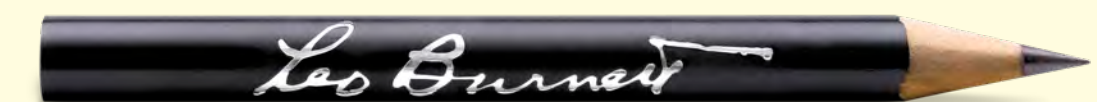


REimagining

the retail store – thought starters from
the shopper's perspective

NRF Innovate 2011

Dr Alan Treadgold
Global Head of Retail Strategy
Leo Burnett Group



Who we talked to

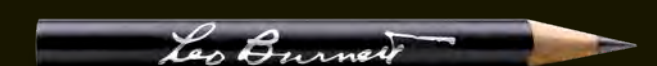
2200

US Adults


40 Retail Brands

Online Survey

June 2010

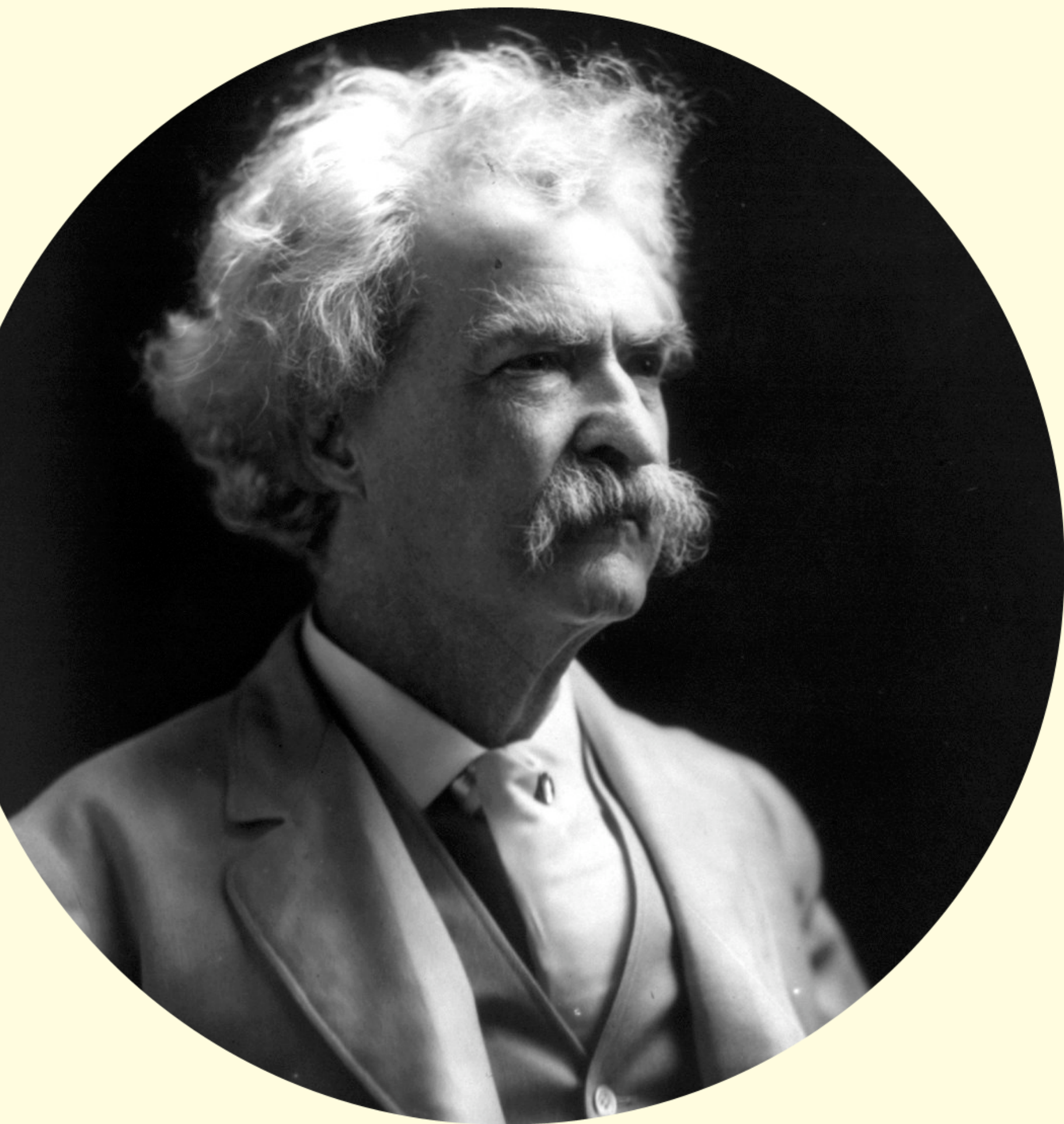


What we asked them

- 
- ☒ What stores do shoppers **like to visit** and why?
 - ☐ What makes stores **interesting** and **inviting** to shoppers?
 - ☐ What are their expectations for **personal service** within the store?
 - ☐ What role does the **store visit** play within the overall shopping process?
 - ☐ What role does **price** play when shopping in a retail store?
 - ☐ How **synergistic** does the store need to be with other shopping channels?
 - ☐ How does the **use of technology** influence and enhance their store visit?

What we learned





Writing the **obituary** for
the retail store is very
premature...



But the relationship between the retailer and the shopper has changed



Past:
the store managed
the shopper's experience



Today:
the shopper manages
her own shopping
experience, in-store and
beyond

Understanding the new landscape for retail stores

8 DYNAMICS



Key Finding 1

Shoppers **organize stores** in terms of the experiences they want to have, not just the merchandise they want to buy



Shoppers distinguish **6 types** of stores

Price led

Low prices important, self service can help. Convenience and good return policies. Store environment lacks inspiration. Service can be lackluster. In-store experience doesn't offer much that consumers can't find online.

All about atmosphere

Extraordinary in-store experience. Fun for consumers, even if they don't buy. Don't tend to sell wide array of products. Prices thought to be high.

Price plus

Good value on what they sell. interesting place to shop, but not as much so as other clusters. Frequently add new merchandise. Shoppers take their time. Offer a more seamless online and offline experience.

All about ease

Convenient locations. Get what you need in time. May include self-service. Don't tend to have good return policies. Don't offer inspiration, but doesn't matter. High penetration and frequency in physical store. Low web penetration.

Ideas led

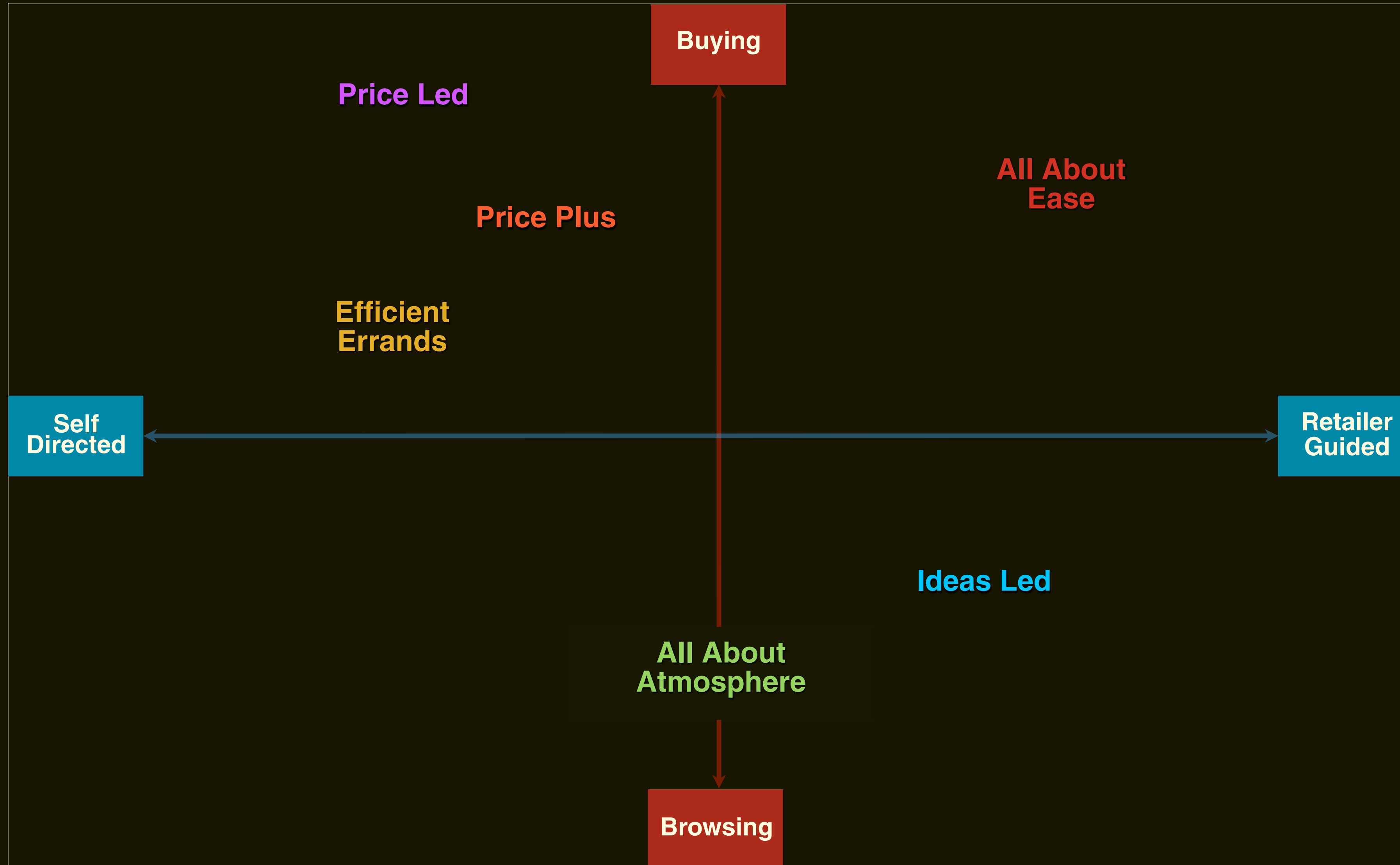
A bit experimental. Have greater product selection than other cluster. Appealing displays. Offer fresh ideas and unique products.

Efficient errands

Convenient locations with decent service. knowledgeable sales people. Lack interesting environment. Seen as pick-up places.

How shoppers **cluster** stores:

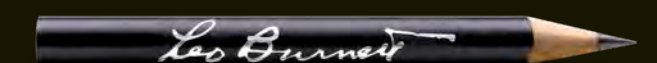
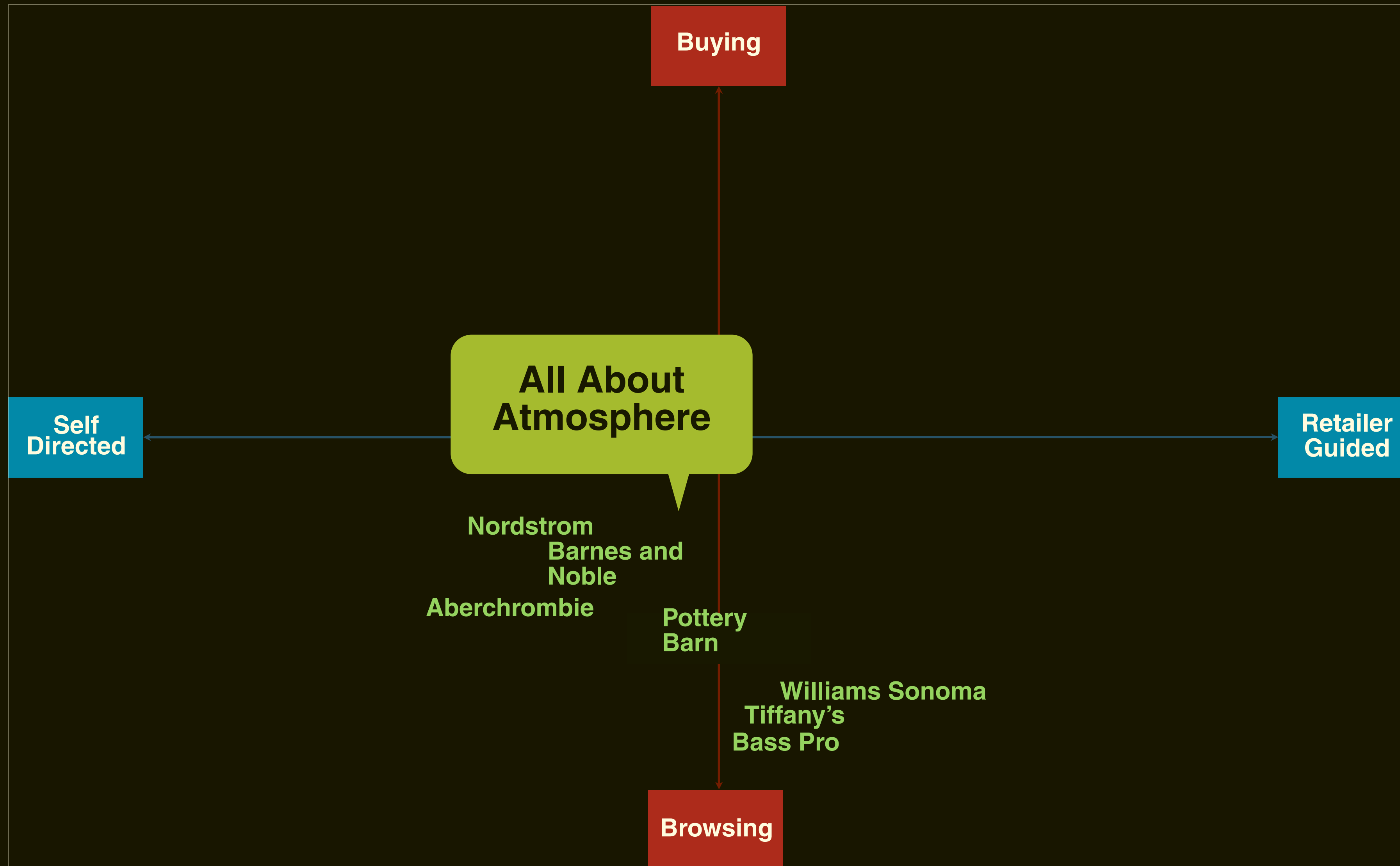
Buying vs browsing; self-directed vs retailer-guided



“Price Led” stores



“All About Atmosphere” stores



Key Finding 2

It's not just about price,
shoppers want **everything else** too.



Price is important. But so are quality and experience.

Price is the most important consideration in choosing a brand.

36%

The most important thing when shopping is to find high quality products.

42%

When it comes to stores, it's important to me to go to those that have high quality products and excellent service.

42%




Key Finding

3

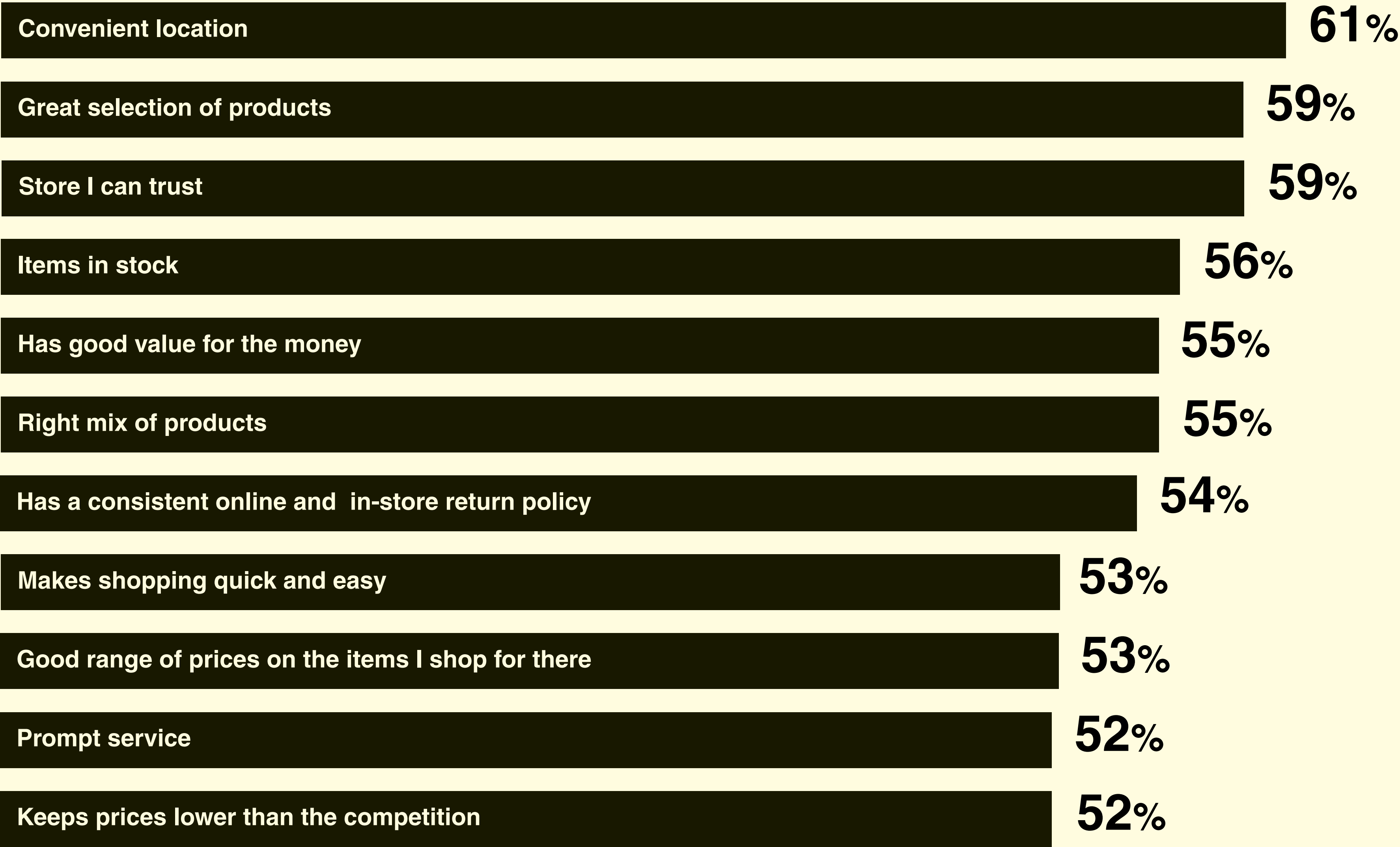
Shoppers are **disappointed** in retailers' ability to deliver the basics.

↑
inability?

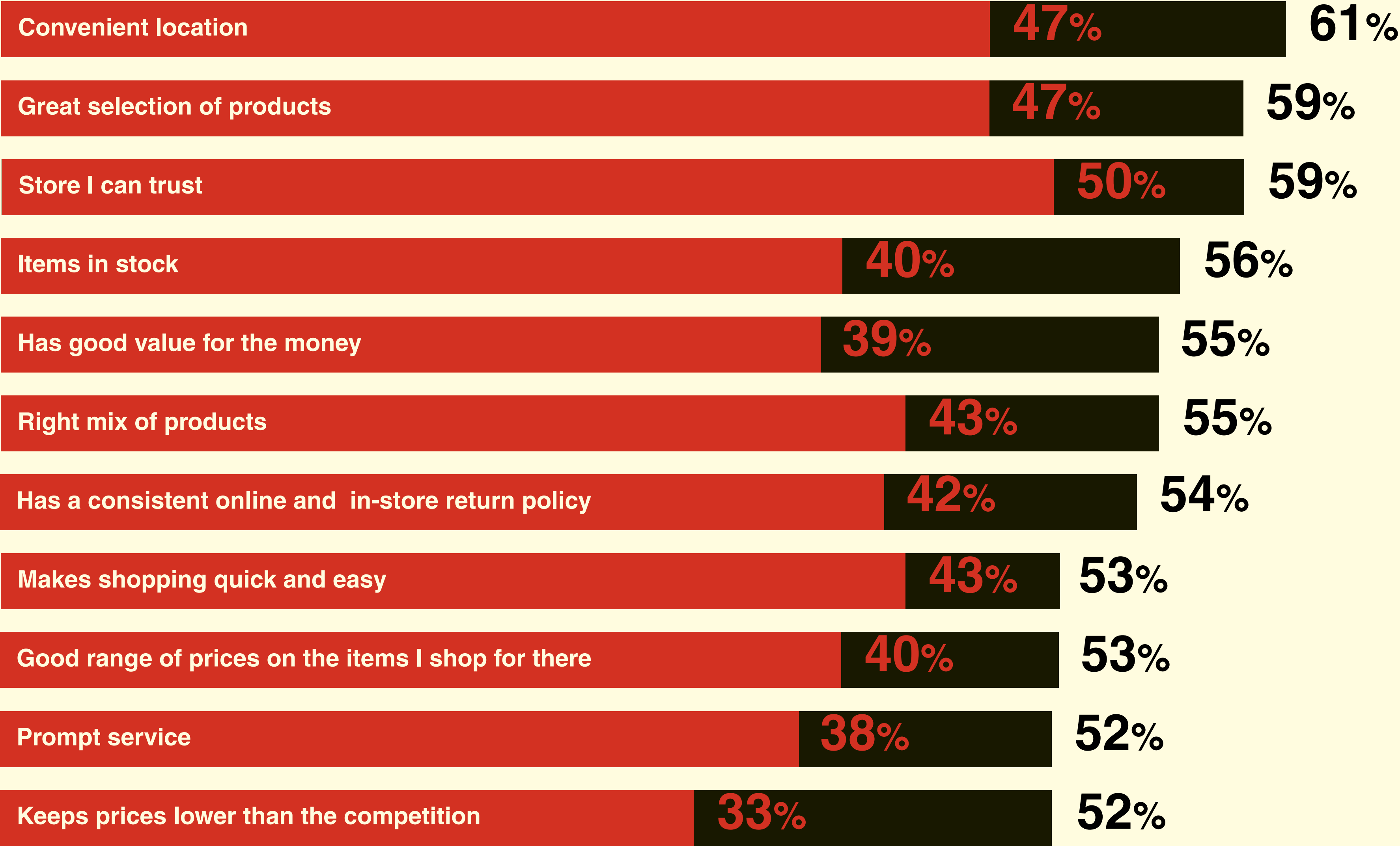


Sorry, this item
is temporarily
out of stock

What matters most to shoppers: Importance



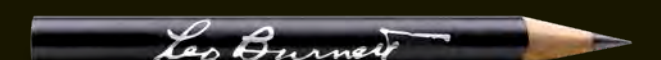
What matters most to shoppers: Delivery



Key Finding

4

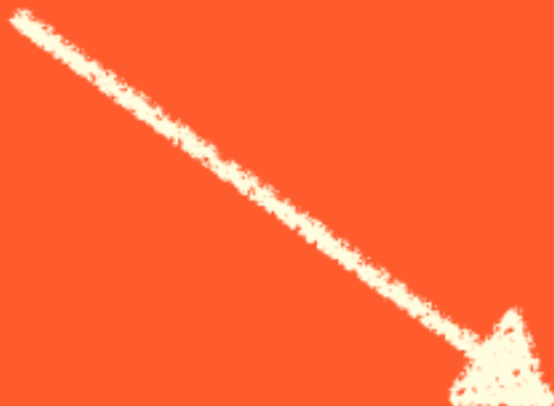
Shoppers are largely unimpressed with in-store service. It's not just the delivery that's weak – it's the **service proposition** itself.



Shoppers want more



Old school
(Acknowledgement)



New school
(Relevance)

They want **real help** to make better informed decisions

Easily accessible information in the store

46%

Help when they need it, but to be acknowledged
and left alone when they don't

40%

Service personnel who are insightful and well informed

49%

Don't want to wait

52%



Key Finding 5

Shoppers are promiscuous.
They shop around.
Their loyalty has to be earned every visit,
not just bought with a card in their wallet.



Loyalty to retailers is, for the most part, notably weak.

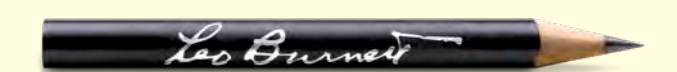
52%

**Definitely prefer to go to
this store or a
competing store**

48%

**Don't have a strong
preference**

**Loyalty is limited
even among a
store's current
shoppers.**



Loyalty programs have a role, but what really keeps a shopper interested is a **new and fresh experience** each time they visit



Key Finding 6

Shoppers look to stores to deliver what the **web cannot**



Eataly, NYC



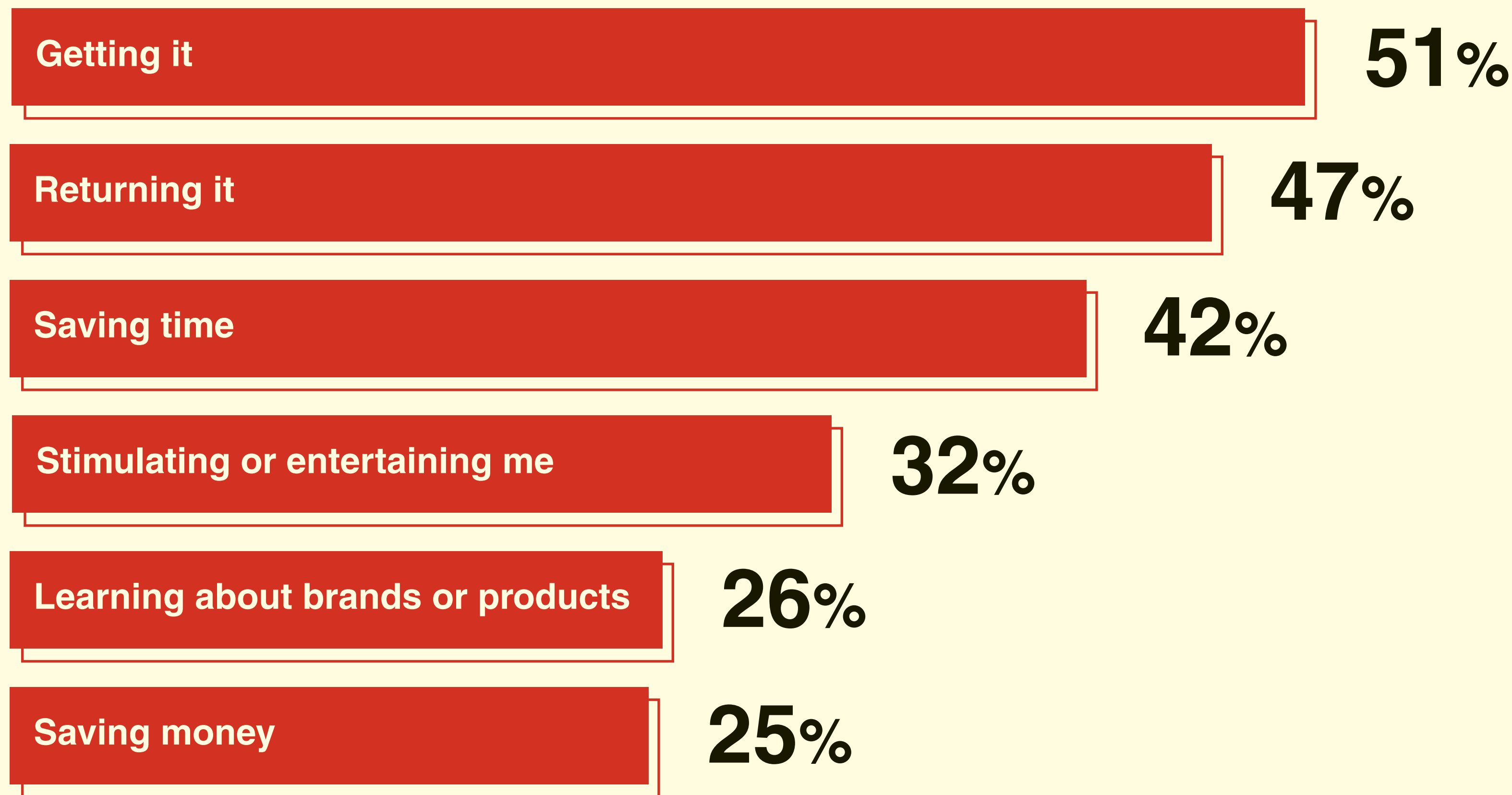
Leo Burnett



Physical stores perform better than the web in several functional and emotional ways

The physical store is better than their website for...

Average store



Stores excel at being pick-up points and time savers. They do relatively poorly when it comes to stimulation and learning.



Physical stores should be able to offer **experiences** beyond the reach of the web



Stores can become meeting and gathering places for **like-minded** enthusiasts

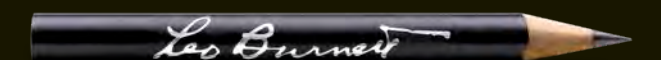




Stores can offer **learning**
and **participation**
opportunities

Key Finding 7

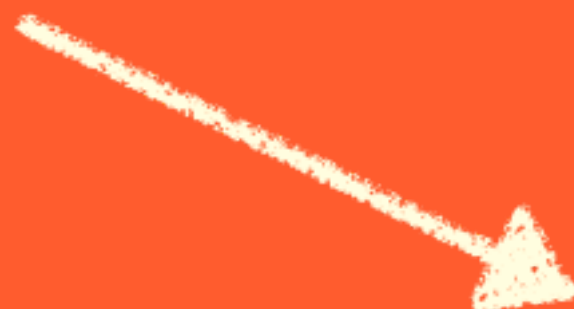
In-store technologies are often not delivering on their promise of a better shopping experience



Technology can **enhance** a shopper's relationship with the store if it delivers an enriching experience.



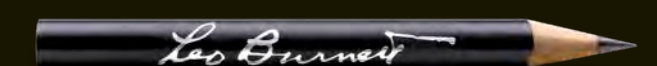
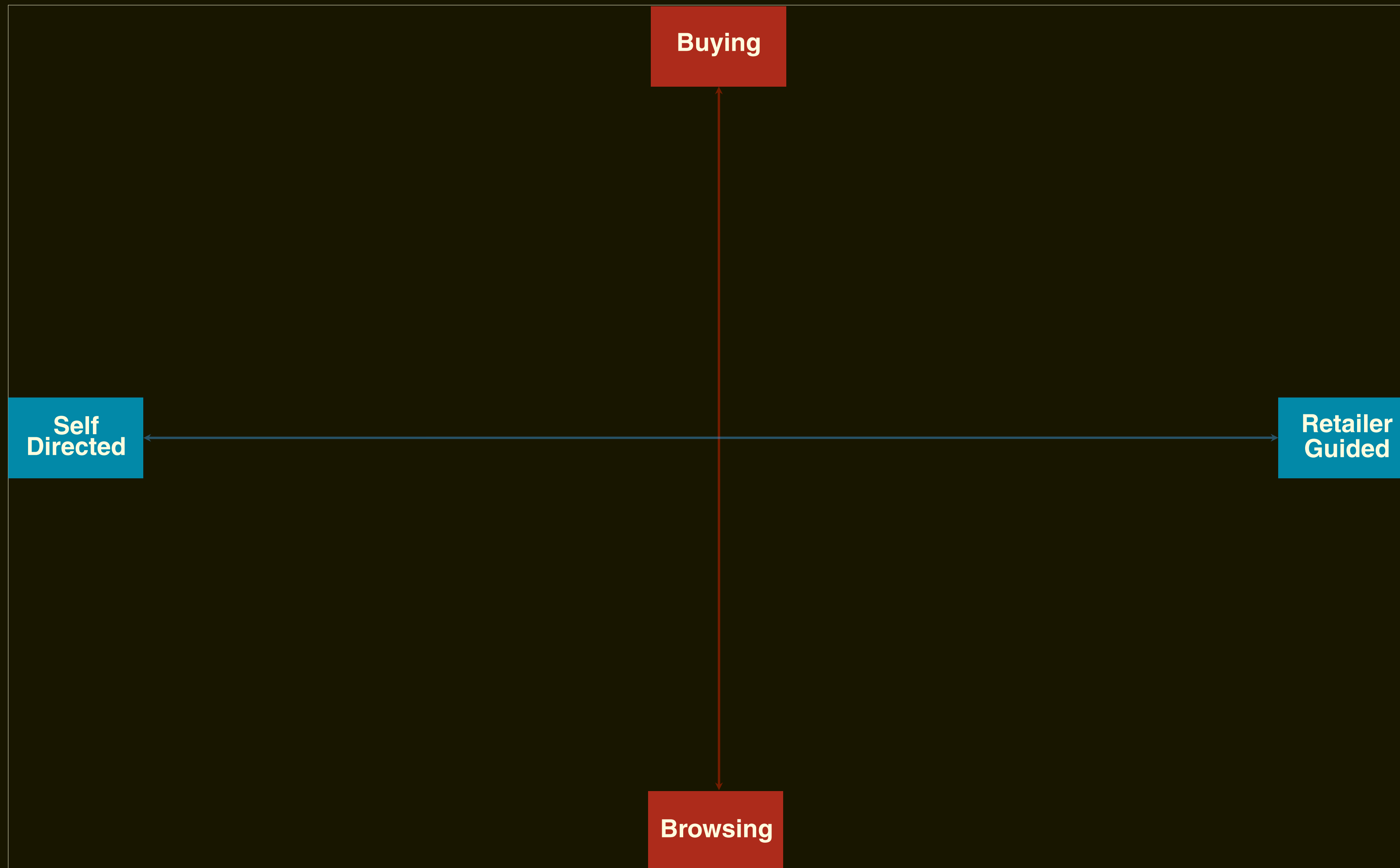
Technology
for efficiency



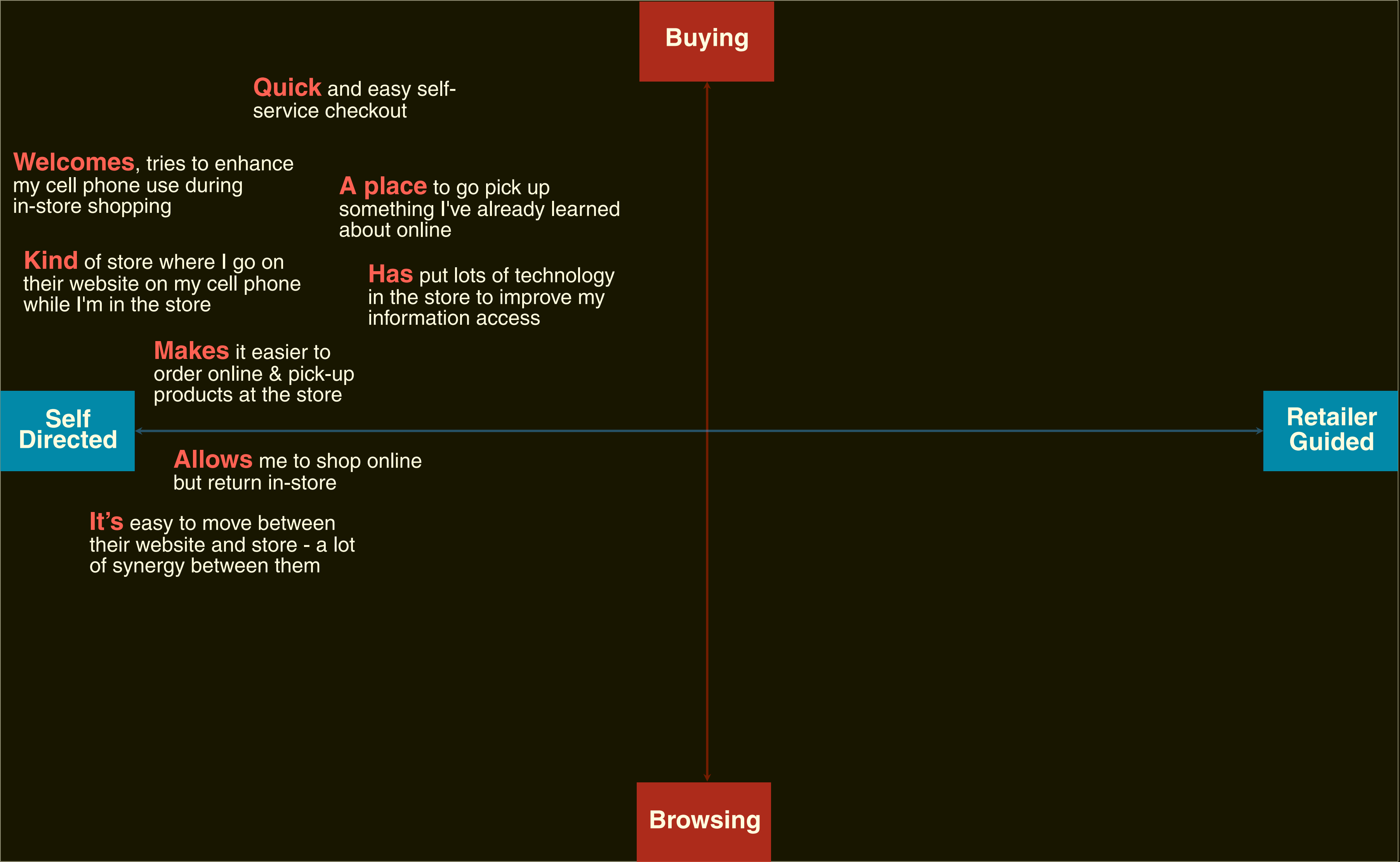
Technology to deliver more
enriching, engaging experiences



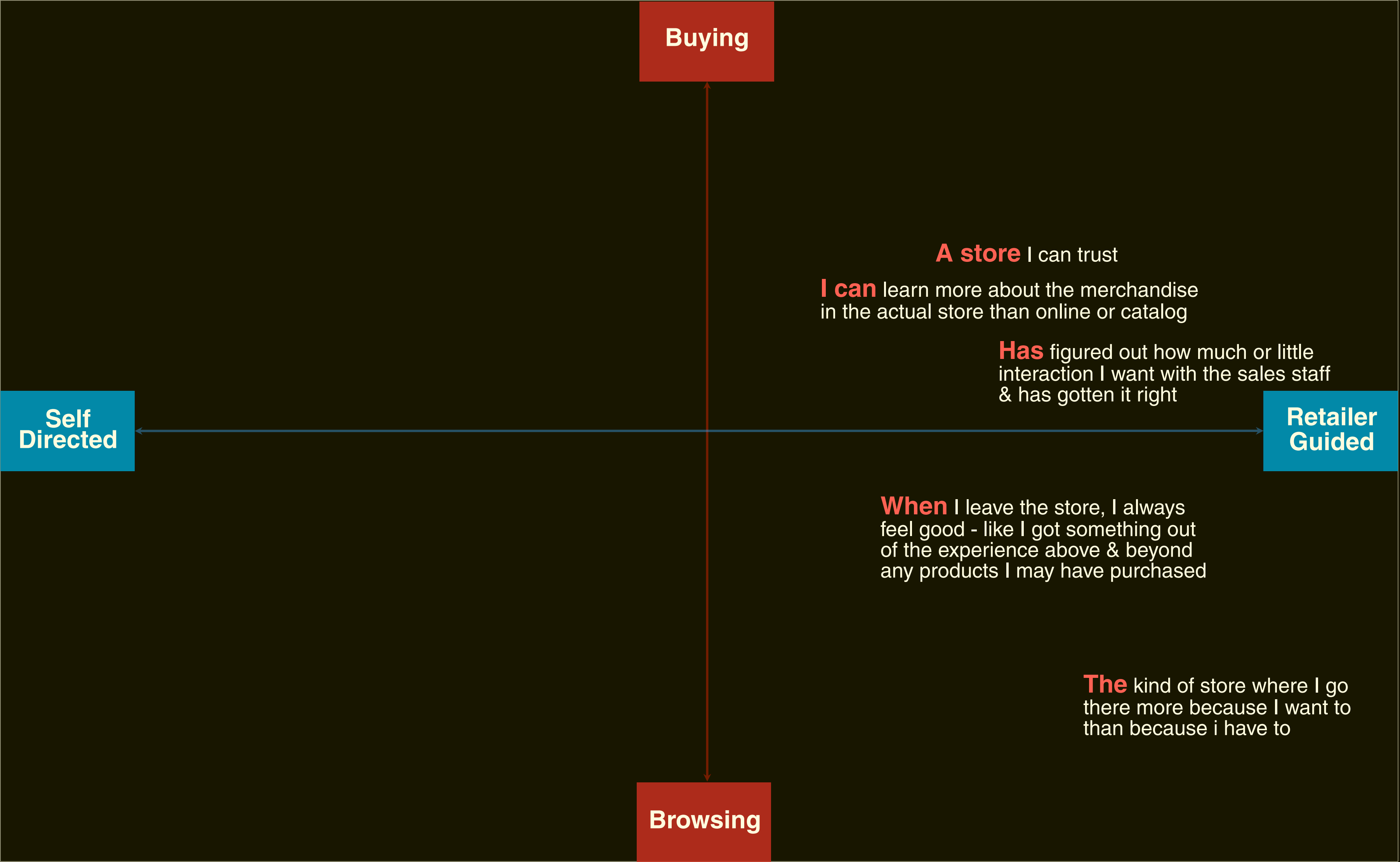
In-store **technologies** are being used to deliver on basics,
but at the **expense of emotional engagement** between the shopper and the retailer



In-store **technologies** are being used to deliver on basics, but at the **expense of emotional engagement** between the shopper and the retailer



In-store **technologies** are being used to deliver on basics,
but at the **expense of emotional engagement** between the shopper and the retailer



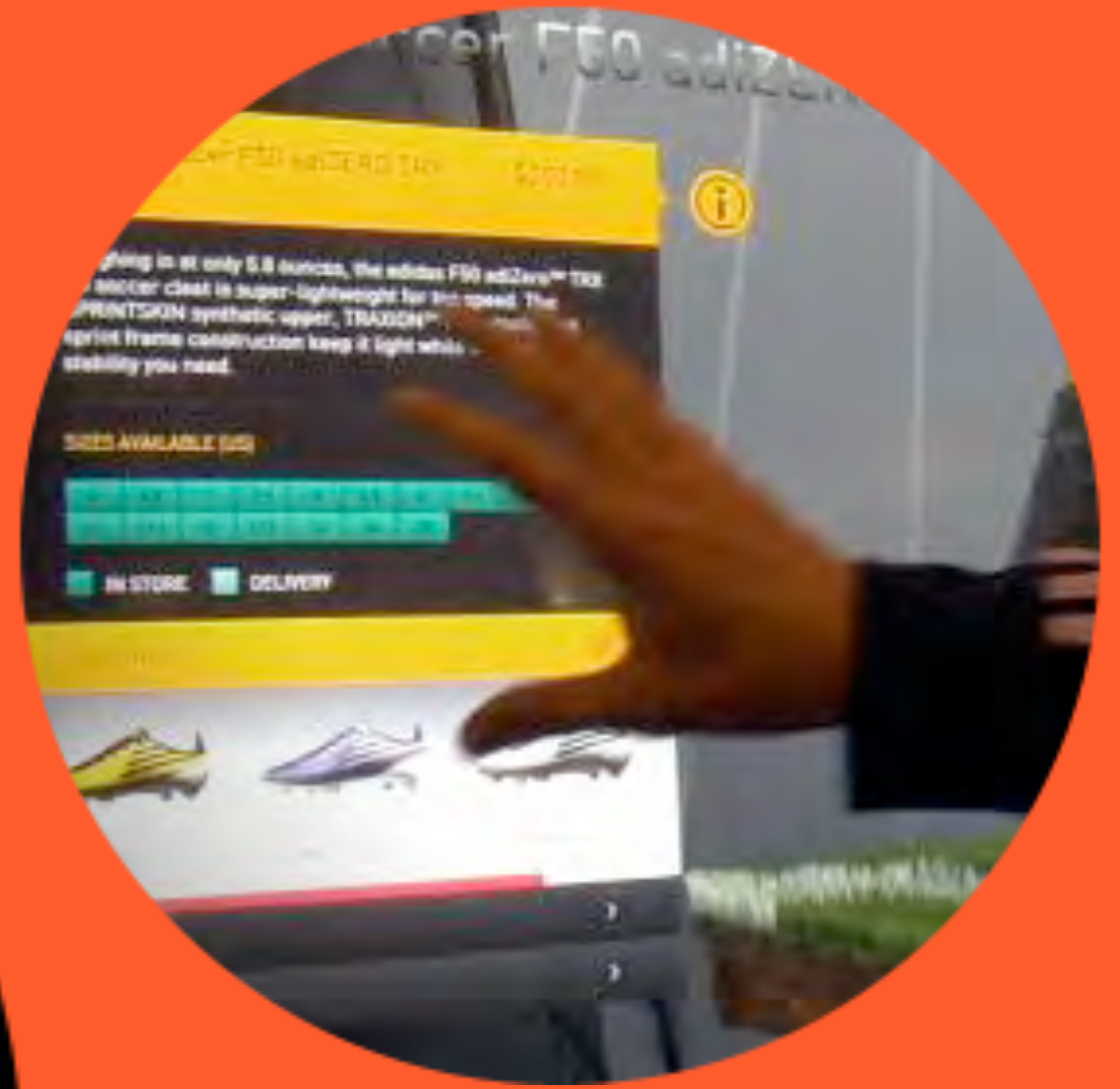
Technology can be used
to help establish **trust**





Technology can be used to
reinforce the breadth of
selection

Adidas virtual footwear wall features
4000 styles of shoes, and links to
Twitter and Facebook



Key Finding

8

Physical stores need to be made relevant with the Internet. It's not stores or Internet, it's stores and Internet





In-store support



In-store sale



Product email

Welcome to your iPod touch.
We can't wait to show you around.

Ready to learn how to play, listen, watch, email, and surf like never before? First, be sure you [download the new iTunes](#) so that you can make the most of all your iPod touch has to offer.



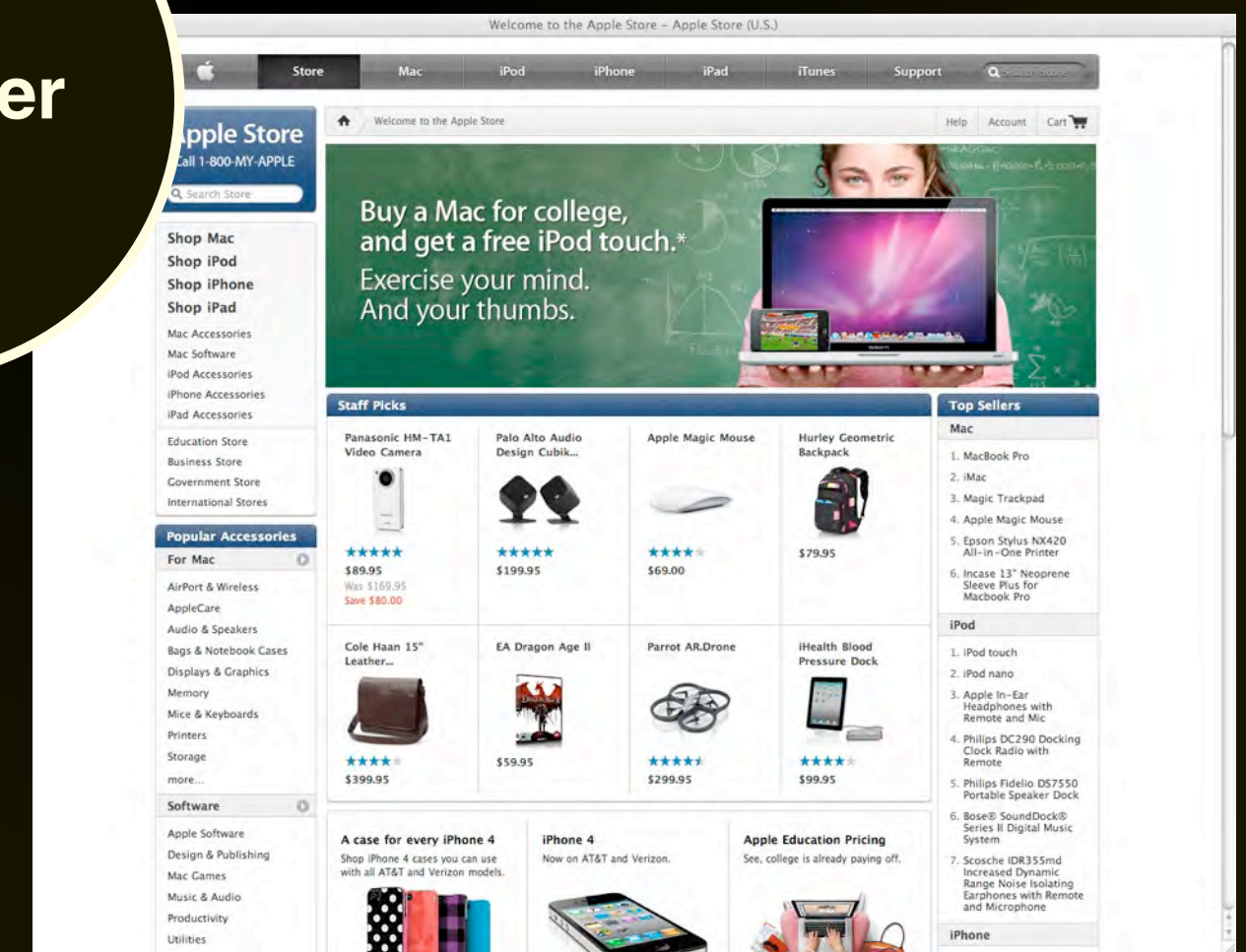
Learn about your iPod touch

Get your game on.
Browse some of our favorite games. You can download them from the App Store right on your iPod touch with just a tap. [See the games showcase](#) ▶

Make it your pocket computer.
iPod touch is so much more than a music player. Learn how to surf the web, check and answer email, and more over Wi-Fi. [Learn more](#) ▶

Check out Voice Control.
Tell your iPod touch to play songs from a specific artist or playlist. And skip, shuffle, or pause your music—all with just your voice. [Learn more](#) ▶ [Watch the video](#) ▶

web offer



Recycle email



To conclude



8 DYNAMICS

- ▶ Shoppers organize stores based on the experiences they want to have
- ▶ It's not just price – they want it all
- ▶ They're disappointed in retailers' inability to deliver on the basics
- ▶ In-store service is a real opportunity
- ▶ Loyalty has to be earned thru better in-store experiences
- ▶ They're looking to stores to deliver what the web cannot
- ▶ In-store technologies are not delivering on the promise
- ▶ It's not stores or web, it's stores and web



***Let's get
started!***

