THE RETAIL STORE OF THE FUTURE
CUSTOMER DATA WILL CEMENT THE RETAIL Store’S FUTURE IN BRICKS, NOT JUST CLICKS

Successful physical retail serves not to sell products to its customers, but rather to inspire them to connect with the brand.

The customer’s presence in-store is not only valuable, but critical to brand longevity. The store of the future exists not just because the retailer or consumer goods firm is able to understand who its customer is, but because it is able to utilise customer data to predict their wants and preempt their needs.

The advantages of the physical store are difficult for online retailers and consumer goods firms to replicate. The social interaction, brand engagement and pure theatre that comes with entering a store elevates the purchase, and encourages the exchange of a far more valuable currency: customer data.

Many of the benefits of online shopping, however, can be found on the high street. In San Francisco, customers who register their details with a concierge at Everlane’s Fit Studio can complete transactions in less than thirty seconds. In the UK, House of Fraser has opened a click’n’collect store within Caffe Nero, integrating itself within a social pastime. Sainsbury’s has attributed its sale growth to sacrificing square footage, offering its customers more by letting Argos and Habitat set up shop within the supermarket aisles.

From same-day delivery to dynamic pricing, retailers are evolving to compete with both the fluidity of e-tail and the demands of consumers’ lifestyles, whilst simultaneously playing to the unique strengths of the physical store.
Online, for a retailer to request even an email address can lead to costly basket abandonment. In-store, however, the customer will disclose huge amounts of information, whether they reach the checkout or not.

The physical store has the opportunity to establish a 360 degree view of its customers from the moment they enter.

Beacon technology placed inside Hawes & Curtis mannequins can reveal not only what shoppers are browsing for but the paths they take to get there. Density’s infrared sensor informs retailers of footfall, helping retailers and consumer goods firms with multiple locations to drive customers to quieter stores at peak time. Apple has invested in facial expression recognition software that can detect how customers are feeling in real time, and dispatch staff to elevate the mood. Associates at True Religion use smart watches to be alerted of customers’ purchase history, wish lists and style preferences in order to have more meaningful conversations on the shop floor.

79% of adopters agree that wearables “are or will be strategic to their company’s future success.”
Customer data is not given for free. To receive it, retailers are expected to put on a show. Retail theatre is a platform for companies to play with personality, tell their story and create loyal brand advocates. It is this experience that will drive not just data but repeated sales conversion, across multiple channels.

85% of people want to shop in-store rather than from the comforts of home. More than half of British millennials - some 8 million highly influential 16–34 year olds - would rather spend money on an experience versus a possession. The shopper who enters the physical store has high expectations, not just of the purchase itself but of the customer service and engagement that surrounds it.

Global sportswear brand Nike understands this well. Despite its annual web sales topping $1 billion, it has continued to invest in physical stores of different formats.

Across the US, Nike’s Community Stores use design details that reflect their locale while employing 80% of staff from within a 5-mile radius, integrating the store into its neighbourhood. To celebrate the 30th anniversary of the Air Jordan trainer, Nike’s Pearl Pavilion pop-up digitally brought the basketball court to life and showcased the retailer’s heritage in a Hall of Greatness.

In New York, Nike’s SoHo flagship offers intimate seminars with sports heroes, Trial Zones to put footwear to the test, and a curated 1:1 experience for personalised clothing in the Nike+ Service Station. Through its array of in-store experiences that cannot be replicated online, Nike’s customers not only feel valued, but they are also made to feel special as both a VIP and a member of a larger likeminded community.
For all the industry talk about omnichannel, customers don’t care. They simply expect to be able to browse and shop across all formats interchangeably. A customer journey now regularly spans across the home, the store and various devices, with a beginning and end that is less than predictable.

Savvy retailers and consumer goods firms recognise that combining the best of online and offline can deliver a far richer experience than can be achieved in one channel on its own.

British musical instrument chain Dawsons is using AI to read customer’s search history on its website before matching them with a shop assistant to demo instruments on the shop floor. In Singapore, CIMB Bank has recreated its physical presence on Instagram, disrupting the traditional tile format and giving customers the same prompt customer service they would receive in-branch.

Customers browsing Ostermann’s flat pack furniture can discover their online shopping list in-store through the Trends navigation app. Ray Ban’s virtual mirror recognises the power of social influence, allowing in-store shoppers to receive the approval of peers on social networks before purchase.

Staff must embrace these new intelligent technologies and transition from sales associates to brand evangelists. Already, Barclays’ use of beacons has allowed staff to respond to the needs of its disabled customers before they have even entered the bank. A major UK telecoms store is utilising IBM Watson’s artificial intelligence to help assistants answer any customer query.

Improved wayfinding, social interaction, better customer service; these are all persuasive reasons for a customer to give you their data in order to maximise their experience in-store.

By facilitating and contextualising product discovery, the physical store will continue to be a destination for customers. Whether they purchase at the checkout, online or through an app is incidental. Having the infrastructure in place to capture the data on offer, on the other hand, is crucial.

Unsure of the next step to take to future-proof your business? Request an introductory meeting with us and we will create a short-term action plan to help your company achieve its long-term goals.

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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 Ecosystem and Proximity 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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REFERENCES

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