



THE DIGITAL FUTURE OF RETAIL

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ABSTRACT

As more shoppers turn to their smartphones to do product research, retailers need an all-inclusive mobile marketing strategy to reach consumers at just the right time. Consumers are 'center stage' in their relationships with retailers. The idea that a bricks and mortar store can simply 'pile it high and sell' are increasingly waning. The in-store experience needs to compliment and work with the ecommerce experience by adding a sense of magic and hyper personalization that is so perfect to each individual that it can't be found elsewhere. Retail needs to be the theatre!

KEYWORDS: Retail, Technology, Marketing, Integration.

Introduction

Today's retailers are still very much soiled between operational, brick-and-mortar, and digital and social mobile teams. Often, store level teams do not receive timely communication from corporate regarding important new pricing strategies and promotions, and social, digital and mobile efforts may not be consistent with what is happening in the field in real time.

Digital technologies inspired new visions for the future of stimulating engagement with retail customers while helping customers move along their purchasing journey. Initially Ecommerce left some retailers scratching their heads on what to do, with many questioning whether the Internet was just a fad. Although the growth of online retail ecommerce sales has been steady, it currently lies at just 8% of all retail sales in the US. To safeguard against the potential risk of the Internet being just a fad, some marketers chose to treat ecommerce as a separate sales opportunity rather than risk integrating ecommerce with brick and mortar.

Digital entrepreneurs took another route, building elaborate online malls that catered to a customer's every need without customer ever needing to go to a physical location — hence the customer is saving more time and money. Gradually, adoption and acceptance of retail ecommerce took over.

With Ecommerce retail sales still pegged at less than 10 per cent in many countries, there are great opportunities for integrating digital technologies in-store, particularly since they can support the consumer show rooming behaviour. So today, we are observing yet another technological shift in the retail experience. Mobile inspired customers are on the go make easy online transactions. This inspiration has led to forward-thinking devices like Square and eliminating clunky cash registers that take up retail space.

These technology shifts have caused great disruption but have also led to innovation. The customer that is demanding the most from these technological shifts is the millennial customer. They are telling us what to expect from upcoming generations. As retailers, we need to prepare and think about both the short-term and long-term future of retail.

Today we are living in an incredibly challenging and exciting time for retail. The changes that digital technologies have created are providing retailers with opportunities to know their customers, create deeper relationships, and lower the friction of the connection through a seamless omni-channel.

Priorities in Digital Marketing Drive Brick-and-Mortar Transactions

We have come a long way from the late 1800s, when Sears, Roebuck and Co. offered its first catalogue. Omni-channel retailing, or multi-channel retailing, which uses a variety of methods to reach the consumer, is becoming a reality.

While many businesses take advantage of the various avenues of digital social networking promotions (think Facebook, Pinterest, Instagram), the challenge for today's marketing world is connecting the dots of one all-inclusive mobile marketing strategy.

Many marketing teams are stretched thin, and communication can be challenging between those who are monitoring retail sales and those who are promoting the sales. In those instances, it is important to take a step back and re-examine the marketing team's roles and priorities.

With recent research from Forrester showing that 84 per cent of consumers use their smartphones while in a store to go online — more than in any other location — retail and mall developer marketers alike have a massive opportunity to influ-

ence in-mall purchases through targeted mobile engagement.

Corporate marketing, merchandising and planning and allocation teams typically do not work on the weekends, even though weekends are the busiest time in the field. Corporate teams meet on Mondays to go over the numbers from the weekend, but analysis after the "big game" can be less effective than following the sales and inventory during the game. Though these meetings are valuable, they miss the real-time flexibility offered by digital technology, which can be harnessed to reach consumers at the exact moment of opportunity.

Integration Is Key

From a retailer's perspective, how do you centralize your efforts?

There must be a delicate balance between the marketing department, which develops marketing promotions based on a calendar including floor sets, printed in-store signs and other marketing collateral — a process that takes time and is carefully and thoughtfully planned at corporate headquarters — and digital departments, which are designed to react quickly to current trends or inventory.

In order to operate effectively in the modern retail world, successful retail campaigns need both kinds of departments, so they have both regular planning and flexibility to act.

In examining marketing priorities, what it comes down to is this: integration. Considering all of the elements that contribute to transactions, a successful company will require the integration of the teams who manage merchandising, planning and allocation, digital marketing and store operations.

Companies need to designate a team at corporate headquarters to monitor retail results in real time, so that if something happens over the weekend, the store can capitalize on a novel opportunity instead of missing it.

Traditionally, planning and allocation teams would not be tied to marketing, so if there was excess inventory, nothing could be done at a local level. However, integration of these teams and close communication allow digital technology to notify customers of these events and bring consumers in at a local level.

And close communication also means that the brick-and-mortar stores will be ready for consumers when they do come in. It's one thing to announce a "flash sale" but another thing altogether to be ready for one.

The different silos of the retail teams have to be broken down, so to speak.

Shopping "On Demand"

In the end, we are living in an "on demand" society, with consumers preferring the likes of Hulu and Netflix to traditional providers of commercial programming. And we prefer to have our promotions come our way "on demand," just as we do our television shows.

Promotions being sent to and accessed by the consumer need to be relevant, personalized and localized. Consumers do not want to receive a push message regarding shoes when they are out shopping for towels.

In today's fast-paced retail environment, shoppers are mostly using their smartphones to do product research. They use their phones like they would a sales floor associate, to ask questions but not to actually complete a purchase.

In order to increase brick-and-mortar sales, stores will need to offer more of an incentive to buyers to get them in the door, and utilizing the incredible flexibility that digital offers can certainly facilitate that process.

Steps to digital retail strategies**Step 1: Analysis to uncover opportunities and challenges**

First, we review the top challenges facing retailers, overview the latest trends in in-store digital technologies, and discuss assessment tools that will help you uncover your retail situation analysis and identify the business problem and brand challenge you may be facing. We will examine how your competitors are using digital experiences in-store and identify the behaviours your customers are using with digital.

Templates and tools will be provided to help you with your situation analysis.

- Taking stock of your retail store and competitors' use of digital
- Cheat sheet for observing your customer's in-store use of digital
- Customer journey analysis
- Stacking up against your competitors positioning map
- Defining business problems, brand challenges and solutions

After uncovering the challenges of your retail business and brand, we will identify opportunities, and help envision a new vision for using digital in-store.

Templates and tools are provided to help you align the business problem and brand challenge.

- Examples to help alignment of your business and brand
- Envisioning the omni-channel as an ecosystem

Step 2: What do your customers need?

Now that you have assessed your business and brand, you will need to understand your customer's needs, identify top needs of customers before, during and after shopping; frame the customer journey from home, life and in-store; identify the behaviour of your customer and their needs against the needs to your business and brand objectives. This alignment provides you with a perspective so that you can examine your customer's use of the digital technologies.

Templates and tools will be provided to you help you identify your customer's behaviours and needs and illustrate their use of digital in home, in life and in-store.

- Shopping personas
- Technograph template
- Digital and social media assessment
- Customer journey mapping

Step 3: Define the retail digital experience

Now it all leads up to this moment – your experience plan! The culmination of your findings will point to the experiences your customers will appreciate in your retail store.

We will provide a template that will help you build your experience plan.

Step 4: Your customer's multi-journey

The customer is focused on the journey to purchase; as a retailer we can help them get what they need. One of the most important strategies for retail stores is the conversion strategy. In this section we discuss the different strategies to put in place to lower omni-channel friction and to make a connection with your customers to help them with their path to purchase.

Designing multichannel journeys – how does to design journey integrating from:

- Offline advertising
- Desktop/tablet website integration
- Mobile/smartphone integration
- In-store purchase

Step 5: Designing to retain

Retention is just as important as conversion. Here we will explore different relationship development methods through content, apps, and devices to engage your customer and bring them back in store. We will cover best practices and case studies.

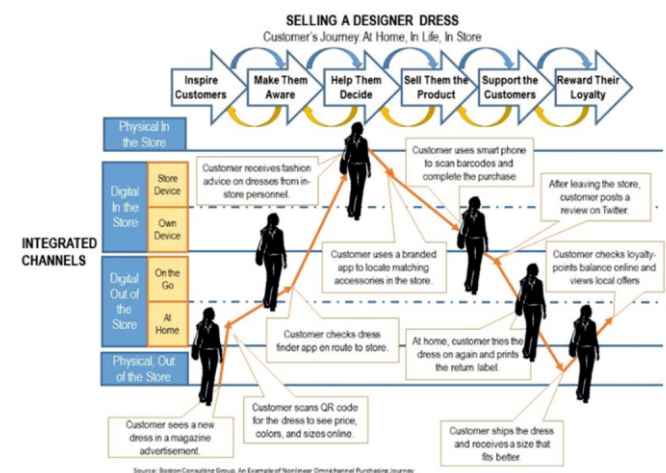
Our assessment tool will help identify the components you will need to design and deploy the digital experience for your store.

Step 6: Performance, tracking and evaluating

Tracking the performance of your in-store experience is extremely important. This section will discuss the key performance indicators (KPIs) and alignment of the KPIs to your objectives. Provided will be a framework to examine tracking and evaluation of the performance of your digital experience. Also, included will be a discussion on dashboards that can be integrated into your digital experience to help you track and evaluate.

- Chart illustrating top KPIs for in-store and level of complexity

Evaluation template Boston Consulting Group - An example of the non-linear omni-channel purchasing journey.

**Step 7: Refreshing**

Maintenance is big part of satisfying the customer's need for newness. Managing and updating content will help you meet the needs of your customer, brand and business. In this final section we will discuss the upkeep of the in-store digital experiences.



Nine West Flagship Grand Opening by Josiah Hobson for Creative Realities.

¹ Source: <http://www.smartinsights.com/digital-marketing-strategy/guide-on-retailstrategy/attachment/bostonconsultinggrouponminichanneljourney/>