



The search for the elusive seamless retail offer should begin with an understanding of the Physical, Human and Digital (PHD) dynamics of each and every shopping experience. FITCH believes that retailers and brands will need to look beyond ‘just digital’ in order to create a ‘unique experience signature’ that builds competitive advantage.

Physical, Human & Digital



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Written by
Aaron Shields



01/ Navigating the New Customer Journey

Here's something we're sure you've heard before: technology has changed the way we shop forever. People have more power to shop on their own terms, thrusting radical change and opportunities upon traditional retailers and making way for whole new kinds of retailers to enter the fray.

All these retailers are chasing the Holy Grail of seamless shopping – a future where multiple shopping channels work in concert to achieve two main goals for consumers:

1
Improving the ease of shopping – solving various pain points, from 'choice anxiety' to delivery.

2
Making shopping about more than the purchase – Creating joy-filled experiences where people can dream of a better world for themselves, learn new things, have fun and fall in love with retailers.

Most retailers are busy creating omnichannel teams, eliminating organisational siloes and mashing up skills in e-commerce, retailing and marketing. Because technology is such an important catalyst for seamless shopping it has, understandably, stolen much of the spotlight.

02/ Beyond the 'just add water' approach

However, we're seeing a worrying imbalance at traditional retailers. We call it the 'just add water' approach to bringing technology in store. It's typified by placing a tablet-based catalogue next to a rack of products on display. Largely ignored in store, these digital devices aren't being used for their intended purpose of promoting the long tail of products available from that retailer. Clearly, a more holistic approach is required to reach consumers, whether they're in a store, at home or on the move.

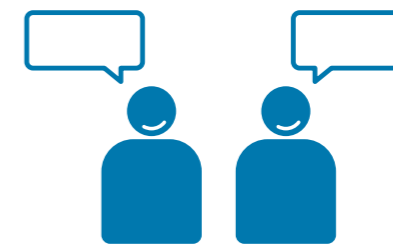
As we inch closer to a seamless shopping future, we must appreciate how all the basic building blocks of a retail experience can combine to improve the ease of shopping, target different shopper mindstates and create distinctive new experiences. FITCH has distilled the essential building blocks of any shopping experience into the following elements:

1
Physical:
The tangible – from objects that can be touched, to settings that can be experienced



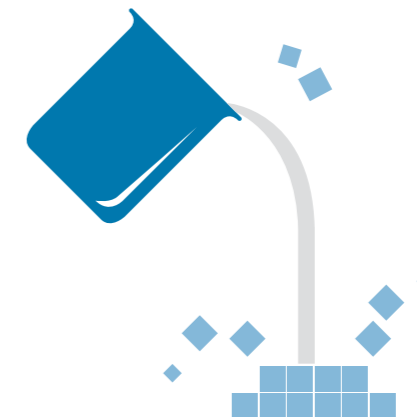
2

Human:
Dynamic interactions – with individuals, social groups and employees



3

Digital:
Electronic tools – technologies that talk to everyone, or just talk to me

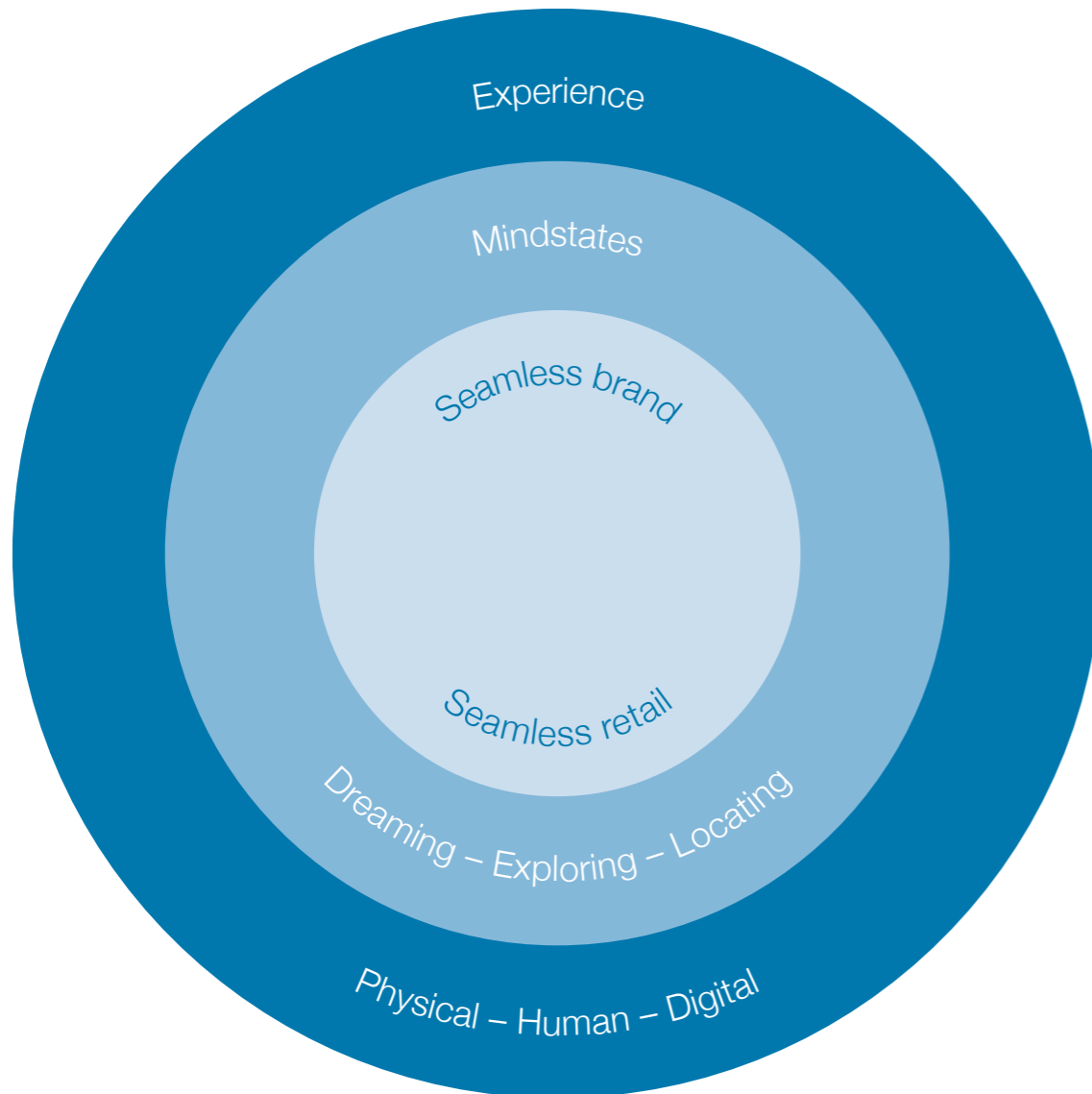


Each of the three PHD elements possesses certain advantages that are impossible to replicate in any of the others. We all get excited about touching products we love, whether it's a mobile phone or a new dress (Physical). Sometimes, when we need an opinion or an affirmation of how we feel about a product, we may turn to a salesperson or a friend (Human). On the other hand, there is no way a physical setting such as a store can replicate the endless product selection that's available in the digital setting of an e-commerce shop (Digital).

There are some absolutes of which retailers can and should take advantage. For example, traditional bricks & mortar retailers should remember that people still need to leave the house and take excursions. That's an opportunity to make the store visit more enjoyable and shift the chore-like tasks online if possible. Direct retailers using a call centre need to recognise that scripted conversations are a poor cousin to dynamic, genuine dialogue with real people.

Seamless Brands

Connect seamless brands with people by developing unique experience signatures and aligning these to the universal consumer mindstates.



03/ Planning the seamless experience

Thinking about the advantages specific to each PHD element helps us plan seamless experiences. The idea, of course, is to blend these elements to create different ways for people to shop. But the way we blend the elements shapes shopping experiences and helps define retail brands.

Instead of focusing on the delivery mechanism, these experience elements each contain natural benefits that people seek out, irrespective of channel. For example, Physical elements have the advantage of creating immersive experiences, allowing you to touch products and giving you the immediate gratification that is not possible with Digital or Human elements. Digital elements, on the other hand, best meet consumer needs for perfect information and endless choice, and allow us easily to seek out the lowest prices.

Sure, directing customer experience using customer needs and brand strategy is nothing new. But the underlying rules have changed. Some retailers who used to focus on providing huge choice in store are now shifting this benefit online (or losing out to others that did it first). Other retailers are adapting to extend the benefits of their intrinsic Human elements to an online environment.

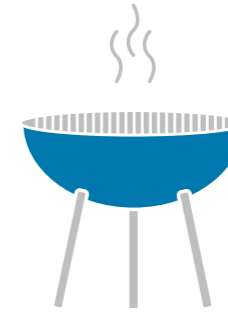


One such retailer is our client, John Lewis. While this upmarket department store is no slouch when it comes to multichannel, the brand defined itself on the Human elements of the experience. Its levels of empathy, attention and customer care create a brand worthy of shopper love and trust, and its extended success online can be attributed to this. While a multitude of online retailers sell the same products at the same or lower prices, a rare few possess the degree of consumer faith that underpins a John Lewis purchase.

Single-mindedness is critical to building competitive advantage for a retail experience. John Lewis's stated strategy places employees at the top of its priorities. By excelling at the Human element, it has built an experience that stands apart from its competitors and is difficult to copy. Retailers who manage to dominate their peers in one facet of the experience can create a unique experience signature that contributes significant competitive advantage.

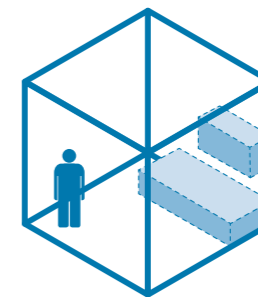
Fixtures Living, for example, has built a unique experience signature centred on the advantages of Physical elements. The innovative US home furnishings retailer hosts fantastical experiences

in-store such as taking a private mud bath, then rinsing off under a \$45,000 shower, only to barbeque up some venison burgers on one of the chef-quality ranges, all to be eaten in the kitchen of your dreams.



While supported by a strong Human service offer, the Fixtures Living experience focuses on the immersive and tactile benefits that only a Physical setting can provide, and there is no possible way to emulate those key benefits through the other elements. As a result, Fixtures Living's sales/sq ft rank just behind those of Tiffany & Co and Apple.

New channels also enable retailers to remake the way they deliver their offer. VIVID Homes from B&Q China uses the Digital elements of the experience to put the customer in charge of home renovation projects. New customers are asked to begin their renovation projects at VIVID by creating their profile and visiting a store that is less about product and the hard sell, and more about display, ideas and consultation. 3D projectors are employed to show how their new rooms will look once all their preferences are combined. Favourite looks are translated into product selections and then turned into project tenders that accredited builders can bid on... all through Digital.



The project is managed digitally, too: weekly updates are provided to home owners together with images of progress and any new cost approvals. VIVID has tapped into the advantages of Digital to give its customers near perfect information and confidence in their ability to bring a renovation project in on time, on budget and to their style.

New channels open up new opportunities for retailers. But focusing on those elements that are important to shoppers will enable retailers to understand where to place big bets, creating sustainable advantage with a unique experience signature.

Experience Element Advantage

