

Experiential Retailing

DAVE FOOS

Principal
Clarkston Consulting



State of Retail - 2023

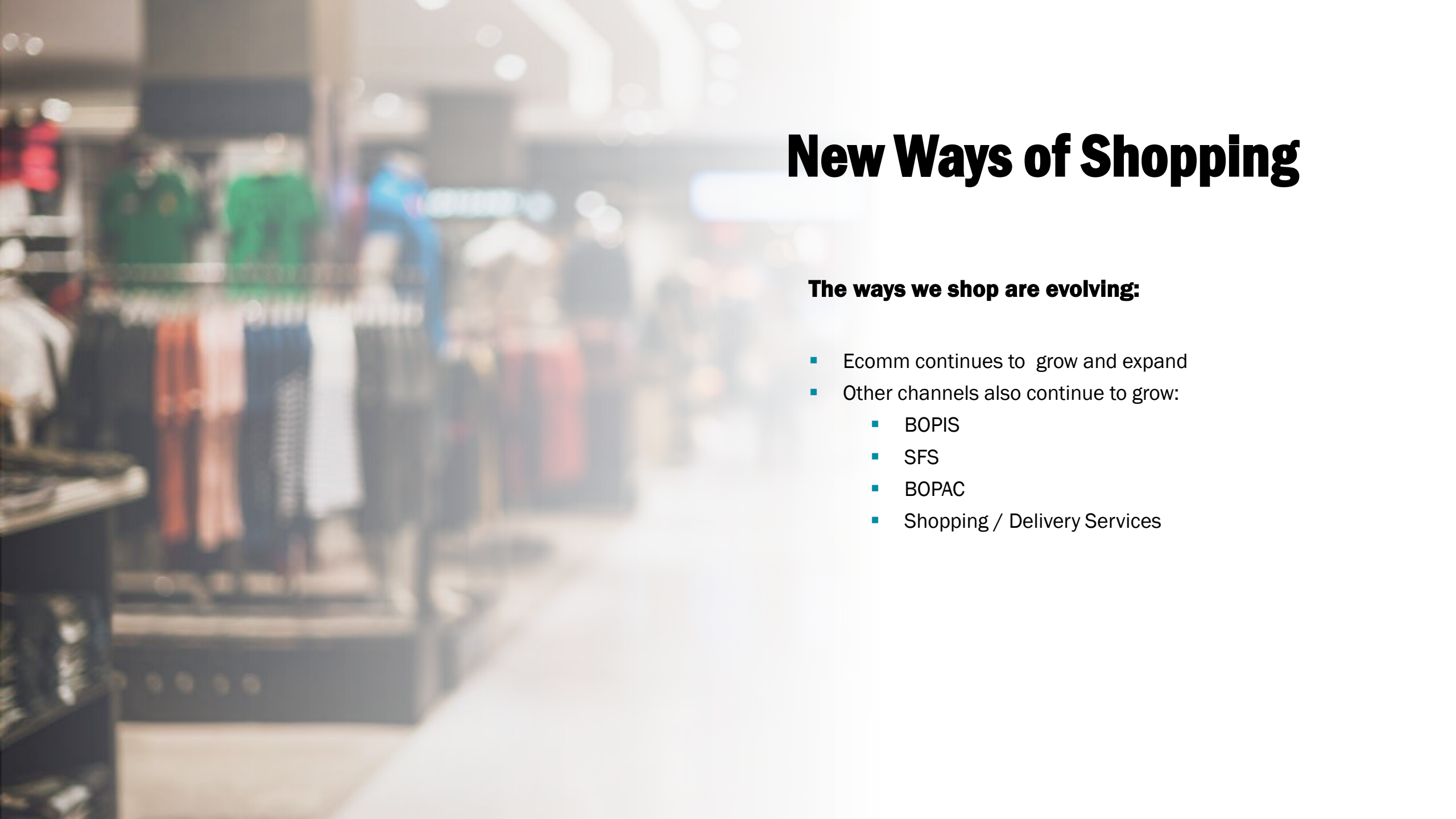
According to National Retail Federation (NRF):

- Total retail sales for 2023 are expected to hit \$5.1 to \$5.2 TRILLION
- Online and Non-store sales are expected to range between \$1.41 and \$1.43 TRILLION
 - Non-store = catalog, call centers, vending machines, etc.
- This means that according to NRF, 27.5% of retail sales online or in non-store locations
 - Other sources (Gartner, Forrester) vary slightly in their estimates but generally fall in that 25% to 30% range

What does that mean for us today?

- It means that 70% to 75% of retail sales (\$3.7 to \$3.8 Trillion) are expected to come from traditional brick and mortar stores





New Ways of Shopping

The ways we shop are evolving:

- Ecomm continues to grow and expand
- Other channels also continue to grow:
 - BOPIS
 - SFS
 - BOPAC
 - Shopping / Delivery Services

Shoppers

Shoppers continue to evolve as well. Competition for shoppers and their dollars is ever increasing.

Examples of things shoppers are looking for:

- Recycled products / packing materials
- Sustainability / Traceability in sourcing and supply chain
- Social Causes
- Personalization / Customization of product

The in-store experience is still valuable to the customer but it's more complex than the department store / mall approach.

“Stack ‘em high and watch ‘em fly” isn’t what customers are looking for in today’s shopping experience



Experiential Retailing Defined

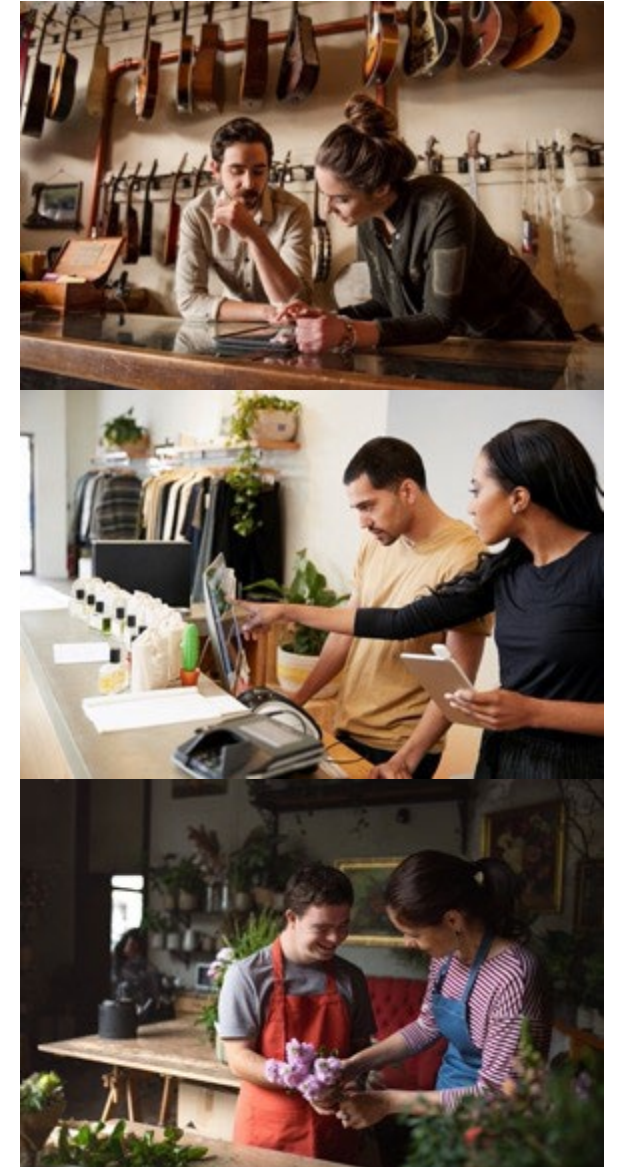
According to Cloudflight, a European based retail software vendor:

*“Experiential Retail is a strategy that’s focused on creating memorable and engaging customer experiences rather than just selling products. The idea is to provide a unique, immersive and interactive shopping environment that encourages consumers to connect with the brand on a deeper level.” **

Adding on to this, an article on Shopify.com quotes that

*“Almost 60% of consumers say they expect retailers to dedicate more floor space to experiences than products...The same report found that globally 81% of consumers are willing to pay more for experiences that upgrade the shopping experience.”***

Experiential Retail provides an avenue to connect with shoppers where the primary goal is engagement with the customer and sales become a by-product or secondary goal of that interaction



*Trotter, Cate. “What is Experiential Retail? An Inside Look.” Lightspeedhq.com, 7/12/2022, lightspeedhq.com/blog/the-rise-of-experiential-retail

** Dopson, Elise. “Experiential Retail: 6 Ideas to Drive Foot Traffic.” Shopify.com, 11/19/2021, shopify.com/retail/experiential-retail

Experience of the Location

How is your store set up to connect with the customer? How are you engaging the 5 senses to make shopping an experience?

Sight: Décor and Feel

- Margaritaville – theming and music
- J Crew – store setup to make you feel like you're walking into a catalog

Sound: Music / sounds, personalized playlists or stations

- Abercrombie and Fitch – Corporate example

Smell: Aromatics / scents

- Candles, diffusers
- Lotion samples

Taste:

- Publix – Cooking demos / Cooking School
- Citrus / Juice shops – free samples

Touch / Feel:

- Canada Goose / REI – Cold Rooms



Customer Engagement/ Sales Process

Is your staff able and empowered to interact and engage with customers? A customer centric sales / engagement process is a key pillar of Experiential Retail

Customer Engagement:

- Mobile checkouts to better allow interaction with customers
- **MAC Cosmetics** – Smart Mirror
- Ability to test or experience sample products

Dressing rooms examples:

- **Chico's** – no mirror in most dressing rooms
 - Encourages customer to come out and “model” for staff
 - Allows staff time to gather alternatives, accessories, etc.
- **H&M Cos Stores** – Digital Mirrors
- Dressing room theming



Events/“Retailtainment”/ Social Connection

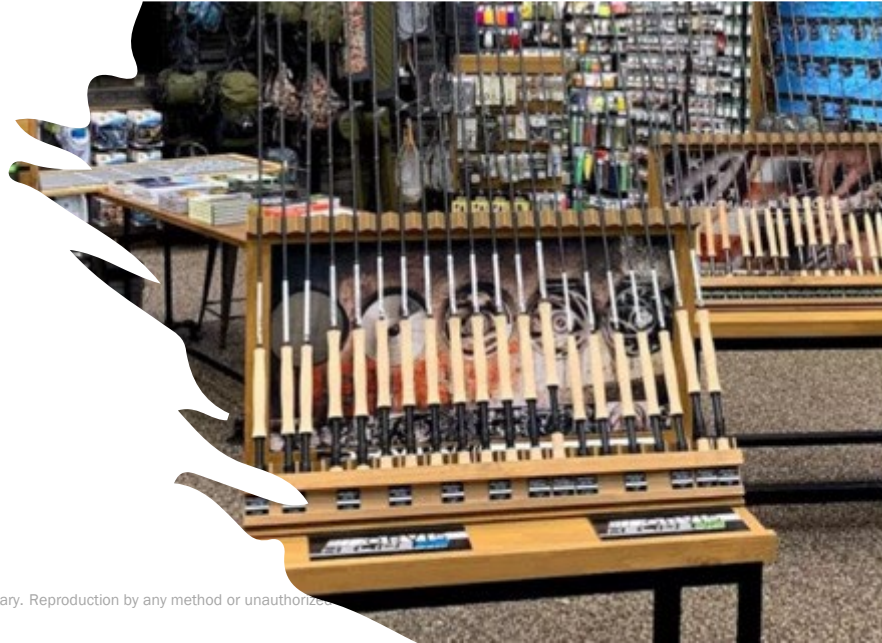
What events could you host on or off-site to give your customers an experience or entertainment outside of the traditional shopping transaction? What products or experiences can you offer to help your shoppers connect with your “brand”?

Examples:

- Chico’s - Wine and Cheese Parties
- Orvis – Fly Fishing Classes for beginners
- REI – learn to kayak class
- MANG – each purchase plants a Mangrove

Other Ideas:

- Book Signings / Meet the artist
- Smoothie / ice cream / snow cone pop up locations
- Yoga class by the beach or in-store
- Beach Cleanup



Wrap Up

- Shopping trends and behaviors are ever evolving
- Shoppers are looking for experiences that are more than transactional
- Experiential retail takes many forms but ultimately helps give your customers a more immersive shopping experience they are looking for

While the goal of experiential retailing isn't always a direct sale, by incorporating experiences into your retail locations you can better connect with your customers, promote your brand and hopefully generate additional sales as a result.





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Thank You!

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