Retail 2020
The End of Silent Retailing

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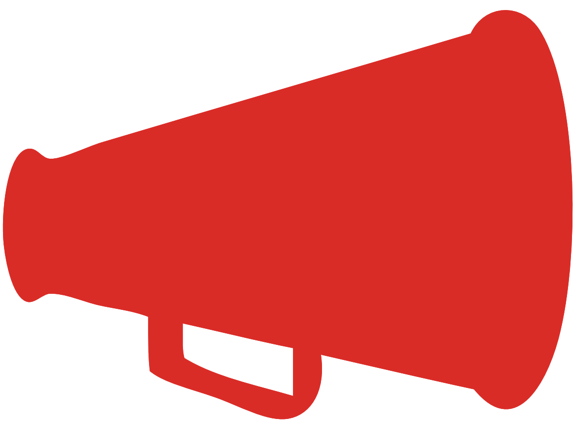
A New Voice

Unlike the 1950s/60s model of door-to-door selling, Business to Consumer (B2C) retail has been very sedentary; sitting still waiting for shoppers to pass. But it's been more than just static; it's been near silent.

Now, there are some who might dispute this. Retailers – and to a lesser degree Shopping Centres – have always communicated with consumers. Mail shots, print ads, posters, the occasional Christmas TV ad and radio coverage. Still, compared to the insurance market or political parties, for example, retail is very quiet.

This is about to change. **The internet will allow retail to attain a whole new level of voice.**



Oasis, the fashion chain is starting to show what is possible. Here is a store that gets retail in the information age. When consumers give their permission (by downloading an iPhone app, for example), they will push out notifications about products, promotions and send a newsletter. They let consumers know their nearest store and supply a map. But there is more to it than this. By accepting to receive communiqués from the firm, Oasis know you are a fan and can treat you differently with special advantages. Meanwhile, being part of a fan base who've said 'yes', consumers now have a special connection with all those other Oasis consumers who've also allowed access. So this then becomes a 'persona driven' social network too; you can meet others like you. The social web then takes over. Messages go viral; the company gets talked about on Twitter. In 2009, 100,000 people wanted to be its friend on Facebook. Suddenly the retail is alive and has got a voice; it is no longer 'silent'.

Entering into Dialogue

Tomorrow's marketing will be much more about 'being part of the conversation', therefore part of the real lives of people.

Another example of this is Tesco. This exemplary retailer has built its Clubcard consumer base for well over a decade and used this very powerfully to target and tailor messages and promotions. However, Tesco's initiative of setting up Mumsnet (*mumsnet.com*) is a huge step in another direction. Suddenly, Tesco is at the heart of people's lives and is able to listen very carefully to the conversations mums and mums-to-be are having. Mums get tips, community contacts, advice on safety and, of course, information on food, recipes as well as promotions and competitions. Whilst keeping a low profile, Tesco can moderate the debate – and picks up new non-transactional data about its customers.

Going forward, being part of the conversation will be key. For example, a Shopping Centre Manager will want to be aware, in real time, what is being said about their scheme, particularly if it is negative. For example, a Twitter about the state of the toilets can elicit an immediate response. Being out of the circuit will matter more and more when most people are in the loop.

A key point here is that **retailers and Shopping Centre owners are no longer fully in charge of their brands' identity. Rather than fight this tide, it will be important to partially let go of the brand and help consumers be your greatest apostles.** For example, in the Foursquare (*foursquare.com*) application where consumers can log where they are through mobile GPS, they are encouraged to visit new places (shops) and receive rewards (points) and bonuses (special promotions) for doing so. The interesting thing about this 'social' is that consumers are doing their own thing but retailers have found a way to be part of the fun.

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A second crucial factor going forward will be the requirement for bricks and mortar retailers to match online information availability with what can be found in-store. **In the transparent, border-less world of digital natives, it makes no sense at all that product information is deep and dynamic online but almost non existent 'on the ground'. For consumers brought up on the internet, stores are simply 'dumb'.** And with so many consumers knowing more about a particular product (through their online research) than the young shop assistant, it is unlikely that they will be attracted to a given store because of its 'service promise'.

Shopping Centres will also be reaching out to consumers before they arrive at the scheme. In the (near) future, it will be a usual part of the shopping process for consumers to let the Shopping Centre know they are coming and to have all sorts of personally relevant information sent through (travel information, the day's events, promotional vouchers for their favourite stores – in fact anything to help them plan their trip and have the best experience possible).

Looking in-store, much more will be interactive than ever before. RFID-tagged products (see 'Easy Shopping' chapter) will let consumers know where to find them ie. products will seek customers and not the other way round. Shelf edges will communicate messages. Stickibits is a social bar code by Occipital allowing smart phone users to access information about the product and price but also to add their own 'social' content to the bar code. As a shopper, information streams will come at you from all directions. In turn, consumers themselves might be more active in indicating out-of-stocks and triggering replacements.

If this sounds a long way off, it's important to note that Britain's Tesco supermarket chain already has an iPhone app that allows people to navigate in-store to hard-to-find products using their phone's GPS. And the app also supports product barcode scanning.

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Letting Retail In

Of course, much of this relies on consumers' willingness to let retailers closer to their lives and their personal data, as well as their ability to filter incoming communications so as not to be flooded.

In the future, *digital agents* will work for the individual, screening out things which are not personal preferences and letting through just those bits their 'master' has shown interest in the past. Meanwhile, whilst swathes of today's Boomer and Seniors will never give Facebook a try, Gen Y has a completely different notion of privacy. Older people caution the danger in all this, but Gen Y see the energising dynamic of being transparent in this way.

As we saw earlier, consumers are increasingly powerful and increasingly vocal. They are also increasingly connected and, as bizarre as it might seem, going to a store can be a lonely experience to Gen Xers and Gen Yers who are used to being in constant contact with friends. Retailers need to match this 'voice' and this connectivity. **So expect the future to include 'loud and proud' retailers reaching out to consumers and using consumer data to amazing effect – speaking to the *right* people not broadcasting to everyone.**

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Astute retailers will start telling customers things about themselves that they didn't know and therefore assist them in making better, more cost-effective and, why not healthier decisions. Helped in this way, customers will share even more information with their privileged retail 'partners'.

Meanwhile we can expect to see many retailers using sensor readings to track shoppers as they journey through stores, where they linger and what they buy. Simulations based on this data will help retailers optimise layouts – again on the condition that consumers give retailers access to sensors (their mobile phone, for example).

Of course, in this upcoming era of 'the internet of things', one key competitive battle will be for the ownership of consumer data – and the decade will be marked by access, permission and viral initiatives. A second competitive advantage will be had by those retailer's knowing best how to decode intelligent insights from the wall of data coming their way. A shift in metrics and a new thrust towards advanced analytics will be new variables for the best retailers to master.

If you have any questions about this report, please contact us at:
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