had also been studies that showed many millennials generally were less inclined to be empathetic because of the sheer volume of communications and interactions via smartphones and social media, rather than in the flesh.

Look at big picture

Mr McQueen also urged people to take a wide view on new trends appearing and said many involved in a particular industry tended to have too narrow a focus on their competitors rather than a big-picture view.

"You need to reach for the wide-angle lens," he said.

He cited a business in the United States called Opternative, which was a big disrupter of bricks and mortar optometry stores. It enabled customers to have prescriptions filled without leaving their homes by using specialised photos taken through smartphones and computer screens, with spectacles then sent to their homes.

Mr McQueen said at a broad level, retail stores were moving further toward becoming "experiential centres" with limited stock on-site. "It's becoming a display centre, an experiential centre before anything else," he said.

Nordstrom in the United States was making strong advances in this field.

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