

A close-up photograph of a person's hand holding a black smartphone. The person is wearing a red top. In the foreground, a bright green shopping bag with red and black handles is visible. The background is a blurred, warm-toned indoor setting, likely a store.

*Store*ytelling: The New Shopping Reality

How the Visual Store
Uses Augmented Reality
to Deliver Experiential
Moments @ Scale

A W H I T E P A P E R

by Rick Chavie, CEO of EnterWorks

There have been many “omnichannel” technologies in recent years that have grabbed the attention and wallets of retailers but failed to deliver the customer experiences that were promised, often getting stalled out in the proof of concept stage. I know, I know, iBeacons and other similar technologies have wonderful potential to capture customer behavior in a store, know when and where they look at products and thereby mimicking a shopper’s path on a web site, enable you to present a next best offer to the customer in the aisle, and facilitate the convergence of online and mobile with offline. In short, lots of wonderful digital engagement that should personalize a customer’s experience while gathering granular data for input into decisions on store assortments and product adjacencies.

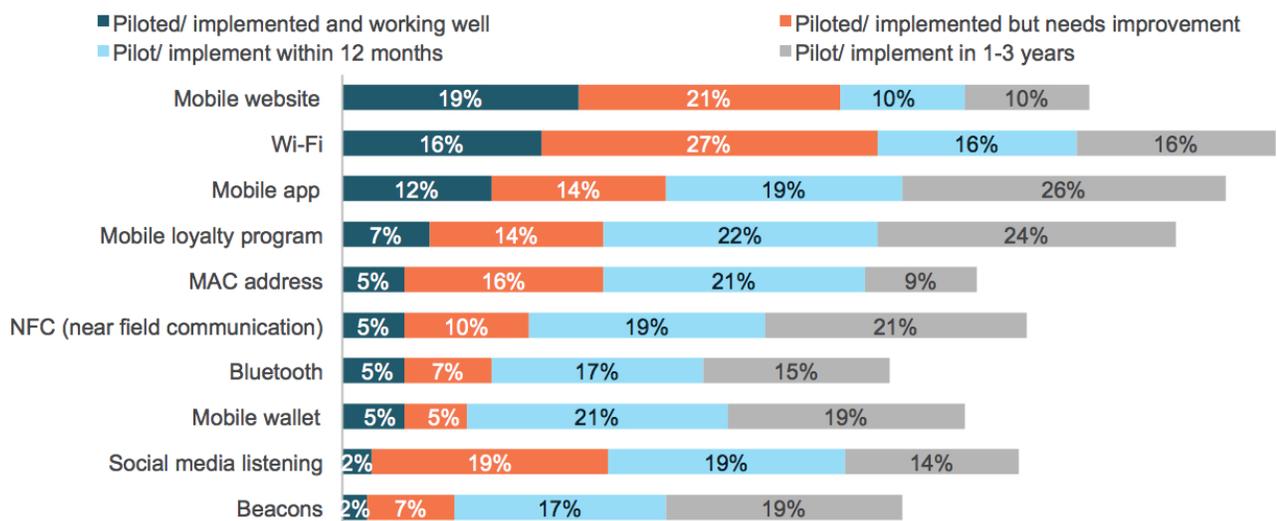
Generating Adoption

But if retailers want to make meaningful progress with digital in-store engagement, it requires broad *adoption by customers and retailers alike*. Having a small percent

of your customers that use a retailer’s app in digitally enabled markets (e.g. San Francisco) will always be exciting and make for great PR. But a survey by Boston Retail Partners highlights both the breadth of such customer pilot programs for stores as well as the slow progress of their adoption.

The popularity for everything omnichannel is now fading in favor of the new flavor of the year, “customer experience management or CXM”; instead however, I believe in crafting *experiential moments tailored to your store and the customer shopping occasions, or Storetelling*. In my view, the appeal of “managing” your customers in their experiences comes up far short of *inspiring your customers*. It is true that many of social media and gaming apps and many other software companies have had great success in applying dedicated teams which design software to manipulate and reward the desired addictive behaviors. But I draw my inspiration from the great intuitive merchants with whom I have worked in DIY,

Customer Identification via Mobile Device



BRP SPECIAL REPORT A supplemental report based on the findings from the 2017 POS/Customer Engagement Benchmarking Survey [reference contact: Ken Morris, Principal (617) 880-9355 kmorris@bostonretailpartners.com]

apparel, and food and believe that the new visual store and storytelling model can bring such genius forward into this visual, digital age.

The key to such replacement is allowing the merchant to do their store walks through Virtual Reality, allowing them to create a visual store and to walk through it virtually and adjust displays and adjacencies more rapidly than ever before, before finally testing their ideas in the physical store.

Digital Bridge

We are on the bridge to a new shopping reality that can address effectively these moments and occasions. In this, I am reminded of the words of Herb Brooks, the coach of the 1980 USA Olympic hockey team that won against a much more experienced Soviet team, as captured in the movie *Miracle*: “Great moments are born from great opportunity.”

The great opportunity today is for retailers and brands to create great customer moments by converging a store’s physical assets with online and mobile to generate a new shopping reality. Key to enabling this next generation of visual merchants is the seamless integration of augmented reality technology with the latest technologies for

category management, space management, and master data management for products, customers and physical/digital assets.

The next gen visual merchants will combine skill enabled by technology to drive both online and offline stores with visual storytelling linked to specific moments tied to shopping occasions. There are different motivations for customers by shopping occasion, such as convenience buys, impulse buys, or a complex solution buys (e.g., for a home DIY project). The moments you want to create for customers vary accordingly: ease of purchase for the convenience occasion, availability when impulse strikes, and customizable offer and engagement for complex sales.



Experiential Moments

Let's agree on where experiential moments occur and how to bring them to life by first rejecting conventional wisdoms of paths to purchase. Experiential moments, those *"aha" insights where consumer interest intersects with discovery*, are less tied to linear or well-defined sequence of activity by consumers. Few retailers, other than those addressing complex "solution" selling situations (e.g., IKEA, Home Depot, Lowes), can still orchestrate a consumer's buying decisions in the face of commoditization of "item" businesses where products are easily compared online.

IKEA realized 20% growth in profit in 2016 despite having only 3% of their sales growth online, where growth has been the strongest for years for sellers of consumer products. IKEA displays all of their products in physical stores, routes you linearly through the store. They drive experiences by having you linger (including having on-site restaurants), explore, and do deep dives on their products, with great attention to visual merchandising in a showroom context. But, they too, have announced plans to shift products online as sales growth has not kept up fully with profit growth. Their challenge will be to re-create their experience model digitally without heading down the path to commoditization and lower margins.

The question is: how do you capture elements similar to IKEA in a visual way, tell your product and brand stories, make online and offline seamless, and create experiential moments that attract and retain customers in the face of the onslaught of tough, digital competitors?



Experience the Visual Store

EnterWorks' software assets and its partnership with Strategix CFT, which has established a 3D retail model with Dassault Systèmes, now offer the following out-of-the-box technological capabilities to speed you on your way to digital representation of physical spaces and items and enablement of differentiated experiential moments for your customers:

- 1 Category and asset-driven assortment management, where assets such as store space and dimensions, racks, refrigeration and endcaps are linked to individual store locations
- 2 3D representation of the physical store and the product placements and space, using a combination of space plans and planograms.
- 3 Visual images for all products in the store along with the associated atomic level product data, attributes, metadata, and categorizations

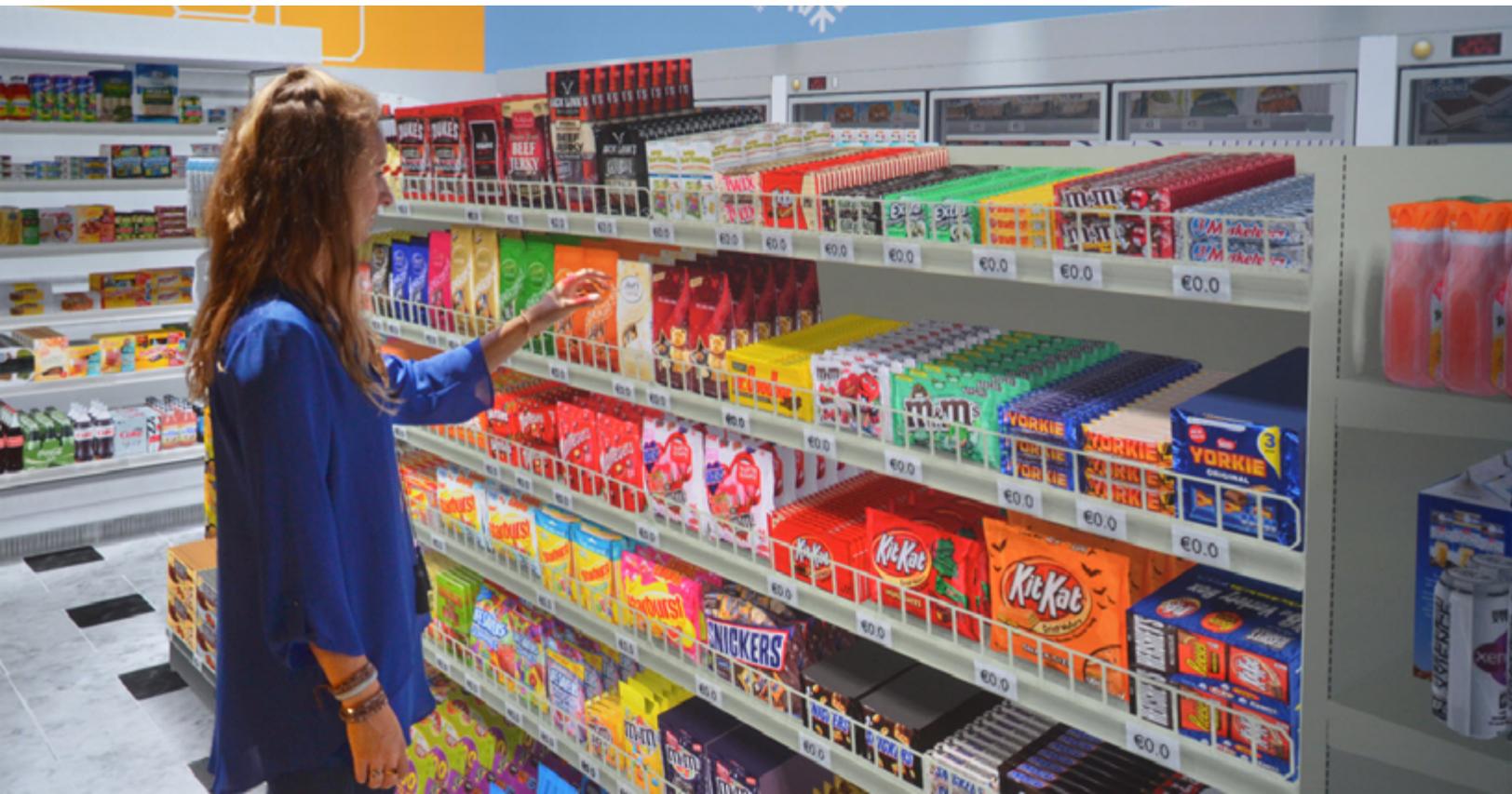
4 Dynamic relational modeling of customer behavior in context of their preferred store, leveraging loyalty data and other sources of customer transaction data

5 Customer shopping lists that are mapped to store wayfinding by individual store

Adoption @ Scale

To achieve the widespread adoption that brings significant, large scale sales growth and market share gains, retailers need to address the 3 C's missing from today's digital equation:

- » **Converge:** let a customer shop the same visual store whether they are online or offline
- » **Connect:** map the customer's shopping list to the shopping path in this visual store
- » **Compel:** match great products and their stories to a customer's interest and need



Convergent: For retailers with in physical stores and online shops, early results show that their customers: 1- prefer to shop a converged online store that mimics the actual physical store; and 2- increase their purchases and loyalty at such a store. Such a digitally represented store also offers great advantages in testing out new store models while learning precise customer behavior across online and in-store in a fundamentally more accurate way.

Connected: One the most frequent consumer requests to retailers is to link their shopping list to the actual physical store layout and planogram. How many of you have been frustrated trying to find a product in the store where the store associate said “it’s on the left side of aisle 10, you can’t miss it,” and then you give up in frustration after having wasted much valuable time

trying to find it. The time for mobile wayfinding has truly come. And it should come with up-to-date in-stocks.

Compelling: One of the most powerful capabilities online is the ability to respond interactively to a customer’s shopping behavior as it intersects with an online assortment. If a retailer has determined that it has a certain set of customer segments, it can create a responsive navigation for that customer, with segment-specific hero products, cross-sells, and promotions. It has been challenging to replicate customer segmented assortments in-store. But when visual store is the same online and offline, when the customer’s shopping list is connected to wayfinding, then it is possible to create a customer-specific storytelling narrative once again in physical stores.

Let’s talk about the stories you will create for your customers!



Rick Chavie, CEO of EnterWorks, has a rich history in technology, industry and consulting practice. As an inventor, he received a patent in 2017 for Techniques for Collaborative Shopping (Patent # 9,754,298). He draws on his technology and business unit leadership roles at SAP, hybris, NCR, and an AI start-up that arose out of MIT. He is informed in his industry knowledge as a strategy and international executive with The Home Depot, and from his transformational executive role for a department store chain of C&A, as well as partner roles in strategy and industry consulting at Deloitte and Accenture. This is complemented by his educational pedigree as a Harvard MBA and as a Fulbright Scholar in International Trade.