When Marc Andreessen told a reporter in 2013 that “retail guys are going to go out of business and ecommerce will become the place everyone buys,” it created something of a stir in the business world. After all, Andreessen – the creator of Netscape and one of the most influential technology investors in the world – is someone worth listening to.

But not everyone agreed, and one important voice of reason was that of Doug Stephens, esteemed retail futurist and author of The Retail Revival. So rather than accept the idea that retail is dead, Mindtree invited Stephens to join Radha R., SVP and Industry Head for Retail, CPG and Manufacturing, to lead a webinar on The Future of the Retail Store. The result was part reality check, and part strategy session.
There is no sugarcoating the realities that retailers now face. On an anecdotal level, consider that during the most recent Cyber Monday, Amazon averaged an astonishing 426 sales per second, totaling nearly 37 million transactions on the day. On a global level, ecommerce accounted for $1.2 trillion in retail sales worldwide in 2013, a 19% increase over 2012. If the trend continues at this pace, online sales could account for 30% of all sales by 2020.

There are several factors driving this trend. For one, convenience has been redefined in a way that has put the consumer in control. Shoppers have been trained to believe that the world is literally at their fingertips. Browse to the “flat screen TV” section on Amazon and you’ll get more than 4,500 televisions to choose from. This capability is with consumers wherever they are.

What this means is that the concept of “the store” is no longer a physical place. Today, the store comes to the consumer via the media they touch. In other words, media is now the store.

These and other realities have led to the disintegration of the traditional sales funnel. Retailers can no longer rely on marketing campaigns leading to consumer awareness and interest, which leads to consumers walking into stores to look at and purchase items. For some perspective, Stephens pointed out that in 1965, three TV commercials in primetime would reach 80% of the viewing public. Today, you would need to air 117 commercials to reach the same amount of people. (And in reality, many of those viewers might shift their attention away from the TV screen and onto their handheld devices during commercial breaks.)

Despite this undeniably bad news, the retail store is not doomed, and the simple reason is that people don’t shop purely for consumption and acquisition of items. Shopping is a cultural and social experience. How else can you explain celebrities going to stores when they clearly don’t need to? Or the lines that form outside retail outlets when hot new products are released? Or the mayhem that ensues every Black Friday? Shopping isn’t a burden – it’s a remedy to cabin fever, or a temporary escape from parenting, and ultimately a way to interact with the world.

But... everything we know about the retail store is going to change. The retailers that fail to adapt, and fail to make themselves remarkable in this new environment, are doomed to fail. The days of incremental improvement are over. Retailers need to start taking risks and embrace the future by diving head first into it. Sometimes mistakes will be made, but they can be learned from, and the payoff is immense – there is a huge correlation between brands that go first into new territory and their long-term success.
insights across teams. When these customers work with us to build the framework to unify all of these tools and their legacy data systems, the results are more powerful than they had imagined.

Our Integrated Customer Insights framework creates a truly integrated data store, and runs the data through a proprietary schematic mapping process that allows your team to apply modeling, clustering, segmentation, predictive modeling, and various analytical algorithms tailored to your business goals. This will give you a true 360-degree view of your customers, allow you to derive “consumer personas” that you want to target, and set up what we call “the next best action” for each of these personas. With the trigger alerts functionality, you can finally give your customers a personalized, unified experience across every channel.

These experiences will be memorable: having a promotional offer for something on your shopping list get sent to your phone the minute you walk into a store; getting a text message from a customer service expert offering to come help you with questions or concerns while you shop; seeing the price of an item you want go down on a digital readout after you scan it with your phone.

Smart data won’t just help you with customers. It can also help you with assortment planning — getting your inventory right the first time, helping you restock at just the right
moment, or helping you scale up certain items based on data about weather, big local events, and more. Data can help take the friction out of retail – technology throughout the store can sense things like crowded departments and long lines at the register, and trigger alerts to send employees to those areas and get customers processed faster.

**But the new phy-gital store will need more than smartly used data to be remarkable.** Retailers will also need to seamlessly bring the features shoppers love from the online world into the physical store.

Recall the list of 4,500+ TVs available on Amazon. That list also comes with detailed product specifications, a multitude of customer reviews, videos showing product functionality, suggestions for related products to buy, and so on. Now compare that to the standard 4x6 index card that hangs on the shelf beneath a display TV at a typical retail store. Improvement and innovation here is crucial; just as important as competing on price is providing the consumer with better comparative and contextual information.

This is an example of catching up with the expectations of digital consumers, but stores should strive to go beyond expectations and create new experiences. Rather than being simply about providing products, stores can become more about providing experiences. Less product, more production value.

Want to keep customers who arrive just after closing? Put a digital touchscreen outside the front door that they can use to research and order what they came for, for pickup or delivery the next day. In fact, put interactive touchscreens all over the store where people can learn more about the products nearby. Try some of the innovative augmented reality and artificial intelligence tools that are starting to emerge: virtual staffers, virtual fitting rooms, the gamification of shopping, and more.

And don’t just beg for engagement via social media, but find clever ways to integrate social media into the shopping experience. Let shoppers rate or “like” products right there in the store and watch the tally grow; or tag products that are popular on Facebook or Pinterest with logos indicating how many times they’ve been liked or pinned.

With the right mix of innovation, smart data, enhanced experience and customer service, a retailer can stand out from the crowd and be on the right side of the line when the business world starts to note who is winning and who is falling out of the race. And when you provide customers with the kind of experience no other retailers are providing, you will win their loyalty.

**This is a crucial point.** You’re no longer just looking to generate conversions – you’re looking to generate converts. These are the people you have won over so thoroughly they
wouldn’t dare buy from another retailer. If fact, when done properly, these customers will become volunteer ambassadors of your brand. And when you accomplish that, a funny thing can happen.

Remember the sales funnel? Marketing plans lead to brand awareness, which leads to interest, which brings people into the store to shop. As we already noted, this funnel is essentially broken. But when you’ve converted a customer into a volunteer brand ambassador, the funnel suddenly works again. Except rather than you being the one raising brand awareness, it’s the shopper, who will use his or her social network to spread the gospel of your unique retail experience, and generate peer-driven interest among your next collection of customers, who will come into the store for their experiences.

Are you ready to take the next step?

Click here to watch the webinar recording.

About Mindtree

Mindtree [NSE: MINDTREE] delivers technology services and accelerates growth for Global 1000 companies by solving complex business challenges with breakthrough technical innovations. Mindtree specializes in e-commerce, mobility, cloud enablement, digital transformation, business intelligence, data analytics, testing, infrastructure, EAI and ERP solutions. We are among the fastest growing technology firms globally with more than 200 clients and offices in 14 countries.