

6 questions to ask if you want more from your store

By Lauren Hartzenberg

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It's disconcerting being confronted with news about retail business liquidations and the latest spate of store closures. But brick and mortar retail is not dead, it's in a state of flux.



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We hear the term 'omnichannel' bandied about more frequently because the amalgamation of online and offline retail is happening. Consumers want the best of both worlds and will interact with your brand on the platform of their choosing.

At the Seamless Southern Africa conference in Cape Town this week, Preetesh Sewraj, CEO and chief innovation analyst at Product of the Year South Africa, mentioned a power play occurring between online and offline.

Google U.S. stats referenced in the 2016 *Foresee Experience Index: Retail Edition*, showed that 82% of smartphone users turn to their phones inside a store when making purchase decisions. But over 50% who purchased from a retailer online also had an in-store experience in that same period.

Today, it's common to find a shopper researching a product online, buying it in store, and returning online to post a product review.



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Sewraj posed an interesting question: What if a major online marketplace like Takealot announced they were opening a mall where you could shop and interact with all the products they stock? "If you're excited in any way by that idea, it highlights that we still crave physical retail experiences," he said.

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Amazon, the company often blamed for "killing physical retail" in the U.S., certainly sees the merits of a brick and mortar presence, with its opening of <u>bookstores</u>, <u>Amazon Go</u> stores and its <u>acquisition of Whole Foods</u>.

There is, however, work to be done if you hope to improve footfall. The current store format, which revolves around simply pushing product, must evolve into a space that engages and entertains the customer.

Based on Product of the Year research*, Sewraj shared think points on using design and insights to get more out of your physical stores.

1. Is your store designed to facilitate meaningful human interaction?

Online retailers are comparatively good at using data to customise product recommendations and services to their customers. Why then, in the age of hyper online personalisation, why do we not carry the same principles to an offline platform, questioned Sewraj.

According to a 2016 Accenture survey, consumers are more likely to buy from a retailer (online or offline) that recognises them by name (56%); recommends options based on past purchases (58%); knows their purchase history (65%); offers any of these three options (75%).

If you visit a specific retailer regularly and your details are stored on their system, why can't they greet you by name at the till-point? Or welcome you back to the store? Sewraj suggests keeping track of your biggest purchasers and making a concerted effort to maintain a personal relationship with them.

2. Is your store a brand theatre?

With South Africa <u>ranked 6th</u> among countries with the largest number of shopping centres in the world, there's an abundance retail space. The physical retailers that stand out are those creating a theatre for consumers, because as Sewraj puts it, "shoppers want to come into a space that's not just about selling".

A good example is the Starbucks Reserve Roastery that opened in Milan last year. The attractive, opulent interior aside, more than a simple coffee shop, the Milan Starbucks also lets customers witness the entire roasting process. There's also a bakery and cocktail bar on site.



Image credit: Starbucks

3. Does your store have an opportunity for creative expression?

Consider how you can create experiences in-store than shoppers can't easily get offline, said Sewraj. This is where physical retailers can leverage their advantage of providing instant gratification.

It's why brands like Build-A-Bear and Pandora work so well – they give the customer a part to play in the 'design process', allowing them to create a highly-individualised product on the spot according to personal taste and interests, that they can take home immediately.

4. Have you turned stores into research hubs?

Retailers are ignoring a goldmine of data in store, simply because they aren't speaking to customers.

"Turn your in-store staff into researchers. Train them to find out about what customers think about a specific section in store," Sewraj urged. He said that unearthing this rich, qualitative data should be simple to do once the correct processes are in place and staff training is given.

5. Is your store designed to excite or deprive your customers' senses?

How does your retail space appeal to your customers' five senses? Exposing shoppers to a particular taste or smell in store can help them align it with your particular brand experience. You'll also be tailoring the retail setting to allow your customers to experience your products in the best possible way. For example, offering people entering a luxury store a sip of quality cognac can help drive home your brand message.

On entry into a Lindt store, consumers are offered a taste of their chocolate. Sewraj said that by giving them an immediate positive experience through taste, it helps to establish a positive association with the brand. The customer will also be inclined to extend that pleasant experience by purchasing more product.

According to Sewraj, depriving senses can also work in your favour. In the luxury environment, displaying a designer leather handbag behind glass can heighten its appeal. Sometimes, when a product is not easily accessible to touch or experience up close, it can seem more enticing.



6. Are you listening to science?

Don't ignore the wealth of useful scientific data that's available. Much of the behavioural science Sewraj focused on had to do with store layout, which has an important part to play in what catches your customer's eye and ultimately what they choose to buy.

Have an engaging entrance: Sewraj described the store entrance as "bait on a hook". An eye-catching entrance will persuade a consumer to step into your store above another.

Beware the decompression zone: Shoppers tend to neglect the section immediately in front of the entrance and to the sides of it. Referred to as the 'decompression zone', this area can range in size depending on the store. Consumers tend to rush through it, so it's best to avoid placing key products in this area.

Turn left: South Africans are hardwired to look and turn left first, so it's generally considered wise to use the left side of the store to sell strategically important and high-margin products. That said, Sewraj also mentioned that having feature walls elsewhere in the store – like on the right – can jar a customer's predispositions and change their mindset in terms of their usual in-store journey. Interesting features are also useful in creating linger areas in store.

Be greedy

Afraid of what's been dubbed the 'retail apocalypse', people are scared of the retail business right now. But, quoting business tycoon Warren Buffet, Sewraj said: "Be fearful when others are greedy and greedy when others are fearful."

With landlords wing for tenants, "it may just be the perfect time to get into retail," Sewraj concluded.

*Product of the Year SA research combines information from a survey of 4,000 households, constant store checks nationally, insights from a secret test store in the country, and consulting with some of SA's biggest brands.

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