

Let Me Entertain You

With so many needs met online during the pandemic, what will bring people back to physical stores? The answer lies in reimagining real-world outlets into shape-shifting spaces for building brand loyalty and new shopping experiences that engage and delight.

What's going on

Online shopping is growing fast. In the US, online sales represented 21.3% of total retail sales in 2020, with total spend of US\$861.1 billion, up 44% year on year.¹ An estimated 12% of US consumers now buy everything they can online and actively avoid going into stores.²

Retail organizations with all or mainly physical stores may see online as a threat. But this need not be the case. It's not an issue of either/or – online experiences can position in-person retail experiences to be more successful than ever.

In the US, for example, 80% of Americans with a smartphone are “smartphone shoppers,” meaning they use their phones to help them shop while in a store.³ Typically, this is to research product reviews and specifications and compare price. Often, this is done before entering the store.

Such behavior – known as ROPO (research online, purchase offline) – suggests that more than 90% of all in-store purchases are now first researched online.⁴



What's next?

As the pandemic crisis eases and physical stores reopen, shoppers will return to real-world outlets with expectations raised by the ease and convenience of shopping from home and doorstep delivery.

The future success of physical retail spaces lies in being a destination where people want to go, not just need to go. This is an opportunity for storefronts to come closer to their communities – immersing people in a brand's story by engaging them through all their senses and leaving them delighted.

Once, tailored and crafted retail experiences were reserved for flagship, upmarket stores. Increasingly, the competitive value of shopping online will raise shoppers' expectations across all retail locations. Meanwhile, retail brands will revisit KPIs to adapt to both how people's behaviors and expectations change and how they evolve their own retail propositions in response.

Retail's new palaces of pleasure are likely to play new roles in the shopping experience not previously envisioned.

Opportunities for reimagination

1. Raised Expectations, New Requirements

In a world of personalization, algorithms and mobile-friendly shopping tools, the challenge to retail brands with physical outlets is to create new, competitively worthwhile real-world experiences that make it worth it for shoppers to go in-store rather than rely solely on their devices.

Valuable lessons for this can be learned from luxury retail.

Traditionally, luxury brands have set a benchmark for premium customer service. Impressive locations, well-trained retail associates and expertly crafted interiors are hallmarks of these legacy brands.

The luxury experience is all about attention to detail and is based on tailored, crafted micro-moments – something Burberry has done especially well. Jimmy Choo has pivoted to offer video consulting and high-end delivery, for example.⁵ Meanwhile, Athleta and INTERMIX offer one-on-one virtual styling sessions within an elevated, contactless shopping experience.⁶

Micro-moments are already being reimaged.

What employees and other shoppers think helps shape purchasing decisions at US grocery chain Trader Joe's, for example, where the retailer uses quaint, low-tech signage to identify employee favorites and customer choices in-store – making every TJ's seem effortlessly local.⁷ UK supermarkets Waitrose and Ocado use customers' product reviews and quality and value ratings to inform online shoppers.⁸



Once, an out-of-stock product was an unsold product. Now, a variety of options allow a shopper to get the item they want regardless of preferred touchpoint. In the UK, Amazon-owned Whole Foods partners with Deliveroo to provide door delivery of groceries from various storefronts. In the US, Amazon Prime members enjoy free in-store pick-up from Whole Foods, or free delivery. In both countries, customers can be certain their goods are in stock before spending time in-store.⁹

Others, meanwhile, are meeting shoppers' demand for more product information – where an item was made, how far it has traveled, size or stock availability, and other things that are often hard to see – using augmented reality (AR). Recently, Chinese start-up Coolhobo launched Hobose, an AR app that gives users personalized food and dietary advice as they add items to their trolley in-store.

Abandoned shopping carts and returned items demonstrate how quickly shoppers can change their mind mid-shopping journey, however. Brands must remember that retail is at its most engaging, and most successful, when experience flows across touchpoints. A seamless experience bridging the shopper's looking at their device then looking up at the physical storefront is one example.



2. Find Your Own Role And Way To Delight

Retail locations can play a variety of roles in the shopper's life. Organizations must identify how to create value. Meet the right need with the right proposition and the shopper will visit.

A useful starting point is to identify the desired role for the retail brand's physical and digital touchpoints.

Experience Provider

For Celine and Gentle Monster, stores serve as an artistic escape into each brand's creative ethos. Imaginative installations, rich materials and a unifying storyline allow the space to speak for itself. Feelings associated with the brand are embodied in physical details.

Shape-shifters

The experience provided by Carrefour in Milan's city center transforms throughout the day to meet customers' evolving needs: from breakfast point to mid-morning hub for mothers and young children, to grab-and-go lunch zone, to dinner venue, then bar.



Nordstrom Local is a coffee shop-sized retail space with no inventory that provides services instead.¹⁰ Customers can get fitted or get styling guidance, have alterations made by onsite tailors, pick up and return items or get help ordering online. Anything they order from a local Nordstrom department store can be brought to them at the Local store in a few hours.

Social Hubs

Opportunity also lies in capitalizing on the role retail destinations can play as social hubs. Shopping with others still means something. One in four people surveyed enjoy shopping in malls instead of online because they “enjoy an outing with friends and family.”¹¹ When a purchase is something enjoyed socially, it can be comforting to make the purchase alongside others.

Bridal salons cater to group events as brides-to-be commemorate their important purchase. Cafes are appearing in clothing retailers to make outings into day-long, multi-sensorial social events.¹²

Delighting the customer means having a “wow factor.” This isn’t just about scale, however, as even the smallest moments of amazement can contribute to lasting memories.

In London, a Savile Row tailor takes the measurement of a client in Seoul in real time, long distance.¹³ He does this by using the trackpad on his laptop to guide a robot around the client, who stands in a clothing store on the other side of the world before mirrors, with the tailor visible and audible through an iPad-like panel that doubles as the robot’s face.

Traditionally, people have turned to brick-and-mortar retailers for bigger-ticket items. This is because they knew that personal shoppers, technical experts and certified installers would provide the advice and reassurance they wanted and needed when buying from a higher-priced, more complex product category.¹⁴

More recently, e-commerce players – from the largest, like Amazon, down to emerging start-ups like Everlane – have established a physical store presence to add a unique experience to complement their online offering.

Whatever their size, retail brands should remember the need to fulfil shoppers’ two main reasons for browsing in-store. The first is gathering information using their senses – touch, smell, sight. The second is pleasure – the opportunity to explore, escape, socialize and have fun. When creating new, compelling experiences, a retail brand must make sure its space delivers on both. If it doesn’t, it may be missing a huge opportunity.¹⁵



3. Play To Physical's Strengths

Any touchpoint, physical or digital, can educate or engage. It can provide service and advise. It can connect shoppers to fun activities or to one another. Yet the physical retail experience has two strengths that digital has not yet replicated.

First, customers can engage more intimately within a physical environment. Seeing a model kitchen in-store has many advantages over viewing the kitchen plan online. Chatting virtually with other car enthusiasts is not the same as taking a test drive.

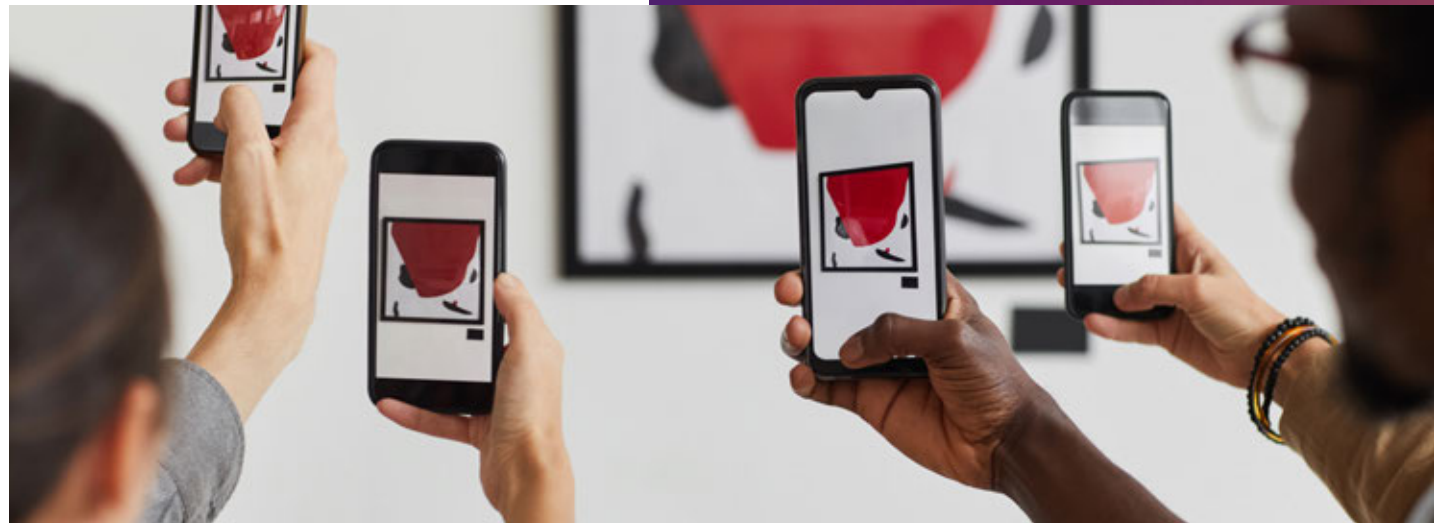
Virtual reality (VR) and augmented reality (AR) offer compelling substitutes for spatial interaction, but they cannot replace what can be gleaned by being near fellow curious shoppers.

Apple's long history of in-store training coupled with online materials is a reminder that even the most digital-friendly companies should not ignore the power of real-life interactions.¹⁶ For certain needs, like buying outdoor gear, REI has created experiences in-store to test how gear will fare in tough conditions before a customer buys them.

Second, in a physical environment, customers can engage all their senses.

Digital doesn't let customers smell, despite the impressive advancements in digital experiences for cosmetics. Delivery services may help grocers grow their customer bases, but they don't allow people to feel the texture or weight of a piece of fresh fruit.

For this reason, retailers' experimentation with scent design¹⁷ and directional sound¹⁸ to create an unparalleled experience should come as little surprise. Feeling and trying on clothes is one of the most frequently cited reasons for visiting stores.¹⁹ Not all cashmeres are created equal and the difference is felt by a customer's touch.





What retail brands can do next

1. Assess the Needs a Physical Store Can Best Serve

It's important for retail brands to first assess if the experiences they offer in-store can be matched by an online presence. As plans progress, they must then find opportunities to build unique experiences that elevate their brand presence in ways that cannot be fulfilled digitally.

2. Learn Locally, Act Strategically

Those who are constantly in tune with local and global consumer behaviors and attitudes are best positioned to achieve an optimized retail environment. Retail businesses thrive when they listen and adjust their offerings based on evidence and analytics not just once, but on an ongoing basis.

Revisit KPIs to adapt to both how shoppers' behaviors and expectations change and how they evolve their own retail propositions in response. Traditional store KPIs – e.g., footfall, customer flow and dwell time – will all need to be reset as the meaning of these traditional KPIs shifts and some decline.

3. Don't Compete With Yourself

A physical experience and digital retail experience must not be siloed activities overseen by different creative visions. The digital storefront and physical storefront must be partners, not competitors. If one experience is obviously superior to the other, shoppers will notice and behave accordingly.

So don't compete against your own experience. And avoid copying yourself across environments.



Authors



Jill Standish

Senior Managing Director – Accenture
Global Lead, Retail



Katrine Rau

Lead, Fjord,
part of Accenture Interactive



Paul Little

Lead, Design Experience,
Accenture Interactive



Anoushka Garg

Designer, Fjord,
part of Accenture Interactive



Ida Jensen

Designer, Fjord,
part of Accenture Interactive

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