



A NEW WORLD OF BRICK-AND-MORTAR

# 7 Retail Experts Share Their Top Tips for Reinventing the In-Store Experience



# Introduction: Turn the Store into a Prized Asset

Thanks to a persistent drumbeat of often breathless news reports, retailers have lately been inundated by conflicting information over the health of the retail industry. For most retailers, it seems likely that these volatile reports allude to an uncertain future, as well.

Shortly after New Year's Day 2017, the National Retail Federation (NRF) announced that retail sales would increase between 3.7% and 4.2% over 2016. Approximately six months later, the NRF predicted that holiday sales would also see a year-over-year improvement of about 4%. Imagine retailers' ongoing confusion, then, as they simultaneously heard news of landmark brands like Toys 'R' Us filing for Chapter 11, and more stores shuttering their doors forever.

If retail sales are expected to rise, why are stores closing? Sure, a booming e-commerce business contributes to the current state of affairs, but with the majority of retail sales still happening in stores, why is brick-and-mortar in such a state of turmoil?

Most experts believe that there is indeed significant opportunity for stores to thrive, but if retailers hope to avoid having their stores listed on the next retail "casualty report," they must rethink the role of the store. They must focus on reimagining store environments so that they become a source of education, entertainment and joy for consumers, and ultimately, a point of differentiation for the brand.

The store should no longer be merely a point of last resort for last-minute purchases. It must become a go-to destination for integrated and immersive experiences where likeminded people can come together to indulge in all things related to the brand and its products.

For most retailers, creating these types of immersive experiences will require a reinvention of sorts. Traditional conversion-driven strategies and thought processes must now evolve to instead focus on building experiences that inspire, entertain and encourage community building. We believe that reinventing the store is an ongoing, iterative process that requires a deep understanding — and possible re-evaluation — of your target consumers. Once you achieve those important customer insights, we believe it's then critical to assess your brand promise in order to design store concepts that reflect your target customers' desires and bring your brand story to life.

To help the retail community successfully reinvent their store experiences, Aptos and *Retail TouchPoints* interviewed seven retail influencers — all of whom have deep expertise in experience reinvention. In the following pages, we will share the strategic advice they had to offer, as well as tactical tips and best practices that can help you create a practical and manageable roadmap to store experience reinvention.

We hope you find it to be a valuable resource as you embark on your journey to reinvention.



Dave Bruno  
Marketing Director, Aptos



Alicia Esposito  
Content Strategist, Retail TouchPoints



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# Rethink the Definition of Shopping

We've all seen the headlines. The "retail apocalypse" has officially descended upon us. The shopping malls we've come to know, love and rely on are borderline vacant, and fighting to keep new stores open.

It's undeniable that shifting consumer behaviors, new and innovative online competitors, and constant digital disruption have converged. And while the onslaught of store closures and poor projections for shopping mall revenues paint a dreary picture, it doesn't have to be this way. Mall developers around the world – from The Grove to the Dubai Mall – are differentiating themselves by rethinking and redefining shopping as we know it.

These new malls and experience centers "create a place where people want to be," noted Vicki Cantrell, Transformation Leader at Aptos. "But while a consumer knows they want to go to a movie or get something to eat, the real opportunity lies in an unexpected surprise or related experience that draws them in."

Some retailers are taking cues from this "surprise and delight" principle and are flourishing as a result.

**Whole Foods** is perhaps one of the most well-known and recognized retailers that has transformed its stores into experience centers. Beyond the traditional grocery aisles, there are food tastings, pre-made and made-to-order food booths, cafes and even a beauty and lifestyle section. As Amazon injects more of their experience into the Whole Foods culture, we expect even more innovation in the aisles.

Specialty retailers are also staking their claim in the experience revolution: athletic brands like **Athleta** and **Lululemon** host in-store events and exercise classes, while **The Art of Shaving** allows shoppers to test products first-hand by getting a professional shave.

But what can retailers do to rethink and redefine shopping in a way that enables them to create exemplary experiences for any shopper who sets foot in a store?

Read on to get insights on the new meaning of "shopping." >







## REINVENTION REALITIES



Interview with Vicki Cantrell, Transformation Leader, Aptos

Former executive at Tory Burch, Gucci Group and JCPenney, with 20+ years of retail industry experience. Now helps other retailers create great experiences at Aptos.

### *How would you define a truly great shopping experience?*

A truly great experience is authentic (true to your brand), genuine (executed with excellence), consistent, and often unexpected. The best experience for a customer is something that meets a need (that they either know or didn't know they had), and leaves them with a good feeling.

### *Some mall developers are trying to ramp up their experiences by adding movie theaters, restaurants and other forms of entertainment to their locations. What do retailers need to do to ensure their store experiences measure up?*

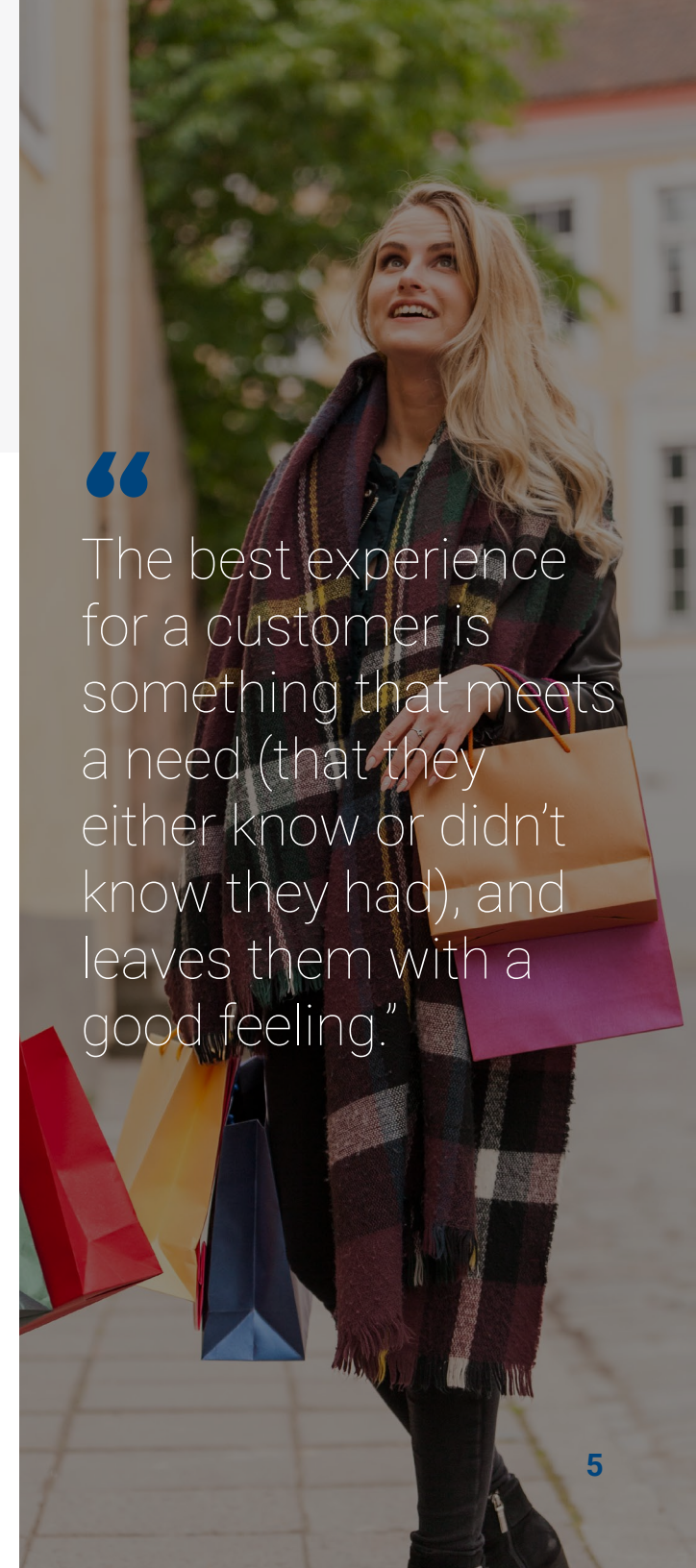
Retailers can connect to events that would be meaningful to their customers, and they can also offer pertinent touchpoints to broaden the appeal for the customer. Retailers can capitalize on much of the experiential and community event marketing that the mall does, and they should make sure they are allocating the appropriate spend at a local level to connect it to their brand and customer.

### *Can you share some examples?*

Participate in the mall-based charity events with a connected message. For every \$500 purchase, donate a new coat to the coat drive — and let the customer be the donor. Find a way to offer a differentiated experience for customers based on why they came to the mall. Encourage them to trade their movie ticket in for a free gift, or allow a small number of customers to personally meet a famous chef during a mall-based cooking event. Give your customers — or shoppers that don't yet know you — a unique reason to connect with your brand.



The best experience for a customer is something that meets a need (that they either know or didn't know they had), and leaves them with a good feeling.”





*What would you consider to be the imperatives of an immersive and memorable in-store experience today?*

In a word, people.

Experiential retail assumes a good experience, not just any experience. To have an immersive and memorable experience, the customer has to feel good. If the store staff is happy and engaged in where they are and what they are doing, it makes a better experience for the customer. It's hard to find that right and special talent, but striving for the best employees and keeping them happy is an important investment and a key differentiator.

Memorable experiences are made from connections between people, not product.

*What technologies do retailers need to ensure these great experiences go off without a hitch?*

The expectation is that you will be able to fulfill shoppers' needs, so stellar omnichannel capabilities will make a lasting impression. Since the customer should be at the heart of your business, enlist the key "customer journey" peers in the organization and prioritize outstanding initiatives in your omnichannel plan, balancing surprise and delight with table stakes. Put yourself in their shoes! We are all customers of something every day. What makes you feel good when you are a customer?

*Is there a brand you believe has successfully reinvented the in-store experience?*

One great example is Disney. The prototype stores deliver the magic directly from theme parks via giant video screens. Guests celebrating a birthday can have Donald Duck and friends sing to them and have their photos featured on-screen. Those visiting in the afternoon can sit on seat cushions and watch a live feed of Disneyland's daily parade down Main Street. Add a wheel-up cart where customers can buy cotton candy and mouse ears, and you've provided a small piece of the happiest place on earth.



“Give your customers  
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# Be Willing to Reimagine Your Brand

As recently as just 15 years ago, most consumers maintained a rather fixed list of retailers that earned their loyalty. Product, price and location were most often the factors that determined which brands made their lists. Over the past five years, however, the rules of differentiation have changed dramatically, which in turn has changed how consumers determine which brands deserve the larger share of their wallet.

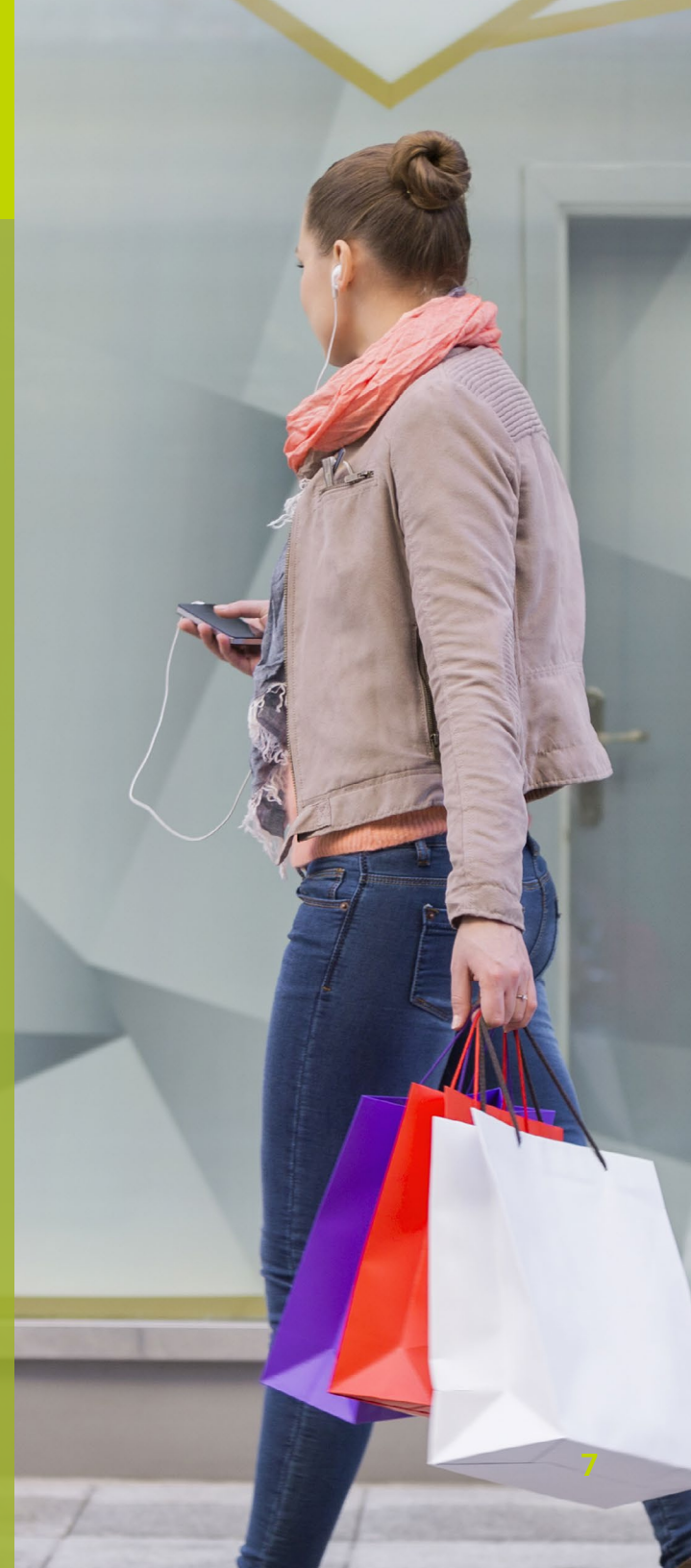
“Consumers’ sense of value is causing a bifurcation in the retail market, with winners at opposite ends of the value spectrum,” explained Doug Stephens, Founder of [Retail Prophet](#). “Retailers who provide commodity products and do so in the most convenient, easy and frictionless way possible, are succeeding. At the other end, you see retailers with deeper levels of customer experience, greater levels of service and more extensive product curation. Any retailer that is neither highly convenient and easy, nor special and worth paying more for, is dead.”

Does this mean the retailers that fall within Doug’s “middle ground” are a lost cause? Not necessarily. For these retailers, clearly understanding their brand promise and corporate values is a critical first step. Without this insight, it is extremely difficult to develop experiences that establish an authentic brand story and identity that connects with consumers and in which they can find meaning.

And many more consumers — especially Centennials — are gravitating to brands with values that align with theirs. Anjali Lai, Senior Analyst at Forrester, noted in a [Forbes article](#) that consumers are becoming “more aware of — and sensitive to — social issues overall...They expect [brands] to declare and act on their corporate values, whatever they may be — whether related to manufacturing practices, employment conditions, privacy regulations, or environmental commitments.”

With Gen Z poised to represent [40% of all consumers by 2020](#), retailers must take a hard look at their brand, what it represents and how it aligns with the behaviors and expectations of these consumers across the entire buying journey — but especially in their stores.

Read on to learn how to assess and reinvent your brand. >







## REINVENTION REALITIES



### Interview with Doug Stephens, Founder, Retail Prophet

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Retail executive turned industry author, trusted consultant and keynote speaker. Columnist for CBC Radio and author of [\*Reengineering Retail: The Future of Selling in a Post-Digital World\*](#).

*Do you believe that retailers have established the brand culture and values required to drive customer loyalty? Why or why not?*

The simple but painful truth is that most haven't, because it was never a priority. Until quite recently, retailers really didn't have to worry too much about their values or their brand culture. Between the 1960's and the 1990's, retail grew exponentially on the back of an exploding economy and growing population. All that retailers needed to do to succeed was swing their doors open in the morning. They didn't need to be great. They just needed to be present for consumers that had no other choices.

The Internet really changed everything. Not only because consumers could suddenly buy things online, but they were no longer reliant on retailers for information. Today, the consumer has an infinite selection of products at their fingertips, so it's increasingly vital that retailers differentiate themselves not only by what they sell but also more importantly, by how they sell it!

*Why is it so critical for organizations to have a stellar brand that is constantly reassessed and reimagined?*

A brand can no longer be something you chisel into stone and stand up in the market for 50 years. The best brands like **Starbucks**, **Apple** and **Amazon**, have a very clear and enduring sense of their core values...their compass heading. But they also continually evolve their value proposition to their customers; they never rest. Today, consumers are being constantly bombarded with new alternatives and choices, so brands need to constantly reinvent just to keep their existing customers fascinated with them. They should constantly be reassessing and reevaluating their brand.

*You've noted that in the future, store success will be measured based on whether they created "converts," or dedicated brand fans. What are the characteristics of a "dedicated brand fan," and how can retailers measure whether they've been successful?*

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Consumers are being constantly bombarded with new alternatives and choices, so brands need to constantly reinvent just to keep their existing customers fascinated with them.”



For centuries, we used physical stores as the end point in the relationship with consumers, while advertising was the starting point. My belief is that the dynamic is now reversing and that stores are increasingly becoming the most powerful entry point into a brand and what it has to offer. The aim of the store is no longer to simply “convert” the customer into a sale, but rather to turn them into a convert of the brand and all it has to offer.

Ideally, the store delivers such a galvanizing experience that consumers leave fully bought into the brand story, its values and its value proposition. This initial experience sparks a willingness, even an eagerness, on the part of the consumer to continue their relationship with the retailer across any channels in which they operate. Fortunately, we have technologies that can help us measure that relationship across channels – including within the store space.

*Can you recommend any steps or best practices that retailers can follow in order to activate their brand in stores?*

A great store is really a great piece of theatre. Like any great theatrical production, retailers have to begin by clearly articulating their unique story. Who they are, what they stand for and the things that make them unique all need to be brought to life in every element of the store experience. When I was writing my last book, I took a close look at what great brands do to design remarkable store experiences and I noticed five commonalities:

1. They engage consumers on multiple sensory levels. It's not just about how the store looks, but also how it sounds, smells, feels and even tastes.
2. Great brands break “the script” in their category, engineering a completely different way of selling their product compared to their competitors. **Tesla** did this with their automobile showrooms.
3. They personalize the experience somehow. This might be by bringing great clienteling data to the store floor or by co-creating products with shoppers. Regardless, there's always an element of the experience that leaves consumers believing it was just for them.
4. Great retailers always introduce an element of surprise; something the consumer didn't expect. This can take many forms – a small parting gift, a service gesture or a “thank you” note a week after they're at the store – but it still stands out.
5. Finally, great retailers ensure their in-store experience is repeatable and executed brilliantly each time. They don't just train their staff, they *rehearse* them.

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Stores are increasingly becoming the most powerful entry point into a brand and what it has to offer.”

**LISTEN NOW**

Get more insights and best practices from the Retail Prophet!





# Invest in Deep Customer Insights

Consumer expectations, especially of the store, have changed dramatically. While shoppers have come to expect access to the right product at the right price, exactly when they need it, merely providing these basic services is no longer enough. Shoppers — particularly when visiting specialty and department stores — also expect to be educated, entertained, inspired and delighted, every time they visit a store.

Delighting customers means going beyond their expectations, and that's what consumers expect from an in-store experience today, according to [author and consumer behaviouralist Ken Hughes](#). "Retailers must ask: How are we delighting shoppers at this location? How are we inspiring them? How are we entertaining them? How are we educating them?"

In order to design stores that inspire and delight, retailers must truly understand what consumers want. And the only way to achieve that is to invest in the acquisition of deep customer insights.

Hughes has conducted customer research and studied shopper behaviors, for years. He recommends that retailers invest in collecting insights on what consumers actually *do* versus what they say *they want*.

"Asking them what they want is interesting at times, and extrapolating what they might want based on social and cultural change is very valid, but ultimately what shoppers do online and in the store governs what you're making in terms of profit," Hughes noted. "Until you measure behaviors, how can you change them?"

But designing stores that resonate with consumers is equal parts art and science. While data collection and analysis can help retailers validate their investments, they also can't be afraid to take risks.

"Sometimes it's just about being creative, getting a bit risky, being innovative, doing crazy things in the store, and getting consumers talking about the in-store experience," Hughes said. "Once consumers are talking about your brand, it's alive. If no one is talking about your brand, it's dead."

Read on to get Ken Hughes' perspectives on the big customer insight gap in retail. >





## REINVENTION REALITIES



Interview with Ken Hughes, Author and Consumer Behaviouralist

Keynote speaker and expert in social anthropology, neuromarketing, shopper marketing and omnichannel strategy. Advises brands such as Coca-Cola, IKEA and Unilever.

***You've written that it's foolish for executives to think that they know better than their customers. Do you believe this is a big problem in retail?***

It is *definitely* a problem in retail – sometimes more so than other industries. Boards of Directors, particularly for large retail companies, tend to be populated with people aged 60 to 70, and they are predominantly male. While their experiences are very valid, they are unfortunately often counteracted by the new consumer and the new reality.

Frankly, what the customer wants and needs is changing so fast. Unless you're on top of that, your business is simply not going to be relevant.

***The evolution of digital marketing and e-commerce is presenting completely new ways for retailers to understand their customers. Are retailers capitalizing on these opportunities effectively?***

I think there's a lot of missed opportunity. If we're going to deliver value, we need to understand the customer – who they are and what they want – and then essentially be one step ahead of them so we can give them products and services they need. To achieve this, we must be able to identify who they are at every step of the customer journey, be it in store or online. While we have the need and we have the technology to be able to do that, most of the businesses I'm working with seem to not be able to do that simply because they haven't invested in the back-end systems. They have all this data they're gathering on their customers, what customers are buying and how customers are behaving, but they can't seem to put that together at various aspects of the customer journey. And retailers that can't connect this data are only going to suffer more and more.



Looking back on some of the best studies I've ever done with brands, the golden nugget has often come from behavioral insight, as opposed to asking shoppers questions.”



*When it comes to understanding their customers, are retailers studying the right things?*

I have done thousands of focus groups and consumer surveys, and I've concluded that consumers will tell you what they *think* they do or what they *think* they want. Looking back on some of the best studies I've ever done with brands, the golden nugget has often come from behavioral insight, as opposed to asking shoppers questions. Things like how shoppers move around your store, the amount of time they spend on a given section, that kind of stuff actually unlocks a significant amount of incremental purchasing if you get it right, if you understand the flow.

Additionally, retailers should research and understand their retail experiences through the lens of a shopper mission. Understanding what they're trying to achieve at that time, on that day when they come into your store, is what you need to do. Obviously, you don't want to try to understand every single unique mission through every single shopper, but you do need to cluster them in such a way that you end up with five, six, 10 different types of missions being sought in your store. Then you can develop a strategy to incrementally sell or to up-sell for each of those missions.

*Do you have any recommendations for retailers who would want to collect customer insights to inform and improve in-store experiences?*

I think biometric tools such as galvanic skin response, stress and excitement measurement tools and eye tracking tools have proven useful because they provide great detail. We can see exactly where the shopper's looking, we can see exactly how a shopper is feeling if they shop, and we can set up static cameras and watch how they shop. Lots of retailers have done eye tracking once or twice, but really, you need to start investing on a regular basis.

Most retailers don't have a dedicated budget to measure how customers interact with the store, and the day you ring-fence a budget for that and put a resource against it to measure and to manage it for the year, surprise, surprise, it starts getting measured and managed. Therefore, things start to be understood and, as needed, improved.

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Retailers should research and understand their retail experiences through the lens of a shopper mission.”

**LISTEN NOW**

Hear more from Ken Hughes on our podcast!



# Embrace Digital Transformation

Where were you five years ago? What were you doing when “showrooming” burst onto the retail scene and gave retailers across categories an unwavering sense of panic?

Armed with smartphones, once-loyal in-store shoppers were roaming aisles to merely compare prices to online counterparts. More often than not, shoppers ultimately completed their transactions on Amazon and other more cost-effective outlets. Times have certainly changed, because retailers no longer see consumer technology in the store as a threat. Now, it is viewed as an opportunity to better engage and convert in-store shoppers.

This shift in perception and newfound enlightenment is largely thanks to research from firms such as [Deloitte](#), which has found that digital influence helps to significantly drive brick-and-mortar sales. In fact, digital influence swelled from a mere 14% of in-store sales in 2013, to more than 50% in 2017. According to Deloitte’s most recent study, mobile played an especially important role, with its influence on in-store sales increasing from 5% to 37% within the same period.

Retailers are trying to monetize digital influence by incorporating technology into their stores and embracing the digital disruption happening around them. However, the value and impact of digital channels varies based on the category and target customer, according to Kasey Lobaugh, Deloitte’s Retail Chief Innovation Officer. For example, digital technology influences 69% of in-store sales for electronics retailers, followed by women’s apparel (56%) and grocery (46%).

“Yes, there are significant differences by category,” Lobaugh explained. “Further, exactly *how* digital is used varies by category, as well. We push our clients to think deeply about their digital strategy across the entire journey, not just the digital transaction. And while conventional wisdom is quick to blame the Millennial for all things changing, what we find interesting is that non-Millennials are rapidly adopting digital and are quickly adopting the Millennial mindset.”

Technology obviously plays a pivotal role in the store experience, and those looking to reinvent must embrace digital transformation. However, Lobaugh advises that we look before we leap, as many retailers have invested in digital transformation in the wrong places, and have failed to enhance the experience in meaningful ways.

Want to learn how to turn digital influence into your store’s competitive advantage?  
Read on to glean insights from Kasey Lobaugh.







## REINVENTION REALITIES



Interview with Kasey Lobaugh, Retail Chief Innovation Officer, Deloitte

Driver of omnichannel transformation initiatives, helping retailers set strategy and scale people, processes and system capabilities. Member of the Shop.org Board of Directors.

*Over the past few years, Deloitte has kept a pulse on digital influence in retail and they ultimately came to discover the great Digital Divide. How would you explain where the Digital Divide is today?*

For us, the Digital Divide is the difference between how retailers invest in digital — focused on commerce transactions — and the ways consumers actually use digital — as a broader toolset that supports their omnichannel shopping journey. While we've seen e-commerce grow, we've proven that Digital Influence (in-store sales that are influenced by consumers' use of digital during the shopping journey) is a much bigger revenue number with even faster growth. Today, 66% of customers cite the desire for a self-directed journey — up from 30% in 2014.

But retailers still build digital properties as a funnel to execute the purchase online. They measure things like online conversion as a key benchmark, instead of measuring true conversion — a much more valuable benchmark. While the industry has generally adopted the understanding that digital influences in-store purchases, we still find digital teams primarily focused on and incented to grow digital sales, thus continuing the great Digital Divide between retailers' investments and consumers' behaviors.

*Initially, digital influence was seen as a threat as we saw the rise of showrooming. Today, retailers are seeing it as an opportunity to bring digital into their stores. Do you have any tips or recommendations to help retailers develop their strategy and find the right technologies for their locations?*

Initially, the industry talked about it as a customer-centric strategy, but then pursued omnichannel primarily as a strategy to unlock inventory and improve inventory performance. Many retailers claimed success when their customers could access inventory across channels. Recently, however, many retailers have seen in-store traffic decline. As a result, improving the in-store experience has become top-of-mind.

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Too many retailers continue to develop functionality based on their own view of what they'd like the consumer to do, rather than a deep understanding of the needs of the consumer.”

Many retailers are thinking about how digital tools might help to that end. Our study supports the idea that digital used in the store is highly valuable. However, designing the right experience has proven difficult for many early adopters. Too many retailers continue to develop functionality based on their own view of what they'd like the consumer to do, rather than a deep understanding of the needs of the consumer.

***How can retailers determine exactly what customers need?***

We suggest pilots, measurement, customer observations and a continual improvement cycle in order to get it right. As our research has noted, needs can vary greatly by category and by individual shopper. A solution that works in one area of the store may not be appropriate in another department.

***Many have created "experience centers" or turned store locations into live-action innovation labs. What is your stance on this trend?***

Many retail innovation labs have failed to make material impact. My observation is that many of these innovation labs are focused on digital ideas that can be applied to the customer experience. While technology plays an important role, our research on innovation, published in the book "The 10 Types of Innovation," tells us that the most impactful innovation occurs when we combine multiple operational components – for example, changing processes, business models and experiences – in conjunction. This is where most innovation labs in the industry fall short, because they focus on a technology application to the current model rather than a deeper level of more transformative innovation.

***Are there any common mistakes or missteps you've seen retailers make in embracing digital influence? If so, what recommendations do you have to help other retailers avoid these errors?***

One of the common mistakes I see is to view everything through a technology lens. Many organizations leave it to the IT or Digital teams to own the required changes. But, while technology is fundamental to the changes driving retail, the difficult part is not the technology. Senior leaders must fully understand the requirements of transformative change. They must own it and drive it through the business, with the support of the technology or digital organization.

***Which retailers do you think have been most successful in embracing the convergence of digital and physical?***

The retailers that have had the most success are the younger, nimbler organizations. Traditional retailers understand the concepts and they have the vision, but they struggle to execute. Legacy processes, culture, antiquated back-end systems and deteriorating business performance all compound to make the task of driving innovation a herculean effort.



Most innovation labs in the industry fall short because they focus on a technology application to the current model rather than a deeper level of more transformative innovation.”

**LISTEN NOW**

Learn how to embrace digital transformation by getting more practices from Kasey Lobaugh.





## Experiment with New Formats, Partnerships and Experiences

Historically, if retailers wanted to test a new store layout, design concept or technology, they had to hold focus groups or run tests in a few stores. While this approach is still valid, many retailers are also using pop-ups as valuable sources of intelligence.

Once considered a go-to option primarily limited to seasonal businesses like Halloween shops, pop-ups have now become a staple for omnichannel retailers to help them design unique, buzzworthy experiences, and a testing outlet for online-only retailers considering a move to brick-and-mortar. Even [\*The New York Times\*](#) reported that “in a Darwinian sales environment, pop-up stores are winning.”

Additionally, pop-ups can be an important part of a reinvention journey. They can become excellent “labs” for testing new experiences. Retailers can collect feedback from visitors and, as Ken Hughes recommended, behaviors can be monitored and measured to see if the new experiences inspire desired behaviors.

However, as the value of pop-ups has become more clear, “brands really have to work harder to stand out,” said Melissa Gonzalez, Founder and CEO of [\*The Lion’sesque Group\*](#), a pop-up architect firm. “Overall, the bar is a little higher on what brands need to deliver in the physical space — even if it’s just a pop-up store. You’re seeing bigger budgets come to the table and you’re also seeing pop-ups last three to six months versus shorter-term, one-week pop-ups.”

Brands ranging from Warby Parker to Target have prioritized their pop-up budgets on cutting-edge technology and design concepts to ensure their stores pack a powerful punch. But while valuable and ripe with engagement opportunities, cutting-edge technologies like VR and AR must also serve a purpose. “Really think about the story you’re telling,” Gonzalez advised.

Most of all, brands must take into account their goals, and the intelligence they hope to glean from the initiative before investing in pop-ups, she recommended. For instance, the experience you create for a pop-up store focused on a new product release will be vastly different than a pop-up focused on testing new experience models.

Read on to uncover Melissa Gonzalez’s keys to a successful pop-up experience. >







## REINVENTION REALITIES



Interview with Melissa Gonzalez, Founder and CEO, The Lion'sque Group

Retail speaker, columnist and author of *The Pop-Up Paradigm: Building Human Connections in a Digital Age*, Melissa has helped produce more than 100 pop-ups across the U.S.

### *Has there been a shift in the way retailers perceive pop-ups?*

Definitely. We used to see a lot of seasonal businesses use pop-ups. Now, retailers are keeping pop-ups open longer to strengthen and build a community around their brand. They're putting a lot of effort into programming more in-store events with like-minded brands and strategic partners to really amplify awareness. Overall, retailers are recognizing how important pop-ups are for relationship building.

### *There are many different pop-up models or formats. How can retailers determine which approach is best for them?*

There's no cookie-cutter answer, so it's critical that retailers focus on their goals first. Every brand is at a different stage with a different objective and a different product, so it always comes down to asking: What are you trying to learn? What are you trying to teach? What are you trying to test?

How you answer these questions will impact the type of environment that you'll end up needing, the design of the space, and even the functionality of the store and how customers will venture through it. After you have your goals in place, identifying your target market and budget will then impact your strategy and the story of the store.

### *How is technology changing (or improving) how retailers design and implement pop-ups?*

We're definitely seeing a lot of creative partnerships happening between brands and providers of VR, augmented reality, and even fulfillment and drop-ship technology. Those collaborations are allowing retailers to test different things in more scalable ways. Brands also understand now that they don't need a large footprint to deliver an experience. Instead of focusing on one 50,000 square-foot location, they're picking ten 500 square-foot locations. Or they're doing a mobile tour and going on the road.

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*What's the best way for retailers to determine whether strategies and technologies they implement in pop-ups should be implemented on a larger scale and in larger stores?*

You have to remember that the way you design a pop-up is different than how you design a permanent store. When designing for permanent locations, you can't just have events; you have to think about creating great experiences and also generating sales. You also have to consider the durability and longevity of an experience.

Last year, we saw about 25% of our clients do pop-ups and then transition to permanent locations. And what we learned was you really have to think differently because you're not designing a space for a month. You're designing a space you have to grow into and may need to transition throughout a five- or ten-year lease. As much as you can learn from a pop-up, you still have to do a little bit of a rethink before you transition to permanent. You have to determine what you really want the space to do.

*You've worked with so many brands on their pop-up strategies. What do you believe are the keys to success?*

I said it once, but I'll say it again: Always think about your goals. Then, think about how you're bucketing spend. Two of the largest mistakes I end up seeing is they don't invest enough in quality staff and don't spend the appropriate amount of time training them. Associates are one of the store's most important touch points, so this isn't an area where you can skimp on budget. Finally, think about location. Time is money no matter what, so even if the location is free, it's still an expense if you don't pick the right location.

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Two of the largest mistakes I end up seeing is they don't invest enough in quality staff and don't spend the appropriate amount of time training them.”

**LISTEN NOW**

Create pop-ups that deliver stellar results. Get helpful hints directly from Melissa Gonzalez.



# Don't Underestimate the Power of Fulfillment

The runaway success of Amazon Prime and Prime Now speak to the importance of fast, hassle-free delivery. However, before brick and mortar retailers could take advantage of the competitive opportunities available through in-store fulfillment, they had to pay a price by investing in new systems that synchronized online and in-store inventory, and in better training of associates to fulfill online orders picked up in stores.

Many retailers have been significantly investing in remodeling their stores and retraining their staff to properly fulfill these orders. Additionally, Home Depot, which was named a "Genius" brand in the [L2 Digital IQ Index](#) report for Big Box in 2016, proves that these investments pay off. Home Depot showcases local store inventory to consumers throughout the online shopping journey. Online sales continue to grow by double digits every quarter, according to Tom Gehani, Director of Client Strategy — Big Box and Department Stores at L2 Inc. "And 46% of those orders are picked up in store. This investment and engagement in the process has enabled them to achieve industry-leading sales comps, margin improvement and market share growth."

Beyond building the infrastructure that enables fast and easy fulfillment, we believe that retailers should embrace store fulfillment as more than just a logistical offering. We believe that store fulfillment represents a new opportunity to add surprise, delight and an extra layer of service to the in-store experience.

Imagine a do-it-yourself connoisseur inspired to upgrade his kitchen after watching the latest episode of a remodeling show. He visits the Home Depot website to research new fixtures and backsplash for his kitchen, and narrows his search to options that are available for same-day pickup at his local store. When he goes to the store to pick up his purchase, he's greeted by one of the store's kitchen experts, who walks through his order, and provides deeper consultation on the project at hand. During their conversation, the associate recommends a new paint color that will go perfectly with the new fixtures and backsplash.

In the above scenario, the associate kept Home Depot's promise of a quick and seamless fulfillment experience. However, he made the experience even more valuable by offering advice and product recommendations. Of course, this is only one of many examples. Your brand also has the opportunity to turn something so utilitarian into something exciting and memorable.

Read on to learn how to use fulfillment to drive shopper engagement, loyalty and sales. >





## REINVENTION REALITIES



Interview with Tom Gehani, Director, Client Strategy - Big Box and Department Stores at L2 Inc.

With more than a decade of experience working at the intersection of retail, merchandising and technology, Tom is an executive turned analyst who has had tenures at Gap, Shopkick, Square and Target.

### *How would you describe the state of the brick-and-mortar store today?*

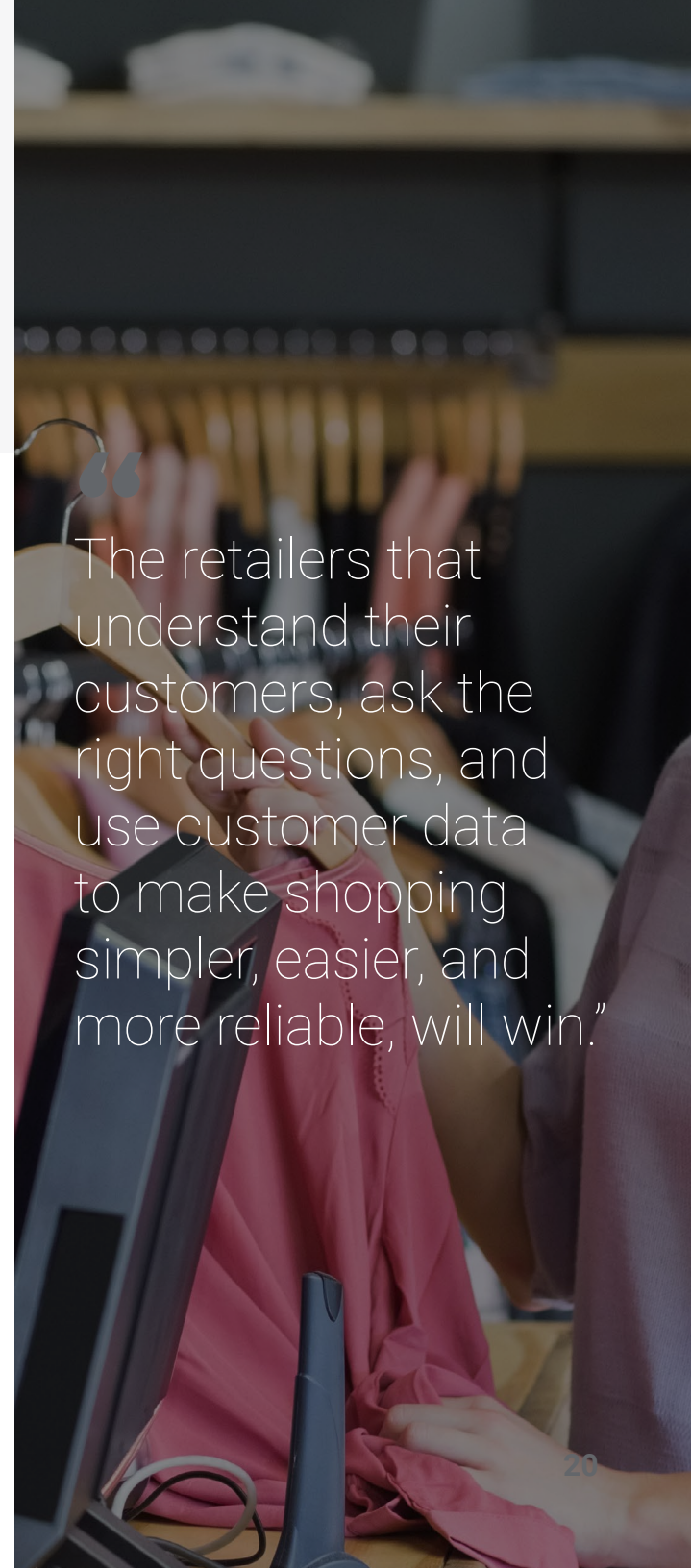
Retailers understand that stores represent a variety of different functions — needing to serve as both a center of experience and as a center of fulfillment.

A center of experience is a place to discover new products, learn more about products they are interested in, and touch and feel before they buy. A center of fulfillment allows retailers to get the product to customers faster and cheaper by reallocating inventory that was sitting on store shelves to fulfill online orders or redirect customers to pick up their own orders instead.

### *Flexible fulfillment helps meet retailers' needs to become "centers of fulfillment." What fulfillment services have been most widely adopted?*

So far, free returns in store for online purchases has seen the highest adoption by retailers because it allows them to save on return shipping costs, simplify the customer experience, and offer one more chance to sell the customer something else. Ultimately, the "most preferred" option by consumers will vary greatly for a variety of factors, including the consumer use case, geography, etc. For example, in hardware, pickup in-store has been the priority.

A few apparel brands like New Balance, Nordstrom, and Gap are beginning to offer customers the ability to reserve an item to try on in store, but adoption has been slow. While 34% of brands in L2's **Digital IQ Index Specialty Retail US 2017** study offered buy online pickup in-store, only 8% allowed shoppers to reserve online and try in-store.



“The retailers that understand their customers, ask the right questions, and use customer data to make shopping simpler, easier, and more reliable, will win.”

*Is flexible fulfillment meeting retailers' expectations?*

The original hope was that buy online, pickup in store would mean margin improvement for retailers through lower cost of fulfillment and shipping. But the reality in the short term was that most retailers needed major technological and physical upgrades before they could fulfill that promise. In addition, retailers like Walmart have decided to win market share by passing the cost savings onto customers, offering things like a "Pickup Discount" for online orders picked up in store, eroding the potential margin upside, but increasing sales.

*So how can retailers use technology to make the fulfillment experience more enjoyable for customers and more profitable for their business?*

Many brands are now experimenting with ways to speed up the buy online pickup in store experience by allowing consumers to "check-in" via their mobile devices once they arrive at the store (Walmart and Kohl's) or notifying store associates when a consumer is about to arrive using GPS (Nordstrom). Target is also in the process of nationally rolling out the ability to find items from your shopping list using in-store maps and positioning.

*Do you have any tips for retailers that are trying to find the right technology to use to augment the fulfillment experience?*

The biggest lesson that retailers must remember is that people still matter for the execution of these technology-based experiences and they need to empower sales associates with the proper training.

Retailers must also listen to their consumers to try to solve their real problems. Many technology solutions implemented by retailers have been "buzzy" but lack an actual solution to a problem. The simplest innovations, however, are sometimes the ones that make the biggest differences. For example, Walmart's digital email receipts for their online purchases include a barcode that can be scanned by in-store associates to easily start a return, rapidly speeding up the consumer experience and simplifying operations for the store.

The retailers that understand their customers, ask the right questions, and use customer data to make shopping simpler, easier, and more reliable, will win.



“Retailers must also listen to their consumers to try to solve their real problems. Many technology solutions implemented by retailers have been ‘buzzy’ but lack an actual solution to a problem.”



# Don't Stop Thinking About Tomorrow

The list of “cool” and cutting-edge technologies entering the market is ever expanding. When applied correctly, these technologies can help retailers meet key business objectives, such as increased time in store, improved conversions and lower return rates. And of course, these technologies help make the store more enjoyable and memorable for consumers.

But what exactly are the core principles of an immersive and digitally connected in-store experience? According to Laura Davis-Taylor, Co-Founder of [The High Street Collective](#), stores must be:

- **Contextual:** Retailers must think through what’s happening with people in context to their location, category and needs, ensuring that they reduce the friction to complete the journey or give them a little moment of fun.
- **Curated:** We have become trained to expect retail to accommodate our personal tastes and preferences.
- **Engaging:** People must be comfortable in the environment, encounter things that are new and/or novel, be able to touch, taste, try out or try on things, and ultimately it must be a rewarding experience. However, this does not mean that every single moment of the store has to deliver on this promise, as some categories are functional and just need to be “easy” to get in and out of successfully.
- **Emotive:** Mirror neurons in the brain — stimulated by emotional connections — trigger a dopamine rush. And this rush drives dollars, loyalty and trips.
- **Differentiated:** We determine which store to visit based on either convenience or a desire for a specific experience. We seek to get a fix in a way that immerses us uniquely into their brand and is relevant to our unique tastes and desires.

To ensure a successful strategy, retailers must ensure that their organizations are “squarely aligned around the needs, wants and hidden desires of the shopper,” Davis-Taylor explained. “This means understanding them empathetically across all channels, connecting relevantly with shoppers, and remaining hyper-focused on providing them with a positive, craveable store experience. The result? The Holy Grail: irrational loyalty.

Read on to get Laura Davis-Taylor’s tips for designing, testing and rolling out an optimal in-store experience. >



## REINVENTION REALITIES



Interview with Laura Davis-Taylor, Co-Founder and Principal Consultant — Retail Experience Strategy, The High Street Collective

Laura has 20+ years of experience in digital enablement and next-gen retail experience design, working with top brands like AT&T, Best Buy, Lowe's and 7-Eleven.

### *What key challenges do you see retailers facing as they strive to create more immersive in-store experiences?*

Researching and experimenting with new retail concepts is no longer an option — it's necessary to survive. However, we do see some big hurdles as retailers strive to get there, including:

**Executive self-referencing:** The person at the top of the ladder is the approval point. In many cases, we see that person base their opinion on their own lives, not by empathetically standing in the average shopper's shoes. We must learn from data now made available to us to help avoid this trap. When technology is used to deliver accurate data about how shoppers are navigating and responding to new store innovations, opinions become obsolete.

**Short-term attitude towards spending:** Unfortunately, shareholders and Wall Street do not value long-term planning. The pressure to keep the stock story rosy is real and is currently working to the detriment of the industry.

**Data moats:** The store has data to discover; it just hasn't been tapped or tethered to the big picture yet. We must start to think of our stores as a "3D website." All of those amazing data points and shopper insights are now available to discover in-store and deliver omnichannel analytics in spades. When that happens, we have one clear view of the journeys our shoppers make, and we can more contextually understand them, serve them and anticipate how to be of value to them.

### *What steps can retailers take to ensure they're focusing on, testing, and rolling out the right experiences and technology?*

The problems or opportunities have to be mutually identified, accurately described and clearly appointed as the lead driver of the new experience idea — with agreed-upon KPIs by all decision-makers. We see so many retailers trying to "shoehorn" big ideas or technology into their stores with no clear understanding

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Innovation is a messy game, but out of the mess can come real magic.”





of the problem they're solving — or strategic story for how the innovation will address it. Innovation is a messy game, but out of the mess can come real magic. All of these tests must cure a real disease or they are simply shiny objects fruitlessly begging for attention. Retailers have to simplify the story behind this problem and get everyone on board.

*We've seen some retailers test technology in a small sample of stores and pop-up stores; others have innovation centers or use flagships as "tech incubators" or experience centers. Do you have any insights as far as which is the best approach?*

Which direction they go is typically driven by internal culture, but as long as they are testing from both a human and an operational lens, the outcomes will be valuable. Successful innovation tests need two things: clear expectations and definitions of success, and control stores to validate any changes. Doing these two things can eradicate "data noise" and isolate changing variables. So much technology is just a part of the shopper experience, not the "end all, be all."

While we love the traffic and attention a flagship store can merit, it isn't necessarily the best place to try out new initiatives earmarked for larger rollouts. If they aren't "average" stores, they won't garner average results. Using their numbers may set false expectations of performance within the rollout business case.

*What advice do you have to help retailers find the right strategy?*

Define "normal" as it relates to your stores. Those stores are going to give you the most accurate representation of actual innovation performance. They will also give you a little less exposure, and let you work out kinks (and there will be kinks) without the magnifying glass that often accompanies a flagship.

Be agile during the process. Your test doesn't have to be perfect. Get it out there and iterate it in the real world rather than "labbing" it to death. See how real people interact with it, learn from their behaviors and tweak it accordingly. Lastly, always add metrics to the test stores. Make the investment in measurement technologies, heat maps or whatever is the right answer to ensure that there is unbiased, irrefutable data at the end of the day. If it's not working, fix it!

*What is the best way for retailers to measure the impact or value of the new technologies and experiences retailers roll out?*

Measurement delivers the innovation *keys to the kingdom*, and there's a yin and a yang.



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We must start to think of our stores as a '3D website.' All of those amazing data points and shopper insights are now available to discover in-store and deliver omnichannel analytics in spades.”

On the **yin** side, we have the soft stuff — the qualitative, the gut twitches, the chill bumps when you see or hear something related to the shopper that you know is hugely meaningful, thus worth addressing. We can't forget about creative ideas, and A/B testing on creative is a great way to see which messages resonate and which ones don't.

Finally, there are emotion-based insights — being able to feel empathetically what the shopper is feeling. Quantifying this can help guide what should or shouldn't be done. All of this isn't exactly easy to quantify, but can be utterly critical to the success of the innovation process.

On the **yang** side is the hard data. The soft insights must be the foundation for the solutions, but the hard data-based insights must be the litmus test. Again, we see store measurement through three lenses: behavior, emotion and transaction.

*How can retailers innovate and “fail fast” when they have years of systems and complicated organizational structures that require buy-in from many levels?*

We have this conversation with retailers often and it's simply the reality of retail today. They can't afford the time or the cost to create custom solutions that may or may not resonate with the people or the proof points. They must do the strategic work to figure out *what* should be addressed, work with the experts to figure out *how* to innovate, and then identify the tools to test the concepts and *prove* them out. If innovations sing with the shoppers, then they can seriously consider how to make them rollout ready.

One last, critical point: there simply *must* be an empowered and enlightened leader. Never in my career have I seen these efforts work if there wasn't a strong person at the top leading the charge and holding everyone involved to task using universally agreed-upon KPIs. So many agendas come into play, both internally and with external vendors, and hurdles must be cut down quickly. This is why we are so beholden to the idea of a shopper-focused CXO that works with the rest of the C-suite. We are excited to see more of these coveted roles become reality!

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Never in my career have I seen these efforts work if there wasn't a strong person at the top leading the charge and holding everyone involved to task using universally agreed-upon KPIs.”





The content featured in this eBook only scratches the surface of the valuable insights and prescriptive best practices these influencers shared.

To learn more about how to differentiate your brand and reinvent the customer experience, visit [The Retail Experience Project](#), a new microsite and content hub designed to help retail executives get on the path to long-term success. There you will find checklists, presentations and a new podcast series where we dig deeper into many of these topics.

**DISCOVER THE RETAIL EXPERIENCE PROJECT**



## LEARN MORE



In an era of virtually limitless choice, sustained competitive advantage only comes to retailers who engage customers differently by truly understanding who they are, what they want and why they buy. At Aptos, we too, believe that engaging customers differently is critical to our success. We are committed to a deep understanding of each of our clients, to fulfilling their needs with the retail industry's most comprehensive omni-channel solutions, and to fostering long-term relationships built on tangible value and trust. More than 500 retail brands rely upon our Singular Commerce platform to deliver every shopper a personalized, empowered and seamless experience, no matter when, where or how they shop. Learn more: [www.aptos.com](http://www.aptos.com)

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