

Retail Transformation - A New Dawn

Lockdown 3.0 will undoubtedly leave sections of the retail industry facing some difficult decisions. And whether it results in intuitive transformational programs that reshape physical stores to support omni-channel shopper journeys, or scaling back brick and mortar operations completely, having an experienced end-to-end service solution partner can ensure the transition is smooth, expertly managed and timely. Craig Bennett, CEO of Sigma, explains.



For retailers, the thought of seeing 2020 in their rear view mirrors, and the fresh hope of a new year to trade their way to recovery is certainly a positive one. The reality however, is perhaps somewhat different, with most non-essential stores forced to shut their doors and 'essential' retailers facing a new challenging landscape in which to operate.

For many, it has justified a swifter shift to online-first strategies and digital platforms, particularly for retailers who have for some time relied on a large physical store presence. Sadly, as the economics of running high street outlets has grown increasingly demanding, retailers have been left to re-evaluate their portfolios in terms of location, rent and profitability, and even consider closure.

The result is a need for more dynamic structures that are able to seamlessly adapt to handle the ongoing uncertainty - including allowing buildings to close or reopen as necessary at short notice - to drive maximum value out of the spaces.

In order to deliver more viable long-term commercial options, some retailers are seeking to create multi-occupancy and multi-purpose facilities, or launch smaller workspaces to efficiently distribute employees across locations, cities or regions.

Such a progressive design led approach has already been demonstrated by John Lewis' plan to convert as much as 302,000sq ft of its 678,700sq ft -nearly 50 per cent - of the company's flagship London store on Oxford Street into flexible retail space. While fashion retailer Next's partnership with supermarket Morrisons to trial new collect and return 'Pods' in the latter's car parks, is a further example of the inspirational fusion of diverse commercial real estate.

NEW STORE CONCEPTS

For brands that are focused on maintaining a physical presence, new challenges have emerged, especially as the ongoing health pandemic further heightens the importance of putting the customer first, particularly where customer safety is concerned.

Although customers did return to high street stores - with footfall up 85.2 per cent in December - they did so with a new appreciation for hygiene and guardedness when it comes to human interactions. Retailers, therefore, have had to invest considerable time, effort and resources to make stores safe, investing significant amounts on coronavirus safety procedures, including implementing social distancing measures and increased cleaning practices.

Of course, this is just the first step towards meeting evolving consumer behaviours. Today's customers are not only seeking safer shopping environments, but also an experience that not only replicates the normality they were accustomed to before lockdown, but offers enhanced consumer interaction and engagement that goes beyond just purchasing a product.

Intuitive transformational programmes that support omni-channel shopper journeys, deliver genuine human connections, exceptional customer experiences and drive purchasing opportunities - likely within a smaller physical footprint - have, therefore, become even more critical to success in the 'new retail world'.

For retailers, a road to future success will be reimagining in-store strategies, to integrate new omni-channel models such as buy online, pick up in store (BOPIS) - a channel that grew 28 per cent year-over-year in February 2020 compared with 18 per cent in January - or grocery delivery (up by 57 per cent during the same period).

Similarly, creating immersive retail experiences that hone in on so-called 'retailtainment' to elevate shopping to new heights, will increasingly supersede the conventional retail model of rows and rows of clothes on hangers, basic changing rooms, or products displayed side by side on basic shelving.

We have already seen some exciting examples of brands investing in large-format shopping centres and concept stores, offering a rich range of experiences by blending retail, music, dining and entertainment in a single space. At the same time, they continue to invest in 'digital-in-store', to intrinsically balance online, as well as offline activities, while delivering innovative and creative solutions that maximise available spaces.

Virgin Holidays, for instance, opened a new chain of retail concept stores in 2019. Faced with increasing competition from digital disruptors like Airbnb, and a growing preference for online holiday bookings, the brand sought to deliver an intuitive store that utilised sensory elements to create an immersive shopping environment, allowing shoppers to get in the holiday mood and try out various elements of the Virgin Holidays experience.

While retailers ranging from Boots in Covent Garden, to Primark in Birmingham, have invested in large-format, concept-led, city-centre stores to drive their business growth.

DYNAMIC STRUCTURES

In an increasingly challenging marketplace, and against a backdrop of growing investment in e-commerce to meet growing demand, it remains to be seen whether the traditional large-format city centre store will continue to survive in a post-pandemic world.

Whatever the future holds, retail brands can seamlessly and cost-effectively deploy complex transformational programmes across entire estates, while reducing the spread of Covid-19 at the same time.

