

**DOUG
STEPHENS**
author of
The Retail Revival

Foreword by
Joseph Pine,
author of
*The Experience
Economy*



REENGINEERING RETAIL

The Future of Selling
in a Post-Digital World



Re-Engineering Retail



SOFTWARE EATS RETAIL

THE DELIVERY ARMS RACE

THE HUMAN ELEMENTS OF RETAIL

GENERATION (EX)PERIENCE

CULTIVATING AND IMPLEMENTING INNOVATION



Software Eats Retail



A ONE CLICK WORLD

- Rather than adhering helplessly to the rules of centuries old industry, Amazon instead appears more intent on reinventing the industry itself.
- Amazon's revenue per employee in 2015, \$623,000 according to Time magazine, is three times that of Walmart.
- In 2015, Walmart.com carried 11 million products, a mere 4% of the 260 million products carried on amazon.com
- Amazon's share of the ecommerce marketplace today is greater than that of Walmart, Apple, Macy's, Home Depot, Best Buy, Costco, Nordstrom, Gap Inc., Target, Williams-Sonoma, Kohl's and Sears Holdings combined!
- \$.60 of each incremental dollar spent online in the US now goes to Amazon.
- More than 2/3 of Americans shop online monthly, with 33% in 2015 shopping online weekly.
- In 2015 global e-commerce grew to \$1.592 trillion, a 21% increase from the year prior
- On November 11, 2016, in the very first hour of single day, Ali Baba sold \$5 billion worth of merchandise (that's double the online sales of all US retailers combined on Black Friday) and \$20 billion in the full day.
- E-commerce is projected to create 12 million new jobs in India through 2025 and by 2030 more than 1 billion Indians will be online.
- By 2020, Amazon, Alibaba, and eBay will have secured an estimate 39% of the global online retail market.
- "You should learn from your competitor, but never copy. Copy and you die." - Jack Ma
- Digital is what we become and yet the visceral is what we are... It's what we crave. Or need to detach from the Internet and escape reality, if only for a while, it's powerful and will continue to grow as we become increasingly chained to technology.

Software Eats Retail



SOCIAL INFLUENCE

- Dual screen engagement now competes for consumer viewing attention.
- Why would you watch dull commercials when you have a super computer filled with fun and entertaining content in the palm of your hand?
- Facebook and other social networks have completely altered both the definition and their machination of targeted marketing.
- Social media is for people. It's not for brands. If you look at the top 100 user accounts on Twitter, there's not a single retailer or consumer brand.
- 85% of Facebook video ads play with the sound muted and if the video is watched for three seconds it counts as a "view"
- If you're not good enough at what you do to drive earned media, attention and reputation, then there's no amount of paid advertising that will save you.
- To remain relevant, retailers will have to imbue their physical environments with the tools, data and technologies that consumers are becoming reliant on to make informed and frictionless decisions.
- Media is no longer merely a call to action to go to a store, the way it once was. Now media is the store.
- Over the next decade the number of connected devices on earth will likely explode to 500 billion and include many things we have not yet conceived of.
- With Amazon's Dash Replenishment Service, thousands of products now can be connected and are able to order their own replacements.
- There are no longer any categories of service or merchandise that are safe havens from digital disruption. If an online alternative to what you retail hasn't been created, I can almost assure you that someone is working on it.



The Human Elements of Retail



MEDIA IS ABUNDANT; ATTENTION IS SCARCE

- As long as humans shop for reasons beyond the mere acquisition of things, physical retail spaces will remain relevant.
- Shopping appeals to our deepest subconscious needs and goes deep within our psyche.
- Mortality salience - The realization of one's own impermanence - drives an increased desire for goods and services that provide people with a sense of comfort and stability.
- Our story is not something we put in front of shoppers for them to reflexively gaze at. It is something we draw them into.
- If employees can achieve true happiness in their work and in their lives, they'll be more likely to share that happiness with every customer who comes to the store.
- Our job is to make every guest feel like their time in our store is the best part of their day, whether or not they buy anything.

THE JOY OF SHOPPING

- Shopping, at its best, always holds the hope of profound moments of discovery. The thrill of the hunt and the uncovering of treasure affects us, as humans, on multiple levels.
- The true joy of shopping lies in the delicate balance of relevance and randomness.
- We crave the surprise and delight of encountering shops we had no idea we'd love, product we didn't know existed and experiences that come out of nowhere to surprise and enchant us. Physical stores can and should be these enchanted places.
- Truly amazing retail walks a fine line between delivering consistency and dependability while also injecting the randomness of organic discovery and the fear of missing out.



Generation (Ex)perience



EXPERIENCE ECONOMY

- Goods and services are no longer enough; people increasingly desire experiences—memorable events that engage each individual in an inherently personal way.
- 48% of millennial's feel that the experience they have with a brand is the greatest predictor of loyalty, compared with 17% of baby boomers who feel the same.
- The problem isn't that millennials dislike physical stores, it's that most store experiences suck.

WHAT'S KILLING RETAIL

- The intrinsic problem is that the core metrics used to judge the productivity of a retail store – the very measures by which success in this industry is currently defined – are conspiring against the vital evolution of customer experiences.
- Any attempts by retail executives to be creative, innovative, daring or disruptive ultimately get measured using the most conventional and passionless yardstick of them all – sales per square foot.
- In essence, we're attempting to create retail poetry using algebra. And it just doesn't work.
- The way we measure retail success hasn't changed since Bloomingdale opened its doors in 1872: sales per square foot, sales per employee, comparable store growth and inventory turns. These are the numbers that make smart people do dumb things.
- Retailers are killing retail and consumers are just innocent eyewitnesses to the crime.
- As long as retailers insist on maintaining their myopic focus on sales per square foot, stores will suffer, shoppers will get short-changed and retailers will compound their difficulties.

Generation (Ex)perience



THE PURPOSE OF A PHYSICAL STORE CAN NO LONGER BE TO ONLY SELL PRODUCTS

- The physical experiences will be aimed at accomplishing three things: 1) conveying clear and engaging brand stories through physical engagement and multiple sensory inputs. 2) Offering opportunities for immersive and kinetic product experiences. 3) Acting as the interactive gateway to the entire brand ecosystem of products, services and purchase alternatives.
- Retailers that can masterfully create memorable experiences will generate infinitely more revenue than was ever conceivable from relying solely on product sales.
- The world really doesn't need another app. What it needs are jaw-dropping experiences distilled from remarkable brand stories and brought to life with brilliant combinations of art, science and humanity.
- "Most organizations are very loose when it comes to what their brands stands for and the kind of experience they wish customers to have, but very tight when it comes to telling employees how to behave. Brands that deliver great experience is usually reverse these two, being very tight about what the brand stands for and the experience they wish to create but quite loose in allowing their people freedom and how they satisfy their customers." - Shaun Smith

ONLINE EXPERIENCE

- The true power of social media doesn't lay in brands ability to speak to customers; it lays in consumers' ability to speak to one another and learn what others think of a product or service.
- Social proof and validation have simply become intrinsic aspects of our shopping behavior, linchpins in the decision process.
- Online experiences will become more physical and tangible in nature, and amazing physical shopping spaces will be supported by great technology that adds fluidity and value.



Cultivating and Implementing Innovation



FIVE KEY EXPERIENTIAL ELEMENTS:

- Engaging. They connect to our five senses and involve the customer in a visceral way.
- Unique. They incorporate methods, language or customs that are unusual but also authentic and natural.
- Personalize. The customer feels that the experience they received was somehow just for them.
- Surprising. They incorporate elements or interactions that are completely unexpected.
- Repeatable. They are executed using prescriptive and tested methods that achieve a uniform level of consistency and excellence across the enterprise.

“WHAT IF” ARE THE TWO MOST POWERFUL WORDS ON EARTH

- One of the best ways to cultivate an innovative mindset is by encouraging employees to question everything.
- “Once we rid ourselves of traditional thinking, we can get on with creating the future.” - James Bertrand
- Most companies don’t test to discover who their most creative people are.
- “Creativity can be allocated, it can be budgeted, it can’t be measured, it can’t be tracked and encouraged but it can’t be dictated.” - Jonathan Rosenberg
- Creativity is undoubtedly one of the least measured and most misunderstood assets a company possesses.
- There may not have been a time in history when innovation was more critical to business success than it is right now.
- It is vital for organizations to clearly distinguish between “innovation” and “iteration.”



Cultivating and Implementing Innovation



THE FUTURE OF RETAIL

- Retail is on the precipice of a historic reinvention that will leave both digital and physical retail barely recognizable in comparison to the way we shop today.
- “Invention requires a long term willingness to be misunderstood.” - Jeff Bezos
- We need to completely reinvent the purpose of a physical store and the means by which we measure its success.
- Technology can and should be used to enable experiences wherever possible, but we must never lose sight of the fact that consumers crave *physical* experiences.
- The store of tomorrow will become a place that celebrates the activities and lifestyles associated with a range of products.
- The sale of products from within the four walls of the store will cease to be a priority. Instead the goal of the store will be to create experiences so powerful that they catalyze sales across all available purchase points and channels.
- The most successful retailers of tomorrow will obsess over the design, execution and measurement of experiences.

RETAIL IS ALIVE

- The store of the future will not only monetize experiences but also the data that those experiences generate.
- The successful retailer of the future will build its business on a prolific platform that others can plug into and flourish, allowing the network and all of its members to succeed.
- In the future, the only real certainty is that someone is going to completely reinvent what you do. What you need to determine now is whether that someone will be you.

