

FUTURE OF RETAIL

HUEN + thecarlsongroup

THE SECRET IS OUT Consumers know they wield increasing power over brands. As shoppers push harder, the pace of change is increasing. Today, being reactive to consumers' needs means you're falling behind. Catering to their desires requires understanding the influences on consumers' expectations in 2014. Here are 3 trends that address the changes to come in retail with a focus on the influence of digital and social media.

1: OMNICHANNEL RETAIL

A WIDENING GAP BETWEEN DIGITAL AND IN-STORE EXPERIENCES

There's been a move from traditional media to social and digital media as the driver for brand expression. The biggest draw of these new mediums is the power to create buzz and add layers to a story. However, this shift is amplifying the gap between the outside marketing experience and the in-store experience. As digital and social grows more creative and adapts, retail will be left behind, unless retailers use available media strategically to deliver multichannel experiences that include storytelling, product tie-ins and consumer engagement.

Traditionally, brands could sneak by with printing out an ad and dropping in a frame on top of a fixture - it may not have been particularly impactful, but it certainly was easy. Translating a social campaign to an in-store presence is much less obvious, and crafting that in-store experience to retain the level of engagement and excitement offered by social media is another level altogether. Smart brands and retailers are using the canvas of their

physical retail space to deliver special events and experiences that mirror the tone and excitement of social campaigns and tie directly to product purchases in the store. The greater the continuity between on and offline elements, the stronger the result.

> EXAMPLE: To find a brand that has mastered the offline and online elements of omnichannel, look no further than Starbucks. One of their most successful ventures began with the introduction of My Starbucks Idea 5 years ago. An online campaign reached out to customers and asked for suggestions to improve their experience with the brand. Hundreds of customer ideas have been adopted, including cake-pops, free Wi-Fi and digital rewards. The power of the campaign is in the continuity between online and offline engagement. Starbucks uses digital to excite and engage customers, and then delivers in-store.



M&S, HOLLAND
PHOTO: RETAIL-INNOVATION.COM



MY STARBUCKS IDEA
PHOTO: STARBUCKS.COM

2: SHAPING MY EXPERIENCE

CONSUMERS ARE BECOMING THE DESIGNERS

Customization and personalization is one of the most significant offerings of a connected and digital world. Consider the endless ways to tailor your phone's appearance and features or the ability of Pandora to find and play your favorite music. As the expectation that an experience can conform to personal contours grows more prevalent, brands and retailers will need to find ways to deliver this level of customization in-store. The goal is to give consumers a voice as designers of their retail experience.

> EXAMPLE: Sephora is testing a new iteration of their Fragrance Finder service. With new partner Labbrand, the beauty retailer is stepping up the level of engagement. As customers navigate through the step-by-step process on an iPad, they use an array of ten scent dispersers to immediately test the fragrances. The process attempts to associate the fragrances with memorable moments or key life events.



SEPHORA, SHANGHAI
PHOTO: LABBRAND.COM

> EXAMPLE: A temporary restaurant called IkHa, opened by Oatmeal Studio, is offering an unusual opportunity for customizing a dining experience. While the menu is set, the environment can be changed. Adorned with Ikea furniture, the restaurant encourages patrons to move and manipulate the tables and chairs to meet their needs.



IKHA, THE NETHERLANDS. BY OATMEAL STUDIO.
PHOTO: NADINE STIJNS

3: CHOICE FATIGUE

A BREAK FROM THE ENDLESS SEARCH

Online retail is placing nearly unlimited choices at the fingertips of consumers. To some, this sounds like a shopper's fantasy. However, as the options expand to once unimaginable levels, the fatigue is setting in. Consumers are seeking out places that can offer a break from the burden of the endless search. It is in the best interests of brick-and-mortar retailers to leave the offering of infinite choices to Amazon and the App Store. The best brands and retailers will focus their physical retail environments on delivering expertise, editing, and recommendations from real, live associates.

> EXAMPLE: Story is a New York boutique that is leading the way in curated retail. Instead of filling the store with endless product, they continually update and edit their assortment. This ongoing curation means customers can return every few weeks to find an entirely new selection: not just individual products, but the entire theme of the store is re-imagined for every changeout.



STORY, NEW YORK.
PHOTO: MATTHEW SCRIVENS

> EXAMPLE: Nordstrom is the newest retailer to bring the power of social media in-store. In select locations, the retailer is creating displays that highlight the products most popular on the social media site Pinterest. By embracing this move toward social and digital, they are giving customers access to recommendations that help them edit and make the search for the right product less of a burden.



NORDSTROM, USA.
PHOTO: NORDSTROM

TAKE - AWAYS

Despite the overwhelming influence that digital continues to have on consumers' behavior and expectations, even the most connected and tech driven consumers aren't abandoning physical retail. Shoppers are looking for stores to deliver specific experiences that can't be found online. The most successful brands will build a strategy around the influence of digital and make omnichannel work for them to move product. As retailers and brands consider the next iteration of their physical presence, they should bear in mind a few key points.

- > Amplify what brick-and-mortar does best - hands-on, personal, human connection.
- > Successful omnichannel requires continuity between online and offline mediums.
- > Real and lasting connection is most effectively established in-store where customers can physically engage with a human representative of the brand.
- > Provide the opportunity and flexibility for customization – consumers find it online so they expect it in-store.
- > Physical retail gives brands an opportunity for editing and curation. Give them the benefit of a product assortment that's been selected to meet their needs.

HUEN

1911 NW Quimby Street
Portland, OR 97209
503 224 4836
huenspace.com

A Portland, Oregon based consultancy offering strategy and design services for consumer obsessed brands.

AUTHOR: Ben Decherd - Strategy

thecarlson**group**

350 E 22nd Street
Lombard, IL 60148
630 613 5000
carlsongroupinc.com

As a strategic partner, The Carlson Group incubates, builds and sustains smart custom programs that deliver value across consumer retail experiences.