

HB DIGITAL CUSTOMER ARTICLE SERIES

RETAIL SPACES: THEATER OF THE BRAND

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STARTING POINT

Anchor-brand stores such as fashion boutiques, technology line stores such as Apple or Microsoft feature stores, mall specialty line stores, and automotive dealerships are focused around a single Brand and partner products. The key is to discover what makes the most successful of these stores work and how.

ENGAGING THE CUSTOMER'S IMAGINATION

Retail is the art of engaging the customer's imagination. It incorporates all the informational, marketing, and sales media—both offline and online—that a company offers in support of its brand and its products. Even allowing that many products may be ordered online and shipped through UPS or Fedex, traditional definitions focus on the customer in a physical store buying the product directly after having had a chance to see and touch it, if it is an object, or to meet directly with experts and professionals, if it is a service.

Since the World Wide Web launched in 1993, it has made it easy and cheap for companies to mount their own private marketing and transactional environments online. Online stores were, in effect, an electronic equivalent of print catalogs that could be deployed and operated at a fraction of the cost, and deliver goods and services at a much more rapid turnaround.

Online stores introduced new levels of retail experience to the marketplace, particularly customer convenience of home shopping, product information, and customer support functions available through the Internet. The depth of value offered had been

virtually impossible to deliver through the telephone. Online stores on desktop websites, and subsequently, mobile websites on portable phones have added greatly to customer confidence, accessibility and increased the quality of the brand experience.

Single brand retail stores, typically such products as automotive dealerships, luxury items like fashion brand lines, jewelry, and shopping mall specialty brands came to be joined by technology companies building branded retail environments to maintain complete control over the quality of customer experience that they offered.



MAKING THE RETAIL STORY

It took a Wizard to transform a store to a story.

In the years following the Civil War in the late 1900's, American manufacturing in the northern states went through the roof, and suddenly there were more consumer goods—factory-made clothing, furnishings, carpets, china, goods of every description—than the manufacturers could sell.

Big retail department stores rose to meet this enormous market opportunity. Originally they were big hulking buildings with solid walls on urban streets. But then Wanamaker's of Philadelphia experimented with a new concept of big theatrical shop windows framed to be seen by pedestrian passersby.

These windows were not designed to look out to the street, they were designed to look in to the exciting luxurious worlds of fantasy, delight and lifestyle with featured products at the store. Shoppers were pulled in in droves by this radical street theater, which anticipated both the color magazine ad and the television commercial.

One of the master practitioners of the department store window designer's art was L. Frank Baum, a master storyteller, also known as the author of the Wizard of Oz books.

Shop windows introduced the concept of presenting products in an emotional narrative to connect to customer's lifestyle. That dress wasn't just a rag on a rack. Customers could feel themselves wearing, using the products, whether they were fashions, home furnishings, or any other products offered by the store. Clear product names, emotional connection and visually communicated experience were the foundation of branding.

THE APPLE STORE: BRAND IMMERSION AND PARTICIPATION



Concept And Execution

Apple CEO Steve Jobs was highly conscious of the presentation of the Apple brand and his computer products

in retail stores. Following extensive research and retail test cases, in 2001, Apple opened the first two U.S. Apple retail stores, in Tysons Corner, VA, and Glendale CA.

The stores sold Apple computers, software, and accessories, and offered high quality technical and customer service through the "Genius Bar". The whole, however, was greater than a sum of the parts. The Apple Store was a complete Brand World that more effectively presented Apple than any retailer, and communicated the value, excitement and unique quality of the brand from the moment the customer or potential customer walked in the door.

The Brand Statement

Walking through an Apple store, there might seem to be something glaringly missing. Everything was glass or white walls. Even the stairs to the higher floor were often rendered in a clear glasslike material. Ghostly white Apple logos hung everywhere.

What was missing?

Where was the brand narrative?

In a very real sense the surprising thing was this: The architectural simplicity of glass and white, the spare restrained interior marketing, the clean lines, the use of the simple Apple logo is the brand narrative which is: simplicity. Simplicity is power at the core of all the company's activities, products and designs. And that message of simplicity is manifested as a brand value and baked into the architecture and interior design of each of the Apple Store structures.

The architecture of each store was designed to respect its environment, not a cookie cutter box shop. Once inside, the visitor was immersed in Apple culture, language, visuals, and feeling. To walk through the store was a lifestyle experience, not just about the products, but a sense of how they brought value to your life.

Retail Approach

The stores make no effort to stock every single product, peripheral item, software program or enhancements. The stores do focus on what Apple considers to represent the most useful, best designed, and the best expression of Apple's core values.

Sales were low pressure because they didn't have to be anything else. The store was about people learning and adapting to the brand, and when they were ready to buy—which was often rapidly due to their engagement with the brand messages—the business flowed naturally.

Today in 2014 Apple operates 444 retail stores internationally in 16 countries. Global sales in merchandise were \$16 billion US in 2011. Clearly the Apple Store has established the power and relevance of brand-centric retailing.

BRAND STORE OF THE FUTURE

Current trends in retailing point to changes and development in the retail environment based upon a number of key factors known in the marketplace:



Personalized Service

- **Concierge Service:** Customers for higher end products such as automotive, luxury items place high value on their time and wish to avoid time wasting paperwork and procedurals. They will expect
- **Online-Retail Store Blur:** Retail store experiences may blend and fuse with online environment features, including presentation of products from the store via an online site to customers at home, and initial identification of products of interest through an online event to be followed by a visit to a store with specific sales consultant.
- **Authenticity and Transparency:** Customers, particularly younger people, Millennials, do not want elaborate overstated brand theater, they prefer candor and honesty about a company's products and services as being more valuable and a key to trusting, long term relationship.

Accelerated Delivery

- **Same-day Delivery:** Retailers such as Amazon have been publicly experimenting with same-day delivery options such as drone-aircraft and other schemes that would provide rapid fulfillment on online orders.
- **Stores as Local Distribution Center:** Additional plans under discussion include stores that have brick & mortar chains using their physical store locations as distribution centers supporting a local delivery network of goods ordered online.

Customer Service Expectations

- **Personalized Customer Service:** Customers demand personal attention. They will use an Omni Channel strategy,

trying every available touchpoint the company offers until they get customer service satisfaction. Customers will not wait on time-wasting telephone rotary "Your Call Is Important to Us" scams.

- **Privacy and Security:** Customers will demand greater attention by retailers to the security of their credit card and financial information, and fully secure communications via email and other formats.

Brokering

- **Variable Pricing:** Many stores on the Internet today have implemented the concept of floating market pricing which allows pricing of goods and services to float at various times during the week or even within a given day as key market indexes change. This same principle may be applied to shelf goods in stores of the future with prices on hot sellers shifting to meet market demand and price changes taking place within hours or minutes.
- **Social Media Driven Merchandise Selection:** Stores may implement programs to feature merchandise that has scored higher on social media indexes such as Facebook, Pinterest or other sites. Using social media as a key index for merchandise popularity may be a common strategy in the future.
- **Sharing, Not Buying:** Future customers may not be as driven to own expensive items as to rent or share them. Such items as cars, expensive fashions, jewelry, and other costly things could be brokered for use.

Note: Many of the forecast items discussed here were referenced in a Business Insider article featuring Doug Stephens, founder of industry website Retail Prophet and author of The Retail Revival: Re-Imagining Business for the New Age of Consumerism.

THE CUSTOMER RETAIL EXPERIENCE

Today, brands are an experience.

Retail environments, particularly those that are created for anchor brands like Apple, AT&T, Disney and other iconic names offer a particularly deep and immersive experience for the customer.

These brands are about more than just creating a business identity, setting products apart and even emotional connection. At a deeper level they are about establishing emotional and even lifestyle connection with their customers and prospects alike.

The retail environment functions as part playground and part store. It's where the successful brand allows its customer the time and freedom to connect its products to their life.