

Smart retail: a cautionary tale



IN-DEPTH WITH... PARIK CHOPRA
4 MINUTE READ

Parik Chopra, Business Segment Leader in Retail and Hospitality at Philips Lighting, discusses avoiding common pitfalls, how retail is a force for positive change and why businesses need to be visionaries to keep shoppers entertained and engaged.

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What happens when a retailer fails to evolve and innovate in this fast paced digital age? Just ask [department store chain V&D](#), [UK retailer BHS](#) or even [Blockbuster](#).

They will tell you what a challenging world retail can be. All extreme casualties of recent years, they were unable to adapt as the world changed around them. Traditional bricks and mortar experiences are evolving, with agile retailers earning a place in consumers' hearts.

With retail sales across the globe projected to reach [around \\$27 trillion in 2017](#), [according to Statista](#), the world of retail is big business. To survive and thrive, the heavyweights of the industry know they have no choice but to deploy everything in their arsenal, taking care of their customers at each stage of their journey.

Changing face

The rapid pace of retail and its ever changing landscape is something market leader Philips Lighting has been paying close attention to. Thanks to the introduction of smartphones, artificial intelligence, robotics, the Internet of Things and the power of social media, the industry has changed beyond recognition in the last 10 years.

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“In fashion a **great example is Zara**. Their ability to spot the latest trends on the streets of Paris or New York and translate them into affordable designs made available in 4,000 stores worldwide in a few weeks is groundbreaking. These highly innovative companies have raised the bar very high and empowered consumers to demand better products and services from retailers.”

CASE STUDY

Zara: 3 ingredients of success

How the Spanish owned retailer has become one of the biggest high street brands in the world.

- 1) Consumer insights: Zara spots the latest trends across the world and also frequently collects feedback from stores on the likes of consumers and keeps up to date with the latest trends.
- 2) Agility in everything: Complementing deep consumer insights and driving demand, Zara has a flexible sourcing model to keep its supply chain light on stock and heavy on data. If the taste of consumers change during the year it can quickly respond to these changing needs without piling on huge inventories or risking stock shortages.
- 3) Omnichannel presence: Having a consistent brand image across 4,000 stores is real forte of the Inditex group. In the last few years Zara has worked hard to implement technologies to drive a consistent and seamless experience across channels by implementing state of the art mobile commerce, RFID tagging and backend integration to offer not only a fantastic in store experience, but an equally engaging online one too.

The store: our third home

There is no doubt, the pressure is on. In the age of smart retail, the physical shop is dead, right? Say this to Parik and he chuckles.

“While customers are more demanding on service levels, they will

also desire personal advice from an associate or even freshly baked pizza from an Italian chef in their local grocery store. A lot of retailers realize this and have started to open physical touch points. I believe retailers have to appeal to both the rational and emotional mind, not either or," he says.

Tapping into emotions

This emotional aspect can be clearly seen in the food industry and in how involved consumers now want to be in what they buy and eat, but also how aware retailers are of where they source their produce. Parik explains the farm to fork movement in particular has become a hot topic for this reason, amongst others.

"There is a certain charm in growing your own food or having it sup-



plied from a local farm. This is now possible with concepts like urban gardening, so you delight yourself with home grown herbs minus the hassles of the past," Parik says.

He also points to the explosion of the internet and prevalence of the

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subject in the media for farm to fork being at the front of people's minds, as well as for practical reasons, such as the need to stem the wastage that happens during the supply chain of this activity.

Looking to the future

With people becoming more knowledgeable on areas such as this, retailers are becoming smarter too. They're using lighting to establish atmosphere, collecting rich data to customize shoppers' experiences

and utilising technology, such as indoor positioning, to help people locate goods and to optimize displays. These are just some of the tactics being used. So, where is it all heading?

Businesses need to be visionaries.

“Retailers need to work out how they can bring a fusion of experiences into a static environment,” says Parik. “During their customer journey, a person might have a whole range of different needs over a period of two hours – not just buying clothes or vegetables.”

He adds: “That’s where retailers need to focus, catering for all of those different experiences. But there will be many retailers that will go out of business, there is no doubt about it, as they will not be able to transform because of the costs associated with this.”

Just ask V&D, BHS or Blockbuster, they will tell you.

Quick Fire Questions

In three words what do consumers want as part of their shopping experience in this new digital era?

- Customization
- Convenience
- Care

One of the coolest innovations you’ve seen a company do in retail?

John Lewis’ sofa studio in their department stores, a simple idea using 3D printed miniature couches with embedded RFID tags that consumers can place on a smart table and add swatches of fabrics they like. The table projects your virtual couch onto a screen, where you further contextualize your couch with pictures of your living room. Super simple, but effective.

Favorite retail experiences?

Hugo Boss and Albert Heijn. Hugo Boss works perfectly for me as they match my style and the service is impeccable. I like Albert Heijn because it has everything I need and I know exactly what I am getting each time I go.

Philips Lighting will be at *EuroShop in Germany* from the 5 – 9 March 2017. You can find our ‘Street of Dreams’ booth at Messe Dusseldorf, Hall 9, Booth 9B40. Don’t forget to follow us on Twitter at *@PhilipsLight*



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