


 Connected Store


 Enabled Innovation

TIME TO FIGHT BACK:

HOW DIGITAL TECHNOLOGIES GIVE TRADITIONAL RETAILERS NATURAL ADVANTAGES OVER ONLINE STORES

Chances are your customers are carrying better interactive technology in their pockets and handbags than you have in your stores; it's as if you're suddenly competing with all the world's shops that can be accessed by your customers from the palm of their hand at a few keystrokes. The bricks-and-mortar casualties are well documented.

We all know that people have responded by the billions to the immediacy and value offered by ecommerce including through the second wind provided by mobile - I won't regurgitate the numbers but the trend continues to gather pace.

Consumers have become aware that they stand at the centre of a powerfully complex shopping universe which they have increasing control over. Offer relevance, instant price comparison, group buying deals, ephemeral discounts, recommendation engines effortless rewards, consumer reviews and multiple purchasing options are all commonplace.

How do bricks-and-mortar retailers (let's call them BAM retailers) respond to this perfect storm of consumer-empowering technology?

It comes down to survival. You do what you must to survive, and traditional retail has surely reached the stage where it knows it must evolve and rapidly.

Foremost they need to embrace innovation, recognising that technology provides additional ways to forge customer relationships and make a sale.

Busy over the past decade focussing on supply chain efficiencies while relying on price discounting to stimulate custom, many missed the fundamental shifts taking place in consumer behaviour. Innovation, creativity and insight seemed to have been discarded and then forgotten over the past twenty years by Australian BAM retailers who seemed spellbound by Harvey Norman's success as the standout retailer of their generation. Instead they were led down a dangerous path, seduced by a period of booming consumerism which allowed lowest common denominator retail to work. They must now relearn the creative blind spots that allowed to find themselves so short of answers, because

simply opening an ecommerce site isn't going to provide the silver bullet. Just ask David Jones.

Now that the novelty and initial shock of ecommerce is over, it's time for retailers to stop blinking in the headlights and take the fight back to the new kid in town, build on and invest in their inherent advantages in satisfying human drivers of consumption, and identify ways in which technology can allow them to satisfy those drivers better than pureplay online retailers can.

The options are stark: take calculated risks now or hand over the baton.

Same as it ever was, but different.

Consumerism has slowed and people don't feel the same need to shop, however when they do they have more choices - technology is providing the means to shop anywhere, anytime, 24/7.

If you want them to bother to go to a BAM store, you'd better provide a good reason. Too few retailers successfully get to grip with the store's role as anything much more than a bunch of shelves, a roof and a sales counter. Finally it's time to heed Paco Underhill's almost decade-old call for experiential retail - using all the digital tool at our disposal.



“The lack of creativity and differentiation in the Australian retail market has become apparent. Australia’s reputation as a testing ground for new products hasn’t translated into retail experimentation. International retailers and digital entrepreneurs have identified this market is wide open for.”

**Interbrand’s general manager
Andy Wright**

What people want from their trip to the shops hasn't changed much: seduction, fun, instant gratification, discovery, service, sensory inspiration – touch, sound and smell – convenience, social interaction, local-ness.

This contrasts markedly with online which can only offer a more solitary, functional version of shopping. A poll by Harris Interactive recently underscored the limitation of online shopping. Of the 2,258 active online adults surveyed, 54% reported reduced face-to-face contact with friends and 31% said they felt lonelier. Something important is lost through the experience of communicating and shopping online and this provides opportunities for the role of stores as social enablers. In his influential book *The Great Good Place*, sociologist Ray Oldenburg wrote how social environments other than home and the workplace provide important “anchors” of community life. The general store and pub traditionally provide space for customers to “hang out” with or without making any (or additional) purchases. Recently, the café industry has taken advantage of this need to great effect by providing space that Oldenburg says “is determined most of all by its regular clientele and is marked by a playful mood, which contrasts with people's more serious involvement in other spheres.” Many retailers replaced that playfulness with grim efficiency – or in some case (are you listening Harvey Norman?), just grimness.

Of course, some important drivers are better served by ecommerce – information, value (for now), convenience and comparison for example. Whilst BAM retailers must provide to these requirements as best they can by mimicking the techniques of their online counterparts (and we'll discuss the technologies to allow them to do so later), there's no point building their offer around them.

In other words, BAM retailers must secure their place in the shopper's new world by building on their inherent strengths and exploiting online's weaknesses whilst at the same time integrating its best tricks into the store experience. An example is location-based social media services Facebook Places and Foursquare which leverage the communal aspects of shopping.

It is this hybridised approach that's known as omni-channel retailing, the catch-all term that simply means integrating digital tools to seamlessly bridge the gap between the online and offline worlds, creating user experiences that are interactive, socially integrated, personally tailored – and ingrained into our everyday activities. Omnichannel provides multiple ways to

“If you think about what made a good store in 1980, in 1990, and what makes a good store today – they are all different. And while they're driven by a certain biological constant, there are a series of other factors that are in a continual state of evolution. Paco Underhill, author of *Why We Shop*”

capture the transaction including:

- Search mobile/online, try/buy instore
- Search/try instore, buy online
- Buy online and collect instore (aka click and collect eg Coles)
- Buy instore and have it delivered (eg Sportsgirl)
- Search/try instore, buy in the store via the website using touchscreens
- Respond/buy anywhere via mobile (eg scan tag instore or QR code on a billboard) and have it delivered.

Depending on the category, the sensory aspects of retailing can be as important or more so than the operational and functional components. Underhill observed that most retail environments continue to be designed and operated by men – for women. BAM retailers who embrace the emotional dimension of the shopping experience can regain the high ground by using – without getting lost in – technology.

Experiential technologies enhance in-store shopping with engaging, personalised environments, interactive interfaces, customer-specific responses, augmented reality and social media integration to ultimately create a bespoke and compelling experience for each individual consumer to ensure every visitor is a sale and every sale is an upsell.

“Retail therapy is alive and well” according to Paco Underhill. Online-only stores sometimes become real-life stores or pop-up shops because, as Vicki Cantrell of shop.org says “the consumer wants the total experience.” It's no surprise then to see Amazon and Google now planning BAM stores.

The challenge is how do traditional retailers, with their hands already full of the daily challenges, find time to sift through the endless technology options, assess them properly, procure them, pilot them and finally implement them?

Connectedstore can help. Get in touch with us to discuss our Enabled Innovation process which has been designed to take retailers through a staged process that identifies appropriate technologies and implementation strategies.