

## *Better Customer Experience, Better Shopper Engagement: Optimizing Store Design and Décor*



Paula Payton  
New York University



1:15 TUE 10 SEPT  
2:30 TUE 10 SEPT



CARROLL MEETING ROOM / HILTON BALTIMORE

Copyright © 2013 Paula Payton

## OVERVIEW



## ACKNOWLEDGEMENTS

Becky Foster  
Ted Alwine  
FMI E + SD Conference Planning Committee

3

## INTRODUCTIONS NYU DIVISION OF BUSINESS PROGRAMS

- Department of Strategic Communication, Marketing and Media
  - 300 faculty members – SAS, Razorfish, Conde Nast, Morgan Stanley, J&J, New York Times Company, Meredith, Food Lion, LUMSA @ The Vatican, Microsoft, Ketchum, Edelman
  - 2,500 grad students; 25,000 continuing education students from > 35 countries
  - NYC as global media center and laboratory; programs capture the expertise of professionals and knowledge generated within the defining financial, cultural, and media sectors

4

## INTRODUCTIONS NYU DIVISION OF BUSINESS PROGRAMS

Integration of Disciplines in Strategic Communication, Marketing, and Media Management

- Marketing – Branding, Digital, and Analytics  
– New Global Marketing (Sao Paolo, Mumbai, New York)
- Strategic Communication / Reputation Management / IR / Crisis
- Visual Identity / Packaging / Graphic Communications

5

## INTRODUCTIONS NYU AND RETAIL

- In 1916, NYU first offered courses for training in retail ...
- Known as “Training School for Teachers of Retail Selling”, this became the School of Retailing (1921)
- In 1964, NYU converted the school into the Institute of Retail Management, and made it a unit of the School of Business



Students in the School of Retailing studying the effects of layout on store traffic and operating efficiency

6

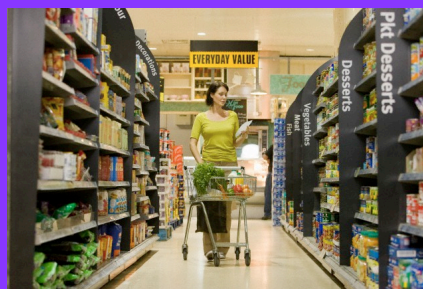
## INTRODUCTIONS – P. E. PAYTON

- NYU Academic Director; Clinical Associate Professor – Marketing
- Advanced degree in cognitive psychology, applied to how to optimize the retail environment for shoppers
- Former VP of POPAI USA - Industry expert on in-store marketing
- Publish widely on store, department and category innovation
- Assistant Managing Editor of the Journal of Shopper Marketing, the leading peer-reviewed, academic research journal in the areas of shopper behavior, shopper insights, in-store and shopper marketing

7

## OVERVIEW

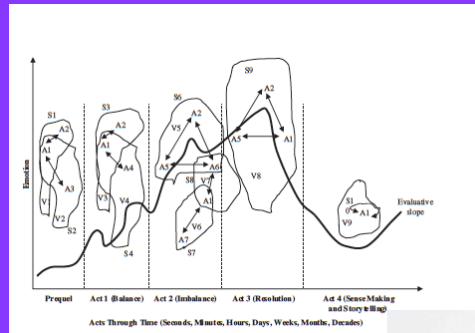
- Your major vehicle continues to be the store
- Décor, design, layout, in-store signage, service touch-points all drive shopper perception
- Integration of what happens in the store and outside of it from a marketing standpoint is critical



8



## WHAT IS THIS?



9

## WHAT IS A STORY?

- We know that people that people think mostly in terms of stories
  - Stories provide us with the reasons for why things happen and why people engage in particular behaviors
  - Stories must have narrative structure scale
- "They understand the world in terms of stories that they have already understood. New events or problems are understood by reference to old previously understood stories and explained to others by the use of stories."*
- Roger Schank (1990)

10

## TYPICAL WAYS RETAILERS STORY-TELL

- Retail as discovery, store as theater
- Community gathering, education, social opportunity of the store



11

## STORE AS DISCOVERY, STORE AS EXPERIENCE



12

## GOOD STORYTELLING AT RETAIL

- In retail, brand-building happens through customer experience
  - Enhance sensory touch-points
  - Amplify social experience
  - Create a unique experience across all stages of the purchase process



## STORES ARE STORIES L'Odyssée de Cartier

- Known by many, owned by few, desired by all
- #1 in world for jewelry sales; #2 luxury watchmaker

<http://www.youtube.com/watch?v=yaBNJTtCxd4>



**“We are in a moment when we  
need to tell our story louder.”**

- J. Crew

15

## **APOTHEEK LAIRESSE AMSTERDAM**



**L A I R E S S E**  
*a p o t h e e k*

- Pharmacy of the future: stylish, soothing store offers conventional and alternative health aids in transparent public and private spaces
- Personal interactions between pharmacists and customers fill a key void in increasingly dehumanized healthcare
- Unique in-store education, presentation, and customer service puts individuals in charge of their own well-being

## KEY TAKEAWAYS FOR PHARMACY

17

### AEPURE PARIS

- Beauty and fragrance concept where store is designed to function like a magazine
  - Window is a trend page
  - Central area focuses on beauty theme of the moment
- 50 brands, highly edited by a beauty connoisseur
- Post it notes, messages on the walls and ceilings tell stories about the products, labeled 'exclusive,' 'must haves' and 'essentials'



## AEPURE PARIS



- Store divided into three spaces
  - The Cocoon Room is white and stocks beauty and skin care products
  - The 'Seduction Room' is brown and stocks luxury perfumes
  - 'Room for Men' is black and features selected body, hair and face product

19

## KEY TAKEAWAYS FOR HBC

20

## SportScheck BERLIN

- 4,500 square meter sporting goods store
- Store as a Billboard
- Children's touch-screen movie theater has been set up to encourage active play
- Technology used to make traditional merchandising more interactive
  - Digital window in hiking department shows changing panoramic images from the Alps
  - Digital fireplace
- Try before you buy: multiple helmet cameras can be used in-store and results displayed



“We start with a story to tell consumers and then decide which media or technological tools will be best suited for it.”

- Nike

## NIKE SALVATION LOS ANGELES



- New Nike owned concept - focused on Action Sports

23

## NIKE SALVATION LOS ANGELES

### LOCALIZATION / PERSONALIZATION

- Retail concept from Nike that combines Converse, Nike and Hurley targets action sports customers  
Salvation brand is intended to engage action sports customers with merchandise selected specifically for them and customization capabilities that turn boardshorts and other goods into personal art projects
- "The Workshop" - blank t-shirts, board shorts, bikinis and footwear customizable with artwork



24



## Nike: Digital Integration

### Print Ad Links to App



### Facebook for Sharing

### Featured In-store



### Product / Platform Integration



25

## JUST DIGITAL IT: NIKE DIGITAL SPORT

- Integrates digital media into product, retail channel and usage
- "Point of sale is the BEGINNING of the customer relationship"
- Integrates to other consumer preferences (music, lifestyle, social media)
- Personalized products, social sharing

RESTRICTED AREA: WE  
HEAR YOU KNOCKING,  
WE CAN'T LET YOU IN



**“We felt that there was a place in the action sports world for a different type of experience that was both innovative and celebrated the culture of art, design, music and action sports. Obviously, having three brands that we felt were very complementary together we thought was a good idea.”**

-Roger Wyett  
-Nike Affiliates President

27

## **KEY TAKEAWAYS FOR SOFTLINES**

28

## CHIN CHIN LABORATORISTS LONDON

- Liquid nitrogen used by scientists to create a spectacle AND make a better product, often with exotic flavors
- The store is a true laboratory, with experimental new flavors
- Store concept is '3-D diagram of block and line' modeled on molecular shapes



29

## CHIN CHIN LABORATORISTS LONDON

- Each stage of the ice cream making process has its own workstation, highlighted with lightbulbs fitted directly into the poles
- Opening up every stage of the process creates entertainment and allows retailers to charge a premium...



30

## CHIN CHIN LABORATORISTS LONDON



31

## DELHAIZE (BELGIUM)



## LAVINIA PARIS / BARCELONA



- Merchandising program that highlights “affordable wines” (e.g., 45 quality wines at < 10 euros each) at the front of the store
- Yellow tags also can be found back in the main aisle
- Uses color to make product easier to find

## KOCHHAUS BERLIN

Incentives, Ingredients and Advice

- 20 tables devoted to a single recipe
- Each table and adjacent cooler provide everything needed to make a specific dish, and an artfully designed poster mounted on each table shows photographs of ingredients and the finished product.
- Folded recipe, a kind of illustrated storyboard for cooking, comes with the ingredients

## KOCHHAUS BERLIN

- No dish costs more than €10
- No dish takes more than one hour to prepare
- No more than 12 steps to any recipe
- Never more than 20 recipes to choose from in the store, although two new ones are rotated in each week



35

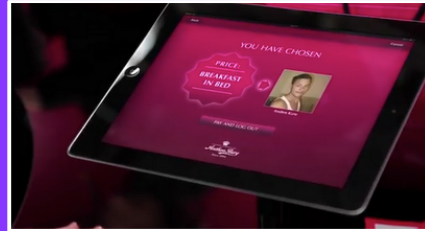
## THE GENEROUS STORE COPENHAGEN



- Interesting retail concept from a chocolatier (Anthon Berg) that takes payment in the form of a "good deed" not cash
- Each product came with a description of a good deed task that consumers had to do in order to "purchase" the product
- Buyers could access their FB accounts from store staff iPads and make a pledge
- Promises were posted on brand wall of Anthon Berg

Brand statement: You can Never Be Too Generous

## THE GENEROUS STORE COPENHAGEN



37

## KEY TAKEAWAYS FOR FOOD SERVICE

38



## DISNEY STORE FLAGSHIP NEW YORK

- Remodeling 25 stores, as well as rethinking much of its real estate
- Flagship in NY offers 3,200 sq. ft. of selling space, with a 40-ft. storefront
- Trail and trees guide shoppers through "storytelling neighborhoods"
- Store can alter its atmosphere via changes in lighting, color and content – traditional sign package has been replaced completely with technology and content



39

## DISNEY STORE FLAGSHIP NEW YORK



- Instead of aisle upon aisle of product, the store is laid out and merchandised as a storytelling neighborhoods, each devoted to a different Disney franchise
  - Oversized castle in Princess neighborhood, with "magic" mirror
  - Disney-Pixars "Cars" neighborhood features Ridemakerz area where kids can choose from "Cars" display case to design and build RC cars
- Disney Theater - an area reserved for storytelling, special events and watching film clips – kids can select content for theater
- Guest engagement through interactive video and live events like story time, drawing workshops or scavenger hunts

40



## BURBERRY REGENT STREET LONDON



- Store formerly a theater and cinema
- Hydraulic stage and screen (22 feet high)
- 13 collections, including Bespoke
- RFID in apparel
- Burberry Acoustic and 500 hidden speakers

## BURBERRY REGENT STREET LONDON

- High profile flagship – largest in world @ 25,000
- Investing in brand, digital and retail strategies to drive customer engagement
- Focusing on large-format stores in flagship markets such as London that benefit from a high net worth local population and the traveling luxury consumer
- Digitally enabled gallery and events space
  - Stores as theater – Taipei store opening in April used rain to demonstrate trench coats

**“It’s the physical incarnation of our website, the hub of everything to do with Burberry.”**

Christopher Bailey  
Burberry Chief Creative Officer

43

## **BURBERRY CUSTOMER 360**

- Customer 360, which invites customers to allow Burberry's to track their purchase behavior and create a "digital profile" for use by staff
- Key initiatives around customer service
  - 24-hour help line in 14 languages
  - click-to-chat online option
  - dedicated customer service handle on Twitter, @Burberryservice

## **BURBERRY**

- Fashion Week Twitter campaign: Tweetwalk – newest collection on web before runway premiers
- Burberry's Facebook fan base was able to follow the entire event with live streaming, including the pre and post festivities
- Livestream weather alerts on bus shelters and billboards in London, New York, Los Angeles, Paris and Hong Kong alerted passersby to real time weather conditions in London

## **KEY TAKEWAYS FOR FLAGSHIP OR HIGH VOLUME STORES**

## STORE AS COMMUNITY CENTER



Community gathering, education, social  
opportunity of the store

**NYU SCPS**  
SCHOOL OF CONTINUING AND PROFESSIONAL STUDIES

47

## IMPERATIVES: LESS ACTIVATION, MORE ACTIVISM

- Experiences help shift your customers from being loyalists to promoters
- Research (Reicheld, 2006) shows that proportion of promoters in customer base correlated with brand/company growth
- Build and encourage communities
- Personalize and create direct ties



## PERSONALIZE AND CREATE COMMUNITIES

- Fans
- Advocates
- Crusaders



## NATIONAL GEOGRAPHIC SINGAPORE - LONDON

- Experience store and global meeting point
- London store is situated on the Greenwich Meridian line where the Eastern and Western hemispheres meet
- 19,000 square feet of inspired merchandising to educate, entertain, and involve patrons
- Unique merchandising: a clothing testing room where you can experience real Arctic temperatures



## VIDIOTS SANTA MONICA

- Anti-Netflix: Reinvention of the independent specialist video store
- Store as community center
  - Vidiots Annex film study classes
  - Lectures from directors
  - Performances, including sing-a-longs
  - Knowledgeable, passionate associates
- New departments within the store (e.g., Economics 101)



51

## Daikanyama T-Site TOKYO

- Tsutaya is Japan's leading book, music and movie retailer; Daikanyama T-Site is newest concept store
- 120,000 sq ft / 3 + story building tailored at 50+ customers with carefully curated 'merchandise - art, architecture, cooking, cars, design, history, and literature



52

## Daikanyama T-Site TOKYO

- Other features within the uber-bookstore include a dog barber; upscale convenience store; large travel section (where holidays can be booked) and Tokyo's largest selection of pens



53

## STORY NEW YORK

- Retail as media concept; seasons as “magazine issues”
- Merchandise Selection
  - Is the product relevant to the story?
  - What are interesting brands and products that work?
- Inventory turns @ 4-8 weeks
- Unique, localized classes and events



54

## KID'S REPUBLIC BOOKSTORE BEIJING



- 200 square meter bookstore devoted to children, with heavy focus on picture books (opposite of what usually sells in China) and high-quality and intellectually stimulating toys supported with a kids book club
- Core customers are well-educated, affluent Chinese... as well as expatriates
- Store actively encourages local writers to create and popularize their works







## JACK WILLS

- Lifestyle, collegiate brand launched in the Summer of 2010 in Nantucket and Martha's Vineyard
- Stores in Boston, New Haven, Southampton, Newport, Charlottesville, Westport, Greenwich, Georgetown and Philadelphia
- Visual merchandise strategy includes NN beer bottles to emulate aftermath of “one kick-a—” party

Jack Wills  
*University Outfitters*  
FABULOUSLY BRITISH

## JACK WILLS SEASONNAIRE

"My name is Red Rainey, I am a Jack Wills Seasonnaire. Each summer I live on Nantucket Island, with sand in my toes and salt in my hair, where everything good about summer exists in one place, and where my sole responsibility is to live the life the clothes were made to lead."



<http://vimeo.com/36155227>

59

## CLOSING THOUGHTS

Innovation, based on consumer insight and focused around store function and format, is crucial if brands want to meet the challenges of tomorrow's retail market

- Think and act like storytellers to drive better engagement
- Understand and leverage core principles of good story-telling



60

## QUESTIONS / THANK YOU

pp64@nyu.edu



61