

WHITE PAPER

THE BRICK-AND-MORTAR RETAIL ADVANTAGE

Why Shoppers Keep Coming Back to the Physical Store



SOURCE: DAGO, S.R.O.



FOREWORD

A SPECIAL THANK YOU TO OUR RESEARCH COUNCIL

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A SPECIAL THANK YOU TO THE SHOP! RESEARCH COUNCIL for contributions to the editorial and research of this white paper.

It is certainly not news that consumers experience brick-and-mortar stores much differently today. When shoppers can easily click-and-buy online and receive products overnight, the physical retail store serves a very different purpose: delivering enjoyable and memorable experiences to attract the attention of shoppers and win their loyalty.

In the coming decade, business will not be as usual for retailers and brands. New challenges and changes can be expected and adaptability will be essential. Part of that adaptability will be to see what worked, what didn't, and to make decisions based on the goals and objectives of the brand. With guidance from the Research Council, Shop! Environments Association has pulled together criteria and examples of what to look for as you shape your own retail destiny.

This white paper will be the first in a two-part series on shopper insights that help to build the ultimate shopping experience. In part one, we look at what drives people to shop in general and, more specifically, at brick and mortar stores. We also explore why physical retail stores are still a critical part of the shopping experience for customers.

Our goal at Shop! is to provide retailers and brands with information and insights to help them adapt to changes in shopper habits. We've identified Continuous Adaptation as one of six important trends impacting the future of retail. Inside this paper you will find case studies that illustrate how creating the right retail environment can help meet some of these challenges.

If you have any questions about this or other Shop! White Papers, feel free to reach out to me (tdittman@shopassociation.org) or Madeline Baumgartner, Director of Education & Research, at mbaumgartner@shopassociation.org.

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PHOTO COURTESY OF BEECH STUDIOS

INTRODUCTION

CUSTOMER EXPERIENCE IS an in-store shopper journey designed to engage, delight, and wow the customer and emotionally bond him/her to the store or brand. Each element in the retail environment, from the lighting to the flooring—and everything in between—helps shape that experience. And it is that experience that keep customers coming back to the store.

THE IMPORTANCE OF CUSTOMER EXPERIENCE

In the 2019 edition of the *Shop! MaRC Exam Prep Book*, Jane Greenthal outlines how retail has evolved to the customer-experience-based model over the past few decades. Online shopping already offers convenience; therefore, instead of trying to compete with online retailers to deliver convenience, many brick-and-mortar stores are instead focusing on delivering enjoyable and memorable experiences to attract the attention of shoppers and win their loyalty. Emerging customer experience (CX) trends include the “wow factor” (impressing, delighting, and surprising customers), personalization (satisfying the customer’s individualized needs and wants), and localization (supporting and reflecting the local community).

Store design should support the CX, employing color to appeal to emotions, lighting to build drama, and visually appealing displays to delight shoppers and encourage them to explore the store. An environment that encourages shoppers to engage with things (merchandise, marketing materials) and people (store staff, other shoppers) fosters positive emotions, in turn, generating positive memories.

The store’s CX should eliminate the pain points from the shopper journey and address operational and structural constraints to provide better service. The design should also facilitate interaction between the retail staff and shopper. Research has shown that employee interaction leads to increased loyalty, sales, and ultimately return on investment.

As retailers strive to deliver customer experiences that offer the customer a new delight or “wow factor” with each visit, visual merchandisers are challenged to increase their creative output of innovative ideas.

In this new decade, business will not be as usual for retailers and brands. New challenges and changes can be expected. Adaptability will be key. Part of that adaptability will be to see what worked, what didn’t and make decisions based on the goals and objectives of the brand.

RESEARCH SHOULD BE THE FIRST STEP IN ANY RETAIL INNOVATION PROCESS

Research yields insights into shopper behavior, and it reveals the strengths and weaknesses in a brand’s or store’s CX. Research studies can evaluate the potential impact of proposed ideas. Thus, research data should guide decisions about solutions and innovations for the retail environment.

This white paper will be the first in a two-part series on shopper insights that help to build the ultimate shopping experience. In part one, we will look at what drives people to shop in general and at brick and mortar specifically, as well as why physical retail stores are still a critical part of the shopping experience for customers.

WHAT DRIVES PEOPLE TO SHOP

BEFORE EXPLORING HOW TO BUILD the ultimate customer experience, let's look at the most significant drivers of consumer behavior. Brands and retailers need to fully understand what makes consumers buy and, when they are in buying mode, what drives their brand choice.

WHAT IS DRIVING THE CUSTOMER TO BUY?

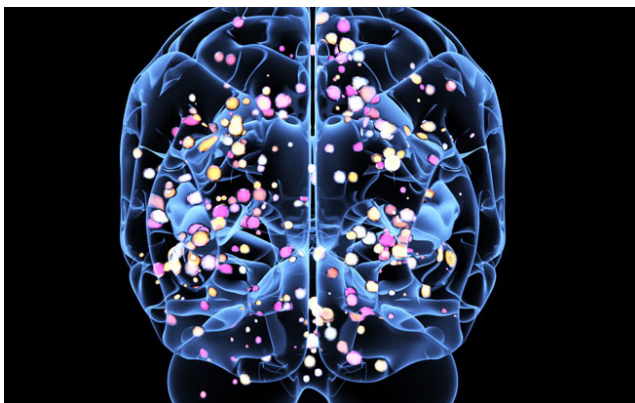
Fundamentally, dopamine is what drives a shopper to buy. **Dopamine** has been called the "feel good" neurotransmitter. Whenever someone has a positive experience, the brain rewards him/her with a pleasurable dopamine release. Dopamine is largely responsible for shoppers buying things they don't really need, replacing perfectly functional products with new ones, or unnecessarily buying something more expensive. In fact, it is responsible for the constant quest for another feel-good dopamine release.



WHAT DETERMINES THE SHOPPER'S BRAND CHOICE?

While dopamine is what drives the shopper to buy, **goals** determine their choice of brand. The only exception is habitual buying, where the shopper's Doing Mind relies on memories to select the same brand and product from the shelf in lieu of actively making a brand choice.

The goals that drive purchases typically reside in the nonconscious. In a shopper context this means brands and retailers must first impact the shopper's nonconscious Doing Mind, as this is the brain circuit that's in charge of driving the brand choice. Secondly, they have to convince the shopper that their brand can effectively address the goal he/she is trying to address.



Other goals come into play as well. There are temporary goals that are circumstantial or represent a deficit of some kind the shopper wants to correct, and more fundamental, long-term goals that are embedded in the shopper's brain through dedicated brain circuits.

Temporary goals can be triggered by the environment, for example the smell of freshly baked bread activates the goal to eat, or by a deficiency, such as dehydration triggering the goal to drink. Other examples include feeling unrecognized at work activating the goal to feel rewarded, which may lead to eating comfort food or drinking alcohol. There are numerous situations that can trigger a temporary goal; sometimes marketers can activate them, other times they can present their brand and product as the best way of addressing such a goal.

DEEP-ROOTED DRIVERS OF BEHAVIOR

There are also fundamental goals, which are driven by dedicated brain circuits that have been established in the shopper's mind. These goals drive behavior over long periods of time, sometimes their entire lives. We call these fundamental goals **Deep Rooted Drivers of Behavior** or DRDs for short.

The male and female circuits have a major impact on how individuals interpret the world around them, how they feel about what they experience, and what importance they attach to different experiences. Gender-specific brain circuits are one of the most common/obvious DRDs. When developing shopper marketing initiatives and retail environments, research supports several gender-related hidden drivers to take into account.

Women have powerful brain circuits (FemaleDRD) for:

- communication
- gut feelings
- reading emotions
- understanding social nuance
- nurturing skills
- anger suppression

Men have well-developed brain circuits (MaleDRD) that support:

- exploratory behavior
- muscular & motor control
- spatial skills
- rough play
- a self-centered focus
- sexual pursuit (once they reach puberty)

Source: Shop!

THE IMPACT OF AGING

Marketers tend to be too focused on age brackets, attempting to identify the age group that accounts for more purchases than other age groups. What they tend to overlook is that the goals that drive purchases tend to stay the same for most consumers throughout their lives. What changes is how these consumers address their goals.

Let's assume a consumer is an adventurer and loves the excitement that adventures bring. As this person ages he is likely to change the way excitement is being delivered. While earlier in his life he may have sought risky new experiences, he is likely to change to less risky adventures as he reaches middle age. As he gets older he is likely to seek repeat experiences rather than new ones, as his high cortisol level discourages him from experiences that are entirely different.

THE SHOPPING MODE: GOING SHOPPING OR DOING THE SHOPPING?

How receptive consumers will be to different types of shopper marketing initiatives depends to a large extent on the shopping mode they are in. “Shopping mode” means the shopping goal the consumer is pursuing when they embark on a shopping expedition.



There is a difference in goal focus when consumers **Go Shopping** versus **Do the Shopping**.

When **Going Shopping** consumers are typically enjoying the process. They are keen to explore what is available, perhaps do some window shopping, try on new clothes, look at displays, find out more about new and interesting products or services, and so on. They may even go with friends or family members, making their shopping expedition part of a social outing with a coffee or some food along the way.

These shoppers are happy to invest time, effort and money into Going Shopping and want to get a great experience in return. They typically want to discover exciting options and are receptive to engaging messages, they love new news, and they are likely to share any exciting discoveries with others—online, over the phone or face-to-face.



On the other hand, when consumers **Do the Shopping**, they are completing a chore. The shopping has to be done, but they don't usually expect to enjoy it. This means that they want to spend as little time as possible, they don't want to invest more effort than is necessary, and they would prefer to spend as little money as they can.

Doing the Shopping is typical for necessary repeat purchases, such as the weekly grocery trip, which due to its repetitiveness doesn't promise much excitement. Consumers in Doing the Shopping mode tend to only be receptive to messages that allow them to complete the task faster, at lower cost or with less effort. They are goal oriented, their goal being to complete their shopping as quickly and effectively as they can.

The consumer's shopping mode has a material impact on how receptive they are to different types of marketing messages and to shopper marketing initiatives. While these examples apply widely, some people—though market research suggests not many—love supermarket shopping and some (especially men) hate shopping for clothes, while a significant percentage of women hate buying car tires or tools.

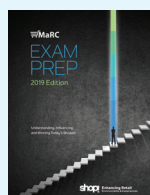
Similarly, some consumers may be happy to be diverted from their task when they search online for an answer to a specific question. In other words, while almost everyone has Doing the Shopping and Going Shopping occasions, there are differences in what each individual shopper may classify as one or the other.



To summarize, consumers are likely to be in different shopping modes depending on why they are shopping and what they are shopping for:

- **Going Shopping** is about embarking on an enjoyable shopping expedition, exploring options, and looking for interesting and exciting opportunities and new news.
- **Doing the Shopping** is typically about buying things they have to buy and wanting to minimize the time, effort and money they need to spend on this activity.

While it is an important factor that needs to be considered, the shopping mode is only one determinant of purchasing behavior.



The preceding was an excerpt from the **Shop! MaRC Exam Prep, 2019 Edition** book. To read the complete chapter or to learn more about the MaRC Program, please visit shopassociation.org/marc/

CASE STUDY:

UNDERSTANDING THE CUSTOMER HELPED CREATE THE ULTIMATE CONSUMER EXPERIENTIAL DISPLAY

Client: Mast-Jägermeister

Project Lead: DAGO s.r.o

Product Category: Alcoholic Beverages

Alcoholic beverages are among the main products retailers like to promote using in-store communications and displays. Research by IPSOS from 2015 shows that over a third of spirits customers put into their carts come from a secondary location—locations beyond the main shelf. Thus, the resources expended by alcohol producers into point-of-sales advertising pay off.

Mast-Jägermeister, who started distributing the famous herbal liqueur in the Czech Republic in 2019, knows this all too well. In October and November, the company developed a consumer competition, which included virtual reality, for liqueur fans to compete for entertainment electronically. To raise awareness of the event and promote sales, the company decided to create a point-of-sale solution. “We had a clear idea of what the campaign should look like. It was crucial to maintain a stable communication level that would clearly stand out among others in the crowded stores and convey the main message of the competition. At the same time, however, it had to reflect the brand’s identity,” summarized Lenka Horníková, the Trade Marketing Channel Specialist at Mast-Jägermeister.



Thus, the idea was born for an interactive display bringing together all these assumptions. “The brand identity is given and we had to adapt to it. It was, therefore, clear from the very beginning that our deer will be the key element of the display. The last thing was to think out how to take into account the two first requirements,” Lenka Horníková describes the beginning of the creative process and continues:

“The agency Garp Integrated helped us to complete the concept of the campaign and proposed to connect the brand with virtual reality as the main award of the consumer competition. Jägermeister supports all creative and active people who like to try new, unconventional things. When the idea of the hologram came into the existence, we knew that we had the solution and that we wanted to bring this innovation to the Czech retail,” adds Lenka Horníková.

THE MOST CHALLENGING PHASE? THE DEER ANIMATION

The project with hologram was created by Dago, a long-time partner preparing P.O.S. communication solutions for Jägermeister. “Nowadays, we can see that customers increasingly prefer a more comprehensive approach when shopping, so it is necessary to use a variety of means to attract them. That is why we were very pleased with the Jägermeister’s interest in a display with a holographic element. Apparently, nothing like



SOURCE: DAGO, S.R.O.

this has appeared until now in the Czech Republic,” says Eva Perglová, the Project Manager at Dago.

During the preparation of the project, the client’s clear and comprehensive vision of what the display’s message should be was a great advantage. “The biggest challenge was to find a suitable implementation of the hologram and other features,” says Eva Perglová.

Work on the hologram began with the preparation of a video spot. “Simply said, holographic projection consists of the software part and the hardware part. In this case, the animated video is projected through rotating blades with LED strips. The result is a moving image that seems to be hanging in the air,” says Eva Perglová. “The central theme of the animation is a deer as the brand representative. This part of the preparation was the most demanding one. We had to model the animal complicatedly into a three-dimensional format. We couldn’t use a live model. The only source material we had was a key visual from the client. We had to pay special attention to every detail to make the movement look as plausible as possible. For example, animation of the muscles of the deer’s legs while it moves took a lot of effort,” describes Eva Perglová.

FOCUSING ON COMBINATION OF STATICS AND DYNAMICS

Other eye-catching features were used on the pallet island to promote interactivity and display complexity. They were engraved into a plexiglass plate and highlighted with a white backlight. “We connected the static elements of the display with the dynamic hologram by rendering it in pure and simple white lines. The result looks visually compact,” she explains. An important attribute of the pallet island is also a built-in freezer from which the customer can take a beverage frozen to the recommended temperature of -18 °C.

POSITIVE OUTCOMES

According to the client, the intention to attract the attention of customers with the display in stores was successful. The same opinion was also given by the judges of the Czech POPAI Awards, who made it the absolute winner. In the meantime, it also succeeded in the competition of the realization of the month organized by the portal istoprodeje.cz and it will later compete in the European competition POPAI Awards and Shop! Global Award. In addition to the positive responses it has generated in stores, the project is also beneficial as a demonstration that creative and courageous solutions make sense and, if adequately trained, can help to build the brand in addition to increasing sales. **Check out the display in action at youtube.com/watch?v=G17jgCZUYuc&feature=emb_logo**

WHAT DRIVES CUSTOMERS TO SHOP AT BRICK AND MORTAR?

CUSTOMERS SHOP IN-STORE to get those experiences they can't get online. Many want to see the product up close, some want to take the product home that day, and still others want that interaction with the store employee and the customer service that comes with that interaction. And while customers can purchase almost anything online, there are still some product categories they prefer to shop for in-store.

A 2018 GlobalData Report showed that on average, over 90 percent of retail sales were made in-store worldwide.



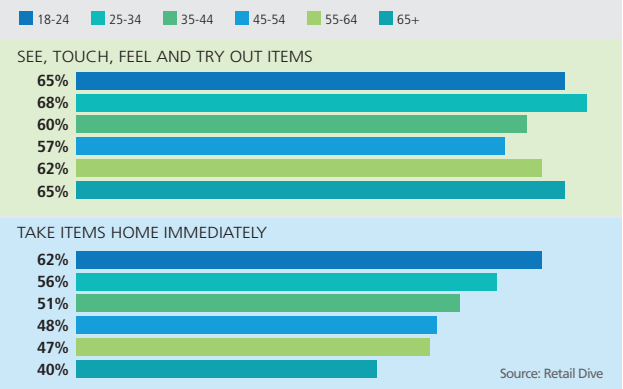
SEE THE PRODUCT & TAKE IT HOME

According to Retail Dive's 2017 Consumer Survey, customers go to a physical store because they want to see and try products in-store and take them home with them. 62 percent of those surveyed want to see, touch, feel and try out items; women (66%) more so than men (59%).

When compared to the overall average (49%), a higher percentage of shoppers less than 35 years as well as older (65+) want to take immediate possession of their items.



REASONS FOR SHOPPING IN-STORE VS. ONLINE – BY AGE



CUSTOMER SERVICE AND THE STORE EMPLOYEE

In the 2018 Shop! ROI Standards: Store Design document Vince Guzzi, Managing Partner at retail consultants Watt International Inc., shared how retailers and brands rarely consider the employee when discussing a new store design or store metrics. In his experience, brands and retailers more often focus their efforts on the outward experience to customers and less often on the inward impact on employees. The reality is that both are equally important in delivering the greatest return on investment.

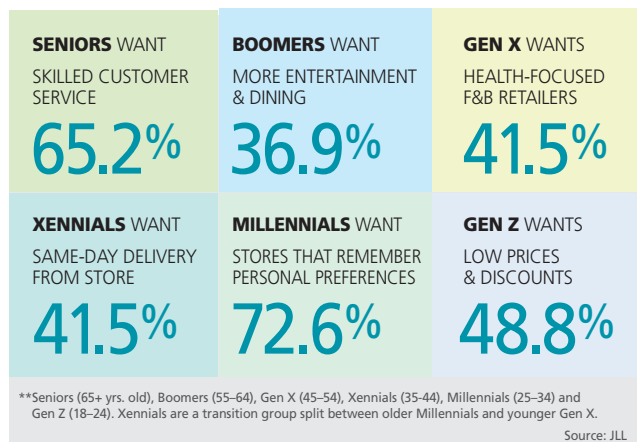
It is not a secret that well-trained, happy store employees are engaged and productive brand ambassadors, which leads to excellent customer experiences and thus increased sales. Retailers need to create a new model where store staff are appreciated and trained to meet customer expectations. Retailers also need to train their employees to understand the mechanics of the store environment, value of the brand, and importance of customer service.



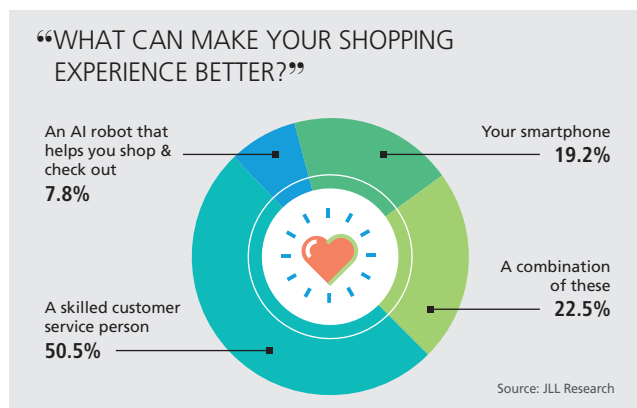
If there are in-store experiences for shoppers (i.e., climbing wall at sporting goods store, virtual reality experience at electronics store, or trying on make-up), employees need to understand the importance of the experience as well as their role in facilitating the experience and, most of all, how to capture the shopper's reaction to the experience.

Training and communication with retail staff is critical when implementing a store redesign project or hiring new employees. To better interact with shoppers, store staff needs to be excited about the brand, the products, and the customers. They should be fully trained and understand the intricacies of the store environment, including how and why it works.

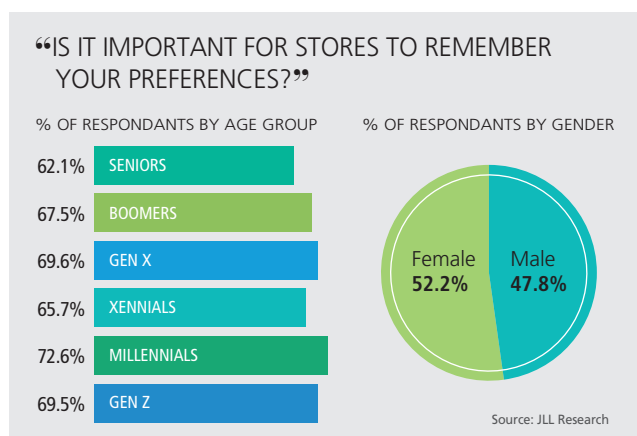
In March 2019, Jones Lang LaSalle IP Inc. (JLL), asked more than 1,500 adult consumers what really matters to the American shopper. JLL discovered which trends will have the biggest impact on the future of retail.



When JLL asked consumers, what can make your shopping experience better? Half stated a skilled customer service person.

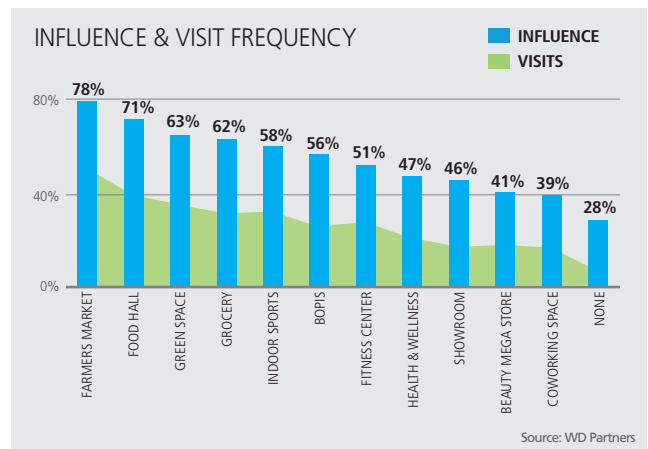


72.6 percent of Millennials and 69.5 percent of Gen Z think it's important that a store remember their preferences.



BUYING HOUSEHOLD ESSENTIALS

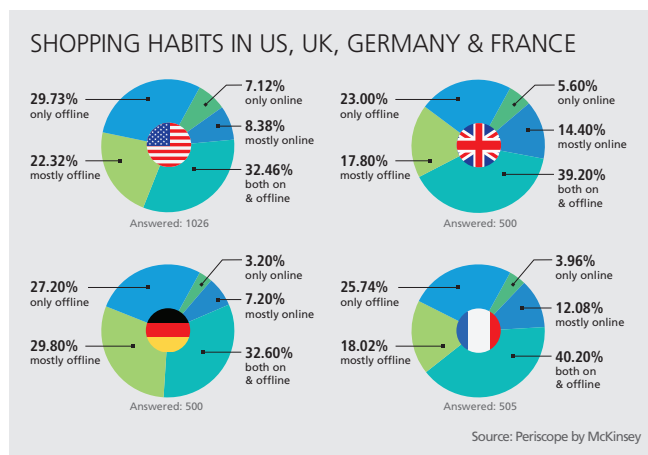
According to the WD Partners white paper, *Apocalypse to Relevance*, “the only way to reinvent and save malls is to transform the space dominated by department store anchor tenants and specialty apparel into other purposes entirely.” To test their theory, WD Partners surveyed over 4,000 consumers and proposed a number of solutions to them. Food-based solutions ranked the top of the list.



Looking again at the Retail Dive's 2017 Consumer Survey, 58% of the shoppers surveyed stated they were more likely to shop in brick-and-mortar for household essentials such as groceries.



And in 2018, Periscope by McKinsey took the subject further and looked at the CPG shopping habits of customers in the United States, France, Germany and the United Kingdom. They found that while customers took a blended approach to shopping, in-store (offline) was still very much the preferred method of obtaining products.



The research reveals the extent to which offline CPG shopping behaviors continue to dominate in Germany and the US. Almost two-thirds (57%) of German shoppers confirm they currently make most of their CPG purchases in brick-and-mortar stores, followed closely by 52% of US shoppers for whom the physical store still prevails as the channel of choice.

CASE STUDY:

ENHANCING CUSTOMER EXPERIENCE WITH DOUGHNUTS

Client: Krispy Kreme

Project Lead: WD Partners

Retail Channel: Restaurant

Product Category: Specialty Food

Services Used: Brand Strategy, Experience Design, Environments Design, Visual Merchandising, Food Service Design & Engineering

Materials Used: Multiple styles of dining chairs from Emeco, including community table chairs, stacking chairs and barstool chairs; community table, round and square tables from Grand Rapids Chair Company; patio furniture from Emu Americas



SOURCE: WD PARTNERS

When Krispy Kreme decided to take on its first comprehensive redesign in a decade, it turned to WD Partners for collaboration. The brand wanted to efficiently design the ultimate doughnut experience, using this Concord, N.C., shop as a model for future stores. With the goals of reducing building costs and offering an elevated customer experience, Krispy Kreme partnered with WD Partners' operations strategy & design team to create a store that would improve manufacturing while staying true to the Krispy Kreme brand.



SOURCE: WD PARTNERS

The WD Partners team found opportunities to improve the workflow behind the counter and in the two-lane drive-thru service, thus refreshing in-store operations. The new design showcased an enhanced doughnut theater experience, offering an end-to-end view of the doughnut-making process. We also brought some of the doughnut-making theater to those in the drive-thru lanes by extending glass windows across two-thirds of the side of the building.

The shop featured a taste of what's to come from the brand: doughnut-infused ice cream available in both milkshakes and scoop sandwiches, as well as an array of new shop experiences, including the ability for guests to customize the iconic Original Glazed® Doughnut. To ensure brand consistency, the firm utilized its deep knowledge of Krispy Kreme to ensure the build was brand-right and did not feel like a new prototype within the chain. In the end, WD Partners tackled this unique challenge and met Krispy Kreme's needs head on.

Metrics: The metrics discussed during the planning stages were:

Value engineer all aspects of the prototype that was produced by another firm.

RESULT – WD Partners developed a package that was less expensive to build than the prototype, was built faster, and resonated highly with both customers and the client.

Develop a package with parameters that allows for use on a multitude of different sites.

RESULT – The package allowed for reducing the overall size of the building to accommodate use on smaller and more challenging sites.

Enhance the Krispy Kreme brand presence at store level.

RESULT – Keeping the Krispy Kreme brand at the center of the customer experience was the highlight of this design. From the laser-cut doughnut stencil canopy, the lively application of graphics and branding, the celebration and highlighting of the doughnut-making process, and the variety of seating options to the outdoor patio with oversized doughnut sculpture, all aspects of the design celebrated what makes Krispy Kreme amazing: great, hot fresh doughnuts.

Create a Kit-of-Parts for remodel stores along with application criteria.

RESULT – The Kit-of-Parts was translated into a complete package for remodels and was so successful and cost-effective that the remodel program was expanded by Krispy Kreme.

Refine and enhance the store operations process for production.

RESULT – WP Partners' Food Service Operations team developed solutions that maintained aspects that are working/successful and created new processes and adjacencies that allowed for greater efficiencies, employee satisfaction, and customer appreciation.

Collaboration: Working with Krispy Kreme, WD Partners, looked at what was being specified and used in the current prototype through the lens of the new design being developed and made appropriate recommendations based on the design. They collaborated with Krispy Kreme's existing vendors to make the furniture, fixtures, and materials. Collaboration was the key here as it allowed for all parties to bring their expertise to the project and make it better. Only a few new vendors were brought to Krispy Kreme; those with expertise in areas that they had not previously utilized, such as the oversize doughnut sculpture.

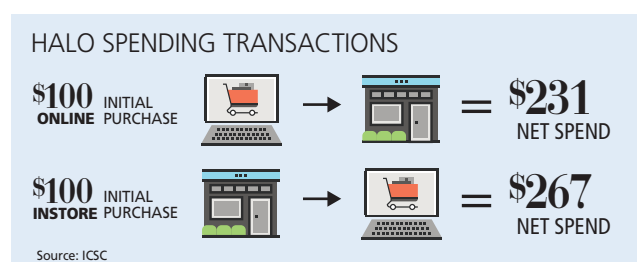
IMPORTANCE OF PHYSICAL RETAIL

THERE IS LITTLE DOUBT that ecommerce has established its place in retail. And it should be part of any brick-and-mortar retailer's strategy. Research shows the positive effect each has on one another. The International Council of Shopping Centers (ICSC) calls this the **Halo Effect**—the direct impact of brick-and-mortar stores on digital engagement and consumer awareness of those brands in a given market.

THE HALO EFFECT

In their latest report, *The Halo Effect II, Quantifying the Impact of Omnichannel*, the ICSC analyzed more than \$31 billion in consumer spending from 2016 to 2018. They found that, "When consumer spending starts in a retail store, it is typically followed by additional purchases on that retailer's website. And when buying begins online, consumers make subsequent purchases in the retailer's brick-and-mortar stores."

The report further showed how the total average net spending for halo events was significantly higher than the original purchase, regardless of whether the initial purchase was online or in-store.



Some types of social interaction and personal attention can only be experienced in-store. ICSC stated, "Spending time with a sales associate and having that person learn about you to be able to create a personalized experience is a huge opportunity," Fischman says. "Stores can provide a physicality and sense of place, an opportunity for immersion and a type of social engagement that cannot be created online," Reynolds wrote in a 2016 paper on reinvention of the retail landscape. "But this must be experienced in a context that makes sense to the customer. The role of the retailer in this new landscape is to create a web of engagement possibilities comprising multiple touchpoints, some virtual, some physical, but always with the shopper at the center."

EXPERIENTIAL RETAILING

For success, JLL noted shopping centers need to incorporate tenants that offer additional experiences outside of traditional merchandise. And, landlords need to think beyond the typical lease as not every brand is able or desires to sign long-term lease. This is backed up by their *Retail Research Point of View* report, United States, 2019. JLL surveyed more than 1,500 customers to see what they wanted out of retail. Respondents said they expect to see new and innovative retailers and more entertainment and dining options.



SOURCE: STARBUCKSRESERVE.COM/EN-US/LOCATIONS/CHICAGO

Illustrating this consumer desire is a new five-story Starbucks Reserve Roastery which has replaced the Crate & Barrel store at Erie and North Michigan Avenue in Chicago. According to their website, the Chicago Roastery is "five stories of coffee theater." Visitors can immerse themselves in all things coffee from food and drink to the art, science and theater of coffee.

Customers want new and exciting experiences, and a five-story roastery provides a multi-level experience at a variety of price points.

According to KPMG—and any marketer who has been paying attention these past few years—experiential retail (aka retailtainment) is the future...or, in actuality, the now. As brands and retailers compete with everything from online shopping to entertainment outlets, immersive experiences help drive people to the store. In a 2019 study, KPMG found Millennials are the driving force behind experiential retail.



Not all experiences have to be big, as outlined in the December 2, 2019 Shop! Retail Environments online article, FRCH NELSON sees micro experiences as top trend in 2020. Thinking up small-scale activations is the key to engaging consumers while keeping the experience fresh and authentic. In addition, micro experiences are a way to go beyond transactional interactions and build loyal, longstanding relationships with consumers.

"Micro experiences can reach consumers in ways an online experience can't," says Robyn Novak, VP and managing creative director of FRCH NELSON. "Consumers become more engaged when brands connect with them on an emotional level, it becomes more than a transaction."

Here are four principles for successful micro experiences in 2020, according to retail design firm FRCH NELSON:

- **Provide an experience that can't be replicated.** Micro experiences must be authentic to the brand for consumers to consider them meaningful.
- **Include elements of personalization and customization.** Many new-age brands have figured out how to differentiate themselves in the retail market through personalized products and services, making it necessary for traditional, established brands to reimagine their outdated merchandising strategy and overall instore experiences.
- **Engage consumers through the senses.** Some of the most pleasant retail experiences involve engaging their sense of touch, smell, sound and/or sight.
- **Scale your experience to fit all types of environments.** Micro experiences don't need to be flashy, extravagant, or over the top. They are an authentic and meaningful extension of the brand and occupy a minimal footprint.

To be successful and make a lasting impression on consumers, experiences must be authentic, offer customized solutions, engage on an emotional and sensorial level, and fit all types of environments.



Technology provides another way to improve the customer experience. According to the *Consumer View* report released by the National Retail Federation, consumers are embracing the use of retail technology to improve their shopping experience. More than 3 out of 5 say retail technologies and innovations improved their shopping experience. According to the report, 63% of consumers say that retail technologies and innovations have improved their shopping experience on mobile devices, while 66% say that they have done so in stores and 80% online.

"Consumers are very interested in solutions that take the uncertainty out of shopping," says the report. "The ability to address these needs is already shaping consumers' decisions on the brands and retailers they shop."

The key to creating immersive experience is communication and collaboration. Retailers, brands, and their suppliers need to have fully defined and agreed upon goals and objectives for the space. Working together to create a mutually beneficial partnership will not only make for a better project but will create a better customer experience.

Immersive retail experiences come in all shapes and sizes, with different goals and objectives. The following are case studies from Shop! members to show how working collaboratively, with different spaces, materials and technologies can create that ultimate customer experience.

CASE STUDY:

BANKING & COMMUNITY CONNECTION

CINCINNATI-BASED FIRST FINANCIAL came to WD Partners as a new client with a desire to further engage the community and strengthen its local business relationships. They asked WD Partners to design a new brand identity along with a cohesive small-branch experience that would promote product awareness, providing convenient banking for the local neighborhood and its businesses. Overall, they wanted to connect the city's rich history with that of the First Financial brand.

First Financial wanted to shake up the status quo and create a banking experience that matches their freshened-up brand experience, establishing an undeniable presence in the heart of Cincinnati's financial district. The goals of the project were to first attract new business and talent while still wowing current clientele. WD Partners then wanted to include workspace that inspires and encourages collaboration while also offering privacy when needed. Lastly, they strived to emphasize community with a space for hospitality that still performed the standard transactional functions every bank branch needed within.

WD Partners proposed a highly visible central community area where clients could attend seminars, classes, larger events, or simply have some down time. These large, multi-use spaces would act as a modern work and stay-space that would encourage collaboration and communication among different lines of business. With its impressive open spaces, everything feels iconic and connected, empowering customers and associates to seamlessly build relationships grounded in transparency and integrated expertise.

Overall, WD Partners helped create a revolutionary space that totally changes the typical financial office aesthetic, promoting trust and providing a connected way to work and socialize with clients. The revitalized building re-affirms First Financial as a modern, trustworthy resource in the heart of Cincinnati. The results opened stakeholders' eyes, changed old habits and communication styles, and benefited the company and community alike.



SOURCE: WD PARTNERS



SOURCE: WD PARTNERS

2019 SHOP! DESIGN AWARD GOLD WINNER: HARDLINE SPECIALTY STORE 7,501-25,000 SF

HARMAN Experience Store
Sendlinger Str. 46, Munich, Germany

Project Team

Aika Schluchtmann Architekten (AOR)
Alrec In-Store B.V. (fixture contractor, millwork)
Feco Feederle (furniture/upholstery)
Gensler (architect, design)
Harman International (AV, visual elements, retailer)
Henderson Engineers (engineering, lighting)
International Lights (lighting)
ITG (lighting)
Lindner-Group (lighting)
Ritter Projekte (GC)
Steelcase (furniture/upholstery)

Materials

Wood: Wire-brushed white oak veneer — loose fixtures & millwork
Glass: Mirror — loose fixtures & cash wrap
Concrete: Poured in place — flooring throughout
Wool Felt: 100% wool felt — Spec is Camira Blazer — acoustic panels (Fabricated by Alrec)
Upholstery: 100% PLF CS (Trevira CS — flame retardant textile) — Spec is Creation Bauman Astor II — perimeter fixtures
Metal: Brushed stainless steel — fixture shelving and trim powder coated aluminum — Lindner — acoustic baffle ceiling

A wholly-owned subsidiary of Samsung Electronics, HARMAN designs and engineers connected products and solutions for automakers, consumers, and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions, and services supporting the Internet of Things.



PHOTOS COURTESY OF BEECH STUDIOS

With flagship stores in Shanghai and Tokyo, HARMAN partnered with Gensler to realize an immersive retail store in New York and enlisted the firm once again to design its first European Experience Store in Munich. Given HARMAN's long history of operating in Germany and being an active supplier to the local automotive industry for audio and connected car technologies, Gensler's team sought to weave HARMAN's rich heritage and the local automobile culture into the very design of the store's interior.

Renewing the design strategy that was used for the New York flagship store, the Gensler team tailored the store plan, fixturing, and finishes for the Munich retail location. Custom millwork evokes HARMAN's



PHOTOS COURTESY OF BEECH STUDIOS

craftsman legacy, delivering warmth and hospitality while highlighting celebrated audio brands like JBL, Harman Kardon, and AKG.

The store's adjustable merchandise displays, and color-changing LEDs allow for entire store transformations, and designated areas are furnished with professional audio and lighting equipment to support in-store performances and events. This flexibility has quickly established the store as a primer space for HARMAN's vehicle partners as well, allowing brands like BMW and Mini to display new cars and technology. The Munich Experience Store provides a perfect opportunity to leverage their brand values, inspire community and storytelling, and create an immersive shopping and display experience for retail and automotive customers.

Designed for engagement: The store has a curving layout and undulating baffle ceiling that mimics the visualization of a sound wave. This pulls customers through the store and distinct touchpoints enable them to interact with solutions from HARMAN, including personal headphones and smart speakers that interface with lighting and digital, demonstrating the connected home experience.

Driven by local context and culture: Cars equipped with HARMAN's premium sound systems punctuate the layout, inviting customers to imagine themselves speeding down the Autobahn immersed in unrivaled HARMAN sound.



PHOTOS COURTESY OF BEECH STUDIOS

Additional Uses: Currently under construction is an ancillary space just steps from the main store which will act as a luxury audio studio, house an in-home theater setup, and provide store employees with conference space. An extension of the main space, this HARMAN Studio is expected to tap into Munich's luxury market and give consumers a fully immersive aspirational experience.

KEY TAKEAWAYS

THE STORE DESIGN IS AN OPPORTUNITY to deliver a “wow” factor even before shoppers engage with the merchandise and marketing materials. The design sets the foundation for the customer experience and critical touchpoints within the shopper journey. Knowledge about customers and what motivates them to shop, helps retail and marketing teams create and maintain store environments that customers will enjoy visiting again and again.

A well-thought-out store environment, and in turn customer experience, is based on shopper insights and has the customer experience in mind, coupled with well-trained, engaged employees. Ultimately, a store is the reflection of its brand, thus any design/redesign must reflect the values of that brand. Helping the retailer achieve such brand alignment and sales increases will help ensure a continued position as a valued partner.

1 UNDERSTAND WHAT MOTIVATES YOUR SHOPPER BEFORE THEY ENTER THE STORE

The consumer's shopping mode (Doing the Shopping vs. Going Shopping) has a material impact on how receptive they are to different types of marketing messages and to shopper marketing initiatives. Some people—though market research suggests not too many—love supermarket shopping and some (especially men) hate shopping for clothes, while a significant percentage of women hate buying car tires or tools.

While almost everyone has Doing the Shopping and Going Shopping occasions, there are differences in what each shopper may classify as one or the other, although most consumers are in a similar mode when they pursue a particular shopping occasion.

However, while it is an important factor that needs to be considered, the shopping mode is obviously only one determinant of purchasing behavior. When consumers search for a specific piece of information—an answer to a question, an address, a stock listing, or a price comparison—their goal is to simply find what they are looking for. Anything that speeds up the search process or reduces the effort required is welcome, but they are less likely to be open to diverting their attention elsewhere.



SOURCE: WD PARTNERS

2 DRIVE CUSTOMERS TO BRICK-AND-MORTAR WITH STRATEGY

As we stated earlier, customers want experiences they can't get online. Many want to see the product up close, take the product home that day, and still others want that interaction with the store employee and the customer service that comes with that interaction. One way to drive customers to the store is to have a unified marketing strategy. Most customers research their products online prior to purchase. Retailers and brands need to drive shoppers to the store to experience those products using product demonstrations, a sense of community, special in-store promotions, expert lectures, etc. Look for ways to offer a can't-miss opportunity.

With so much pressure on brick-and-mortar retail space to deliver results in the face of online, delivery, and off-premise options, it has never been more important for brands to capitalize on their use of physical presence to drive consumer awareness and participation with their brand. In the retail game, this boils down to recognizing the multiple stages of the customer approach and understanding what the consumer wants from you in each moment and how they perceive your brand offering. Learn more about these stages in Chapter 2.2: Store and Fixture Design of the 2019 MaRC Exam Prep Book.

3 CREATE ENGAGING IN-STORE CUSTOMER EXPERIENCES

The in-store customer experience (CX) is designed to appeal to shoppers' senses, and ultimately, their emotions. As Ken Nisch, Chairman, JGA states in his chapter on Customer Experience in the *2019 MaRC Exam Prep Book*, a store can effectively create a sense of CX expectation for the next "show," much in the way that a gallery or a museum effectively builds traffic. Rather than depend only on the season or traditional purchase patterns, a store can take an interruptive approach to driving purchase by creating new and exciting relevance for the inquisitive customer.

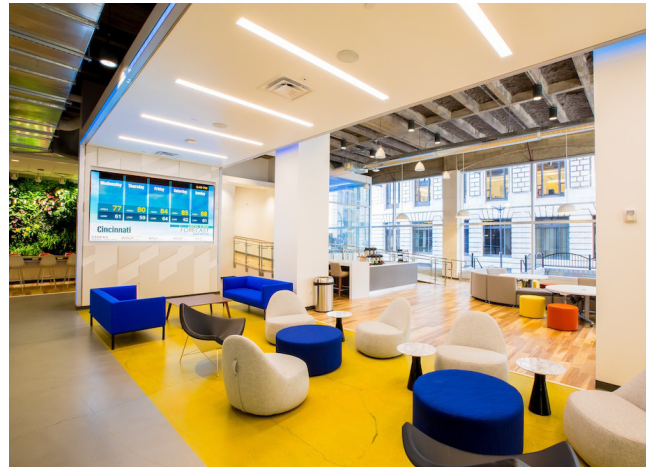
View the retail environment as the setting for the customer experience that a store delivers to its shoppers. Customer experience is more than just a transaction; it's an in-store shopper journey designed to engage, delight, and emotionally bond him/her to the store or brand. Each element in the retail environment, from the lighting to the flooring—and everything in between—helps shape the customer experience.

The retail environment is the physical embodiment of marketing. The physical location (i.e. retail store) and all of its elements are designed to sell products. These elements include—but are not limited to—interior and exterior design, lighting, flooring, fixtures, signage, displays, and visual merchandising.

Store fixtures and visual merchandising help build the brand/store image, tell the brand story, and create an experiential environment. Store fixtures, typically designed to remain permanently in the store, promote and sell merchandise. They are made in a variety of materials, colors, and styles to reflect the brand promise.

Visual merchandising products also promote and sell merchandise and are made in a variety of materials, colors, and styles. Retailers often use visual merchandising to entice the shopper through lifestyle vignettes.

Flooring can segment and differentiate areas within the store and lead the shopper journey, and it can be used for messaging and promotion. Flooring can maximize shoppers' and employees' ergonomic comfort, and it can enhance store safety (e.g. non-slip surfaces, illumination). Its influence in brand image and experience building is frequently



SOURCE: WD PARTNERS

overlooked; thus, flooring is often seen as a cost and not a revenue generator or risk mitigator.

The store's lighting enables shoppers to navigate the store and view merchandise and marketing materials. It also serves the important role of enabling employees to perform their job tasks. Lighting can create drama and focus shoppers' attention on products and displays.

Shopping marketing elements are products or services, including displays, signage, and in-store media, purchased by retailers and/or brand marketers to promote goods and services at the point of sale. These elements identify, advertise, and/or merchandise the store, service, or product, as an aid to retail selling.

Digital, mobile and interactive media is used in-store or on the storefront to enhance the in-store experience, engage consumers, reinforce brand positioning, increase dwell time, attract attention, increase sales, assist with product selection, provide customized products or services, etc.

The retail environment also includes merchandise, retail salespersons, and shoppers. But, the key is to use these elements in a way that keeps shoppers coming back.

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About Shop!

Shop! Environments Association (shopassociation.org) is the global trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 1,200 member companies and affiliates worldwide from 25 countries. The association brings value to the global retail marketplace through our industry leadership, research programs, industry certification, education and networking events. Shop! produces *Retail Environments Online*, offering business-focused content to retailers, brands, designers and suppliers throughout the industry.



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