

FUTURE STORE
CONCEPTS – NEW
OPPORTUNITIES FOR
STATIONARY RETAIL



SUMMARY

THE OBJECTIVE

- 1** The future of stationary retail will evolve from being a place of mere purchase to a place offering experiences
- 2** Stationary retail has unique selling propositions compared to e-commerce which must be targeted and emphasized
- 3** In addition, there is potential for synergies between stationary and online retail in establishing cross-channel customer journeys
- 4** Branding, individualization and sustainability are shaping the transformation of the retail sector
- 5** The ability to quickly respond to (or even set) trends positively influences the long-term relevance of a brand



THE SOLUTION: 7 STABILISERS



CONTENTS

1. Initial situation	4
2. Stationary retail – Key element of the city centre	5
3. A fresh start for retail	6
4. Future of stationary retail: 7 strategic directions/stabilisers	8
1 Digital in-store experience	8
2 Flexible adaptation to trends	9
3 Individualization and co-creation	10
4 Sustainability	11
5 Omni-channel integration	13
6 Digital infrastructure	14
7 Branding	15
5. What needs to be done now?	17
6. Rethinking the customer journey	19



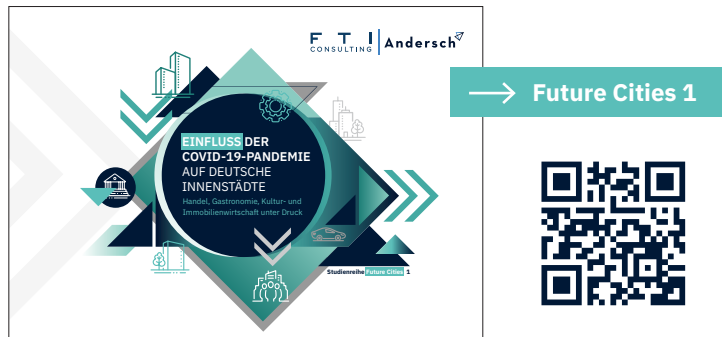
ABOUT FTI-ANDERSCH: FTI-Andersch is the leading restructuring consultancy in the German-speaking countries. FTI-Andersch supports its clients with developing and implementing viable future/performance and restructuring concepts. FTI-Andersch is consulted when companies face operating or financial challenges – or far earlier, to align business model, organisational structure and processes with future developments. One of the key focus areas is developing independent expert reports as a basis for decisions regarding planned refinancing.

The client base comprises SMEs as well as corporations with international activities. FTI-Andersch is part of the global FTI Consulting Group (NYSE: FCN) with more than 5,500 employees.

1

INITIAL SITUATION

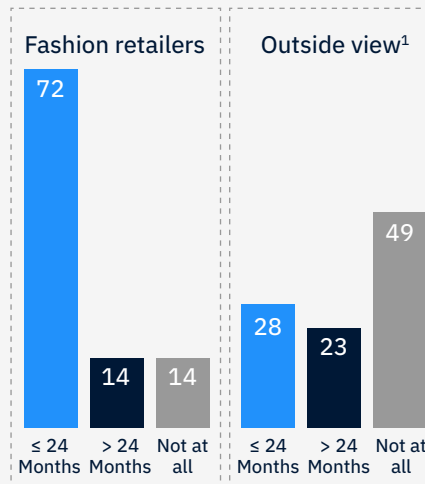
Declining visitor frequencies in city centers, increasing competitive and price pressure as well as more demanding customer needs – these are only a few of the challenges that brick-and-mortar retail is currently facing and that have been solidifying for years. Part 1 of our „Future Cities“ series already showed how German city centres are suffering from the consequences of the COVID-19 pandemic. In many places deep scars will be left in the medium-term.



Crises often offer opportunities for a fresh start. But rarely has structural change occurred with such force as witnessed over the course of the COVID-19 pandemic. In many cases the habits of customers will have changed permanently even after measures have been loosened. The transparency and convenience experienced on the internet, the high variety and availability of goods and lastly the habit of shopping from

home are all factors that will have a lasting effect. Customers being accustomed to using convenient online payment processes will be hesitant to being lured back into local stores. This challenge can only be mastered through new store concepts such as digital and physical experiences or more individual advice - customers must be offered new forms of added value. Something that online retail cannot offer to the same extent. These stationary advantages should be clearly identified, promoted and communicated.

Return of stationary fashion sales to pre-COVID-19 levels Survey, % of responses (n=82)



Different views of the current situation: In our survey, the vast majority of German fashion retailers (72%) were convinced that their sales would recover to pre-COVID-19 levels by the beginning of 2023 at the latest.

Fashion manufacturers, financiers and commercial credit insurers, on the other hand, expect a slower recovery (> 24 months) of fashion sales in Germany. Half of the respondents in this group does not expect the historic levels in stationary retail to ever be reached again.

(1) Fashion manufacturers, financiers, trade credit insurers, Source: FTI-Andersch

2

STATIONARY RETAIL

KEY ELEMENT OF THE CITY CENTRE

Inner city ecosystem



The retail sector significantly contributes to the popularity of the city centre among residents and external visitors. The infrastructure, selection of leisure and cultural offerings, retail mix and digital maturity of cities determine the attractiveness of a location for stationary retailers. Due to this close linkage, cities and retailers must work more closely together in the future to actively develop the respective local location and revitalize visitor frequencies.



The following questions arise:

What does the **future** of stationary retail look like?

What **added value** can stationary retail offer?

What is the role of **branding**, the **customer journey**, **in-store digitization** and a seamless **omni-channel approach**?

How can sales channels be successfully expanded and **interconnected**?

Find out more [—————>](#)

3

A FRESH START FOR RETAIL

Challenge

Pure stationary business may not be sufficient in order to remain competitive

The sharp rise in e-commerce sales, the expansion of chain stores, new competitors from abroad, rising costs (including rent increases prior to COVID-19) and the permanent change in consumer behavior have been presenting retailers with strategic challenges for years. At the same time, brick-and-mortar retail is burdened by structural changes such as market-wide price pressure, over-distribution of goods (especially in fashion retail) and inner-city visitor frequencies, which were already steadily declining before the pandemic hit. The result were sales declines - or the increase of unprofitable sales which were based purely on store growth and promoted cannibalization among the company's own stores. Countermeasures such as increasing the selling space, longer opening hours, more frequent change of collections and sale promotions often put more pressure on margins than stimulating demand.

The ongoing COVID-19 pandemic is increasing the level of tension - but not to the same extent for all companies. This is because even before the outbreak of the pandemic, successful retailers such as Breuninger have begun to use their presence as a physical contact point for the brand while optimizing their online presence in parallel. Brick-and-mortar retailers with well-developed synergy effects between offline and online channels continued to reach their customers de-

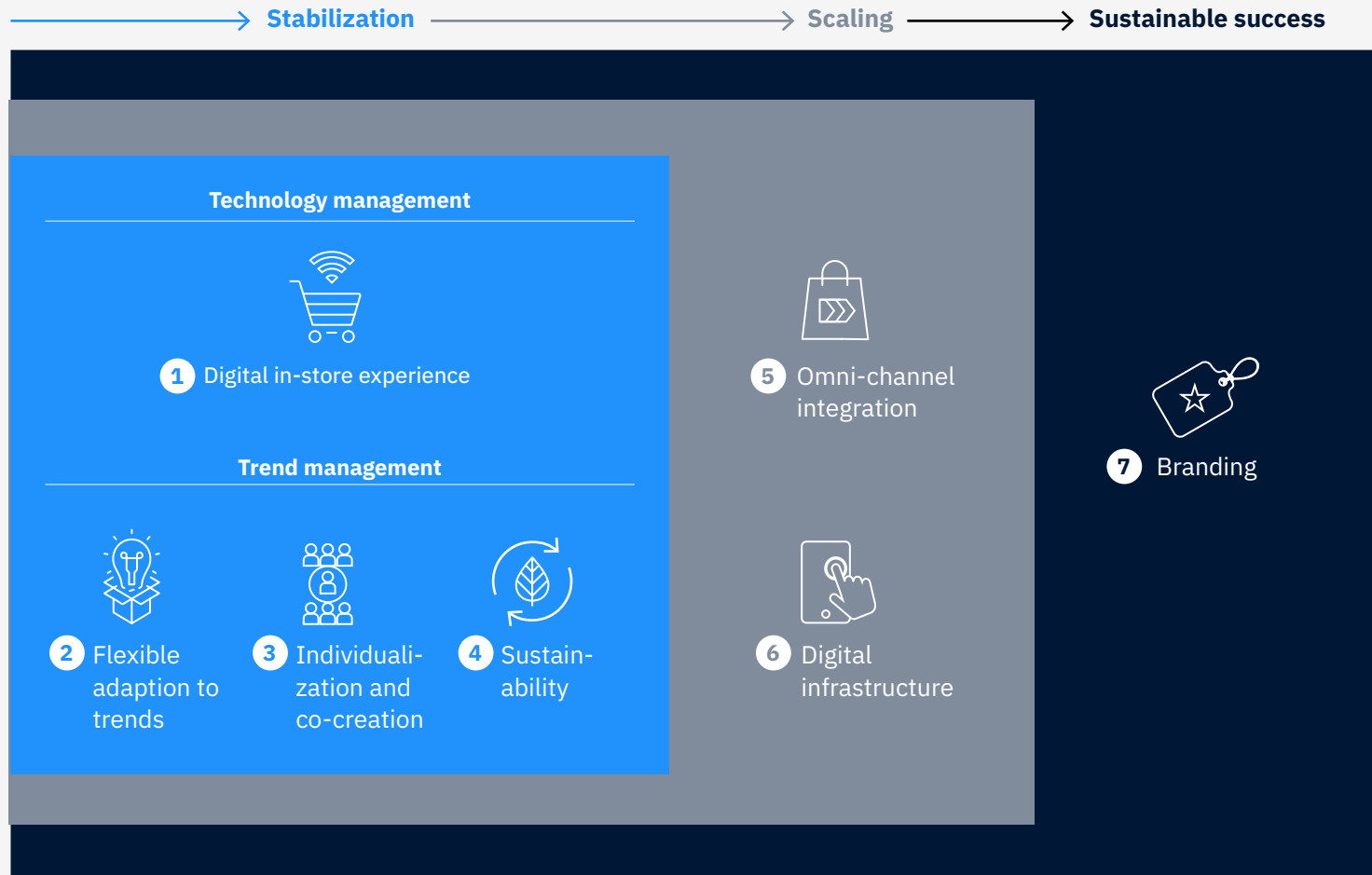
spite the pandemic and accompanied lockdowns. While small retailers have adapted to the situation with product presentations and advice via Zoom and Click & Collect offers, less flexible retail branch networks are finding it difficult to keep up. Their position in particular will have worsened significantly even after the end of the pandemic, as the previous structural deficits have been further exacerbated by the crisis.



To adapt to the current transformation, retail chains must start by stabilizing their core business through seamless integration of IT systems and targeted trend management.

Once these basic conditions have been created, omni-channel integration can lead to an increase in sales that can be sustainably secured through intensified brand building and brand preservation measures. As part of the transformation, it is essential that an overarching strategy is defined at the beginning of the process. This is the only way to ensure congruent coordination of the three project phases. Along the way it is particularly important to create a symbiosis of digital value and the unique selling points of brick-and-mortar retail.

7 STABILIZERS



In the following, we examine 7 important directions and their challenges in more detail and give recommendations for action.

4

FUTURE OF STATIONARY RETAIL: SEVEN STABILIZERS



1 DIGITAL IN-STORE EXPERIENCE

Since online retailing can offer flexibility, availability of products and time savings, consumers increasingly expect these features in stationary retailing. To increase the attractiveness of brick-and-mortar retail, digital technologies must be integrated into the store and consistently linked with the online business. For example, smart mirrors can measure customers, determine the optimal size and allow them to try on clothes digitally. Smart labels offer the possibility to buy products via the online shop by scanning the QR code or RFID without downloading an app and having the purchase sent home. The Burberry store in Shenzhen stands out with a gamified on-site experience that is linked to the WeChat app which is widely used in China. While shopping, a virtual character is created that evolves throughout the experience of learning about products, thus promoting interaction between customers and the brand. To avoid dropouts in long queues at the checkout, digital payment options should be offered. This can be realized with the help of sensors or image processing systems (computer vision systems) for cashierless online payments. For consumers this leads to improved product and brand experiences and for retailers to more efficient internal processes.

One of the greatest advantages of brick-and-mortar retail is on-site service. In order to improve service-levels consistently and in a customer-centric manner, retailers must collect and analyze customer information in a compliant manner. Walkways through the store should be analyzed and optimized by camera systems. Intelligent recognition of customers by means of digital customer cards support the individualization of customer advice. With the help of in-store navigation customers can selectively navigate to their pre-selected products without an app.

All this raises the in-store service level for customers and if implemented consistently increases the expenditure on site (share of wallet). For companies, digital technologies bring the opportunity to better understand customer (needs) and to sustainably reduce costs within the store.



Conclusion

The use of digital technologies offers the opportunity to reduce costs and increase sales through positive customer experiences

2 FLEXIBLE ADAPTATION TO TRENDS



Brands such as Off-White, Supreme or Peso are representative for short-lived trends and hypes that can be created or reinforced. These companies have a very flexible value chain, customer-oriented products and very limited ranges, which is a major reason for their success.

Large retail chains are currently not flexible enough to grasp and implement trends that emerge on a short-term basis. As a result of increasingly fast-moving trends, the time span between the purchase of goods and the sale of new products must be significantly shortened. Digitally driven fashion brands are already managing to run a very efficient value chain, enabling them to respond to market trends on short notice. In addition to greater customer centricity this enables a reduction in costs (e.g. lower inventory levels at the end of the season, more optimal use of sales areas, central warehousing). Flexibility and responsiveness are thus becoming the most important characteristics of stationary retail and require a realignment of the value chain. Fashion manufacturers are already taking this development into account by partially relocating their production back from Asia to other European countries increasing the flexibility of order volumes and shortening lead times for retailers. Software/solution providers such as Lectra are attempting to transfer the principles of Industry 4.0 manufacturing to the fashion industry and to enable batch size 1

products within the shortest possible time - making concepts such as products on demand and mass customization appear increasingly feasible. Further editorial spaces should be an integral part of future store concepts in order to cater to trends with brand stories and non-published products. Many online shops combine the pure presentation of goods with product or manufacturer stories as well as informative articles on topics such as home furnishing, DIY instructions or recipes. This offers space for products that have not yet been released to be curated or presented in a meaningful way for customers. By using the right digital tools it is possible to measure who the target group of the product is and how much time individual customers spend on each item. This allows collected data to be used to predict future trends and order volumes. Another great opportunity is cooperation between retailers: Editorial Spaces do not have to exclusively present own products. Suitable complementary goods can be used to position one's own product portfolio more relevantly for the target group in a meaningful way.



Conclusion

Quick response to trends positively affects the long-term relevance of a brand

3 INDIVIDUALIZATION AND CO-CREATION



In western societies the need for individualization is constantly increasing. This is often shaped by subcultures, especially with young shoppers. For this reason, the personalization of products and services is an important element of future store concepts. Being unique and owning personalized products is becoming more important as a status symbol. As a result, consumers feel more closely connected to the brand and the product which demonstrably leads to higher sales in both brick-and-mortar and online retail. Nowadays customers even expect an increasingly individualized shopping experience in stationary retail. This can be implemented in a wide variety of ways.

In-store product individualization must offer added value compared to online product configurators. Shops must create physical products with digitally enhanced visualizations to enable customers to get an impression of their own personal product on site. In addition, data obtained online from the company's own online shop can be used for individualized product suggestions and advice in stationary retail by for example retrieving customer-specific data from QR codes displayed on an app.

Next to personalized advice the constant change of the store layout plays an important role in offering changing new and

exciting experiences. The Nike store in New York City is regularly redesigned to reflect current trends and offer customers something innovative with every visit. This is particularly relevant for long-term customer loyalty.

A best practice example from Singapore shows how individualization can be successfully combined with an exciting experience:



„Make it yours“

The customer can individualize his notebook in stationary shops by choosing the engraving, the paper or the color of the leather itself.



Experience

The production facility is located in the middle of the store. The individualization takes place directly in front of the customer's eyes and becomes a unique experience.



Implications for stationary retail



This experience is clearly differentiated from online retailing and thus creates an added value for customers.



At best, word on the product experience is spread via social media.

Source: BYND Artisan



Conclusion

Customers associate unique, positive shopping experiences with the brand

4 SUSTAINABILITY



Sustainability and regional sourcing also pose new challenges for brick-and-mortar retailers as more and more consumers demand sustainable products. Until recently, this market segment was considered a niche, but it has experienced increasing growth in the wake of the Fridays for Future movement and the pandemic: According to the EY Consumer Index around one third (36%) of German consumers state that COVID-19 has made sustainability even more relevant for their purchasing decisions. Thus, customers are developing new levels of awareness for the sustainable use of resources. Sustainable brands are en vogue and will continue to shape the retail landscape in the future while the quantities of clothing sold will decline, which is why the pressure to deal with this issue is rising. Although fashion as a „disposable item“ contradicts the idea of sustainability consumers still want to follow current (fashion) trends.

Therefore, retailers need to find the right balance between sustainability, customer satisfaction and profitability. To offer added value and create solidarity among consumers trust in the brand must be strengthened. A transparent value chain and an authentic approach towards the topic of sustainability are essential. Modern multi-brand stores such as the _blaenk brand are increasing demands on the companies they display. In the future of the fashion industry slow and sustainable fa-

shion will determine the brand value of many retailers. Sustainability does not come without cost. Currently, the pricing of seemingly sustainable products does not reflect reality. Since organic materials, investments in sustainable production and the reduction of the use of chemicals are more expensive, consumers need to face higher purchase prices. The case of outdoor clothing manufacturer Patagonia illustrates, that customers are willing to pay a premium for responsible production and high quality. In conclusion, the fashion industry in particular will sell fewer goods at a higher price in the future. Retailers will have to communicate this in an appropriate way, but also compensate for increased costs, as volume-driven business will lose relevance in the future.

Development:

In many places, there is a trend towards higher quality and sustainable products in conjunction with falling sales volumes



Consumers and increasingly also financiers are paying more attention to compliance with ESG criteria (environmental, social and governance) when making purchases or granting loans. The communication and implementation of these values will thus become more relevant for (inter)national brands in the future.



Conclusion

Driven by the press sustainable management is increasingly becoming more attention from the public but also investors and consumers. It is one of the most important trends of the coming decade, especially for the retail sector

ENVIRONMENTAL SUSTAINABILITY

Resource use:

Striving for energy efficiency as well as sustainable use of resources while ensuring compliance with human rights along the entire supply chain

Emissions & Immissions:

Reduction or offset of emissions and immissions, thus minimizing the environmental footprint

SOCIAL RESPONSIBILITY

Employee appreciation:

Living diversity and equality while promoting continuous development and safety of employees

Social Responsibility:

Active participation in politics and involvement in current topics (data handling, customer health and safety)

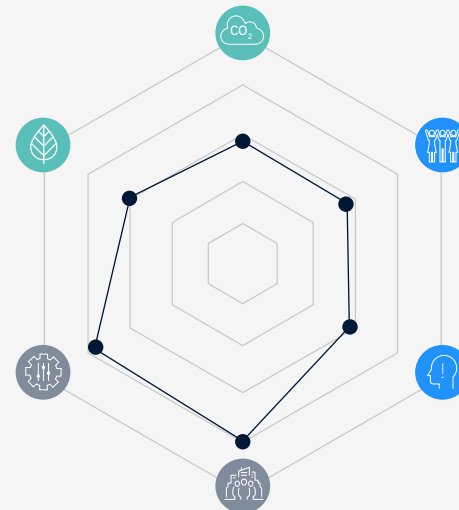
CORPORATE GOVERNANCE

Management structures:

Responsible risk management and ethical leadership with appropriate compliance mechanisms

ESG Management:

Integration of ESG criteria into the strategy as well as management and control of the entire supply chain



5 OMNI-CHANNEL INTEGRATION



The transformation of brick-and-mortar retail from a place of mere purchase to a place of experience requires an operational realignment. In the past customers used to visit stationary shops without prior information. Nowadays the customer journey often already starts online. The number and complexity of brand touchpoints has increased, which is why it is essential to map and rethink various possibilities of the entire customer journey.

If a retailer successfully implements an omni-channel strategy, specific functions can be assigned to the individual channels. Certain contact points serve to provide product information, while others should consciously trigger a purchase. By steering these influences in a targeted manner, cross-channel customer loyalty can be enabled while avoiding customer defection over the course of the process. A study published by the Harvard Business Review showed that customers who actively use omni-channel services spend more money in stationary retail than pure offline shoppers. For example, prior research on the brand's website led to a 13% higher in-store spending among omni-channel customers. A Salesforce survey additionally shows that 86% of European companies do not yet have an end-to-end omni-channel strategy. As customer needs are constantly changing, retailers need to catch up quickly in order to identify the latest digital trends. These must then be

consistently integrated into the value chain. One challenge here is likely to be the increasingly rapid cycles of change. Nevertheless, retailers often have no choice but to make investments to ensure sustainable competitiveness. The fashion chain Zara which complements its local store with numerous online channels shows that such an undertaking is worthwhile. Customers are offered the option of completing various steps of the customer journey from product selection return of goods either online or offline. Therefore, no barriers arise that negatively shape the purchasing experience.

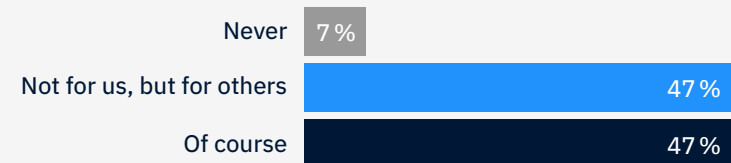


Conclusion

Omni-channel integration enables retailers to combine the benefits of all sales channels

Are social media platforms becoming more important for fashion manufacturers as a sales channel compared to their own online shop?

Survey of fashion manufacturers, (results were rounded)



Source: FTI-Andersch

6 DIGITAL INFRASTRUCTURE



The digital infrastructure of a company is the foundation for online and offline success. The realignment of IT processes should focus on a systemic full integration of offline and on-line infrastructure. The goal is to merge various elements: Central systems (ERP, CRM, HR, FICO, etc.), decentralized systems (cash management, store back office, customer data collection, etc.), the e-commerce shop infrastructure and various interfaces to partners or franchise organizations. This is the only chance for a company's own IT platform to compete with greenfield solutions offered by online pure players. The central objective of an IT strategy must be the standardization of systems across countries and departments. This is the only way to ensure that standardized data can be systematically recorded and analyzed. Only those who use their own data intelligently will be able to design their operative business efficiently and develop customer-centric products. Therefore, it is indispensable for retail companies to access and evaluate, for example, transaction data in real time and customer data without predetermined breaking points. This enables real-time information about inventory and integrated web analytics. All this allows companies to strengthen their omni-channel strategy by having a decentralized control of same-day delivery or maximization of the conversion rate through offering the right product at the right price for customers individually.

A key driver of customer data is the possibility of individual pricing (online and offline) exploiting customers' individual willingness to pay. At the same time, customer-specific data should be used specifically for acquisition and long-term customer retention. Customer-specific advertising measures can increase the number of purchases by visitors in the store (conversion rate) and thus increase sales. At the same time, web analyses can be used to evaluate and adjust the attractiveness of the product portfolio. Platform solutions that centrally record and evaluate data are recommended for this purpose. This eliminates isolated solutions and creates company-specific systems with little effort. The integration of collected data by means of web analyses into sales processes enables the design of an individual and coordinated assortment, which increases customer loyalty.



Conclusion

Homogeneous and efficient IT systems are the prerequisite for creating a data-driven organization

7 BRAND EDUCATION



Not only transaction values achieved by the brands Supreme, Stone Island and Live Fast Die Young have made it clear that for retail brands, charisma and popularity among (young) buyer groups are relevant (and sometimes more important than current sales). Building a strong image is essential for success in the competitive online as well as brick-and-mortar retail.

The basic prerequisite for this is a successful implementation of the six previously mentioned points. Even if pure online brands are often associated with brand success, brick-and-mortar retail still makes a significant contribution to long-term brand building. A study by the International Council of Shopping Centers (ICSC) and Alexander Babbage found that opening new brick-and-mortar stores for a brand significantly increased online engagement. In this regard, an engaging and exciting in-store experience can attract new groups of customers who, depending on their needs, try on clothes that will be purchased online at a later point in time. Especially in online marketplaces, brand image serves as the primary decision-making criterion. Increased price transparency promotes competitive and price pressure in online retailing. Premium products that do not want to compete on price especially need a strong brand image to be successful (online). Therefore, specifically brands within the classic mid-price segment, which can neither fully distinguish themselves via price nor via image are under pressure – especially in the

fashion segment, alternative criteria such as „value for money“ are difficult to convey. The transformation of brick-and-mortar retail into a place of experience represents a decisive development. Retailers who manage to establish themselves as a place of leisure can sustainably increase sales and brand value. However, the need to transform brick-and-mortar retail from a place to buy to a place to experience was already evident before the COVID-19 pandemic. One example is the fashion store Lengermann and Trieschmann with an indoor surfing station. Physical and digital experiences encourage customers to stay longer, increase the frequency of visits and discover new purchase opportunities. The shopping center KaDeWe in Berlin, for example, attracts shoppers with regularly changing pop-up spaces and density of high fashion brands to increase visitor frequency.

Task

Retail must once again become a place to spend leisure time



Especially in the luxury segment, a flagship store concept became established years ago that does not necessarily link the place of purchase with the place where the brand message is experienced. Thus, the individually positioned pieces are not displayed in all sizes and large video screens show current collections on the catwalk. Via tablet items are ordered in the appropriate size - to the store or directly to the customer's home. Although limited articles can often only be ordered online when visiting flagship stores - the online shop is not perceived as competition by the sales staff, as the concept no longer follows the historical retail key figure of sales per sqm.

At best in-store experiences both offline and online lead to free social media marketing, such as „tagging“ a brand or location in customer photos on Instagram and TikTok. Exceptional and positive experiences are also shared on social media, ideally directly from the store, thus reinforcing the brand in the long term. This an example of synergy effects being created between stationary and online business.






Conclusion

Stationary stores shape the image of a brand to a large extent; they are its most tangible figurehead. In the future, strong brands will therefore continue to depend on a physical presence that connects customers with positive brand experiences

4

WHAT NEEDS TO BE DONE NOW

RECOMMENDATIONS FOR ACTION PER STABILISER

	Short-term (1-2 years)	Medium-term (3-5 years)
1. digital in-store experience 	<ul style="list-style-type: none"> Establishment of representative flagship and concept stores to regularly test new applications. If successful, expansion (roll-out) to further stores Restructuring of the store network and allocation of clear store roles (presence stores, volume stores and flagship/digital stores) 	<ul style="list-style-type: none"> Development of modular store elements that can be modified or replaced quickly in a cost-effective manner as technology advances. Developing a fully digital in-store experience, that (if desired) can function without human interaction Identification of the latest technologies to connect customers with the existing product portfolio as well as online services/apps
2. flexible adaptation to trends 	<ul style="list-style-type: none"> Establishment of social media scouts, who analyse trends, transfer them to the product portfolio and bring them to market in a short period of time Positioning of phantom products (prototypes that are not yet available) and pre-announcements in order to measure buyer interest and optimize volumes, e.g. through online click numbers Actively shaping regional trends instead of simply picking up on international ones 	<ul style="list-style-type: none"> Creation of brand networks to map temporary trends through pure online brands that additionally allow access to existing production capacities and logistics structures Establishment of flexible, decentralized production capacities to shorten time-to-market for special and individual collections
3. individualization and co-creation 	<ul style="list-style-type: none"> Expansion of the product portfolio with options for individualization (printing, punching, engraving) Integration of configurators in the online shop and equipment of flagship stores with ‚live individualizations‘ Establishment of regional collections 	<ul style="list-style-type: none"> Integration of customization options as an integral part of the development and production process (Optimization for small lot sizes) Picking up on trends in the product portfolio by means of individualization without substantially changing the products (trend colors, designs, etc.)



<p>4. sustain-ability</p> 	<ul style="list-style-type: none"> • Commitment to sustainable and environmentally friendly entrepreneurship through having an active corporate social responsibility (CSR, ESG) department incl. recognized certifications and active external communication • Integration of second-hand goods in stores and buy-back programmes for old collections • Introduction of sustainable capsule collections to strengthen the sustainability image 	<ul style="list-style-type: none"> • Definition of a ,zero emission‘ strategy in order to improve the ecological footprint • Establishment of sustainable and certified supply chains to ensure competitiveness
<p>5. omni-ch. integration</p> 	<ul style="list-style-type: none"> • Definition of a customer journey based on quantitative customer data and derivation of a company-specific sales channel shift • Establishment and expansion of sales channels with a focus on future importance 	<ul style="list-style-type: none"> • Establishment of an early warning system, which shows relevant shifts of the sales channels in order to initiate countermeasures in time • Adaptation of the company organization to new customer needs and sales structures
<p>6. digital infrastructure</p> 	<ul style="list-style-type: none"> • Creation of a transparent assessment of the company-wide IT systems • Derivation of a roadmap for the future data and system structures of existing legacy systems (CRM, logistics, merchandise management, etc.) and shop technology (marketing cloud, customer data management, etc.). The focus should be primarily on the online business and secondary on the offline one. • Iterative launch of data analysis tools to reduce customer acquisition costs and increase customer conversion rate 	<ul style="list-style-type: none"> • Continuous monitoring of information technology trends and enabling the organization to respond to technological developments • If critical sales mass for own system landscape is not achieved: Definition of a digital strategy including connecting to existing platforms such as Zalando or Amazon Marketplace (disadvantage: loss of sovereignty over customer data) • For international retail chains: Piloting of the new system integration in a selected country and successive expansion (roll-out) of the systems to the national subsidiaries
<p>7. Branding</p> 	<ul style="list-style-type: none"> • Establishment of a transnational community through targeted use of online and offline media • Formation of a clear value system and anchoring it in the products and external appearance • Partnerships with influencers and personalities 	<ul style="list-style-type: none"> • Establishing the brand as part of a certain lifestyle to make it more desirable for long-term customer loyalty • Continuous adaptation of the brand to social developments and trends

5

RETHINKING THE CUSTOMER JOURNEY

For the future success of a company the integration of brick-and-mortar retail into the overall customer experience is crucial. Brand manufacturers and retailers must work out what role brick-and-mortar retail plays in their industry, for their current as well as future customers. Therefore, a customer journey with clear tasks for each contact point must be defined.

Retail experts primarily assign a consultative and customer-binding role to stationary retail. Today, customers already obtain targeted information via the Internet at the very beginning of the purchasing process. In doing so, they make an initial pre-selection of product groups and manufacturers. The following information phase tends to be stationary in order to get a look and feel for the product. At this point, the largest pre-sorting of the products in question has already taken place. If customers are sure about their decision, the purchase phase is carried out offline; if there is still uncertainty before the purchase, the conclusion process tends to take place online. For customer loyalty, stationary retail with an emphasis on experience is decisive. Customers associate the experience in the store directly with the brand allowing a lasting bond between the customer and the brand to be created. This focus on experience leads to the fact that traditional KPIs of stores need to be realigned. Pure space productivity

is no longer decisive for success. Rather the stationary presence can be seen as an investment in the customer retention rate (offline and online) and the customer lifetime value.

Methodical procedures in the creation of a customer journey:



Customer-based query on (a) frequency of use, (b) phase of use and (c) contribution to purchase decision of individual touchpoints.



Evaluation of the company-specific relevance of mentioned touch points and derivation of the future shift.

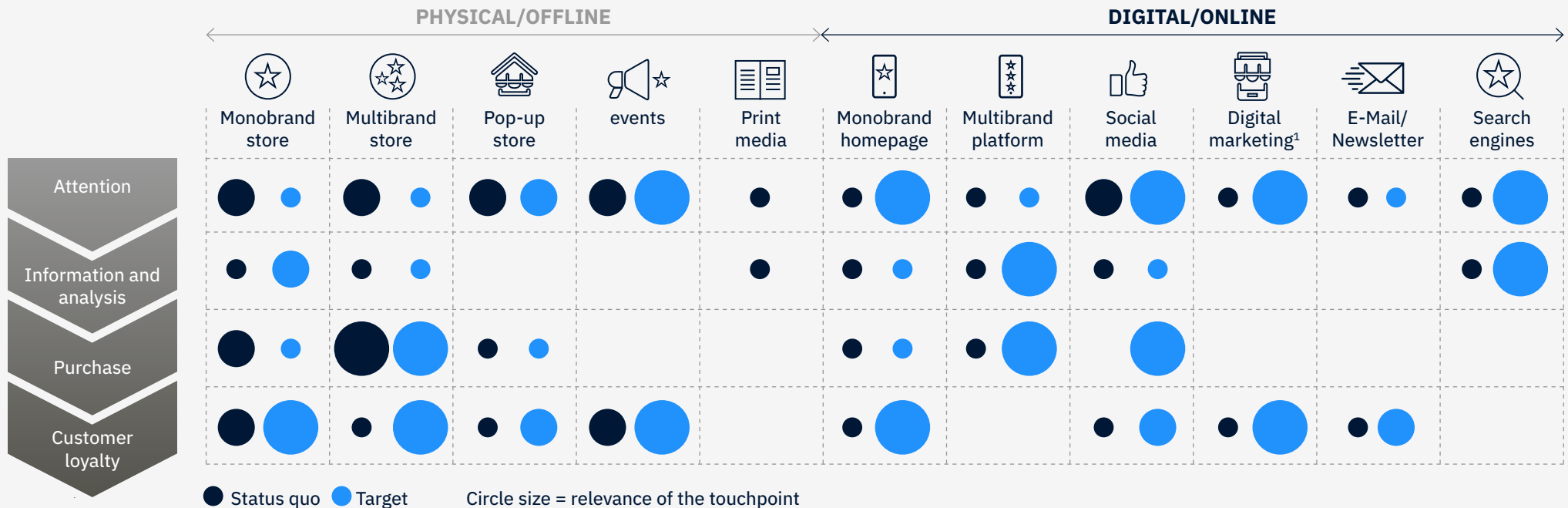


Definition of projects for the development of needed customer channels required in the future and their customer-specific characteristics.



Continuous follow-ups and adjustments of implemented measures.

CUSTOMER JOURNEY WITH FOCUS ON EXPERIENCE



1 Attention

The customer spontaneously finds an interesting product or has an existing need (actively or passively searches for a solution) and initially becomes aware of the product.

Objective: Generate attention

2 Information and analysis

Customer gains more information, evaluates, compares, and selects available offers.

Objective: Strengthen interest

3 Purchase

The product decision has been made. A simple purchase process and a fair price are important. If the overall experience is positive, the customer will make a purchase.

Objective: Achieve conversion

4 Customer loyalty

If the experience is good, the supplier can generate additional purchases through after-sales services. This maximizes the customer lifetime value.

Objective: Strengthen customer loyalty

(1) Blogs, apps, online magazines, digital ads & TV

THE FOLLOWING OVERVIEW SHOWS AND DESCRIBES SPECIFIC MEASURES FOR EACH POINT OF SALE:

	1 Attention	2 Information and analysis	3 Purchase	4 Customer loyalty
Social media	<ul style="list-style-type: none"> • Building own social media channel and creating individual hashtags • Cooperation with influencers • Placing of advertisements • Prizes and free samples 	<ul style="list-style-type: none"> • Transparency through price tag function on images • Trust through user-generated content • Data analysis from impressions to click rates 	<ul style="list-style-type: none"> • Linking of the product catalog through product stickers in stories or shoppable tags on photos • Save shopping posts in stories as a highlight 	<ul style="list-style-type: none"> • Direct communication by replying to comments and messages • Varied posts through photos, videos, stories and IGTVs • Reposts of customer photos/IG Reels/ IG Stories/Tik Tok videos
Offline store	<ul style="list-style-type: none"> • Placement of online advertising, e.g. Google Ads, e-mails or targeting • Social media posts • Word-of-mouth • Advertisements in print media • Events or pop-up stores 	<ul style="list-style-type: none"> • Personal advice from sales staff • Online viewable product availability • Haptic product presentations • Online reviews and comments 	<ul style="list-style-type: none"> • Direct purchase in stationary trade • Online reservation and pick-up in stationary trade • Product order in stationary trade and home delivery 	<ul style="list-style-type: none"> • Fixed assignment of staff members to specific customers for consultation (also virtual) • Loyalty programs • Constantly changing store experiences
Online platform	<ul style="list-style-type: none"> • Being active on all digital sales channels (online shop, apps, social media) • SEO (search engine optimization) for top 10 search result in Google • Blog on trend topics, DIY, digital events, integrate sustainability 	<ul style="list-style-type: none"> • Virtual customer advice offering • Digital experiences and online consulting • Online reviews and comments • Comparison platforms 	<ul style="list-style-type: none"> • Direct purchase on the online platform and home delivery • Direct purchase on the online platform and pick-up in shops • Online reservation and purchase in stationary retail 	<ul style="list-style-type: none"> • Post purchase communication via various channels, e.g. WhatsApp, Facebook Messenger, SMS and e-mail • Personalized newsletter • Reward system for posting and sharing products offering discount promotions

CONTACT PERSON



Dorothee Fritsch
Director
Mobile: +49 160 90658014
fritsch@andersch-ag.de



Mike Zoeller
Partner
Mobile: +49 175 5850391
zoeller@andersch-ag.de

What's next?

The change of store concepts and extensive digitization initiatives often go hand in hand with high investments – is a widespread opinion among retailers. At the same time, they fear not being able to reach critical mass in order to offer omni-channel services. What opportunities exist to provide the best customer experience? How can a cost-effective, integrated omni-channel distribution be created? What can big players learn from successful small, flexible store concepts? We examine these questions in part 3 of our „Future Cities“ series.





Sources: Expert interviews, ECC Cologne, EHI, EY, Forbes, FTI Consulting, GfK, Handelsblatt, Handelsverband Deutschland, Harvard Business Review, International Council of Shopping Centers, Manager Magazin, Retail Prophet, Salesforce, own analysis

F T I | **Andersch** 
CONSULTING

Frankfurt am Main • Berlin • Düsseldorf • Hamburg