

MULTICHANNEL

Brands must accommodate drastic shifts in retail landscape

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Mobile strategies can give brands an edge in a competitive market

By KAYSORIN

NEW YORK – Technology and the Internet have fundamentally changed the retail landscape forever, resulting in six major shifts that can now be identified, according to an author at the Columbia Business School Retail & Luxury Goods Conference March 27.

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The world has become increasingly high-tech and high-touch, leading to a new focus on connecting with the consumer at the front end of the supply chain. This requires brands to cater to new millennial consumers by providing them with high quality experiences wherever and however they want.

"This retail revolution we are in is the most exciting of times and the most challenging of times," said [Robin Lewis](#), author of *The New Rules of Retail*. "There is an enormous opportunity to fundamentally transform the retail landscape for the better.

"It is challenging because of the necessity to do so, and it is not easy. These guys in the industry are in the middle of chaos, but there are no options. They must transform, either proactively by design or reactively by default, or they will not be around."

The Columbia Business School Retail & Luxury Goods Conference was organized by the

Columbia Business School club.

Harder, better, faster, stronger

Smartphones and the Internet have brought consumers the power of total accessibility. They now have cheaper, quicker and easier access to products, as well as more information about which items are available and how to choose between them.



Mr. Lewis spoke at the conference on March 27

Brands have relinquished control of the retail industry to consumers, who now dictate what brands must do in order to receive their business. Traditionally, the retail-wholesale model caused brands to cut prices in order to entice consumers, but now pricing has moved from a marketing strategy to a necessity.

Instead of cutting prices to appeal to consumers, brands must use big data to acquire information about consumer preferences and provide superior, personalized experiences according to what their consumers want. The following six shifts in the industry provide a guideline for how brands can successfully do this.

1. Consumers have shifted from needing stuff to demanding experiences

While the product used to be the single most important element of retail, Millennial consumers are now more interested in experiences, requiring brands to engage them interactively and emotionally. Product has become the point of entry with experience being the key factor that can give a brand an edge against competitors in the market.



Millennial consumers are more interested in unique experiences

2. Conformity has been replaced by customization

At one time it was cool to fit in with friends, but increasingly the definition of cool revolves around individual style. Consumers are now interested in exclusivity, and it is essential for brands to appeal to personal consumer preferences. Two ways to do this include targeting marketing strategies to specific individuals and offering the ability to customize products.

3. The plutocracy has transitioned to democracy

The luxury market is increasingly offering affordable luxury for the masses. It is important for brands to appeal to a wide range of consumers instead of an elite group. This is the result of both aspirational consumers looking to buy the best brands and the brands themselves reaching down to expand their consumer base in order to survive in the competitive market.

Customization is a great way for brands to appeal to individuals

4. Desire for the new has become desire for the new and now

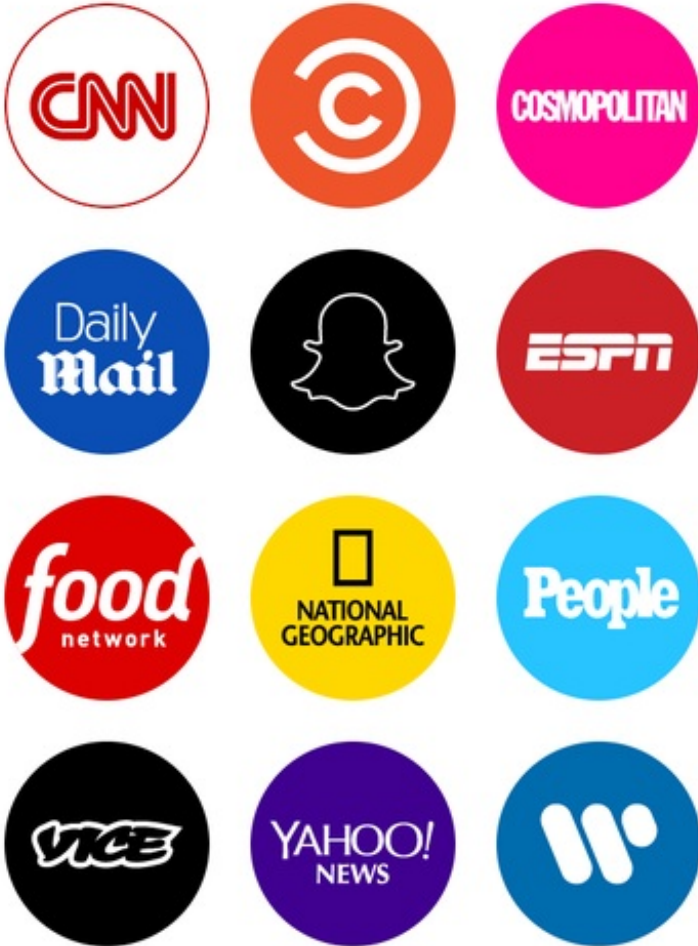
Consumers want more new, more now and more often. It is essential for brands to offer faster and faster delivery. Consumers are not only interested in having something new, they want it to arrive immediately. Smartphones and the Internet cater to this desire for instant gratification, and it is important for brands to foster this trend and provide for consumers.

5. Generational preference has changed from self to community

The Baby Boomer generation was incredibly self-focused and interested in acquiring products. The Millennial generation has reassessed these values and is more concerned with quality over quantity. Social networking has created new and widespread communities that brands must find a way to market within. Instead of overwhelming the consumer with advertising in their face, they must integrate marketing strategies within the community and social networks.



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Snapchat is a new community that is ideally suited to marketing

6. The division between work and life has become blurred by technology

There is no longer a distinct division between work hours and personal time, because smartphones allow people to work at anytime and any place. The Internet also gives people the freedom to spend work hours playing. Life is becoming increasingly integrated, and the best way for brands to take advantage of that is to expand into virtual reality. Marketers must figure out how to connect with consumers whenever and however they can.

Retail reality

The retail industry is currently oversaturated with an abundance of stores and products available for consumers who often cannot afford them or even choose between them.

The competition between brands is intense, and the only way for brands to get ahead is to perfect their marketing strategies in order to adapt to the six shifts listed above.

One way to do this is to implement omnichannel marketing strategies. According to a report by Boston Retail Partners, over the next three years, 250 percent more retailers will transition to a single order management solution to support unified commerce across all channels.

Before ecommerce took off in the 1990s and 2000s, the evolution of retail technology was stunted due to a lack of network technologies which caused a decentralized environment of data centers. Now that retail technology, especially mobile commerce, has advanced and become commonplace, many retailers are still “chasing” omnichannel capabilities but have yet to fully integrate disparate legacy systems ([see story](#)).

Another way to appeal to new consumers is with mobile marketing. According to another report from Boston Retail Partners, within the next two years, approximately 300 percent more retailers plan to deploy mobile point-of-sale tactics into in-store strategies.

After slowly coming to terms with the importance of mobile in a bricks-and-mortar setting, retailers are now embracing the opportunities this technology presents. Mobile devices have become omnipresent in the lives of consumers and have had a significant impact on retail and the shopping experience, causing retailers to adapt to catch up with modern behavior ([see story](#)).

It is essential for brands to be as informed as possible about their consumer base, so as to best target their marketing strategies to appeal to them. The more specific and personal these strategies can be, the better.

"Forget about traditional media strategies," Mr. Lewis said. "As this transformation plays out, as businesses pursue excellence and the ability to serve up all of this stuff that consumers are demanding, not only to fulfill consumers needs, but to satisfy their dreams, in doing so they are changing the face of retail.

"They are adopting whole new strategies and whole new business models."

Final Take

Kay Sorin, editorial assistant on Luxury Daily, New York

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