SHOPPING WITH EMOTION

HOW SENSES DRIVE SALES

RetailWeek CONNECT REPORTS

In association with MOOD:

FOREWORD

Victoria McDermott
Content marketing editor, Retail Week Connect

In a world where people are constantly glued to digital devices of one kind or another, the direct human interactions and experiences we have are becoming less frequent and therefore increasingly important.

This is particularly true of retail as ecommerce has driven customers away from bricks-and-mortar stores and towards online buying. This has naturally led to a new breed of omnichannel retailer, serving a customer that expects seamless transitions across a variety of channels.

Collecting the views of a range of senior store managers, retail executives and specialist consultancies on the role of the store – and attracting sales – in an increasingly digital world for this report inevitably threw up much debate.

What shone through, however, and is a common factor in this still evolving retail landscape, is that the store is considered pivotal to the retail mix once again – yet its role is shifting.

Stores have long been at the forefront of change – whether that be societal, political or economic – and they have had to adapt rapidly to meet a new set of consumer expectations. What is particularly exciting now is the way in which retailers are shaping the sensory experiences their shoppers encounter.

It is clear that consumers are craving a point of difference, whether that be music to get them in the mood, mobile messaging to encourage them to buy or new innovations to pique their excitement. Retailers have not missed a trick here and are constantly fine-tuning their in-store experiences to create an atmosphere that will sing to shoppers.

And, with the right environment, sales will naturally follow. Our consumer research found that if a customer is enjoying the atmosphere in a shop they are more likely to stay longer, revisit, recommend it to friends and choose shopping in store over buying online.

Although getting in-store sounds and scents right may not be everyone's number-one priority, retailers are starting to appreciate the difference they can make to a customer's overall experience – and those that get it right will really wow.

> "Consumers are craving a point of difference, whether that be music to get them in the mood, mobile messaging to encourage them to buy or exciting innovations to pique their excitement"

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PARTNER VIEWPOINT

Valentina Candeloro
Marketing director international, Mood Media

Since creating the background music industry more than 80 years ago, Mood Media has constantly changed and evolved in order to ensure we can best consult all of our clients – from designer boutiques and banks to restaurants, hotels, supermarkets and high street big hitters – on how each of their businesses can benefit from creating a physical environment that engages with consumers in a holistic way.

With this study showing that as much as 90% of sales are still made in-store, despite online evolving and having a bigger impact on the way we shop, the high street still proves to be leading the way.

This report aims at gaining a deeper understanding of what it is about the bricks-and-mortar shopping experience that keeps shoppers engaged while in store and willing to come back, choosing the physical store over or beyond online shopping.

On the one hand, the increasingly digital world we live in makes us have high expectations on choice and personalisation while in store. On the other hand, it makes us crave sensorial experiences and emotional connections. Customers feel the need to have an engaging physical experience when shopping and it is the retailers' duty to ensure that, once they are in store, consumers don't just feel like they are buying a brand, but that they are engaging with it and living it.

The key learning? When you change the mood, you change the outcome.

This report gives us, and hopefully you, the tools to help create a marketplace where every brand can define and bring to life its own unique mood in order to create greater and longer-lasting emotional connections with its consumers via their physical shops.

> "When you change the mood, you change the outcome"

WHO IS MOOD MEDIA?

Mood Media is the global leader in elevating customer experiences.

Through the right combination of sight, sound, scent, systems and social mobile technologies, Mood's solutions reach more than 150 million consumers a day.

With more than 500,000 active client locations around the globe, they consult and serve more than 850 businesses of all sizes and market sectors, from the world's most recognised retailers and hotels to quick-service restaurants, local banks and thousands of small businesses.

For more information, visit moodmedia.co.uk

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From a survey of 2,000 consumers in the UK

OVERVIEW

65-90%

of sales are still made **in-store**, said the 12 retail leaders interviewed

OVER 3 IN 4

shoppers expect to be **as well off, or better,** in 2017 than in 2016

HALF of consumers find features such as virtual reality, **mobile promotions and personalised messages** exciting and intriguing

71.6%

of consumers expect to **shop in physical stores** as often this year as last

THREE QUARTERS

of consumers are likely to **choose the store** over buying online if a shop has **an enjoyable atmosphere** (music, visuals, scent)

Music makes a major impact

EIGHT IN TEN

consumers like **music in-store** while they shop

OVER 75%

say waiting times are **less dull** if music is playing

THE RIGHT MUSIC

playing in a shop makes **46.3%** of consumers

FEEL HAPPY

AT A GLANCE

WHY WE DID IT

The impact from global political upheaval and the fallout from Brexit is already being felt in daily life. With that in mind, we wanted to investigate what bearing this has on consumer perceptions of the high street.

WHO WE SPOKE TO

To get under the skin of what is really going on we:

- **Interviewed 12 senior retailers**, ranging from customer experience directors and marketing directors to managing directors and international retail directors. This provided us with exclusive access to their thoughts on the role of high street stores today and how they see these changing
- **Interviewed five store managers** to get a grasp of what the challenges and opportunities are for high street stores, according to the staff who interact with shoppers every day
- **Surveyed 2,000 consumers** to find out more about consumer sentiment, how they feel about shopping in physical stores over the next year, how music affects their shopping experiences and how enjoyable atmospheres can impact their decisions

WHAT WE FOUND

What became abundantly clear is how senses and human emotions are playing an integral role in the bricks-and-mortar shopping experience. As you will read over the following pages, a selection of the key findings we discovered as a result are:

- Consumers are feeling optimistic about the year ahead, and three quarters of them expect to be better off in 2017 than 2016
- However, retailers expect footfall to still be a challenge
- High street stores are changing as retailers adapt to omnichannel, with many creating multi-sensory atmospheres
- When in a shop with an enjoyable atmosphere (in terms of music, visuals, scent, etc), shoppers are more likely to stay longer, revisit, recommend it to others and choose the store over buying online
- Consumers are looking for experiences that extend beyond digital, and excellent service from shop assistants is a vital ingredient in this

HOW IT WILL HELP RETAILERS

Not only does this report provide readers with unrivalled access to the thoughts of peers, but it also offers suggestions for strategies to improve customer experience in high street stores and, in turn, boost sales. Some of the key learnings are:

- Shop-floor staff are key in the delivery of an excellent in-store experience and so it is crucial that retailers invest in training for their shop assistants
- Generation Z should be a top priority for retailers as this age group not only has money to spend, but will be visiting physical stores more this year than in 2016
- Retailers should take the entire atmosphere of a shop into account when considering customer experience, from sights and sounds to scents

“Not only does this report provide readers with unrivalled access to the thoughts of peers, but it also offers suggestions for strategies to improve customer experience”

WHAT THE RETAILERS SAID

As part of the research for this report, we spoke to 12 retail directors and five store managers. Here is a taster of what they had to say:

"We want to make sure the store is engaging, stimulating and as interesting as possible. You will never get the sensory experience online, so we're making sure stores feature rich scents and products are well presented"
Customer experience director at a retailer

"When you see headlines that digital is responsible for 50% of sales, the reality is that it's a multichannel thing and digital over-arches the whole process"
Retail operations director at one of the UK's largest retailers

"The successful brands will be the ones that can bring experience and services into the store"
Senior marketing director at a high street fashion retailer

"I think we could up conversion by adding an element of entertainment to the in-store experience, pulling people away from social feeds and on to our patch"
Store manager at a fashion retailer

"Don't build boring stores, build ones that your customers can come to and have fun… the store should be a reflection and an extension of your digital presence"
International retail director at a food and beverage retailer

"We need customers to be awoken in their shopping experience: pumped and feeling they are enjoying their experience as they will shop more"
Store manager at a specialist sports retailer

CHAPTER ONE

SETTING THE SCENE

- 76.2% of consumers expect to be as well off, or better, in 2017 than in 2016
- 38% of retail directors, on the other hand, predict footfall will drop in 2017
- The emphasis is now on ensuring strong sales and enticing consumers in-store

Despite being battered by rising business rates and growing online competition in recent years, high streets are fighting back with a renewed strength and a fresh approach that is putting physical stores at the forefront of retail strategies. And this new focus should certainly be a winning one in the eyes of shoppers, with consumers planning to hit the high street in their masses this year.

According to a Retail Week consumer study conducted with 2,000 shoppers, the vast majority – 71.6% – expect to shop in physical stores as often this year as they did last. Only 17.2% expect their store visits to decline.

Regionally, London should see a rise in the number of shoppers out on the high street, with 19.3% of respondents there expecting to shop more in physical stores this year – a marked difference from the national average of 11.3%.

Northern consumers also seem positive about bricks-and-mortar, with 12.1% of respondents in the North West, 12.5% of those in the North East and 15.9% in Yorkshire all saying they will shop more in physical stores this year than last.

Yet despite the optimistic consumer outlook, among the senior retail directors interviewed for this Retail Week and Mood Media report, the consensus was that footfall would continue to be an issue, remaining broadly static or falling.

As one store manager at a fashion retailer reflects, "It's pretty evident that footfall is falling and will continue to fall, going forward. Online is the go-to means for many people in terms of shopping, and therefore we as store managers need to be more hands-on in store with regards to converting footfall.

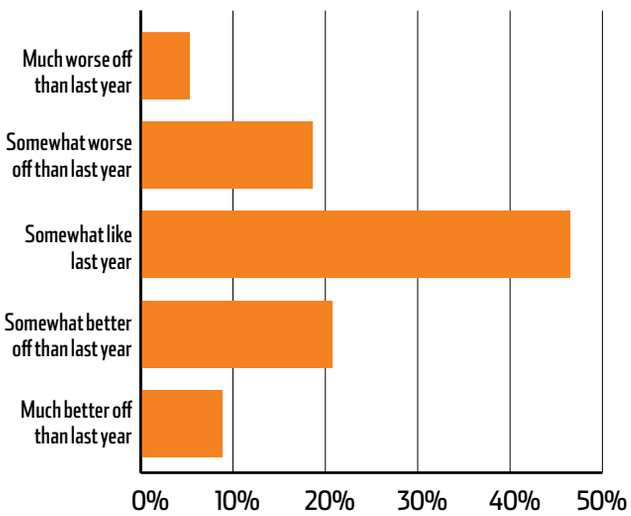
"Consumers come to store for an experience more so than they used to, meaning we need to bring the wow factor – whether that's from a store-staff engagement, visual merchandising or experiential standpoint."

The senior marketing director at another fashion operator stresses that predicting footfall is difficult, adding that retailers tend to react – rather than predict – in general. However, there are ways of getting around it, he says.

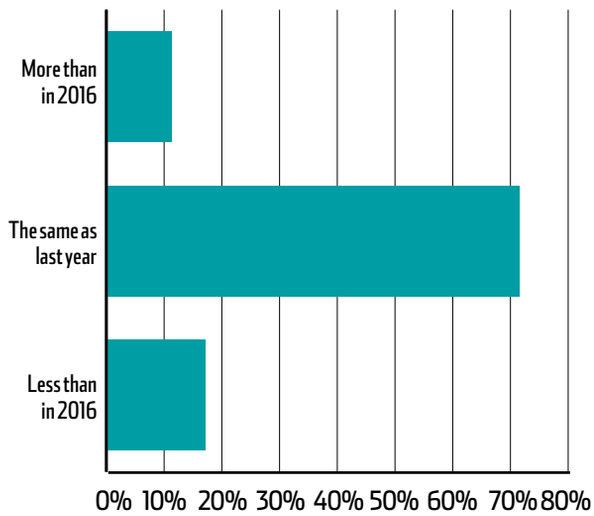
62%
of retailers think footfall will either drop or remain static in 2017

> Retailers are no longer judging their success on the number of stores they have; they are judging their success on having some really interesting and profitable stores

Thinking about your disposable income over the next 12 months, do you expect you will be:



How often do you predict you will shop in bricks-and-mortar stores in the next year?



76%
of consumers expect to be as well off, or better, this year than in 2016

"How we understand footfall is what matters most at the moment. It seems to be decreasing year on year and I don't think there is any doubt about that. I can't imagine footfall increasing at any moment in time in the near future in terms of year-on-year comparables."

Another retailer says they feel footfall will remain broadly unchanged this year, compared to last. Although they have seen the number of people coming to store drop in recent years, they believe the retail sector may well have reached a plateau, given how mature online shopping has become.

Regardless of some apprehension across the industry about the year ahead, a handful of the retailers we spoke to were more optimistic about footfall in 2017.

The international retail director of a specialist food and beverage retailer does not anticipate a pronounced fall-back year on year, opining that it depends on the sector.

The director says, "I think there are bubbles in the UK, like the West End in London, which are quite protected by a great mix of tourists, residential and office workers, whereas I think you see footfall being less predictable and sporadic outside the bubble of the capital in more of the suburban towns and cities."

In food retail, perhaps not surprisingly, there is less anticipation of a major change from 2016, while once again out-of-town retail parks and drive-to destinations will continue to perform well.

The managing director from one grocer says: "The high street really represents a slightly different challenge. Depending on the high street, on what's happening in that individual town, there are winners and losers, so we've got some sites where it is booming and doing a fantastic job.

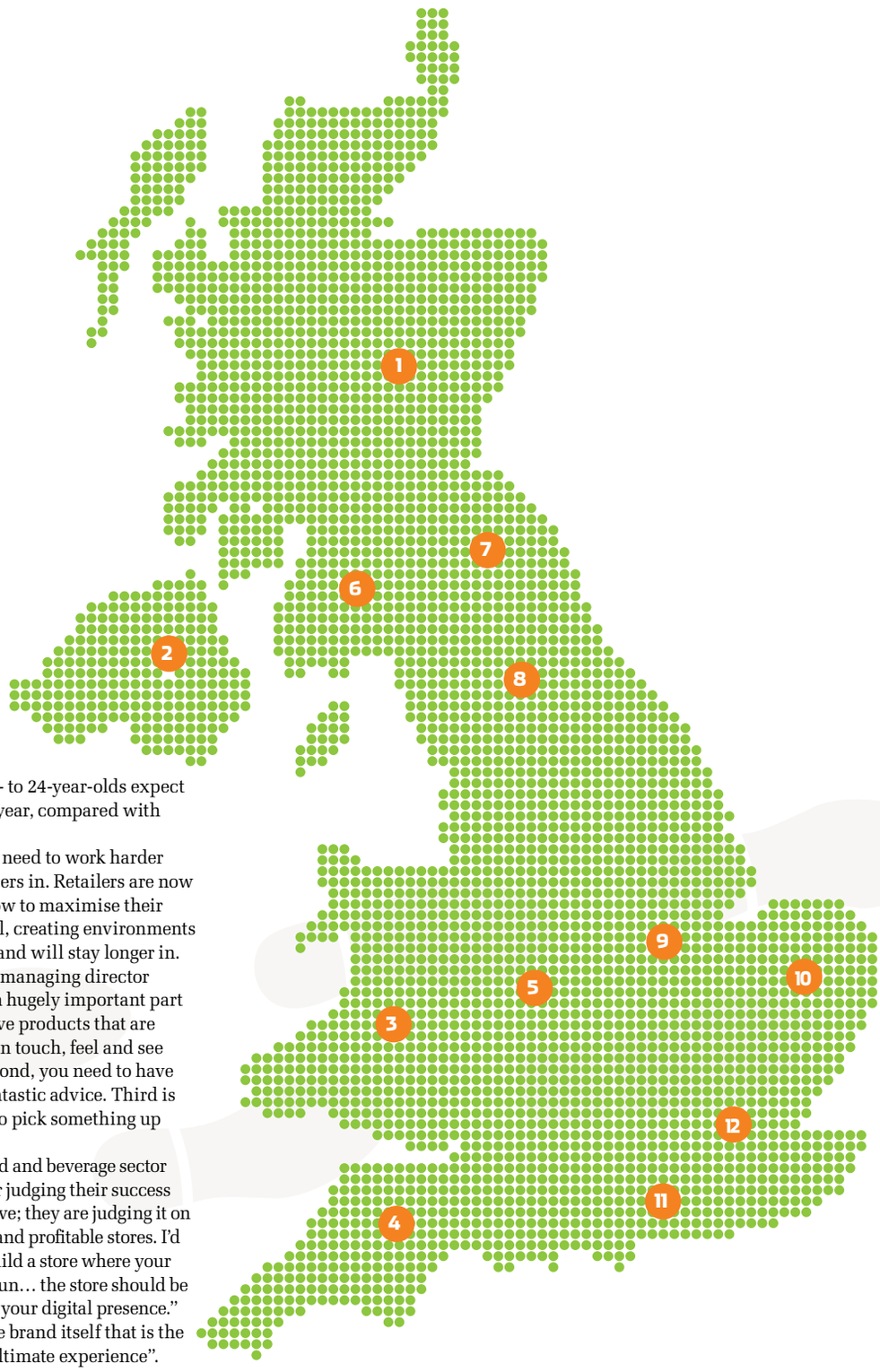
"Local city centres are doing very well and footfall is up. Then we've got some where the city centre has moved, and that may well be because of some of the outside retail parks or because the destination has moved on."

It also appears that consumers still plan on spending their hard-earned cash. The majority of consumers are upbeat about their disposable income for the coming year. In fact, 76.2% expect to be as well off, or better, than in 2016, with confidence particularly high among younger consumers.

> Bricks and mortar is hugely important. First, you have products that are out on display. Second, you have colleagues that can provide fantastic advice. Third is the convenience

Percentage of respondents who will shop in bricks-and-mortar stores more this year than in 2016:

1	Scotland	8.9
2	Northern Ireland	10.9
3	Wales	6.1
4	South West	8.5
5	West Midlands	7.2
6	North West	12.1
7	North East	12.5
8	Yorkshire	15.9
9	East Midlands	11.3
10	East	8.6
11	South East	9.9
12	London	19.3



An encouraging 21.6% of 18- to 24-year-olds expect to be much better off than last year, compared with 2.4% of over-55-year-olds.

High street stores, therefore, need to work harder than ever to entice these shoppers in. Retailers are now placing greater emphasis on how to maximise their stores to their greatest potential, creating environments that shoppers want to come to and will stay longer in.

In the electricals sector, one managing director insists: "Bricks-and-mortar is a hugely important part of our retail offer. First, you have products that are out on display, so customers can touch, feel and see what they are going to buy. Second, you need to have colleagues that can provide fantastic advice. Third is the convenience of being able to pick something up there and then."

One respondent from the food and beverage sector reflects: "Retailers are no longer judging their success on the number of stores they have; they are judging it on having some really interesting and profitable stores. I'd say don't build boring stores, build a store where your customers can come and have fun… the store should be a reflection and an extension of your digital presence."

Another stresses that it is the brand itself that is the hero, the "destination for the ultimate experience".

RETAIL IMPLICATIONS

- Experience is the keyword. Retailers need to offer consumers something that simply cannot be replicated by ecommerce to help them claw back footfall
- Technology-focused stores are increasingly embracing the idea of the shop space as a site to expertly demonstrate wares and convey brand identity, rather than simply sell product

CHAPTER TWO

SENSORY EXPERIENCES

- High street stores are changing as retailers adapt to omnichannel, with many creating multi-sensory atmospheres
- 79.2% of consumers enjoy in-store music while they shop
- Stores with an enjoyable atmosphere, in terms of music, visuals and scent, encourage shoppers to stay longer, revisit, recommend to others and choose the physical store over buying online

The role of the store, and its perceived importance within the omnichannel retail offer, has been through a number of iterations as retailers continue to grapple with the ever-changing nature of selling across multiple channels.

Yet, in more recent times, it has returned to the fore as a crucial element of the offer and brand proposition – a phenomenon we can expect to see more of in the coming year.

As Valentina Candeloro, Mood Media marketing director international, points out: "The customer has changed, the shopping experience has changed, so why should we expect the store to stay the same?

"In many ways, now the store is the proof of the brand promise and it's vital that it keeps that fundamental integrity. Retail space has become media space – and a privileged one at that, with one-to-one relationships."

As the retail operations director at one of the UK's largest retailers stresses, "I think [the store] is fundamental to the multichannel experience and without it most retailers would fail – the store is the primary touchpoint for every shopping experience currently, and it's going to be that way for the immediate future."

Despite the rising importance of ecommerce, which is likely to continue to grow, the store is still responsible for the overwhelming bulk of sales. The 12 retail directors interviewed for this report reveal that high street stores still make up anywhere between 65% and 90% of sales and, with a renewed focus on in-store experience, physical stores look set to maintain the majority stake.

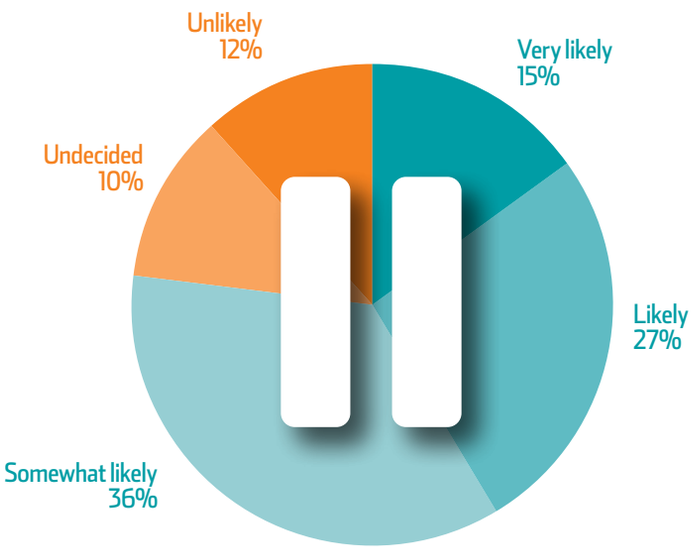
In the fashion world, respondents note that on the high street the role is completely changing. One fashion retailer says it is clear the store is becoming very central to retail operations and that it has become more about the experience.

"The future obviously becomes creating products that people want first, and the store has a very different role today. The successful brands will be the ones that can bring experience and services into the store."

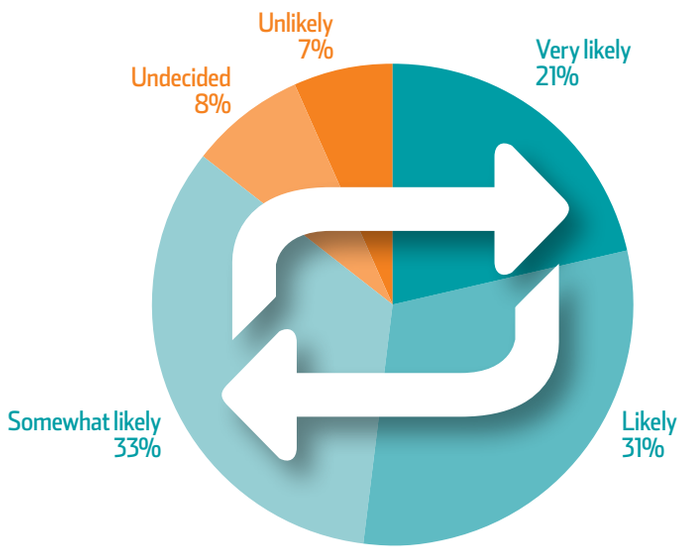
83%
of consumers name the ability to touch, feel and try products as a top reason for shopping in store

> "The store has a very different role today. The successful brands will be the ones that can bring experience and services into the store"

When you are in a shop with an enjoyable atmosphere (music, visuals, scent) how likely are you to stay longer?



When you are in a shop with an enjoyable atmosphere (music, visuals, scent) how likely are you to revisit?



25%
of shoppers say the atmosphere and experience is a top reason for shopping on the high street over online

This opinion is backed by the managing director of one beauty retail brand, who adds: "I think many consumers still want to see and experience; they want to touch and feel and see what they want to buy."

The ability to touch, feel and try the product came out as the number-one reason consumers choose to shop on the high street rather than online, with 37.1% selecting this as their top priority.

The sensory aspect of shopping is of huge importance to consumers, therefore harnessing this and increasing such experiences should be a prime concern.

"In many ways, it is now a lifestyle play, echoing back to the original department stores," says Mood's Candeloro.

"We can see those life services in places like Topshop and Hackett, with its gentlemen's club. And these are supported by multi-sensorial environments that go beyond music – which is our heritage – to a holistic experience. We call it elevating the customer experience; if you change the mood, you change the outcome."

Indeed, in Retail Week's consumer research, a quarter of shoppers named the atmosphere and in-store experience as a top reason for shopping on the high street rather than online. Respondents also said that music helped with brand connection, with two thirds saying it bolstered this relationship.

It transpired that music can help to deal with some of the biggest issues for shoppers. Queuing was the number-one bugbear for older shoppers, while a store being too hectic is most likely to put off younger consumers. However, these complaints can be eased with the use of music, with 77.5% saying waiting is less dull if music is playing.

"Music is part of our DNA, so we do curate that and we offer what we believe is the right selection to match the brand in a way that will excite our customers," says the senior marketing director of a high street fashion retailer on generating the right ambience.

"A year ago, we found ourselves becoming a little boring and our competitors were playing much more dynamic and slightly more upbeat music.

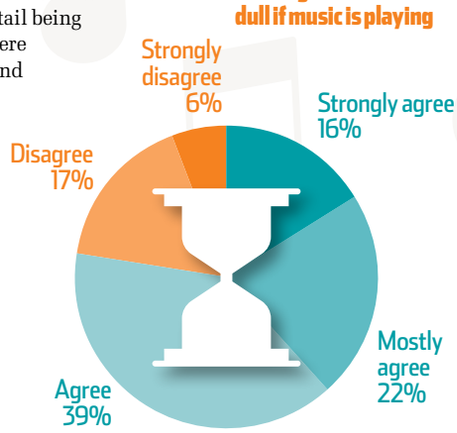
"We invited back our music provider and briefed them again, saying, 'It doesn't have to be dance music, but it can be pop in a way that would stay true to the brand.' So we amended that quickly."

In the beauty sector, music has been used as a way to shake things up. The managing director of one beauty retailer recalls: "We were the first brand on the high street to have music. Beauty departments used to be very quiet departments, but in our view that is not what make-up is about. Make-up is about fun. There should be a feel-good factor. So we put music on at the counter.

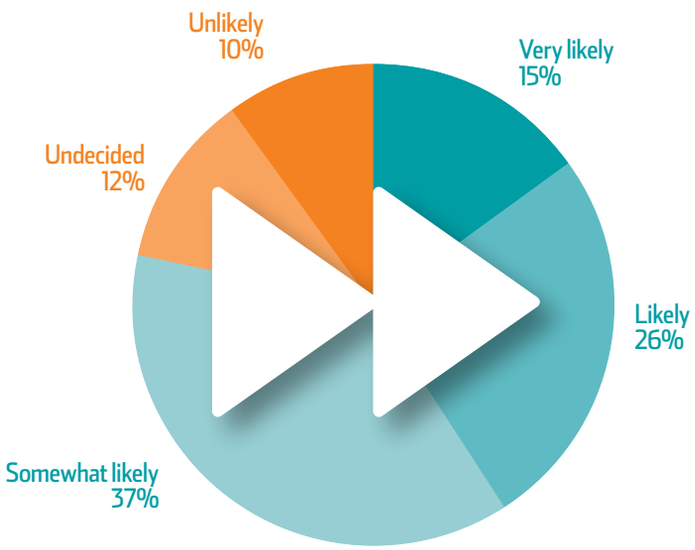
"I'm a great believer in retail being theatrical at its very best; there has to be a touch of drama and theatre. We've always been that way inclined, but we have evolved; there is always still a sense of fun and energy, and a little touch of theatre about how we do things."

Unsurprisingly, the majority of the five store managers and 12 retail leaders interviewed firmly agreed that the store environment has to become far more immersive, engaging and, frankly, entertaining to woo digital

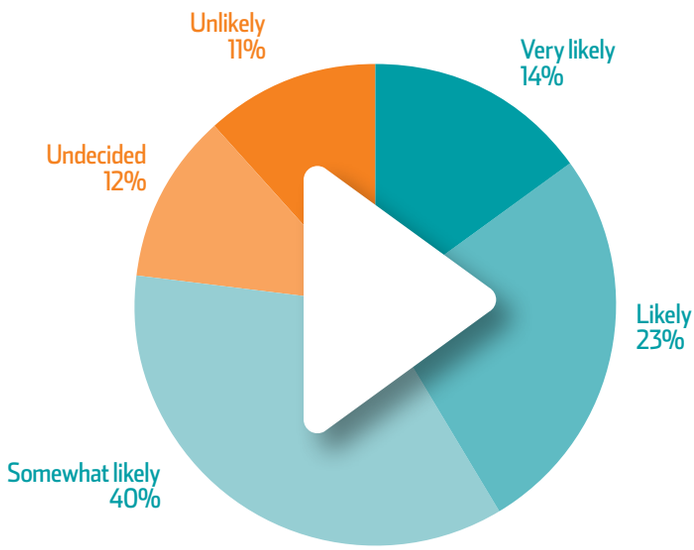
How much do you agree with the following statement: Waiting times are less dull if music is playing



When you are in a shop with an enjoyable atmosphere (music, visuals, scent) how likely are you to recommend the place to others?



When you are in a shop with an enjoyable atmosphere (music, visuals, scent) how likely are you to choose the store over buying online?



consumers away from their screens. Yet the diversity of what that experience actually means is also apparent.

In specialist sports retail, the need for a bright, clean, warm, but most of all visually stimulating environment was stressed, with one store manager stating: "I want the wow factor: strong images, bold colours, but simple and clear messages."

He continues: "In retail, smell is under-used, except in supermarket bakeries or coffee shops. On entering a store, it should smell fresh. Music should be background but a mix of upbeat tunes. We need customers to be awoken in their shopping experience: pumped and feeling they are enjoying their experience as they will shop more."

The customer experience director from a department store says the "physicality of the space is that instant experience" when it comes to its flagship. "We view our store very much – because of its heritage – as a home, and changing your pace is part of that. The sensory elements around being able to see all the food and that very rich, heightened experience are of paramount importance."

The store manager of one fashion retailer explains that, while the company doesn't have an issue with footfall per se, it does have an issue with converting the footfall it secures. He says, "That's where our focus should lie. Personally, I think we could up conversion by adding an element of entertainment to the in-store experience, pulling people away from social feeds and on to our patch."

82%
of women
say music makes the shopping experience **more enjoyable**
compared with
75%
of men

What is abundantly clear from the consumer research is that, when in a shop with an enjoyable atmosphere (in terms of music, visuals, scent, etc), shoppers are far more likely to stay longer, revisit, recommend to others and choose the store over buying online.

Once again, females seem to appreciate an enjoyable atmosphere more than males, with 80.2% of women saying they are somewhat likely, likely or very likely to re-visit a shop with an enjoyable atmosphere, compared with 73.8% of men.

RETAIL IMPLICATIONS

- Retailers need to ensure that they are thinking carefully about the store environment from an experiential standpoint. Putting the emotion back into shopping will be key to store success in 2017
- Retail businesses might consider ways in which to increase store dwell time as a means of driving sales conversion. Create an enjoyable atmosphere and shoppers will be more likely to stay longer, revisit, recommend to others and choose the store over buying online

CHAPTER THREE

THE HUMAN TOUCH

- Consumers are looking for experiences that extend beyond a digital screen
- A third of consumers list speaking to a shop assistant as one of their top three reasons to visit a store
- Customer service is where retailers can make a real difference

It is apparent that bricks-and-mortar stores are still appealing to the masses, and there are even some questions around whether shoppers are reaching digital fatigue.

This year, we have both seen sales of ebooks dip and sales of old-school records rise, so it is becoming clear there is a growing appetite for life beyond a screen. In short, many consumers are looking for experiences that don't all stem from technology.

Our research found that the ability to speak to a shop assistant was a top-three reason for shopping in store rather than online for one third of consumer respondents, with older age groups stressing this more.

The customer experience director from a department store says that service delivery from the in-store retail team is of paramount priority.

"Ensuring they are actively engaging with customers – and don't just have a set script of three points to get them through their mystery shopping – is really, really important," she says.

In the fashion category, staff training is emphasised as key to ensuring extensive product knowledge and service. The physical experience, in terms of fitting rooms and how they can be more comfortable, and ease of paying were also raised.

The senior marketing director at one fashion retailer reflects: "If you want to buy something expensive, you don't want to buy it online. You want to go to the store and you want to feel good about yourself and you want to leave with a nice beautiful bag, all wrapped. And that is the experience that the store now gives you."

Mood Media's Candeloro agrees. "The role of staff is being refined and redefined. It has changed from a facilitator or organiser because of the high level of knowledge many consumers now have," she says.

"There are all sorts of levels, from the basics of ensuring staff know what's in stock to offering more of a consultant or concierge service, and brands are grappling with this to various degrees – and with all the levels in between."

32%
of shoppers list being able to speak to a shop assistant as one of their top reasons for visiting a store over online

> If you want to buy something expensive, you want to go to the store, feel good about yourself and leave with a beautiful bag, all wrapped

Indeed, the importance of service came out across all sectors, with food and beverage retailers also stressing the importance of knowledgeable and approachable staff in creating the right physical environment.

As the international retail director from one food and beverage operator says: "We genuinely believe that our service is one of the leading experiences in the [retail] market. Our stores are very theatrical, full of life and colour, great music, lively staff – we have a very sensory experience. We have a really alive store where we have teams that interact with our customers; we know what we are talking about.

"The mix of theatre, a great product and a team that know what they are talking about is a really killer mix for us."

One marketing consultant adds that the difference between bricks-and-mortar and online is the face-to-face experience: "It's like going in and having your hair done – it's actually nice if there's a little bit of relaxing music. It starts becoming something that you go and enjoy."

Footfall is often driven as a result of research online. This phenomenon is, says one store manager, "in some ways great to manage and in other ways a slightly higher challenge when customers are perhaps not buying the best product for them". He adds that this is where the skill of staff members comes into play at delivering a successful customer journey.

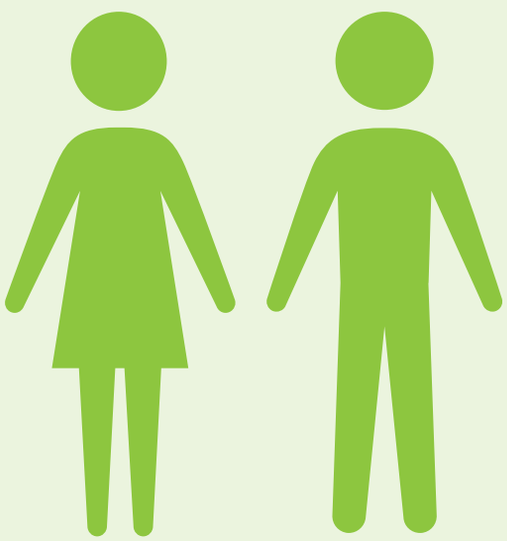
Mood's Candeloro reflects: "It certainly seems as if retailers no longer have a fear of showrooming and they appreciate that shoppers who have made the effort to be in store are of significant value.

"This ties in well to retailers having active promotional strategies, because it's about catching the consumer in the right place at the right time. Generally, customers are receptive because this is the one time when the retailer has their direct attention and is dedicated to the brand. Clearly, it's about merging the worlds of online and offline,

IMPULSE PURCHASES

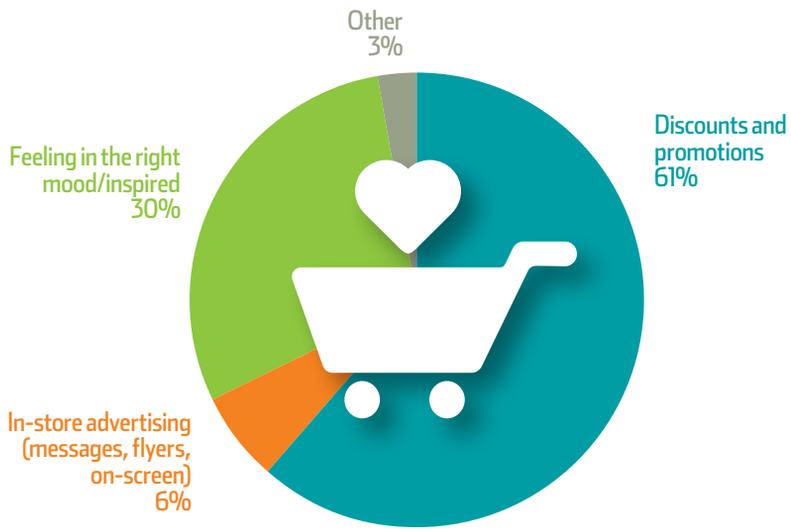
Promotions are the number-one driver of impulse purchases in store and play a huge part in driving sales, with **61.4%** of the 2,000 consumers we surveyed stating that discounts or promotions prompted them to make their last unplanned purchase.

The ability to speak to a shop assistant is a top-three reason for shopping in physical stores for:



27% of women **37% of men**

Thinking back to the last time you made an impulse/ unplanned purchase, what influenced you the most?

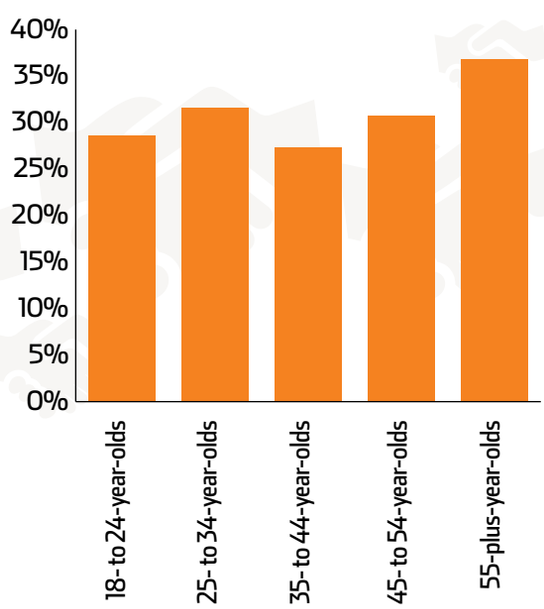


enhancing the experience for customers who are very sophisticated and get spoilt quickly. We talk about science fiction becoming science fact. So it's about finding the right content and the appropriate times, using the staff as brand ambassadors."

Another retailer stresses that the role of the high street store has changed over the past few years, being less about quick sales and more about conducting research.

"It's become the place to come to pick up and look at products and do further research. One of the things retailers really need to start thinking more about is in-store experience. There's going to be a push-back and the next phase in the next five years will be that face-to-face experience."

Being able to speak to a shop assistant is a top-three reason for shopping in a physical store rather than online for:



RETAIL IMPLICATIONS

- With our research showing that consumers are looking for experiences that extend beyond a digital screen, retailers need to consider how best to empower store associates to be effective brand ambassadors
- Creating an environment for store associates to offer a level of customer service that goes above and beyond what shoppers expect should be a priority for those retailers operating stores in the mid-term

CHAPTER FOUR

THE YOUTH MOVEMENT

- Those in the 18 to 34 age group largely predict that they will be better off in 2017 than they were last year
- The right in-store atmosphere is even more important to this age group than to anyone else
- Around 90% of the 18 to 34 age group use their phone when out shopping

We have ascertained that shoppers are still planning on spending this year, despite political and economic uncertainty, and we understand they are still keen to go into their local stores.

But how is the younger generation feeling about the high street and what can retailers do to optimise their experiences?

With millennials (those born between 1981 and 1997) and Generation Z (those born between the mid-1990s and early 2000s) being the shoppers of the future, it is hugely important that businesses are considering their opinions now and adapting to suit the preferences of these younger generations.

Mood Media's Candeloro says: "Having become so digital makes us crave real-life touch-feel experiences, which is an opportunity to do something totally different within the store and unique to the offline space. Consumers are already tired of yet another app, and millennials and Generation Z are looking for interesting and engaging experiences."

And it is clear that these age groups are eager for those multi-sensory experiences.

More than 90% of shoppers aged 18 to 24 like hearing music while shopping in a store, along with 89% of 25- to 34-year-olds. This is a huge figure when compared with the 65.5% of over-55s who agree with this statement.

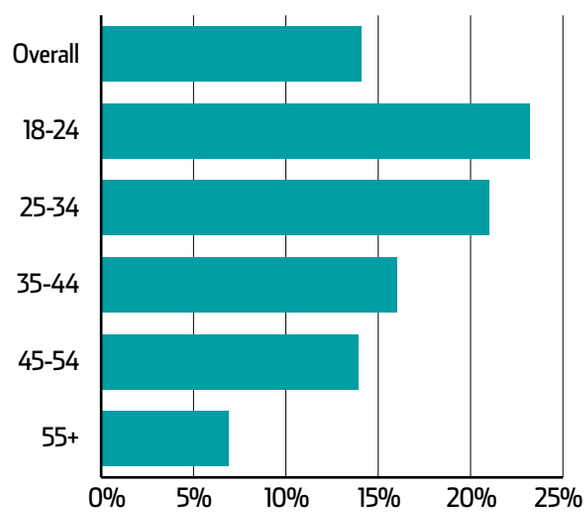
And it is not just music these age groups are looking out for, but instead the whole package, from visuals to scent, with 92.6% of 18- to 24-year-olds very likely, likely or somewhat likely to revisit a store with an enjoyable atmosphere.

Emotional connection with music also shone through in our consumer research when it came to the 18- to 24-year-old category, with this age group most likely to feel disengaged, disappointed and unwelcome if no music is playing in a shop, and happy, welcome and uplifted if the right type of music is playing.

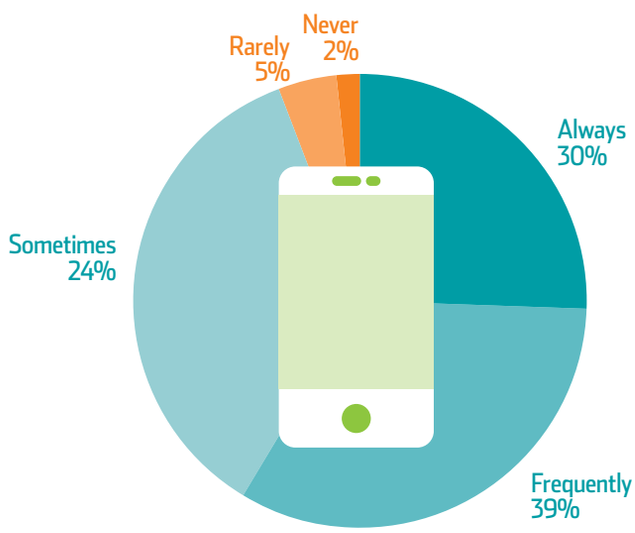
93%
of 18- to 24-year-olds said music makes the shopping experience more enjoyable

> Having become so digital makes us crave real-life touch-feel experiences, which is an opportunity to do something totally different within the store and unique to the offline space

How much do you agree with the following statement: I like hearing music while shopping in a store
Strongly agree responses by age



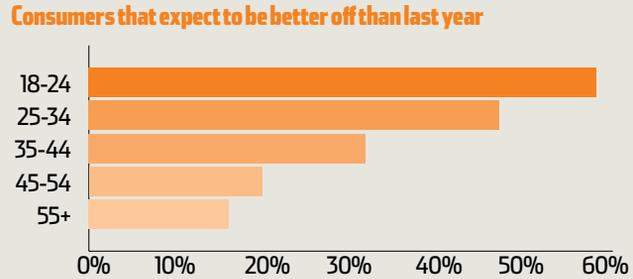
Do you use your phone when out shopping?
(18- to 24-year-olds)



YOUNG MONEY

The 18-24 age group could prove integral to retailers' strategies over the coming year as our consumer research revealed this is the category that largely predicts it will be better off than in 2016. In addition, 22.4% of respondents in this age group forecast they will be shopping more on the high street in 2017 than they did last year. Meanwhile, just 4.6% of over-55-year-olds believe the same.

Consumers that expect to be better off than last year

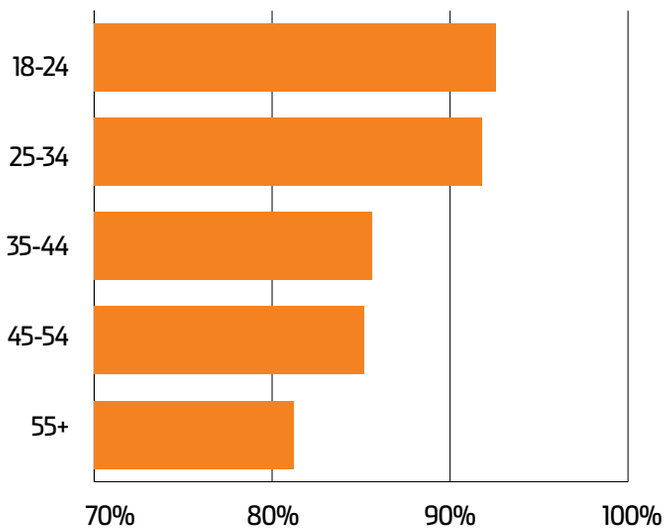


Young shoppers are also keen to shape the experience by influencing music in store. Almost half of consumers aged 18 to 24 have used music identification apps such as Shazam while shopping. Meanwhile, more than 80% of 18- to 34-year-olds would like to influence the music heard in stores.

Unsurprisingly, the Generation Z population are those most tied to their mobile phones. In fact, a resounding 60.6% of respondents in this age group said they could not live without their mobile phone, compared to just 23.5% of over-55s. It is therefore no great shock that the younger generation is also wedded to their phones when out shopping. When asked how often they use their phone when on the high street, 30.3% of respondents aged 18 to 24 said they always do, while 39% said they use theirs frequently and 24.1% said sometimes. As the respondent gets older, this phone usage decreases.

The most common reason for using mobiles when out shopping is to compare prices, with 27.1% of all respondents naming this as a number-one reason.

Consumers that are very likely, likely or somewhat likely to visit a store with an enjoyable atmosphere:



MOBILE PROMOTIONS

Of the 2,000 consumers surveyed, 56.3% said they would like to receive redeemable promotions on their phones when in store. This was most marked in the 18-24 age group, with **80.5%** interested, and in the 25-34 category, where **78.7%** agreed.

Food and grocery is the category consumers would be most interested in receiving mobile promotions for, with **78.5%** stating this. The older age groups were most keen on this sector, with 88% of 45- to 54-year-olds and 86.5% of over-55-year-olds naming supermarkets as the stores they would most like to receive promotions in.

Clothing and footwear retailers was another popular choice, with **74.9%** naming this sector – a top choice across the board of age ranges.

However, for those aged 18 to 24, 34.2% name social media as their number-one reason for using their phones. Exactly 50% of all respondents said searching for promotions was a top-three reason for using their device when on the high street, suggesting there is scope for retailers to maximise on phone usage by sending personalised offers.

The store manager at one electricals retailer says: "Using mobiles or tablets when shopping is something we encourage, and we see it all day. We see it over and over, and a customer with a mobile out searching the net is a definite customer for us.

"We'll make the experience more fun by offering to download the price comparison app for our customers, or showing them what great value we are by looking at competitors. This helps to embed our service level with our customers and means that we are trusted and on their side."

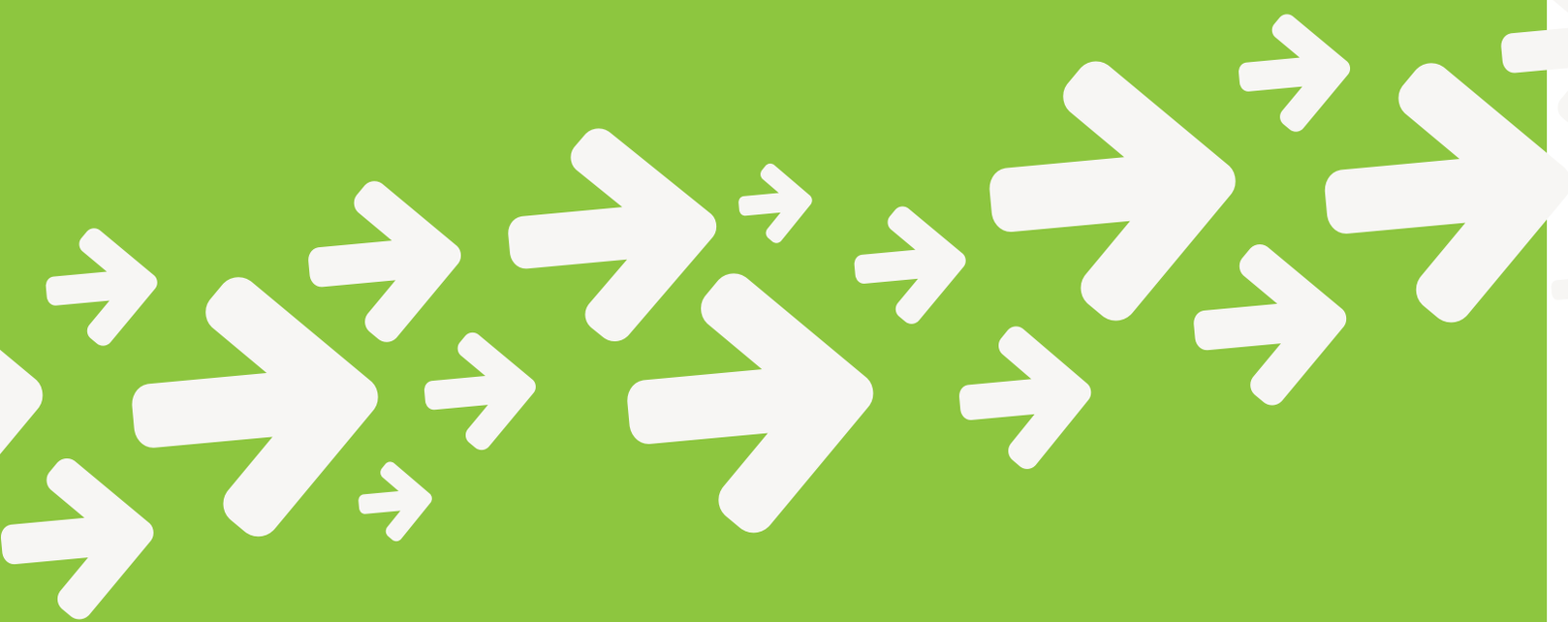
RETAIL IMPLICATIONS

- Generation Z has not fully matured as a population, yet they are already reshaping businesses and society as a whole. Brands who want to tap into this highly influential and innovative segment are taking note
- Technology is now the great enabler for all businesses, but Generation Z has an added advantage: a lifetime of exposure to digital. Retailers need to consider this when looking to incorporate more experiential considerations in store

CHAPTER FIVE

THE FUTURE

- Merging digital and physical retail is front of mind for many
- Retailers are making sure the store is as engaging, stimulating and interesting as possible
- Improving customer experience needs to be particularly embraced by shop-floor staff



Throughout this report we have explored the ways retailers should be – and are – working to create in-store experiences that will keep their shoppers coming back.

As consumer expectations continue to change, retailers will have to ensure they are continually upping their game.

JOINING UP

Tactics will change from retailer to retailer and from sector to sector. However, what is clear is that those who manage to successfully combine digital with physical to create the perfect experience will be those that win.

As one store manager from a fashion retailer says: "It's all part of a wider retail offering. Joining online and the store is a key part of what we're trying to achieve."

Providing consumers with a joined-up approach across all channels should help improve customer experience and keep them coming back.

One marketing consultant says: "I think one of the areas that marketers really are lacking in at the moment is that there is such a big focus on acquisition and not much of a focus on retention, so it's all about getting the customers in and finding new customers. It's all about getting them there, but not about bringing them back in."

AMIABLE ATMOSPHERES

If shoppers are enjoying their experience, then they are likely to stick around longer and, in turn, spend more. As explored earlier, 77.1% of shoppers are more likely to stay longer if they are in a shop with an enjoyable atmosphere.

89%
of shoppers say they are likely to revisit a store that has an enjoyable atmosphere

When asked about the last time they made an unplanned purchase, consumers say discounts and promotions are most likely to sway them.

However, feeling in the right mood was the primary reason for nearly three in 10 shoppers, highlighting the fact that if the mood is right

> We want to make sure the store is engaging, stimulating and as interesting as possible. You will never get the sensory experience online, so we're making sure stores feature rich scents and products are well presented

SEAMLESS JOURNEYS

Click-and-collect is one of the key offerings that will bring this marriage between the digital and the physical to life.

"A seamless customer journey through click-and-collect is vital," says the store manager from an electricals retailer. "If a customer wants to be quickly in and out of the store, that's fine, but if a customer really wants expert help and advice, then that's no problem either."

Indeed, click-and-collect received a number of positive comments, including from a sports retailer: "I love click-and-collect; it's a great way to create additional footfall. In higher volume shops, I would have someone dedicated to phone calls and add-on sales every day for this great opportunity."

then the revenues will follow. As has been demonstrated, if retailers can influence the mood with an enjoyable atmosphere (through music, visuals and scent, for example), then they can influence the outcome.

THE POWER OF PEOPLE

As we look ahead to the future of retail, it is down to customer experience, retail, marketing and store design teams to ensure they are creating optimum in-store atmospheres.

However, some retailers attest that, although it is up to head office to suggest these strategies, it is down to those on the ground – store managers and staff – to ensure that shops are delivering the very best experience.

"The customer experience has to be the core quest of the business and, therefore, it shouldn't be a specific team – it should be everybody," says a category director at one grocer.

Of the five store managers we interviewed, all said staff members play a key role in improving in-store environments in order to help encourage shoppers to spend.

Strong communication between staff and shoppers, particularly when it comes to queuing, is a tactic many retailers are employing. "I maintain that people don't mind queuing if they are told how long the queue will be, or a store employee apologises for the wait," says a fashion retailer's store manager.

A store manager from another retailer agrees: "Queuing doesn't have to be a negative experience – we use a customer service queuing system that means customers can wander around our store while waiting and we'll text them when we're ready… it takes the negative effect out of waiting."

> There's always a circle of people looking for the lowest price or value for money. And when everyone knows how to get the lowest price, it's going to be about customer service and experience

SENSORY STIMULATION

Making the experience more enjoyable is a priority for many as retailers continue to improve in-store atmosphere.

From music played over sound systems to LED lighting to brighten up displays, the executives we spoke to plan to continue to employ a range of methods.

"We are curating the music even more and trying to make it different and interesting,"

INNOVATION

Shoppers clearly like innovation, with consumer research showing that **47.9%** of respondents found features such as virtual reality, mobile promotions and personalised messages exciting and intriguing.

FUTURE TECHNOLOGIES

New technologies are forever creating new ways to improve the store experience and can make a visit to a shop unforgettable.

With the ability to recreate runway shows and products that come alive in your hands, augmented reality and virtual reality will provide shoppers with an added element to their shopping trips.

Technology can also take the pain points out of purchases, for example with queuing. Some retailers are already utilising systems that alert shoppers when the queue has reduced and, in December last year, Amazon introduced game-changer Amazon Go, a high-tech store that will eliminate checkout queues by allowing customers to pay for any items bought via their smartphones.

says the senior marketing director of a fashion retailer.

The customer experience director from another retailer adds: "We want to make sure the store is engaging, stimulating and as interesting as possible. You will never get the sensory experience online, so we're making sure stores feature rich scents and products are well presented."

Mood Media's Valentina Candeloro reflects: "Shopping, as pleasure and leisure, has more to do with the emotions. There is a fine balance to strike between giving consumers personalised experiences, but also designing and curating the in-store experience to reflect the quality and essence of a brand.

"For example, we have launched Social Mix in the US – and recently also in Europe – which allows shoppers to choose the next track played in store from a curated list.

"Retail is becoming about play, but in a playground that is becoming more strategic than ever for brands."

LIVING THE OMNI-LIFE

Ultimately, it is the changing landscape that has impacted all respondents. As one consultant says: "There's always a circle of people looking for the lowest price or value for money. And when everyone knows how to get the lowest price, it's going to be about customer service and experience."

"So much of how a retailer looks at online and offline as complementary or competitive depends on the type of store, and perhaps even the store manager or their role," says Candeloro.

"However, the consumer has changed and, for them, finding that what is on their mobile is not in store is unacceptable. Omnichannel doesn't mean anything to shoppers; it's more about omni-life."

RETAIL IMPLICATIONS

- Retailers need to better understand their value proposition in today's economic climate and understand what type of investment in store is, first, going to resonate with their customer to the greatest extent, and, second, scale across a range of stores to ensure a return on investment can be realised
- Retail brands need to consider the mood of their shoppers if they are to ultimately influence the outcome in terms of greater sales. Just as behavioural economics has revolutionised the way in which institutions make decisions, so should the mood or sentiment of shoppers influence the way in which retailers design and set up their stores

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