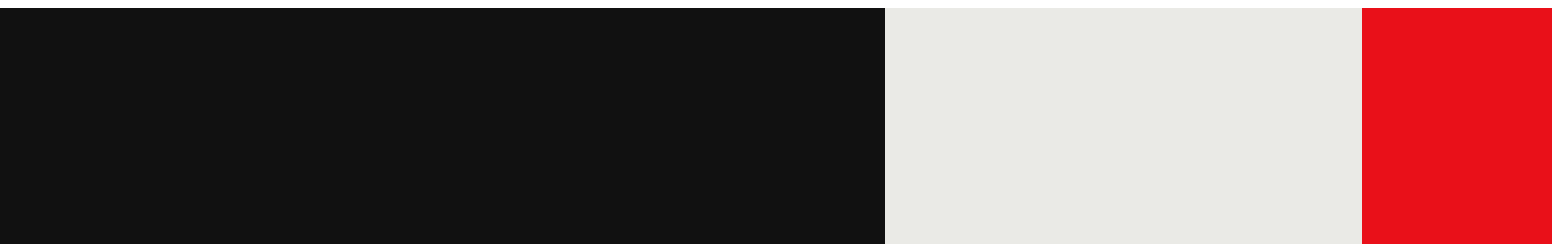


Reimagining Retail: What makes you need and want to visit a store, and the most must-visit store experiences

Audio



On today's podcast episode, in our "Retail Me This, Retail Me That" segment, we discuss what makes people need to go into a store, what makes them want to go into a store, and the leading in-store pain points. Then for "Pop-Up Rankings," we rank the top four must-visit store experiences. Join our analyst Sara Lebow as she hosts analysts Sky Canaves and Zak Stambor.

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Episode Transcript:

Sara Lebow:

Join eMarketer on November 3rd for our next virtual event. Attention: Trends and Predictions for 2024. Our leading analysts and executives from brands like Pepsi, Colgate-Palmolive, and

Kendra Scott will explore trends like generative AI, retail media, and more to help professionals plan for the year ahead. Visit insiderintelligence.com/events/summit to register today.

Hello, listeners. Today is Wednesday, October 4th. Welcome to Behind the Numbers: Reimagining Retail and eMarketer podcast. This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is What Makes a Good Store? First, let's meet today's guests. Joining me for this episode, we have Senior Analyst, Zak Stambor. Welcome back, Zak.

Zak Stambor:

Thanks. Thanks for having me, Sara.

Sara Lebow:

And also rejoining us is podcast regular, Senior Analyst Sky Canaves. Hey, Sky.

Sky Canaves:

Hey Sara. It's great to be back.

Sara Lebow:

Great to have you. Okay, let's get started with free sample.

Our Did You Know segment where I share a fun fact tidbit or question. Today, I am once again quizzing you both. The question is, what will be the most popular children's costume this Halloween according to the National Retail Federation? Most popular children's costume. I'm not giving you guys any options. Guess some yourselves.

Sky Canaves:

I'm going to go with the classic that my daughter was last year and that is a witch.

Sara Lebow:

A witch? Like that I guess-

Zak Stambor:

I was going to say Barbie. There's just been so much Barbie stuff going on. It seems like a natural easy costume.

Sky Canaves:

I think that will be huge this year. But from my memory of these surveys or studies, the classics are really hard to unseat the Witch go Superhero Trilogy. I think maybe there are a few others in there.

Sara Lebow:

You both are giving-

Sky Canaves:

We did it.

Sara Lebow:

... really well-reasoned to answers. It's not Barbie. I also thought it would be Barbie. I was Barbie last year and you better believe since I still own the shirt, I'll just do it again this year. But the answer is Spider-Man.

Sky Canaves:

Whoa.

Sara Lebow:

Around 2.6 million children plan to be Spider-Man this Halloween. Two million plan to be a princess. 1.6 million will be a ghost. 1.5 million will be a superhero and 1.4 million will be a witch. That's according to the NRF. Zak, Sky, you both have kids. Do they have their Halloween costumes picked out yet?

Sky Canaves:

We get several Halloween costumes a year because Halloween is no longer the day as it was when I was a child. It is a season.

Sara Lebow:

It's Halloweek.

Sky Canaves:

It's Hallomonth. Yeah. We start with the parties in middle of October and the planning starts in-

Sara Lebow:

Oh, my God.

Sky Canaves:

... September to secure those in-demand witch costumes.

Sara Lebow:

That makes sense.

Zak Stambor:

Yeah. We already have Candy Corn in the house, but we do not yet have costumes. I don't know what they're going to be.

Sara Lebow:

Okay. You'll have to keep us posted on what your kids and you are going as this Halloweek month. Okay, now it's time for our next segment; Retail Me This, Retail Me That, where we discuss an interesting retail topic. Today's topic is What Makes a Good Store? Let's start with an example here of a trend we've been seeing. Macy's is shrinking its store footprint, size and also shrinking some of its individual store sizes. We've also seen similar smaller store concepts in other places like IKEA, which has opened smaller showrooms. The trend aims at refocusing what the store actually is. So before we jump in, just any thoughts on this overall trend?

Zak Stambor:

Yeah, I think it reflects the ways in which consumers live and work has changed. The pandemic shifted everything around. People live in different locations and stores need to serve them in different ways because of that.

Sky Canaves:

And I also think the smaller store format speak to a different role for the store where they're not just a place to go and get products, but nowadays, stores serve as much to drive

awareness and acquire new customers as they do to sell products. Especially for brands in more lifestyle-oriented categories, I think stores can be part of that marketing strategy where they also serve to develop the brand's image and reputation and offer just to get in front of the consumers and be where consumers are.

Sara Lebow:

Yeah. Last week we talked about omnichannel. I think that many years ago you might've called the store the definition of the bottom of the funnel. It's where the sale, the transaction takes place. Now, not as much. The store might be a more mid-funnel marketing opportunity. So stores can exist because they fulfill a need or because they want to draw people in with some sort of entertainment or experience or exclusivity. Let's start with this first category of fulfilling a need. What are the things that make stores need to have?

Sky Canaves:

I think the top reason cited by consumers in numerous surveys is really the need to see things in person. So they want to touch or try or field items. There was a recent survey from Jungle Scout looking at consumer trends and that was really the top reason. It's also followed closely by the need to get something right away. If you can't wait for even the one or two days for a fast delivery and you need it now, you go to a store. But the third reason, and this was interesting, was just enjoyment of shopping in person. So there are people who look to stores for look around somewhere to go be entertained.

Zak Stambor:

I think the convenience piece is really an underrated part of the equation here. You tend to think of e-commerce as the easiest, most convenient way to buy something, but when you need a birthday present for a birthday party that you're taking your kids to in one hour, you really just need to run to the store and grab something and go.

Sky Canaves:

Zak, I actually had a similar experience last weekend, but I took the opposite approach. So I urgently needed a present for a birthday party I was taking my daughter to because her dad gave her the present to open herself, so she opened the gift I had already bought for her friend and we needed a gift.

Zak Stambor:

Oh, no.

Sky Canaves:

Yeah. So we needed an emergency gift, but rather than go to a store, I did Walmart curbside pickup and just did not have to go into the store. I ordered online and got it within a couple of hours and saved the day.

Zak Stambor:

But you still went to the store. The store is still served to that function even if you didn't have to go in.

Sky Canaves:

Yes. Yes.

Sara Lebow:

I think understanding what store rolls need to have, look no further than retail e-commerce sales penetration data. We know that food and beverage has some of the lowest e-commerce penetration at like 7% according to our forecast, whereas books, music, and video have closer to 70% e-commerce penetration. So the stores need to have in those touch-it, see what that apple looks like. Whereas for a book or something, a store needs to do more to get people to want to come in through something experiential or some sort of event.

Sky Canaves:

And to me, bookstores are hugely experiential because I still have not matched the online browsing experience with the experience of being in a bookstore and being able to see all of the titles and pick up a book and see what it's about. So to me, I feel like I purchase fewer books online than I did when I used to go to bookstores regularly.

Zak Stambor:

Yeah, stores foster discoverability as well and that's just something that never has fully been replicated online.

Sara Lebow:

I think that eases us into our next, What is The Role of The Store question. So we've got these need to have things, seeing things in person, trying things on, picking things out for yourself, but then we have these want-to-have things. What are these aspects that make people want to go into the store? Browsing discoverability, that's definitely one of them.

Zak Stambor:

One thing is exclusive merchandise that you just can't get anywhere else. And then the other is that real entertainment value piece of the equation where there's a real experience to the store that brings you into the brand in a way that just isn't possible without engulfing you within the ethos of the brand. Bass Pro Shops is a great example of that sort of retailer that does that very well.

Sara Lebow:

Have either of you been to the Bass Pro Shops pyramid in Memphis?

Zak Stambor:

I've not.

Sky Canaves:

No. That's a bit far from me. But I did go to the Bass Pro shops in my neighborhood in the suburb of Austin, Texas this past weekend for research purposes. I took my daughter along. We did not buy anything, but she had a great time. There is a big aquarium. There were little animal tracks inside the cement on the flooring and she really enjoyed following those and pretending to be the animals of the tracks. And they have a bowling alley with an underwater aquarium theme and a bar and a restaurant in there. So in terms of customer acquisition, I think it worked because I'm likely to go back there, maybe I'll need to buy something outdoorsy or maybe just to go bowling and have a meal.

Sara Lebow:

Yeah, it's like the Rainforest Cafe of Retailers. Well, I guess minus the mall aspect because they're freestanding, so it has even more pressure than the Rainforest Cafe to have a way to draw people in, be that through aquariums or through being quite literally shaped like a pyramid.

Zak Stambor:

But that notion of building an experience that is really somewhat of a tourist destination isn't really new. I live in Chicago and I remember as a kid, Nike Town opened on Michigan Avenue in 1992 and there was hordes of people just descended on this store that I think was like three or four stories, it's still there. And you just got immersed in the brand and in everything Nike, and everything Michael Jordan, and it positioned at the brand in a different way. And that has only accelerated.

Sky Canaves:

Well, I think it has taken on more resonance in this post pandemic period that we're in where e-commerce accelerated, more people were shopping at home, they lost the experiences of the stores and for some people they really miss the store experience. So now they want to get back to stores, but they want to have great experiences in stores. They want something different, that they can't just find online. And stores have been actually, I think pretty challenged to meet these expectations. A lot of that is because of the staffing issues and to have a great store experience, it really needs to start with the people working there and maintaining the store and being there for the customers.

Sara Lebow:

That's a good transition into this question of What Keeps People Out of Stores. What are the pain points? One is definitely staffing. That's definitely one that's particularly relevant right now as a labor shortage wages on. Lack of staff and lack of staff that are familiar with the merchandise that are trained in what they're talking about. I called this to both of you, the Home Depot effect. You're in a store, you have a question and no one is around to answer it or if they can answer it, they don't have the answer.

Sky Canaves:

I think some of the pain points are around not being able to find what they're looking for or get help to find what they're looking for. And then another big one is other people crowds and long lines, the inconveniences of the stores.

Zak Stambor:

But also untrained staff that just don't know what they're talking about. Nothing is more frustrating than that than you went to the store to get a very specific question answered and

then they just shrug. Or you can tell that they just don't really know what they're talking about. That's a really bad experience. They might just send you elsewhere.

Sara Lebow:

Yeah, I'm sure that's an incredibly frustrating experience for the worker and for the visitor. It's just all around a challenging time. Okay, let's keep moving into our second half. Now it's time for Pop-up Rankings where we take a look at specific examples and we rank them. Today, Zak and Sky will discuss four must-visit stores and one store that could up, its in-person game. Zak, why don't you kick us off?

Zak Stambor:

So I want to start by talking about the consumer electronics category and three separate retailers within that that all do similar things well. These are highly considered purchases where you do want a store associate who knows everything there is to know about the products. So in Chicago, we have a retailer that just has one store. It's called Apt. And if you live in the Chicago land area, you undoubtedly buy literally every consumer electronics, every appliance from Apt because their associates know everything. They have such a wealth of knowledge and they work at Apt forever. They train their employees really well and they just have a wealth of knowledge. BNH in New York is a similar sort of experience, but really all you have to do is go to your local mall and you can find the Apple Store where again, they pay their employees well, they train them well, and as a result you get a very high touch experience that enables you to feel good about this pretty expensive thing that you're likely buying.

Sara Lebow:

Yeah, the last time I was in an Apple Store, one of their employees was talking to me about how came in with no knowledge of technology and was a super user at that point because of the training. I think it's interesting you brought up earlier, the store as a tourist destination. The first time I ever visited New York City where I now live in 2008, the Apple Store had just recently opened on Fifth Avenue that the Cube Apple Store, and I specifically visited there. I didn't buy any Apple products. They were prohibitively expensive for me at the time, but obviously, I became intimately familiar with Apple because now I'm talking to you on an Apple computer using my Apple smartphone. So that lifelong brand familiarity that started at that point definitely has paid off for Apple.

Zak Stambor:

Every store is a billboard and a marketing opportunity.

Sara Lebow:

Sky, why don't you give us the next example of a must-visit store?

Sky Canaves:

Sure. This one is a smaller retailer called CAMP and they could be described as a kid store. They're not a toy store because they're so much more. They build themselves as a family experience company and they're pretty small. They have nine stores from what I saw on their website most recently, and they're in big cities around the country and I describe them more as a children's experience company. Toys are part of the childhood experience of course, but so is entertainment and things like arts and crafts and CAMP offers all of these through their different offerings and different offerings in different stores. I think one of the most powerful and engaging things that they do is they have these immersive experiences that they have in select stores and they're developed through partnerships with some of the big heavyweights of children's content. So think Disney, Bluey, Paw Patrol, and these are events that they create around them that are ticketed events.

Last year I took my daughter to the Encanto store at one of the CAMP stores in New York City and it had all these really nicely done themed rooms. The characters were there singing and dancing and playing games with kids and it was just a great way to spend a couple of hours. It was like a very Disney-light type of experience where you don't have to take a whole trip to Florida or California to experience that kind of delight for kids. And yes, they sell toys and other things, but I think that they're really getting to the heart of what experiential retail can be and especially in a category like toys where we've seen so many of the big retailers like Toys R Us going to bankruptcy or really struggle a lot because of the dominance of online channels for toys.

Sara Lebow:

Do they do birthday parties at CAMP?

Sky Canaves:

I think they might. I'm not sure. I know that they have classes. They do things like Parents Night Out where you can drop your kids off for an evening and they'll do fun activities with

them while parents go out and have a date or something like that. And I think they might do, I don't know that they do birthday parties, but they do.

Sara Lebow:

This is so cute. They call the leaders of birthday parties, party counselors. That's fun. Birthday parties are a great idea for a retailer. Talk about challenging thing to leave without buying something.

Sky Canaves:

Yes. That was a struggle when we went to New York because we don't live there. We were coming back to Texas and after we left the Encanto experience, my daughter fell in love with a toy that was not going to fit in our luggage and there were tears. There was a struggle. She did eventually get it for Christmas a few months later.

Sara Lebow:

Did you order it via e-commerce?

Sky Canaves:

I did. I ordered it from probably Target because they had the lowest interest price.

Sara Lebow:

Interesting.

Sky Canaves:

Yes.

Sara Lebow:

Okay. Great store, but they didn't get the conversion that time.

Sky Canaves:

But they did get us to buy tickets for Encanto and maybe buy some other merch as well.

Sara Lebow:

Got you. Zak, what is our next example of a successful in-store experience?

Zak Stambor:

Yeah, so far less flashy, but Whole Foods. It's just... I love going grocery shopping and shopping at Whole Foods as opposed to my neighborhood Albertson Store, which is JUUL because I can grab a beer, I can walk around, I can get samples. If I'm hungry, I can grab a slice of pizza or something else. And again, you can actually touch and feel and pick the produce that is pretty good produce and that's just such a different experience than in the height of the pandemic when I was ordering online and having it delivered and you never knew what was going to show up and it wasn't fun.

Sara Lebow:

I loved Whole Foods when I was growing up in the suburbs, especially for their prepared food section. Now that I live in the city, a totally different experience. It's shaped weird. It's so crowded. I get what you're saying. I agree with you. I think that the city offers its own unique set of in-store challenges.

Zak Stambor:

Yes, absolutely.

Sara Lebow:

All right, Sky, tell us one more store with a must-visit experience.

Sky Canaves:

To me, this is must-visit, but it's not a specific store and I'm going to say the nearest luxury pop-up. And I think pop-ups in general can be really powerful for any brand. Maybe it's tied to specific events or holidays or collaborations with other brands because they can really add an element of excitement or freshness to brands. Especially for brands or retailers that are struggling with their existing stores, they kind of take them out of their typical setting and can cast them in a fresh light.

Now for luxury brands, they can often have a little more mass appeal. For example, your typical luxury boutique, your Hermes boutique can be very intimidating and particularly if you're just looking for a retail experience as entertainment or you want to browse around or be inspired. So what a lot of luxury brands are doing nowadays is opening these limited time pop-up shops where it's really specific to perhaps a specific product category.

A couple I'm thinking of is Chanel recently had a Chanel Lucky Chance Diner in Brooklyn, New York during New York Fashion Week, which was tied to its Chance fragrance, and it was open to the public and I think they had pretend food and they had real food and it was very Instagramable or maybe now TikTokable for young people to go check out and really have that brand experience without walking into a Chanel boutique when they might not have a lot of money to spend on a handbag.

Sara Lebow:

I know this diner. I walked by this diner a bunch of times and I did not realize it was open during New York Fashion Week. That said during New York Fashion Week, I'm intimidated by everything and everyone. But yeah, I did see this diner. I wish I knew it was open because it does sound interesting. It's in a diner that I call the Step-Up Diner because it was featured in the movie Step Up 2: The Streets very briefly.

Sky Canaves:

Another one that was very popular was in China, which is a big hotbed of retail innovation right now. But over the past couple of months, Louis Vuitton has opened a series of bookshops and coffee shops and they're just selling their travel books. And I think one of the enticements was that if you bought one of their travel books, you would get a free tote bag. And this sparked a viable craze among Chinese aspirational luxury shoppers because the travel book is expensive for a book, but it's nowhere near the price of a Louis Vuitton handbag.

And some even went to all the shops that they could to buy different books so that they could collect all of the tote bags. So in this sense, these popups make luxury a bit more accessible, which is important now because I think the demand for luxury goods is slowing a bit among those more middle-class or aspirational consumers. But the brands still want to stay front and center, especially in front of younger consumers while maintaining the exclusivity of their stores, their boutiques.

Sara Lebow:

Yeah, I saw something that combined the last two that you brought up, Sky, the popup, and the toy store. I saw a TikTok of a jelly cat, like the little stuffed animals, a Jellycat Diner experience at FAO Schwarz in New York City. Another place I went on that first ever visit to

New York, where they had this fake diner where you could buy your food, but the pizza is like a stuffed pizza-

Sky Canaves:

Oh.

Sara Lebow:

... of Jellycat and it made for really good TikTok content. So that's definitely another advantage of this.

Sky Canaves:

Right, and that will broaden the audience as well, because jelly cats are popular not just with small children, but also with teens and Gen Z. I think even maybe even millennials collect them.

Sara Lebow:

I love them.

Sky Canaves:

Yes.

Sara Lebow:

I only have one. It's a lemon. The day I found out about them, I was like, "Wow, amazing. A small stuffed lemon. Perfect." Okay, let's keep moving. Zak, why don't you tell us our example of an in-store experience that could up its game just a bit.

Zak Stambor:

I want to talk about Eataly, which is rapidly expanding. And so this take is certainly not shared by the VC firm that owns Eataly, but I remember when Eataly opened in 2010 in New York and it was a revelation. It was so cool. There was a brew pub. It was maybe the first or one of the first food hall experiences that I ever went to. And 13 years later, those things don't seem so special. And so it just brings to mind the need to up the ante a bit and create something new and unique and special. And given that I think New York has three or soon will have three Eatalys, Chicago is one, Philadelphia is soon to have one. Maybe having one in a city makes it

sort of special, but once you've been there one time, I don't know that you want to go back unless something changes a bit.

Sara Lebow:

I agree with you on this, maybe hot, maybe not so hot take. I think that one of the reasons that Eataly feels a little dated is because these specialty food stores, international food stores are more common now, at least in cities. Like my local coffee shop sells specialty and international food products, so does my local pizza shop, and I know that that's common now. That's definitely a thing that is happening more and more. So I don't have to go to Eataly, which to me is a crowd.

Zak Stambor:

Right.

Sara Lebow:

When I think of Eataly, I think of a crowd.

Zak Stambor:

Yeah. The other thing. Pretty much is just a tourist destination, which in 2010 it certainly was that, but I don't think it was exclusively that. I think that's what's changed.

Sky Canaves:

At the same time, I think the combination that they offer of dining place and shopping place is very powerful and one that I think more supermarkets and grocery chains will try to leverage. I know I see my local chain here, HEB, they're expanding their Dine-in or restaurant offerings in their newer supermarkets, in their newer stores. So I think that's a lasting trend. But right as it becomes more prevalent or widespread, the unique appeal of a place like Eataly becomes diminished somewhat. They need to start offering samples.

Sara Lebow:

Dining and shopping experience, it's worked for IKEA, which is a totally different category, but has that international and dining appeal. That special occasion appeal. Okay. That is all we have time for today, so thank you for joining me, Zak.

Zak Stambor:

Yeah, thanks for having me.

Sara Lebow:

And thank you Sky.

Sky Canaves:

Thank you, Sara. Always a pleasure.

Sara Lebow:

Please give us a rating and review wherever you listen to podcasts and follow us on Instagram @behindthenumbers_podcast. Thank you to our listeners and to Victoria who edits the podcast no matter what we have in store for her. We'll be back next Wednesday with another episode of Reimagining Retail and eMarketer podcast. And tomorrow join Marcus for another episode of the Behind the Numbers Daily. Do you guys like Candy Corn? Just wondering.

Zak Stambor:

Not at all. I don't eat it.

Sky Canaves:

I am Team Candy Corn, only a little for Halloween just to taste a lot of nostalgia with Candy Corn.

Sara Lebow:

I'm also Team Candy Corn only a little. I like having the bowl there and eating too.

Zak Stambor:

It's so waxy.

Sky Canaves:

I don't want a Candy Corn milkshake or Candy Corn donuts or anything else with Candy Corn. Just a few pieces.

Sara Lebow:

It's just wax and sugar.

Sky Canaves:

Yeah, it's really-

Zak Stambor:

No. No. No, thank you.

Sara Lebow:

It's just corn syrup, actually.