HOW RETAIL TECHNOLOGY CAN BRING CUSTOMERS BACK TO BRICK AND MORTAR STORES
Retailers are shuttering **brick-and-mortar stores by the thousands** as online sales continue to peak. Well-known brands such as Payless Shoes, J.C. Penney, RadioShack and rue21 continue to close an ever-growing number of locations across the globe. Meanwhile, e-tailers like Amazon see sales blossoming as new tech such as the Alexa digital voice assistant consistently surprise and delight customers and provide fresh, innovative ways to enhance their shopping experiences. If physical retail space is to survive, businesses of all sizes must adapt and create new methods to "wow" customers with unwavering in-store experiences.

Still not convinced brick-and-mortar stores need to evolve? Here are some cold, hard facts to consider:

- "There have been nine retail bankruptcies in 2017—as many as all of 2016. JCPenney, RadioShack, Macy’s, and Sears have each announced more than 100 store closures. Sports Authority has liquidated, and Payless has filed for bankruptcy. Last week, several apparel companies’ stocks hit new multi-year lows, including Lululemon, Urban Outfitters, and American Eagle, and Ralph Lauren announced that it is closing its flagship Polo store on Fifth Avenue, one of several brands to abandon that iconic thoroughfare.”[2]

- "Credit Suisse Group AG analyst Christian Buss reports that year-to-date store closings are already outpacing those of 2008, when the country was at the peak of a recession. There have been 2,880 closings announced so far this year, compared with 1,153 for this period in 2016. It’s estimated that there could be 8,640 store closings in 2017, higher than the 2008 peak of about 6,200.”[3]

- "The number of Amazon Prime memberships in the U.S. jumped 35% last year to 54 million.”[4] In the fourth quarter of 2016, nonstore sales topped $145.49 billion, a 12.8% increase compared with the fourth quarter of 2015, according to data released in January by the U.S. Commerce Department. Based on the Q4 jump in nonstore sales, e-commerce sales alone stand to grow about 16.0% during the same period—a growth rate not seen since 2013.”[5]

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- "Experience over Convenience?

  Customers demand customizable, dynamic shopping solutions that provide them a measured quality (not quantity) of buy/decision information that recognizes their preexisting preferences and demographic profile. This makes shopping anything other than it chore, it makes the experience fun! Customers expect more than just a very large space filled with products to browse. They expect ingenious forms of entertainment and delight. Innovative retailers must invest heavily in Internet of Things devices and software that leverages augmented reality, store associate knowledge base/relationship and, yes, even virtual reality.

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You’ve Got a Friend in Me...

Store associates are the first line of defense in brick-and-mortar customer engagement success. A sullen, disengaged employee will fill up pages of negative Yelp reviews very quickly and can often damage brands. Engaged, knowledgeable associates will keep consumers returning as relationships are built. To attract and retain such associates, retailers often find that equipping them with the right mix of digital, POS and mobile tools is key.

Developing a customized, user-friendly associate mobile device and app system can improve sales, reduce stockouts and improve promotion execution, by providing associates with on-the-go price/feature data as well as inventory movement info will help create an immersive experience for the customer because they soon realize: “I matter to this associate. My happiness is their goal.” Consumers avoid the “I-can’t-find-my-product!” frustration. In addition, by integrating mobile solutions across stores, consumers are guaranteed a uniform experience from Times Square to Main Street. The proper mobile tool can centralize all digital tools into one solution and facilitate easy reporting for sales and customer reengagement.

In short, when your customer enters the shop they know they have a friend waiting to help them experience retail nirvana with the right tools.

Keeping It Real (and Augmented)

Augmented reality (AR) has the potential to attract game-loving consumers to stores in an attempt to make shopping not just about acquisition but also about in-store, socialized gaming. Retailers are using this technology, which integrates elements of virtual reality to alter how users interact with the real world, to revolutionize the shopping experience.

In March, liquor retailer Beam Suntory announced a partnership with the music-finding app Shazam to provide a “massively scaled augmented reality (AR) platform.”(6) Using Shazam’s audio and visual recognition app, customers at high-end spirits stores will be rewarded with a “gamification experience at point of purchase,” especially for the marketing of high-end tequila during Cinco de Mayo. The app will be able to scan codes to access 360-videos, overlaid product visualizations and 3D animation wrapped in a “co-branded AR interactive memory game.” Consumers will experience exclusive coupons, contest entries and other bonus content to make the shopping experience into a game.

While virtual reality (VR) has not yet reached the level of tech standards to make it viable across retail chain in general, some innovators are finding ways to leverage the tech for special retail events. In 2015, London mall chain, Westfield showcased key fashion trends using virtual reality equipment on site.

However, VR currently has limitations due to equipment scalability and unfamiliarity. “VR is more exciting, but right now it faces a higher barrier. That’s because consumers aren’t yet accustomed to wearing VR devices (even at home) or to doing anything with it beyond playing games,” states Dan McKone, Managing Director and Partner, of L.E.K. Consulting and coauthor of Edge Strategy: A New Mindset for Profitable Growth.(8)

McKone offers rational advice for retailers considering AR or VR: “Anyone interacting with an AR or VR retail application must immediately understand the value proposition if they are to keep using it. To help that along, explain how the application solves the consumer’s problems and naturally extends the brand’s connection to the consumer.”

In the end, utilizing cutting-edge technology depends on a retailer’s willingness to invest in the future – invest in technology that attracts and retains customers who are seeking an experience that folds relevant data crunching inside a game-like experience tailored to individual preferences and desires. A partnership with an industry leader in cross-platform retail solutions can stem the tide of disengagement many storefront retailers are experiencing and build increased profits, dazzling customer engagement and brand loyalty. While Amazon and the like may be scoring sales slam dunks, the ball is still firmly in the brick-and-mortar court and it’s anybody’s ball game.

ELEKS provides highly scalable cross-platform solutions that can transform brick-and-mortar operations into immersive and fun experiences for savvy customers. Contact us to find out more.
Sources


5. https://www.digitalcommerce360.com/2017/02/08/online-will-grow-three-times-faster-retail-industry/

