



Why and How People Buy Retail's Massive Transformation

A 4M Performance Guidebook
by Jim Lavorato

Both online and offline retail will undergo major transformation to meet the demands of consumers as we move into the future. The adoption of integrated commerce whereby legacy stores function as adjunct facilities to online shopping will become the norm. Personalization, flexibility, value-added service linkage, and self-activated engagement experiences, will be the main drivers for purchasing motivation.



The Shopping Mall may become a relic

Traditional Retail

Physical purchasing, in-store shopping, legacy or offline buying, call traditional retail what you will but there is one undisputed fact and that is it undergoing massive change. Many brick and mortar stores are struggling because they are doing what they did a hundred years ago: placing products on shelves then waiting and hoping they will sell. This tactic will NOT work in the future.

Retail-space must be re-thought. It must be faster, smaller, nearer. Key strategies include:

- SEO discovery & research
- Product page experience
- Checkout & payments
- Merchandising & Fulfillment
- Backend optimization
- Enhanced analysis and reporting

Traditional retailers will need to balance their physical locations with their online services. The 'store' is going to become a window to online sales that leverages virtual experiences. This integrated commerce strategy turns legacy stores into performance spaces. Transforming them into hubs for improved delivery and logistics, showcasing new products, and offering special items or pricing for in-store only purchases.

Legacy retailers will have to adopt 'click and collect', cashierless checkout, contactless payment, and digital signage and messaging.

Retail Outlets As Showrooms

The online shopper and the in-store shopper are the same. A consumer that appreciates and has knowledge of what they want to buy. This product knowledge can be greatly enhanced in-store if you cultivate and train staff to develop and maintain customer relationships and answer their every need.

Legacy retailers must adopt a never-satisfied mindset.

- Never be satisfied with how you go to market.
- Never be satisfied with what you offer customers.
- Never be satisfied with the present - but what is next.

Moving to a service and technology showcase vs. product showcasing. Brick and mortar stores should transition to event-based showrooms which hold new events on a regular basis. This will build recurring traffic with more education-based selling.

Online's identity crisis: "I'm just a humble personal assistant"

From toasters to toilets 'smart' devices have saturated the consumer marketplace. Adding 'SMART' to the name of any product/service seems to be the new modus operandi for all new products - but SMART is now OUT!

2011, Apple intro's [Siri](#) and ushered in a new paradigm of human-to-computer interaction. Fast-forward to 2021 and "Hey [Alexa](#)" has become a metaphor for 'old tech'.

Both Physical AND Online

The physical store will morph into a window for online sales, a research/events center, and a community center. Retailers will need to spend on physical space where virtual experiences are highlighted. Legacy stores need to bullet-proof themselves by:

- automating all mission functions, including: fulfillment
- becoming a performance space
- offer buying options, such as: buy online at store and collect at home
- Implement the '[endless aisle](#)' concept
- integrate social media and payment solutions
- offer fast home-delivery, curbside pickup, and 'click and collect'
- master the 'last mile' in the purchasing journey (where products go from store to consumer possession flawlessly)

Customer Support - The Demands Never End

The pandemic created a sudden and massive growth in the demand for customer support by retailers, both online and offline. Customer support needs grew and are now faced with operational challenges and limitations when trying to accommodate the increased demand.

Businesses attempted to adjust operations accordingly with varying levels of success. The work-from-home transitioning forced a transforming of every aspect of a company's operations. From training and hiring, to new work processing, security protocols and digital platforms. Legacy processes and systems became obsolete overnight.

Now, it is time to move forward to new models that can provide continuous customer support. One way to do this is to consider ['homesourcing'](#). Homesourcing requires that all processes, platforms, and other staff support be redesigned to accommodate work delivered from home.

The need for ecommerce customer support is here and here to stay. By leveraging a homesourced model retailers can activate the customer support resources they need at any time - up to 3x faster than traditional methods.

Delivering superior customer support and experiences while capturing vital financial and operational information is the goal, and it is attainable.

Online Retail Needs To Change

Just as the in-store retail methods are re-thought and re-designed so must the online experience.

The core online shopping experience is old and boring. It consists of clicking through endless lists of identically designed product displays. Photos, description, price, and delivery/payment terms. This is peppered with customer reviews. It's all good and functional but very boring and has become uninspiring.

At online stores, everyone is oriented to the same target variables and the same conclusions - this should and can work differently and better.

- Online delivery is fast. In many cases next day or two day tops, sometimes the same day. How about not the same day but rather within the same hour! Autonomous vehicles in the form of delivery robots are being used in larger cities in Asia. And in rural areas airborne delivery drones are being tested.
- Online shopping must move to a much more real experience that will compete against TV shows and streaming content. Product presentations will become much more entertaining. Presentations might offer detailed background information on a new and exciting product or brand.
- Targeting specific consumer groups with coupons and discounts for watching a product/service presentation.

- High entertainment value can also be the focus on [‘live shopping’](#). Where retailers present their products in live streams that can run as long as a feature film. Imagine hundreds of mini-QVCs where the consumer can pick and choose between thousands of items. From farmers streaming live from their fields, to owners of small stores, to highly professional branded companies.
- Chat...and Beyond. The opportunity for direct interaction is what really makes a live stream so compelling. Viewers can chat with one another. Potential buyers will be able to click through many very lively live streams. Instead of looking through monotonous product lists, the feeling would be more like walking through a mall, department store, or supermarket - with the opportunity to inspect the products and have a chat.

Artificial Intelligence’s Big Role

Increasing AI is being used to support online shopping. For example, last year [Alibaba](#) deployed AI systems that, for the first time, automatically and simultaneously translated live streams into various languages to reach outside of China markets.

Also, on the horizon, are virtual anchors - animated AI avatars that assist human presenters in selling products. This introduces a completely new, interactive shopping experience. An avatar that knows your needs and enables a one-to-one genuine and informative dialog.

Rethinking Retail

Does retail really need to change? After all, everything works. Yes, it needs to evolve. The ever efficient Amazon is going to get competition. Already we see luxury brands, such as Burberry, Zegna, and Mont Blanc on the [TMall Luxury Pavilion](#) platform.

Additionally, those brands that become part of the daily entertainment routine do not have to buy their traffic by spending a lot of money with Google - which for many online stores is an essential but very expensive part of their sales strategy.

Competitive pressure is now global. There is no option to being in a standstill posture. Even big brands will be forced to constantly try out new ideas and concepts. As a result, they often will have to think very far ahead. This will lead to a new ecommerce trend: *C2M - Consumer-to-Manufacturer*. Where consumer demand directly controls the production of individual items in sometimes very small production runs. Since this is not possible with existing manufacturing processes it will force the development of the [digital factory](#).

A Vital Part of the Customer Journey - The Virtual Tour

Virtual tours can be a powerful brand differentiator. They enhance store equity and promote store visits. It is a proven fact that sensory and behavioral experiences directly increase intentions to visit the store, whereas intellectual and emotional experiences promote visit intentions via enhanced brand equity.

When The Doors Are Closed, Customers Can Still Come In

Despite popular belief, creating a virtual tour isn't that hard. You can create a tour of your store with a smartphone and a Google Business listing. Use Google street view app to get photos which can be stitched together. You can also add image overlays to highlight certain aspects of your store or showroom.

Getting traffic into the store was more than half the battle in retail sales, but now, creating a strong digital presence, establishing trust, being where the customer is digitally is of equal importance.

What Are Your Small Business Needs?

Brand Development
Team Building/Empowerment
Funding/Finance
Social Marketing
Sales & Promotion
Free Consultation

4MPerformance.com **james@4mperformace.com**

Poaching Your Competitors' Customers via Geo-fencing and Geo-conquesting

This is a glimpse into the future of advertising. Targeting competitors' customers at the local, personal level. As long as we continue to make personal connected devices a part of our lives, the opportunities for targeted personalized, omnichannel marketing will continue to multiply. And the brands that use these new tools the best will win over their competition for customers and market share. Here's how it works.

[Geo-fencing](#) allows you to target shoppers visiting your competitors' stores in real time. Which then allows you to serve up 'your media' to these potential customers that push your brand value propositions and differentiators.

Geo-fencing uses location data of mobile phones to target people based on where they are or the places they've been. When you overlay this with demographic data, it lets you access a lot of powerful marketing techniques.

Geo-fencing and geo-conquesting technology works and provides businesses a huge opportunity to win-over a competitor's customers.

[Geo-conquesting](#) goes beyond this and adds behavioral targeting to the campaign. You can get very local with geo-fencing, down to about a store or room footprint, which allows you to target the area around specific retail locations. Geo-conquesting provides a chance to win highly contested consumer segments away from your competition.

By layering demographic data and modeling on top of geo-fencing, and screening out location employees and others who are outside of your target audience, provides a powerful new tool to essentially poach customers from your competitors.

Amazon's Expands Its Brick-n'-Mortar Retail Outlets

Amazon, the #1 online retailer in the world, has plans to open an undisclosed number of retail outlets that will sell excess inventory and returned items from its online distribution centers at steep discounts.

This investment in brick-and-mortar is not Amazon's first. In 2015 it debuted the opening of a chain of bookstores. In 2018, it began opening *Amazon GO* stores - cashierless convenience stores. It also has *Amazon 4-Star* stores, which sell electronics, home goods and toys. And, *Amazon Fresh*, small food shops which began opening last year as adjuncts to its *Whole Foods* chain of supermarkets.

Excluding *Whole Foods*, with over 500 stores, Amazon currently operates 96 physical retail stores and seven mall pop-up outlets.

Future Trends in Retailing

★ The concept of Drone Delivery has been kicking around since 2013, when Amazon unveiled a plan to use drones for package delivery. However, in 2020 the technology took a big step forward as UPS and CVS launched a pilot program to use drones to delivery medications. The test was limited, going only a half mile and delivering to a pickup location, where a delivery truck awaited to take the packages the last mile.

It did demonstrate that the day was near when drones would make product deliveries directly to the customer. The Federal Aviation Administration, last December, announced new rules as to how drones will work for residential delivery service.

Expect ecommerce habits developed during the pandemic to continue, rather than revert back to how they were before the virus.

★ Faster Delivery was discussed above with one-hour delivery service. Customers expect not only free shipping but faster delivery. Amazon is now offering 'click to doorstep in just a few hours' in four major U.S. cities. Walmart is doing the same with the saying, "*We'll deliver what you need in two hours or less*".

Deliveries will also be done by non-traditional means. DoorDash has debuted a fleet of food delivery robots which can deliver up to 22 pounds of food.

★ Less Competition is a reality as many retailers have closed their stores. Some have returned with a smaller store footprint, others will never reappear. This represents the elimination of competition for the surviving retailers.

Summary

There is no doubt that both online and in-store retail is and will continue to experience massive transformation. All areas will be impacted from manufacturing to product delivery. For example, UPS just purchased 10 [eVTOLs](#) (small, electric vertical takeoff and landing aircraft) to service small and medium sized markets. Delivering up to 1500 lb. payloads eVTOLs can land on a rural hospital's helipad vs. truck delivery from a large airport miles away.



Uber will be using eVTOLs as people and package movers

The pandemic pushed the envelope regarding retail operations on a global scale. There is no turning back. Retail will continue to evolve with efficiency and engagement the prime movers for both in-store and online transactions ▲