

5 steps for success in 'new normal' retail

How to navigate the new shopping setup
and make sure you win consumer trust and spend

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Introduction

There is nothing certain, but the uncertain

Proverb

We'll get to the real insight shortly – but we thought we'd start with a traditional proverb. When it comes to consumer behaviour in the post-pandemic world, this nugget tells you almost everything you need to know. But there are steps you can take to ensure you as marketers don't fall behind as consumers react to the new normal.

The impact of COVID-19 has been felt across our economic and social lives. For consumers – and the marketers seeking to connect with them – there's a heightened sense of uncertainty and insecurity in almost everything we seek to do.

This feeling of anxiety that has accompanied everyday lives under lockdown rules now transfers to a reopened retail world. Under lockdown, many consumers were pushed online for their essential shopping – although those without underlying health conditions were encouraged to head to the store for groceries to free up delivery and collection slots for society's vulnerable.

Non-essential purchases have largely taken a back seat under lockdown. And three months of enforced online shopping may have formed new habits for many people. As brands and retailers and marketers, we've had to adjust and many brands have found themselves struggling in that context.

Now that retail is opening up globally, it's creating a very challenging and unpredictable environment. Some retailers have seen queueing around the block on reopening day, while others have seen a much slower restart.

Pent up demand seems to have been a factor in peoples' behaviour, but reporting by Springboard attests that shopping numbers are well below in terms of year-on-year numbers.

Whatever happens over the next few weeks and months, brands and retailers will need to pay really close attention to what consumers are doing in order to be able to respond in the right way.

Introduction

Shopper behaviours will redefine what 'next' looks like for the physical retail experience

So what is the right way, right now?

The goal should be to win trust before sales.

Various data sources are highlighting the importance of building trust in the immediate term. For example, McKinsey's recurring global consumer temperature check found that consumers who've become comfortable with digital remote and low-touch shopping options are saying they feel anxious about returning to crowded shopping malls and inside spaces.

Some of the headline crowds at retail's reopening maybe don't reflect that, but research doesn't backup the headlines.

Take this research by EY: 80% are saying they won't feel comfortable trying on clothes in store. 57% say they'd be more aware of hygiene and sanitation when shopping in person.

And research by Ultraleap found that 80% of consumers think that touch screens are unhygienic, an increase from 70%.

In this context, Canvas8 has coined the term "safety theatre" to describe what brands need to do. Brands are having to work flat out to make things safe, hygienic and socially distanced in the background, but "safety theatre" talks of the need to visibly demonstrate that the physical space is a hygienic and safe place to go.

But there are other things to consider. Many of us have become accustomed to the grim reality of socially distanced necessity shopping – being herded through one-way systems in supermarkets. When it comes to non-essential shopping, though, it's seen as a leisure activity – a chance to meet up with friends and family, have lunch, coffee. The level of frustration and ultimately people choosing not to indulge in that because it's not fun anymore, will be interesting to see.

So where is the opportunity here? It lies in what brands and retailers can do to make that physical social environment feel as pleasant for consumers as possible. And how do you use that opportunity of a lower volume of people in store to make point of sale marketing and in-store marketing really sing? We sum it up with three ideas:

Inspiration. Discovery. Community experience.

These are the sorts of things that physical retail could offer to consumers that will help them have a better shopping experience and also give them something in addition to what they can get online.

Next, we'll look at 5 strategic and tactical moves you can make to ensure you don't fall behind in the new retail world.

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Source: EY

57%

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Source: EY

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of consumers think touchscreens are unhygienic.

Source: Ultraleap

“ As consumers determine where to shop in-store, they are prioritizing cleaning and sanitization and are looking for the usage of masks and barriers. Physical distancing – while important – is less critical in most regions.”

McKinsey, June 2020

5 steps for success

5 ways in which you can do more within
the physical retail environment...



... and allocate spend where it can
be most efficient and effective

5 steps for success

1

Winning consumer confidence right now: Marketing social distancing

It's important to remember that all this uncertainty and anxiety is entirely rational – we're talking about disease here. It's not pleasant and it's not fun. And with the growth of safety theatre, brands have no choice but to address this disease in some way.

The physical environment is changed, but change does bring opportunity. We sum up the opportunities in these two areas...



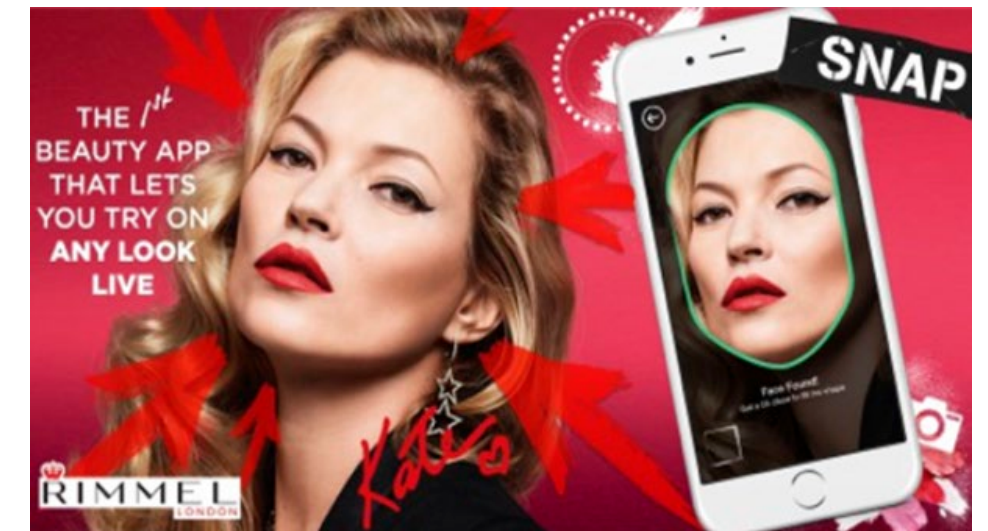
1. Respectfully but playfully inject brand into safety theatre

We've all experienced the very functional printed material and announcements to encourage adherence to social distancing measures. But there's a real opportunity for brands to use their personality to make those messages more engaging, more interesting, and a little softer.

Brands should be creative and aim to engage with consumers in a way that gets across the message about hygiene in a more emotionally connecting way. A brand communication that feeds anxiety might serve its purpose, but it won't bring customers back to your store.

2. Roll out technology solutions that act as proxies for touch

What are the other methods by which retailers can help consumers to engage with products? Brands such as Rimmel are using AR (Augmented Reality) to engage. They've created a virtual makeup try-on app. In the absence of testers, which pre-pandemic were a key experience of the health and beauty shopping experience, technology innovations such as these help customers to shop in a pleasurable way.



2 Gathering insight: understanding the changing dynamics of in-store behaviour



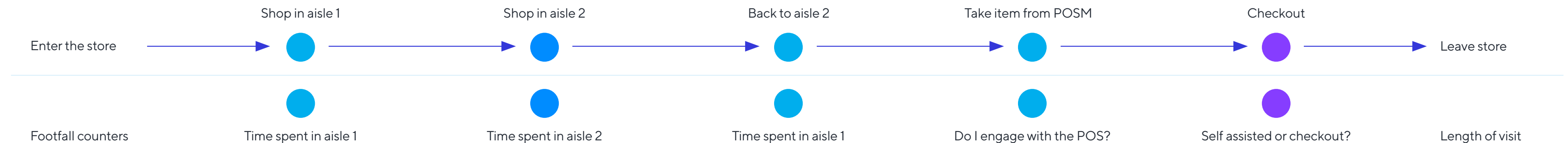
We expect consumers to behave differently in reopened retail. We can't exactly predict what those changes will be, though. So it's going to be absolutely vital to understand those changes when they happen and act upon them.

The good news is that new tools are available to do this. The way that we can gather data in store has fundamentally changed. Historically, if we talked about data in an in-store environment, we would be talking about loyalty card data and transactional data – what people bought.

Some of the trends that we're seeing around the collection of in-store observational data and image recognition software change the game when it comes to marketers' ability to understand the way in which consumers navigate and work around stores. Fundamentally, GDPR-compliant camera technology allows you to answer questions such as:

- + What do individuals' overall journeys around the store look like?
- + How long do customers stay in different areas?
- + Is the store layout creating friction?

And you can answer these questions for automatically recognised parameters, such as male/female, age bands, store types, regions and spend levels. The analytics is carried out live, so no personal data or imagery is stored.



5 steps for success

3 The art of persuasion: attracting attention and making a connection



With the growth in the sophistication of data collection in retail, we've got an opportunity. Not only to see in real-time how people are reacting in retail, but also to draw from that insights that can propel us into the future.

Lest we forget, the job of all marketing communications is to persuade. We don't just have to react and make life easy. We have to be persuasive.

89% of all advertising created isn't remembered

That's the statistic that everybody in marketing has to keep front of mind at all times.

How do you create memorable, persuasive in-store marketing? Well, the data sophistication now available to you means you can drive a 'test and learn' mindset into what you do.

Shopper marketing is often characterised as a blunt channel, but with data and the resulting insights, all of the direct response sciences that have been built up over the last 30 years are entirely applicable to in-store. This is one of the biggest opportunities.

A good example of a brand doing something memorable and playful with the very serious and doom-laden social distancing messaging.



IKEA giving away free Zoom backgrounds is a great way for a brand to show they understand the consumer's life. Lockdown has seen an unprecedented growth in video conferencing, and most people have spent a great deal of time in front of their computer for both work and social life.



5 steps for success

3 The art of persuasion: attracting attention and making a connection



The Art of Persuasion is a process

To be persuasive is:

To get noticed

(immediately, through difference/recognition)

To be understood

(quickly, through being liked/trusted)

To be agreeable

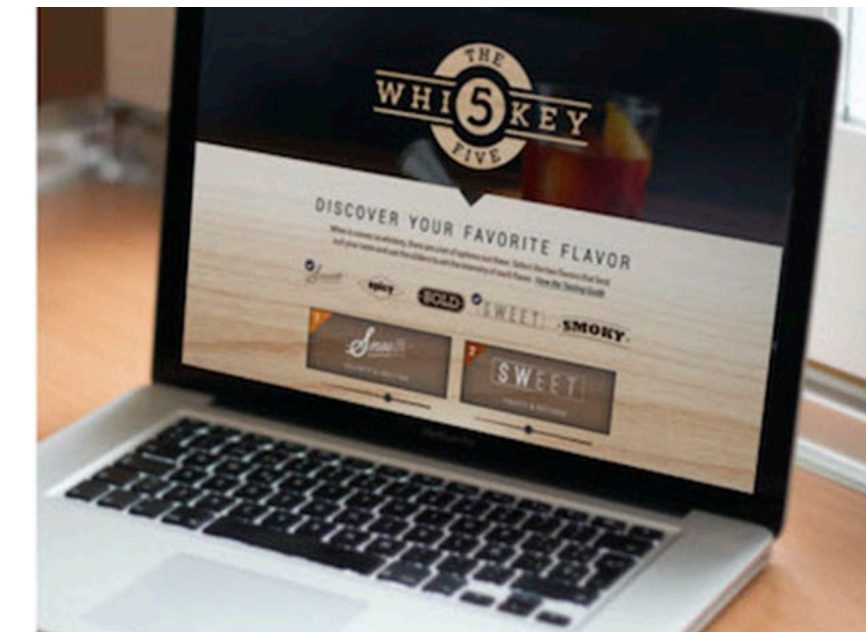
(simply)

To evoke a response

(through a clear conclusion, supporting evidence and a clear call to action)

To be remembered

(long enough for your audience to be able to act on it)



Diageo's Whiskey 5 in store activation built on the insight that people would like to be a whiskey drinker, but don't feel they understand enough about it. So the activation has really simple language around the different tastes you can expect from the different whiskeys, as well as follow-ups in DM and digital.

The connection between the point of sale the digital allows no-touch exploration, and also supports data capture.



5 steps for success

3 The art of persuasion: attracting attention and making a connection



Goodyear's in-store activation was borne from the insight that a large proportion of the audience were women, who found the workshop experience dark, masculine and unwelcoming. This solution allows users to interact with the products in a well-lit department store style.

4 Learn fast: know what works – and what doesn't



To really test and learn on POS marketing, you've got to understand what works and what doesn't.

Most marketers rely on qualitative research to understand success of POS, or post-rationalising decisions based on sales data to broadly measure effectiveness. That's fairly reasonable when the world is stable and we've got plenty of time to do testing and research. It's not optimal but it's reasonable.

But where there are significant changes in quite a short space of time, you need to be able to test and learn rapidly. Being able to report genuine uplift and ROI would really see marketing creating value in your organisation.

How do you implement a direct marketing culture of test and learn into in-store marketing planning?

Robust campaign planning

Test Stores

vs

Control Stores

Robust measurement

Robust measurement

Fast, effective feedback loop

Learn

Refine

How do you measure ROI?

$$\text{ROI} = \frac{\text{Incremental sales increase from POS activity}}{\text{Cost of POS activity}}$$

- + Incremental = sales that wouldn't have happened without the POS
- + Cost = the full cost from initial concept to production to implementation
- + A financial measure
- + A relative measure

5 steps for success

5 Reduce friction: connect the offline and online experience



The need to reduce customer friction has been looming over marketing departments for some time. Omnichannel is the dream, but technology, customer data, creative and fragmented channels are incredibly hard to align for in-house teams. Marketers know that they need to address this for the future.

The pandemic has served to accelerate this future. It's also driven many more people online. In the UK, BDO reports a growth in online shopping of 129.5% compared to this time last year. Time will tell whether lockdown lasted long enough for people to make these lasting habits.

However, consumers don't think in channels – they just experience your brand as they find it, wherever they find it. Any disconnect between online and offline experiences reflects negatively on your brand.



How Aldi are innovating in their new store in Shanghai

Aldi's new flagship store in Shanghai is a great example of bringing the personal digital experience in store to reduce friction for the consumer. They've created an interactive wine experience that allows customers to scan wine bottles to learn more about the provenance and the tasting notes of each of the wines. The wines can be instantly purchased through scanning a QR code. Dubbed 'Scan and Go', the product handles payment through WeChat.

Scan and Go gives Chinese customers the choice to skip the usual checkout process and it also ties up with delivery.

This ability to join up readily available data through consumers interacting with an app like this is really valuable as it gives consumers a frictionless online and offline experience.

Drawing conclusions

Adopt a direct response mindset for point of sale marketing – it's possible to test and learn in the same way with data gathering technology and the right culture in your marketing team

1

Safety theatre will be a feature of retail in the medium-long term. Find a way for your brand to do it creatively and respectfully. Roll out technologies that act as proxies for touch, such as Augmented Reality experiences

2

Gather insight – understanding the customer journey in store is more important than ever when change is accelerated.

3

Use direct response methodologies and enabling tech to work out what works and optimise POS

4

Persuade: the job of all marketing is to persuade consumers to respond – don't lose sight of where marketing's value within an organisation lies

5

The pandemic has served to accelerate the game-changing importance of reducing friction between on- and offline channels. This must be your priority to present- and future-proof your marketing



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data insights and creativity to transform
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Let's talk →

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With experience in data-driven creative and customer experience strategy, Emmeline is perfectly positioned to lead our strategy team. She honed her strategic expertise working across a range of industry sectors, particularly automotive and retail.



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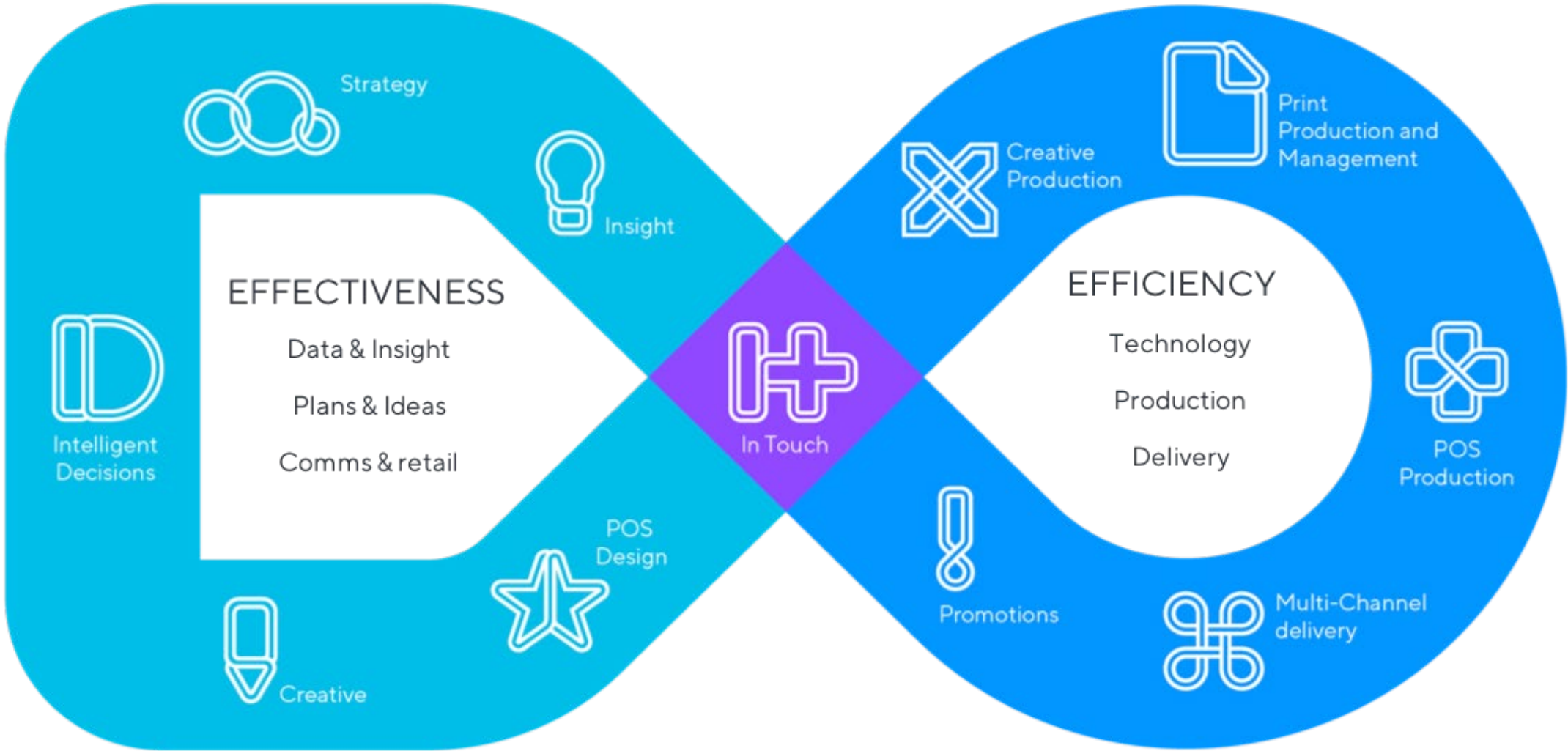
Steve has over 20 years' experience in data and analytics, working both client and agency side. He leads our data offering, as well as delivering analytical solutions that drive value for clients.

About Indicia Worldwide

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Some of our clients...



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