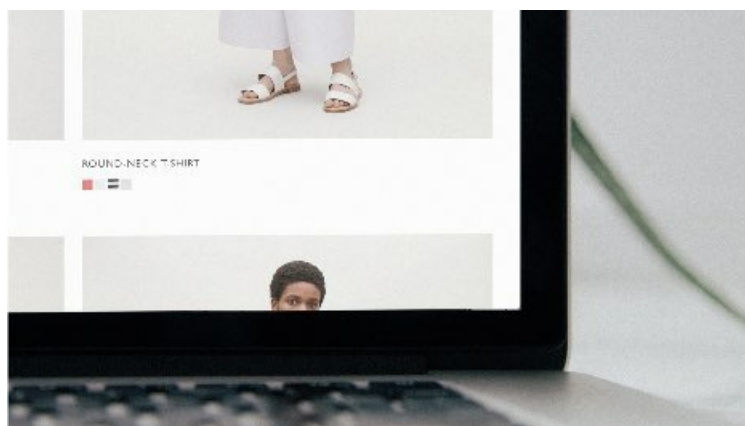


RETAIL

## How to save fashion retail

September 17, 2019



*Retail's new model: Will it click?*

By **Ben Lunt**

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It is the end of the retail experience as we know it, and I feel fine.

With more than 12,000 physical stores forced to close in the last decade in the United States alone, and ecommerce growing at a rate of 15 percent year-on-year over the same period, it is easy to see how the phrase "retail apocalypse" has developed such currency.

However, with ecommerce as a percentage of total sales in the fashion category projected to reach 36 percent by 2022 and 25 percent in the luxury sector by 2025, that still leaves physical retail as the dominant player. Which would go some way to explaining why the Amazons and the Alibabas of this world are making such aggressive in-roads into this space.

The lines between online and off are blurred like never before.

At least 19 percent of all in-store purchases start with an active process of research online, while McKinsey recently reported that 80 percent of all fashion purchases are "digitally influenced," one way or another. But influence cuts both ways.

Increasingly, and most especially in the business of fashion, consumers are expecting the same level of service and attention to detail on your digital channels that they have come to expect in-store.

If there is a macro-trend, it is that online is starting to feel more like offline, while offline is starting to behave more like online.

So here are four ways in which we think brands can think holistically about the end-to-end customer experience, and deliver the best of both worlds.

1. Your brand is your brand, your store is your store

It would be absurd to suggest that a customer buying from one store should not be able to return the item to another.

Likewise, a store manager would never tell a customer to get back in their car to go pick up from another branch an item that they had run out of stock of themselves.

And yet, this is effectively exactly the experience that many ecommerce Web sites offer, even now, when they fail to integrate fully with the brand's real-world retail offering.

Easy-to-use store finders, real-time stock availability, click-and-collect and returns in-store present an unprecedented logistical challenge for any retail business. Nevertheless, this is the new normal for the digitally enabled consumer, and fast becoming the expected standard.

It makes commercial sense to deliver a great customer experience: 60 percent of consumers actively prefer to return items ordered online in store, and 70 percent of these go on to make a new purchase in that same moment.

## 2. Signposting for a complex, connected journey

Brands are increasingly sophisticated in targeting and retargeting their audience across digital channels, nudging people further down the path to purchase.

But they often fail to join the dots in the real world, to ensure that journeys that start online can be quickly and easily completed offline.

Brands need to start synchronizing their online/offline journeys much more carefully.

What is on display in your shop window should relate to what is featured on your homepage. The look that is being promoted on your Instagram feed that day needs to be front-and-center on the shop floor.

Your use of imagery in-store needs to not only set the tone for the seasonal campaign, but also help your customers orientate themselves, and find their way to the part of the store containing that month's or increasingly, that week's capsule collection.

This is less a call to use technology for the sake of it, or impose needless interactivity into the real-world shopping experience. It is much more about the smart and elegant use of screens and digital signage to help your customer not only recognize the looks that they might already have seen online, but also navigate their way to the relevant products in-store and make it practical and cost-efficient for you to manage that process as a business, too.

## 3. The convenience of online/offline

The convergence of offline and online is at its most acute where the big players are concerned.

Deep, data-led insights and even deeper pockets mean that the Amazons, Alibabas and Nikes of this world are leading the way in terms of true frictionless, omnichannel customer experience. And where they lead, ultimately others will have to follow, as they continue to raise the bar for the consumer's expectations of everyone else.

Amazon's "Just Walk Out" technology loses the point-of-sale entirely, instead monitoring customers movements throughout the store and then charging their Prime account automatically for what they have in their hands when they leave.

Alibaba's "New Retail" concept promises to extend its dominance in ecommerce (82 percent of all online purchases in China, and counting) into the real world by bringing unprecedented levels of personalization to the physical retail experience, from high-end retail to mom-and-pop stores.

And Nike's new concept store in New York takes the logic of showrooming to the next level, allowing customers to scan each mannequin or product with their Nike+ app and get next-day delivery or simply pick it up from a locker later, without needing to interact with a sales assistant at all.

Critically, each of these brands is using the promise of convenience to drive creation of a customer profile, if one does not exist already, and use the customer's in-store interactions to drive a much more complete and nuanced sense of their personal tastes and interests than can be generated purely online.

Not every business can deliver the same level of integration as they can, but smart brands will find ways to encourage meaningful mobile interactions in-store, and incentivize customers to pay for their items using their online profile. This will not only make for a more frictionless and rewarding retail experience for the customer, but it will inform a more personalized experience for them online, and help the business build a clearer picture of their audience as a whole.

## 4. Bricks-and-mortar can be flexible, too

The allure of digital has always been its immediacy and flexibility. For businesses, it has reduced lead times from

months to weeks. And as consumers acclimatize to the resulting pace of change, attention spans can last even less. Last season's It-bag gives way to this week's drop. From fast fashion to limited-edition collaborations between luxury brands, no one is immune to the appeal of the new and the now. We exist in the realms of real-time like never before and in this context, physical retail can of course struggle to keep up. But that does not mean it cannot be flexible, too. The retail environment is clearly becoming more event-driven, as brands use live in-store experiences to drive both footfall and deeper emotional engagement.

From VIP previews of new collections to the chance to meet the influencer du jour, from educational workshops to live music events, brands will increasingly need to go beyond the merely transactional in order to appeal to an audience whose deepest desire is to be able to say "I was there."

But to really deliver on this will require multi-functional spaces, and a more flexible approach to their design and layout.

Indeed, how much floorspace will the store of the future want to dedicate to product? How much inventory will it really need to carry?

When the customer is able to have things delivered at her convenience, to the location of her choice, and at the time of her choosing, does it need to carry very much at all?

Even now, if I happen to be in-store when I am making my purchase online, how do we record that sale?

If we stopped obsessing over the distinction between ecommerce and retail, these kinds of questions might be much easier to answer. Certainly, your customer seems to care for it less.

FASHION HAS ALWAYS been a perfect blend of the tangible and intangible.

As creators, we design and distribute physical products. But as customers, we buy them not just for what they look like, but for how they make us feel. And that is a calculation that requires all the senses, and experiences that speak to us both online and off.

Ecommerce thinking comes not to kill fashion retail, but to save it. The opposite is equally true and maybe even more so.

*From The Wednesday Report, Summer 2019, produced by the [Wednesday Agency Group](#).*

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