

Why experiences and discoverability drive customers to stores

Article



Despite the rise of ecommerce, nearly 85% of US retail sales still occur in-store, according to our forecast. To attract customers to physical stores, brands must continually innovate to offer memorable experiences.

Here's what makes for a must-visit store:

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1. Quick availability

While ecommerce may be the fastest way to buy, it's not always the fastest way to actually receive a product due to shipping variation. The convenience of in-person shopping comes in handy when customers really need something now.

- "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," said our analyst Zak Stambor in our recent "Behind the Numbers: Reimagining Retail" podcast episode.
- Wine and liquor stores are another example, offering the quickest way to grab a bottle on the way to a dinner party.

2. Easy product discovery

Retail shoppers expect a user-friendly in-store environment that not only helps customers locate the particular items they need, but also helps them to discover new merchandise.

Whole Foods has done this successfully, offering high-quality produce that customers can see, touch, and feel before purchasing and free samples to get them familiar with lesser-known products, said Stambor. Trader Joe's also uses samples to get visitors interested in new products.

3. A staff that knows what they are selling

In addition to facing a labor shortage, retailers are struggling to find candidates who are wellversed on products to justify a customer's trip to the store.

- "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," our analyst Sky Canaves said on the podcast.
- Consumer electronics retailers like Apt, B&H, and Apple tout knowledgeable staff who can guide consumers through these high-consideration purchases, said Stambor.

4. Entertainment value in the experiences

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Shoppers missed the in-store experience during the pandemic, and want to get back to stores. But retailers also need to think of creative ways to draw them in.

- CAMP, a family experience company with a number of kids stores, offers not only toys but engaging activities like arts and crafts and immersive experiences through partnerships with major children's content providers like The Walt Disney Co. and shows like "Bluey," and "Paw Patrol."
- "I think that they're really getting to the heart of what experiential retail can be, especially in a category like toys, where we've seen so many big retailers like Toys R Us go into bankruptcy or really struggle a lot because of the dominance of online channels for toys," said Canaves.

5. The ability to pivot

Retailers need to change up their experiences to keep customers interested and engaged over time.

- Initially unique, Eataly combined dining and grocery shopping under one roof, attracting many customers to its Italian marketplace. However, as local stores now offer international and specialty foods, Eataly's novelty has faded, making it primarily a tourist attraction, said Stambor.
- In contrast, Macy's is strategically engaging customers by opening 30 small-format stores in strip malls over two years, each a fifth the size of its regular department store locations.
 Positioned closer to customer hotspots, these smaller stores are reportedly outperforming their larger counterparts.

Listen to the full podcast.

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