THE RETURN OF THE HIGH STREET:
HOW TECHNOLOGY HAS CREATED A NEW FUTURE FOR RETAILERS

This White Paper examines omnichannel opportunities for retail brands

CONTENTS

B!O

INTRODUCTION

High street retailers are at a crucial point in their existence and need to evolve if they are to stay relevant to the next generation of consumers.

Technology is overturning received retailing wisdom and established practices at an accelerating rate. It is changing how customers search, shop and pay and their expectations of the retail experience.

WE SURVEYED
2,100 CONSUMERS

Will high street retailing as we know it look completely different by 2025? Certainly, 84% of respondents polled by YouGov for this paper said they expect the high street to change significantly in the next decade.

This might be daunting for some players but forward-thinking companies should be excited by how technology can help engage and motivate customers on the High Street and give them a competitive edge.

Adopting an omni-channel perspective will help integrate developments in fulfilment, co-creation, personalisation, experience, self-serve and other factors into a coherent retail strategy.

This paper explores findings from an exclusive YouGov study of 2,100 consumers that illustrate attitudes to technology, shopping and the high street and suggests strategies that retailers can pursue in response.

There are also insights from senior retail directors on what they think the future holds and how they are preparing.

We will explode some myths and suggest what retailers with online and offline estates need to consider to become a profitable enterprise in a future digitally-integrated physical retail world.

— SECTION 01

SERVICE FLOW AND THE OMNICHANNEL RETAIL CHALLENGE

"It's about effort. We measure customer effort and it's our number one customer measure. Net Promoter Score is useful but effort is much more important."

Pete Markey, Chief Marketing Officer, Post Office

The leading reasons that might drive someone to the high street are bound up with omnichannel services that meet the 'want it now' mentality and a re-energised need for physical experiences.

Retailers are going to have to go one better than their pure online rivals and, as identified by Post Office CMO Peter Markey, make the shopping experience as easy (and as exciting) as possible for the customer.

SECTION 01.1

CONNECTED
CUSTOMERS

are the drivers behind both the biggest disruption and biggest opportunity for established high street retailers. Consumers are now living their lives on devices – especially mobile.

"The biggest change that has been seen is the change in the customer's approach to shopping and how important the role of the web is in that journey."

Henry Swift, Marketing Director, Maplin Electronics

Smartphones are evolving as the key device for connectivity with 71% of people in the UK owning a smartphone and this number rising to 93% for under 35s (Source Google Consumer Barometer).

All these connected devices mean people can browse, research, check out reviews and order at any time of day and from any location. Because they can make purchase decisions 'in the moment' they increasingly believe they should be able to buy what they want and to have the goods delivered where they want.

For instance, 51% of respondents would be more likely to purchase products online if offered fast delivery, says the YouGov study. This figure rises to 58% for 18-34-year-olds. The high street is still attracting customers with a third of people heading there "frequently", according to exclusive YouGov research for this study.

CURRENT CONSUMER SHOPPING HABITS

22%
WITHIN THE PAST DAY

24%
A FEW DAYS AGO

17%
A WEEK AGO

10%
A FORTNIGHT AGO

9%
A MONTH AGO

5%
2-3 MONTHS AGO

7%
MORE THAN
2-3 MONTHS AGO

5%
DON'T KNOW

2%
NEVER

18%
WITHIN THE PAST DAY

22%
A FEW DAYS AGO

10%
A WEEK AGO

7%
A FORTNIGHT AGO

34%
A MONTH AGO

34%
2-3 MONTHS AGO

34%
MORE THAN
2-3 MONTHS AGO

34%
DON'T KNOW

34%
NEVER
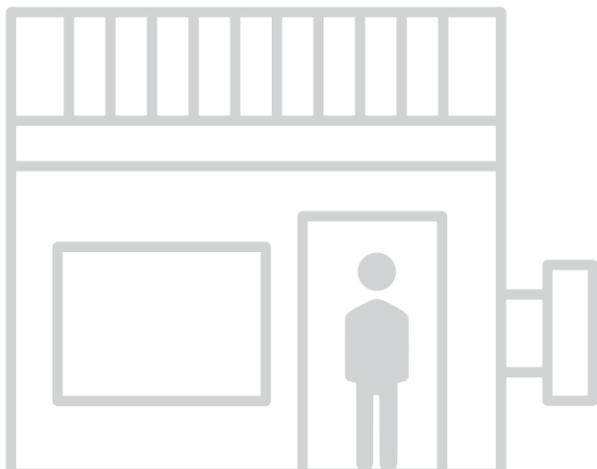
LAST SHOPPED
ON THE HIGH STREET

LAST SHOPPED
ONLINE

FIERCE
COMPETITION

Competition is fierce both from online retailers and out-of-town shopping destinations but this study's data suggests that, with the right strategies and appropriate technology, high street retailers can retain or grow their customer base.

Narrowing the time frame for high street visits shows that 46% of the adult population shopped either within the past day or "a few days ago". This figure dropped to a still respectable 42% for the 18-24-year-old demographic who are viewed as "digital natives" and more inclined to spend time online.

In comparison, when the frequency question was asked about online shopping, the figure for 18-24-year-olds responding "yesterday" or "a few days ago" was 34%.

However, high street visits dropped to 37% for 25-34-year-olds, possibly because they are more likely to hold credit cards, have more disposable incomes and own high spec devices for accessing the internet.

The high street does need to pay attention to see what techniques and services can be borrowed from out-of-town rivals. The latest high street visitor numbers from the BRC/ Springboard Footfall Monitor show figures down 1.5% year-on-year while retail park traffic rose 2.8%.

SECTION 01.3

MEETING CUSTOMER
EXPECTATIONS
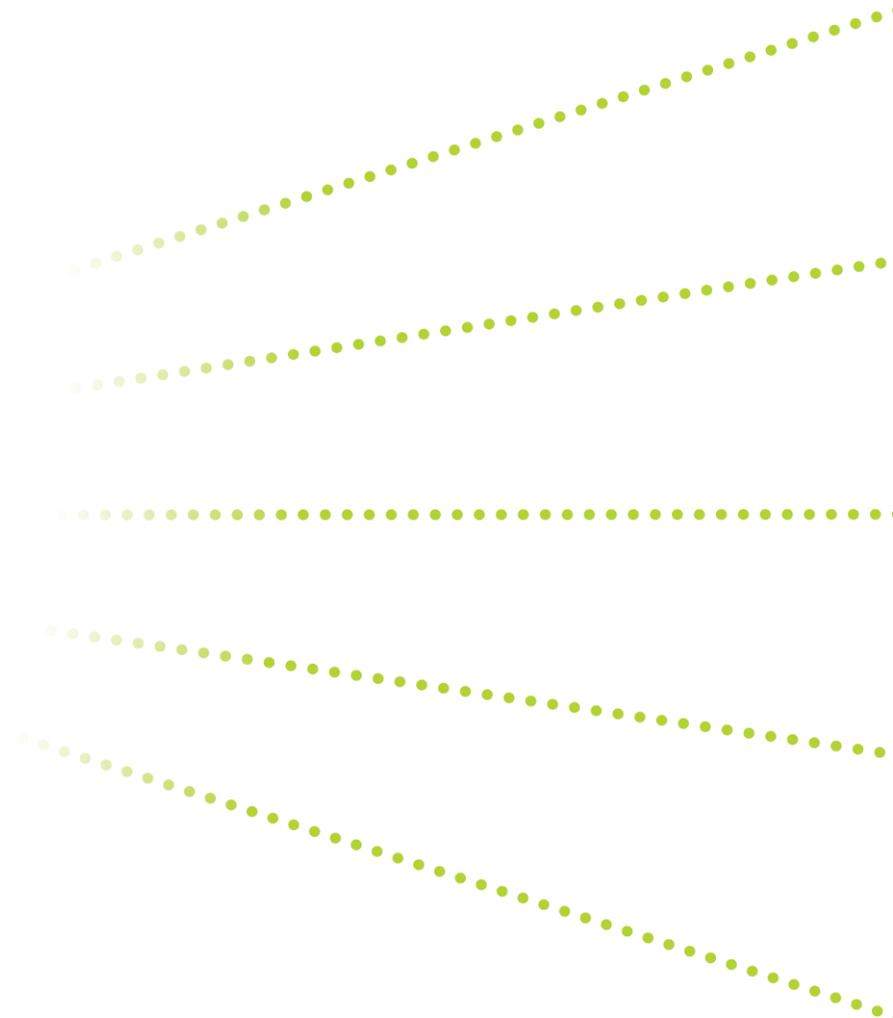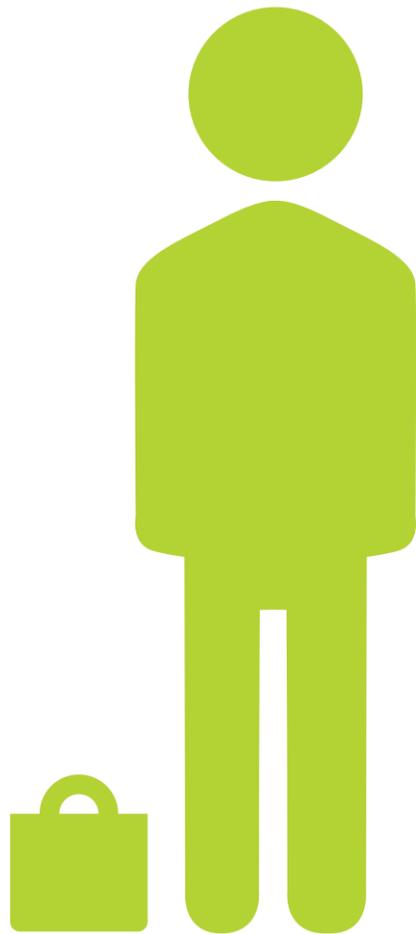
56%

THINK THAT PHYSICAL
STORES ARE GOOD
FOR 'TRY BEFORE
YOU BUY'

When asked what would make people more likely to buy from a physical store rather than online the YouGov survey responses were led by the 'try before you buy' opportunity (56%), the ability to avoid delivery charges and related problems, cheaper prices in-store than online and delivering instant gratification by having stock available.

This 'always-on' mind-set of today's shopper creates a set of challenges for retailers in meeting customer expectations, including:

Consistency in tone, price and product specifications across all touchpoints with the retailer, from the store to the call centre and from the website to the app.

Immediate resolution of problems with goods or services – either at the till or online.

Seamless cross-device and cross-platform experiences without the need to constantly input information such as addresses and credit card details.

Perfect order fulfilment – whether to the doorstep, delivery locker or for pick up in-store, the retailer has to produce the exact items ordered on time.

An element of personalisation in brand communications, recommendations and even in the end product. For instance, the ability to create your own colour blend of paint at B&Q.

Act 1 - Reasons to Consider

Set the scene online. Establish the brand relationship and showcase products & services on offer, then evolve it through the omnichannel narrative arc, building the brand story through Awareness into Consideration before the first Engagement Point leading to Evaluation.

Act 2 - Reasons to Buy

Use the emotional anticipation generated online in Act 1 to create deeper engagement with products & services via the digital augmentation of the In-Store experience to establish an excitement in the customer and a feeling that all activities are building towards a single outcome - Buy & Experience.

Act 3 - Reasons to Share

Offer multiple flexible ways to buy and then create on-brand user generated content vehicles that encourage sharing of experiences and advocacy in order to pull new customers through the customer decision journey. Create VIP quick re-buy routes for returning customers.

THE OMNICHANNEL
RETAIL CUSTOMER DECISION JOURNEY

Human history proves that we understand everything via the narrative structure of a three act story. Products & services are brand stories customers buy into and become part of. The fragmented nature of the customer decision journey now demands that companies have a well-defined online and offline omnichannel narrative structure to their sales funnel. In order to pull new customers through this sales funnel and create experiences that deliver buyers and, more importantly, advocates, companies need to tell a coherent brand story across all touchpoints.

Act 1 - setup
ONLINE

Act 2 - confrontation
IN STORE

Act 3 - resolution
ONLINE

Engagement Gateway 1

Brand Story & reviews

Engagement Gateway 1

Ways to buy

CUSTOMER ENGAGEMENT

Evaluation

Buy

Advocate & Bond

Tribal love & share

Try/Scan/Read Reviews via App

Purchase via App/Delivered at home

Awareness

Product Search

Experience

Use/Create content

Consideration

Browse Brand Website
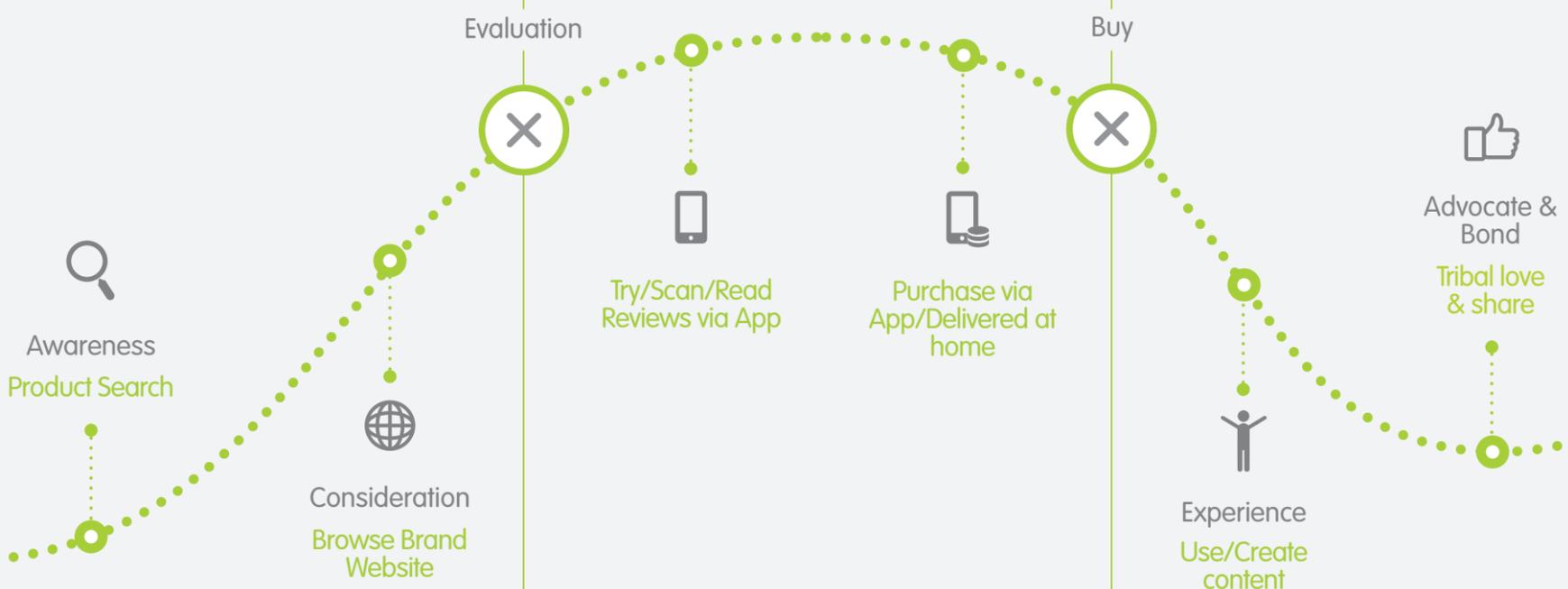
TIME

▪ SECTION 01.4

SERVICE
FLOW

What is clear is that customers want experiences in retail shops that compare with services like **Uber** and **AirBnb** – seamless, frictionless search-and-pay services that have self-serve digitised customer decision journeys and require nearly no interaction outside of the app.

The 'Uberisation' of services is moving at pace; however the current High Street retail shopping experience is still very much like it was 10 years ago. The concept of service flow is something that retailers need to embrace to allow customers to find, try and buy in their stores via a self-serve mechanism without any barriers.

It's Thursday and Kate needs a new dress for a hen night at the weekend, she looks at her favourite retailer's latest line via her mobile...


A

British Retail Consortium/Springboard Footfall and Vacancies Monitor June 2015.

B

Book time now

... she uses the app to book a time slot for her lunch hour ...

C
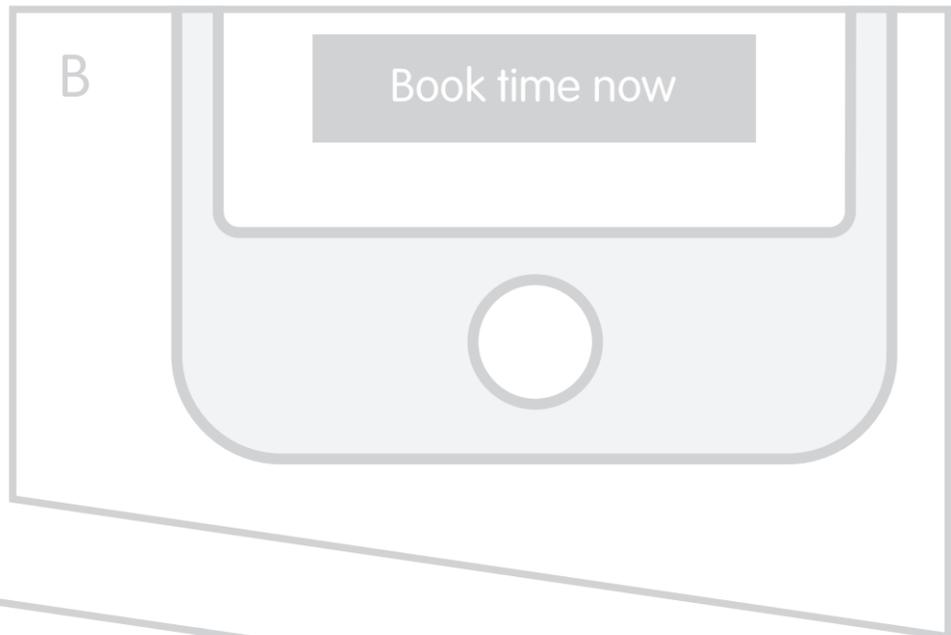
... she then chooses several outfits in different colours and sizes, and requests they be available in the changing room...

... she arrives at the store and is led to the changing room where her selected dresses are ready for her to try ...

D

1 2 3 4

E
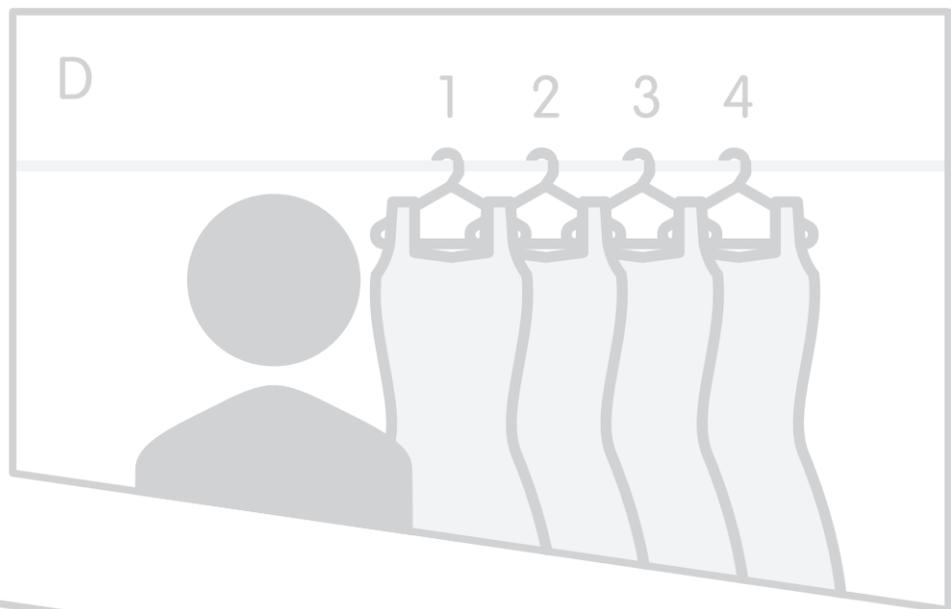
... 30 minutes later she is happily buying at the till via contactless payment on her smartphone.

— SECTION 02

WIDENING THE RETAIL OFFER AND GETTING PERSONAL THROUGH TECH

The rise of the digital marketplace is a phenomenon from which established players can benefit and is also a trend that is squeezing pure play online retailers. These marketplaces can be huge, like Alibaba and Amazon, or niche, like Etsy or NotOnTheHighstreet.

What they offer is a chance for established retailers to widen their offer and increase reach, trial demand for new products and test ecommerce in new territories. Retailers can set up their own 'stall' within marketplaces and see what goods might work in different geographic and cultural locations.

Using such platforms also allows a retailer to try out more customised products that have exclusive cachet. Apparel brands that have retail outlets are happy to sell stock via other websites, for instance Abercrombie & Fitch and Nike both sell goods via Asos.com. Grocery and supermarket retailers with own brand goods could trial them within a marketplace.

▪ SECTION 02.1

THE POWER OF
PARTNERSHIPS

Conversely, retailers can adopt a marketplace mind-set themselves. An arrangement with smaller, bespoke businesses can broaden a company's overall offering and attract new customers.

"I think we will see more of these sorts of models with people who are competitors becoming bedfellows. If you can buy Christmas food and pick up your Argos Christmas gifts at the same time – why wouldn't you?"

Pete Markey, Chief Marketing Officer, Post Office

Selling fresh produce from a local butcher or exclusive clothing ranges unavailable from a physical store can help differentiate a retailer.

Tesco is experimenting in this area with its Tesco Marketplace, which offers goods from Mamas & Papas and Maplin, among others, and is designed to establish credentials in the non-food sector.

Such relationships foster the power of partnerships and smart retailers are seeing how teaming up with businesses that might be considered rivals can be helpful for marketing and distribution purposes.

The Sainsbury's/Argos tie-up is one case in point but many others exist, such as the Waitrose/Shell partnership. Even Google has a branded store-within-a-store at Currys PC World in central London.

POST OFFICE®

THE ROLE OF TECH ON THE HIGH STREET

Retailers are going to be either first movers or fast followers and the costs of being the former can be high. The question is if you are too far out front, what level of competitive advantage are you obtaining? If you look at Apple Pay it's pretty certain it will take off because Apple makes things that work. Other payment systems may not work out.

The danger of some of these things is that we as marketers chase the next new thing while customers are still trying to catch up with the tech that came before. We must make sure we don't race ahead of our customers and forget the customer adoption curve.

How much are you doing things purely for the early adopters and how much is it really worth? Which horse do you back? Some of this stuff will fail and you have to really understand what the customer experience level is [of the tech]. Being a retailer is all about human interactivity at the end of the day.

Pete Markey, CMO, Post Office

SECTION 02.2

LEVELLING
THE LANDSCAPE

Technology originally favoured the online retailer but now it is levelling the landscape and allowing establish retailers to widen their offer to quickly respond to retail trends. It is also key to giving high street retailers opportunities that will help them thrive, but the functionality must be relevant and helpful to customers and not dehumanise the shopping experience.

52%

'VERY' OR **'FAIRLY'** LIKELY TO USE CONTACTLESS PAYMENT

Consumers can outpace businesses in their take-up and use of tech but the converse is also true. While there may be reputational advantages to being the first to introduce innovation there is also risk – look at the poor timing of Tesco announcing a Google Glass app just as Google pulled the Glass project from the mainstream.

There is a vast amount of media excitement over new technology from automated assistants to robots and artificial intelligence. However, when polled, consumers did not identify digital 'personal shoppers' or robot assistants as tools they were particularly likely to use – 58% said they were Fairly Unlikely or Very Unlikely to use an in-store robot's help.

When asked to think about retail technology and what they would actually find useful, contactless payment topped a list of options with 33% saying they were Fairly Likely or Very Likely to use such functionality. As you might expect, younger people show a higher propensity to adopt contactless payment with 52% of 18-24-year-olds expecting to use the technology.

Deloitte says only 5% of people in the UK use contactless payment on a weekly basis but this means the potential for take-up is huge. The arrival of Apple Pay, to be followed by Android Pay shortly, should drive payment via smartphones and retailers need to start examining the technology they will need to install to meet this behaviour.

Q: How likely or unlikely do you think you would be to use each of the following in-store technologies if they were available?

28%
NEITHER LIKELY OR UNLIKELY

21% VERY UNLIKELY

19% VERY LIKELY

19% FAIRLY LIKELY

16% FAIRLY UNLIKELY

13% DON'T KNOW

26%
FAIRLY UNLIKELY / NEITHER LIKELY OR UNLIKELY

25% VERY LIKELY

21% VERY UNLIKELY

13% FAIRLY UNLIKELY

15%

29%
VERY UNLIKELY

19% NEITHER LIKELY OR UNLIKELY

16% FAIRLY UNLIKELY

15% FAIRLY LIKELY

4% VERY LIKELY

16% DON'T KNOW

29%
VERY UNLIKELY

23% FAIRLY LIKELY

16% NEITHER LIKELY OR UNLIKELY

16% FAIRLY UNLIKELY

7% VERY LIKELY

9%

PERSONAL PRICING

DIGITAL PERSONAL SHOPPER

3D PRINTING OF ITEMS

DIGITAL CHANGING ROOMS

FACIAL RECOGNITION

34%
VERY UNLIKELY

19%
FAIRLY UNLIKELY

19%
NEITHER LIKELY OR UNLIKELY

13%
FAIRLY LIKELY

4%
VERY LIKELY

12%
DON'T KNOW

ON DEMAND DRONE DELIVERY

41%
NEITHER LIKELY OR UNLIKELY

24%
VERY UNLIKELY

16%
FAIRLY UNLIKELY

12%
VERY LIKELY

7%
FAIRLY LIKELY

34%
DON'T KNOW

ROBOTIC ASSISTANTS

40%
VERY UNLIKELY

18%
FAIRLY UNLIKELY

17%
NEITHER LIKELY OR UNLIKELY

11%
FAIRLY LIKELY

3%
VERY LIKELY

11%
DON'T KNOW

CONTACTLESS PAYMENT

26%
VERY UNLIKELY

22%
FAIRLY LIKELY

18%
NEITHER LIKELY OR UNLIKELY

15%
FAIRLY UNLIKELY

11%
VERY LIKELY

8%

FACIAL
RECOGNITION

ON DEMAND
DRONE DELIVERY

ROBOTIC
ASSISTANTS

CONTACTLESS
PAYMENT

SECTION 02.3

DEEPENING RETAIL
ENGAGEMENT WITH TECH

TECHNOLOGIES THAT
HELP PROVIDE AN EASIER
EXPERIENCE FIRST AND
FOREMOST ARE FAVOURED.

30%
'VERY' OR 'FAIRLY'
LIKELY TO USE DIGITAL
CHANGING ROOMS

19%
'LIKELY' TO USE 3D
PRINT TECHNOLOGY

Alongside contactless payment, digital changing rooms that allow clothes shoppers to visualise themselves in a variety of outfits would be welcomed – 30% of respondents (32% of women) said they would be "Very" or "Fairly Likely" to use such technology and 40% of 18-24-year-olds.

While 3D printing might not rank high across the overall panel (19% being likely to use the technology) this jumps to 30% for 18-24-year olds and 33% for 25-30-year-olds – possibly these groups have a better grasp of the potential of 3D for speedy replacement parts or unique gifts.

Virtual reality technology is still a new experience to most of the population but it can strengthen the integration between the offline and online proposition.

Ted Baker has used technology to create a virtual online replica of its **Ted Baker & Moore** East London store. It can be viewed in a way similar to Google Street View and clicking on items will link to the retailer's ecommerce site.
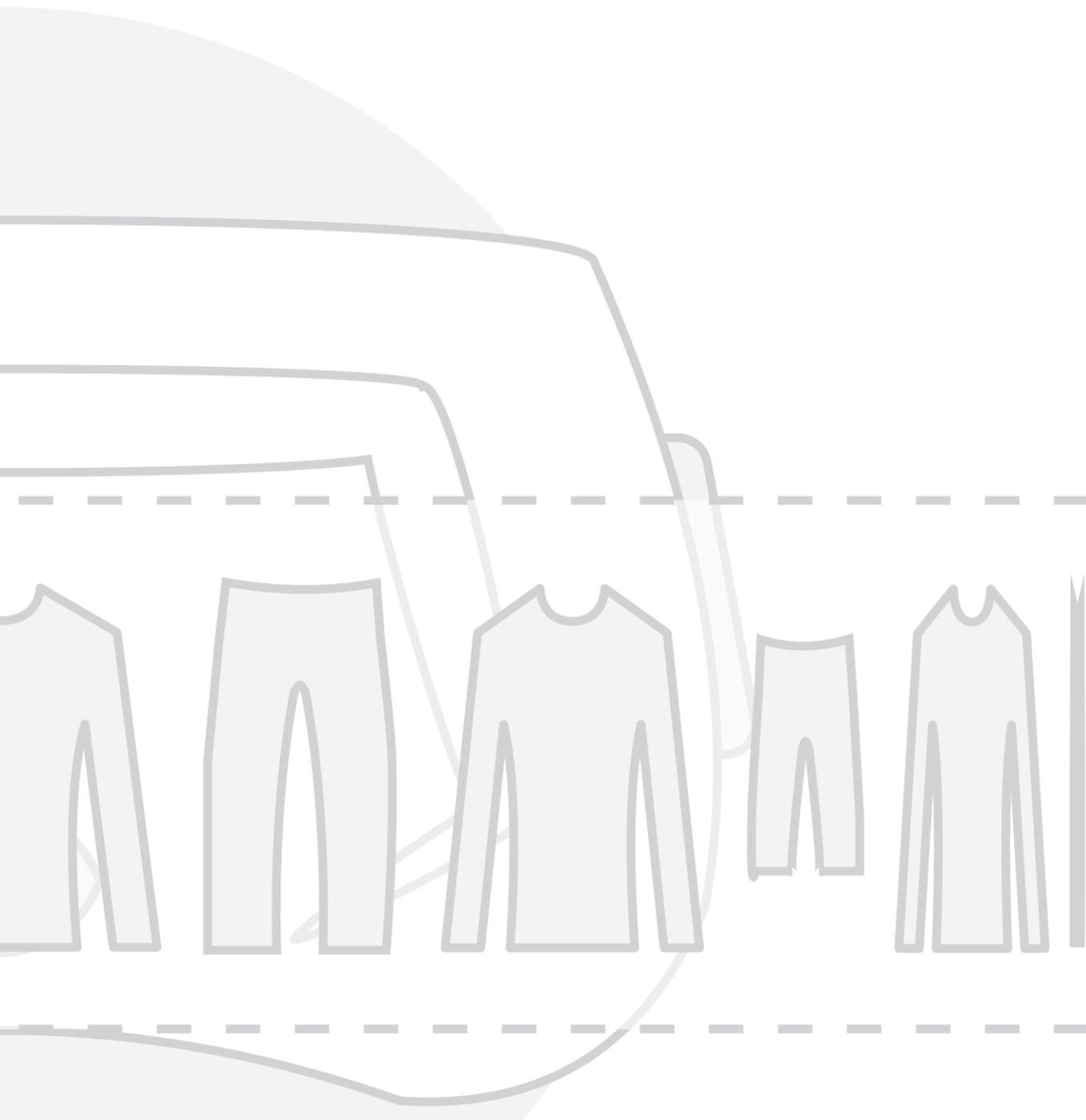
Anything that can remove effort in advance of setting out for the high street is a powerful lever to make the whole shopping experience more enjoyable; especially when combined with in-store digital initiatives. For instance, the off-putting queue for advice, service or to pick up goods can be tackled with apps that reserve a place in a queue or a time-slot.

A step further could be an app that allows a shopper to choose items in different sizes or colours to try in advance of reaching the store. On arrival customers could be whisked into a pre-booked changing room with the garments.

Several retailers are developing apps specifically designed to be useful in-store by way of navigation, recommendation and summoning assistance.

In the U.S. department store Neiman Marcus' app features an entertaining blog and Instagram page alongside useful functionality, such as the ability to call, text, email or FaceTime with specific sales associates. Enjoyable content and the ability to purchase are combined to help build loyalty and engagement.

Q: To what extent do you agree or disagree with the following statements?

24% NEITHER — **22%** STRONGLY DISAGREE — **30%** DISAGREE — **15%** AGREE — **6%** STRONGLY AGREE — **12%** DON'T KNOW

I value a more personalised shopping experience and am willing to share my purchase history data across all device to help retailers achieve this.

35% NEITHER — **6%** STRONGLY DISAGREE — **17%** DISAGREE — **27%** AGREE — **4%** STRONGLY AGREE — **12%** DON'T KNOW

I value a more personalised shopping experience but I do not think any retailer is truly providing this.

23% NEITHER — **6%** STRONGLY DISAGREE — **15%** DISAGREE — **36%** AGREE — **7%** STRONGLY AGREE — **14%** DON'T KNOW

I believe that, in some cases, retailers have used my purchase history to deliver a personalised shopping experience

30% NEITHER — **14%** STRONGLY DISAGREE — **22%** DISAGREE — **23%** AGREE — **2%** STRONGLY AGREE — **9%** DON'T KNOW

Regardless of whether I want them to or not, I would expect retailers to take into account my purchase history in order to try and deliver a personalised experience.

28% NEITHER — **12%** STRONGLY DISAGREE — **20%** DISAGREE — **30%** AGREE — **12%** STRONGLY AGREE — **6%** DON'T KNOW

I actively make an effort to make sure retailers do not have access to my purchase history data (e.g. ad blocking, opt-out boxes, never fill out post-purchase feedback forms etc)

28

PERSONALISING RETAIL
EXPERIENCES WITH DATA

18%

WILLING TO SHARE
PURCHASE HISTORY
ACROSS DEVICES

Modern technology is also the driving force behind the development of more personal contextual experiences that help pull customers through the funnel via the connection of data, geography and contextual marketing.

The founder of Wal-Mart, Sam Walton, is well-known for his '10 foot rule' – if you are within 10 feet of a customer look them in the eye and ask if they need help.

The modern equivalent is delivering a personalised experience for shoppers – be that in marketing communications, tailored offers, in-store recognition or personal recommendations. The key to a personalised retail experience lies in insights derived from cross-device shopping history data.

However, there is a tightrope to walk regarding data and personalisation. Consumers expect a degree of familiarity with their behaviour and realise their data is being used in this way; 43% of the YouGov poll believe that retailers have used their purchase history to deliver a personalised shopping experience.

People are becoming wary of giving too much data and of over-personalisation. Only 18% say they are pro-actively willing to share purchase history data across all devices to help retailers.

Possibly this is because they are yet to experience how sharing their shopping data has produced something that does feel personalised - 31% of the poll agreed with the statement that no retailer was yet truly providing such a shopping experience.

There are some brands that are pointing the way. New Look is regarded as a retailer creating involving experiences that customers want to share with each other and that encourage them to give more information to the store.

Its 2014 Colour & Mood visual search-based social media campaign provided advice to customers via its website and app on how to wear the new season's colours. They could then shop for items personalised to their look.What is a cause for concern is the 42% who agree with the statement 'I actively make an effort to make sure retailers do not have access to my purchase history data'. Retailers are going to have to provide the right incentives and give a very clear explanation of how data is used to overcome this resistance.

— SECTION 03

THE RETURN OF PHYSICAL AND THE IMPORTANCE OF THE RETAIL EXPERIENCE

Initially, pure play online companies appeared to have the advantage in offering omnichannel services. They do not have the overheads of a bricks-and-mortar store and can afford to cut product and delivery prices.

Their business model is tech-driven with no legacy issues to hinder decision-making. They could set up online payment and order fulfilment systems from scratch and have been able to collect customer data quickly. This has allowed online-only retailers to create powerful CRM and marketing capabilities to help build strong customer loyalty; it is no surprise that Amazon often tops 'favourite brand' polls.

Retailers with physical stores have spent a decade playing catch-up. The need to satisfy omnichannel demands has driven a truck through efficient retail distribution practices built up over decades. Margins have been slashed and resources have been focused on saving the sale at any cost – even at a loss.

- SECTION 03.1

RETAILERS
GAINING GROUND

However, while technology originally disrupted business models, smart high street retailers are beginning to understand how they can combine tech with the advantages of a physical presence to help stimulate innovation and keep the omnichannel customer engaged.

56%

WANT TO
TRY BEFORE
THEY BUY

46%

WANT TO
AVOID DELIVERY
COMPLICATIONS

Retailers investing in technology and adapting their processes and systems to the omni-channel world are gaining ground. The previously unexploited advantages of having retail estate are beginning to prove their worth. The key priority for meeting consumers' omni-channel expectations is having the right stock in the right place as soon as possible.

A switch in consumer behaviour means stores often are better placed to fulfil online sales than the pure play operators. Busy people do not want to wait at home for allotted delivery time slots and are finding it more convenient to pick up goods in-store or at other pick-up points, such as public transport hubs or even school premises.

Maplin Electronics CEO Oliver Meakin says:

"I believe that Amazon is going to find it increasingly hard to be successful. They have the advantage at the moment of a low cost of capital – but they are only ever going to be able to compete on price and because fulfilment is only going to become more and more expensive they are going to find their margins squeezed."

maplin

" WILL SHOPS STILL BE RECOGNISABLE IN 2025? "

It depends on which sector you are looking at. Food shops will still be food shops selling physical goods. Clearly there will likely be an ongoing shift to smaller stores focusing on food.

In the electronics sector, I still believe that there will be physical goods in stores – customers still have distressed / immediate requirements (HDMI cable to be able watch the football match that afternoon, networking router so that they have access to internet when the old one breaks etc.). However, we will not need to carry the full range that we do today as customers will become more comfortable with getting advice in-store and then having products delivered to home.

I believe that theatre will become increasingly important. Shopping is for many a "leisure" activity – and shopping purely online will not be able to replace the theatre of a store, seeing physical product and talking to a colleague who knows about that product.

I suspect that store warehouses might become larger and shop floors smaller (a bit like Argos!) to create space to hold a greater range of stock in stores to fulfil click and collect orders – warehousing is a more efficient way to hold stock in stores.

In electronics, there is also the need for help and advice and I do not believe that the internet will entirely be able to replace the role that store colleagues play (and I am not sure that video chat into a call centre will entirely replace the physical interaction with store colleagues, either).

Oliver Meakin, CEO, Maplin Electronics

Q: Which, if any, of the following factors would make you more likely to purchase products from a physical store rather than online?

Being able to try the product before purchasing in-store

56%

61% FEMALE
50% MALE

Avoiding delivery charges or problems

46%

51% FEMALE
41% MALE

Cheaper prices in-store than online

42%

40% FEMALE
44% MALE

Instant gratification

41%

44% FEMALE
37% MALE

Knowing that I was supporting local retailers

37%

40% FEMALE
35% MALE

Easy returns processes

35%

37% FEMALE
33% MALE

Price matching with competitors

27%

24% FEMALE
30% MALE

Age demographic key:

18-24   25-34   35-44   45-54   54+

Needing/receiving helpful advice from friendly staff

26%
24% FEMALE
27% MALE

An enjoyable experience with friends/family in-store

23%
27% FEMALE
19% MALE

The ability to purchase items I have ordered online from the store

18%
17% FEMALE
19% MALE

The ability to order goods online in-store

7%
6% FEMALE
7% MALE

Nothing

5%
5% FEMALE
5% MALE

Don't know

4%
4% FEMALE
4% MALE

Other

3%
4% FEMALE
2% MALE

- SECTION 03.2

COLLAPSING THE
DELIVERY WINDOW

Retailers able to turn flagship stores into mini-distribution centres so the 'last mile' of delivery is not so costly enjoy a huge advantage. Pure play operators might only have a scattering of distribution centres but a company such as Argos, for example, has a huge store network it can use to despatch goods to the doorstep or a helpful nearby location.

70%

BUY ONLINE
BECAUSE OF
FREE DELIVERY

It is willing to partner with other retailers to offer customers more collection options and recently opened 10 digital store concessions within Sainsbury's stores where consumers can order goods online and collect them the next day (http://www.bbc.co.uk/news/business-31035300). Using existing stores in this way means retailers can collapse the delivery window and bring down costs.

However, the expense of fulfilment is still a challenge. Topping the list of reasons cited as driving online purchase is Free Delivery (70%) followed by Free Returns (52%). This kind of offer is costly. The value exchange for fast or convenient delivery should be a higher price for the service but free delivery is now expected by consumers.
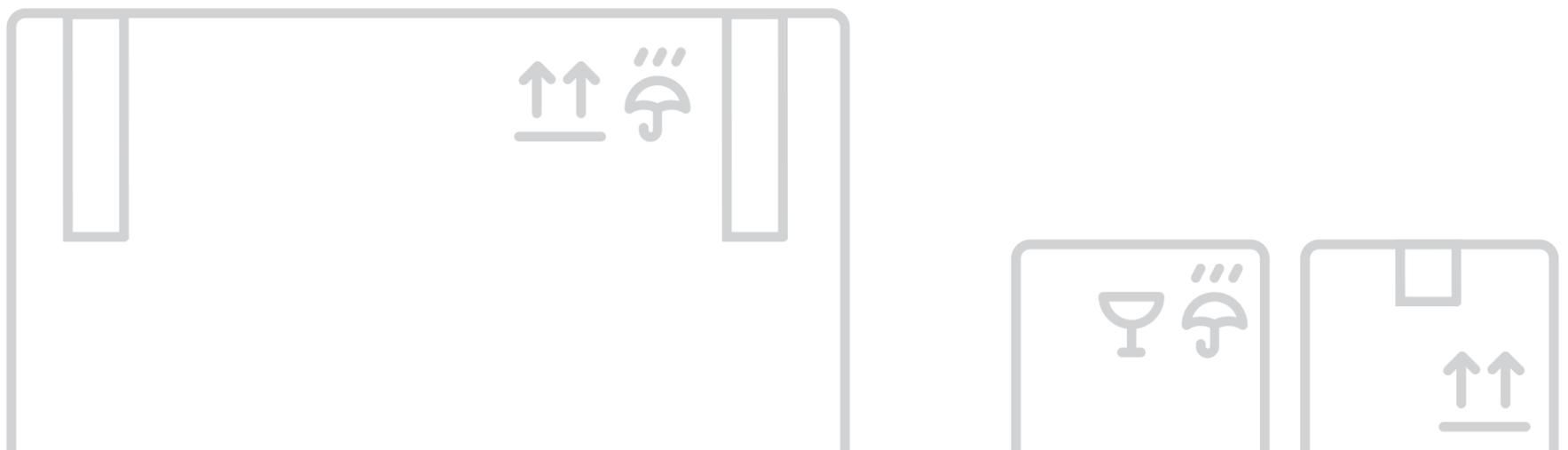
Marketing Director of Maplin Henry Swift says:

"Led by some of the major online players, free delivery is becoming a hygiene factor for consumers. Retailers need to adapt their business models to suit the demand of the customer or risk losing their business in the future."

John Lewis reported in January that online orders represented 36% of all trade with click-and-collect accounting for more than half of these orders. It said free services were unsustainable and recently added a £2 click-and-collect charge for orders beneath a certain value.

Tesco also added a £4 click-and-collect charge for orders under £40 but the move generated a negative reception on forums and social media, for example on Tesco's Facebook page Claire Kendall wrote: 'I'm livid about this. I live alone and can't afford to spend £40 a week. Goodbye Tesco, I'm off to Morrisons.'

Marks & Spencer moved in the other direction together with House of Fraser and Next and said it will keep such services free. The hope will be that the cost is offset by retention and acquisition of customers.

But 'click-and-collect' is a trend that physical retailers should leverage. It can increase footfall into stores where staff can then encourage the shopper to make an ancillary or spontaneous purchase and it provides a clear competitive advantage over online-only businesses. Pure play retailers are now scrambling to find affordable land to build distribution hubs closer to city centres for faster delivery to doorsteps or click-and-collect partners.
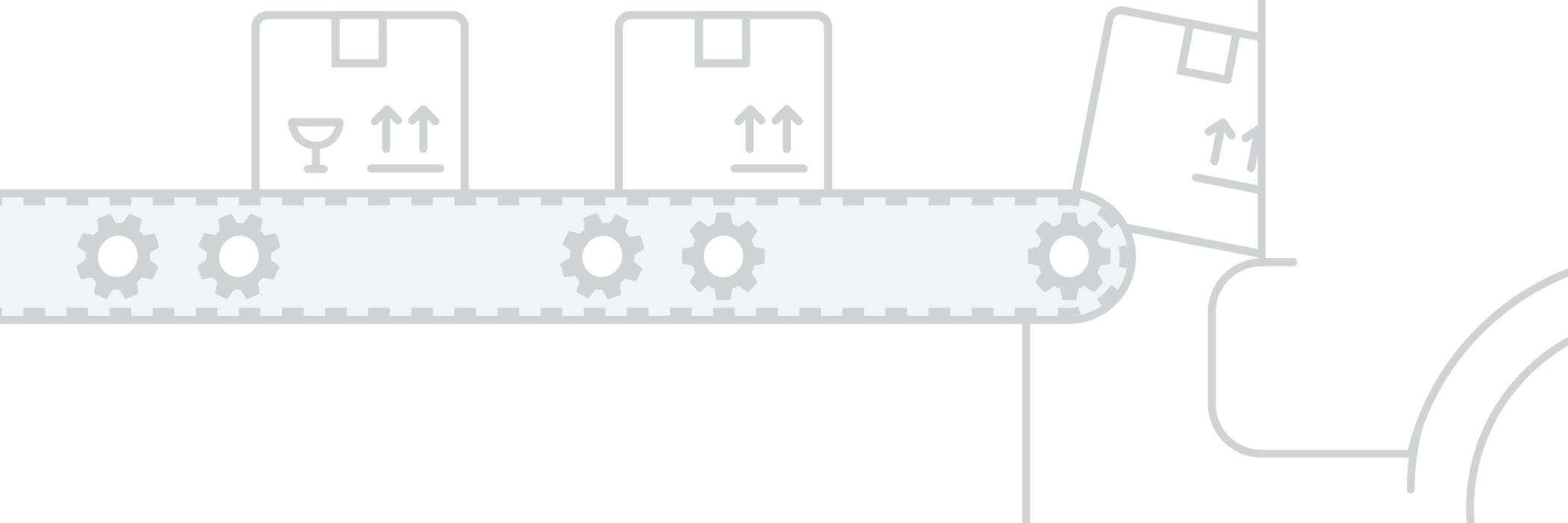
- SECTION 03.3

RETAIL
AS THEATRE

Retail theatre is not a new concept but is becoming a vital in attracting families and the younger demographic that likes to share experiences via Facebook, Instagram or other social media platforms.

BRAND IMMERSION

Retail Space	Showroom (1800s)	Screen (1990s)	Augmented (2010s)	Integrated (2016)
Brand Interaction	4D immersive	2D	3D	4D interactive
Sense	Hear / See / Touch / Smell / Taste	Hear / See	Hear / See	Hear / See / Touch / Smell / Taste
Type	Physical	Digital	Augmented Physical (AR)	Interactive Physical (Brand_Tech)
Tech	Store Design	Internet / Browser / Apps / Interactive Screen	Store Design	Hologram / Interactive 3D Projection / Haptic / Olfactory Technology / Binaural Sound / Directional Sound

Online players cannot replicate these experiences but the high street can borrow ideas and add some stardust of its own. Apparel retailers are often pioneers in the use of digital screens and other Brand_Tech to offer some 'wow and dazzle' in-store to customers.

If experiences can be personalised all the better. One example is the team-up between Singapore telecoms music company Starhub and a retailer to create changing rooms in which music and lighting altered to suit the shopper's preferences.

When a shopper brought garments to the changing room RFID readers accessed chip data attached to the items to trigger appropriate music – from dance to hip hop to rock. To close the sales loop Starhub used proximity texts to deliver information about its music store to the shopper's mobile credited with a click-through rate of 84%.

Burberry has also used RFID chips in its state-of-the-art flagship Shanghai store, where they are woven into accessories and apparel that can trigger multimedia content on mirrors that turn into screens. The screens show, for example, runway footage of products.

If the aim is to lengthen the store visit than providing facilities that entertain or are useful is an obvious step – improved Wi-Fi facilities so visitors can take time out to go online on their own devices, charging ports and a 'downtime' area can all help take the stress out of shopping.

Digitally integrated physical space removes the interface blockers to creating truly immersive integrated 4D & 5 sense retail brand experiences that faithfully deliver experiential brand promise and tribal advocacy. Digital is now physical - and true interactive integrated meaningful retail experiences are upon us.

"I believe that theatre will become increasingly important. Shopping is for many a "leisure" activity – and shopping purely online will not be able to replace the theatre of a store."

Oliver Meakin, CEO, Maplin Electronics

As the integration between physical and digital continues Brand_Tech experiences (the seemless integration of brand experiences and technology to create immersive experiences) will become key to delivering retail theatre in stores to attract customers back to the high street. Personal Brand_Tech retail experiences that deliver meaningful and shareable joined-up feel-good moments will inject new life into in-store shopping. In this new, theatrical digitally-integrated retail world, retail estate becomes a big advantage over pure play online retailers.

Physical's demise has been much over-hyped because of the initial excitement around the digital revolution.

However, physical is returning in all its forms through the much more seamless integration of digital into physical environments. In fact, digital is breaking out of the screen and beginning to make fully-fledged 4D retail experiences a reality on th high street. This will mean that in-store brand experiences will be a key competitive advantage over online retailers.

The big out-of-town shopping centres, such as Bluewater or Lakeside Thurrock, take full advantage of their location to set up attractive Brand_Tech experiences such as the former's Winter Wonderland. These are aimed at increasing footfall and the amount of time spent on-site.

▪ SECTION 03.4

INTEGRATION OF
SOCIAL TO DRIVE PURCHASES

Omnichannel customers want an integrated, seamless experience with customer touch points that are unified.

Co-founder of review services company Reevoo Richard Anson says:

"It is time retailers caught up with their customers. Whether it's their marketing strategy using user-generated content, their purchasing experience, fulfilment or customer service, those retailers that continue to offer a disjointed service will fall by the wayside, whilst those that get it right will thrive."

39%

REVIEW PRODUCTS OR SERVICES ONLINE

70%

RATE PEER RECOMMENDATIONS OVER PROFESSIONAL CONTENT

However, joining the dots and providing a coherent offering is a challenge. Experiential and User-Generated Content (UGC) initiatives driven by technology can provide 'glue' to help bind disparate elements of the retail experience together.

UGC in the form of reviews, ratings and other activity can help establish strong engagement. The YouGov poll shows 39% of respondents have posted reviews of products and services, albeit 19% of the overall total say they do this 'rarely'. Social media is an important part of the omni-channel mix and the YouGov study shows 27% of respondents have used social media to receive news of in-store retail events such as flash sales or product demonstrations.

The power of 'word of mouth' is well-established but digital tools and platforms have scaled up the potential. Now customers might ask their social media networks for advice, go to specific forums or look at a

company's own website.

In fact, they are suspicious if brands do not carry third party reviews on their website or in their app and 70% of consumers regard brand recommendations from friends more highly than professional written content.

If the aim is to make things as easy as possible for the consumer and remove any barrier to purchase, retailers should be serving reviews and encouraging participation in-store.

Customers will be looking up reviews on their own devices anyway, so there is an opportunity to earn goodwill, make further recommendations and strengthen brand loyalty. If someone is pro-actively looking at a trouser suit why not have sales assistants on hand with tablets to show the customer relevant reviews?

SECTION 03.5

CO-CREATION
COMMUNITIES

Public and global brands head Eric Liedtke said:

"In the future, we will not only talk to and talk with our consumers.
We will be the first sports company that invites athletes,
consumers and partners to be part of its brands.
We will open up so that they can co-create the future
together with us."

An allied trend is co-creation and working with consumers to research, design and produce goods and services. For instance, Adidas intends to ramp up co-creation with athletes and designers.

Interactivity and co-creation can feed ideas and content into marketing campaigns that can be rolled out across digital and in-store channels to great effect and reinforce perceptions of an integrated retail operation.

(3) Reevoo - The Pursuit of Happinhttp://www.marketingweek.com/2015/03/26/adidas-to-focus-marketing-spend-on-six-cities-and-ramp-up-co-creation/

CONCLUSION

The next 5 years will see a massive disruption in the high street shopping experience. Technology has already changed the buying process with click & collect and now is poised to re-invigorate the high street shopping experience through the delivery of true omnichannel 'Uberised' service and the creation of retail theatre brand experiences.

To truly marry up online and offline activity to help drive sales the customer's experience must be consistent and narrative-led, whether via a desktop, mobile device or in-store.

Robust data is key to helping retailers spot how to remove or reduce barriers that deter omni-channel customers from buying online or coming through the door. Retailers need to also look at how they are structured internally and make the necessary steps to align departments around this new experience-led omnichannel strategy.

Maplin's Oliver Meakin says: "We started with very separate IT, ecommerce and marketing functions. Now we are moving to a joined-up marketing and ecommerce function, with a specific role to manage the interaction with IT."

Physical outlets will play a significant role in making shopping more exciting and less of a chore with use of the right technology. But retailers need to deliver shareable and meaningful Brand_Tech experiences that begin to rival Disney attractions in their breadth and ambition. This will create 'reasons to travel' into high streets again and drive home the unique competitive brand advantage the high street has over pure play online retailers.

Once retail brands have levelled the online purchase playing field they can begin to leverage the physical retail estate advantage through the creation of shareable, meaningful in-store Brand_Tech experiences that drive sales, advocacy and online loyalty.

Physical's demise has been much over-hyped with the excitement around the digital revolution, and is now making a solid return through the integration with digital. The stage is set for the high street's triumphant resurgence.

"I see a bright future for high street stores who embrace innovation in the right way and build highly personalised services around the customer – not tech for tech's sake but as a means to deliver more satisfying and meaningful experiences."

Peter Veash, CEO of The BIO Agency.

Key Insights:

1 Reduce customer effort and deliver omnichannel service flow to make the search, find and buy process as easy as possible.

4 Integrate digital within the physical stores to **create must-see retail store Brand_Tech experiences** that drive high street visits and create loyalty through immersive shareable brand moments.

5 Partner to gain traction – consider both national and local partnerships to increase utility and relevance to the customer.

6 Use new tech when and where appropriate to the market – making sure customer expectations are being met and sometimes exceeded without alienating them.

7 Use data to personalise where appropriate making sure to add value for the customer at every interaction.

8 Leverage the physical retail estate to **collapse the delivery window** and drive delivery advantages over online retailers through to customers

9 Connect up all retail touch points across the sales funnel making sure a consistent omnichannel brand narrative is experienced by the customer.

ABOUT
THE BIO AGENCY

BIO is an award-winning digital agency consulting and delivering on customer experience-led innovation and transformation. We are one of the only agencies in the UK that can provide an in-house, end-to-end service, spanning everything from business vision and strategy to service design, creative innovation and technical development and build. Defining ourselves as Digital Change Agents® we create experiences that are simple, seamless and intuitive, changing the way customers engage and buy from today's organisations. We work to redefine sectors, helping clients move ahead of their competitors and creating companies fit for the future.

Peter Veash
– Chief Executive

Having started in direct marketing, Peter then moved into creating integrated marketing solutions, but was most comfortable when putting an idea through digital. Peter then founded The BIO Agency in 2006, a pure-play digital agency. Now with a 100 people it has grown to become one of the UKs most successful digital agencies.

Peter champions multi-platform solutions and creates

digital change in companies. His key strength lies in understanding the required consumer experience with the ability to execute innovation. This has helped
The BIO Agency be featured in the Sunday Times Tech Track Top 100, ranked 1st for creativity and innovation by RAR, 3rd for creativity by Econsultancy and 2nd for performance by The Drum.

Find out more

At The BIO Agency we want our clients to be at the forefront of the digital revolution and believe that retail brands have an excellent opportunity to revolutionise the customer experience for today's demanding connected customer.

We'd love to share some of our insights and help you on your journey.

Get in touch

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