

interact Retail



Trend report

## New narratives in retail

Smart retail

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PHOTO

## 01. Introduction

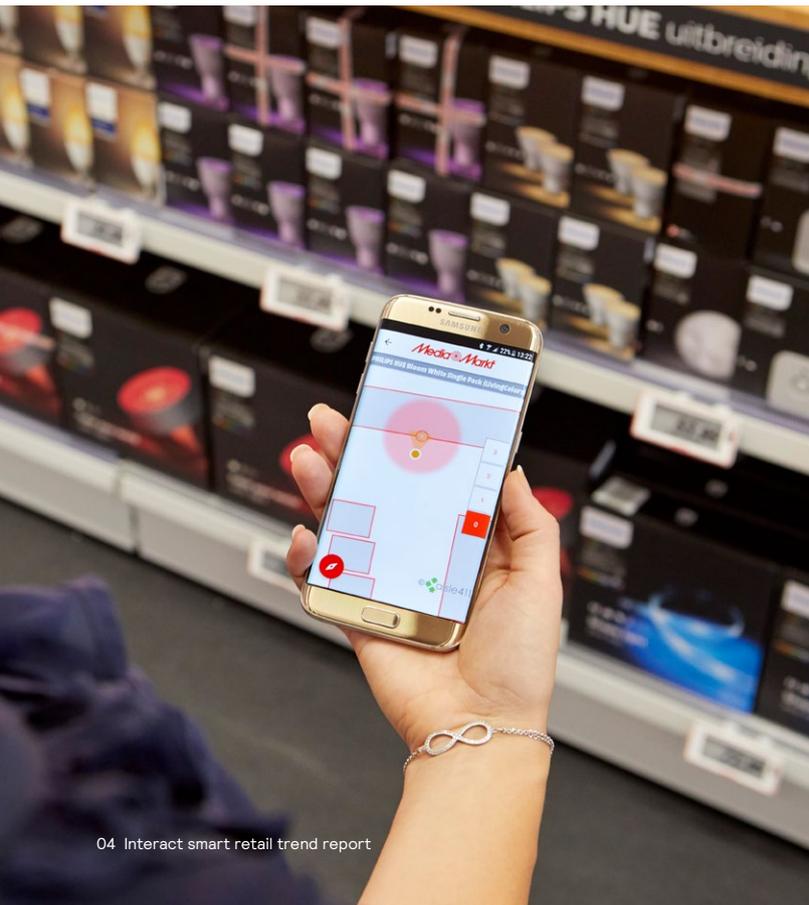
One of the most remarkable things about the retail experience today is how thoroughly mediated it is. More and more, shopping is something that we do via technology—and through the prism of experiences that technology makes possible.

Shopping has, of course, been a mediated act at least since the rise of the advertising industry, with its power to beguile us with narratives about the products we buy. But the rise of digital technology, with all its ubiquity and power, has brought the phenomenon to a new level of intensity.

These days, a retailer can still tell a brand story using a conventional print advertisement or a thirty-second commercial. But the retailer can do a lot of other things, too. It can present to passersby an interactive shop window display that diverts them and maybe even coaxes them into placing online orders as they stand there, smartphones in hand. It can deploy an ingenious augmented or virtual reality experience that draws the shopper across the threshold into the store itself. It can expose shoppers to immersive showrooms that offer unprecedented consumer experiences. It can lure us into “multi-sensorial” shops where olfactory and other stimuli play a role in compelling us towards a sale. And that’s just the beginning.

The sky, in other words, is increasingly the limit.

This report is an attempt to sketch out the state of the art in retail messaging and technology today. It’s a moment when new tech, on the one hand, and the need to reconceive the in-store experience for the ecommerce era, on the other, have generated a feverish—one might even say desperate—creativity.



In today's  
retail, the sky  
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the limit.

## 02.

### Working outside in . . .

The man wearing the sandwich board is a thing of the past. Now the most effective tool for catching the attention of passersby and perhaps diverting them into your store is arguably the interactive shop window.

Clas Ohlson is one retailer that's been particularly effective in deploying such windows. Working with tech provider Ombori and with Microsoft, the Swedish home and hardware retailer created a sizable interactive display that, triggered by built-in motion sensors, flares into life when a potential customer walks by.<sup>1</sup>

Having gotten the passerby's attention, the screen guides him or her through a series of phone-mediated interactions. The passerby can search for, inspect, and buy merchandise right there on the spot, via the screen, without even entering the store. Crucially, the screen functions even when the store itself is closed, creating what's essentially a 24-hour shopping day. If the screen facilitates sidewalk shopping, though, the goal is still to draw customers into the store premises when they're open, thus exposing them to the range of the store's merchandise—and fostering sales opportunities.

London retailer John Lewis has been another interactive window trendsetter. It's 2016 installations at its Oxford Street and Sloane Square stores put to work "Whispering Window" technology from UK tech provider Feonic. The tech provided a first-rate audio

experience, and without the use of cumbersome and unsightly speakers; the elegant installation, which was specifically pegged to the promotion of smart TVs, also used augmented reality features to integrate passersby into animated scenarios that would play on the installation's TV screens.<sup>2</sup>

In Athens, luxury shoe and handbag retailer Kalogirou created an ingenious interactive window display at its flagship store, letting passersby virtually "try on" shoes right there on the street. The display also let users indicate what shoes they liked simply by raising their hands in front of the screen.<sup>3</sup> And way back in 2015, Bloomingdales' New York City flagship turned its main display windows over to Ralph Lauren for interactive displays that let customers mix and match clothing items—ties and shirts, for instance—on plasma screens with the touch of a finger.<sup>4</sup>

In each of these cases, and in similar implementations, what's remarkable is the extent to which technology is being used to subtly, rather than aggressively, compel people into an interaction with a retail brand, and even into a purchase. The hard sale is a thing of the past. Then, too, experiences like Ralph Lauren's offer what amounts to a useful and even time-saving service—letting customers complete at least some portion of the merchandise selection process before they even step inside the store.



## 03.

### ... and inside out

If retailers are going to creative lengths to catch shoppers' attention on the sidewalk, they're also trying to make their interiors as compelling as possible. Store interiors are often becoming destinations in themselves. At their best, they're spaces that even attract people who might have little initial interest in the merchandise in question, but who are, like everyone else, seeking experiences that stimulate.

Mazda was the progenitor of one particularly interesting "inside-out" experience. The Japanese car maker hired German digital agency Demodern to create a "virtual reality car configurator."<sup>5</sup> This apparatus allowed car shoppers to don VR gear and do exactly what the product's name suggests: explore cars inside and outside, using a hand controller to change views and angles and choose different options.

Such a tool doesn't quite replace the time-honored car-shopping ritual of climbing into and out of a physical floor model at a dealership. But it does complement that ritual, letting shoppers experience color and upholstery combinations that physical floor models might not provide for. This execution represents one form of VR at its best, organically filling a real need rather than standing as a gimmick or, maybe even worse, trying to replace a perfectly adequate real-life experience.

Not all such enhancements of the in-store experience are tech-driven. Sometimes they're just "hacks" that make so much intuitive sense that you wonder why no one thought of them before. The contemporary coffee shop as it's developed over the last three decades is a great example in this regard. The recognition on the part of Starbucks and others that letting patrons linger for long periods of time was good for business, rather than a liability, was itself a great example of the "inside-out" retail marketing approach. Now some bookstores are upping the ante, setting up on-site bars that offer alcohol at night. In this way, they make themselves into social hubs—with welcome effects on the bottom line.<sup>6</sup>

Elsewhere in the domain of ingenious low-tech "inside out" gambits, London's House of Vans store, the UK flagship for the skate-shoe brand, offers a cafe and space for live music and art installations. More to the point, it also offers an actual skate ramp and street-style course. What better way could there be for Vans to attract members of its core clientele of hardcore skaters?<sup>7</sup>



## 04. The AR-assisted shopping future

Not even a decade ago, virtual reality seemed poised to be the next big thing in retail. If you were buying a tennis racquet or golf club, you'd soon be able to give it a digital swing. And so on.

The consumer rush into VR never really materialized, even if certain brands made respectable forays into it. Volvo has offered a VR-powered “test drive” of its vehicle, using the Google Cardboard headset. Jaguar, Lexus, and other car makers have offered similar experiences. The relative success of car brands in using VR is no accident: movement is one thing that VR does well.<sup>8</sup>

But more promising is VR's less renowned cousin, augmented reality (AR), which involves the superimposition of computer-generated elements over a real-world image on a screen. AR has become common in retail, especially in areas where it's imperative to try something on or see how something looks in a given context. Apparel, home furnishings, automotive, and beauty industries, among others, are emerging as effective proving grounds for AR experiences.

Witness, for instance, a recent Gucci AR execution that lets you put yourself in the luxury clothier's high-end sneakers.<sup>9</sup> Or the technology, deployed by IKEA and other furniture retailers, that lets shoppers use their phones to “place” furniture in their homes—giving a sense of how this or that love seat or table will look in

a room.<sup>10</sup> Or apparel titan Topshop's in-store AR screens, on which shoppers can virtually “try on” clothing.<sup>11</sup> Or a clever Vespa execution that allows scooter shoppers to digitally customize the scooters they'd like to buy.<sup>12</sup> Or the “virtual try-on” AR executions that beauty retailers, including L'Oréal and Sephora, have offered makeup shoppers.<sup>13</sup>

We could multiply such examples at great length, and that's the point: according to a report released in early 2020, 100 million consumers were “expected to shop using AR either online or in-store” in the subsequent year, a development made possible by the sheer worldwide proliferation of smartphones and tablets capable of providing AR experiences.<sup>14</sup> “Augmented shopping,” which lets consumers “engage with brands and products via digital experiences that allow them to try on, try out, interact, or personalize their product virtually” is not only here to stay, but will help define the retail future.<sup>15</sup> And it will do so by making shopping simpler and easier.

AR in retail has most recently received a fresh impetus from a phenomenon that's driving interest in digital retail in all its forms: the COVID-19 pandemic.<sup>16</sup> With shoppers leery of visiting stores, AR-powered virtual try-on and visualization applications sell themselves. That might especially be the case with beauty products, such as lipsticks, for which hygiene is a top concern.

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## 05.

### Senses working overtime

If the best AR executions elegantly combine the virtual and the real, other retail strategies involve making real-world spaces as pleasant as possible via an appeal to the shopper's senses. It turns out that making retail spaces smell, feel, and even taste good—in addition to looking and sounding good—is smart business.

Thus has “elevator music” fallen by the wayside, replaced by “environmental sound technologies” that consultants craft to fit particular retail environments. Unsurprisingly, young people prefer different (typically louder and more foregrounded) music than older people do—meaning that soundtracks can be manipulated to attract desired clientele.

Then there's “scent marketing.” Research from the American Marketing Association indicates that customers will linger in a pleasant-smelling place of business for 44 percent longer than they would in a place that's not so appealingly scented.<sup>17</sup> Brands like Abercrombie & Fitch, which diffuses its signature “Fierce” scent through its stores, and Cinnabon, each location of which wafts out a baking scent to entice passersby, are among the retailers driving the scent marketing bandwagon.<sup>18</sup>

Then there's good lighting, which is often the sine qua non of a positive retail experience. Providing excellent light is a high craft that can rise to the level of art, requiring not only tech acumen, but also a sensitivity to lighting's emotional valences and effects. Bright colors are spurs to alertness and action, while blues induce relaxation, and so on.

Some forward-looking retailers have even experimented with appealing to all five senses at once. The Dust concept boutique in Melbourne, Australia, offered different areas that appealed to different senses when it opened several years ago. One section foregrounded carefully chosen music. In a second, the shopper's presence triggered the dissemination of a scent through the air. In yet a third, tea was brewed for shoppers' consumption.<sup>19</sup>

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## 06.

### Take me with you: three extraordinary stores

Three unique retail models deserve mention here—establishments that significantly reconceive the retail experience.

The first of these is models represented by STORY, which began as a concept store in New York City. The concept was this: the story would embody “editorial” themes that regularly changed. At one point, for example, the store gave itself over to an exploration of “Color,” decorating itself appropriately and stocking a curated selection of merchandise, much of it from small businesses and producers, that reflected that theme. The store also embraced a “Love STORY” theme for Valentine’s Day, not to mention themes like “Home for the Holidays,” “Wellness,” and “Remember When.” During a seven-year span, STORY changed its theme 40 times.<sup>20</sup>

STORY proved so successful that Macy’s bought the business in 2018. STORY by Macy’s, now a presence in dozens of Macy’s stores, will take the concept well beyond the New York clientele that initially made it a hit.<sup>21</sup>

The second of these extraordinary retail models came in the form of Selfridge’s Fragrance Lab, which in 2016 temporarily filled Selfridge’s Concept Store space. The Fragrance Lab presented the retail experience as a sort of journey, with one stage leading to the next. Upon entering the store’s dreamily pristine white space, customers were directed to iPads to take what amounted to a personality test. They were then asked to tour a series of “sensorial chambers” in which they interacted with different scents, while guided by commentary that they received via headphones.

At the end of this little olfactory tour, customers answered more questions. Then staffers presented them with vials containing versions of their “signature scents,” devised by the store’s technicians. Customers made their final choices of which scent to take home on the basis of queries about their tastes and personalities. The result was a journey not only through a trail of scents and the physical space of the store, but into the shopper’s identity and personality as well.

A third extraordinary retail model has been exploited by more than one retailer. It involves the staging of retail experiences in extreme locations, in order to take shoppers out of their comfort zones—in a positive way. Several years ago Audi and Airbnb teamed up to transport potential Audi customers to an Airbnb location in Death Valley, there to test-drive Audi’s R8 sedan amid the open spaces.<sup>22</sup> In Dubai, to showcase the water-resistant features of one of its phones, Sony set up a retail point in a swimming pool—shoppers could test out the phones while literally swimming around with them.<sup>23</sup> And an IKEA location in Essex, England, invited 100 shoppers to spend the night on its premises. The “sleepover” guests were given massages and manicures and were read a goodnight story by a reality TV star.

The existence of such retail models testifies to how retailers are going out of their way to reconceive shopping in an era of dramatic market turmoil.



## 07. From retailer to curator

As those who read the fashion or design media might have noticed, no longer does the in-house buyer at a certain type establishment “choose” or “select” the items that his or her store sells. Rather, he or she “curates” them. That word implies a level of discernment approaching connoisseurship.

Retailers that offer shoppers a “curated” selection of merchandise represent a bona fide trend on the market today. Whether they sell furniture, clothing, or anything else, these establishments will generally feature high-quality items from independent producers, the latter often local and vaunting a commitment to sustainability. The goal is to interest discriminating boutique shoppers with money to spend on what’s unique—integrating those shoppers into a narrative of refinement and commitment to the handmade and artisanal.

Many of the stores that locate themselves in this niche are strictly local affairs. Roman and Williams Guild, which sells artisanal housewares, is a particularly high-profile representative of the genre in New York City. Paris’s Colette (which closed in 2017) and London’s Dover Street Market are other independent stand-outs in this area. All of them are located, not by accident, in world fashion capitals widely inhabited and visited by the well-off.

The “curated” concept is also scalable to a mass level, as chains like Anthropologie and Urban Outfitters, with their diverting ranges of products from different producers, have proven. “Uniqueness” sells across a variety of price points.

## 08.

### Let me tell you a thing or two

We live in a golden age of user-generated content (UGC)—content about a brand or product produced by users and fans themselves, and posted on ecommerce sites, social media, and the like.

Positive UGC can be a boon for a retail brand. As AdWeek has reported, 85 percent of ecommerce users consider UGC more influential in their buying decisions than they do the photos or videos that a brand itself has created.<sup>24</sup> What's more, user-generated videos log 10 times as many YouTube hits than brands' own videos do.<sup>25</sup> Few are the online shoppers who haven't at some point consulted user reviews or other UGC.

Interestingly, AdWeek also indicates that consumers are more convinced of UGC's value than businesses are. Only 65 percent of businesses consider UGC influential in consumer buying decisions. This suggests that there's room for brands to expand their support for consumers who want to talk about their products.

That said, a wide range of brands have put UGC to creative use. A high-profile example was a 2011 Coca-Cola campaign in which bottles bore popular first names. Consumers were compelled to buy the bottles with their names on them, as well as the names of their children, pets, significant others, and so on. The campaign also generated valuable UGC as users

posted photos of themselves holding bottles with their names on them. So successful was the campaign that Coca-Cola rolled it out to 80 countries.

Canon is another company that's scored with UGC, asking users to submit their best photographs to the venerable camera-maker's social media properties. Apple has done much the same with its "Shot on iPhone" campaigns. GoPro is also heavily invested in sharing action and adventure photos that users have taken with its helmet-mounted cameras.

Outdoor clothing and gear maker Patagonia, meanwhile, has put UGC to work ingeniously for decades. Even in the pre-web era, it relied on reader submissions to illustrate its catalogues. Its online store and online properties rely on user-generated outdoor-themed photos to this day.

UGC can be so valuable that retailers are no longer content to leave it to users themselves, at least not completely. Media agencies have gotten involved in UGC, thus "professionalizing" it, and online platforms to facilitate and perfect it have proliferated. Given the mass and reach of social media—60 million Instagram images are uploaded every day, to give just one benchmark—UGC represents low-hanging fruit for the clever retailer.

**85 percent** of ecommerce users consider UGC more influential in their buying decisions than they do the photos or videos that a brand itself has created.



09.

## New stores—and a new story

Is brick and mortar retail really dying, as we've all so often heard it is?

In surveying the creatively dynamic state of retail today, it's possible to doubt that. It's possible, in fact, to see the dawn of a new brick and mortar retail era, oriented as much towards providing compelling experiences as it is to aggressively promoting sales. As we enter an era more skeptical of online culture, the need for compelling offline experiences may start to become more widespread

That's not to say that brick and mortar retail will ever claw significant market share back from the ecommerce behemoth. But it does suggest that smart, well-executed physical retail will retain its value—just as the old-fashioned book and some incarnations of the old-fashioned glossy magazine have retained their value. If this happens, the models and tendencies discussed above will have played a large role. Collectively, they point forward to an exciting new narrative for retail—one that will replace the one that ended with ecommerce's rise.







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