Physical retail must surprise and delight

Over 1,400 delegates from the retail, shopping centre and associated industries are gathered in Cape Town this week for the 23rd SACSC Annual Congress, sponsored by Broll Property Group. The focus this year is on evolution and retailers' and shopping centres' ability to adapt to the changing economic, technological and consumer landscape.

The need to integrate shopping centres with digital technology to create a great customer experience is verified by research. Consumers say that the physical store remains an important element of both researching and purchasing, though they are increasingly preferring to research online. Importantly, many still want to visit a physical store to make their final purchase.

With the convergence of offline and online shopping, digital has become the avenue for growth. Stores don't need to make the sale – they need to deliver an experience that supports the brand.

Offering an engaging experience

This was echoed in the presentation by retail futurist Doug Stephens, who stated that shopping centres need to investigate and invest in the mechanics of offering consumers a truly great experience.

Stephens offered the following five tips:

• Engagement: “Have deeper level of engagement with the minds and bodies of consumers, by not just selling product, but creating stories/experiences. The experience should be less about products, more about ‘productions’; less about inventory, more about inspiration; less about commerce, more about community (that reflects their values).”

• “Create unique experiences by changing the script, such as in the case of Nordstrom (an American chain of luxury department stores) as well as Alibaba in China.”

• Personalisation: “Retailing and manufacturing needs to become less focused on mass production and rather embrace the ‘age of me’, as typified by Nike’s hyper personalisation whereby customers can design their own shoes.”

• Surprise: “Great brands engineer great surprises - but they must be unusual,” says Stephens.

• Repeatability: “It must be possible to execute the experiences time and again.”

A true ‘customer experience’ is one that surprises the consumer. Today’s Gen Y and Gen Z are critical consumers who operate in the currency of ‘where I am and who I’m with’ – they believe that the value of experience is more important.

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Stephens cautioned that change in the global retail sector has accelerated beyond even the boldest forecasts. This was evidenced by online giants growing at a “dizzying pace”, while hundreds of renowned brick-and-mortar retailers have closed down. Brands and retailers across categories had failed to respond to the online threat as they struggled to understand the shifting needs and expectations of a new consumer.

From online to bricks-and-mortar, the entire concept of what stores are, how consumers shop at them, and even the core economic model for revenue needs to be profoundly reinvented. He argues that changes are sure to affect not only retailers, large and small, but any business with a stake in the global retail industry.

Physical stores won't disappear, said Stephens, as online retailers Amazon and Alibaba are themselves both investing in physical retail. However, the purpose of stores will evolve as they increasingly become a media channel, while on the other hand, digital marketing has become expensive as it needs to compete for attention with many people.

Local and international thought leaders

Delegates on the first day also heard from Jonas Kjellberg, the co-creator of Skype and serial entrepreneur, author and investor, who shared what kind of innovative thinking is needed for success and why some good ideas and companies make it while others do not, while Jeremy Gardiner from Investec Asset Management shared insight into current affairs, economics and investment markets.

Thursday and Friday of the Congress will see the likes of entrepreneur and founder of Headboy Industries Inc. Ludwick Marishane, trendspotter and futurist Magnus Lindkvist and Fatti CEO Adrian Maguire share their wisdom with delegates, along with a host of other local and international speakers.